

# Compliance Standard

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1. VERSION HISTORY

Version	Document	Approval date	Prepared by	Approved by	Comments
1	Compliance Standard	27/09/2021	Corporate Compliance Department	Audit Control and Related Party Transactions Committee (CAUD)	Initial Issuance
2	Compliance Standard	02/11/2021	Corporate Compliance Department	Board of Directors of EDPR	Initial Issuance

Considering:

- A context of increasing regulatory demands and scope in the various areas in which the EDPR Group operates.
- The fact that the EDPR Group is present in capital markets, a means of obtaining funds from shareholders, bondholders and the financial system.
- The special importance that the EDPR Group places on strict compliance with the laws and regulations applicable to it, best professional and industry practices, and respect for the principles and values contained in its Code of Ethics, which are fundamental to achieving the objectives and rigorous execution of its strategy.
- The EDPR Group's commitment (i) to ensuring appropriate identification, assessment and management of compliance risks, in order to minimize the risk of sanctions, particularly financial, and its reputational risk, and (ii) ensuring the confidence of its stakeholders and, consequently, strengthening the competitive position of the companies in the EDP Group's consolidation perimeter, thereby maximizing business opportunities.
- The importance of incorporating a robust system for identifying, assessing and managing risks of non-compliance in the definition of strategic planning as well as in day-to-day business operations for the strengthening of an effective compliance culture.
- The importance that the adoption of integrity values and a robust Compliance Management System have in protecting the organization itself, in order to avoid or minimize the risks of non-compliance.
- The importance of a Compliance Management System as an effective means to demonstrate an organization's commitment to complying with applicable laws and regulations, best professional and industry practices, and the expectations of society and its stakeholders.
- Legislative and jurisprudential developments, which have been referenced and which suggest organizational commitment to compliance through the implementation of a Compliance Management System that has proven to be a determining factor in defining the measures to be applied in situations of non-compliance.

- The diversity of the legal systems applicable to the EDPR Group, the cross-cutting nature of many legal rules, namely because they result from the transposition of European Union legislation, and local specific aspects that lead to the need to implement Specific Compliance Programs in certain Business Units and geographical areas, while ensuring their effective coordination.
- The continuous monitoring of the organization of the Compliance Management System as defined and approved within the EDPR Group.
- EDP Group's regulatory development in the area of compliance, and in particular the creation of the Compliance Standard, which is reflected in this Standard.

This determines the formalization of a **Compliance Standard** (hereafter “**Compliance Standard**” or this “**Standard**”)

## 2. OBJECTIVE

The purpose of this Standard is to:

- formalize the mission and responsibilities of the Compliance function at the EDPR Group level;
- operationalize the basic principles and methodological rules that govern the carrying out of the Compliance function;
- document and systematize the components of the Compliance Management System.

In addition, it intends to contribute to fostering ethics and integrity in conducting business in the EDPR Group, ensuring compliance with the law and the adopted principles and rules.

### 3. SCOPE

This Standard applies to all companies in a controlling or group relationship with EDPR<sup>1</sup> to their management and employees, always in strict compliance with the legal framework applicable in the countries where the Group is present.

This Standard establishes a common commitment and a minimum requirement for legal compliance and adherence to the Group's principles.

Local policies that adapt and develop the principles of this Standard to the particularities of the respective jurisdiction as well as any exception to the application of this Standard due to local legal restrictions, shall be submitted for consultation and review by the Compliance Officer and the Corporate Compliance Department. Adequate coordination must be maintained so that such policies or procedures remain permanently consistent with the principles established in this Standard.

EDPR's representatives in the management bodies of the controlled companies are responsible for adopting the measures and carrying out the necessary acts for the transposition of this Standard.

For their part, EDPR representatives in joint ventures and/ or in companies in which EDPR does not hold a controlling position will always ensure the observance of the provisions of this Standard in the performance of the respective functions and endorse, as far as possible, the application of its principles or similar principles in those companies, namely by promoting the development of specific policies and procedures for that purpose.

### 4. REFERENCES

- ISO 37301:2021 | Compliance management systems
- COSO (Committee of Sponsoring Organizations) Internal Control – Integrated Framework Principles
- Institute of Internal Auditors' 3 Lines-of-Defense model

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<sup>1</sup> EDPR Group is the group of companies that are in a subsidiary or group relationship with EDPR Renováveis, S.A., regardless of whether the respective head offices are in Spain, Portugal or abroad. Two companies are said to be in a parent/subsidiary relationship when the dominant company holds over the other a majority share in capital, has more than half of the votes or has the possibility of appointing more than half of the members of the administrative body or supervisory body of the subsidiary company. Companies that hold at least 90% of share capital are considered to have a Group relationship with EDPR.

## 5. TERMS AND DEFINITIONS

**Compliance Business Partners (CBP):** specialists who are integrated into the platforms and countries and who, because of their specialized knowledge in their respective platform, country or area of expertise, serve to support the Compliance Department or Compliance Partners in the implementation of Specific Compliance Programs.

The Local Legal Counsels in every country with Compliance responsibilities are included in this definition, subject to the coordination with the General Secretary.

### **Compliance Officers (CO):**

The Compliance Officer is the Director of the Corporate Compliance Department. The Compliance Officer reports to the Audit, Control and Related Party Transactions Committee (hereinafter “CAUD”) and to the CEO.

In situations where the law foresees the existence of a “Compliance Officer”, his or her appointment must be ensured on a case-by-case basis. This role may be assumed by the Corporate Compliance Department, by the Compliance Departments of the different countries, or by one of their representatives, as well as by other areas/responsible parties or even by external entities, when deemed more appropriate.

### **Compliance Departments:**

- Corporate Compliance Department: Refers to EDPR Compliance and Internal Control Department, for Corporate, Europe & Brazil and International Growth Platforms
- Local Compliance Functions: Areas/local departments/focal points that take on local compliance functions as a consequence of local regulations or business development requirements<sup>2</sup>.

