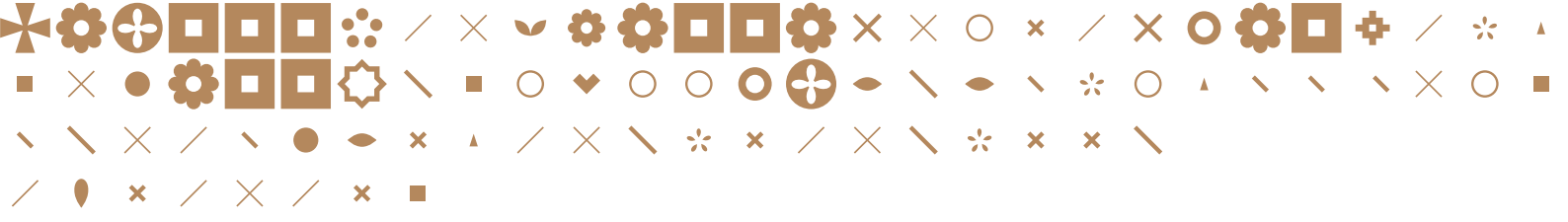


*edp*

# ENERGY THAT MAKES A DIFFERENCE

BRAZIL ANNUAL REPORT 2014





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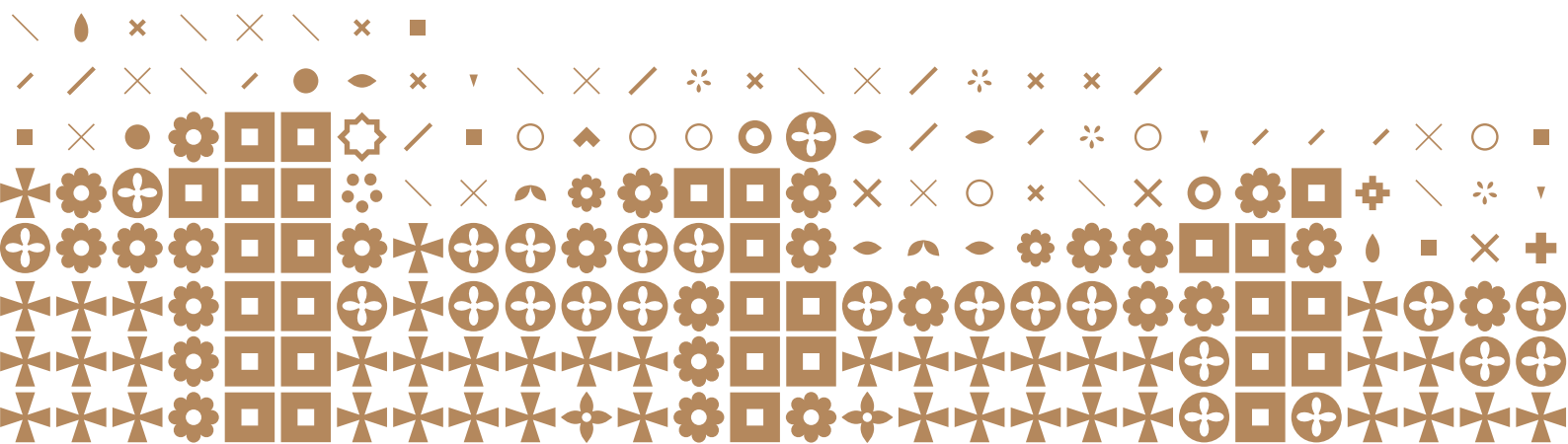
# ENERGY

# THAT MAKES A DIFFERENCE

THIS IS THE ENERGY OF CHANGE.  
ENERGY WITH A POTENTIAL FOR EVOLUTION.

A FORM OF ENERGY THAT BEGINS BY TRANSFORMING  
ITSELF, PASSING THROUGH MOUNTAINS, RIVERS AND  
OCEANS AND WINDING UP TRANSFORMING SOCIETY,  
THE ECONOMY, CULTURE AND PRESERVATION.

**THIS IS THE ENERGY THAT WAS BORN  
TO CHANGE THE WORLD.**









# ENERGY THAT TRANSFORMS THE ECONOMY

Betting on an increase in the use of hydroelectric power, promoting the country's energy autonomy.



# 01.

## REPORT PROFILE




To maintain transparency with its stakeholders regarding its commitments, assumptions and performance, EDP Energias do Brasil S.A. (hereinafter EDP) presents its 2014 Sustainability Report, which includes information for the period from January 1 through December 31, 2014. [GRI G4-28]

For the seventh consecutive year, EDP has applied the guidelines of the Global Reporting Initiative (GRI) – a global, multi-sector standard – to its reporting. This year, the indicators addressed represent adherence to the 4th generation GRI reporting guidelines (G4), option core, with an approach that is management-focused for each material topic and is concentrated on those issues that have the greatest impact on the Company and its stakeholders. Indicators passed by an independent external audit, conducted by KPMG, and the content index was submitted to GRI service. [GRI G4-33]

## MATERIALITY AND LIMITS

This year, the topics indicators represent a membership of the 4th generation of GRI ( G4 ), the essential option with focused approach in the management of each relevant aspect and greater impact to the Company and its stakeholders. Indicators passed by .

This report's scope covers all of the Group's Generation, Distribution and Commercialization business units in Brazil, presenting financial and non-financial results from 2014 of the companies over which EDP Brasil has management control:

-  Generation business unit – operates power plants located in the states of Espírito Santo (ES), Tocantins (TO) and Mato Grosso do Sul (MS)
-  Distribution business unit – has distributors in the states of São Paulo (SP) and Espírito Santo (ES)
-  Commercialization – energy trading business unit

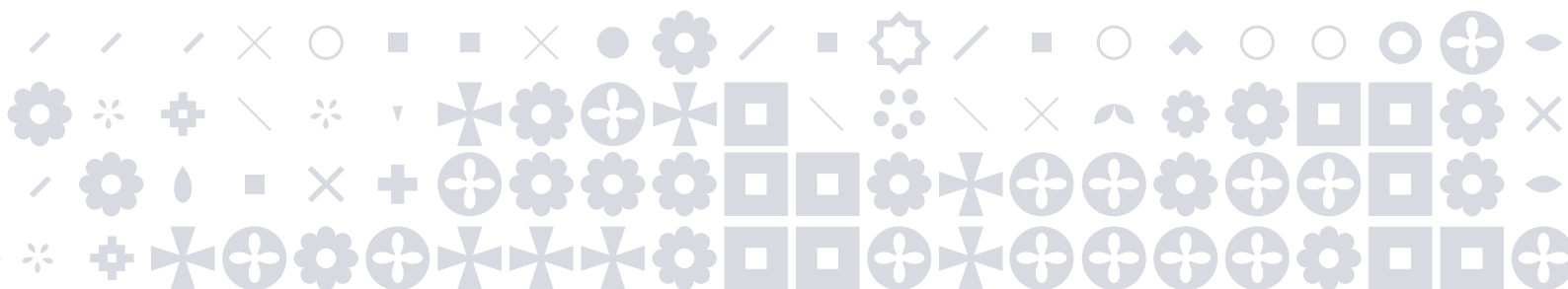
This report also includes information on economic, social and environmental performance of joint venture assets in which EDP participates – the TPP Pecém I (Thermoelectric Power Plant) in the state of Ceará (CE); the HPP Santo Antônio do Jari (Hydroelectric Power Plant), located between the states of Amapá and Pará (AP/PA); the HPP Cachoeira Caldeirão in Amapá (AP); and the HPP São Manoel, located between the states of Mato Grosso and Pará (MT/PA). The results from wind farms operated by EDP Renováveis (EDP Renewables) – located in the states of Santa Catarina (SC), Rio Grande do Sul (RS) and Rio Grande do Norte (RN) – are presented in this document only as regards operational matters. [GRI G4-23]

Those topics material to EDP and its stakeholders were defined through the application of the materiality principle, a methodology based on AA1000 AccountAbility principles. The process for defining the content included four stages – identification of relevant issues, defining limits, prioritization of issues, as well as consolidation and validation (*described on pages 107 and 108 of the appendix*). [GRI G4-18]

## LIMITS OF MATERIAL ISSUES

IGRI G4-20, G4-21I

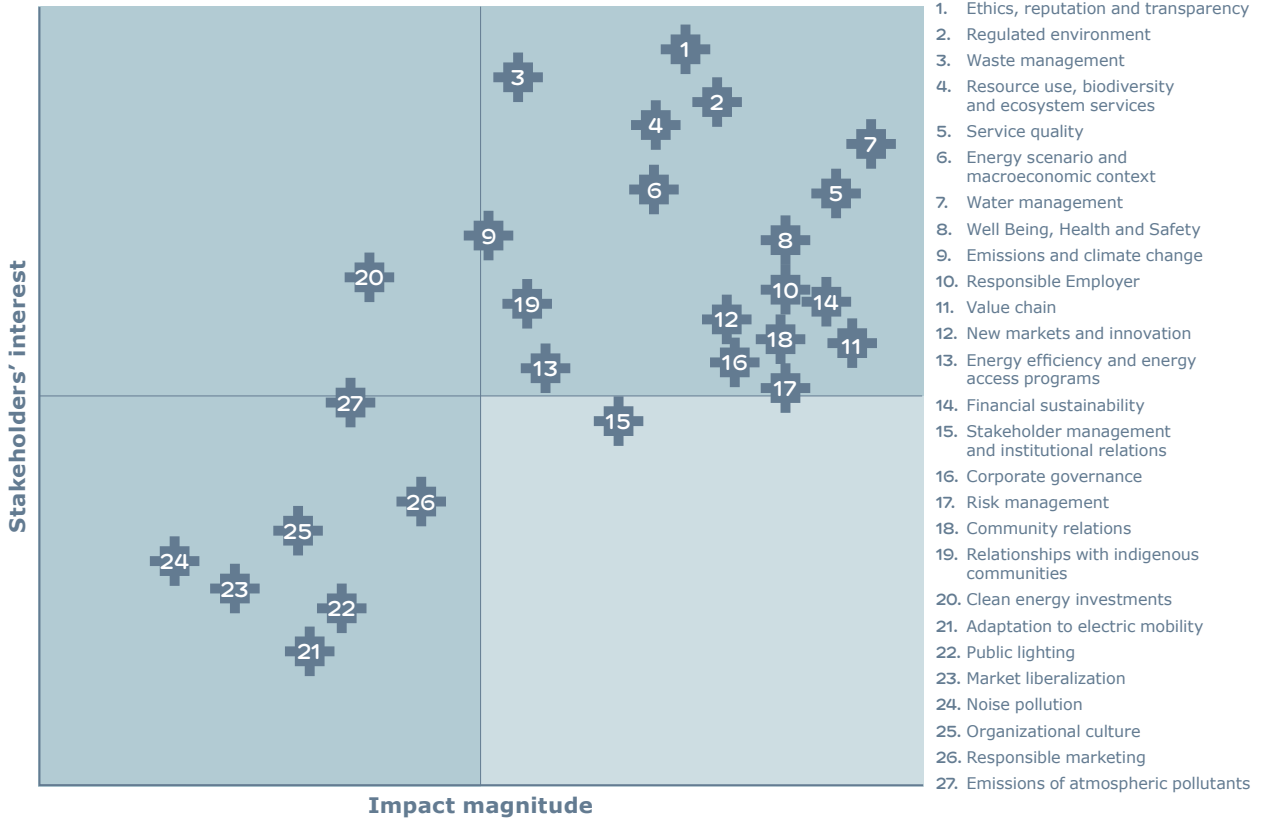
Issue	Internal EDP Business Units	External EDP Stakeholders
Financial sustainability	All	All
Community relations	All	All
Stakeholder management and institutional relations	All	All
Responsible Employer	All	Suppliers, customers, partners, workforce
Organizational culture	All	None
Ethics, reputation and transparency	All	All
Value chain	All	All
Well being, health and safety	All	All except competitors
Risk management	All	All
Corporate governance	All	All
Regulated environment	All	All
Energy scenario and macroeconomic context	All	All
Emissions and climate change	All	Customers, community
Service quality	All	All
Resource use, biodiversity and ecosystem services	All	Community
Water management	All	None
New markets and innovation	All	All
Adaptation to electric mobility	All	All
Clean energy investments	All	All
Relationship with indigenous communities	São Manoel HPP	Community
Energy efficiency and energy access programs	EDP Bandeirante, EDP Escelsa and EDP Grid	Customers, community and NGOs
Public lighting	EDP Bandeirante and EDP Escelsa	Governmental and regulatory bodies, communities
Responsible marketing	EDP Bandeirante, EDP Escelsa, EDP Comercialização EDP Grid	Suppliers, competitors
Waste management	EDP Bandeirante, EDP Escelsa, TPP Pecém I, HPP São Manoel, HPP Cachoeira Caldeirão	Suppliers, community, workforce
Atmospheric pollutant emissions	TPP Pecém I	Community
Noise emissions	EDP Bandeirante, EDP Escelsa, HPP Santo Antônio do Jari, TPP Pecém I, HPP São Manoel, HPP Cachoeira Caldeirão	Community
Marketplace liberalization	EDP Bandeirante, EDP Escelsa and EDP Grid	Customers, governmental and regulatory bodies





**CONSOLIDATED MATERIALITY MATRIX**

[GRI G4-19, G4-27]



**MOST MATERIAL ISSUES**

[GRI G4-19, G4-27]

Issue	Related standard disclosures G4 GRI
1 Ethics, reputation and transparency	G4-33, G4-56, G4-57, G4-58, G4-SO3, G4-SO4, G4-SO5, G4-SO6, G4-SO7, G4-HR1, G4-HR2, G4-HR3, G4-HR7, G4-HR8, G4-HR9, G4-HR12
2 Regulated environment	G4-SO8, G4-PR9
3 Waste management	G4-EN1, G4-EN2, G4-EN23, G4-EN25
4 Resource use, biodiversity and ecosystem services	G4-EN1 a G4 EN-14, G4-EN22, G4-EN23, G4-EN25, G4-EN26, G4-EN30, G4-EN31, G4-EN34, EU13
5 Service quality	EU3, EU11, EU28, EU29, EU30, G4-PR5
6 Energy scenario and macroeconomic context	G4-1
7 Water management	G4-EN8 a G4-EN10, G4-EN12
8 Well Being, Health and Safety	G4-LA5 a G4-LA8
9 Emissions and climate change	G4-EC2, G4-EN15 a EN21, G4-EN3, G4-EN4, G4-EN5, G4-EN6, G4-EN7, EU5, G4-EC2
10 Responsible Employer	G4-10, G4-11, G4-51, G4-EC3, G4-EC5, G4-EC6, G4-LA1, G4-LA2, G4-LA3, G4-LA4, G4-LA5, G4-LA6, G4-LA7, G4-LA8, G4-LA9, G4-LA10, G4-LA11, G4-LA12, G4-LA13, G4-LA16, EU18
11 Value chain	G4-12, G4-13, G4-EN32, G4-EN33, G4-LA14, G4-LA15, G4-HR4, G4-HR5, G4-HR6, G4-HR10, G4-HR11, G4-SO9, G4-SO10
12 New markets and innovation	G4-2
13 Energy efficiency and energy access programs	EU26, G4-EN6, G4-EN7, EU12
14 Financial sustainability	G4-EC1, G4-EC3, G4-EC4, G4-17
15 Stakeholder management and institutional relations	G4-16, G4-24, G4-25, G4-26, G4-27, G4-EC7, G4-EC8, G4-SO1, G4-SO6, EU23
16 Corporate governance	G4-34 a G4-55
17 Risk management	G4-2, G4-46, G4-EN27
18 Community relations	G4-EC8, G4-EC9, G4-SO1, G4-SO2, G4-SO11, EU22
19 Relationships with indigenous communities	G4-HR8
20 Clean energy investments	EU10

# ENERGY THAT TRANSFORMS CULTURE

IT IS PRESENT IN ONE OF PORTUGAL'S MOST VISITED MUSEUMS, A MUSEUM DEDICATED TO CONTEMPORARY ART, SCIENCE AND ENERGY.





# 02.

## MESSAGE FROM THE BOARD



Right from the start, 2014 was a very challenging year. Due to scarce rainfall, which led to a rise in short-term energy prices, and the under contracting of distribution companies that occurred as a result of Brazilian Law No. 12.783, the cash flows of our generation and distribution businesses were heavily impacted.

This required proactive risk management, which allowed us to partially reduce the impact due to the unfavorable energy scenario and demonstrated the Company's resilience and capacity to respond to the situations it confronts. We believe relevant steps were taken in 2014 toward improving the regulatory environment, to which EDP actively contributed at the Company's organizational and governance levels, delivering investment commitments, optimizing the cost structure and developing new revenue sources. Within this challenging context, we set five priorities for 2014:

- **Energy and regulatory environment:** To track and monitor the evolution of the energy scenario and establish appropriate contingency planning; and contribute to the development of the regulatory environment (over 65% of tariff deficits covered by non-tariff resources and tariff adjustments of over 20% in both of our Distribution companies);
- **Costs and cash:** To further optimize the Company's cost structure (PMSO was nominally reduced by 3% compared to 2013) and continue to ensure prudent cash management (concluding ten financing transactions totaling R\$ 2.4 billion);
- **Growth:** To materialize the Company's investment plan, which includes three hydroelectric plants under construction, in a manner that is on-time and on-budget (e.g., operation of HPP Santo Antônio do Jari anticipated by 3.5 months); and enhance the organic growth of the Company's customer base (adding 100,000 Distribution clients);
- **Client:** To continue to improve satisfaction levels of our customers (which now stands at over 80% for both Distribution companies and 90% for EDP's Commercialization Company) and strengthen the supply of energy services (e.g., our launch of EDP Grid);
- **Thermoelectric power complex:** To consolidate the operational and financial performance of TPP Pecém I (whose operational availability rate stood at 97% in December, following the replacement of its Unit 1 generator, which had been out-of-service for three months).

In addition to these five priorities, which are directly related to the business, we also included focus on improving the Organizational Environment and the Stock Value (devaluation in BM&FBovespa trading) on our 2014 Strategic Agenda.

In 2014, we strengthened our focus on human capital development. We launched a project to fortify our organizational culture (Cultura EDP), which seeks to integrate and value the diversity that is currently present in our Group. In this context, we have maintained our commitment to the ten principles of the Global Compact, assuming practices aligned with human rights, labor relations, environmental protection and anti-corruption.

In particular, we decided to gear our strategic focus on Generation segments in which the Company holds distinctive competencies. We defined that EDP will be positioned as a benchmark Hydrothermal Operator, and so we determined to divest the minority stake we held in EDP Renováveis Brasil.

Additionally, we announced the purchase of the other 50% stake in TPP Pecém I, which was part of a concerted action that included the sale of our stake in EDP Renováveis Brasil. This was a strategic decision to extend our presence in thermoelectric energy, an essential power source for Brazil's energy security.

We ended the year registering our best-ever economic and financial indicators (EBITDA and net profit). EBITDA reached R\$ 1.9 billion and net profit totaled R\$ 743 million. Included in this EBITDA performance is the sale, to China Three Gorges, of 50% of EDP's stake in three hydroelectric plants under construction in Brazil for R\$ 420 million, as well as the registry of R\$ 601.5 million in regulatory assets.

At this moment of presenting 2014's balance sheet, we should not fail to mention and highlight the important contribution of everyone on Team EDP, both managers and employees, whose efforts and dedication were prime determinants for these results. A word of thanks is due, too, to our Shareholders and Investors for the confidence they have placed in us, and our Business Partners for their close and fruitful cooperation with our Company.

The year of 2015 began in an environment every bit as difficult as we experienced the previous year. The outlook for rainfall remains unfavorable. However, in 2014, the Company established a contingency plan to deal with this energy scenario. During 2015, as a means of strengthening EDP's competitive position in the Brazilian electricity sector, we intend to continue implementing the strategic priorities that have been approved by our Board of Directors.

We will continue to focus on ethics, competence and professionalism, always striving for excellence in everything we do, especially in relations with our customers, shareholders, partners and all other stakeholders.



ANA MARIA FERNANDES  
President of Administration  
Board

MIGUEL SETAS  
Chief Executive Officer



# ENERGY THAT TRANSFORMS ENVIRONMENTAL AWARENESS

Focused on clean energy and a world that is increasingly more sustainable, coupled with a strong bet on technological innovation.





Fl  
oat





# 03.

## EDP

### EDP IN THE WORLD

With a significant presence on the global energy scene, EDP is active in 13 countries, with more than 9.6 million electricity customers and 1.3 million gas customers, and over 12,000 employees worldwide.

### EDP IN BRAZIL

[GRI G4-3, G4-4, G4-6, G4-7, G4-8]

Controlled by EDP Energias de Portugal, one of the largest European operators in the energy sector, EDP Energias do Brasil S.A. is the holding company for a group of companies with a diversified portfolio that generates, distributes and sells electricity in the Brazilian market.

Headquartered in the city of São Paulo (SP), the Company has operations in 11 states – São Paulo (SP), Espírito Santo (ES), Tocantins (TO), Mato Grosso (MT), Mato Grosso do Sul (MS), Santa Catarina (SC), Rio Grande do Sul (RS), Rio Grande do Norte (RN), Ceará (CE), Pará (PA) and Amapá (AP).

The company went public in July 2005, listing on the Novo Mercado (New Market) segment of the São Paulo Stock Exchange, which obligates it to adhere to the highest standards of corporate governance. Following the splitting of its common shares in 2012, since January 2013, the Company has been included in the IBOVESPA portfolio, Latin America's main securities market index.

[GRI G4-9]

Workforce at the close of 2014

**12,989**

people [GRI G4-10]



**2,798**

Company employees



**9,967**

Third-party employees



**66**

Apprentices



**158**

Interns



Net revenue

**R\$ 8,898.7**

million

# edp IN THE WORLD



## PORTUGAL

6.733	EMPLOYEES
5.575.743	ELECTRICITY CUSTOMERS
479.329	GAS CUSTOMERS
9.310	INSTALLED CAPACITY (MW)
25.498	NET GENERATION (GWh)
65%	GENERATION FROM RENEWABLE SOURCES <sup>1</sup>
43.808	ELECTRICITY DISTRIBUTION (GWh)
6.876	GAS DISTRIBUTION (GWh)
2.654	CAPACITY UNDER CONSTRUCTION (MW)



## SPAIN

1.898	EMPLOYEES
966.102	ELECTRICITY CUSTOMERS
831.604	GAS CUSTOMERS
6.030	INSTALLED CAPACITY (MW)
14.551	NET GENERATION (GWh)
42%	GENERATION FROM RENEWABLE SOURCES <sup>1</sup>
9.177	ELECTRICITY DISTRIBUTION (GWh)
46.970	GAS DISTRIBUTION (GWh)



## FRANCE

40	EMPLOYEES
340	INSTALLED CAPACITY (MW)
695	NET GENERATION (GWh)
100%	GENERATION FROM RENEWABLE SOURCES <sup>1</sup>



## BELGIUM

2	EMPLOYEES
71	INSTALLED CAPACITY (MW)
129	NET GENERATION (GWh)
100%	GENERATION FROM RENEWABLE SOURCES <sup>1</sup>



## ITALY

23	EMPLOYEES
90	INSTALLED CAPACITY (MW)
166	NET GENERATION (GWh)
100%	GENERATION FROM RENEWABLE SOURCES <sup>1</sup>



**POLAND**

39	EMPLOYEES
392	INSTALLED CAPACITY (MW)
793	NET GENERATION (GWh)
100%	GENERATION FROM RENEWABLE SOURCES <sup>1</sup>



**ROMEN**

34	EMPLOYEES
521	INSTALLED CAPACITY (MW)
712	NET GENERATION (GWh)
100%	GENERATION FROM RENEWABLE SOURCES <sup>1</sup>



**UNITED KINGDOM**

37 | EMPLOYEES



**CHINA AND ANGOLA**

Offices



**BRAZIL**

2.798	EMPLOYEES
3.151.827	ELECTRICITY CUSTOMERS
1.797	INSTALLED CAPACITY (MW)
584,54	INSTALLED CAPACITY MEP <sup>2</sup> (MW)
10.959,50	NET ENERGY PRODUCTION (GWh) <sup>3</sup>
85%	GENERATION FROM RENEWABLE SOURCES <sup>1</sup>
26.444	ELECTRICITY DISTRIBUTION (GWh)
460	CAPACITY BUILDING MEP <sup>2</sup> (MW)



**MEXICO**

1 | DEVELOPER



**USA**

311	EMPLOYEES
3.805	INSTALLED CAPACITY (MW)
10.145	NET GENERATION (GWh)
100%	GENERATION FROM RENEWABLE SOURCES <sup>1</sup>
299	CAPACITY UNDER CONSTRUCTION (MW)



**CANADA**

4	EMPLOYEES
30	INSTALLED CAPACITY (MW)
59	NET GENERATION (GWh)
100%	GENERATION FROM RENEWABLE SOURCES <sup>1</sup>

<sup>1</sup> Includes hydro, wind and solar.

<sup>2</sup> Consolidated according to the equity method.

## GENERATION [GRI G4-4, G4-8]

One of the main strategic drivers of EDP's business growth is Generation, where clean energy sources predominate among the Company's generation assets. By the close of 2014, it had total installed capacity of 2,381 MW in a portfolio comprised of hydroelectric, wind energy and thermoelectric plants.

In generation, the volume of energy sold in 2014 totaled 8,260 GWh, 0.5% more than the 8,216 GWh sold in 2013. Considering the volume of energy sold by availability from the TPP Pecém I 1 and Jari HPP 1, our energy sales volume reached 11,186 GWh, 2.5% higher than in 2013 (10,910 GWh).

On September 17, 2014, EDP started up operations early, approximately three months ahead of schedule, of Generation Unit 1 of the HPP Santo Antônio do Jari (a project the Company operates in partnership with China Three Gorges), which is located on the border of the states of Pará and Amapá. The original start date had been set for January 1, 2015. With a capacity of 123.3 MW, Brazil's National Electric Energy Agency (Aneel) authorized the beginning of commercial operations of the first generating unit. The early startup, coupled with all of this HPP's other generating units, made available 367 MWh to Brazil's National Interconnected System (SIN) and added R\$ 262 million (of which R\$ 46.2 million came in the test phase) to EDP's gross revenue. The plant has an installed capacity of 373.4 MW (physical guarantee of 217.7 MWa) on a total investment of R\$ 1.1 billion. [GRI G4-13]

Two more projects are under development – the 219 MW-capacity HPP Cachoeira Caldeirão (a partnership with China Three Gorges) in the state of Amapá and the 700 MW-capacity HPP São Manoel (a partnership with Furnas and China Three Gorges) on the border between the states of Mato Grosso and Pará.

At the close of 2014, EDP announced two Generation asset transactions: 1) a Memorandum of Understanding with EDP Renováveis for the sale (for a yet-to-be established amount based on an independent assessment) of EDP Energias do Brazil's 45% stake in the company that operates three wind farms in Brazil; and 2) an agreement to acquire, for R\$ 300 million, 50% of the total voting share capital held by Eneva Porto do Pecém Geração de Energia S.A. In addition to approvals from official bodies, such as Brazil's National Development Bank (BNDES), the Inter-American Development Bank (IDB) and the Brazil's Administrative Council for Economic Defense (CADE), this agreement will require approval from the Brazil's federal court system and the creditors of Eneva, which has filed for bankruptcy protection. [GRI G4-13]

Following the implementation of projects under development, EDP intends to direct its attentions to its thermoelectric and hydroelectric projects in Brazil, as it has developed competencies in these two generation sources.

### 4th

largest private  
generation group  
(installed capacity)

### 2.4 GW

of installed capacity

### 1.4 GW

 average of  
guaranteed energy

### 1.5 GW

 under  
construction (635 MW  
proportional stake)


## GENERATION UNIT PROFILES

	2013		2014	
	Installed capacity (MW) IGRI EU1	Guaranteed energy (MWa)	Installed capacity (MW) IGRI EU1	Guaranteed energy (MWa)
<b>Hydroelectric</b>				
HPP Santo Antônio do Jari (Amapá/Pará) <sup>1</sup>	-	-	186.70	108.85
HPP Peixe Angical (Tocantins)	498.75	280.50	498.75	280.50
HPP Luís Eduardo Magalhães (Tocantins)	902.50	526.60	902.50	526.60
HPP Mascarenhas (Espírito Santo)	198.00	138.50	198.00	138.50
HPP Suíça (Espírito Santo)	33.90	18.91	33.90	18.91
SHP Alegre (Espírito Santo)	2.06	1.16	2.06	1.16
SHP Fruteiras (Espírito Santo)	8.74	4.93	8.74	4.93
SHP Jucu (Espírito Santo)	4.84	2.62	4.84	2.62
SHP Francisco Gros (formerly Santa Fé) (Espírito Santo)	29.00	16.4	29.00	16.40
SHP São João (Espírito Santo)	25.00	13.63	25.00	12.95
SHP Viçosa (Espírito Santo)	4.50	2.52	4.50	2.52
SHP Rio Bonito (Espírito Santo)	22.50	9.40	22.50	9.40
SHP Mimoso (Mato Grosso do Sul)	29.50	20.90	29.50	20.9
SHP Costa Rica (Mato Grosso do Sul)	16.00	11.06	16.00	11.06
SHP Paraíso (Mato Grosso do Sul)	21.60	12.59	21.60	12.59
Coxim Hydroelectric Generating Plant (Mato Grosso do Sul) <sup>2</sup>	0.40	0.30	-	-
São João I Hydroelectric Generating Plant (Mato Grosso do Sul) <sup>2</sup>	0.66	0.22	-	-
São João II (Mato Grosso do Sul) <sup>2</sup>	0.60	0.27	-	-
<b>Total hydroelectric</b>	<b>1,798.55</b>	<b>1,060.51</b>	<b>1,983.58</b>	<b>1,167.89</b>
<b>Thermoelectric</b>				
Pecém I (Ceará) <sup>3</sup>	360.14	315.50	360.13	315.5
<b>Total thermoelectric</b>	<b>360.14</b>	<b>315.50</b>	<b>360.13</b>	<b>315.5</b>
<b>Wind</b>				
Água Doce (Santa Catarina) <sup>4</sup>	4.05	1.06	4.05	1.06
Horizonte (Santa Catarina) <sup>4</sup>	2.16	0.45	2.16	0.45
Elebrás Cidreira (Rio Grande do Sul) <sup>4</sup>	31.5	10.86	31.5	10.86
<b>Total wind</b>	<b>37.71</b>	<b>12.37</b>	<b>37.71</b>	<b>12.37</b>
<b>Total</b>	<b>2,196.39</b>	<b>1,388.38</b>	<b>2,381.42</b>	<b>1,495.76</b>

<sup>1</sup> Values correspond to 50% stake in the HPP Santo Antônio do Jari (Amapá/Pará) since, at the close of 2013, EDP sold a 50% stake to its partner, China Three Gorges (CTG).

<sup>2</sup> The Coxim, São João I and São João II Hydroelectric Generating Plants were sold on 9/1/2013.

<sup>3</sup> Values only correspond to a 50% stake in Pecém I (Ceará), as an agreement to acquire the other 50% of this project will be completed in 2015.

