



Case study of the éticaedp Program (Summary Version)

There is very little available information, both at the academic and business levels, on how to implement business ethics programs. In general, we know those programs exist, but we do not know what their content or evaluation might be.

That is why EDP felt it a worthwhile contribution to society to share with everyone its internal experience of reflecting about ethics, which took place in its business units based in Portugal during 2009-2010, as part of a program which was designated **éticaedp**.

The case study which is summarized here was drawn up based on the feedback of many of those who took part in it, by cross-referencing and analysing what are considered to be the best international practices.

As far as EDP is concerned, conducting such a case study also represented, on one hand, a way to boost the success of future programs and on the other hand, a way to develop the means that will enable them to be managed.

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Authors: Ana Roque (Inspire) and Helena Gonçalves (Católica University), 2011.10.06

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Nowadays, many companies have mechanisms in place that allow anonymous denouncements of ethical issues. Naturally, EDP is no exception. But it has decided to take things one step further, by trying to promote internally an ethical culture that would allow ‘denouncements’ to become ‘complaints’, and to empower those who make such complaints to have enough confidence to do so openly.

What we report in this study is only part of a pathway to build that ethical culture.

“This **éticaedp** program is not a thing to relax about; this is not a question of clear conscience. It is an issue of consistency. It is what separates the companies that win from those that don’t, which is basically transparency in setting its goals, in communicating with stakeholders, and in adopting a value system which we don’t abdicate from, even if sometimes it seems easier to do so. The key word in all of this is ‘consistency’.”

António Mexia
Chief Executive Officer of EDP



1 - Background

In 2005, EDP launched its Code of Ethics in Portugal, and in 2006 spread it among its employees. Once it had been handed out, a new phase began to build complementary mechanisms for the future ethical process – Regulations, the Ethics Committee, the Ethics Ombudsman – which would enable the operational deployment of the Code of Ethics. These were completed in the first half of 2009.

There were, therefore, several documents and tools which despite being interconnected had been conceived and disclosed at different moments. There was need of internalizing the Code of Ethics and of making that new setting known, not as an isolated component, but as one part of an ethical process at EDP, in constant evolution.

Furthermore, the Code of Ethics Regulations contained a clause which instituted the non-anonymity of ethical complaints. At the risk of diminishing the efficiency of the process, the decision to favour non-anonymity meant there was a need to reassure employees, namely in regards to confidentiality and non-retaliation. This was one of the starting points of the **éticaedp Program**.

The **éticaedp Program**, with its motto “we are what we do” ran from May 2009 to September 2010 and was developed in order to meet the following objectives:



- To raise awareness among employees to the importance and scope of ethical issues;
- To make EDP's Code of Ethics known among employees;
- To promote and reinforce trust in EDP's ethical process.

The program was implemented in four stages: diagnosis and reflection; management training; deployment; assessment.

Throughout the process, and at every stage, the program was backed up by a team of consultants, an internal team (which included the Ethics Ombudsman) and was coordinated by EDP's Corporate Office for Sustainability and Environment – D S A.

2 – The Program

2.1 Design — The diagnosis and reflection stage

The Program was designed in a participative manner, involving a monitoring group (made up of heads of business units of high seniority) whose members, working together, identified evidence proof of and problem-situations in regards to compliance with the Code of Ethics



and, crucially, reached a consensus about the concrete meaning of each of the points in the Code, viewed in the spirit of EDP culture. A focus group was also set up to identify practical cases which exemplified the different points in the code of ethics and validated the plausibility of those cases which had already been identified by the monitoring group.

That work preparation was recorded in a document called the 'Exploratory Guide to the Code of Ethics' which was taken as basis for the design of the pillars of the program. This document was drawn up also for the purpose of helping management in their training of staff.

At the same time, a survey was carried out sampling 15 per cent of EDP employees as a means to gauge how ethics was experienced within the Company.



2.2 Training — Management training and deployment stages

The Program began with training sessions involving 780 managers, who represented virtually all EDP management, through a participative dynamic which included the disclosure of the results of the internal survey.

With these results in mind, trainers encouraged managers to reflect jointly about the way in which management attitude is valued by their staff and about the way that ethics is experienced within the Company. The internal survey results were compared to those of international studies in order to benchmark EDP's position.

The session included video testimonials from the CEO and from the Ethics Ombudsman, and, as well, a film about business ethics. A short description was given of the timeline of the EDP ethical process and its elements and a set of mini-cases were presented and put up for joint discussion with a view to finding the best solutions in the eyes of EDP.