**Compliance Partners (CP):** technical or cross-cutting areas specialized in specific regulatory frameworks, responsible for proposing, implementing or providing specialized support in the implementation of Specific Compliance Programs aligned with the Global Compliance Program in coordination with the Corporate Compliance Department.

**Senior Management:** managers or employees with a sufficiently high line management position to take decisions that affect EDPR’s exposure to the risk of

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<sup>2</sup> The existing Local Compliance Functions are defined in Annex 1.

regulatory non-compliance, not necessarily being members of Management Team. This classification includes the Top Management<sup>3</sup> of the EDPR Group.

**Monitor:** an area that follows up and monitors the Promoter's initiatives to develop and maintain a Specific Compliance Program.

**Management Team:** Management body of EDPR

**Promoter:** area that promotes and leads the implementation and maintenance of a Specific Compliance Program, identifying risks and defining ways to mitigate them, with the support of the Compliance Business Partners, the Compliance Partners, the Provider (when identified for the Program in question) and the Departments/Business Units.

**Provider:** area that provides the methodology and tools necessary to support the officers involved in developing and maintaining the Specific Compliance Program.

**Global Compliance Program:** a set of cross-cutting Compliance mechanisms, aimed at promoting and monitoring compliance with the relevant regulations in all the activities, businesses and countries where the EDPR Group is present.

**Specific Compliance Program:** a set of Compliance mechanisms aimed at promoting and monitoring compliance with the obligations associated within a specific legal and/or regulatory scope. The development of a Specific Compliance Program goes through several sequential phases:

- (i) **Planning:** identification of legal and regulatory requirements, key stakeholders, identification and assessment of specific risks;
- (ii) **Conceptual structuring and design:** analysis of existing management practices, identification of areas for improvement, definition and discussion of action plans, and definition of proposals for cross-cutting internal standards;
- (iii) **Implementation support:** support for the implementation of action plans, connections between different stakeholders, review of proposed procedures, collaboration in the development of training and awareness mechanisms;

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<sup>3</sup> Top Management is considered to be all (i) employees of EDP Renováveis, S.A., its subsidiaries or companies that are in a subsidiary or group relationship with EDP Renováveis, S.A., and (ii) individuals who provide their services through a commercial contract to EDP Renováveis, S.A., its subsidiaries or companies that are in a subsidiary or group relationship with EDP Renováveis, S.A.; provided that, in both cases, they are classified with an employee level A, B or C within the Group.

- (iv) **Monitoring the implementation of measures:** periodic monitoring of action plans and review of the Compliance mechanisms implemented;
- (v) **Design Maintenance:** monitoring of legislative and regulatory changes and/or business processes, periodic review of procedures and control mechanisms, follow-up of incidences, and continuous improvement of the Program.

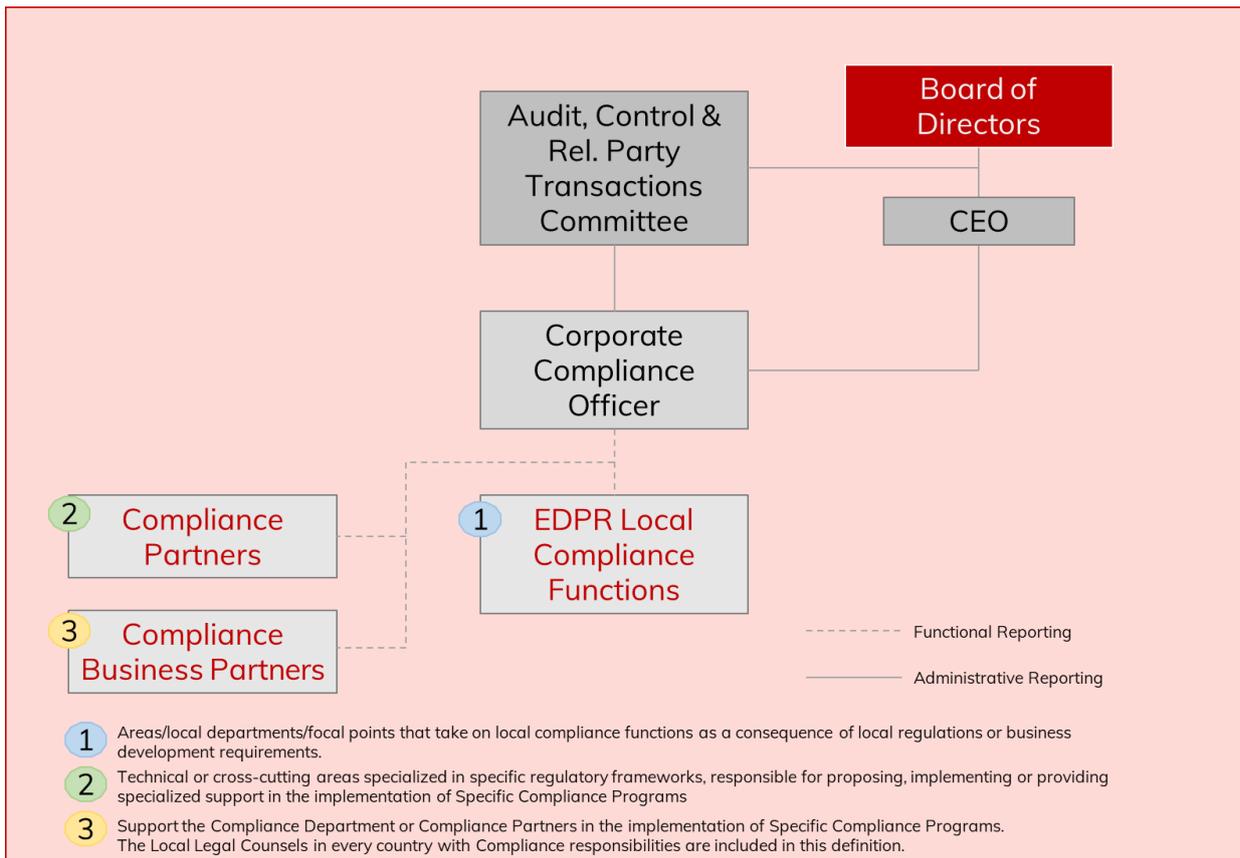
**Compliance Management System:** the set of activities through which the organization identifies objectives and risks and determines the structure, processes and resources needed to achieve the desired compliance management results. The Compliance Management System is based on the development of the Global Compliance Program and Specific Compliance Programs.