<sup>4</sup> Values correspond to EDP Renováveis Brasil's 45% stake, whose sale was announced at the end of 2014 and will be completed in 2015. IGRI G4-13I

## DISTRIBUTION | GRI G4-4, G4-8 |

EDP operates in the states of São Paulo (SP) and Espírito Santo (ES) through the Bandeirante Energia S.A. (EDP Bandeirante) and Espírito Santo Centrais Elétricas S.A. (EDP Escelsa) distributors, both of which are publicly traded, wholly owned EDP subsidiaries. EDP ended 2014 with a total of 3.15 million customers and 26,443.1 GWh of distributed energy.

**EDP Bandeirante** – EDP operates in 28 municipalities in the state of São Paulo, in the Alto Tietê and Vale do Paraíba regions. The 30-year term contract for this concession area was signed on October 23, 1998. During 2014, almost 1.73 million customers were served and 15,451.6 GWh distributed, 0.8% more than in 2013.

**EDP Escelsa** – The distributor is based in the city of Vitória and serves 70 of the 78 municipalities in the state of Espírito Santo. The 30-year term contract for this concession was signed in 1995; EDP acquired the company in 1999. In 2014, 1.43 million customers were served (4.2% compared to the previous year) and 10,991.5 GWh distributed.

### PROFILE OF DISTRIBUTION UNITS

	EDP Bandeirante		EDP Escelsa	
	2013	2014	2013	2014
Municipalities served (N.º)	28	28	70	70
Inhabitants	4.5	4.5	3.3	3.3
Clients billed (million)	1.67	1.73	1.38	1.43
Concession area (km <sup>2</sup> )	9,644	9,644	41,241	41,241
Distributed energy (GWh)	15,334.78	15,451.59	10,545.27	10,991.52
Energy distributed to end consumers – captive GWh)	9,393.18	9,639.4	5,993.44	6,900.3
Employees (N.º)	1,221	1,209	986	972
Productivity (clients/employee)	1,364.57	1,427.95	1,398.52	1,467.14
Productivity (MWh distributed/employee)	12,559.20	12,780.47	10,695.00	11,308.31

## COMMERCIALIZATION | GRI G4-4, G4-8 |

As the third-largest energy trader in Brazil, EDP's Commercialization division was established in 2001 and is responsible for portfolio management of the Group's companies' Brazilian energy contracts, as well as intensive end-client energy consumption contracts. Its activities are focused on reducing energy costs for clients through free (spot) energy market contracting. It also sells electricity generated by EDP companies and other market players.

In 2014, EDP invested in the strengthening of new businesses through EDP Grid, which is engaged in the provision of client services, such as infrastructure construction and energy efficiency projects, distributed photovoltaic generation and seeding smart electricity network concepts.

There were 149 Commercialization clients in 2014, a 3.5% increase compared to the 2013 total customer number (144). The volume of energy traded totaled 13,052 GWh, a 5.3% growth compared to 12,391 GWh sold in 2013. In 2014, the Commercialization division presented a 41.9% EBITDA increase, which reached R\$ 97.7 million.

| GRI EU3 |

# 6th

largest private energy distribution group

# 3.1 million

customers served by two companies

# 26,444 GWh

of energy distributed

# 3rd

largest private energy trader: 9% of market share

# 9%

of market share

# 13,052 GWh

of energy sold

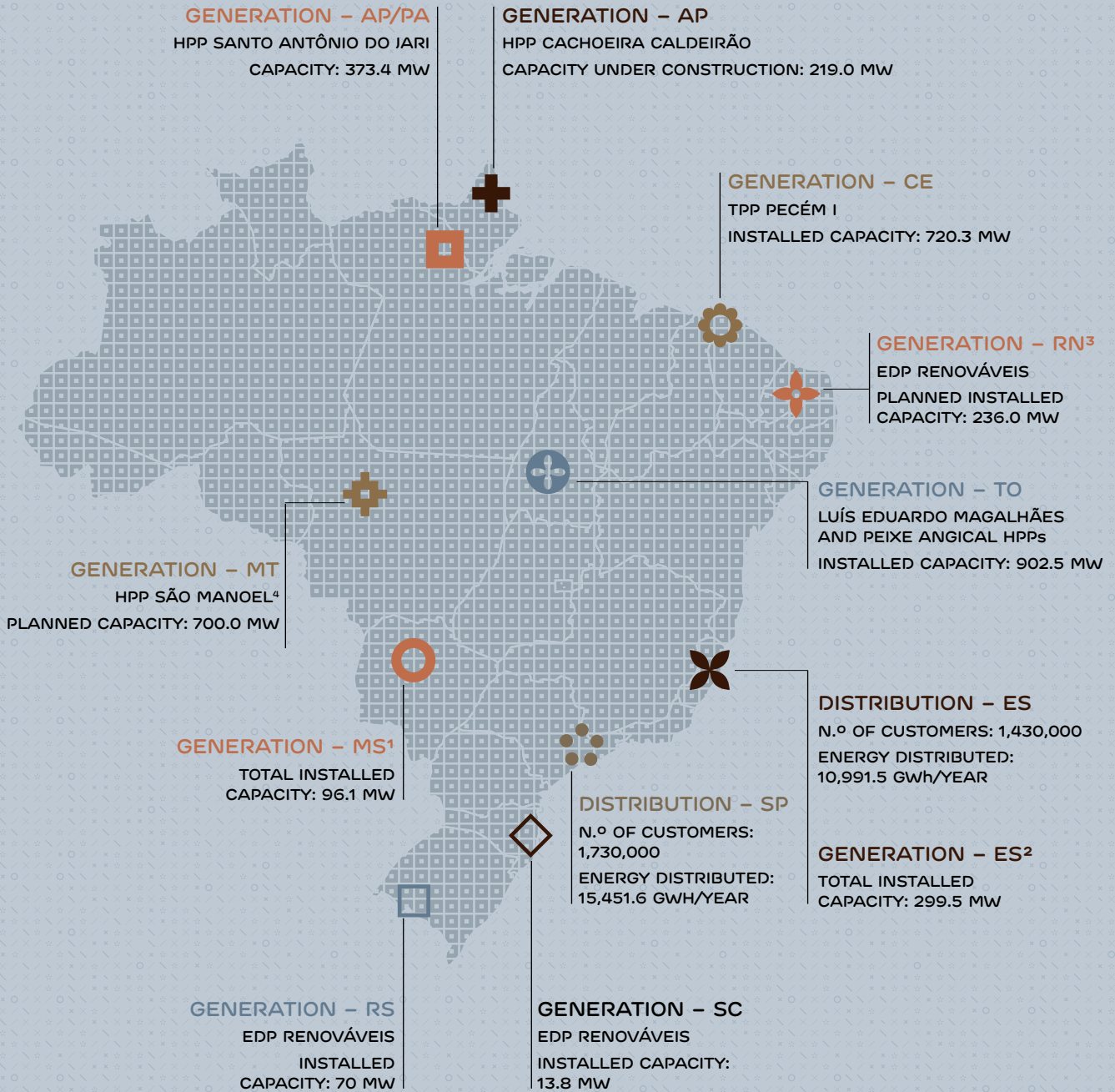
## COMMERCIALIZATION

N.º OF CUSTOMERS:

149

ENERGY TRADED THROUGH OPERATIONS IN BRAZIL:

13,052 GWH



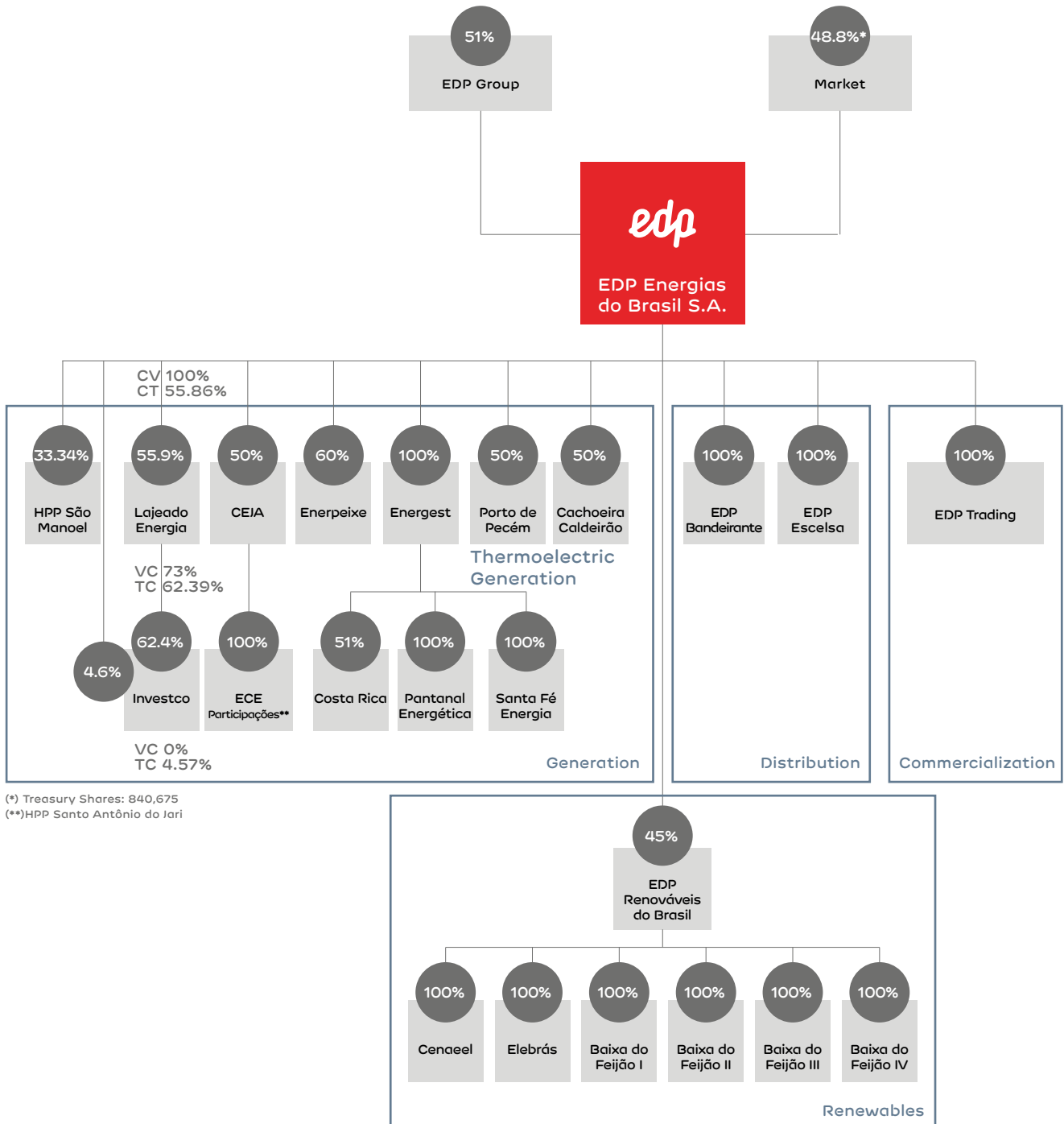
<sup>1</sup> Generation MS includes HPP Mimoso (29.5 MW), Paradise SHP (21.6 MW), SHP Costa Rica (16.0 MW), SHP Francisco Gros (29.0 MW), but excludes the Coxim Hydroelectric Generating Plant (0.4 MW), São João I Hydroelectric Generating Plant (0.6 MW) and the São João II Hydroelectric Generating Plant (0.6 MW), which were sold in 2013.

<sup>2</sup> Generation ES includes the HPP Mascarenhas (198.0 MW), Suíça HPP (18.9 MW), SHP Rio Bonito (22.5 MW), SHP São João (25.0 MW), SHP Fruteiras (8.7 MW), SHP Jucu (4.8 MW), SHP Viçosa (4.5 MW) and the SHP Alegre (2.1 MW).

<sup>3</sup> Generation RN includes the Baixa do Feijão I (30.0 MW), Baixa do Feijão II (30.0 MW), Baixa do Feijão III (30.0 MW), Baixa do Feijão IV (30.0 MW), Aventura I (26.0 MW), Aroeira (30.0 MW), Umbuzeiros (30.0 MW) and Jericó (30.0 MW) Wind Power Plants.

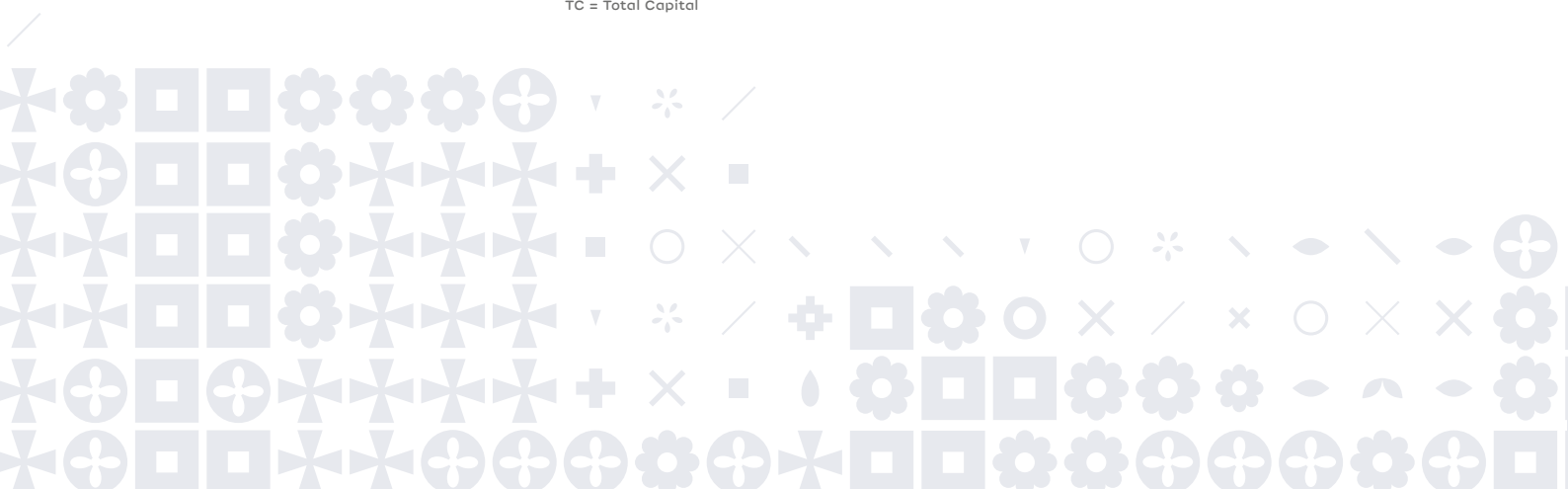
# CORPORATE STRUCTURE

IGRI G4-9I



(\*) Treasury Shares: 840,675  
 (\*\*)HPP Santo Antônio do Jari

Key  
 VC = Voting Capital  
 TC = Total Capital





## AWARDS AND RECOGNITION

**Human resource management:** for the third consecutive time, Top Employers Brazil has certified EDP among companies with the best personnel management practices.

**Innovation leader:** the Campeões de Inovação (Innovation Champions) ranking, which is sponsored by Amanhã (Tomorrow) magazine, cited EDP as one of the 50 most innovative companies in Brazil's South region, as a result of its Ceneael Wind Farm in the state of Santa Catarina. Among those companies cited in the electricity sector, EDP placed first.

**Client respect:** the 2014 Smart Contact Center Award gave EDP Gold recognition in the Respect for the Customer category, citing EDP's success in solidifying its efforts toward overall Excellence and Customer Respect, which included the firm's successful, physical transition of the call center of the Group's distributors.

**Most value:** in the MVP (Most Value Produced) Brazil - Utilities ranking prepared by Dom Strategy Partners, a survey that offers stakeholder perceptions and recommendations, EDP was considered the most valuable company in the utilities sector.

**Transparency:** Brazil's National Association of Finance, Administration and Accounting Executives (Anefac) acknowledged EDP's work in the field of financial information disclosure clarity through its Transparency Award in the Publicly-Traded Companies with net revenues of up to R\$ 5 billion category.

**Audiovisual media:** the Brazilian Corporate Communication Association (Aberje) tapped EDP to receive, in 2014, the 40th edition of its Aberje Award in recognition of edpON, the EDP Group's internal television channel for EDP Group employees. The Group took first place in the Regional and National classification.

**National round up:** at the 21st National Seminar on Electrical Power Distribution (SENDI) and the National Electricians Round-Up won both gold and bronze awards in recognition of an EDP Expansion Planning project. Awardees must be highly skilled, demonstrate expertise, as well as a strict adherence to safety standards.

**Quality management:** Miguel Setas, President of EDP Energias do Brasil, won the 2014 Quality Management Award, which cited EDP's management excellence efforts, emphasizing highlights in this area, as well as strengths and perceived benefits to the Company from this experience.

**Sustainability:** acknowledged in recognition of its good sustainability practices, EDP for the 9th consecutive year was included in BM&F Bovespa's Corporate Sustainability Index (ISE), which will be effective from January 2015 to January 2016.

**Model company:** During 2014, the Exame (magazine) Sustainability Guide, which recognizes companies with the best practices in this area, cited EDP as a model company.

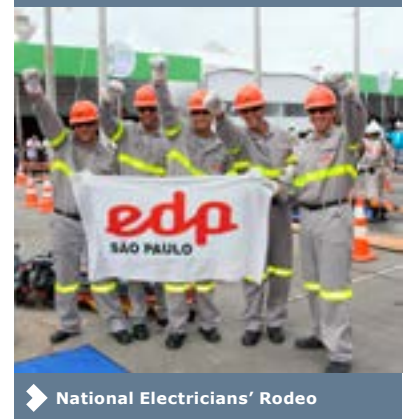
**Environmental Changes:** EDP was among five finalists in the Sustainability - Environmental Change category for the Allianz Insurance Journalism award, which encourages the dissemination of ideas and information related to environmental change changes that are happening in the environment.



▶ Exame Sustainability Guide



▶ Transparency Trophy



▶ National Electricians' Rodeo



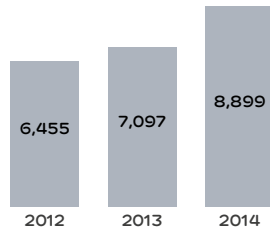
## INDICATOR HIGHLIGHTS

IGRI G4-9I

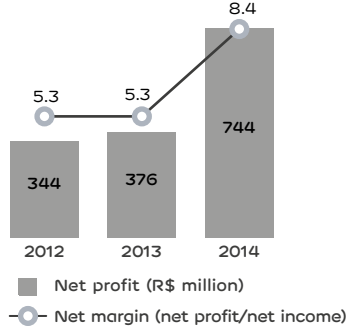
RESULTS (R\$ million) <sup>1</sup>	Variation				
	2012	2013	2014	2014/2013	
Net income	6,454.50	7,096.50	8,898.70	25.40%	
Manageable and non-manageable expenses	-5,371.50	-5,843.40	-7,597.84	30.02%	
Operating income (EBIT)	1,083.00	1,253.10	1,574.32	25.63%	
EBITDA <sup>2</sup>	1,420.60	1,655.70	1,914.58	15.64%	
Financial results	-197.4	-299.1	-315.99	5.65%	
Income before minority interest	535.4	554.1	838.36	51.30%	
<b>% MARGINS</b>					
EBITDA margin (EBITDA/net income)	22.8	24.8	22.6	-8.87%	
Net margin (net profit/net income)	5.3	5.3	8.4	12.50%	
<b>FINANCIAL</b>					
Shareholders' equity (R\$ million)	6,332.39	6,253.17	6,566.80	5.01%	
Minority interests (R\$ million)	174.1	161.0	91.1	-43%	
Net Debt (R\$ million) <sup>3</sup>	1,895.00	2,335.30	2,531.50	8.40%	
Net debt/equity (times)	0.3	0.4	0.4	0%	
Net debt/EBITDA (times)	1.3	1.4	1.3	-7.14%	
<b>SHARES</b>					
Total number of shares (thousands)	476,416	476,416	476,416	0.00%	
Number of treasury shares	840,675	840,675	840,675	0.00%	
Dividends per share (R\$/share)	0.78	0.78	0.41	-47.44%	
Closing price per share - ON (R\$) <sup>4</sup>	12.49	11.35	8.97	-20.97%	
Appreciation in the year (%)	-9.71%	-9.13%	-12.50%	36.91%	
Market capitalization (R\$ million)	5.9	5.4	4.3	-20.37%	
<b>OPERATIONS</b>					
<b>Generation</b>					
Installed capacity (MW)	2,012	2,196	2,381	8.42%	
<b>Distribution</b>					
Energy distributed to end clients (GWh)	15,049	15,386	15,902	3.35%	
Supply	509	533	623	16.89%	
Energy in transit (GWh)	9,305	9,897	9,903	0.06%	
Self-consumption (GWh)	14	15	15	0.00%	
Purchased energy (GWh)	19,955	13,821	12,831	-7.16%	
Technical and commercial losses (GWh)	3,290	1,678	1,617	-3.64%	
Technical and commercial losses (%)	11.7	11.2	11.8	5.36%	
Energy distributed per customer (MWh)	8	8	8	0.00%	
Productivity (MWh distributed/employee)	11,545	11,643	12,124	4.13%	
Number of customers/employee	1,111	1,099	1,445	31.48%	
<b>Quality of services provided</b>					
		<b>EDP Bandeirante</b>		<b>EDP Escelsa</b>	
		<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>
Equivalent Duration of Continuity (DEC)	8.08	7.62	9.67	10.37	
Equivalent Frequency of Continuity (FEC)	5.51	5.34	5.78	6.44	
<b>Commercialization</b>					
		<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Variación 2014/2013</b>
<b>No. of clients</b>					
SOCIAL	210	144	149	3.47%	
<b>Accidents involving the general public</b>					
Internal accidents and those involving third-party employees	30	16	22	37.50%	
Internal social investments (R\$ million)	119	85	157	84.70%	
External social investments (R\$ million)	162	188	189	0.53%	
Taxes paid (R\$ million)	5.2	4.6	3.4	-26.09%	
ENVIRONMENTAL	2,937	2,650	2,751	3.81%	
<b>Environmental investments (R\$ million)</b>					
Direct energy consumption (GJ)	41	59.6	25.1	-57.89%	
Electricity consumption (GJ)	63,310.20	81,337.60	19,503,074.62 <sup>5</sup>	23,977.93%	
Consumo de eletricidade (GJ)	128,860	163,710	843,176.63	515.04%	
CO <sub>2</sub> e emissions (tCO <sub>2</sub> e)	157,682	2,842,243	5,922,574	108.57%	

<sup>1</sup> Accounting standards used in the financial statements are those contained in the International Financial Reporting Standard (IFRS).<sup>2</sup> EBITDA: Earnings before interest, taxes, depreciation, amortization and non-operational results.<sup>3</sup> Net debt: Gross debt - cash and securities - net balance of regulatory assets.<sup>4</sup> Stock price in December, excluding dividends paid.<sup>5</sup> TPP Pecém I'S coal consumption was accounted for in 2014.

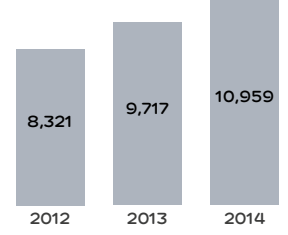
**NET INCOME**  
(R\$ million)



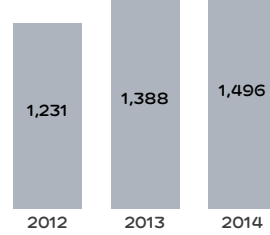
**NET PROFIT AND MARGIN**



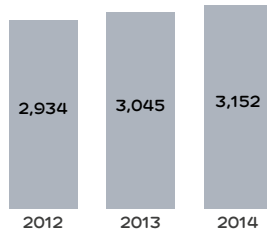
**GENERATED ENERGY (GWh)**



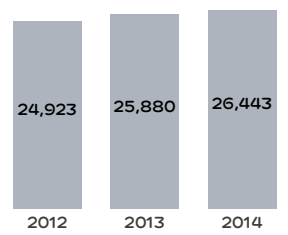
**GUARANTEED ENERGY**  
(MWa)



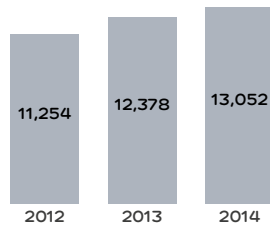
**NUMBER OF CLIENTS DISTRIBUTORS**  
(thousand)



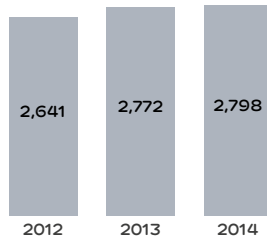
**DISTRIBUTED ENERGY (GWh)**



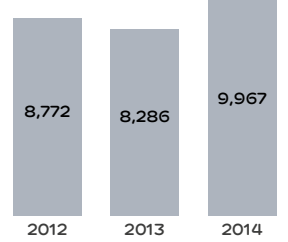
**ENERGY COMMERCIALIZED**  
Commercialization (GWh)



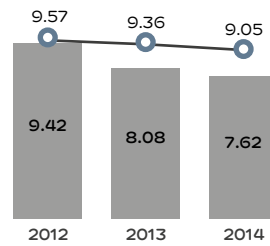
**NUMBER OF EMPLOYEES**



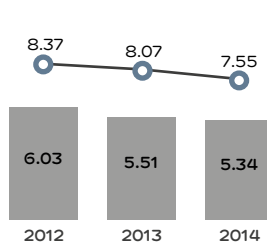
**NUMBER OF THIRD-PARTY EMPLOYEES**



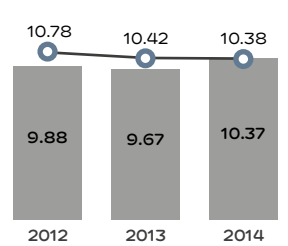
**DEC EDP BANDEIRANTE**  
(hours/year) | GRI EU29|



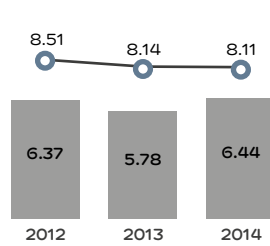
**FEC EDP BANDEIRANTE**  
(times/year) | GRI EU28|



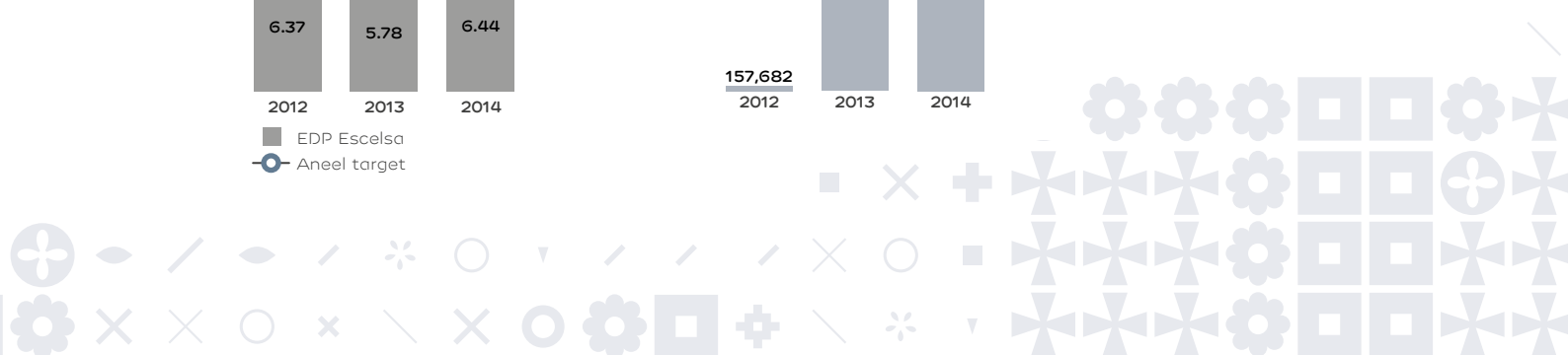
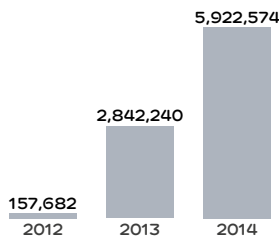
**DEC EDP ESCELSA**  
(hours/year) | GRI EU29|



**FEC EDP ESCELSA**  
(times/year) | GRI EU28|



**GREENHOUSE GAS EMISSIONS (CO<sub>2</sub>e)**

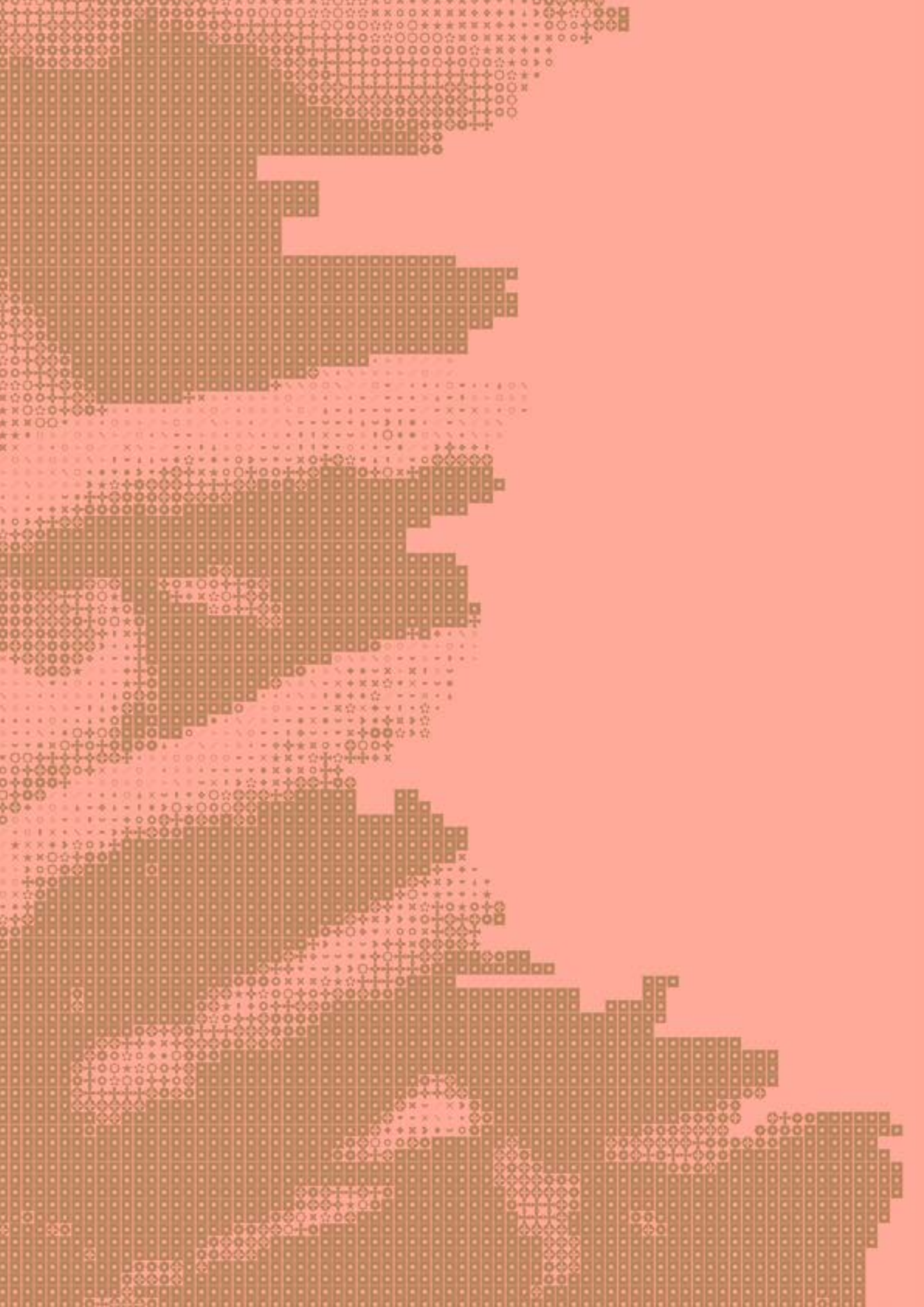


# ENERGY THAT TRANSFORMS THE FUTURE

Involvement with the community, through volunteer programs and initiatives that foster social innovation.