During these training sessions, managers were also trained to pass what they had learnt on to their own staff. The idea would be for each employee to receive training from the person they reported to, from whom they would receive a copy of the Code of Ethics. These 'deployment' sessions would be carried out in the presence of a senior manager whom had also additional specific training

The training deployment sessions to around 6,000 employees followed the same pattern as those sessions given to managers, although generally speaking, they were not as long.



2.3 Evaluation

Evaluation was carried out in the form of a purpose-made case study to which the following were contributing elements: a) post-training surveys to all trainers and trainees; b) a post-training survey to all staff who had replied to the pre-session survey (around 15% of all employees); c) 60 semi-structured interviews carried out to management and employees who took part in all the phases of the Program.

The evaluation also included the analysis of several international studies about ethics programs and one benchmark of similar organizations.

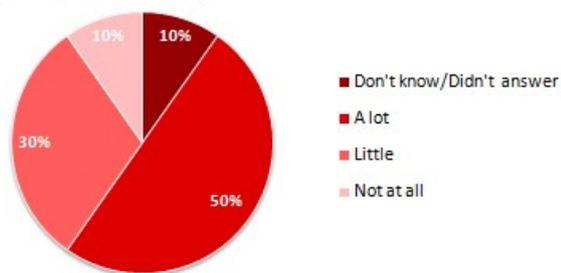
3 - Conclusion

Overall, the **éticaedp Program** was given a thumbs-up from everyone who took part in its different phases.

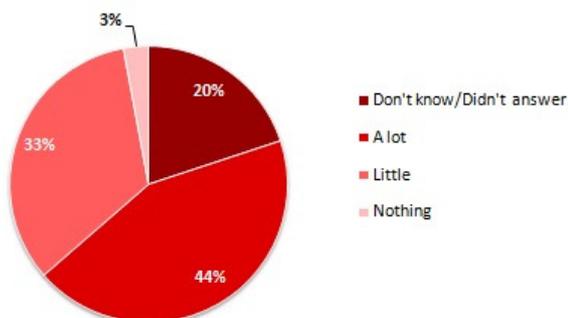
It is generally thought that the program:

- Repositioned ethics as an important aspect for the Company;
- Promoted internal dialogue and reflection about ethics;
- Clarified and increased trust in the ethical process;
- Boosted pride in the Company.

Do you think the éticaedp programme changed your perception of the importance of the issue of ethics for EDP?



Do you think the éticaedp programme raised employee's confidence in the ethics process?



The program also sparked an awakening to the importance of ethics, not only in terms of the 'big issues' but also in terms of day-to-day issues, making it topical in every day chats between colleagues and, in some cases, even leading to a shift in procedures and attitudes.

Trainer performance (both that of external trainers and internal deployment trainers), despite differences, was the topic which was given the best rating. The decision of having the managers giving the training to their own team was seen as positive and relevant, both by the managers themselves, as well as by their employees.



All in all, the **éticaedp Program** led to both an understanding of the importance of formalizing ethics, as well as the contextualisation of the Code, no longer viewed as an isolated element, but as an integral part of the ethical process at EDP, in constant evolution.

This positive evaluation is in stark contrast, according to the testimonials of those who took part in the program, with an initially negative expectation and even generalized resistance towards training in ethics. According to those interviewed, during the actual training sessions there was a shift from initial **resistance** to **recognizing its importance** and finally even **calling for continuity** of training on ethics at EDP.

This study also aimed at sounding out EDP employees about what the future **éticaedp Program** should be. A content analysis of the answers given to the question of the post-programme survey: "How to make the issue of ethics in EDP grow and remain alive?" generated the following data:

- 78% point to the need for 'more initiatives regarding ethics';
- 31% call for more 'training', 'reflection' or 'discussion';
- 47% mention the need for 'more information';
- 51% make use of expressions such as 'periodically', 'systematically', or 'regularly' when making recommendation about keeping the program alive.

These suggestions support the answers to the open questions in the training surveys as well as opinions expressed at interviews, which in answer to that very question point to a 'need for regular reflection and training actions' – both specific actions as well as routine practices at the Company. In terms of the content of these discussion-training actions, the general perception is that training should be essentially practical using various materials that would encourage discussion, a strategy which was, in actual fact, used during this Program.

The benchmark established as a result of this study allows us to conclude that the **éticaedp Program** was innovative: the approach was not one of imposition, rather one of reflection about the articles of the Code of Ethics and about individual attitudes, making it clear that, notwithstanding the norms and procedures, individual responsibility is crucial. We believe this approach was one of the keys to the success of the Program.