## 6. DESCRIPTION AND RESPONSABILITIES

### 6.1. Governance Model

The EDPR Group's Compliance Management System, aligned with the risk management model, relies on a system of internal control based on the Institute of Internal Auditors' "3 lines of defense" in order to identify and suitably manage the risks arising from the activity, under which:

- **The 1st line of defense (Business)** has, among other aspects, responsibility for the daily and proactive management of compliance risks, in line with established regulations. The senior management of each functional, business or support unit and all employees working in them are identified as the main individuals responsible.
- **The 2nd line of defense (Compliance)** has, among other aspects, responsibility to ensure support for the business in identifying, analyzing, assessing, mitigating, and monitoring risk, as well as challenging and questioning potential risks that may emerge. The Compliance Departments, and the Compliance Partners and the Compliance Business Partners can be identified as the main responsible parties.
- **The 3rd line of defense (Internal Audit)** has, among other aspects, responsibility for conducting independent audits of the Compliance Management System. These audits may also be carried out by independent external entities which have a recognized capability of undertaking this activity.



This model, as defined and in an integrated manner, enables the rationalization of resources and efforts, promotes coordination between functions and the standardization of language, and links all Business Units/departments through a common infrastructure, which shares the same processes and information systems.

## 6.2. Relationship between EDPR and EDP Compliance Department

The articulation between EDPR Corporate Compliance Department and EDP Compliance Department is carried out aiming a functional alignment and the promotion and harmonization of work policies and methodologies, the management of action plans and reporting activities to the EDP Compliance Department Director.

## 6.3. Roles and responsibilities within the Compliance function

### 6.3.1. Mission of the Compliance function

The Compliance function has as its mission:

- **Promoting a culture of compliance:** to promote the implementation of mechanisms that foster an organizational culture based on compliance, supported by high ethical standards, business integrity, social awareness and responsibility, as well as strict respect and compliance with the legislation and regulations in force, both nationally and internationally.
- **Identify potential non-compliance risks and provide mechanisms that promote compliance:** assess the potential impact on activity of changes in the external and internal legal and regulatory framework, identify and assess non-compliance risks, plan activities that lead to their mitigation (policies, procedures and practices), coordinate the implementation and monitoring of management and control models, appropriate reporting, as well as promote initiatives for ongoing improvement of the Compliance Management System, contributing to the improvement of management processes for regulatory non-compliance risks, control and governance.
- **Proactive and systematic consultancy:** provide technical expertise in the development and maintenance of internal standards, as well as practical guidance, training, controls and processes related to the management of regulatory non-compliance risks.

### 6.3.2. Principles of the Compliance function in operation

In addition to the provisions of the EDPR Group's Code of Ethics, all employees carrying out Compliance functions must act in accordance with the following principles:

- **Integrity** – they must act with integrity, ensuring compliance with all external and internal legislation and regulations;
- **Independence** – they must remain free from conflicts of interest or influence that could compromise their ability to act fairly and objectively;
- **Diligence and professional competence** – they must perform their duties diligently, striving to secure the skills and knowledge necessary to perform their activity;
- **Transparency** – they must ensure that the reports produced do not exclude any information that is relevant for the proper understanding of a given situation and for decision making;
- **Professional secrecy** – they must keep confidential all the information, data and reports they have access to during the course of their duties, without prejudice to the duty of transparency and information. The duty of professional secrecy of the members of the Compliance Function will persist even after the termination of their functions;

- **Risk-based approach** – they should adopt an approach that reflects the size, nature and complexity of the business and associated risks;
- **Proactive Approach** – they should adopt a proactive approach to non-compliance risk management;
- **Cooperation** – they should try to act as a business partner, advisor and trainer;
- **Ongoing Improvement** – they must continually seek to improve the processes and methodologies they adopt, through promoting their periodic review;
- **Training** – they must seek to ensure continuous updating of their knowledge of the subjects and techniques necessary for carrying out their activity with quality;
- **Networking** – they must seek to establish and maintain a robust internal and external network of contacts and partnerships, in order to facilitate support and interaction with the different business areas, as well as share specific knowledge, trends and best practices in Compliance, without prejudice to compliance with the independence principle.

### 6.3.3. Compliance function requirements

The Compliance function, when being carried out, must have

- Sufficient and adequate economic, technical and human resources, as well as sufficient skills, knowledge and experience regarding the nature of business and the energy sector;
- Access and communication capacity with the Board of Directors, the Audit, Control & Rel. Party Transactions Committee, the Management Team, Senior Management and other relevant responsible managers;
- Unlimited access to the information and documentation necessary for undertaking its activities, without prejudice to compliance with applicable legal rules; and
- The ability to call on internal or external advice when necessary.

### 6.3.4. Main functions of the Board of Directors

- Establish a risk culture regarding Compliance, as well as the tone at the top regarding the matters mentioned here;
- Define and approve the EDPR Group's Compliance management methodology and the respective Compliance Standard, ensuring it is aligned with the Group's strategy;
- Approve the Global Compliance Program and, the Specific Compliance Programs;

- Decide and approve the measures to be adopted in situations of significant non-compliance;
- Supervise the effectiveness of the Global Compliance Program and the Specific Compliance Programs and the control environment defined therein, delegating operational functions to the Audit, Control and Related Party Transactions Committee and Compliance Officer;
- Receive and review information on the content and operation of the Compliance Management System, at least annually, taking the measures it considers appropriate.