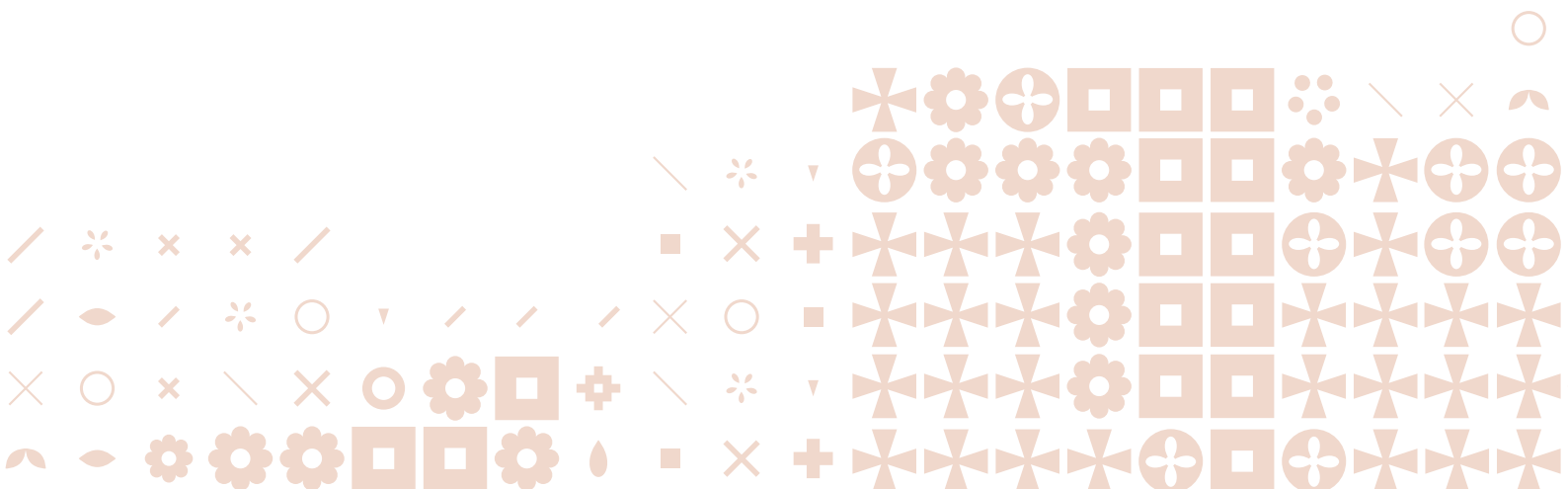






# 04.

## CONTEXT AND MARKET TRENDS



In Brazil, EDP operates in three segments of the electric industry chain – Generation, Distribution and Commercialization. The Brazilian electricity industry is regulated and its companies operate through concessions or public permissions for such services, which are regulated and supervised by the National Electric Energy Agency (Aneel).

## VALUE CHAIN IN THE BRAZILIAN ELECTRIC SECTOR CHAIN

### GENERATION

In 2014, the latest consolidated data available from Brazil's National Energy Balance Sheet (BEN, 2014), the country's electricity generation matrix was predominantly comprised of renewable sources (79.3%), of which hydroelectric generation accounted for 70.6% against 76.9% in the previous year. In this sector, there are approximately 1,450 companies operating 3,590 plants (Generation Information Bank - BIG 2014).

In 2014, Brazil's installed capacity totaled 142,083 MW and power generation was 570,000 GWh (Aneel 2014), to which EDP contributed 2,381.42 MW of capacity.

### TRANSMISSION

From generation plants to local distribution networks, this segment operates the high voltage energy transportation infrastructure (above 230 kV). The transmission segment consists of more than 100,000 km of lines that are operated by 77 concessionaires. EDP is not active in this segment.

### DISTRIBUTION

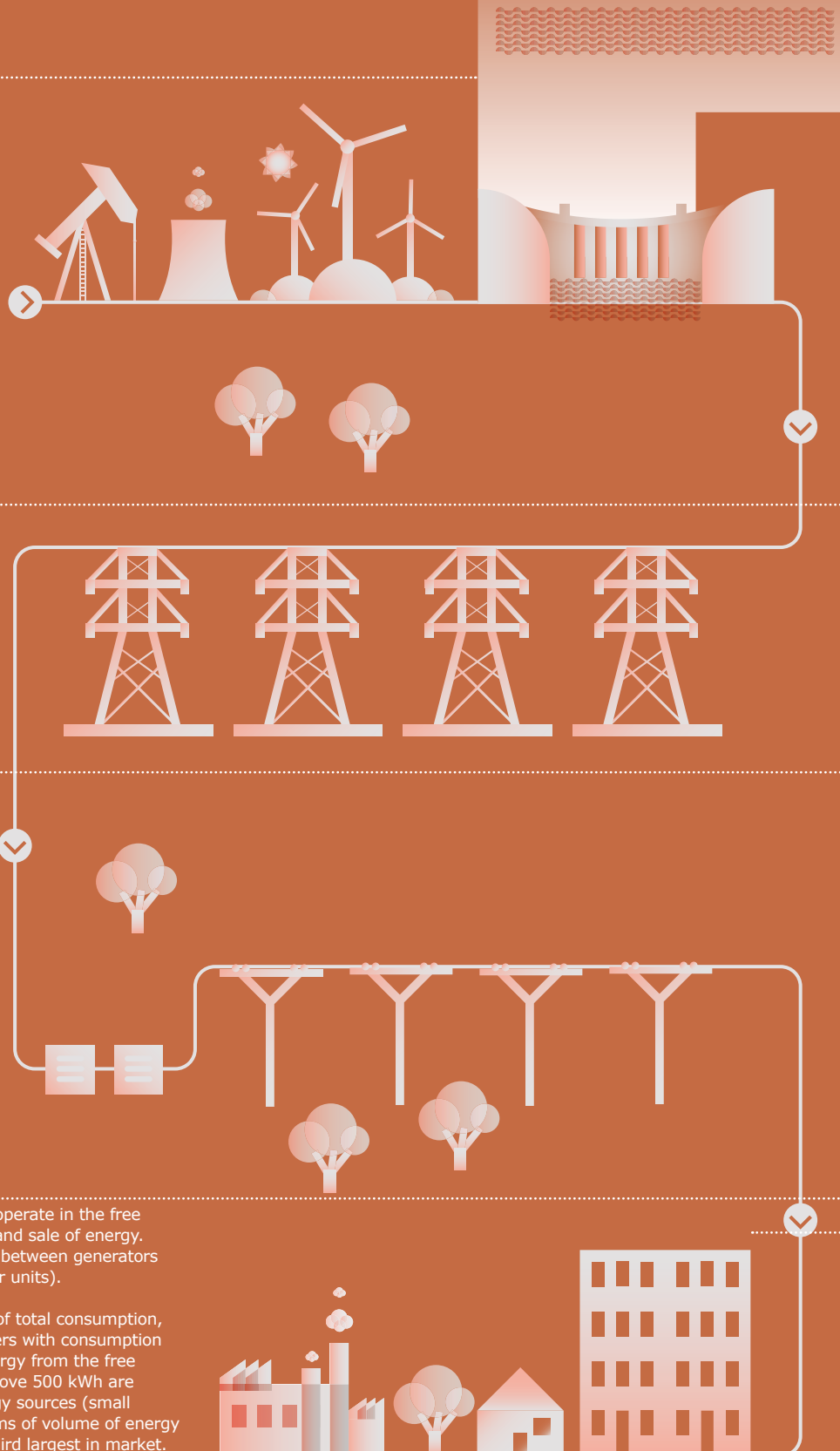
Distributors receive power via high-voltage transmission lines and deliver to end-use consumers (households, industries, commercial establishments, etc.) at a reduced voltage level (below 230 kV). In 2014, there were 64 distribution utilities in Brazil, responsible for service to approximately 70 million consumer units (Aneel). These companies serve customers in what is known as the captive market.

At the close of 2014, EDP had 3.15 million customers, making it Brazil's sixth largest private distributor, with two concessions – one in the state of São Paulo (EDP Bandeirante) and the other in the state of Espírito Santo (EDP Escelsa).

### COMMERCIALIZATION

Commercialization, or trading, companies that operate in the free market seek the best options for the purchase and sale of energy. They are responsible for brokering transactions between generators and free consumers (intensive energy consumer units).

The free market for electricity represents 27% of total consumption, i.e., approximately 14,500 MWa. Large customers with consumption equal or superior to 3,000 kWh can acquire energy from the free market, while those with consumption levels above 500 kWh are eligible to contract power from renewable energy sources (small hydroelectric plants, biomass and wind). In terms of volume of energy sold, with its 9% share, EDP Marketing is the third largest in market.





## MACROECONOMIC SCENARIO

In Brazil, 2014 was notable for the FIFA World Cup, a presidential election and a depressed economic environment. From January to December 2014, Brazil's GDP (Gross Domestic Product) increased 0.2%<sup>[2]</sup> over the same period the previous year.

The slowdown in industry and investments (-1.4% and -7.4%, respectively, from January to September 2014 compared to the same period in 2013) negatively impacted the economy. The crisis with major trading partners, the decline in commodity prices and a narrower monetary policy to curb inflation were some of the factors that placed pressure on industry.

For the first time since 2000, Brazil's trade balance<sup>[3]</sup> registered a deficit, with a balance of less than US\$ 3.93 billion. In 2014, Brazil's imports totaled US\$ 229.0 billion (US\$ 239.6 billion in 2013), while exports were US\$ 225.1 billion, compared to US\$ 242 billion for the previous year. These results reflect three factors – lower commodity prices, especially iron ore; the economic crisis in Argentina, which is one of the main buyers from Brazil; and spending on fuel imports.

In the same period, industrial production was down 2.9%, with the main negative contribution observed in automotive vehicles (-18.1%).

On the other hand, positive contributions to GDP came from household consumption (+ 1.2%) and the service sector (+0.9%)<sup>1</sup>, which was driven by sporting events, a low level of unemployment (6.9%)<sup>[4]</sup> and real gains in income (2.7%)<sup>[5]</sup>.

Retail trade in Brazil increased by 2.6%<sup>[6]</sup> over the same period in 2013. However, in comparing the same periods, the service sector registered a nominal increase of 6.6%<sup>[7]</sup> in 2014. Through September 2014, it was observed in Brazil that leasable space in shopping centers<sup>[8]</sup> had increased by approximately 300,000 m<sup>2</sup>, with the expectation that this figure will be approximately 700,000 m<sup>2</sup> when the close-of-year numbers are available for 2014.

## ENERGY SCENARIO

The electricity market in Brazil reflected the dynamics of the economy. According to data from Brazil's Empresa de Pesquisa Energética (EPE), in 2014, total energy consumption in the country reached 473,395 GWh, which was 2.2% higher than in 2013. The industrial segment, with 178,055 GWh, registered a 3.6% decrease. By contrast, there were advances of 5.7% and 7.3%, respectively, for the residential (132,049 GWh) and commercial (89,819 GWh) segments.

As a result of unfavorable hydrological conditions, similar to the previous year, 2014 proved to be a challenging year. The difference being that the drought worsened, with the reservoirs of some hydroelectric facilities reaching their lowest recorded levels since the energy rationing days of 2001. According to Brazil's National Electric System Operator (ONS), hydroelectric power reservoirs in the country's Southeast and Central-West regions, which account for approximately 70% of the nation's power generation capacity, reached 19.36% on December 31, 2014. That was 13% below Brazil's stored energy in 2001, when power rationing was imposed on the country. The reservoir situation also contributed to a surge in energy prices on the spot market, which reached a record of R\$ 822.83 per MWh (megawatt hour).

## REGULATORY ENVIRONMENT

Following the publication of Provisional Measure No. 579, in November 2012 – which was converted into Brazilian Law No. 12,743 – an involuntary exposure situation has persisted for short-term energy market distributors.

Given this scenario, on March 7, 2014, Decree No. 8,203/2014 was issued, which authorizes a fund transfer from the Energy Development Account (CDE) for the payment of exposure costs related to the Short Term Market of the Electric Energy Trading Chamber (CCEE) in January 2014. With rising costs and the involuntary exposure of distributors, which were impacted by a high, verified Differences Settlement Price (PLD - short-term market), on March 13, 2014, the Brazilian federal government announced measures to support the national electricity sector. These included: i) R\$ 4 billion in additional financial support from the National Treasury through the CDE; ii) conducting an Existing Energy Auction for Year A, with energy deliveries to take place in 2014 (the auction having been held in April and supply beginning as of May 1.

2 Source: Brazilian Institute of Geography and Statistics (IBGE). National Accounts

3 Source: Ministry of Development, Industry, and Foreign Trade (MDIC). Department of Foreign Trade

4 Source: IBGE. Ongoing National Survey of Households (PNAD Contínua). Measurement for first three quarters of 2014

5 Source: IBGE. Monthly Employment Report. Average variation, Jan.-Sept. 2014, in relation to the same period in 2013

6 Source: IBGE. Monthly Trade Report

7 Source: IBGE. Monthly Report on Services

8 Source: Brazilian Association of Shopping Centers (ABRASC)

### ACR ACCOUNT

Additionally, on April 1, 2014, Decree 8,221/2014 instructed the CCEE to create and manage the Regulated Contracting Environment Account (Conta-ACR), to cover, from February to December 2014, costs in excess of those covered by tariffs, relative to i) involuntary contractual exposure and ii) thermoelectric orders connected with Electric Power Purchase Agreements in the Regulated Environment, as available (CEAR-D).

On April 25, 2014, CCEE signed contracts with some banks to finance R\$ 11.2 billion for Conta-ACR to cover the disbursements of electricity distributors with exposure to the short-term market and the thermoelectric dispatch orders. In August 2014, a new, R\$ 6.5 billion loan was approved, as the balance of the Conta-ACR was insufficient to cover the deficits in November and December accounting, which forced postponement of the settlement for these months.

### POWER RESERVE ACCOUNT (CONEXR)

In May 2014, via Normative Resolution No. 613/2014, Aneel established criteria for the purpose of handling surplus financial resources from the Power Reserve Account (Coner), which were earmarked for distributors to help reduce the tariff deficit. Coner is a specific, CCEE-managed account that exists for the execution of transactions associated with the contracting and use of reserve energy. The fee is paid by free and residential customers, and finances energy generation throughout the year from wind, biomass and small hydroelectric plants (SHPs). Reserve power is contracted by its auction price, but is settled by its spot market price (PLD). When the PLD is low, the consumer has to pay the difference, but when the PLD is high, the consumer receives a credit that is passed along by the distributor through the tariff.

### PLD REVISION

In light of the new climate for the electricity sector and the fact that the PLD has remained at high levels, Aneel initiated a public consultation. As a result, in November 2014, it approved new PLD levels for energy to be sold in 2015 – reducing the ceiling by 53%, from R\$ 822.83 per MWh to R\$ 388.48 MWh. As well, the minimum price was raised from R\$ 15.62 MWh to R\$ 30.26 MWh. To change the PLD calculation, Aneel used the relevant thermal concept and determined that, for this cycle, the reference cost would be associated with the Mário Lago Thermoelectric Power Plant, located in Magé, Rio de Janeiro.

### TARIFF FLAGS

In January 2015, tariff flags established through Aneel's Normative Resolution 547/2013 went into effect. Energy bills will now be processed according to a system in which green, yellow and red flags indicate whether energy costs more or less, as measured against the conditions of electricity generation. On a monthly basis, Aneel will determine which flag will be used, basing its decision on information from the National Electric System Operator (ONS) regarding the cost of electricity generation in Brazil.

Every month, ONS calculates the Marginal Cost of Operation during Monthly Operation Program (PMO) meetings, where it is also decided whether or not thermoelectric power plants will be in operation and what will be the costs associated with this generation. After each meeting, based upon ONS information, Aneel determines which tariff flag will be used for the following month.

For example, it was decided that the January 2015 tariff flag for Brazilian consumers would be red, signifying an increase of R\$ 3.00 per 100 kilowatt hours (kWh) consumed (the states of Amazonas, Amapá and Roraima exempted).

### GENERATION SCALING FACTOR (GSF)

In Generation, the purchase of energy depends mainly on the physical guarantee (average GSF) for the period. In 2014, a physical guarantee of 90.6% was achieved. In periods of surplus hydroelectric generation in Brazil, the Energy Reallocation Mechanism (MRE) distributes earnings to participating plants in this system, known as secondary energy earnings, while the opposite occurs in periods of hydrological shortage, where a hydroelectric generation deficit is deducted from physical guarantee of the plants, causing revenue losses. In 2014, a generation deficit was caused primarily by low storage levels of reservoirs in the National Interconnected System (SIN), which has led to an order for all available thermoelectric power plants in the system to be brought into use. This, in turn, produced a significant reduction in the 2014 margins of hydroelectric generators throughout the Brazil, including EDP.

### REIMBURSEMENT OF THE UNAVAILABILITY OF TPP PECÉM I

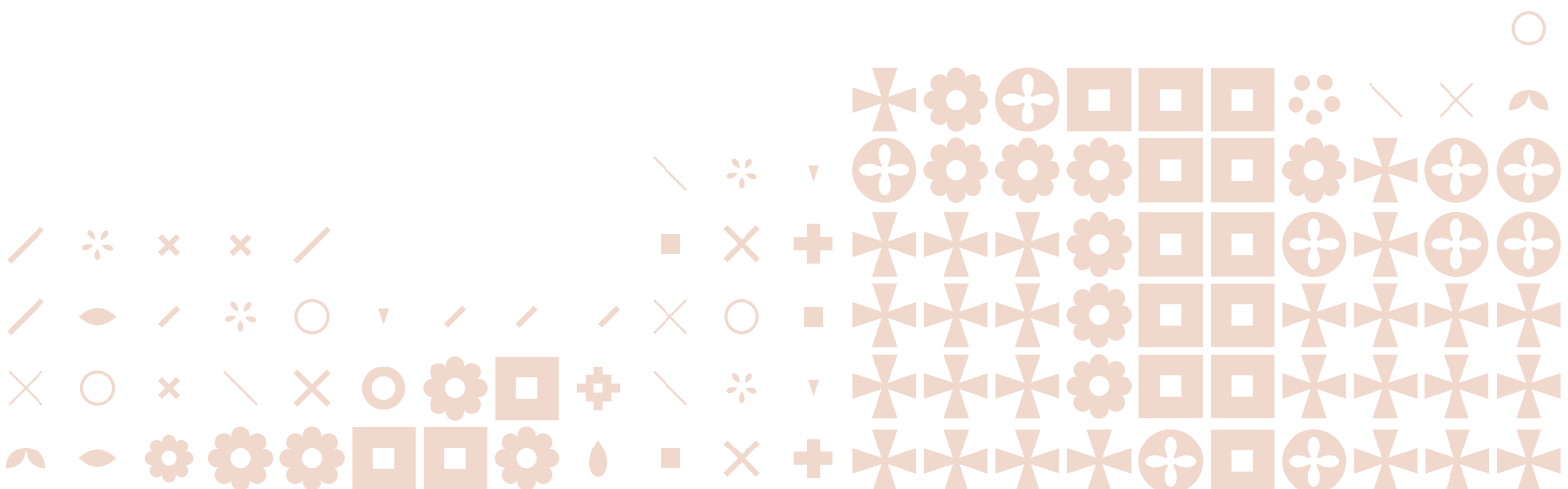
On September 30, 2014, Aneel approved a request from TPP Porto do Pecém I, deciding that the Electric Energy Trading Chamber (CCEE) should recalculate appropriate reimbursements as of the start of commercial operations of the plant's generating units, as well as performing an offsetting procedure between the reimbursement paid amounts and those amounts that were established via the August 2014 court ruling, crediting the balance arising in the calculation of the plant's sales revenue (valued at R\$ 254 million in the year). Additionally, the court ruling suspended the calculation of costs due to their unavailability on a per-hour basis and determined the measurement based on a moving, 60-month average.

### TARIFF ADJUSTMENTS

On August 5, Aneel approved EDP Escelsa's annual adjustment for 2014, with a tariff adjustment of 26.54%, of which 19.61% was an economic adjustment and 6.93% referenced financial components. The average impact perceived by captive consumers was 23.58%.

Additionally, the agency rendered a decision on a reconsideration application that the Company filed following the outcome of the sixth tariff review in 2013, which accepted in part, a correction of the Asset Base considered in the Tariff Adjustment process and a change in the trajectory of non-technical losses. The speed of this trajectory on the low voltage market was reduced from 1.56% p.a. to 1.40% p.a. until the next tariff review, which will take place in 2016. The effects of the decision will be retroactive to August 2013.

On October 21, Aneel approved EDP Bandeirante's annual adjustment for 2014, with a tariff adjustment of 22.34%, of which 15.05% was an economic adjustment and 7.29% referenced financial components. The average impact perceived by captive consumers was 21.93%.





# ENERGY THAT TRANSFORMS PRESERVATION OF BIODIVERSITY

Betting on projects such as the reintroduction of the fishing eagle in portugal, which will free 50 of these birds by 2015.







# 05. STRATEGY

## STRATEGIC MANAGEMENT [G4-DMA]

EDP aspires to be the best energy company in Brazil, a leader in innovation and sustainability, generating value for all stakeholders. To achieve this, the Company has a long-term, stakeholder demands-based strategy, which is comprised of programs and initiatives structured to attain its strategic goals by 2020.

Since 2005, EDP has used the Balanced Scorecard (BSC) as a management tool for the implementation of its strategy, along with the kaizen and lean methodologies, as well as ISO 14001, ISO 9001 and OHSAS 18001 certification systems. Four pillars support EDP's strategic activities.

### STRATEGIC PILLARS

FOCUSED GROWTH	CONTROLLED RISK	GREATER EFFICIENCY	
<b>EDP'S 2020 STRATEGIC ARCHITECTURE</b>			
<p><b>Excellent client service:</b> EDP seeks to provide benchmark level services to the market through performance that is rooted in operational, managerial and technological innovation, using smart grids, microgeneration, electric mobility and energy efficiency.</p>	<p><b>Exceeding investor expectations:</b> To generate shareholder value and ensure an integrated approach to risk management, EDP focuses its efforts on expanding its generation, increase its presence in free market energy trading and strengthening its position in distribution.</p>	<p><b>Work with passion:</b> Strategic implementation depends on a workforce that is motivated, committed and oriented toward maintaining safe working conditions for all employees. To this end, EDP promotes activities to stimulate a creative organizational climate – one without barriers – as a means of achieving steady and enduring growth for the Company, that is in balance with personal lives and well-being of all involved.</p>	<p><b>Due regard and care for one's own backyard:</b> Through strict compliance with the regulator and regulatory demands, EDP seeks to continually strengthen its position as an environmentally responsible Company that is also socially responsible to the communities in which it is active, as well as to the greater civil society.</p>

## 2014 STRATEGY

In 2014, as part of the strategic architecture established by the EDP, an agenda was set forth, which focused on seven priorities:

**Energy and regulatory scenario:** track and monitor developments on the energy front and establish appropriate contingency plans; contribute to progress related to the regulatory environment (for both distribution companies, over 65% of tariff deficits are covered by non-tariff resources and tariff adjustments in excess of 20%);

**Cash Costs:** within the context of a challenging market with high short-term energy prices, ensure prudent cash management. In this regard, in the third quarter, the Company achieved a 7.4% reduction in such costs compared to 2013. *(More information is available on page 62.)*

**Growth:** enhance the organic growth of the client base, while ensuring that plants under construction enter into service on time and on budget. In this regard, one of the highlights in 2014 was the early start of commercial operations at HPP Santo Antônio do Jari, with the first turbine beginning its operations 3.5 months early, while the second and third turbines began their operations 1.5 months early. The Cachoeira Caldeirão and São Manoel units were also ahead of their work schedules in 2014.

To establish itself as a benchmark hydrothermal generation company, EDP Brasil signed an agreement in principle for the sale to EDP Renováveis of the 45% stake that it had in EDP Renováveis Brasil. An agreement was also announced to acquire Eneva's 50% stake in TPP Porto do Pecém, which would bring EDP's equity participation in that asset to 100%. *(More information is available on page 10.)*

**Clients:** strengthen the provision of energy services; continue with initiatives to improve client satisfaction levels and achieve commercial loss targets. In 2014, EDP registered an 83.0% satisfaction rating for EDP Bandeirante, 81.8% for EDP Escelsa, and 95% for Commercialization. *(More information is available on page 53.)*

Another area with potential is energy services. Accordingly, the Company launched EDP Grid, whose efforts are focused on infrastructure and energy efficiency projects for industrial and commercial customers.

**Thermoelectric power complex:** strengthen the operational stability of the TPP Pecém I and finalize ongoing negotiations with the regulator on costs due to the unavailability of generation (known as ADOMP, this is a Compensation for Downtime/Unavailability Charge). At year's end, the availability rate was 76.4%. *(More information is available on pages 52 and 53.)*

**Organizational climate:** enhancing workforce motivation and the organizational climate through the launch of the Culture project and the launch of EDP 100, a program in which the CEO recognizes 100 employees, from all divisions of the Company, for outstanding contributions during the year. *(More information is available on page 85.)*

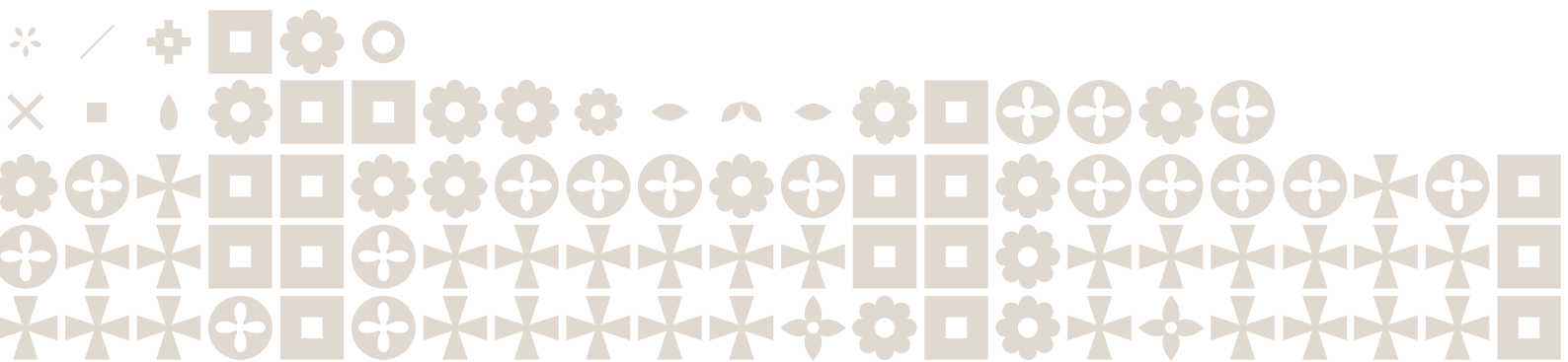
**Share price:** improving share (ENBR3) price performance compared to industry indexes and similar companies. In 2014, EDP stock ended the year off 12.5%.

### 7 CS IN FOCUS

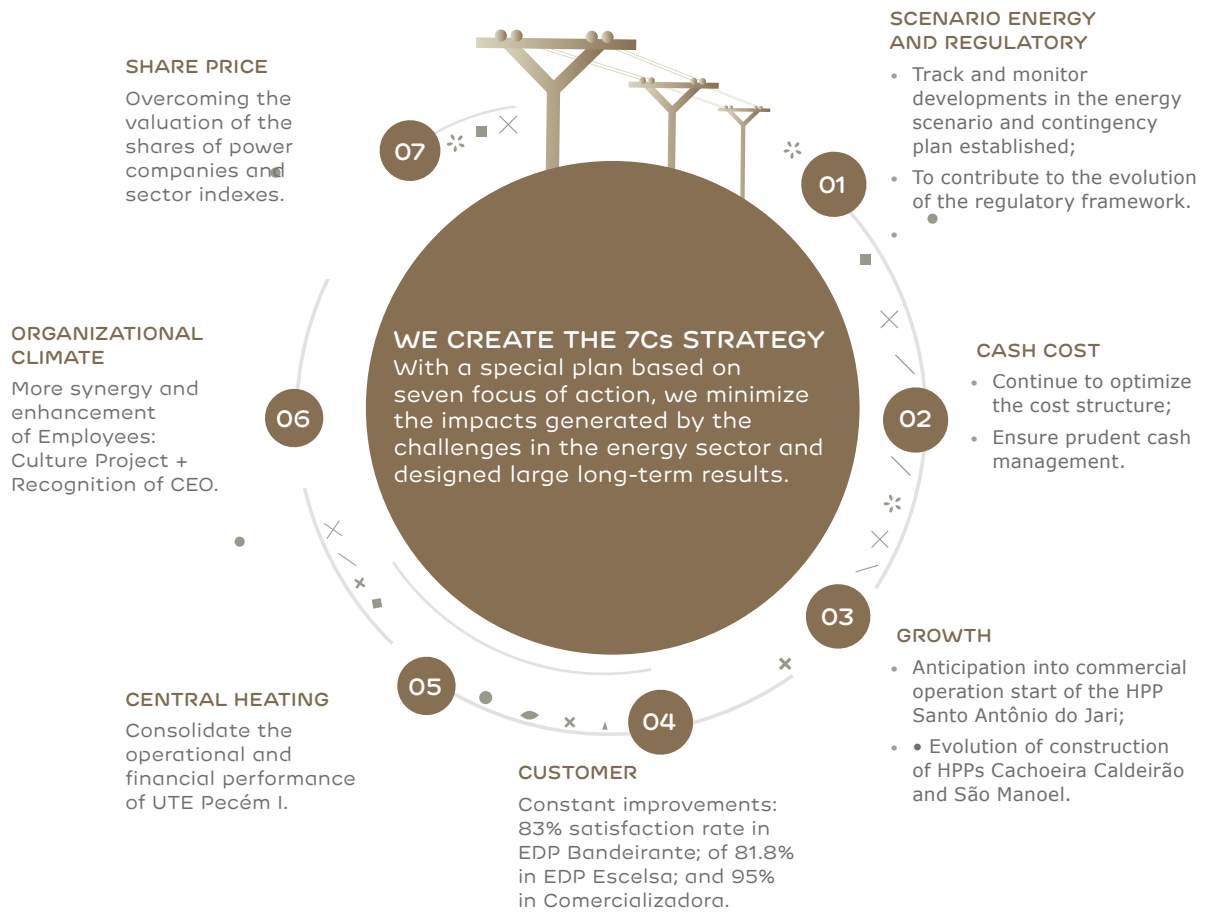
The 7C14 was issued to the entire workforce through internal communication vehicles, such as Intranet, TvOn and edpON magazine. In addition to this, EDP's quarterly earnings results were disclosed to employees in an informal roadshow led by the CEO.

### NEW BUSINESSES

EDP Grid aligns its growth objectives with new business. In 2014, the firm had already reached R\$ 8.4 million in billings. By 2020, the goal is to reach R\$ 100 million.







## INNOVABILITY

[GRI G4-1, G4-DMA]

EDP recognizes that socioeconomic and environmental issues are crucial to ensuring its business continuity. Thus, looking at market challenges through the lens of reinvention, the Company has been working on two concepts – innovation and sustainability. In this light, the firm believes it must adapt to changes in the socioeconomic context in which it operates. This is the application of innovation in a manner that guarantees business development through shared value generation and stakeholder satisfaction.

### EDP'S CONCEPT OF INNOVABILITY

This is the application of innovation in a manner that guarantees business development through shared value generation and stakeholder satisfaction.



To reinforce its commitment to guide the business in a manner that is sustainable and innovative, the Company relies on its Innovability area. Created in 2013, it acts as a facilitator for other areas in identifying opportunities, as well as risk mitigation and strategic positioning activities for EDP. The Company’s Sustainable Development Principles and its Pillars of Innovation guide the initiatives.

SUSTAINABLE DEVELOPMENT PRINCIPLES	PILLARS OF INNOVATION
Economic and social value	Operations
Eco-efficiency and environmental protection	Products and services
Innovation	Technology
Integrity and good governance	Management model
Transparency and dialogue	Business model
Human capital and diversity	
Access to energy	
Social development and citizenship	

### INNOVABILITY IN BUSINESS

Together with top management, the Innovability area is responsible for defining EDP’s Innovation and Sustainability strategy, which is focused on four fronts:

**Culture:** with the objective of multiplying Innovability, especially within the Organization, integrating it with employee attitudes and making it part of the daily routine of the workforce. *(More information on initiatives is available on page 85.)*

**Operational efficiency:** to improve the Company’s processes and the way it interacts with stakeholders, as well as cost optimizations and/or revenue generation. *(More information on initiatives is available on pages 25 and 78.)*

**New businesses:** contribute to the identification of new business opportunities, including the implementation of new approaches to current services. *(More information on initiatives is available on pages 12 and 56.)*

**Accountability:** through the use of national and international reporting instruments, and obtaining general and specific recognition for its activities, achieve transparency and accountability as regards the strategic approach to and management of Innovability in EDP. *(More information on initiatives is available on page 41.)*

Noteworthy among EDP’s Innovability projects is InovCity, which got its start in the city of Aparecida, São Paulo and has since been replicated in two cities in the state of Espírito Santo. This initiative promotes efficient electricity consumption and encourages the use of alternative sources of energy that result in the reduction of CO<sub>2</sub> emissions; economic development; the regularization of customers; as well as social and technological innovation. *(More information about InovCity is available on pages 59 and 60.)*

The outlook for 2015 is to strengthen dissemination of the Innovability concept, internally and externally, through widespread communications regarding EDP initiatives that are supported via innovative processes. The formalization of this process will allow the existence of input, evaluation, approval and monitoring streams on projects that EDP divisions are preparing. It will also allow for results to be measured and the best projects to be awarded according to their Innovability index.

## CORPORATE POLICY IG4-DMAI

EDP has policies designed to ensure the transparency of its business and improve governance and sustainability standards, which are available for inspection on the Company's website. They include the following topics:

- ✱ Intangible assets ✱ Biodiversity
- ✚ Fighting corruption, bribery and kickbacks
- ✪ Combating sexual abuse and the exploitation of children and teens
  - ✪✪ Confronting discrimination, as well as moral and sexual harassment
  - Opposing child and slave labor (forced or compulsory)
- ✱ Defending competitive practices ✚ Stakeholder engagement
- ✪ Training and development ○ Innovation and sustainability
- ✱ Branding and communications ✪✪ Environment, occupational health and safety
  - ✚ Union relations ✪ Corporate risk
  - ✪ Information security ✚ Valuing diversity

## IMPACTS, RISKS AND OPPORTUNITIES

IGRI G4-2I

### RISK MANAGEMENT IG4-DMAI

The EDP Executive Board's Risk Committee coordinates the risk management process. Where relevant, officers from other divisions – who are involved in and responsible for risk management in the everyday affairs of the Company – may also participate. The Risk Committee is involved with the status of action plans created as part of risk evaluation and treatment processes. The entire process is supported by the Risk Management and Energy Studies division, which actively participates in the identification of best market and power industry practices.

The execution of EDP's Corporate Risk Management is based on a policy that was put in place in 2006 and has been updated annually since 2011 (the year in which it was overhauled). Its principles are rooted in best market practices, which are integrated with those practiced internally. With the application of a methodology that rests upon accepted frameworks and standards – such as those of the Treadway Commission of the Committee of Sponsoring Organizations (COSO), as well as ERM and ISO 31,000 – risk management at EDP is carried out as follows:

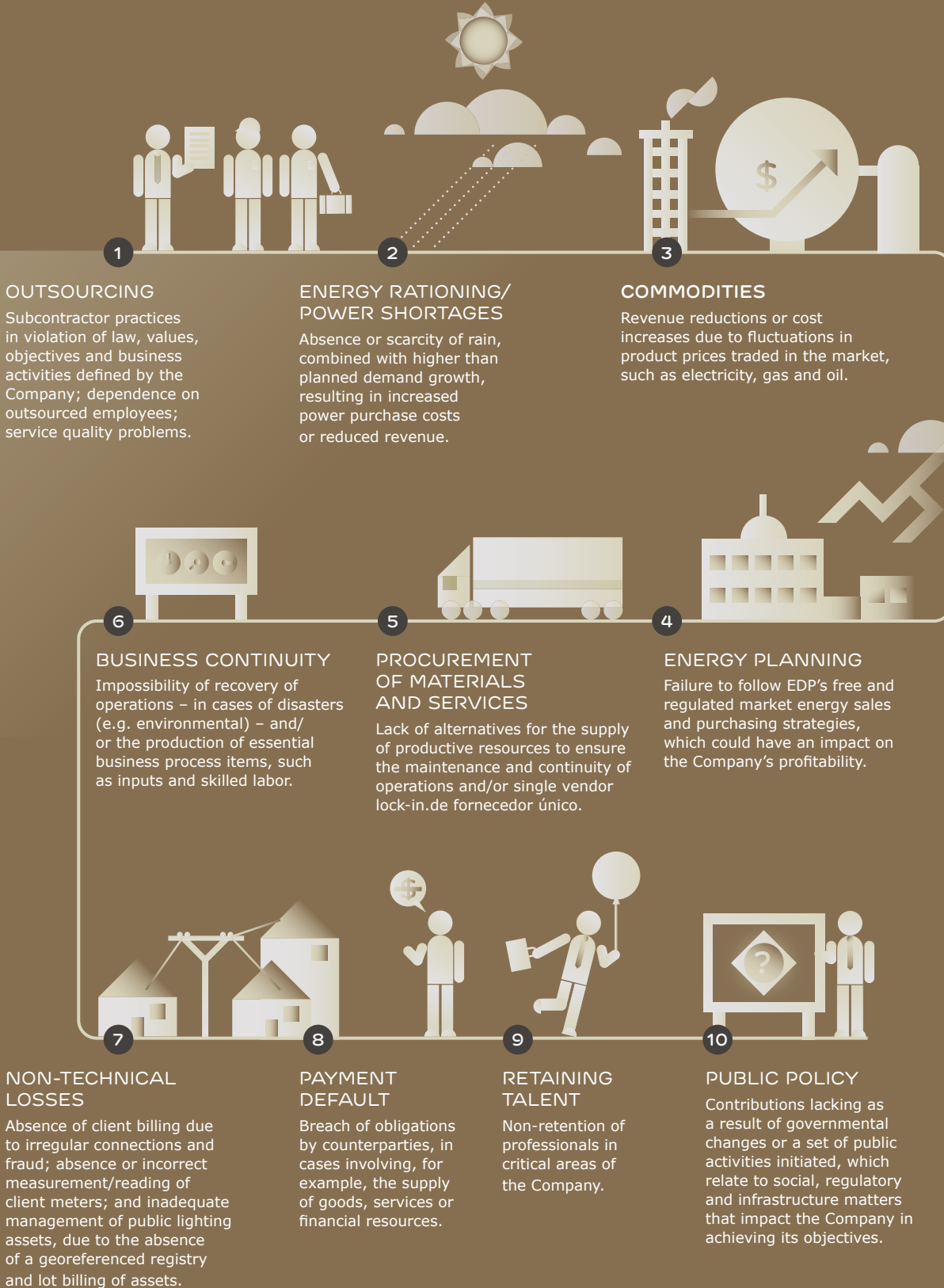
- **Definition** – Demarcation of criteria for and elements in support of risk management, such as the risk dictionary, impact and vulnerability scales for evaluation, and establishing those who are responsible for risk and key users.
- ✚ **Identification** – Review and annually update the risk map to identify new categories and the factors that correspond between them and those responsible for each.
- ✱ **Classification** – Division of risks into four groups – Strategic, Financial, Operational and Regulatory – that give rise to 14 subgroups, within which are certain relevant risk categories.
- ✪✪ **Evaluation and treatment** – Division of categories by risk factors that are evaluated and documented in terms of impact and risk vulnerability. Based on scales and guidelines, the evolution of factors is measured, as is the speed of potential risk materialization. Each risk has its respective guideline for treatment, either through existing controls or action plans, with follow-up being carried out by the Risk Management and Energy Studies division.
- ✪ **Monitoring and reporting** – Recording, on the Risk Portal, the risk assessment process and its residual severity level – risk assessed considering its treatment – on the risk map, which consists of reports and charts.

Additionally, during 2014, methodology was developed to quantify the global risk to EDP, called EBITDA at Risk. This methodology uses stochastic, synthetic or risk scenario definition modeling to be simulated in the EDP business model. In the end, the Company obtains a variation (or value at risk) reading regarding potential scenarios in comparison to EDP's business plan.

**RISK MAP** | GRI 64-2|

The Risk Management and Energy Studies division, whose activities are based on risk methodologies, conducts an updated risk evaluation using a more comprehensive approach that involves all managers, directors and the Executive Board. The results (impact and vulnerability) are then compiled and analyzed by the Risk Management and Energy Studies division, culminating in a broad and thorough evaluation of the Company's risks.

**CONSOLIDATED KEY RISKS**



## ENERGY PLANNING | GRI G4-2, G4-14, G4-DMA1

Energy planning is on the basis of a five- to six-year horizon, with periodic adjustments according to market scenario developments.

To plan for supply and demand, EDP maintains a specialized energy planning and studies division, and adopts econometric techniques to simulate future consumption scenarios. Among other things, forecasts take into account historical behavior and changes in consumption patterns, as well as the economic development of the country, which subsequently allows for the scheduling and control of contracted power. Thus, planning is based on:

**Market:** Looking to the future based on economic scenarios that are being designed, as a means of anticipating potential demand.

**Energy Studies:** Based on optimization models used in the operation of the system, evaluating trends related to the energy balance, supply and load available, considerations of current developments or those that are in progress.

**Price Projection:** Based on the sum of the hydrological scenario with the energy balance, creating a price projection that can be used as a reference for conducting transactions in the marketing division. Due to the oscillations and updating of prices, weekly meetings are held to review the Company's pricing strategy.

**Energy Risk:** With support from analyses of economic conditions, consumption patterns and other studies, a risk scenario is mapped, in which load, climate change, market, among other factors, are considered. This is then accompanied by mitigation measures to be implemented in the Company's operations.

**Contracts:** The team is responsible for managing all contracts and the documentation pertaining to these transactions, as well as for managing information to be provided to the Electric Energy Trading Chamber (CCEE).

EDP also has an Energy Scenario Monitoring Committee whose members consist of representatives from the Distribution, Generation, Regulatory, Finance, Energy Studies and Audit areas of the Company. In light of water scarcity in 2014, which affected the entire industry, the committee met regularly to conduct risk assessments and to prepare a contingency plan in the case of energy rationing or rationalization. | GRI G4-EU21|

Furthermore, to satisfy electricity market growth within the concession areas of its distributors, EDP engaged in management planning for the expansion of installed capacity. The increase in installed capacity in 2013 resulted from the startup of HPP Santo Antônio do Jari.

## PLANNED CAPACITY (MW)

COMPARED TO ENERGY DEMAND PROJECTIONS

| GRI EU10|

	2012			2013			2014 <sup>1</sup>		
	Hydro	Thermal	Wind	Hydro	Thermal	Wind	Hydro	Thermal	Wind
Installed capacity (MW)	1,794.05	180.00	37.80	1,798.55	360.14	37.71	1,983.58	360.13	37.71
Capacity under construction (MW)	377.90	180.00	-	592.40	-	-	340	-	120
Installed capacity (MW)	219.00	-	54.00	466.67	-	126.00	-	-	116
Scheduled date for capacity expansion	-	-	-	2018	-	2016	109.0 MW (2017) 231 MW (2018)	-	120 MW (2016) 116 MW (2018)
Projected Demand (MW)	2,390.95	360.00	91.80	2,857.62	360.14	163.71	2,323.58	360.13	273.71

<sup>1</sup> Os valores considerados são proporcionais às participações da EDP nos ativos.



### PEAK MANAGEMENT

The Maximum load, which is calculated based on energy consumption during peak hours, is the amount guaranteed by the distributors to ensure delivery of electricity to its clients. To assess this load, research is carried out as regards the market and contracted demands that will be used monthly by large customers. The maximum load is also ensured through agreements with the National Electric System Operator (ONS).

## OPPORTUNITIES

Knowledgeable of risks, industry challenges and the market trends, EDP has identified a number of opportunities for the development and consolidation of operations as part of its strategic planning:

GENERATION	DISTRIBUTION	POWER COMMERCIALIZATION AND SERVICES
<b>Positioning</b>		
To be a hydrothermal benchmark operator.	To be a benchmark operator noted for its quality and efficiency.	Fortify Company's leading position in the power commercialization and services segment.
<b>Development</b>		
On-time/on-cost delivery of two projects currently under construction.  Post-2017 growth via small and medium-sized hydroelectric plants (<1,000 MW), as well as coal and natural gas-fired thermolectric facilities.	Reduction of commercial losses to regulatory minimum.  Strengthening operating efficiency and productivity.  Improvement of service quality indicators, while maintaining compliance with regulatory targets.	Focus on increasing gross margin in power sales.  Develop the Company's offer of value-added energy services (energy efficiency, distributed generation and telecommunications).

## OBJECTIVES AND GOALS

2020 Goals	Material Themes	2014 Goals	2014 Results	2015 Goals
<b>Excellence in Customer Service</b>	<b>Service Quality</b>	Implement Phase 1 R&D on Development and Adaptation of Computational Intelligence Techniques for Monitoring and Optimizing Meter Reading and Electricity Account Billing Processes for the two Distributors	Project is 33% complete; anticipated to reach 66% in 2015	Maintain, within regulatory limits, the DEC and FEC indicators for the two distributors: <ul style="list-style-type: none"> <li>DEC: EDP Bandeirante 8.78; EDP Escelsa 10.17;</li> <li>FEC: EDP Bandeirante 7.23; EDP Escelsa 7.85</li> </ul>
		Reduce complaints to less than 29 per 10,000 Clients (FER)	Both EDP distributors remained within established guidelines (EDP Bandeirante: 25.4, which is below the limit of 29; EDP Escelsa: 22.5, below the limit of 40)	Keep the number of complaints (RES) for both EDP distributors within established guidelines (24 and 30 per 1,000 clients for EDP Bandeirante and EDP Escelsa, respectively)
		Install 15 New Meteorological Stations (6 for EDP Bandeirante and 9 for EDP Escelsa) to expand forecasting capabilities, from 24 to 72 Hours	Installation of 14 stations is in progress.	For both distributors, maintain Abradee Survey client satisfaction rating over 80%
	<b>Value Chain</b>	Approve supplier management rules and procedures	Supplier qualification procedures were revised.	Improve Supplier Performance Index (IDF) of materials suppliers and continuous contracts to a value greater than 91 points
		Apply IDF to 100% of materials suppliers and all ongoing contracts	Application of IDF to 100% of critical materials suppliers and all ongoing contracts	

<b>Objetivo para 2020</b>	<b>Temas Materiais</b>	<b>Objetivos 2014</b>	<b>Resultado 2014</b>	<b>Objetivos 2015</b>
<b>Exceed Investor Expectations</b>	<b>New Markets and Innovation</b>	Implement Phase 1 R&D for both the Client Behavior Observatory as a means of developing new solutions for electricity distribution services and a pilot project to evaluate client reactions to the prepay system (which is part of the InovCity Escelsa project)	Initiated evaluation of study group regarding prepayment in advance of installing a smart meter system in Espírito Santo in 2015	
	<b>Financial Sustainability</b>	EDP Energias do Brasil market share price to exceed the performance of BM&FBOVESPA's Electric Utilities Index (IEE)	ENBR: -12.5% IEE: +3.5% IBV: -2.9%	EDP Energias do Brasil market share price to exceed the performance of BM&FBOVESPA's Electric Utilities Index (IEE) Maintain Net Debt/EBITDA ratio below 3.5 Carry out on-time and on-budget construction of the Cachoeira Caldeirão and São Manoel HPPs
	<b>Service Quality</b>			Stabilize TPP Pecém I's operations and improve average availability rate to 90.1%
<b>Working with Passion</b>	<b>Employer Accountability</b>	Implementation of Home Office policy	Policy was implemented for employees in functional categories for whom the point system does not apply.	Maintain the trend of improving results in the Organizational Climate Satisfaction Survey, which will next be carried out in 2015. Improve upon 2014 rates of effectiveness of interns and internal utilization to over 7% and 20%, respectively. CEO recognition of 100 standout employees for the year.
	<b>Well-being, Health and Safety</b>	Establishment of zero accidents rate with employees and third parties	Accidents were recorded for both employees and third parties	Reduce the accident rate for employees and third parties, as compared with 2014 figures
	<b>Ethics, Reputation and Transparency</b>	Dissemination to employees of EDP's new code of ethics; assure that 100% of new employees receive ethics training	96% of employees underwent ethics training and stated they were cognizant of the new code of ethics.	
<b>Due Regard and Care for One's Own Backyard</b>	<b>All Issues</b>	Achieve performance equivalent to the best performance in BM&FBovespa's Corporate Sustainability Index (ISE) portfolio as regards four dimensions of the questionnaire	Achieve performance equivalent to the best performance in the portfolio as regards two dimensions	Improve ISE portfolio performance in three dimensions
	<b>Use of resources, biodiversity and ecosystem services</b>	Create a buildings standardization manual (non-technical) addressing building typologies and preventive maintenance, which considers technical, logistical and environmental matters	Project delayed for 2015	
	<b>Emissions and Climate Change</b>	Implementation of a system ensuring all flex-fuel vehicles are fueled with ethanol	Project delayed for 2015	
	<b>All Environmental Issues</b>			Maintain the number of active ISO 14001 standard certificates at 12 (plants and substations) Incur no environmental penalties
	<b>Employer Accountability and Community Relations</b>	Encourage an increase in volunteerism, securing by the close of 2014 the participation of 45 more employees, working as active volunteers, in the Volunteer Program	The Volunteer Program reported 154 new volunteers	Encourage an increase in volunteerism, securing by the close of 2015 the participation of 45 more employees, working as active volunteers, in the Volunteerism Program

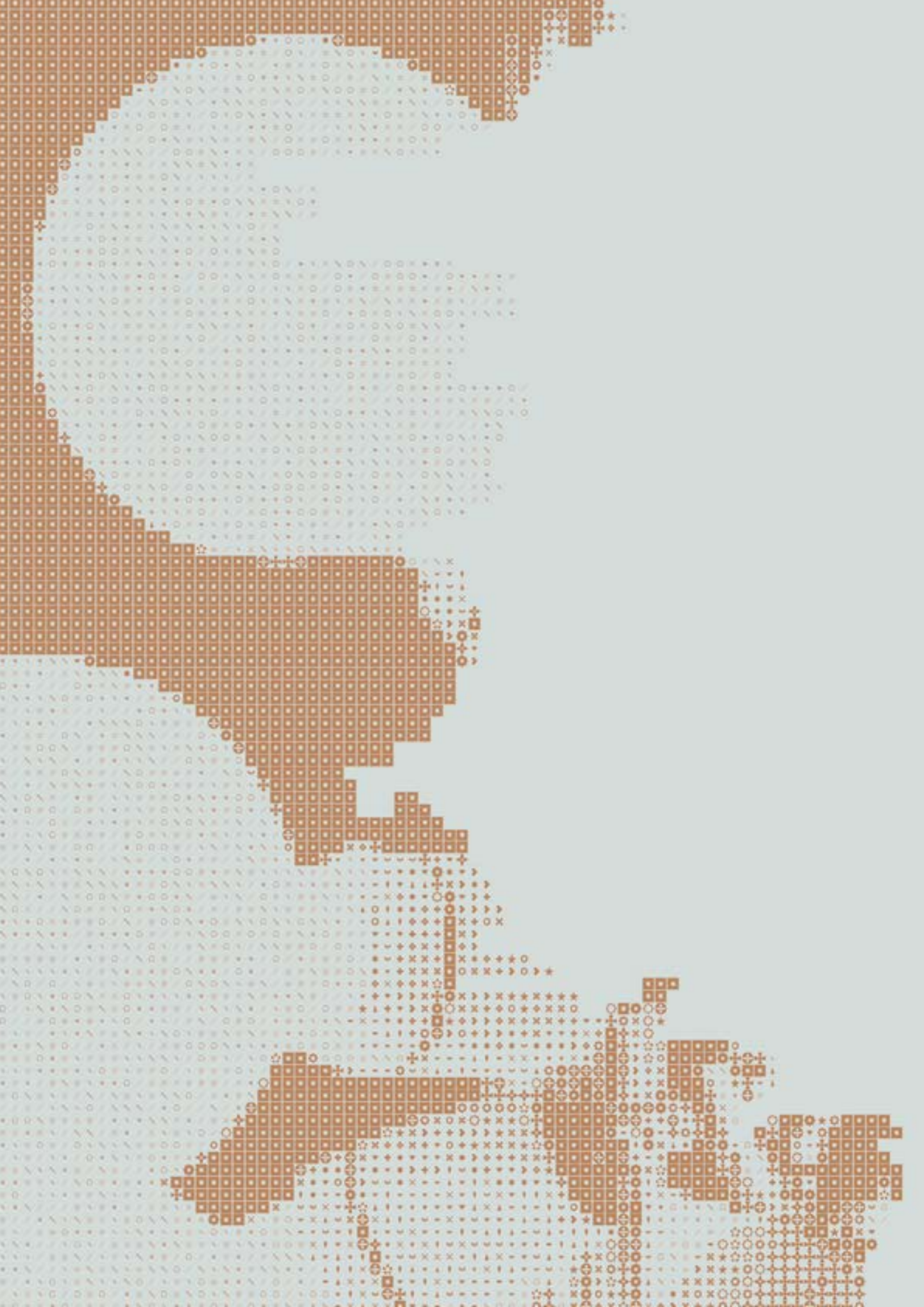
# ENERGY THAT TRANSFORMS OPPORTUNITIES

Making a difference in the lives of clients by offering them innovative solutions, as well as in the lives of employees and shareholders, joining ethical and strict conduct with enthusiasm and initiative.









# 06.

## CORPORATE GOVERNANCE

### GOVERNANCE STRUCTURE

Based on best governance practices, EDP's businesses are managed by the Administration Board and the Board of Executive Officers. The governance structure also includes the Support and Shareholders' Meeting committees. To oversee management's activities and analyze financial statements, the Company's Bylaws provide for a non-permanent Audit Board. [GRI G4-34]

#### ADMINISTRATION BOARD

According to the Bylaws, the Administration Board (AB) is the Company's highest governance body, responsible for establishing and evaluating business policies, guidelines and long-term strategy. It is also charged with oversight control and supervision of the Company's performance, and supervision of its management. Additionally, the AB evaluates aspects of risk and approves the Company's risk policy; elects Board of Executive Officers members and oversees them in the discharge of their duties; it furthermore conducts other activities as defined by law and the Company's Bylaws. [GRI G4-35. G4-42. G4-45. G4-46]

AB members are elected at a General Shareholders Meeting for a unified term of one year and may be re-elected. There is no discrimination based on gender or other diversity factors. On December 31, 2014, the Administration Board was comprised of eight members: Ana Maria Machado Fernandes, Miguel Nuno Simões Nunes Ferreira Setas, Nuno Maria Pestana Alves, Pedro Sampaio Malan, Modesto Souza Barros Carvalhosa, Francisco Carlos Coutinho Pitella, Jorge Manuel Pragana da Cruz Morais and Miguel Amaro. [GRI G4-40]

The curricula vitae of the board members are available in the Investors section of the EDP website. Details regarding EDP administration are described in the Company's Bylaws, which are also available in the same website location.

The AB meetings occur regularly, once per quarter, and extraordinarily, whenever necessary, to analyze matters related to economic, social and environmental performance. Meetings may be called by the Chair, the Vice Chair or any of the members collectively by way of written notice, delivered at least five (5) days in advance, accompanied with an agenda of issues to be addressed. Since 2010, the AB has undergone an annual self-assessment process, which is carried out by its members through individual, confidential questionnaires. In 2014, the Board met 17 (seventeen) times. [GRI G4-36. G4-44. G4-47]

#### SUPPORT COMMITTEES

The AB has four (4) support committees whose members are drawn from the AB, meeting at take least once a year. [GRI G4-38]

**Audit Committee** – A standing committee, it is responsible for supervising and evaluating external and internal audit activities, monitoring business risks and accounting and information transparency practices, as well as assisting the AB in its activities. Additionally, the committee is charged with establishing procedures for the receipt, retention and treatment of complaints received via EDP's Communication and Ethical Complaints Channel. The committee, which meets quarterly, includes two independent AB members and one selected by the controlling shareholder. The Audit Committee carries out an annual self-assessment, which addresses both

the committee and its members. Mr. Francisco Carlos Coutinho Pitella (independent director) currently chairs the committee, with other members consisting of Messrs. Nuno Maria Pestana de Almeida Alves and Modesto Souza Barros Carvalhosa (independent member)

**Sustainability Committee** – A standing committee, it is responsible for ensuring the Company's continuity, based on a sustainable, long-term vision that considers social and environmental matters as integral to that which defines its businesses and operations. In 2014, it was changed to become the Sustainability and Corporate Governance Committee. The AB Chairwoman, Ms. Ana Maria Machado Fernandes, is also the committee's chair, with Messrs. Modesto Souza Barros Carvalhosa and Jorge Manuel Pragana da Cruz Morais its other members.

**Corporate Governance and Related Parties Committee** – A standing committee, it is responsible for advising the AB on the adoption of best corporate governance practices and the highest ethical principles to preserve and enhance the Company's value. It consists of three members chosen from among the AB's members, one of them being independent. The committee is chaired by Mr. Modesto Souza Barros Carvalhosa (independent member) with other members consisting of Ms. Ana Maria Machado Fernandes and Mr. Francisco Carlos Coutinho Pitella (independent member).

**Compensation Committee:** – This is a non-standing AB advisory committee, tasked with advising the Board on matters related to decisions on compensation policies of EDP and its subsidiaries. The committee's three (3) members are chosen by the AB and it is currently chaired by Mr. Nuno Maria Pestana de Almeida Alves, with its other members being Messrs. Jorge Manuel Pragana da Cruz Morais and Pedro Sampaio Malan (independent member).

## BOARD OF EXECUTIVE OFFICERS

[GRI G4-42]

The Board of Executive Officers manages corporate business in general and execution of all necessary or applicable activities, with the exception of those that are, by law or per the Bylaws, within the purview of the General Meeting or the AB. In accordance with the general business guidelines established by the AB, in the exercise of their duties the Officers may carry out all transactions and perform all administrative acts necessary to achieve the objectives of their respective positions, which includes making decisions on the application of funds; settlements; waivers; the assignment of rights; acknowledgement of debts; conclusion of agreements; making commitments; assuming obligations; signing contracts; acquiring, disposing of and encumbering movable and immovable assets; rendering bonds, securities and guarantees; issuing, endorsing, escrowing, discounting, withdrawing and underwriting securities in general; as well as open, operate and close accounts in credit establishments, subject to legal restrictions and those established in the Bylaws.

The Board of Executive Officers is comprised of up to four members elected by the AB, each of whom will be authorized to assume one of the following designations and the respective functions associated therewith: (i) Chief Executive Officer; (ii) Vice President of Finance and Investor Relations Officer and Vice President of Distribution Operations; (iii) Vice President of Generation Operations; and (iv) Vice President of Commercialization and Business Development.

In addition to overseeing the operational demands of EDP's business units pursuant with EDP's Bylaws and regulations, the directors' duties include delegating authority on economic, environmental and social matters, whose performance is evaluated at weekly meetings. Each year, the Board of Executive Officers is responsible for approving the Sustainability Report.

[GRI G4-35; GRI G4-48]



▶ Board EDP - from left to right: Carlos Emanuel Baptista Andrade (Vice-President of Commercialization), Miguel Nuno Simões Nunes Ferreira Arrows (CEO), Luis Otavio Assis Henriques (Vice-President of Generation), Miguel Dias Amaro (Vice-President of Finance and Investor Relations, Management Control and Distribution)

## COMMUNICATION AND TRANSPARENCY

EDP is engaged in an ongoing effort to be transparent in its shareholder relations, especially as regards information about management principles and performance. Forms of communication that have been established for this audience include:

**General Shareholders Meeting (GSM):** convened by the Chair of the Administration Board (AB), represented by its Chairperson or Vice Chair or jointly by any two AB members, the GSM is the main communication channel through which shareholders can resolve matters related to EDP, especially those regarding its financial performance. The GSM is held once a year and, extraordinarily, as required. In 2014, EDP's GSM was held on April 29.

**Information Disclosure Policy:** sets forth EDP's duty to disseminate, as appropriate, material information about its businesses. The policy establishes disclosure procedures and mechanisms to comply with applicable laws and regulations, such as instant access to any Material Act or Fact, and the simultaneous release of information, without privilege, to all shareholders.

EDP maintains several stakeholder communication and consultation channels (*page 57*). As requests are received, they are sent for analysis to the respective divisions. Should there be – and, if necessary – situations related to and/or that might influence EDP strategy, these are presented to the Board of Executive Officers and the AB for their consideration. Beyond this, two AB members are also officers of the Company, which provides a direct line of contact with priority issues related to business management. In 2014, such matters particularly involved the water crisis and the cost of energy, as well as the sale and purchase of stakes in companies.

[GRI G4-37, G4-49, G4-50]

## COMPENSATION

Compensation for members of governing bodies and the Administration Board (AB) aims to attract and retain qualified professionals possessing the necessary expertise for the implementation of business precepts and strategies. The amount is approved annually by the GSM. It is based upon a recommendation from the Compensation Committee with the AB responsible for deciding respective distribution. In 2014, the aggregate compensation for Management (members of EDP's AB and Executive Board) totaled R\$ 7.06 million.

[GRI G4-51, G4-52, G4-53]

EDP's AB members and Officers receive fixed compensation, which consists of management fees, direct and indirect benefits and, additionally, variable remuneration in the form of bonuses that are pegged to the Company's objectives and performance.