#### **6.3.5. Main functions of the Audit, Control and Related Party Transactions Committee (“CAUD”)**

- Approve and supervise, in coordination with the Management Team, the Annual Activity Plan of the Corporate Compliance Department.
- Appreciate and monitor the recommendations on measures to be taken in situations of significant noncompliance.
- Supervise compliance with regulations and alignment of business processes with the requirements of the Compliance Management System in order to achieve a sustainable compliance culture throughout the Group.
- Approve EDPR Compliance Standard.

#### **6.3.6. Main functions of the Management Team**

- Promote and ensure the implementation of the Global Compliance Program and the applicable Specific Compliance Programs within the respective company;
- Ensure a suitable allocation of financial, technical and human resources, as well as access to decision-making bodies and to all the necessary information within the scope of the Compliance Function, with a view to the suitable carrying out of its responsibilities;
- Promote the consultation of external experts, where necessary;
- Demonstrate the importance of effective compliance risk management and alignment of business processes with the requirements of the Compliance Management System;
- Raise awareness, direct, and support the respective organization to promote everyone’s contribution to a solid Compliance Management System embedded within its business processes;
- Define Compliance objectives within the performance evaluation of Senior Management;

- Promote the ongoing improvement of the Compliance Management System;
- Monitor the carrying out of the Activity Plan of the respective Compliance Department.

### **6.3.7. Main Functions of the Corporate Compliance Department**

- Coordinate the Compliance objectives defined by the Board of Directors and the Audit, Control and Related Party Transactions Committee with the Management Team;
- Implement, within its scope of action, the plan, guidelines and measures required to achieve the Compliance objectives defined;
- Coordinate the process of identifying the main legal and regulatory obligations and other sources of non-compliance and reputational risk (included potential changes) ;
- Coordinate the periodic Compliance risk assessment process;
- Promote, under the guidance of the Board of Directors and the Audit, Control and Related Party Transactions Committee, a “tone at the top” culture of compliance with the legislation and regulations in force, including ethically responsible behavior by all EDPR Group professionals;
- Promote the dissemination, knowledge, training, and coordination of the implementation and development of the Global Compliance Program approved by the Board of Directors ;
- Propose the Specific Compliance Programs to be applied across and throughout the Group, integrated within the Global Compliance Program, through standardizing the respective management model;
- Promote the coordination of the actions between the different players in the Compliance Management System in the different departments and geographical areas;
- Coordinate implementation in the different geographical areas of the Specific Cross-cutting Compliance Programs, through the action of the respective local Compliance Functions or Compliance Business Partners, as well as the respective dissemination and knowledge, training and development;
- Assess specific performance standards that may be established and developed in specific areas of activity, related to Specific Compliance Programs or within the scope of other compliance initiatives, in order to ensure alignment with the Compliance management methodology, with the Compliance Standard and with the Global Compliance Program;

- Monitor the functioning of the Global Compliance Program and the Specific Compliance Programs, measuring performance and promoting their continuous improvement;
- Propose referential relations for coordination, cooperation and information with the different stakeholders in the Compliance Management System, with the aim of ensuring the proper development and maintenance of the Specific Compliance Programs;
- Provide methodological backup and support tools to other Compliance Management System stakeholders to ensure effective management of the Global Compliance Program and Specific Compliance Programs;
- Promote the implementation of information and documentation systems to support Compliance management;
- Ensure the analysis and, when justified, the investigation of all situations of non-compliance or irregularities that come to its attention, that are reported to it and about which any reasonable indication of suspected non-compliance is raised, and promote the development of appropriate corrective actions;
- Provide advice to the organization on Compliance issues;
- Promote the preparation and implementation of suitable training programs in Compliance matters for EDPR Group employees;
- Propose Compliance performance indicators;
- Inform the Board of Directors, the Audit, Control and Related Party Transactions Committee and the Management Team about the development of the EDPR Group's Compliance Management System;
- Report significant incidences regarding Compliance at the EDPR Group level to the Board of Directors and the Audit, Control and Related Party Transactions Committee;
- Promote the development, maintenance and application of procedures it considers necessary to ensure the effectiveness of Compliance management Coordinate any communication regarding Compliance incidents with potential reputational impacts with the Communication Department.

#### **6.3.8. Main Functions of the EDPR Local Compliance Functions**

- Implement the guidelines received from the Corporate Compliance Department regarding Compliance issues in its areas of operations;
- Provide advice to the respective platform/country on Compliance matters;

- Identify the main legal and regulatory obligations and other sources of non-compliance and reputational risk (included potential changes) in its platform/country;
- Promote the preparation and implementation of appropriate training programs on the Specific Compliance Programs developed and report to the Corporate Compliance Department; Coordinate the implementation and development of Specific Compliance Programs included within the scope of the Global Compliance Program if it will be necessary, as well as their respective dissemination and knowledge and training; Support to the Corporate Compliance Department in the development of compliance policies and procedures;
- Assess specific performance standards that may be established and developed in specific areas of activity, related to Specifics Compliance Programs or within the scope of other compliance initiatives, in order to ensure alignment with the Compliance management methodology, with the Compliance Standard, and with the Global Compliance Program;
- Monitor the operation of Specifics Compliance Programs, measuring their performance and promoting their ongoing improvement, within their sphere of action;
- Receive reports on irregularities/incidences about Compliance through specific channels available in local platforms and ensure their suitable handling (only if these channels are required by local regulations, otherwise the Group channels will be used);
- Report periodically to the Corporate Compliance Department the compliance activities carried out, the activity plan, the achievement of Compliance objectives, the implementation of Specific Compliance Programs, their degree of development, and the effectiveness of the controls implemented;
- Report periodically and in a timely manner to the Corporate Compliance Department on non-compliances, risks, and plans for the investigation and resolution of incidences;
- Ensure functional reporting with the Corporate Compliance Department.