## CONFLICTS OF INTEREST

[GRI G4-41]

EDP has adopted rules and practices to identify and manage conflicts of interest, which is in keeping with the Brazilian Corporations Law and the regulations of BM&FBovespa's Novo Mercado (New Market). In addition, receiving advantages through access to privileged information and arbitrage knowledge is prohibited, and the resolution of disagreements between shareholders is carried out through the AB's Corporate Governance and Related Parties Committee. It is also prohibited for any member of the AB to vote in General or Extraordinary Shareholders' Meetings, or meetings of the AB, or to take part in any transaction or business when the interests of any given member is in conflict with EDP's interests.

All EDP transactions, especially those involving related parties, are properly submitted to the decision-making bodies of the Company to which they are subject. Additionally, and in conformity with current rules, these are brought to the attention and for the approval of Aneel.

## ETHICAL BEHAVIOR AND INTEGRITY

IGRI G4-56, G4-57, G4-58, G4-DMAI

The business risks of all companies in the Group are mapped periodically by the risk management system. Internal audit mechanisms and procedures of the Internal Control System for Financial Reporting (SCIRF), which are based on the U.S. Sarbanes-Oxley Act (SOX), address ethical matters and those related to corruption prevention. As part of this mapping, assessments are made regarding the impacts to and vulnerabilities of each business in relation to risk, as well as the existence of mitigating internal controls. IGRI G4-5031

To satisfy internal and external requirements to mitigate or eliminate unethical conduct – such as corruption and bribery, money laundering, use of insider information, price fixing, child labor, slave or forced labor, among others – Brazil has launched initiatives to discuss and approve appropriate laws and create structures to ensure compliance.

On January 29, 2014, Brazilian Law 12.846/2013 came into force. Known as the Anti-Corruption Act or the Clean Company Law, it has introduced significant changes to businesses.

The law provides for strict liability, administrative and civil, for companies; joint liability between companies of the same economic group; and joint liability in the event of share ownership transfers. Non-compliance with this legislation can result in penalties, which are, among others, fines of up to 20% of turnover, public disclosure of corporate involvement in wrongdoing, lifting the corporate veil or dissolution of the company, loss of property/rights/values, full or partial suspension of corporate activities and the prohibition of receiving funds from public entities.

In seeking to mitigate the risks of non-compliance with this law (as stated above), to disseminate information about the legislation, to monitor the ethical behavior of its employees and to engage in interaction processes with stakeholders, EDP created a Compliance Board in June 2014. This body is responsible for ensuring compliance with the obligations of the entire organization (legal and regulatory).

Of particular note, the new area's activities include assessing the Company's compliance risks; reviewing policies, standards, procedures and controls to identify necessary improvements to be carried out, gaps to be filled, and training to be conducted; as well as overseeing the implementation of additional controls or procedures, monitoring developments and carrying out follow-up inspections and audits. In 2014, it conducted workshops to disseminate EDP's Code of Ethics. Seventeen training sessions took place in different locations, reaching approximately 36% of the Group's workforce.

Tools used by the Company to promote ethics include classroom and online training; its Policy to Combat Corruption, Bribery and Kickbacks; membership in and use of questionnaires from the Pro-Ethics Registry and the Business Compact Monitoring Platform, which seek to advance the ideals of integrity and work in the fight against corruption.

### ESTABLISHMENT OF COMPLIANCE MANAGEMENT

In 2014, the prevention and treatment of conflicts of interest was intensified, especially with the deployment of two committees – the Sustainability Committee and the Corporate Governance and Related Parties Committee. In addition, internal controls were augmented by the creation of the Compliance Management section, which maintains an active relationship with the Internal Audit division and the Legal Department in the management of issues related to Ethics and Integrity.



## CODE OF ETHICS [G4-56, G4-DMA]

During the first quarter of 2014, EDP's Code of Ethics went through a review process, which was conducted following the updating of the Code of Ethics of the EDP Group in Portugal (carried out in late 2013) and changes in legislation (including those affecting labor and adoption of Brazilian Law No. 12.846/2013, also known as the Anti-Corruption Law). During this period, information campaigns were conducted via print and digital media, as were awareness initiatives for employees and directly related parties about newly published content that was now in force.

The Code of Ethics sets forth principles and ethical limits to EDP's operations in Brazil in all areas of operation, respecting current legislation and the Company's commitments to its stakeholders. To this end, the Code defines a set of operating principles that address the enforcement of legislation; integrity in the handling of financial matters; and other issues including corruption, bribery, conflicts of interest, the correct use of information and property, respect for human rights and labor, transparency, and corporate socio-environmental responsibility.

The Code is available on the Company's intranet, as well as its website, [www.edp.com.br](http://www.edp.com.br). All employees receive a printed copy of the Code at the moment of hiring. Suppliers and service providers also receive the document as an addendum to signed contracts.

To facilitate access and adherence to the Code, EDP created a system through which employees can become online signatories to the document, thus reducing significantly the need to sign a physical piece of paper. In 2014, 96% of all employees had become signatories of the Code. Being an online initiative, it facilitated the acquisition of signatures and encouraged users of the system to read the Code of Ethics. The goal is to get 100% of employees to sign the document. Activities towards this objective will further strengthen document dissemination efforts.

### Main objectives of the Code of Ethics

- Ensure a high level of individual awareness about ethical requirements;
- ⊕ Minimize the risk of bad ethical practices;
- ✦ Maintain a consistent culture based on assumed values, generating transparency, trustworthy relationships and accountability for the consequences that result from decisions made in the performance of one's duties.

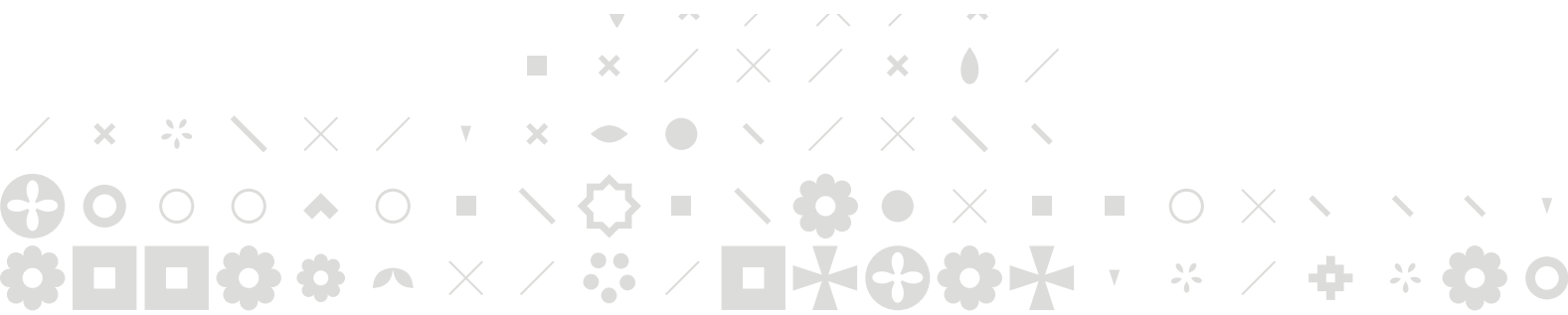
**O EDP Ethics Channel:** The channel receives reports (anonymous or not) on conduct that stands in violation of the principles of the Code of Ethics, as well as information regarding violations or disrespect of local legislation, regulatory agents or internal EDP policies. Communications are routed to the Ethics Committee for analysis of reported ethical issues. This channel is open to shareholders, employees, clients, suppliers and other stakeholders. Contact can be made via the EDP website, e-mail or traditional postal letter.

**Ethics Committee:** Created in April 2006, this committee is composed of five members, four of whom are members of EDP's Executive Board and are appointed directly, every year, by the chair of the committee. The committee holds monthly meetings to analyze, monitor and make decisions regarding all ethical issues reported from different organizational divisions or received via available channels. Every three months, registered complaints regarding unethical activities and conduct are reported to EDP's Ethics Ombudsman in Portugal, who is responsible for registry and follow-up on ethical claims made within or against any area of the EDP Group. In 2014, there were no cases related to corruption involving EDP's companies in Brazil. [GRI G4-SO5]

**Ethics Management Training:** Started in August 2010, Ethics Management training, via e-learning, seeks to promote ethical business conduct. The four-hour training session submits participants to ethical dilemmas and reinforces EDP's corporate policies. Employees from all divisions of the Company have access to this intranet initiative. New employees participate in live classroom training, where matters related to Code of Ethics commitments are addressed. [GRI G4-SO4]

## SEAL OF ETHICS

Since 2011, EDP has been recognized as an Ethical Seal company. This designation is granted by the Brazilian National Registry of Companies Committed to Ethics and Integrity (Pro-Ethics Corporate Registry), which is maintained by the Brazilian federal government's Office of the Comptroller General and the Ethos Institute



## COMMITMENTS

Each EDP company orients its operations to satisfy the obligations and responsibilities it has to stakeholders, the environment, innovation and management, integrating socio-environmental opportunities into its strategy and management model. Thus, the Company voluntarily assumes commitments to external stakeholders and participates in national and international forums and discussions.

### INTEGRATION EXTERNAL INITIATIVES

[GRI G4-15]

Initiatives	Goals
<b>Global Compact</b>	Since 2006, the company has voluntarily integrated this United Nations-led initiative into its operations. The document has more than 5,300 signatories worldwide and addresses values related to human rights, combating corruption and preserving the environment.
<b>Millennium Development Goals</b>	The Eight Millennium Development Goals are an initiative of the United Nations, with macro goals set by the United Nations Development Programme (UNDP), to be achieved by UN Member States by 2015, through the concrete actions of governments and society. The goals address issues related to education, health, poverty eradication and reducing infant mortality. EDP has supported these goals since 2006.
<b>Business Compact for Integrity and Anti-Corruption</b>	The document was conceived by the Ethos Institute, the Brazilian Committee of the Global Compact, the United Nations Office on Drugs and Crime (UNODC) and the United Nations Development Programme (UNDP), among others. Signed in 2007 by EDP, the document addresses issues such as the corruption of public officials, organized crime, tax evasion and money laundering.
<b>National Compact for the Eradication of Slave Labor in Brazil</b>	In 2009, EDP signed on to this initiative, which is promoted by the International Labor Organization (ILO), the Ethos Institute and the NGO, Reporter Brazil. The document defends dignity in the workplace and an end to degrading activities.
<b>Fundação Abrinq</b>	Since 2004, EDP has been a part of this Brazilian Association of Toy Makers (Abrinq) initiative that promotes the rights of children and teenagers through the association's Fundação Abrinq (Abrinq Foundation).
<b>Brazilian GHG Protocol Program</b>	Since 2008, EDP has been a part of this program that uses the GHG Protocol, which is a tool that enables understanding, quantification and management of atmospheric emissions.
<b>Carbon Disclosure Project</b>	An international investors initiative, the Carbon Disclosure Project (CDP) is the world's largest database on climate change management. Its goal is to analyze corporate behavior related to the management of climate change risks and opportunities. EDP has published information about its management of climate change since 2008.
<b>Instituto Acende Brasil</b>	EDP currently sits on the board of the Instituto Acende Brasil (Light Up Brazil Institute), an electricity sector monitoring organization. In 2014, the EDP Group's HPP Peixe Angical was awarded the Gold Seal for Sustainable Energy from this institute. Seal awardees are evaluated via an tool that measures environmental performance of electricity generation, transmission and distribution facilities.

The involvement of stakeholders, which includes maintaining an ongoing and long-term dialogue with them, is a strategic priority for the EDP Group. The goals are to build and strengthen relationships of trust, sharing knowledge and information where appropriate, and to anticipate challenges and identify new opportunities for cooperation, while ensuring there is also greater control over and reduction of different business risks.

The EDP Group, in applying the Principle of Sustainable Development, maintains consultation and communication channels to keep stakeholders informed about management activities. The Company also welcomes stakeholder suggestions and is keen to learn about their expectations. [GRI G4-26]

In 2014, EDP reviewed its Stakeholders Management Policy in Brazil, which is in line with the principles and objectives of the EDP Group. At the same time, the Company initiated an internal awareness raising process regarding the importance of adopting the ongoing guiding commitments of this policy. Furthermore, EDP began a mapping and segmentation of external stakeholders project through an internal process of reflection, stimulated by unique methodology developed by the EDP Group and a subset of the Stakeholders Management Policy.

The work was conducted by EDP Brasil's Institutional Relations and Stakeholder Management Department, which was formed in December 2013. The ultimate goal is to bring together stakeholders that affect or are significantly affected by the actions of the Company, through the engagement of employees, partners, suppliers, the public and private sectors, and communities. [GRI G4-24, G4-37 GRI]

This segmentation model divides stakeholders into four broad groups: Value Chain, Democracy, Social and Territorial Organization, and Market. It also allows for classifications according to their relevance to EDP in terms of impacts of the activity and business risks. Currently, stakeholders are contacted and engaged by the various



divisions of the Company. With the creation of this board, EDP aims to unify these stakeholders within a single platform through which they can offer ideas and recommendations on how to improve relationships between the company and its various stakeholders. Stakeholders involved in engagement activities are identified through an internal process of reflection and selected according to their relevance to the Company in terms of activity impacts and risks to the business. [GRI G4-25]

**TRANSPARENT AND REGULAR DIALOGUE**

[GRI G4-26]

All the Company’s business divisions in Brazil are represented on the EDP website. In addition to hosting information geared towards a multi-stakeholder public, it offers a specific space devoted to investor relations. The virtual platform also provides tools for informational exchanges and questions to be raised and clarified regarding the Company’s Board of Directors, its Executive Board and areas of interest, such as the EDP Ethics Channel.

**Social media**, such as Twitter, Facebook and YouTube, help establish closer ties to and promote a more dynamic relationship with stakeholders.

The **edpON intranet** is a global communication channel that conveys news and videos on projects and initiatives that have been developed in the Company and the EDP Group in Portugal, Spain, Brazil and the United States. This tool is also a consultation platform regarding services available to employees, such as human resources systems, regulatory and internal guidelines, and others.

The EDP Group’s corporate TV channel is **edpON TV**, which transmits programming to Portugal, Spain, Brazil and the United States. Besides employees who have access, via intranet, to content from this television service, there are also 22 television stations in the various locations where the Company is present (e.g. São Paulo, Espírito Santo, Tocantins and Mato Grosso do Sul). The service is available externally as there are weekly programs that focus on telling EDP’s story through the experience of its employees, as well as talk shows, reports and news, etc.

There is also **edpON magazine** and **onbrasil**, a publication distributed to employees in Portugal, Spain, Brazil and the United States, both of which focus on the workforce and their families. These communications vehicles share information regarding the current activities and projects in the many geographic regions where EDP operates. In the section devoted to Brazil, employee profiles are a regular feature.

**Digital bulletin boards** are electronic panels installed in EDP Brazil’s business units that transmit strategic information about the Company. Seventy such terminals have been installed in the Company’s service centers in São Paulo and Espírito Santo, while 40 have been set up at corporate headquarters and in regional offices.

Finally, the **Sustainability Channel** enables interactions with stakeholders, allowing questions as well as thoughts, comments, criticisms and suggestions to be offered. During 2014, the Company registered approximately 74 requests related to sustainability issues.



## RELATIONSHIP CHANNELS AND ACTIONS DEVELOPED







[GRI G4-24]

Interested party	Relationship channels	Actions
<b>SHAREHOLDERS</b> <ul style="list-style-type: none"> <li>Shareholders (controlling and minority)</li> <li>BM&amp;FBovespa;</li> </ul>	General shareholders meetings; Investor Relations department; regular meetings with analysts and investors; press releases; Internet; Annual Report and Financial Statements	Release of information and results and regular meetings; quarterly sustainability report developed by the majority shareholder (EDP Energias de Portugal), accompanied by economic, environmental and social indicators of the companies in the Group in Brazil
<ul style="list-style-type: none"> <li><b>INTERNAL PUBLIC AUDIENCE</b></li> <li>Employees;</li> <li>Employees' families;</li> <li>Unions</li> </ul>	edpON intranet; edpON TV, edpON magazine and onbrasil; digital mural; Sustainability Channel; Ethics Channel; Boca Livre (Word of Mouth); Speak to the CEO; Internet; Annual Report; Roadshows for the presentation results by the CEO and Vice Presidents	Sensitivity and awareness initiatives about social responsibility, citizenship and the environment; climate research; operation and ethics in relations with unions
<b>CLIENTS</b> <ul style="list-style-type: none"> <li>Clients of the distributors (residential, industrial, commercial segments, and the public authorities);</li> <li>Clients of the Generators (Distributors/ Commercialization)</li> <li>Clients of the sales company (free clients);</li> <li>Consumer Council;</li> <li>Competitors (Commercialization and generators);</li> <li>Electric Energy Trading Chamber (CCEE)</li> </ul>	Electricity bills; call center; customer service stores; ombudsman service; Murals; Meeting of the Consumer Council; internet; media campaigns; folders and informative posters; Annual Report; Ethics Channel; Sustainability Channel	Periodic satisfaction polls on services provided; social projects and relationship with clients in communities; meetings with consumer representatives; simplification of electricity bills
<b>SUPPLIERS</b> <ul style="list-style-type: none"> <li>Power Suppliers;</li> <li>Providers of services and materials;</li> <li>Employees of third parties.</li> </ul>	Buying and Logistics Areas; annual meeting with suppliers; Internet; satisfaction polls; Annual Report; Ethics Channel; Sustainability Channel	Contractual clauses containing socio-environmental criteria and the adoption of the EDP code of ethics; incentives for the adoption of EDP's sustainability principles and practices, and corporate policies; training in accident prevention and safety; workshops on good socio-environmental practices
<b>SOCIETY</b> <ul style="list-style-type: none"> <li>Communities close to the businesses;</li> <li>NGOs and social entities;</li> <li>Sector entities (Abradee, Abracel, Abrage, Acende Brasil, Apimec);</li> <li>Education and research institutions;</li> <li>Cultural institutions;</li> <li>Media</li> </ul>	Meetings with community entities, NGOs, education and research institutions; participation in the work groups of sector entities; press releases; Internet; Annual Report; Ethics Channel; Sustainability Channel	Social, cultural and environmental programs directed at communities from the operational areas; public consultations on undertakings by the Company; proactive and ethical relationships through communication channels and the local press, regional or national; partnership in R&D projects with education institutions
<b>GOVERNMENT</b> <ul style="list-style-type: none"> <li>Regulatory Bodies (Ministry of Mines and Energy, Aneel, National Water Agency (ANA); state agencies;</li> <li>Development bodies and councils (public policies);</li> <li>Bodies for the defense of the environment;</li> <li>Ministry of the Environment, Ibama;</li> <li>Federal Public Ministry, Internal Revenue Service;</li> <li>Federal, state and municipal</li> </ul>	Regulatory Strategy Area; meetings of company managers and government representatives; quarterly earnings reports; Internet; Annual Report; Aneel socio-environmental reports	Compliance with the standards established by the pertinent government agencies; projects in partnership with municipal, state and federal governments for the promotion of sustainable development in the community; representation in work groups and forums for the drawing-up of policies for the sector and those of public interest
<b>FINANCIAL INSTITUTIONS</b> <ul style="list-style-type: none"> <li>Inter-American Development Bank (IDB), Brazilian National Development Bank (BNDES), World Bank and other national and international financial institutions</li> </ul>	Regular meetings with representatives of financial institutions; quarterly earnings reports; Internet; press releases; Annual Report; Ethics Channel; Sustainability Channel	Release of information and results through quarterly conference calls; exclusive meetings with institutions for holding presentations on strategy and governance and socio-environmental practices

## PARTICIPATION IN ASSOCIATIONS, INSTITUTES, COUNCILS AND CONFERENCES

IGRI G4-16I

EDP sits on committees within sector associations and takes part in meetings at which electricity distribution topics are discussed. In order to act collectively and interact with the market in a strategic manner, the Company either supports or participates in the following entities:

-  Management Board of the Brazilian Association of Electric Energy Distributors (Abradee);
-  Board of the Brazilian Association of Energy Sales Companies (Abraceel);
-  Supervisory Board of the Brazilian Association of Independent Electricity Producers (Apine);
-  Brazilian Association of Thermoelectric Generators (Abraget);
-  Corporate Citizenship Council of the Espírito Santo Industry Federation (Findes);
-  United Nations Climate Change Conference (COP), since 2009.





# ENERGY THAT TRANSFORMS THE ECONOMY

Betting on an increase in the use of hydroelectric power, promoting the country's energy autonomy.







# 07.

## ECONOMIC PERFORMANCE

### OPERATIONAL PERFORMANCE

#### GENERATION

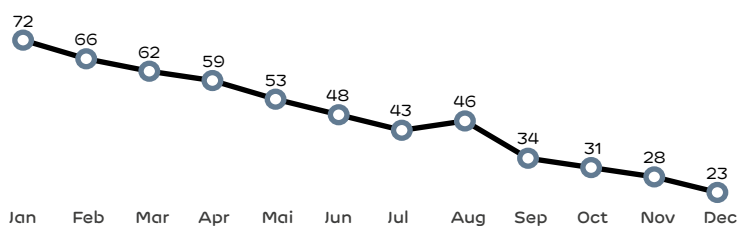
The startup of the operations of HPP Santo Antônio do Jari, concluding installation of 373.4 MW of generation capacity on the border of Amapá and Pará, was one of the main highlights of the Generation business in 2014. Using a differentiated works management approach – which involved intense efforts in surrounding communities and with employees, service providers and materials suppliers – the Company completed the project three and a half months ahead of schedule. This same project approach is being developed for the Cachoeira Caldeirão HPP, where at the end of 2014 some 60% of construction had been completed.

By introducing EDP's new management model for the engineering aspect of its undertakings, using Project Management Body of Knowledge (PMBOK) methodology (a global combination of project management practices), EDP Brasil has strengthened integration of management of its projects and with subcontractors from a stakeholder engagement standpoint.

This model takes into account not only impacts on local communities and the Company's strategy, but also risk management, featuring permanent monitoring. To this end, through weekly monitoring of production, work conditions and site accommodations for contracted supplier partners and by forging closer relations with communities and subcontractors, EDP Brasil is now conducting preventive risk management, which foresees possible concerns about project progress. By employing the services of an independent research company, for example, various aspects were evaluated regarding safety, accommodations and employee satisfaction.

Despite a scheduled shutdown lasting approximately three months of Generation Unit 1 at TPP Pecém I in Ceará to replace a generator, of particular note was stabilization and reduction in the power plant's failure rate. This stemmed from post-construction consolidation of the facility and improvement in quality indicators based on the EDP standard, including procedures and processes. During the year, the plant's power availability reached 76.41% (end of December 2014). The global efficiency index amounted to 33.22% (35.35% in 2013) with average efficiency of 33.41% for Generation Unit 1 and 32.90% at Generation Unit 2 (30.04% the previous year). IGRI EU11

FAILURE RATE -2014 TPP PECÉM



At the hydroelectric plants, even in a year of restricted water availability the period saw improved machinery availability and failure rates, serving as a benchmark for Brazil. In addition, in 2014 remote control activities were extended at the Generation Operations Center (COG) (ES), to cover HPP Luis Eduardo Magalhães and HPP Santo Antônio do Jari, which were brought into service with this remote control aspect already in operation. Through COG, EDP is able to carry out remote monitoring, in real time, of these two power plants, as well as all the Company's generation assets located in Espírito Santo and Mato Grosso do Sul (with the exception of HPP Mimoso, which is still in the test implementation phase).

## NET POWER PRODUCTION (GWH)

EDP | GRI EU2I

Source	2012	2013	2014
Hydroelectric	8,190.39	8,424.55	8,772.70
Thermoelectric	27.00	1,189.21	1,950.86
Wind	104.08	103.41	235.93
<b>Total</b>	<b>8,321.47</b>	<b>9,717.17</b>	<b>10,959.50</b>

## POWER GENERATION AVAILABILITY

EDP

	2013			2014		
	Planned stoppages (hours)	Unplanned stoppages (hours)	Average availability (%)	Planned stoppages (hours)	Unplanned stoppages (hours)	Average availability
Hydroelectric	16,446.11	4,347.15	93%	10,536.20	2,089.71	95%
Thermoelectric	1,149.52	2,535.73	62%	176.55	3,064.12	76%
Wind	3,853.63	4,842.30	98%	4,553.21	4,174.25	98%

## DISTRIBUTION

Distribution is through two concessionaires that serve approximately 3.15 million clients in regions, which cover a total population of around 7.8 million people.

The growth of 3.3% in the distributors' captive market in 2014 is the result of the performance of the residential, commercial and rural segments, influenced by weather conditions – characterized by numerous hot and dry periods, a rise in the number of clients and favorable employment and income conditions.

The practically unchanged result (+0.1%) for energy in transit (or USD – Use of Distribution System) is due to the divergent trend in consumption in the free (spot) market in the concession areas of the Group's distributors. At EDP Bandeirante, the slowdown in physical industrial production, particularly in the transportation chain, had an impact on free consumption, which fell by 1.3% in 2014. While at EDP Escelsa, such consumption grew by 2.2%, influenced by the recovery seen in the mineral extraction sector, where consumption expanded 16.6% during the year. In 2014, EDP's free market received 12 clients who switched over from the captive market, while three clients were disconnected from the system.



HPP Santo Antônio do Jari



## MARKET PERFORMANCE

## NUMBER OF CLIENTS (CONSUMER UNITS)

IGRI EU3

	EDP Bandeirante				EDP Escelsa			
	2012	2013	2014	Variation (2014/2013)	2012	2013	2014	Variation (2014/2013)
Residential	1,458,722	1,519,284	1,573,472	3.57%	1,035,279	1,072,472	1,111,855	3.67%
Industrial	11,711	11,973	12,468	4.13%	11,499	11,750	11,973	1.90%
Commercial	110,378	113,286	117,712	3.91%	113,492	117,015	119,726	2.32%
Rural	8,072	7,994	8,014	0.25%	160,592	165,722	170,738	3.03%
Public authority	8,649	8,890	9,056	1.87%	9,857	10,098	10,125	0.27%
Public lighting	2,297	3,056	2,923	-4.35%	389	393	327	-16.79%
Public service	1,301	1,324	1,370	3.47%	1,133	1,223	1,119	-8.50%
Conventional supply	2	2	2	0.00%	-	-	-	0.00%
Supply	-	-	-	0.00%	-	-	1	0.00%
Energy in transit (USD)	140	165	173	4.85%	67	74	75	1.35%
Own consumption	169	166	172	3.61%	172	193	202	4.66%
Others	-	-	-	0.00%	-	-	-	0.00%
<b>Total</b>	<b>1,601,441</b>	<b>1,666,140</b>	<b>1,725,362</b>	<b>3.55%</b>	<b>1,332,480</b>	<b>1,378,940</b>	<b>1,426,141</b>	<b>3.42%</b>

## LENGTH OF DISTRIBUTION LINES (km)

EDP BANDEIRANTE IGRI EU4

	2012		2013		2014	
	Aerial	Underground	Aerial	Underground	Aerial	Underground
Low tension (less than 1kV)	12,428.00	30	12,500.93	35.42	12,744.51	58.12
Medium tension (more than 1kV and less than 69 kV)	13,772.00	79	13,936.98	85.1	14,256.16	95.64
High tension (equal to or greater than 69 kV)	895	6	896.21	6.32	952.43	4.60
<b>Total</b>	<b>27,095.00</b>	<b>115</b>	<b>27,334.12</b>	<b>126.84</b>	<b>27,953.10</b>	<b>158.36</b>

## LENGTH OF DISTRIBUTION LINES (km)

EDP ESCELSA IGRI EU4

	2012		2013		2014	
	Aéreas	Subterrâneas	Aéreas	Subterrâneas	Aéreas	Subterrâneas
Low tension (less than 1kV)	8,951.99	-	9,106.83	2.28	9,218.51	2.83
Medium tension (more than 1kV and less than 69 kV)	48,267.12	-	49,030.19	29.09	49,481.00	28.34
High tension (equal to or greater than 69 kV)	2,632.91	-	2,643.98	-	2,681.71	-
<b>Total</b>	<b>59,852.02</b>	<b>-</b>	<b>60,781.00</b>	<b>31.37</b>	<b>61,381.22</b>	<b>31.17</b>

## QUALITY IGRI G4-DMAI

EDP's favorable image with its various audiences is the result, among other factors, of investments in system expansion and modernization, to supply power with higher degrees of quality and reliability. EDP has installed automated circuit reclosers, which use so-called "self-healing" technology for automatic load transfer, enabling electric power to be maintained even when grid interruptions occur. Such automation enables the system to be brought back on-line quickly, and depending on the particular occurrence, the power interruption may even be imperceptible to consumers. By December 31, 2014, 107 circuit reclosers had been installed in EDP Bandeirante's concession areas and 41 in EDP Escelsa's region.

Consisting of devices that isolate the defective area and permit power to be supplied through another circuit automatically and without human intervention, the system ensures uninterrupted supply of electricity in the event of disruptions that would cause power outages under other circumstances. In both states covered by the project, the frequency of power interruptions has declined by 9% over 2012.

Multi-disciplined areas (Engineering, Operation, Planning and Network Maintenance) have been working on implementing programs to improve the quality of supply, with the aim of reducing the number of power interruptions and their duration. These efforts culminated in the creation, in March 2013, of the DEC Down Program. The strategy is based on three key underpinnings: reduction in the number of supply interruptions, limitation of the impact of such disruptions and normalization of operations in the shortest possible time.

**KEY ELEMENTS OF DEC DOWN** | GRI G4-DMA1

REDUCING DISRUPTIONS	LIMITING IMPACT	RAPID POWER RESUMPTION
<ul style="list-style-type: none"> <li>○ Preventive maintenance efforts</li> <li>⊕ Prioritization of electric circuits</li> <li>✦ Greater emphasis on improvement works</li> </ul>	<ul style="list-style-type: none"> <li>⚙ Extending automation of grid</li> <li>✕ Broadening the sectioning of the grid</li> <li>⚙ Increasing supply flexibility</li> </ul>	<ul style="list-style-type: none"> <li>✦ Strengthening teams</li> <li>⊕ Reinforcement of the Summer Plan</li> <li>⚙ Expanding remote supervision</li> <li>■ Extending automated logic circuit re-closer systems</li> <li>◇ Innovation of new technology for the identification of defects</li> </ul>

EDP's distributors that operate in São Paulo (EDP Bandeirante) and Espírito Santo (EDP Escelsa) obtained their best quality indices for the last five years. The DEC rates (which measure duration of supply interruptions) at EDP Bandeirante were down 5.6% compared to the DEC rate for December 2013 (8.08h).

**Improvement in reverse logistics for the Process of Compensation Request for Electric Damages (Pide)**

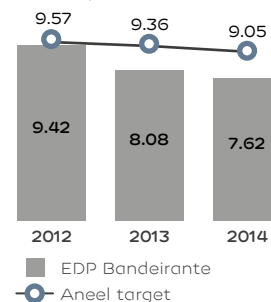
In 2014, EDP began the task of reformulating its Process of Compensation Request for Electric Damages (Pide), which occurs when there is loss or damage to electrical equipment on client premises. In order to avoid fraud, an outsourced reverse logistics company was hired to carry out inspection, removal and correct disposal of equipment that has been declared a total loss. When a client grievance is handled by the Call Center regarding Pide grievances, an inspection visit is scheduled.

The team analyzes the causal connection, and if real, pays a visit to the location. This reformulation has ensured more practical results stemming from weather events that justify client compensation demands, improving the whole process and reducing the number of reimbursement claims by 46%.

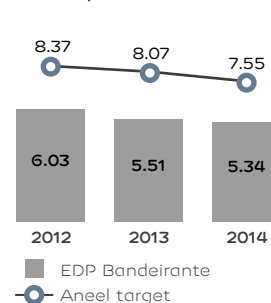
In 2014, EDP's distributors recorded improvements in their technical loss indicators compared with the previous year. For EDP Escelsa, this result was due to a series of mitigation measures discussed with the National System Operator (ONS) concerning reverse flows that had led to higher technical losses in 2013. In addition, the powering up of two new substations, ten new feeder lines, approximately 20 kilometers of distribution lines, among other investments in 2014, added 207 MVA of installed power and contributed not only to serving the market better, but also to reducing power losses in the period.

At EDP Bandeirante, this indicator remained unchanged in 2013. During the year the distributor invested in construction of three new substations and expansion of a further ten installations, 32 new feeder lines, 28 kilometers of distribution lines and an increase in installed power of 305 MVA, which as in the case of EDP Escelsa contributed to meeting demand and improved control of technical losses.

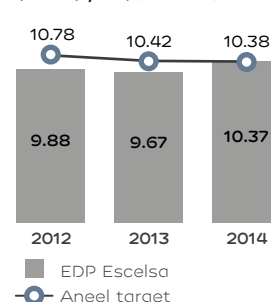
**DEC EDP BANDEIRANTE** (hours/year) | GRI EU29I



**FEC EDP BANDEIRANTE** (times/year) | GRI EU28I

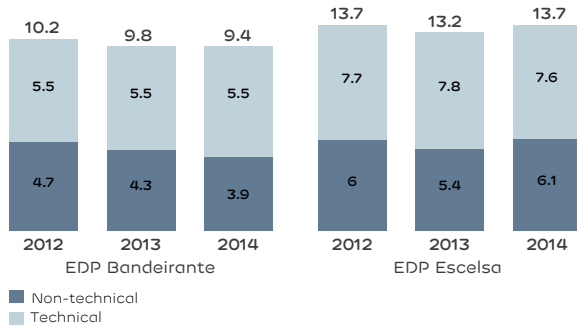


**DEC EDP ESCELSA** (hours/year) | GRI EU29I

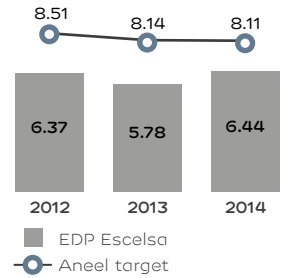


The Expansion Planning department is responsible for accompanying, monitoring and defining the configuration of the ideal operation for the system, to ensure the market is properly supplied as well as optimizing the level of technical losses. Monthly monitoring of tension level indicators allowed better observation of seasonal factors, the influence of power generation and the operation of the system.

POWER LOSSES IN DISTRIBUTION |GRI EU12|



FEC EDP ESCELSA (times/year) |GRI EU28|



For management of non-technical (or commercial) losses, the distributors also apply a loss matrix, which is updated annually and that takes into account highest risk factors such as fraud, manipulated and clandestine hookups. There is also an Integrated Metering Center (CIM), which contributes to the precise monitoring of losses. Locations with the highest density of losses and their associated causes are analyzed. Based on these factors, a map is drawn up and a strategy developed for priority action. |G4-DMA|

PROGRAM FOR THE COMBATING OF POWER LOSSES (R\$ MILLION)

	2012	2013	2014
Operational investments	20.2	30.6	35.0
Manageable expenses	20.3	29.1	25.5
<b>Total</b>	<b>40.5</b>	<b>59.7</b>	<b>61.4</b>

The principal projects and initiatives for combating non-technical losses being developed in the concession areas of São Paulo and Espírito Santo are the Agentes da Boa Energia (Agents for Good Electricity) Program and the BTZero Program.

At EDP Escelsa, the BTZero program is of particular note, through which administration is through Project Management Offices (PMO), which with nine projects and 11 initiatives control the combating of power losses and operates according to loss recovery targets. The indicators are monitored fortnightly and the program team’s managers meets once a month to discuss critical points and strategies.

At EDP Escelsa, the highlight is the Agentes da Boa Energia (Good Electricity Agents) project, in partnership with municipal authorities, which involves projects that focus on losses and their causes. This initiative ensures residents receive personalized service for negotiation of outstanding debts, helps families register to receive the Social Tariff benefit, which offers a discount off electricity bills and schedules visits to legalize electrical installations in residences. Participants may also schedule visits themselves, as part of the Company's Energy Efficiency Program, under which improvements are made with the aim of enhancing energy efficiency in consumer units. (For more information on energy efficiency, see pages 115 a 116).

BTZero

EDP Escelsa run the SMC-BTZero program (Low-Zero Tension Centralized Metering System), by which networks are created with smaller circuits, eliminating un-metered low-tension networks, also with the application of centralized metering, with the fitting of external meters. In addition to this, R&D resources are being used to develop a unique device, which integrates metering with a network transformer, thus helping eliminate possible power theft.

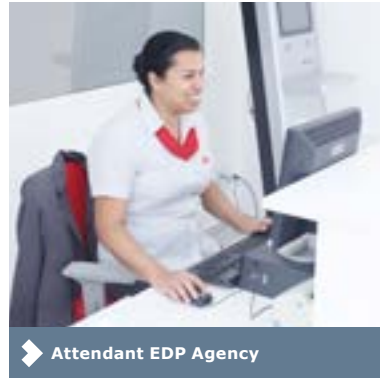
NEW METERS

EDP Bandeirante and EDP Escelsa were noteworthy in 2014 for combating losses through replacement of obsolete meters; an increase in the level of remote monitoring of critical areas; startup of inspection of low-tension points; and reduction in number of clandestine connections, through regularization and external metering as part of the SMC BTZero project.

## CLIENT SERVICE [G4-DMA]

The Company also has a November-to-April Summer Plan – for the period with the highest incidence of rainfall and electricity sector impacts – which focuses on operational reliability and alignment of information to the Company's in-house and, especially, external audiences. Among the main actions included in the plan are: formulation and/or revision of processes, such as contingency procedures; creation of an emergency assistance group; and verification of mechanisms that switch on power, also indicating local, remote and other systems that are up and running.

Information – Electric power distributors are obliged to publish a variety of information in the bills they send out, as determined by Aneel Resolution 414/2010. This information includes dates of previous meter readings, the current meter reading and the date of the next meter reading; the amount of tax levied on the bill; the total amount payable and the date the bill falls due; quality indicators (duration and frequency of power interruptions); and telephone numbers for the Company's Call Center and that of Aneel for receiving complaints. In the case of residential low-income clients, a tariff breakdown must be provided for each consumer block. As of January 2015, reference must also be made to tariff bands to present the cost of power paid for by the consumer as a function of the extra costs due to the use of thermoelectric power plants: red (more expensive power); yellow (to highlight a state of attention, which carries a lower cost increase than that applied to the red band); and green (no rate increase). [GRI G4-PR3]



▶ Attendant EDP Agency

## CLIENT SATISFACTION POLLS

A satisfação dos Clientes das Distribuidoras é mensurada por meio da Pesquisa de Satisfação Abradee, da Associação Brasileira de Distribuidores de Energia Elétrica, e do Índice Aneel de Satisfação do Consumidor, ambos referências no mercado de concessão de distribuidoras de energia. Há ainda uma Pesquisa de Satisfação de Grandes Clientes e Poder Público.

**Abradee Client Satisfaction Survey:** Abradee Client Satisfaction Survey: carried out annually, considers three groups of factors: perceived quality with respect to energy supply, information and communication, customer service, electricity bills and EDP's image; perceived value (value for money); and other aspects, such as social responsibility and public lighting.

**Aneel Client Satisfaction Poll:** The Aneel consumer satisfaction index (Iasc) is conducted annually by the regulatory agency. Among the items assessed are reliability of service, access, the providing of information and customer service.

**Satisfaction Survey of Major Clients and Public Authorities (PSGCPP):** carried out every two years, assesses client satisfaction using a selection of attributes divided into groups, such as the electricity bill and power supply, client service, billing, among others. EDP conducted the most recent poll in 2013.

In 2014, client satisfaction indices were above 80% for the two distributors, according to the Perceived Quality Poll carried out by Abradee.



### CHANNELS

Client feedback is received through the following relationship channels: Call Center, Client Service Agencies, Automated Service Points, Fale Conosco (Speak to Us) and the Mobile Service Unit (JVA); as well as meetings of the Consumer Council which take place on a monthly basis at the distributors. Since 2010, complaints have served as an input for improvements to be made to company practices.

**CLIENT SATISFACTION (%)**

[GRI G4-PR5]

	EDP Bandeirante			EDP Escelsa		
	2012	2013	2014	2012	2013	2014
Aneel Client Satisfaction Index (IASC)	59.30	60.04	68.59	55.30	64.14	71.61
Perceived Quality Satisfaction Index (ISQP) – Abradee	85.90	79.80	83.00	83.30	85.80	81.80
Client Approval Index (IAC) – Abradee	ND	ND	85.80	ND	ND	82.80
General Satisfaction Index (ISG) – Abradee	ND	ND	85.00	ND	ND	87.50

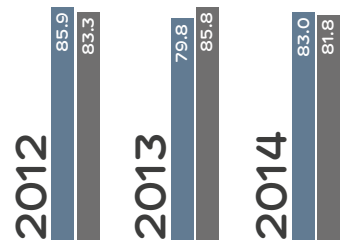
**NUMBER OF COMPLAINTS HANDLED**

	EDP Bandeirante			EDP Escelsa		
	2012	2013	2014	2012	2013	2014
By the Company	33,397	47,258	51,371	52,990	36,789	42,033
By Aneel	2,171	8,028	1,919	1,624	1,649	1,415
In court <sup>1</sup>	3,744	3,571	2,359	2,990	2,006	2,562
By Procon	1,664	1,850	3,817	3,167	2,477	3,161
Total	40,976	60,707	59,466	60,771	43,515	49,171

<sup>1</sup> the number of complaints dealt with in court in 2013 refers to the total number of complaints accrued in the portfolio as a whole.

Client data is confidential and EDP respects information security standards and procedures. In 2014 there were no accusations or grievances received in respect of violation of privacy or loss of client data. [GRI G4-PR8, G4-DMA]

PERCEIVED QUALITY SATISFACTION INDEX (ISQP)



■ EDP Bandeirante  
■ EDP Escelsa  
Source: Abradee

**FOCUS ON IMPROVEMENTS** [GRI G4-DMA]

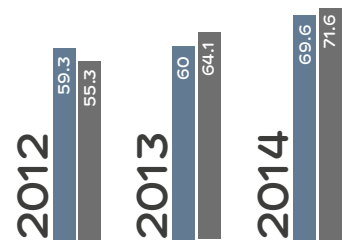
To ensure improvements in customer service, the distributors were involved in following projects in 2014:

**Management of Readings and Deliveries System (SGLE) project:** system for the management of meter readings and the delivery of bills using service providers. **Status:** implemented at EDP Bandeirante and operating at EDP Escelsa.

**Billing Firewall Project:** introduction of business intelligence software for the management of billing quality. **Status** already implemented at EDP Bandeirante and in the implementation phase at EDP Escelsa

**R&D to improve meter reading quality:** introduction of computer-based intelligence methodology for individual customization of consumer tolerance bands, including customer profile, consumer history and characteristics of the meter used. Another goal is to optimize meter-reading routes, designed to identify current characteristics and propose improvements for meter readers and the teams available, in addition to using new hardware and software technologies. **Status:** 30% implemented for both distributors.

ANEEL CONSUMER SATISFACTION INDEX (IASC) – %



■ EDP Bandeirante  
■ EDP Escelsa  
Source: Aneel



**SMART AWARD**

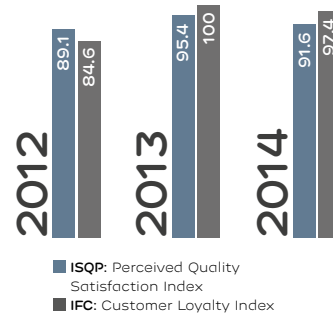
The Distribution units were cited in the Smart Contact Center Awards, which recognized how the distribution company trained its customer service staff after physical relocation of the Call Center used by the EDP companies. In addition to conventional training, supervisors were invited to visit and learn about the distributor and participate in a three-day training event, during which they became much more knowledgeable about the unit and its managers.

## COMMERCIALIZATION [GRI G4-DMA]

EDP's Electricity Commercialization Company is Brazil's third largest, with 1,439 MW average sold in 2014 to 149 clients, 2% higher than the 1,414 MW average sold in 2013. During the year, Sales adopted a series of initiatives to improve client service. The strategy was based on four key fronts:

- **Relationships:** improving relations focusing on retaining clients and improving their loyalty, reducing costs and the effort required to win clients, while also having closer relations with agents and partners.
- ⊕ **Services:** maximization of results, offering EDP Grid services, creating a service differential at the moment of sale.
- ✦ **Winning clients:** reducing the cost and effort required to win clients, through a strategy of encouraging client loyalty in the Distributors' concession areas, catering to those who seek the EDP Commercialization and investing in the enhancement of the information base of prospective clients to optimize sales and communication efforts.
- ⊙ **New niches:** to operate on new fronts in the retail sales market, and power plant representation.

CLIENT SATISFACTION INDEX  
EDP SALES COMPANY



Four workshops were run in 2014 at which important market issues were depicted, particularly the current scenario, while an intense schedule of visits was maintained.

Every year the Commercialization Company measures two indicators that reflect the quality of its services: The Perceived Quality Satisfaction Index (ISQP) and the Client Loyalty Index (IFC), with respective scores of 91.6 and 97.4, compared to 95.4 and 100.0 the previous year.

For 2015, a website is being implemented to be focused on the Commercialization Company's clients, which will permit access to exclusive data, such as meter readings, contract prices and advantages for each client.

## OPERATIONAL RESULTS

Despite the hydrological context that set the tone for the overall electric power scenario, and its impact on electricity prices, EDP Commercialization delivered positive results in 2014.

They were due particularly to substantial price volatility combined with a strategy for power purchases and sales leading to higher margins. Also contributing was support from the energy planning department's risk management area, proficient at forecasting price movements in advance based on meteorology and market conditions.

Another factor was introduction of EDP Grid, complementary to the Commercialization Company. Focus is on energy efficiency, which in addition to being sustainable achieved gains through energy savings through the project and encouragement of long-term client loyalty. EDP Grid also is developing power infrastructure projects for clients (such as substations and distribution and transmission networks) and the management of assets (maintenance of installations and improvements to metering systems).

Another development involved distribution of generated power through photovoltaic (solar) generation projects. These projects fall under the category of Aneel Resolution No. 482/2012, which establishes rules so that consumers can generate their own power with the injection of surplus electricity into the national grid. Surplus power is rewarded with a system of compensation credits in favor of the consumer.

The 2015 scenario is a challenging one due to continued water shortages, whose impact is through low price volatility, which is expected to remain at the highest levels. Furthermore, the strategy of working towards achieving synergy between EDP Commercialization and EDP Grid will be maintained, which should help expand the client base as well as customer loyalty, through combining services from both areas.

## INNOVATION AND R&D

IGRI G4-DMAI

EDP invests in innovation, continuous improvement and research and development (R&D) to remain competitive and upgrade its processes. The Company encourages competitive behavior among its employees through programs that give rise to ideas, seeking to interact with clients and research bodies in order to create solutions that are most appropriate to the needs of the sector. Initiatives are introduced based on internal evaluation and contact with universities, manufacturers and research institutes. During the year a total of R\$ 1.2 million was invested in innovation.

### INNOVATION GRANTS

Seeking to encourage employee creativity and an open channel to discover valuable proposals, EDP's Innovation Grant is a tool for generation and collective assessment of ideas. The platform's goal is to boost employee participation, and recently its engagement strategy was revised, its website simplified and the award and recognition plan reformulated.

Similar to the working of a stock exchange, the ideas that receive the most investment are those that make it through to the next phase, which is a feasibility analysis by the Company. Each employee receives points for raising and commenting on ideas, and these can be invested in ideas with a greater chance of being implemented. Points invested in ideas that are implemented appreciate in value, and employees can later exchange their accrued points for prizes. Signing up for the system is voluntary and anonymous, and ideas undergo collective evaluation.

During the year, 25 ideas were received, of which 14 were validated. In all, since 2010, when the program was launched, 843 ideas have been generated.

### EDP INNOVATION AWARD 2020

The EDP Innovation Award 2020 is an initiative of the EDP Group, created in 2010 to encourage innovation, sustainability and entrepreneurialism in Brazil, through encouraging development of businesses for Intelligent Cities.

The first place winner receives a prize of R\$ 25,000 and an all-expenses-paid trip, with a companion, to Silicon Valley, California (USA), where they can visit the major technology companies, as well as business acceleration agents and start-up specialists. The second placed finisher receives a prize of R\$ 15,000, while the third placed competitor is awarded R\$ 5,000. Winners also receive mentoring and guidance from specialist companies.

January 2014 completed the fourth edition of these awards. The winning projects were: a system for detection and monitoring of gas in pipes; a system for organic waste energy and effluent management in low-income communities; and low-cost micro-generators. Also, the fifth award edition, with 171 projects entered took place in 2014, of which 30 were selected for the second stage: participants will receive online entrepreneurialism training to help develop business models for their projects. The 10 best business models will go through to the final stage, at the end of January 2015, in São Paulo. EDP executives, partners and investors will be present at this event, and will select the three winning projects.



## INNOVABILITY MENTORS (IMENTORS)

The Innovability Mentors program's basic objective is to create business and management opportunities based on sustainable development principles and EDP's key innovation concepts.

In 2013, the program underwent restructuring, with the defining of an action plan and targets to be reached by 2016, essentially based on three key elements: dissemination of "innovability," multiplication and retention of a mentor network, and generation of value for EDP.

During the year EDP had 19 iMentors. For the selection process, 48 employees from different areas and locations within the Company applied, and 28 were selected. Those selected undergo a training cycle that teaches methodologies and innovation tools, identification of sustainability variables and generate value proposals to confront the main challenges faced by EDP over the short and medium term.

## RESEARCH AND DEVELOPMENT

R&D projects are set up with the aim of making improvements in the field of power generation and distribution, based on criteria associated with operational efficiency, risk reduction and improvement in revenue. The strategic R&D investment plan is multi-annual, based on a five-year plan that can be reviewed annually. In addition, prospecting for new technologies is carried out constantly.

R&D initiatives are developed in accordance with directives of the regulatory agency and are designed to improve electricity system quality and efficiency. The funding for R&D investment at EDP's generation and distribution companies centers on obligatory requirements set out in the concession contract, which stipulates that electricity distributors must allocate 0.2% of net operating revenue to research and development projects, while generation companies must allocate 0.4%. [GRI G4-EC4]

## P&D IN DISTRIBUTION

In 2014, the Distribution business unit invested R\$ 7.05 million in R&D.

### CLIMAGRID

This project aims to develop a system for EDP's distributors using innovative technologies that combine environmental, meteorological data and information about electrical system occurrences, using the intelligent grid concept. The technology permits assessment of the degree of exposure of transformers to electrical discharges in the atmosphere, in order to focus on preventive maintenance initiatives and automatic diagnose of the degree of severity of the meteorological conditions, which could disrupt the system. It is thus possible to predict occurrences of electrical discharges in the concession area, per municipality, some hours in advance, allowing maintenance procedures to be carried out more quickly and efficiently.

In 2014, the project was extended for two more years to enhance the research. Another 14 weather stations were acquired to add to the ClimaGrid platform in the two distributors' concession areas. This will enable better monitoring of parameters such as wind speed and direction, air temperature, relative air humidity, rainfall levels and atmospheric pressure, in addition to being able to visualize system data in real-time and through historic modules. With the new stations, the weather forecast prediction time will increase from 24 to 72 hours, while the monitoring of meteorological information will become continuous and in real-time. In addition, adjustments will be made during the day, as climactic variables are updated, thus preparing and making it easier for maintenance teams to react to sudden events. *(Mais informações na página 75)*

Investimento

**R\$ 7.05 milhões**

em P&D da Distribuição

**R\$ 7.22 milhões**

em P&D da Geração





### ANALYTICAL INTELLIGENCE SYSTEM FOR THE ELECTRICITY SECTOR (SIASE)

In cooperation with other companies, EDP is developing Siase, a strategic Aneel project to offer a tool that consolidates quantities of information about the electricity sector, facilitating consultation by society. The system will receive data from a number of institutions, thereby advancing information transparency. One objective is to improve consumer comprehension of the tariff breakdown. It will be possible, for example, for consumers to find out the effect tariff revisions and adjustments will have on their own bills. Other data will also be made available on an individual basis, such as quality service indicators.

### ELECTRICITY CLIENT BEHAVIOR OBSERVATORY

Focused on implementing new solutions for the electricity distribution services, the project aims to verify the impact of new solutions, thus legitimizing the commercial and technological decision-making process. In addition, it will provide better understanding of consumer behavior through continuous monitoring, measuring client receptivity and anxieties regarding new solutions; pilot schemes are already in place in the towns of Aparecida (SP) and Domingos Martins and Marechal Floriano (ES).

### PRE-PAYMENT

A pilot project was set up in November 2014 to assess consumer reaction to the prepayment system in an intelligent grid environment. The pilot scheme will be conducted over one year and will involve a total of 60 consumers in the cities of Aparecida (SP) and Domingos Martins (ES).

The prepayment system will enable the consumer to keep track of power consumed and indicate when power credits are about to run out. The intention is to provide a system that enables the consumer to better manage electricity consumption through real-time monitoring of consumption.

### BTZero TRANSFORMER

BTZero consists of a centralized metering system envisaged to eliminate access of clients to the unmetered power grid. Meters are installed in the transformer and power running to the various connection branches is already measured at the transformer pole. In place of the usual client electricity meter, now there will be a display where the customer can monitor electricity consumed, as well as the power readout.

The project, begun in March 2014, consists of developing a single device that integrates the distribution transformer with the centralized metering system. With this device, the electric power connections running from the low-tension BTZero transformers already have been measured, thus preventing external access to unmetered power.

In addition to real-time monitoring of clients and the metering system, it will also be possible to oversee the technical parameters of the transformer, thus permitting preventive actions to be taken and contributing to the technological advancement of SMC BT ZERO.

The project is aimed at three target audiences: groups of clandestine electricity users, the public associated with the Federal government's Minha Casa Minha Vida (My House, My Life) program, and the existing electricity networks where transformation is made. This tool helps reduce non-technical losses and represents a loss reduction of 1.2 MWh/year per point activated.

### SMART GRID LABORATORY

In March 2014, EDP began setting up a laboratory for Intelligent Electricity Grids (REIs) at the Polytechnic School at the University of São Paulo (USP).

The laboratory emulates electricity grids, intelligent devices, equipment and communication means, and information technology (IT) systems. This allows simulation of the operation of REIs under laboratory conditions - in the future to be replicated in the field - and tests to be carried out on electromagnetic and climactic compatibility on equipment to be used in the REIs. The project is designed so distributors can use the R&D centers to emulate new electricity grids and test their equipment.



## INOVCITY

With the aim of testing technology that will make it feasible to create a more energy-efficient city, EDP developed InovCity in the municipality of Aparecida (SP). Since 2013, the project has also been extended to two other municipalities in the state of Espírito Santo (Domingos Martins and Marechal Floriano, in the state's mountainous region). Approximately 6,000 consumers are served, with replication of the six development fronts and the technology used in Aparecida (about 13,000 consumer units).

The project consists of six major work fronts: intelligent metering, energy efficiency, electric mobility, efficient public lighting, distribution of power generated and education on the use of electricity.

The initiative aims to reduce power consumption as well as environmental impacts from electricity distribution and consumption. It also ensures the service provided by EDP is more efficient, due to rationalization of operational management and use of power.

Introduced in 2010, InovCity has already implemented the majority of initiatives planned, concluded in 2014 with the finalization of the installation of intelligent meters, the completion of the communication network, and the commissioning of the meters.

## R&D IN GENERATION

IGRI G4-DMAI

EDP's generation companies invested R\$ 7.22 million in R&D projects in 2014. The two most significant projects involved studies of mini-electricity grids and research through a subsea robot.

### MINI-GRIDS

The Mini-grid project, with intermittent power sources to serve isolated areas, involves development of a system composed of solar panels to cater to isolated areas. The initiative also includes monitoring of system performance through remote metering. These mini-grids are being developed in the housing estates close to the Santo Antônio do Jari hydroelectric plant, on the boundary between the states of Pará and Amapá. These isolated locations do not have electricity. The hybrid system uses four major power sources – solar, photovoltaic, generators and batteries.

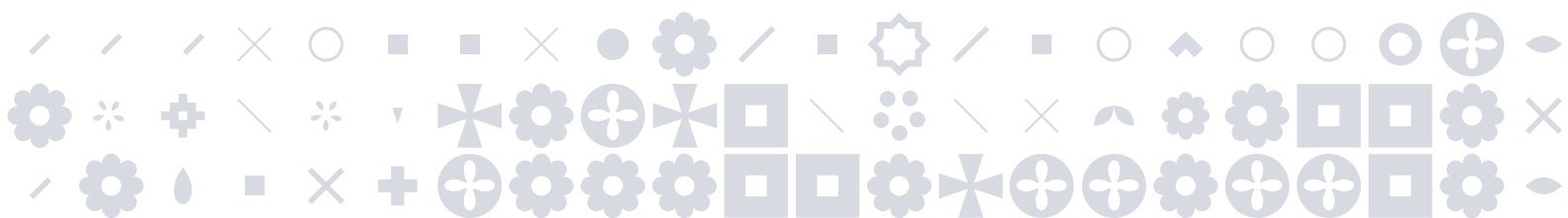
### SUBMARINE ROBOT

The project, developed in partnership with the Federal University of Juiz de Fora and the Engineering and Computer Systems Institute of Porto, Portugal (Inesc Porto), consists of TriMARES, an underwater robot designed to carry out independent inspections, mapping and collection of data in aquatic environments. The robot can carry a variety of sensors, as well as a high-resolution camera and sonar equipment, and can be used, for example, to measure water quality through the analysis of data such as temperature, pH and pollution levels. The project represents an advanced solution for environmental monitoring, as well as sub-aquatic inspection and mapping. It will be used to evaluate the structure of dams, collect data on water quality and to verify the condition of the dam. It uses fiber optics for the transmission of data and videos in real-time, with 10-hour operational autonomy and 40-km operating distance.



## NUMBERS INOVCITY

- Over 13,530 intelligent meters installed
- Installation of 208 LED street lamps
- Five recharging points for electric vehicles and the donation of 17 scooters, 12 to the Municipal Authority of Aparecida and five to the National Sanctuary.
- Delivery of scooters in June to the municipal authorities of Domingos Martins and Marechal Floriano.

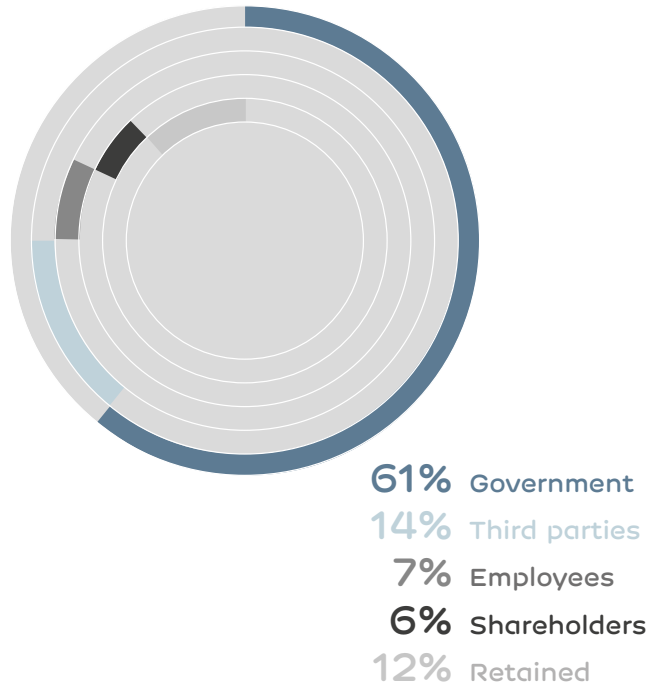


## ECONOMIC-FINANCIAL PERFORMANCE

### RESULTS

[GRI G4-EC1]

The results of Distributed Value Added (DVA), of R\$ 4,580.6 million, can be broken down by principal stakeholders as follows:



### NET OPERATING REVENUE

In 2014, net operating revenue amounted to R\$ 8,898.7 million, up 25% compared to the previous year. Excluding revenue from construction, net operating revenue totaled R\$ 8,604.7 million, up 27.1% over the previous year. The principal factors that contributed to this increase were:

- A 3.3% increase in power volumes sold to clients;
- ⊕ The rise in the electricity tariffs of distributors in accordance with the annual tariff increases (EDP Bandeirante: R\$ 291.7 million and EDP Escelsa: R\$ 159.0 million).
- ✦ In accordance with the addendum to the Distribution Concession Contracts, signed on December 10, 2014, and based on OCPC 08, the operational revenue was impacted by the booking of sector financial assets (regulatory assets and liabilities) in the amount of R\$ 601.5 million at the distributors (EDP Bandeirante: R\$ 351.0 million and EDP Escelsa: R\$ 248 million) referring to the balance accumulated since 2012.
- ⊙ The rise in generator tariffs, and the increase in electricity sales under short-term contracts with higher prices. In 2014 tariffs were an average of 8.6% higher than in 2013;
- ⚙ Increase of 5.3% in electricity sales volume in the "free" market, with an increase in the average sales price, of 43.6%.

## OPERATIONAL EXPENDITURE

Operational expenditure, disregarding the cost of construction, depreciation and amortization, the fair value of compensation assets and the gains/losses from the deactivation/sale of assets, amounted to R\$ 7025.0 million in 2014, up 36.5% on the previous year.

**Non-manageable expenses** refer to the cost of power purchased for resale, charges for the use of the electricity grid, inspection charges and others, coming to a total of R\$ 6062.1 million in 2014, 46.1% higher than in the previous year. This result derived from the consequence of the higher quantity of power purchased: (i) in generation resulting in GSF average for the year of 90.6%, corresponding to an exposure of 727 GWh at a PLD average of R\$ 688.89/MWh, and (ii) the involuntary exposure of the concessionaires to thermoelectric power and its high level of dispatch during the year. Non-manageable expenses were neutralized by capital injections from the ACR Account, booked by the EDP distributors, amounting to R\$ 936.8 million (EDP Bandeirante: R\$ 309.5 million and EDP Escelsa: R\$ 627.4 million) with a cash effect on the total.

**Manageable expenses** totaled R\$ 1,670.7 million, down 0.9% on 2013. PMSO expenses (acronym in Portuguese: personnel, materiel, out-sourced services and other expenses) totaled R\$ 962.9 billion, down 2.8% on 2013. This reduction reflects the Company's commitment to cost control during 2014. Of particular note was that inflation in relation in 2014 amounted to 3.7% (IGP-M) and 6.4% (IPCA). **Depreciation and amortization** was R\$ 340.3 million in 2014, 15.5% lower than the previous year, due to an inventory adjustment provision in 2013, the result of a physical assessment carried out in compliance with Aneel Resolution No. 367/2009 (EDP Bandeirante: +R\$ 33.5 million and EDP Escelsa: +R\$ 26.2 million).