### **6.3.9. Main Functions of Compliance Partners**

Within their area of expertise and in coordination with the Corporate Compliance Department, Compliance Partners (CP) have the following duties:

- Keep up-to-date with the legislation and regulations they are responsible for managing and prepare and develop the respective Specific Compliance Programs;

- Coordinate the implementation of Specific Compliance Programs and assist in the design and implementation of control activities and the verification of their operational effectiveness;
- Promote the dissemination, knowledge, training, and implementation of Specific Compliance Programs;
- Respond to queries or doubts about the Specific Compliance Programs;
- Monitor the degree of development of the Specific Compliance Programs;
- Inform the Corporate Compliance Department periodically and in a timely manner of any compliance incidents;
- Promote the drawing up of specific performance standards that may be established and developed in specific areas of activity related to Specific Compliance Programs, which, in any event, must be aligned with the Compliance Standard and the Global Compliance Program;
- Support the Corporate Compliance Department in the implementation and monitoring of the Global and Specific Compliance Programs;
- Inform the Corporate Compliance Department about the development of its Compliance activities.

In cases where the Compliance Partners have an organizational structure or representatives in different geographies, Compliance Business Partners will be defined, the activities of which the Compliance Partner and the Corporate Compliance Department will rely on to ensure greater penetration of the management model in the businesses themselves.

### **6.3.10. Main Duties of Compliance Business Partners**

Within their area of expertise and in coordination with the Corporate Compliance Department and, where applicable, with the Compliance Partners, the Compliance Business Partners have the following duties:

- Support the Compliance Departments in keeping up to date with the legislation and regulations they are responsible for managing.
- Support the Corporate Compliance Department or Compliance Partner, in the implementation of Compliance Programs and assist in the design and implementation of control activities.
- Cooperate, in their area of expertise, with the Corporate Compliance Department or Compliance Partner in the undertaking of their duties.
- Inform to the Corporate Compliance Department or Compliance Partner on their activity development related to the Compliance role.

### 6.3.11. Main Duties of the Business Units

#### a. Senior Management

- Comply with internal Compliance policies and procedures;
- Allocate appropriate resources to establish, develop, implement, evaluate, maintain, and improve the Compliance Management System;
- Ensure alignment between the respective strategic and operational objectives and Compliance requirements and ensure that these are incorporated into business/operational practices and processes;
- Keep up to date on legislation and regulations under their management responsibility, thereby ensuring compliance;
- Identify and evaluate the control activities that mitigate the compliance risks and those responsible for their execution, particularly through identifying the applicability of certain Specific Compliance Programs to their scope of action;
- Communicate possible changes in the risks of the area of activity to the respective Compliance Department
- Ensure that the Specific Compliance Programs applicable to their scope of activities are in line with the Global Compliance Program;
- Propose to the Promoter of the respective Specific Compliance Program additional/alternative risk reduction/mitigation measures to reduce their respective impact and/or probability of occurrence;
- Develop, update and ensure the application of specific policies, processes and procedures, in coordination with the Promoter of each Specific Compliance Program applicable in their respective area of operation;
- Ensure the reporting/provision of information to the Promoters of the Specific Compliance Programs applicable in the respective area of operation, regarding the respective development, within the scope of their responsibilities;
- Inform the Promoter of each Specific Compliance Program applicable within their scope of action regarding the effectiveness of the control activities undertaken;
- Detecting non-compliances and reporting them to the respective Promoters of the Specific Compliance Programs, or alternatively, through the channels specifically provided for this purpose;
- Ask compliance-related questions and encourage their employees to ask them as well;
- Participate in relevant training activities;

- Develop awareness and provide guidance to employees on Compliance obligations and promote training with sufficient frequency to ensure that knowledge is updated;
- Supervise the activity of employees in order to ensure that they comply with the legislation / regulations applicable to their scope of activity and that control activities are carried out effectively;
- Include compliance objectives in the employee performance evaluation process;
- Ensure the activation of the applicable mechanisms of employee accountability, under the terms of the law, in situations of non-compliance, particularly relating to disciplinary action.

### **b. Employees**

- Comply with the internal Compliance policies and procedures, within their scope of action;
- Keep up to date on legislation and regulations under their management responsibility
- Identify possible changes in in the risks of the area of activity and communicate these to the respective line management;
- Ensure compliance with relevant legislation/regulations within their scope of activity and carry out control activities in accordance with the respective Specific Compliance Programs;
- Prove/provide evidence of the effectiveness of the control activities carried out;
- Propose additional/alternative risk reduction/mitigation measures to the respective line management or to the Compliance Departments to reduce their respective impact and/or probability of occurrence;
- Cooperate with the respective line management and with the Promoters of the Specific Compliance Programs in the development and updating of specific actions procedures associated with such Programs;
- Ask questions related to Compliance;
- Participate in training and use the resources available at the EDP University and/or facilitated by the respective Compliance Department, so as to perform their duties diligently and in accordance with the specified methodology;
- Report concerns, questions, and cases of non-compliance to the respective Compliance Department or through the appropriate channels provided for this purpose.

## 6.4. Methodology

The Compliance Management System is based on a Global Compliance Program and various Specific Compliance Programs.

The Global Compliance Program is carried out at the corporate level and covers all activities, businesses, and geographical areas, defining the organization and operating model of the Compliance Function and identifying the specific regulatory areas that are most relevant, for which the development of a Specific Compliance Program is planned.

With regard to Specific Compliance Programs, these are associated with certain topics identified within the scope of the Global Compliance Program, which may differ over time and location, depending on the risk analyses periodically carried out.

Within this context, there are two categories of Specific Compliance Programs:

- Specific Cross-Sector Compliance Programs: programs that, by their nature, cut across the entire EDPR Group.
- Specific Compliance Programs: programs with a more restricted scope and which, due to their specific nature, may only be applicable to one Business Unit or geographical area.