## EBITDA AND EBITDA MARGIN

EBITDA (earnings before interest, tax, depreciation and amortization) totaled R\$ 1914.6 million in 2014, up 15.66% on the previous year. EBITDA margin fell 2.2 p.p., to 22.6%. The narrowing of the Gross Margin of 2.7 p.p. was mitigated by the booking of proceeds from the sale of 50% of the equity stakes held by EDP Energias do Brasil in HPP Santo Antônio do Jari and HPP Cachoeira Caldeirão to CTG in 2Q14.

## FINANCIAL RESULT

The financial result, in 2014, was a R\$ 316.0 million net financial expense, higher by 5.7% over the previous year. Financial revenues were R\$ 255.8 million, up 47.9% over 2013 as a result of an increase in yields from financial investments due to the rise in the CDI rate during the period, compared to the previous year, and the increase in interest and fines on taxes, awaiting a court ruling, referring to PIS/COFINS at EDP Escelsa, in 2014. Financial expenses amounted to R\$ 568.8 million in 2014, up 21.2% over the previous year, due to the increase in debt charges as a consequence higher indebtedness and the increase in the average cost of debt.

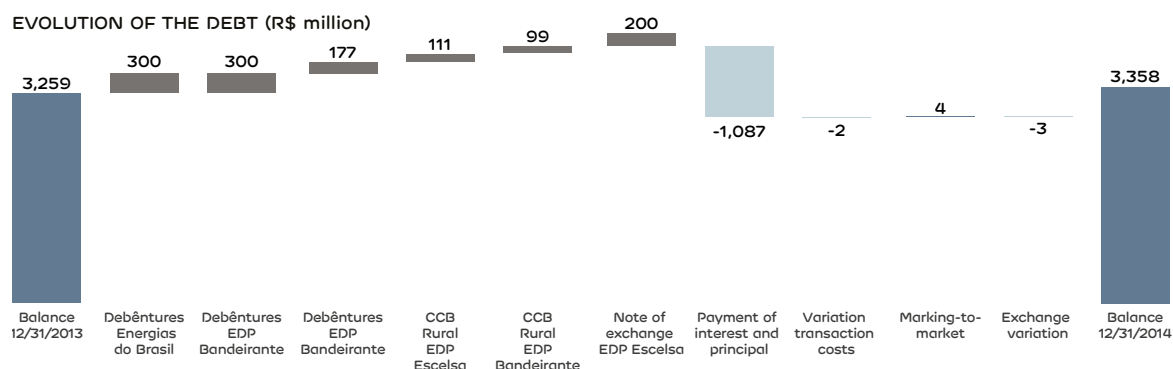
## NET PROFIT

Net profit totaled R\$ 743.5 million in 2014, 97.9% higher than the previous year. In addition to the effects mentioned above, net profit was positively impacted by the improvement in the Result from Equity Stakes, due to the booking of the negative result by TPP Pecém I in the equity income result (-R\$ 118.1 million in 2014 compared to -R\$ 141.2 million in 2013) and the positive result from HPP Jari of R\$ 31.4 million. Additionally, the reduction of 46.8% in minority shareholder participation also contributed positively to the increase in net profit.

## INDEBTEDNESS

Gross consolidated debt totaled R\$ 3,358.5 million as at the end of December 2014, an increase of 3.0% as at the end of December 2013, (R\$ 3259.4 million), disregarding the debt of TPP Pecém I, Santo Antônio do Jari, Cachoeira Caldeirão and São Manoel HPPs. The average debt payback period as at December 31 2014 amounted to 2.47 years, compared to 2.45 years as at end of December 2013.

Variations in Gross Debt and average payback in 2014 were principally due to: (i) the 3rd issue of debentures by the Parent Company in the amount of R\$ 300.0 million; (ii) the payback of the 2nd issue of debentures of the Parent Company, of R\$ 450.0 million; (iii) the raising of rural credit by the distributors in the amount of R\$ 209.2 million; (iv) the issue of foreign exchange notes by EDP Escelsa of R\$ 200.0 million; (v) the 3rd issue of debentures of EDP Escelsa, of R\$ 176.8 million; (vi) the 5th issue of debentures of Bandeirante, in the amount of R\$ 300.0 million; (vii) advance repayment of the debt with BEI, in the amount of R\$ 68.2 million; and (viii) the payback of other debts of the generation and distribution companies.



The Group's average cost of debt, as at December 31, 2014, amounted to 11.37% p.a., in comparison with 8.62% p.a. at the end of 2013, including the capitalization of interest on debt and charges incurred over the last 12 months. The increase in the average cost of debt was due to the rise in the average Selic rate (basic interest rate), compared to 2013, in addition to the taking out of new debt indexed to the CDI rate.

Net consolidated debt reached R\$ 2,531.5 million in 2014, up 8.4% on the previous (R\$ 2,335.3 million). This was due to the increase in consolidated gross debt and reduction of R\$ 97.2 in cash and equivalents, in 2014.

The Company's net debt/EBITDA ratio ended the year at 1.3 times, compared to 1.4 times as at the end of December 2013.

## FINANCING DISBURSED DURING 2014

### HOLDING COMPANY

On February 12, 2014 EDP Energias do Brasil S.A. concluded the issue of its third series of simple unsecured debentures, not convertible into shares, for the amount of R\$ 300.0 million. Interest at the CDI rate + 0.72% p.a. is payable on this amount, with interest paid half-yearly and repayment of the principal on August 12, 2015.

### DISTRIBUTION

On February 21, 2014 EDP Bandeirante and EDP Escelsa signed rural and agribusiness credit loan contracts with Banco do Brasil, for respectively R\$ 98.6 billion and R\$ 110.6 million, with interest payable at 101.15% of the CDI rate, with principal and interest falling due in a single tranche in July 2015.

On April 30, 2014, EDP concluded the issue of its 5th series of simple unsecured debentures, not convertible into shares, for the amount of R\$ 300 million. Interest is payable on this amount at the CDI rate + 1.39 p.a., with interest payable half-yearly and repayment of principal in five half-yearly installments, with the first installment payable in April 2017, and the last in April 2019.

On May 8, 2014, EDP Escelsa signed a foreign exchange loan contract with Citibank, for the amount of R\$ 200.0 million, with interest payable at 85% of the CDI rate, + 1.0625% p.a., with repayment of the principal in three equal annual installments, with the first falling due in May 2016 and the last falling due in May 2018, with interest payable quarterly from August 2014.

On June 10, 2014, EDP Escelsa received the 2nd tranche of ECFS financing No. 258 of the Luz para Todos (Electricity for Everyone) program, in the amount of R\$ 3.7 billion, with interest payable at 5.00% p.a., with repayment of principal and interest on a monthly basis.

On August 27, 2014, EDP Escelsa concluded the issue of its 3rd series of unsecured simple debentures, not convertible into shares, for the amount of R\$ 176.8 million. Interest is payable on this amount at the CDI rate + 1.50 p.a., with interest payable half-yearly and repayment of the principles in five half-yearly installments, with the first installment payable in August 2018 and the last in August 2020.

GENERATION<sup>1</sup>

On March 17, 2014, Empresa de Energia São Manoel signed a loan note contract with Banco Safra, in the amount of R\$ 45 million, with interest payable at the CDI rate + 0.899% p.a., with principal and interest repayable on August 4, 2014. The loan was repaid ahead of time, on July 18, 2014.

On July 2, 2014, Empresa de Energia São Manoel concluded issue of its 1st series of unsecured simple debentures, not convertible into shares and carrying a fiduciary guarantee, for the amount of R\$ 532 million. The funds were for construction of the plant, as a bridging loan. Interest is payable at 111.5% of the CDI rate, with interest and principal falling due in January 2016.

On October 8, 2014, Empresa de Energia Cachoeira Caldeirão concluded the issue of its first series of promissory notes, with a fiduciary guarantee, for the amount of R\$ 295 million, with interest payable at 109.25% of the CDI rate, with principal and interest falling due on February 5, 2015. The Company carried out the issue with the objective of partially rolling over the bridging loan initially taken out until the long-term financing became available.

On December 26, Empresa de Energia Cachoeira Caldeirão received the first payout of R\$ 300 million referring to sub-credit A, of the Finem credit line contracted with the BNDES. The total value of the financing amounts to R\$ 504.1 million, on which interest is payable at the TJLP (long-term interest) rate + 2.12% p.a. interest on the amount paid out will be capitalized quarterly until October 15, 2017 and demandable monthly from November 15, 2017. Payback will be subject to the same interest grace period, and will be carried out monthly until October 15, 2037. Each payback, will be equivalent to the amount of principal due on the debt, divided by the number of installments still due.

During 2014, ECE Participações received a disbursement of R\$ 173.8 billion from the BNDES, with interest payable at the TJLP rate + 1.86%, to be capitalized quarterly. Interest and payback installments are demandable monthly from June 15, 2015 up to May 15, 2031.

## CREDIT RATINGS OF EDP ENERGIAS DO BRASIL AND ITS DISTRIBUTORS

The credit ratings of EDP Energias do Brasil and its subsidiaries remained stable compared to 2013, with the exception of Lajeado Energia. Moody's revised downwards its credit rating of Lajeado Energia and the 1st issue of debentures to Ba1/Aa2.br, with a negative outlook. This downgrade was due to weaker than expected performance, as a result of exposure to the short-term market, as a consequence of the low GSF (generation scaling factor) in 2014, combined with a potential acceleration of the debentures due-date.

At a general meeting of debenture holders held on December 10, 2014, Lajeado entered into negotiations with the debenture holders with respect to early redemption as a result of debt covenants triggered by the Gross Debt/EBITDA ratio on December 31, 2014, and obtained approval from the debenture holders not to press for early redemption, thus alleviating the potential for the debenture due-date being brought forward.

## CREDIT RATINGS 2014

	Moody's				S&P			
	National		Global		National		Global	
EDP Energias do Brasil	Aa2,br	Stable	Ba1	Stable	-	-	-	-
EDP Bandeirante	Aa1,br	Stable	Baa3	Stable	brAA+	Negative	-	-
EDP Escelsa	Aa1,br	Stable	Baa3	Stable	brAA+	Negative	BB+	Negative
Lajeado Energia	Aa2,br	Negative	Ba1	Negative	-	-	-	-
Energest	Aa1,br	Stable	Baa3	Stable	-	-	-	-

## Moody's Credit Rating Scale

Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	Ca	C	WR
Investment Grade																				

## S&amp;P's credit rating scale

AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC+	CCC	CCC-	CC	C	D	NR
Investment Grade																						

<sup>1</sup> Refers to the value of the debt for projects which are not consolidated in the result

## CAPEX

EDP's total Capex was R\$ 373.0 million in 2014, a drop of 10.5%, excluding the investments in TPP Pecém I and the Santo Antônio do Jari, Cachoeira Caldeirão and São Manoel HPPs.

## INVESTMENTS IN GENERATION\*\*

In the generation segment, the amount invested in 2014 came to R\$ 615.9 million in 2014, 11.8% higher than in 2013 (R\$ 550.9 million), principally as a result of the construction of the HPPs Santo Antônio do Jari (R\$ 74.3 million), Cachoeira Caldeirão (R\$ 251.2 million) and São Manoel (R\$ 137.9 million).

Investments (R\$ thousand)*	2014	2013	Δ Annual (%)
Geração	52,652	61,824	-14.8%
Enerpeixe	2,991	6,736	-55.6%
Energest	41,526	47,928	-13.4%
Lajeado/Investco	8,135	7,160	13.6%
TPP Pecém I	99,819	127,343	-21.6%
HPP Santo Antônio do Jari	74,320	243,718	-69.5%
HPP Cachoeira Caldeirão	251,169	118,006	112.8%
HPP São Manoel	137,909	-	ND
<b>Total</b>	<b>615,868</b>	<b>550,890</b>	<b>11.8%</b>

\*Considers the equity stake in EDP Energias do Brasil

## INVESTMENTS IN DISTRIBUTION

Investments made in 2014 by EDP in distribution totaled R\$ 425.5 million, up 3.7% over 2013.

Investment (R\$ thousand)	EDP Bandeirante		EDP Escelsa		Total	
	2014	2013	2014	2013	2014	2013
Expansion to Electricity System	126,539	97,322	144,527	126,347	271,066	223,669
Grid Improvements	65,516	61,894	44,861	40,623	110,377	102,517
Universalization	13,477	13,857	(4)	-	13,473	13,857
Telecoms, IT and others	18,518	33,507	12,079	36,675	30,597	70,182
<b>Sub Total (1)</b>	<b>224,051</b>	<b>206,580</b>	<b>201,463</b>	<b>203,645</b>	<b>425,513</b>	<b>410,225</b>
(-) Special Obligations (3)	(45,407)	(15,563)	(19,313)	(13,822)	(64,720)	(29,385)
<b>Net Investment</b>	<b>178,643</b>	<b>191,018</b>	<b>182,151</b>	<b>189,824</b>	<b>360,794</b>	<b>380,842</b>
Revenues from Demand Exceeded (2)	(34,523)	(37,799)	(20,905)	(8,389)	(55,428)	(46,188)
<b>Net Investment</b>	<b>144,120</b>	<b>153,219</b>	<b>161,246</b>	<b>181,435</b>	<b>305,366</b>	<b>334,654</b>

(1) Sub Total = Gross Capex, considering capital invested in the grid, + interest capitalized

(2) New rules instituted with procedures for tariff revisions with respect to revenue from fines for Demand Exceeded and consumption of Excess Reactive Power (PRORET 2.7) which reduces Operational Revenue and with the start of the 4th Tariff Revision Cycle, the amount in this sub-account will receive the usual depreciation treatment of assets allocated as investments originating from these Special Obligations

(3) Financial participation of clients, be they private individuals, companies, union, state or municipality, in investment projects

## INVESTMENTS IN SALES

For sales, the principal investments were in EDP Grid's start-up activities and the providing of infrastructure and energy efficiency services, among others.

## CAPITAL MARKETS

EDP Energias do Brasil S.A. is a publicly traded company whose shares, since 2005, have been listed on the Novo Mercado (New Market) segment of BM&FBovespa — which requires higher standards of corporate governance — under ticker symbol ENBR3. At the end of 2014, its paid-up capital stock consisted of 476,415,612 nominative common shares. Of the total amount of shares, 232,602,924 were on the free-float, in compliance with the BM&FBOVESPA Novo Mercado's listing regulations, with another 840,675 shares held in treasury.

As at December 31, 2014, EDP Energias do Brasil's shares were quoted at R\$ 8.97, ending the year down by 12.5%, underperforming the Ibovespa (theoretical portfolio of shares with the highest liquidity in the market) (-2.9%) and the Electricity Index (IEE) index, which reflects the behavior of shares in the electricity sector), that was up by 3.5%. The Company's market cap on December 31, 2014 was R\$ 4.3 billion.

This stock performance reflects the power industry situation as a whole. It was a year that saw high power prices stemming from water shortages as well as the repercussions of MP 579, transformed into Law No. 12.783, with respect to early renewal of concession contracts.

The Company's shares were traded in every session in 2014, reaching 472.8 million shares traded, with a daily average of 1,989,600 and total financial volume of R\$ 4,672.8 million. Average daily volume was R\$ 19.8 million.

Since January 2013, the shares of EDP have been part of the Bovespa Index (Ibovespa), and for the ninth year running have been part of the BM&F Bovespa Sustainability Index (ISE), which provides a forum for shares in companies that distinguish themselves in terms of their commitment to sustainable development, equity, transparency and the rendering of accounts.

With respect to the capital markets, the Company maintains two policies that are in alignment with the best governance practices – its Policy for the Disclosure of Information and Maintenance of Secrecy and its Securities Trading Policy. The Disclosure Policy applies to all people that have access to material information and establishes rules for secrecy and confidentiality. The Trading Policy sets parameters and limits for trading in the Company's shares, in such a way as to prevent the use of information to obtain an advantage in the equity markets.

## EVOLUTION OF SHARE TRADING ON BM&FBOVESPA

EDP

Value per share (R\$)	2012	2013	2014
Market value	12.49	11.35	8.97
Liquidity (daily average – R\$ million)	23.64	23.55	19.8
Market capitalization (R\$ billion)	5.9	5.4	4.3







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# 08.

## ENVIRONMENTAL PERFORMANCE

### ENVIRONMENTAL MANAGEMENT IG4-DMAI

Because EDP recognizes the impact of its operations on the environment and the availability of natural resources as being essential to its business, protection of the environment and its preservation is a key pillar for EDP. EDP's environmental management is linked to the way it identifies, mitigates and manages its impacts, not only within the limits of the Company but also in communities close to its projects, with whom it maintains an open dialogue during the implementation and operation phases. IGRI G4-EN27

To this end, EDP has established and follows an Integrated Environment, Health and Safety Policy, whose directives provide guidance for the Group's companies regarding creation of the processes and procedures that support the management of themes related to the environment. Another strategy is setting up the Environmental Management System in EDP's businesses, based on the ISO 14001 Standard. Teams from each Generation and Distribution company manage environmental aspects supported by the Innovability area, responsible for policies about information and the consolidation of its practices.

Of the Company's Generation units, six have ISO 14001 (environment) certification, with a total of 1,506.4 MW of installed power being certified, which corresponds to 58% of the Company's total installed power. Another three units have OHSAS 18001 (health and safety) certification.

Three EDP Bandeirante substations are certified to ISO 14001 (environmental) standards, 45 have been awarded OHSAS 18001 (health and safety) certification, while EDP Escelsa operates two substations with ISO 14001 certification.

In addition, EDP rigidly complies with current environmental legislation and the requirements and the rules established by the appropriate environmental agencies. EDP regularly monitors the mitigation and compensation programs stipulated in the environmental licenses.

In 2014 EDP strengthened its Environmental Network, designed to bring together representatives of the environmental departments of EDP companies to exchange experiences and identify synergies and new opportunities in various areas, along with environmental programs they have in common.

In 2014 R\$ 4.9 million was invested in environmental protection, of particular note being the funds allocated to biodiversity protection, which accounted for 79% of the total in the case of EDP Bandeirante.

### ENVIRONMENTAL INVESTMENTS AND EXPENDITURES – EDP (R\$ MILLION)

EDP IGRI G4-EN31

	2012 <sup>1</sup>	2013	2014
Waste elimination	0	0.04	0.98
Treatment of emissions	0.31	0.12	0.40
Remediation expenses	3.55	4.26	0
Prevention costs	14.14	25.6	13.26
Environmental management expenses	5.71	29.58	10.43
<b>Total</b>	<b>23.73</b>	<b>59.61</b>	<b>25.07</b>

<sup>1</sup> Em 2012 não estavam consolidados dados das UHs Santo Antônio do Jari e Cachoeira Caldeirão (em construção).

# BIODIVERSITY

Under its biodiversity policy, EDP assumes a commitment to report its performance regularly and transparently; to integrate the assessment of impacts from the Distribution and Generation areas; to mitigate negative impacts and maximize positive ones; to stimulate scientific knowledge with respect to different aspects of biodiversity; and to carry out regular consultations with stakeholders about the Company's operations with respect to this indicator, among others. IG4-DMAI

## GENERATION

In Generation, the major impacts come during the plant construction phase, and they are tackled through prevention, mitigation and compensation programs. The plants in operation also implement programs to reduce environmental impacts, but with a different focus, perceiving that the risks and factors with the greatest impact in this phase are distinctive. In addition to EDP's own teams, specialized companies and universities monitor activities while environmental agencies also conduct inspections.

At HPP Cachoeira Caldeirão, where construction is currently in progress, a number of programs are underway, especially with regard to water resources, including the monitoring of water quality and sediment levels. The rescue of fauna and fish, which can get trapped in the ponds formed by cofferdams, is also a focus of attention at the plant. HPP Santo Antônio do Jari runs programs to rescue fauna and collect germplasm for forest recomposition through planting native species seedlings in an area of about 0.05km<sup>2</sup>.

The plants in Mato Grosso do Sul, Tocantins and Espírito Santo monitor water quality, black smoke emissions and fauna and aquatic life to assess impacts on biodiversity. In Tocantins, aquatic plants and cyanobacteria also are regularly checked; a scientific research project has been set up that studies interaction between porpoises and fish fauna at HPP Peixe Angical; and an environmental education program is run that disseminates information to the community on best practices for fauna and the environmental conservation.

Specific operations are also carried out in certain cases, such as the shutdown of machinery, which often traps fish in the suction tubes — thereby becoming necessary to initiate actions to rescue these species.

In 2014 there was a higher mortality rate of fish in the region of Luís Eduardo de Magalhães HPP, in Tocantins, due to the forming of pools of water due to the variation in river flow and the rocky formation of the riverbed, which resulted in the trapping of animals. As a result, a plan was drawn up to create a dam below the spillway, to raise the water level. The project is in the implementation phase, and should enter into operation in 2015.

TPP Pecém I is located in an industrial zone, and despite not causing any significant direct impact on biodiversity, monitoring of flora and fauna in the region is carried out.

### MGREATEST IMPACTS

The biodiversity aspect has the greatest impact for Generation power plants under construction and Distribution operations, due to the fact that power networks coexist with a variety of tree species. In this regard, the units develop different programs for the management of risks and minimization of impacts.

### BIODIVERSITY DIAGNOSIS

In 2014, a diagnosis was made for implementation of a biodiversity conservation project at HPP Mascarenhas (ES) and in a municipality in the Distribution concession area (Guarapari-ES). The goal was to identify possible biodiversity conservation projects which could be linked to EDP's strategic objectives, to be implemented in 2015. In Generation, the Sustainable Fishing Plan was chosen to work together with fishermen in the region. For Distribution, the Guarapari Project for Increasing Urban Tree Cover was chosen, designed to improve coexistence between electricity distribution lines and urban trees. This initiative also led to the creation of a tool to help choose biodiversity projects, aiming to select those that generate the most value for all stakeholders.

## DISTRIBUTION | GRI G4-DMA |

For EDP Escelsa, the greatest impact is related to the interaction between electricity grids and tree species. Accordingly, EDP Escelsa has entered into a technical cooperation agreement with the Institute for the Defense of Animal Breeding and Forestry (IDAF) to facilitate maintenance/construction services — clearing safety lanes for power and distribution lines throughout the state of Espírito Santo, in EDP's concession area, which is needed for optimal functioning of the electricity system.

The suppression of vegetation is necessary for transmission line construction, requiring flora diversity studies and environmental compensation plans for approval by the State Environmental Council. To reduce impacts on the environment and improve public safety, whenever possible protected and/or insulated cables are installed. This practice avoids more drastic pruning measures and guards against electric shocks hurting people and animals, as well as reducing the chance of accidents setting fire to the vegetation. They ensure not only the preservation of life and environmental quality, but also the operational integrity of the system and uninterrupted electricity supply.

EDP Bandeirante has entered into Biodiversity Agreements with municipal authorities. These agreements have been drawn up with individual municipalities to develop environmental conservation projects, including control and management of urban trees in areas served by the Concessionaire's electricity distribution networks.

In 2014, agreements were signed with the municipal authorities of Cruzeiro, Aparecida, Cachoeira Paulista, Itaquaquecetuba and Guaratinguetá.

Cooperation includes, among other activities, donation of materials and training by EDP, with removal and disposal, on the part of the municipal authority, of the tree residues resulting from the unit's ongoing pruning operations.

Noteworthy in 2014 was voluntary planting of 4,600 native species seedlings, of which 4,000 were planted in the municipality of Cruzeiro and 600 in São José dos Campos. The goal was to neutralize CO<sub>2</sub> emissions and contribute to enrichment of local biodiversity.

## PROTECTED AREAS

| GRI G4-EN11, G4-EN13 |

Generation and Distribution companies have hydroelectric plants, transmission lines, distribution networks, and substations located in environmentally protected areas, as classified by the legislation in force in Brazil. Some operations even occupy so-called "hotspots" — zones comprising 34 areas of great biological wealth and that, according to Conservation International, are threatened.

In Distribution, assets are located in the Atlantic Forest biome, in which both fauna and flora species that are exclusive to this region can be found. EDP Bandeirante has 3,396 km of transmission lines and seven substations located in protection areas, which include Federal, State and Municipal conservation Units, in addition to water source protection and recuperation areas in the Alto Tietê Basin. While EDP Escelsa, in a state that contains 11% of original Atlantic Forest within its boundaries, has one substation and 614.41 kilometers of aerial distribution lines, in areas located within Conservation Units.

Generation assets are located in the Amazonian region, Atlantic Forest and the Brazilian Cerrado, which contain species with a high degree of endemism and some species threatened with extinction. HPP Peixe Angical is located in the municipality of Peixe (TO), occupying a 294.11 km<sup>2</sup> permanent preservation area (APP), in which the power plant, warehouse, command building, water treatment station and offices can be found. The HPP Peixe Angical reservoir covers the municipalities of Peixe, Paranã and São Salvador, all in Tocantins, with the reservoir accounting for 97 km<sup>2</sup> of the APP.

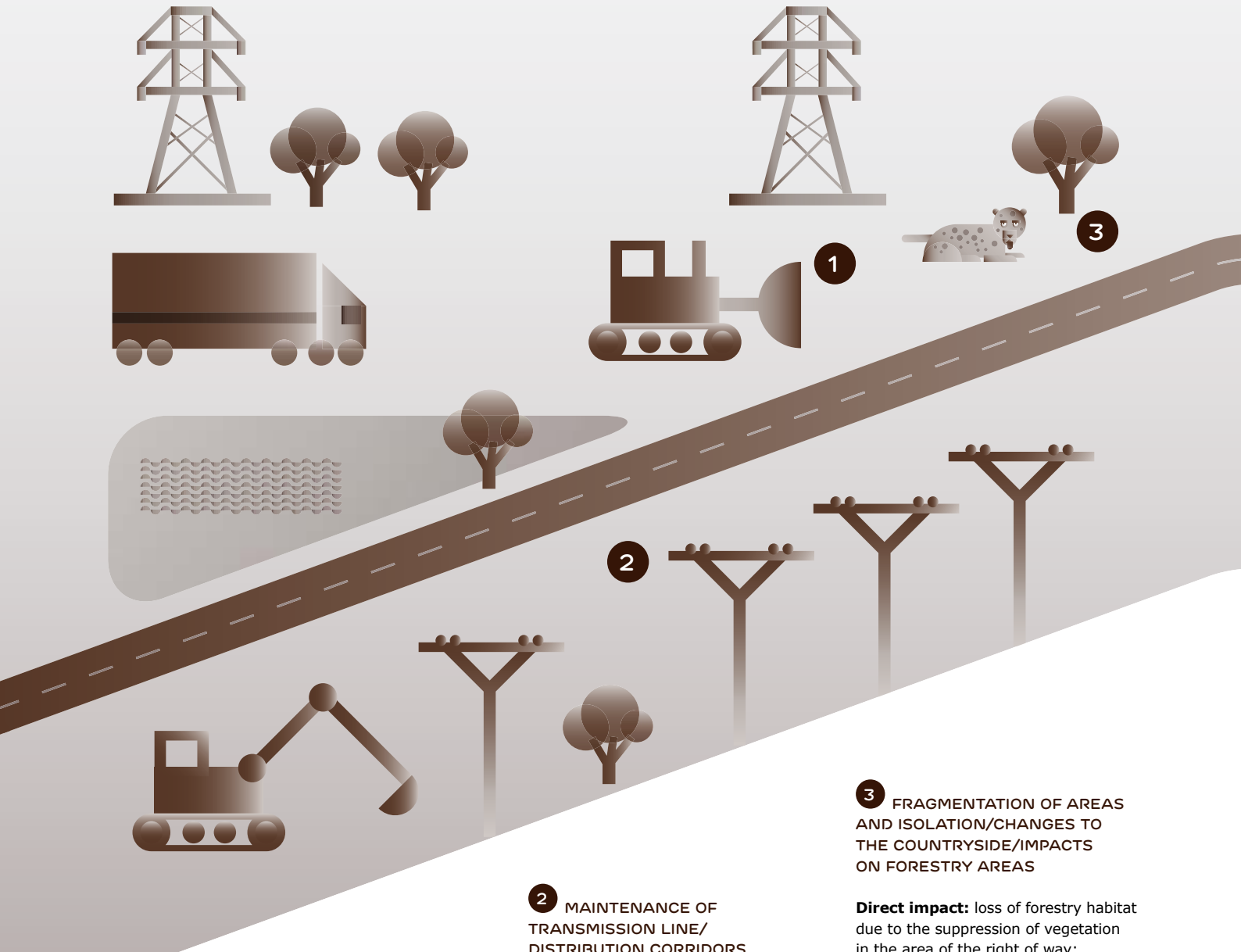
The areas of influence of Luís Eduardo Magalhães HPP cover the municipalities of Miracema do Tocantins, Lajeado, Palmas, Porto Nacional, Brejinho de Nazaré and Ipueiras, all in Tocantins, none of which are within protection areas. Applying new methodology for calculation of APP areas under the New Forestry Code, none of the HPP Luís Eduardo Magalhães reservoirs is considered an APP area.

HPP Mascarenhas (BaixoGuandu-ES), HPP Suíça (Santa Leopoldina-ES), SHP São João (Castelo-ES), SHP F. Gros (Alegre-ES), Rio Bonito SHP (Santa Maria de Jetibá-ES), SHP Jucu (Domingos Martins-ES), SHP Viçosa (Conceição do Castelo-ES), SHP Fruteiras (Cachoeiro de Itapemirim-ES), SHP Alegre (Alegre-ES), HPP Mimoso (Ribas do Rio Pardo-MS), SHP Paraíso (Costa Rica-MS) and SHP Costa Rica (Costa Rica-MS) are located in areas with a high incidence of biodiversity, principally because they are in transition strips between the Atlantic Forest and the Brazilian Cerrado biomes, in which a high degree of species endemism can be expected.

Situated in Amapá, the HPP Santo Antônio do Jari project covers 31.7 km<sup>2</sup> in a location with a high biodiversity index, while HPP Cachoeira Caldeirão, also in Amapá, occupies 4,680 km<sup>2</sup> adjacent to the Amapá State Forest.

IMPACTS ON BIODIVERSITY AND INITIATIVES TO MITIGATE THEM

[GRI G4-EN12, G4-DMA]



GENERATION COMPANIES

1 CONSTRUCTION OR USE OF BUILDINGS AND TRANSPORTATION INFRASTRUCTURE

**Indirect impact: pressure on local waste disposal services** due to the volume of the waste generated by activities on building sites and the Company's operations.

**Treatment of impact:** On-site instructions with respect to the management of waste orient workers regarding appropriate procedures, with the aim of avoiding larger impacts.

2 MAINTENANCE OF TRANSMISSION LINE/ DISTRIBUTION CORRIDORS

**Direct impact:** loss of forestry habitat due to the suppression of vegetation in the area of the right of way. Indirect impacts: inducement of erosion, risk of accidents and death of fauna, and the risk of accidents involving electric power.

**Treatment of impact:** the power plants fulfill the conditions stipulated in the license with respect to these themes, including during the construction process, and whenever possible the suppression of vegetation is avoided.