### 6.4.1. Components of the Compliance Management System

The EDPR Group has adopted a model to structure its Compliance Management System, applicable to the General Compliance Program and to the Specific Compliance Programs which form part of it, based on nine components, namely:



ASSESSMENT; DESIGN; IMPLEMENTATION; Corporate Governance; Risk Management; Standards, Policies and Procedures; Training and Communication; Reporting; Incident Management; Testing and Monitoring; Third-Party Compliance; Continuous Improvement

1. **Corporate governance:** definition of a governance model based on a clear structure of compliance roles and responsibilities.
2. **Risk management:** adoption of a methodology for identifying, assessing, and controlling compliance risks.
3. **Standards, policies and procedures:** documented formalization of the elements that make up the Compliance Management System, including Compliance control mechanisms.
4. **Training and communication:** development of training and communication plans addressing different compliance issues for a specific target audience.
5. **Reporting:** existence of communication channels and reporting practices on the results of the development and operation of the Compliance Management System itself, the operation of Compliance Programs and related activities, as well as any incidents/non-conformities detected and respective mitigation actions.
6. **Incident management:** the management of non-compliances, inquiries, or other related issues is ensured through the appropriate channels.
7. **Monitoring:** the Compliance Management System and its effectiveness are continuously monitored, at different levels, either by the Compliance Function itself or based on analyses carried out by other functions (particularly internal and/or external auditing).
8. **Due Diligence of third parties:** existence of internal procedures that aim to ensure that third parties with which EDPR Group entities have a relationship also comply with EDPR's Compliance policies, standards and procedures as applicable to them, according to the respective context.
9. **Continuous improvement:** the Compliance Management System is constantly being updated and improved, particularly through the conclusions reached in the monitoring carried out and the periodic review of Compliance processes and methodologies.

By adopting these nine components, it is possible to ensure:

- **Prevention**, which is achieved through:
  - the implementation of a solid governance model;
  - adoption of mechanisms to identify and manage compliance risks;
  - adoption of internal Compliance policies, standards and procedures;
  - provision of training and communication of Compliance regulations and mechanisms.
- **Detection**, relevant to which are:

- mechanisms for monitoring, follow-up and supervision of the Compliance Programs;
- established communication channels, as well as the definition and implementation of investigation procedures;
- Compliance audits and the corresponding definition of action plans.
- **Response** to non-compliance situations, which is ensured through:
  - follow-up of the defined action plans;
  - application of corrective measures, within a perspective of continuous improvement.

## **6.4.2. Components of the Global Compliance Program**

### **6.4.2.1. Compliance Risk Management**

The EDPR Group's Compliance risk management methodology is based on the following pillars:

- i. **Identification and systematization of legal and regulatory requirements**, both external and internal;
- ii. **Risk identification, analysis, and assessment;**
- iii. **Characterization of existing Compliance practices and analysis of their maturity;**
- iv. **Characterization of potential development**, according to maturity, risk, and the specific requirements of regulations.

The identification and evaluation of compliance risks is carried out periodically or whenever there are material changes in circumstances in the legal and regulatory context or within the organizational context, undertaken through the coordination of the Corporate Compliance Department, and whenever justified, in coordination with the other local Compliance Functions, Compliance Partners and relevant business and support areas.

#### **6.4.2.1.1. Identification and systematization of legal and regulatory requirements**

The risk management process begins with identifying the main legal and regulatory requirements applicable to the activities undertaken by the EDPR Group, as well as other relevant compliance risks. These requirements are then aggregated into normative blocks.

Note that in the event of a legislative or regulatory change impacting a specific Compliance Program or Compliance Management System, a reassessment will be made of the various implementation phases and of the possible degree of maturity of the Specific Compliance Program in question or the Compliance Management System, where applicable.

#### 6.4.2.1.2. Risk identification, analysis and assessment

The identification, analysis, and assessment of risks is based on a qualitative assessment, carried out with those responsible in the relevant areas, through applying probability and impact criteria.

- a. **Probability criteria** - the frequency with which non-compliance associated with the normative block under analysis occurs or may occur within the organization is assessed (time interval between instances of non-compliance).
- b. **Impact criteria** - potential economic, operational and reputational impacts are assessed.
  - **Economic impact:** effect of regulatory non-compliance risk in monetary terms, with this mainly being related to potential monetary penalties.
  - **Operational impact:** effect of regulatory non-compliance risk on the continuity of operations. This may affect specific processes or even the maintenance of certain businesses.
  - **Reputational impact:** effect of regulatory non-compliance risk on the company's image and reputation among its stakeholders.

The Compliance Management System presupposes the regular review of risks that are aggregated into normative blocks in order to ensure that the risk management process considers all risks that directly impact the Compliance Management System.

In the event of a relevant legislative and/or regulatory change, a reassessment of the risk is undertaken in order to identify if it is already part of a Specific Compliance Program or if there is a need to create a new one. This analysis will identify the action plan to be considered with regard to the identified change.

#### 6.4.2.1.3. Characterization of existing Compliance practices and analysis of their maturity

At this stage, as a result of the analysis of the nine components of the model, the Compliance practices for each of the normative groups are classified into three maturity levels, namely:

- **Fragmented:** structure of non-defined compliance management responsibilities. Usually, management at the operational level is carried out based on current practices not specifically designed to ensure regulatory compliance, and does not include a structured approach based on risks and controls. **Top-Down:** Although not formally defined, the main risks are known and there are Compliance practices/controls that consider the main aspects in order to ensure compliance.
- **Intelligent:** compliance management responsibility structure, with a defined model in terms of standards, policies, risk and control identification and assessment, training programs, and periodic internal reviews. In some cases there may also be external reviews of regulatory compliance or assessment of the management model.

This assessment is carried out jointly by the Corporate Compliance Department with the support of the local Compliance Functions or Compliance Partners, as applicable.

The existing practices include, among others, the identification of existing controls both at the “Entity level” (policies and procedures) and at the level of operational processes.

Depending on the level of maturity of the compliance practices (current or to be developed), the risk level of the regulatory groups, and any regulatory requirements, the Corporate Compliance Department, local Compliance Functions, or Compliance Partners can assume the roles of Promoter, Provider, or Monitor (either in the initial development and implementation phase of Specific Compliance Programs, or in their subsequent maintenance).

Regardless of the role assumed, the Corporate Compliance Department must be informed of the relevant aspects concerning each Specific Compliance Program, including, namely:

- The identification of key interlocutors in the management of Compliance obligations;
- The introduction of important regulatory changes;

- Possible lawsuits, contingencies, audit results, whistleblowing situations and/or non-compliances identified.

#### **6.4.2.1.4. Characterization of potential development**

Finally, considering the existing management maturity level and the assessed risk level, the Compliance management practices are defined, namely, the additional risk mitigation and control measures required in order to ensure the levels of maturity and residual risk deemed appropriate.

In this phase, action plans are defined that include actions to manage the risks and opportunities for improvement identified, in an integrated manner with the Compliance Management System already in place, as well as mechanisms for assessing the effectiveness of these actions.

#### **6.4.2.2. Standards, Policies and Procedures**

In the light of the risk evaluation carried out, standards, policies, procedures and control mechanisms will be developed that define the fundamental principles regarding Compliance management and these will be detailed and implemented, presenting these as key elements for the dissemination of a culture of compliance at the EDPR Group level.

On the one hand, standards, policies, and procedures of a general nature are established at the level of the Global Compliance Program to provide a framework for key activities regarding the operationalization and dissemination of compliance practices at the Group level.

Specific standards, policies, procedures and mechanisms are also defined for each relevant regulatory block, within the scope of the respective Specific Compliance Programs.

#### **6.4.2.3. Training and Communication**

EDPR must ensure Compliance training for all its employees and third parties acting on its behalf, when applicable, from the beginning of their duties and with a suitable regularity, in order to ensure that they know and understand EDP's commitments, principles and rules of action, as well as their role, the standards and procedures implemented and the implications of non-compliant behavior in

relation to the requirements defined within the scope of the EDPR Group's Compliance Management System.

The training provided should be:

- a) appropriate to the duties of each employee and the compliance risks to which they are exposed;
- b) assessed as to its effectiveness;
- c) reviewed and replanned on a regular basis to ensure alignment with changes in the Compliance Management System and that employee knowledge is kept up to date.

The Compliance Departments training plan and communication plan form part of the Activity Plan of this Department, which is communicated to the Corporate Compliance Department and approved by the Management Team and the Audit, Control and Related Party Transactions Committee.

After approval of the Activity Plan, the communication plan is sent to the Communication Department for incorporation within the Group's communication plan.

Likewise, training activities associated with Compliance (and included in the Compliance Department Activity Plan) are included in the EDPR Group's Annual Training Plan.

#### **6.4.2.4. Incident Management**

The EDPR Group provides several channels for contacting and reporting irregularities or whistleblowing (identified in Annex I) and all its employees must report any type of behavior that, in good faith, they consider violates the requirements of the Compliance Management System, both under the Global Compliance Program and the Specific Compliance Programs, as well as applicable laws, regulations, policies, standards and internal procedures.

The reporting of non-compliance situations must be made through the channels mentioned above, so that they are properly handled, avoiding the exposure of employees and third parties to situations that may cause any inconvenience associated with direct action concerning the issues or inaction regarding their responsibilities.

EDPR adopts investigation procedures under which the Compliance Departments must (i) ensure the analysis and, when justified, the investigation of all situations of non-compliance or misalignment with the requirements of the Compliance Management System of which it becomes aware, which are communicated to it and about which any reasonable indication of suspicion of non-compliance is raised and (ii) promote the development of appropriate corrective actions. As such, all areas that receive complaints within the scope of the Compliance Management System must inform the Corporate Compliance Department of their occurrence.

EDPR ensures the protection and non-discrimination of whistleblowers, employees or third parties, who report inappropriate practices or situations of legal non-compliance or non-compliance with policies and procedures in force. No actions reprimanding or retaliating against those who make such communications or complaints in good faith will be tolerated.

Likewise, EDPR will not tolerate any actions involving a reprimand, retaliation, discrimination or disciplinary action against anyone who refuses to engage in a given activity because he or she reasonably believes that it represents a risk of non-compliance with the law and/or associated policies, standards and procedures. Any such behavior must be reported immediately to the EDPR Ethics Ombudsperson and will be subject to disciplinary action under the law and in accordance with EDPR's internal policies.

The management of investigations must, among other aspects, show evidence of reputational risks or non-compliance which are considered serious, and the area responsible for the analysis must immediately notify the Audit, Control and Related Party Transactions Committee, or in case of a conflict of interest with it, the Board of Directors directly or via the corresponding Specialized Committee, and must also start the respective investigation process.

The corrective measures may take the form of: i) alterations to EDPR Group control processes and methods or policies and procedures; ii) termination of contractual relations with third parties; iii) initiation of disciplinary proceedings, or loss of a position on a corporate body, under the terms of the law and internal procedures in force; iv) initiation of legal proceedings, criminal charges or measures of a similar nature; and v) other measures considered necessary and appropriate to prevent or eliminate the occurrence of incidents of a similar nature.

If any type of non-compliance is identified in a particular Specific Compliance Program, the specific consequences of non-compliance related to it will need to be considered.

#### **6.4.2.5. Monitoring**

To ensure that the Group's compliance objectives are met, the compliance management system is monitored at different levels.

The 1st line of defense must ensure documentation and effective carrying out of the controls applicable in the Compliance Programs that are related to it, as well as the corresponding self-certification mechanisms, when applicable.

In accordance with the responsibilities defined in the Governance Model, the Corporate Compliance Department, the local Compliance Functions, the Compliance Partners (2nd line of defense), when applicable, ensure the monitoring of the development of the Global Compliance Program, through the corresponding Specific Compliance Programs, of any legislative changes and applicable requirements and, according to the risk assessment carried out, of the operation of the respective controls and any incidences, as well as the consequent applicable action plans and other identified opportunities for improvement.

In the event that occurrences are observed at the level of a Specific Compliance Program, immediate communication must be made with the Promoter of the program in question.

From a more global perspective, indicators are also adopted to support the assessment of compliance objectives and the performance of the Compliance Management System.

Finally, the Internal Audit (3rd line of defense) checks the suitability of the design and effectiveness of controls and their degree of implementation.

Furthermore, reviews or audits may also be undertaken, either for specific components of the Compliance System, or within a more wide-ranging perspective, carried out internally or externally, in the latter case with recourse to independent external entities trained for this purpose.

#### 6.4.2.6. Third-Party Compliance

Aware that the outsourcing of certain activities or processes does not exempt it from complying with applicable legal and regulatory obligations, EDPR ensures the identification and characterization of contractual relations with third parties that participate in business processes that may affect the Group's Compliance environment, assessing their risk and defining controls and risk mitigation measures, which include:

- The obligation that third parties adhere to EDPR's policies, standards and procedures;
- Through the implementation, by EDPR, of a third-party Due Diligence Integrity process prior to a given transaction / contracting;
- In the adoption of contractual clauses or other equivalent Compliance mechanisms, of a general and cross-cutting nature, ensuring the responsibility of third parties for compliance with legal and regulatory obligations and with the applicable policies, standards and procedures of EDPR; and
- In defining service levels / penalties associated with compliance issues.

Finally, the monitoring of these third parties must be assured during the execution of the respective contract, particularly at the level of the effective implementation and operationalization of the established Compliance mechanisms, when applicable.

#### 6.4.2.7. Reporting

EDPR adopts a reporting model based on a principle of transparency and communication of valid and reliable information on the operation and effectiveness of the elements of the Global Program and Specific Compliance Programs, which aims to ensure that:

- Bottom-up: Information reaches the appropriate levels for timely decision making.
- Top-down: managers rely on the information received to make key decisions of a more operational nature or from an ongoing improvement perspective.

The reporting lines and duties are defined in the Governance Model of the Global Compliance Program (section 6.1. of the Compliance Standard), without prejudice to any specific aspects foreseen in the respective Specific Compliance Programs.

Where applicable, external reporting initiatives on compliance matters (generalized public reporting, reporting to external supervisory / regulatory bodies, etc.) may also be considered, either by legal imposition, when information disclosure requirements are foreseen, or at the initiative of EDPR.

The reporting of Compliance information must occur not only periodically, but also whenever there are especially relevant situations, within the shortest possible time.

#### **6.4.2.8. Continuous Improvement**

The Compliance Management System is based on a logic of continuous improvement that is reflected particularly in the:

- Review of the analysis of the EDPR Group's main Compliance obligations (legal requirements and applicable standards);
- Adaptation to new Compliance requirements;
- Updating / periodic review of all elements of the Compliance Management System, the Global Program and the Specific Compliance Programs;
- System feedback based on the results of the Global Program and Specific Compliance Programs follow-up, any incidences registered, the action plans defined, and other opportunities for improvement.

The continuous improvement of the system must be aligned with both the strategic and operational objectives of the EDPR Group, in order to enhance the safety of the operations to be undertaken.

The planning of continuous improvement actions should take into account, among other things:

- The purpose of the changes to be made and their possible consequences;
- The design and operational effectiveness (maturity) of the existing Compliance Management System;
- The availability of resources;
- The assignment or reallocation of roles and responsibilities.

#### **6.4.2.9. Documentation and Records**

Accurate and up-to-date records must be kept to provide evidence of the conformity of the Compliance Management System itself, namely:

- of the objectives and structure of the Compliance Management System;

- the assignment of roles and responsibilities;
- of the main Compliance obligations;
- of the risk assessments carried out;
- of the internal regulations and Compliance mechanisms developed,
- of the training and awareness initiatives carried out, participation in them and in their assessment;
- of the monitoring actions carried out;
- of the recorded incidences;
- of the action plans, opportunities for improvement identified, and the respective follow-up;
- of the various reports undertaken.

For each of the Specific Compliance Programs, support documentation associated with the different components of the Compliance Management System is produced. The management of this documentation is carried out based on safety standards, as reflected in the Group's Safety Policy.

## **7. FINAL PROVISIONS**

The Corporate Compliance Department is responsible for reviewing this Standard every two years or whenever there are material changes, namely in the legal and regulatory area or in the activities carried out by the EDPR Group, and for submitting the proposed changes to the Audit Committee and to the Board of Directors for approval.

## ANNEX I – Contacts

### Corporate Compliance Department:

- E-mail: [complianceofficer@edpr.com](mailto:complianceofficer@edpr.com)
- Address: Calle Serrano Galvache 56, edificio Olmo, planta 6ª Madrid (28033)

### Whistleblowing Communication Channels:

#### Ethics Ombudsperson:

- <https://www.edpr.com/en/make-a-complaint>
- [codeofethics@edpr.com](mailto:codeofethics@edpr.com)

#### EDP Renewables EU&BR

- E-mail: [complianceofficer@edpr.com](mailto:complianceofficer@edpr.com)
- Address: Calle Serrano Galvache 56, edificio Olmo, planta 6ª Madrid (28033)

#### EDP Renewables North America

E-mail:

Address:

#### EDP Renewables Italy

E-mail:

Address:

## ANNEX II – Most Significant Compliance risk regulatory Groups

The regulatory groups identified as priorities for action by the Corporate Compliance Department with a view to developing the respective Specific Compliance Programs were as follows:

Relevant Cross-cutting Standard Groups	Scope	Role of Compliance
1. Anticorruption	EDPR Group	Promoter
2. Criminal Liability Legal Entities (a)	Spain	Promoter
3. Anti Money Laundering	EDPR Group	Promoter
4. Competition	EDPR Group	Provider
6. Personal Data Protection	EDPR Group	Promoter
7. Environmental	EDPR Group	Monitor
8. Health and Safety	EDPR Group	Monitor
9. Tax	EDPR Group	Provider
(a) The Criminal Liability of Legal Entities in Spain covers among other items, the following offenses: against the environment; related to nuclear energy; illegal construction; corruption; money laundering; influence peddling; obstruction of supervisory activity; against the market and consumers; computer damage; against workers' rights; against privacy; against the Treasury/Social Security.		