3 FRAGMENTATION OF AREAS AND ISOLATION/CHANGES TO THE COUNTRYSIDE/IMPACTS ON FORESTRY AREAS

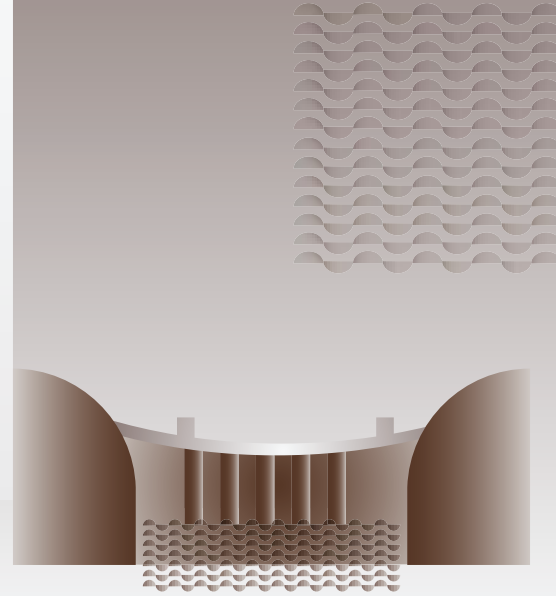
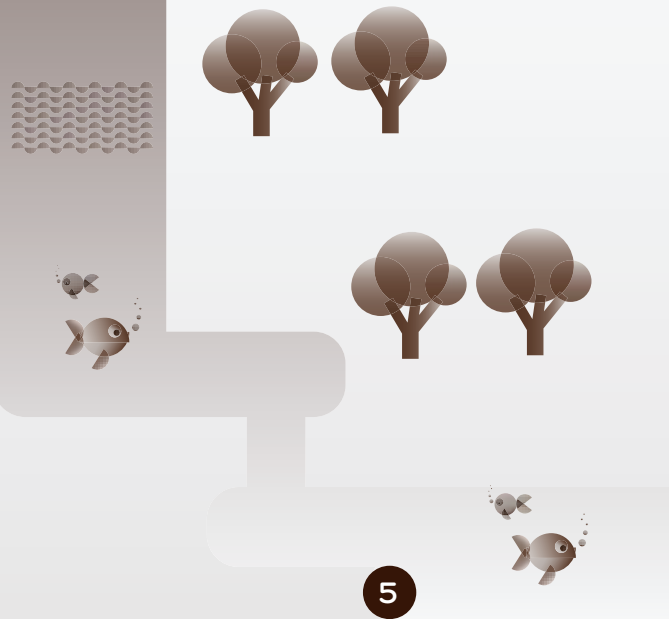
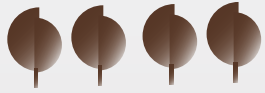
**Direct impact:** loss of forestry habitat due to the suppression of vegetation in the area of the right of way;

**Indirect impacts:** Creation of species dispersion barriers species and intensification of the effects on boundary edges.

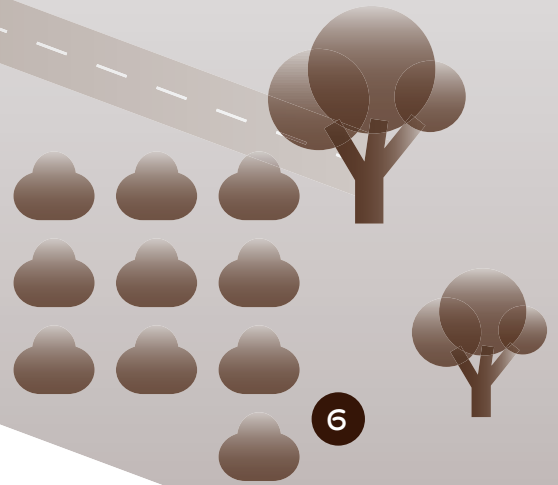
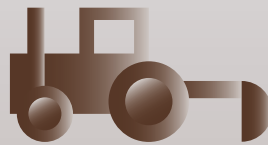
**Treatment of impact:** the power plants fulfill the conditions stipulated in the license with respect to these subjects, including during the construction process, and whenever possible suppression of vegetation is avoided, with the aim of achieving the lowest impact. Other measures such as forest replanting, germplasm conservation programs, use of biomass and Recuperation Plans for Degraded Areas (PRAD) are also carried out, with the aim of mitigating impacts in areas covered by forest.

## GENERATION COMPANIES

[GRI G4-EN12, G4-DMA]



4



6

**4** POLLUTION (INTRODUCTION OF SUBSTANCES THAT DO NOT OCCUR NATURALLY IN THE HABITAT, EITHER FROM A DEFINED STARTING POSITION OR OTHERWISE)

**Direct impact:** possible impact of pollution on soil, water and air are considered to be significant, from an environmental perspective, such as the generation of waste from metallic vapor lamps, glass shards, wood residues, the generation of liquid effluents, paint can residues and solvents, and gas emissions.

**Indirect impacts:** loss of biodiversity and alteration in ecosystem balance.

**Treatment of impact:** on-site instructions with respect to the management of residues provide guidelines for workers on appropriate procedures, with the aim of avoiding larger impacts. Monitoring of greenhouse gases, black smoke and the creation of plans to deal with emergencies. [GRI G4-DMA]

**5** CHANGES THAT EXTRAPOLATE THE NATURAL LEVEL OF VARIATION (E.G.: SALINITY, WATER TABLE LEVEL)

**Direct impact:** rise in riverbed and water table levels as a result of the creation of the reservoir.

**Indirect impacts:** alterations to nutritional composition and root fixation that tends to promote a new succession of species.

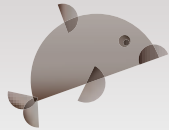
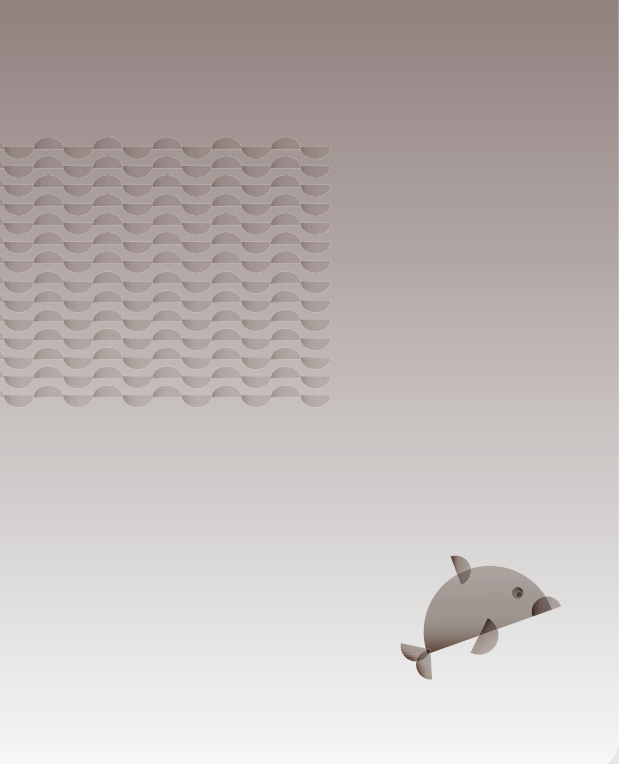
**Treatment of impact:** monitoring of water quality and sediment.

**6** GENERATION OF BIOMASS RESIDUES

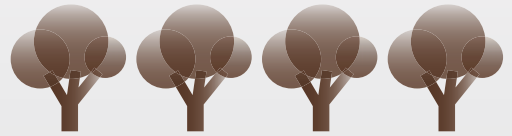
**Direct impacts:** increase in the generation of organic waste, resulting from the pruning and suppression of vegetation.

**Indirect impacts:** loss of habitat.  
**Treatment of impacts:** evaluation of the best options for the disposal of the wood generated during the plant construction process.

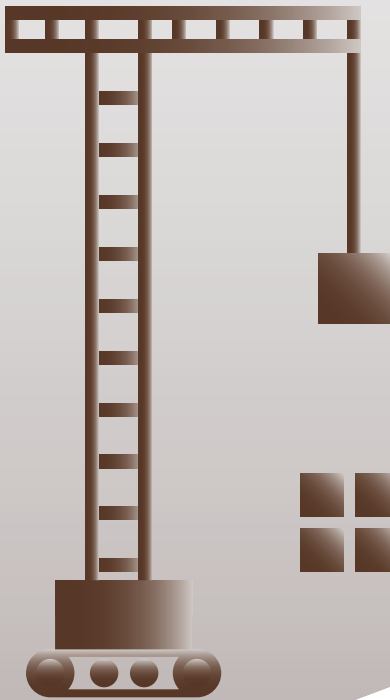
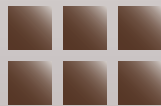
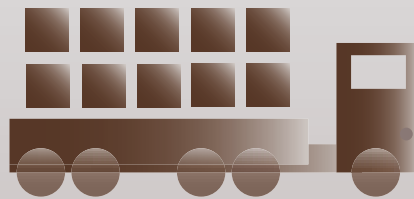
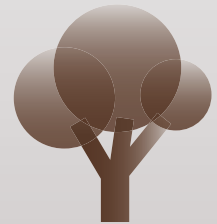
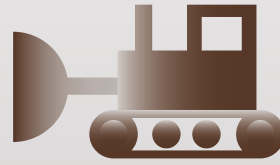
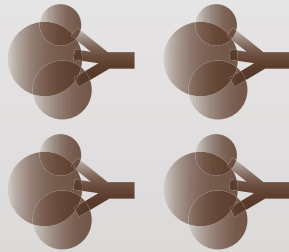




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**7** REDUCTION IN SPECIES

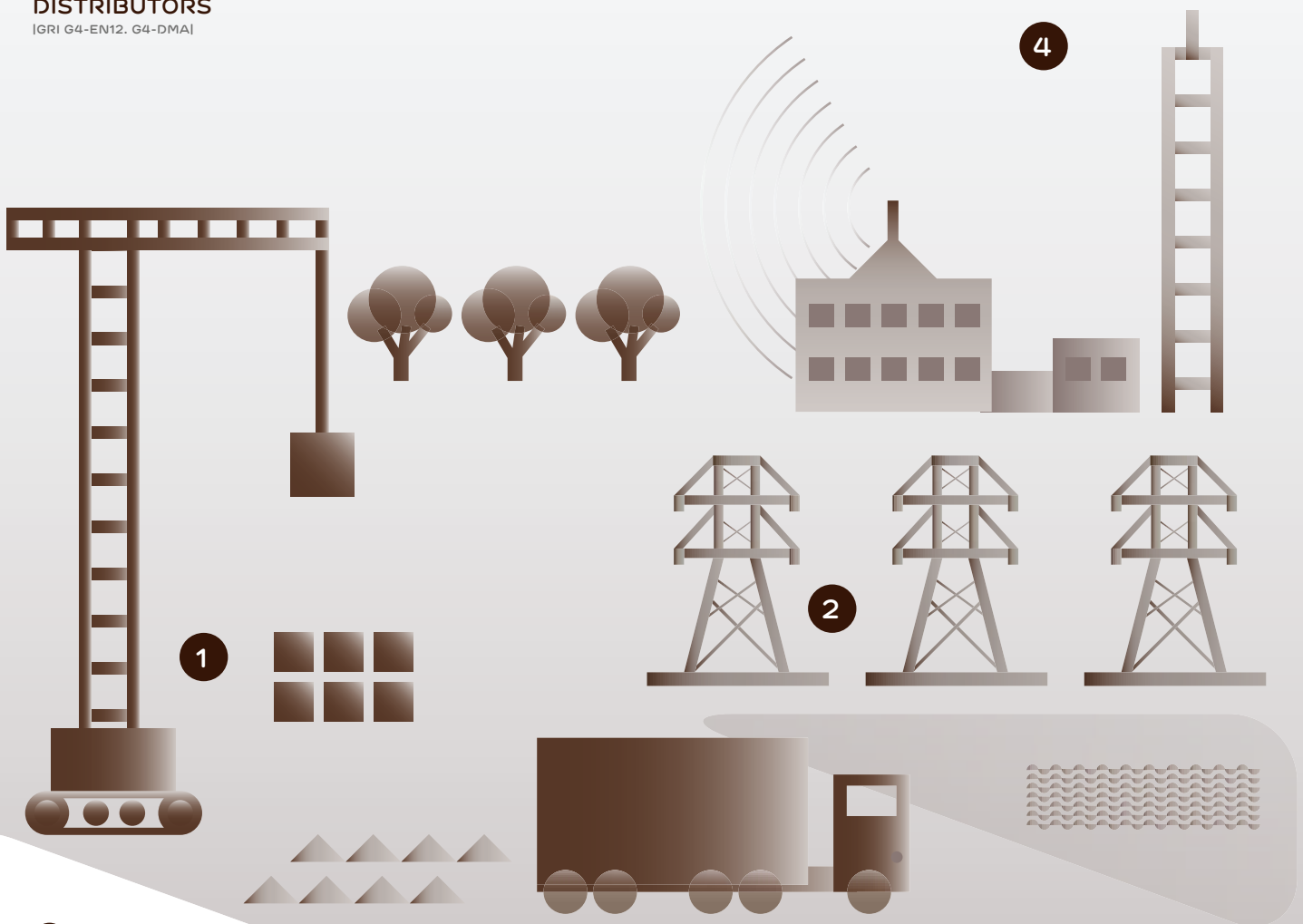
**Direct impacts:** creating a construction site and recovery of areas flooded by a reservoir are important aspects, due to removal of a considerable amount of native vegetation; this can result in reduction in biological abundance at the location and loss of specific habitats, such as natural vegetation along river banks. The death of some aquatic species can occur as a result of dam works.  
**Indirect impacts:** inducement of erosion, risk of accidents, death of fauna, in addition to the flight of fauna as a result of machinery noise.  
**Treatment of impacts:** monitoring of fauna, aquatic life and flora, the introduction of newly-hatched fish, creation of procedures for the handling of turbines which reduce the mortality rate of fish, rescue of fish during phases of construction, and PRADs (Recuperation Plans for Degraded Areas).

**8** CONVERSION OF HABITAT

**Indirect impacts:** deforestation and rise in riverbed level in the reservoir area results in alterations to specific habitats due to the suppression of vegetation and the raising of the riverbed level in the area of the reservoir.  
**Treatment of impacts:** monitoring of fauna, aquatic life and flora, the introduction of newly-hatched fish, creation of procedures for the handling of turbines which reduce the mortality rate of fish, rescue of fish during phases of construction, and PRADs (Recuperation Plans for Degraded Areas).

## DISTRIBUTORS

[GRI G4-EN12, G4-DMA]



### 1 CONSTRUCTION OR USE OF BUILDINGS, AND TRANSPORT INFRASTRUCTURE

**Direct impacts:** generation of waste from construction works, consumption of water, electricity and fuel.

**Indirect impacts:** Pollution of soil, water, reduction in natural renewable resources, atmospheric pollution and generation of residues.

**Treatment of impacts:** guidance for workers regarding waste management, based on appropriate procedures, with the aim of avoiding larger impacts, monitoring and targets for reducing consumption.

### 2 MAINTENANCE OF TRANSMISSION LINE/DISTRIBUTION CORRIDORS

**Direct impacts:** contamination of soil, water and materials and the effect of using insecticides, impact on fauna and flora due to the suppression of vegetation, removal of native vegetation cover. Erosion and silting up of water bodies due to the construction and maintenance of access routes.

**Indirect impacts:** impediment in the dispersion of certain species and effects on borders due to alterations and disturbance to the limits between forested and unforested areas.

**Treatment of impact:** choice of the best routes for transmission/distribution lines with a view to reducing the need for vegetation suppression. Guidance for employers on the management of residues, based on suitable procedures to avoid larger impacts. Strict control of vegetation suppression.

Selective cutting using individual demarcation. Cutting of trees so they fall in areas already cleared, with immediate stacking of trunks. Compensatory tree planting. Control of erosion caused by soil exposure. Adoption of landscape recuperation measures near the installations.

### 3 POLLUTION (INTRODUCTION OF SUBSTANCES THAT DO NOT OCCUR NATURALLY IN THE HABITAT, BASED ON A DEFINED STARTING POINT OR OTHERWISE)

**Direct impact:** pollution of water and soil by the installation and the maintenance of equipment which contains insulating oil, PCBs, liquid, lead battery acid, and emission of greenhouse gases such as SF6.

**Indirect impacts:** loss of biodiversity and alteration in ecosystem balance.

**Treatment of impacts:** preventive maintenance of equipment subject to leaks. Use of absorbent protective sheeting membrane to avoid leaks. Creation of emergency reaction plans. Use of appropriate equipment for storage and subsequent reuse of SF6 gas during maintenance of electricity substation circuit breakers.

[GRI G4-DMA]

### 4 NOISE

**Direct impact:** generation of noise.

**Indirect impacts:** impact on fauna.

**Treatment of impact:** noise monitoring and preventive maintenance of substations.

### GENERATION OF BIOMASS RESIDUES

**Direct impacts:** generation of organic residues as a result of vegetation pruning and suppression.

**Indirect impacts:** habitat loss.

**Treatment of impacts:** pruning training for employees and publication of tree maintenance guidelines. Agreements with local municipal authorities for better waste disposal practices.

# USE OF MATERIALS

## MATERIALS

[GRI G4-EN1, G4-DMAI]

Although the use of materials does not have a major impact on the hydroelectric Generation units, this indicator is significant for Distributors, which use a variety of materials in their grid maintenance activities. TPP Pecém I also makes significant use of materials, principally chemical products and coal. (*More details of these materials can be found on pages 75 and 111*).

With the aim of minimizing impacts, EDP salvages and reuses materials whenever possible, and in cases where reuse proves unfeasible, sends the materials for recycling or some other type of use. Rubble that cannot be recycled or otherwise treated is disposed of in landfill sites. The Logistics Area monitors the entire process from sourcing suppliers, delivery to the logistics center and the unit, through to final disposal.

## MATERIALS DERIVING FROM RECYCLING OR REUSE

[GRI G4-EN2]

	EDP Bandeirante			EDP Escelsa		
	2012	2013	2014	2012	2013	2014
Meters	34%	24%	16%	140%	40%	27%
Transformers	88%	77%	53%	216%	71%	68%
Metal fittings	ND	ND	23%	ND	ND	16%
Others	ND	ND	63%	ND	ND	65%

1 Percentages are calculated based on the amount of materials removed from the electric network, which is stored and reconditioned in accordance with demand. For this reason for 2012 the table shows the number of components reconditioned was higher than the number removed from the network.

The same department is responsible for accompanying the process of refurbishing meters and transformers, lamp posts, metal fittings and other equipment and tools removed from the grid — a portion of which are refurbished and put back into use. Through such reverse logistics initiatives, EDP saved some R\$ 5.2 million in extra costs.

In 2014, EDP was a pioneer in the introduction of its S&OP project (Sales and Operations Planning), whose objective is to synchronize the receipt of materials and the availability of services so that jobs can be carried out on the date really needed, using an integrated planning process and short-term deviations analysis. Planning logic includes the project itself, purchases and suppliers, also including up to receipt and execution.

## WATER [G4-DMAI]

Despite not being a significant aspect in consumption terms, water resources are the raw material for hydroelectric plants' generation of power. Testimony to this was the impact in 2014 of water shortages that, as a consequence, affected the operation of the plants and impacted electricity prices in Brazil. It has proven necessary to boost the power output dispatch from thermoelectric sources, as a result.

In this regard, generation units have a series of programs in place focused on water resources, such as water quality and sediment monitoring. At the plants in Tocantins, monitoring of aquatic plants and cyanobacteria is also carried out. (*For more information, see the section on **biodiversity***)

To avoid the process of erosion on the banks of reservoirs, the Reservoir Edge Protection Strip Management Plan was introduced at HPP Peixe Angical, with the aim of making the use of water resources compatible with electricity generation and facilitating environmental conservation, applying discipline to land use in proximity to the body of water.

At its plants in Espírito Santo, EDP supports reforestation of areas containing springs through its *Olhos d'Água* (Keeping An Eye On Water) project, in partnership with the *Instituto Terra* NGO. Through the project, areas were fenced in for replanting and recuperation of 15 springs located in small Guandu River Basin rural properties.

Thus, it is only TPP Pecém I where water consumption is significant to its operation. In 2014, to reduce water consumption, the unit expanded the evaporation cycle of its cooling towers, from 3.5 times to 8.0 times/cycle.

## WATER CONSUMPTION (m<sup>3</sup>)

EDP IGR1 G4-EN81

Water	2012	2013	2014
Subterranean water	44,852	48,041	26,627
Water from municipal concessionaires and other public sources 1	58,598	75,908	5,820,066
Surface water	20,037	25,501	51,293
Bottled water	79	94	209
<b>Total</b>	<b>123,568</b>	<b>149,544</b>	<b>5,898,195</b>

<sup>1</sup> inclusion of the consumption of Pecém resulted in a significant increase

## WASTE AND EFFLUENTS

Por ser um dos aspectos ambientais de maior impacto para as operações – tanto de Distribuição, como de Waste is the environmental aspect that most impacts the Company's operations – both in Distribution as well as Generation and particularly in plants under construction, where the volume of waste is higher than at already operating facilities. Therefore, EDP continually works to improve its waste management and guidance processes. EDP's waste and effluent management is based on the directives of the National Solid Waste Policy, which covers waste generated, its reduction, reuse, recycling, treatment and appropriate end-disposal.

Also designed as a framework for these aspects, EDP integrated waste management policies through the Solid Waste Management Plan (PGRS). In 2014, the PGRS was revised for EDP's companies, with a view toward improving management by establishing targets and conducting studies to investigate ways of reducing waste. These initiatives will be implemented in 2015.

### WASTE MANAGEMENT IN GENERATION [G4-DMA]

Different to Distribution, hydroelectric generation operations produce waste that is less hazardous, and in lower quantity, despite being more significant during the plant construction stage. Waste is monitored using a spreadsheet that records data and inventory on a monthly basis, showing its characteristics. It is transported by companies certified by the environmental authorities, and make use of appropriate disposal destinations. In plants under construction, waste is the responsibility of the contractor, who is accountable for managing the project in accordance with the environmental legislation in force.

### DISPOSAL OF WASTE (METRIC TONS)

HYDROELECTRIC GENERATION I [GR1 G4-EN23]

	Hazardous	Non-hazardous
<b>Total</b>	<b>33,941.36</b>	<b>33,779.95</b>
Recycling	1,410.17	5,226.89
Co-processing	4.95	-
Decontamination	40.36	-
Refining	78.42	-
Landfill	32,406.66	27,863.06
Incineration	0.80	-
Compost	-	-
Compostagem	-	690.00

At TPP Pecém I, because 10% of the coal used is transformed into ash – heavy ash (bottom of the boilers) and light ash (airborne) – there is a considerable degree of focus on the disposal of this waste. As a consequence, monitoring is carried out from the coal burning stage right through to appropriate end-disposal. The burning of coal generates ash with very fine granules, which requires its collection through filters to control atmospheric pollution. Coal byproducts can also be abrasive and cause pollution of soil and water bodies. Currently, heavy ash is transported to a cement works, while light ash is sent to an internal landfill site. The plant is seeking other alternatives for a destination that makes better use of its light ash.

**WASTE DISPOSAL (METRIC TONS)**

TPP PECÉM I | GRI G4-EN23|

	<b>Hazardous</b>	<b>Non-hazardous</b>
<b>Total</b>	75,343.55	828,225.00
Recycling	0.00	116,330.00
Coprocessing	0.96	0
Sanitary Landfill	-	711,895.00
Neutralization	-	-
Incineration	7.1295	0
Internal industrial landfill <sup>1</sup>	75,335.46	-

<sup>1</sup> In 2014 all the ash was reported together, while in 2015 the types of ash were reported separately.

At HPP Peixe Angical and at plants in Espírito Santo and Mato Grosso do Sul, returnable industrial towels are used with the aim of reducing Class 1 residues, particularly cloth rags impregnated with oil. All recyclable and Class I residues are stored at the residue center and subsequently collected for end-disposal.

With respect to the generation of effluents, significant impacts are only seen in the operations of TPP Pecém I, with the other assets generating effluents considered domestic. The effluents generated at TPP Pecém I stem, for the most part, from refrigeration systems; they are sent to Empresa de Água e Esgoto do Ceará (Ceará Water and Sewerage Company - Cagece), which is responsible for treatment in an equalization basin on its own industrial site, and subsequent end-disposal. While hazardous effluents and those contaminated with oil and grease are duly stored in waterproof tanks and sent to companies specialized in this type of treatment. TPP Pecém also monitors its effluents on a daily basis, analyzing parameters such as pH, temperature, sediment forming materials, total solids in suspension, among others, always ensuring compliance with the laws and parameters in force. In 2014, EDP discharged a total of 299,507 m<sup>3</sup> of water. |GRI G4-EN22|

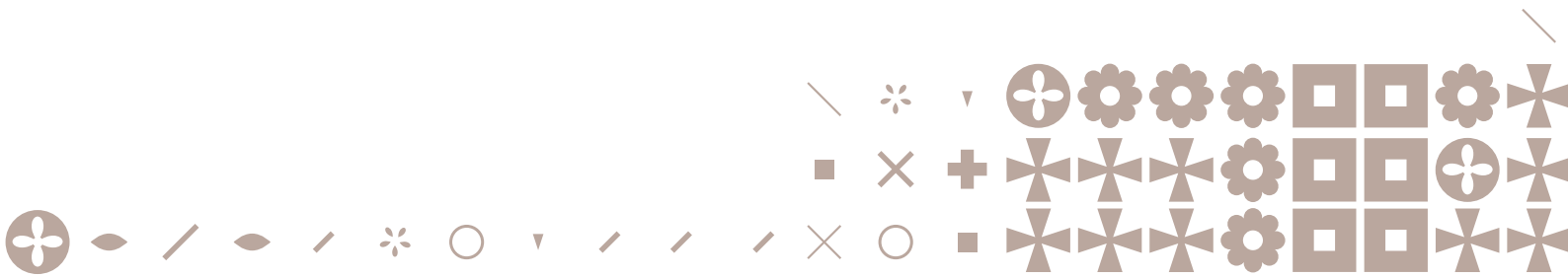
**WASTE MANAGEMENT IN DISTRIBUTION** |G4-DMA|

EDP's distribution units generate hazardous waste resulting from maintenance activities, such as insulating oils, transformer oil, and oil contaminated materials. Due to its hazardous nature, such waste is stored in a special manner, seeking to minimize the risk of soil contamination. Companies certified for Handling Environmental Interest Waste (Cadri) always transport these residues, accompanied by a Waste Transportation Manifest (MTR).

In addition to the storage and transport of residues, EDP also ensures their treatment and appropriate disposal. Old light bulbs, for example, are sent for decontamination and recycling, while scrap metal, in turn, is reused internally or sold to recycling companies.

X INVENTORIES

Periodically, the Distribution units carry out waste inventories with a view to identifying the type and quantity of residues generated, to thereafter prepare for their reduction and treatment.



**DISPOSAL OF WASTE (METRIC TONS)**

DISTRIBUTION | GRI G4-EN23|

	2012		2013		2014	
	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous
<b>Total</b>	<b>116.87</b>	<b>13,234.29</b>	<b>1968.78</b>	<b>15,805.06</b>	<b>891.22</b>	<b>11,434.91</b>
Recycling	0	13,234.29	1858.44	15,805.06	882.59	11,434.91
Co-processing	27.62	0	6.92	0	0.5	0
Decontamination	26.59	0	54.21	0	8.13	0
Refining	62.64	0	49.01	0	0	0
Sanitary Landfill	0	0	0	0	0	0
Neutralization	0	0	0	0	0	0
Incineration	0.02	0	0.2	0	0	0

In 2014, one of the highlights in the Distribution area was a survey to investigate management of all waste produced as a result of its activities. The review covered all phases in the waste life cycle, including generation, storage, transport, treatment and end-disposal. Action plans were drawn up due to the need to revise certain procedures, particularly waste storage and handling and identification of opportunities for reverse logistics for certain residues. A workshop was also held to raise awareness about subcontractors' handling of waste, citing the risks of bad waste management and providing guidelines for improvements under the Econnosco program.

**SPILLAGES**

| GRI G4-EN24, G4-DMA|

At units in operation, machine oil is the principal waste. Since there is a risk of leakage and contamination of water in the reservoirs, rigid controls are applied when replacing transformer oil, and the entry and exit of the material. In addition, due to the risk of soil contamination, there is preoccupation with storage, which is carried out in warehouses, which must fulfill all legal specifications. To ensure no leakages, preventive maintenance is machinery and equipment is conducted. Checks are also made of residual galleries.

The greatest risk of leakages, however, is in Distribution operations due to breakdown of equipment that uses oil, such as transformers. In 2014, there were no significant spillages. To avoid and minimize the risk of leakage, preventive maintenance programs are carried out annually, and in the event they occur, contingency plans are put into motion.

Whenever possible, insulating oil is reconstituted, with the aim of reducing the environmental impact and the purchase cost of this material.

**CLIMATE CHANGE**

Despite the fact that power generation in Brazil is predominantly hydroelectric, low rainfall levels in 2014 resulted in greater use of thermoelectric sources. Climactic variables and related public policies, severe weather events, extreme temperatures and clauses related to greenhouse gas emissions (GHGs) can carry implications for EDP's operations and, consequently, also financial repercussions. As a result, EDP has defined a series of policies and directives relating to climate change, approved by the Board of Directors, as well as other policies referring to sustainability.

With the Innovability area taking lead responsibility, assuming a strategic view of this matter, EDP's management of climate change goes beyond merely accounting for GHGs in its emissions inventory. The importance of this theme is recognized right from the strategic planning, risk and opportunities control stages, and up to and including the reduction of emissions in the Company's operations and throughout the value chain. Currently, EDP does not measure the financial implications of climate change, but is scheduled for inclusion in EDP's plans for 2017. | G4-DMA|

IMPLICATIONS STEMMING FROM CLIMATE CHANGE | GRI 14-EC2



In managing these impacts, EDP carries out a series of strategic actions, to promote adaptation to climate change. | GRI 14-DMA1

- Investments in clean and efficient technology and focus of R&D projects in the solar energy field, the distribution of generated power and intelligent grids.
- ⊕ Measurement of the effect of climate changes on the electricity price, by improving mathematical models.
- ✦ Investment in Distribution R&D to study climate scenarios and their influence on electricity consumption profiles, and for Generation, the study of new micro-generation technologies in the area of power.
- ⋄ Participation of sector work groups for development of new low-carbon technologies and influence on the regulatory processes.
- ⚙ Promotion of energy efficiency and loss reduction programs, to have an impact on reducing emissions on the part of clients and communities.

Because Brazil is the country with the highest rate of lightning strikes in the world, with more than 50 million events recorded annually, it becomes increasingly necessary in the electricity sector to monitor climatic variations in real time with respect to severe storms, heavy rainfall and high winds.

EDP therefore has set up Clima Grid, a platform to monitor atmospheric conditions in real time, created in partnership with the National Space Research Institute (Inpe). This instrument is the only one in the world that permits forecasting, with 24-hour prior notice, of lightning, rain and winds, leading to improvements in management and better quality indicators, as well as electricity supply continuity.

By the end of 2015, 14 meteorological stations were to be installed through this project, using cutting edge technology. Seven will be located in each of the distribution companies, based on acoustic and capacitive-based technologies, with a high level of performance, precision and durability; availability and insertion of meteorological data in real time in forecasting models; improvement in the outputs of the forecasting models, moving forecasting time from 24 to 72 hours; and increase coverage resolution from 5 km to less than 3 km.

In 2014, Company representatives attended the United Nations Conference on Climate Change (COP 20) held in Lima, Peru, at which new global commitments were defined for reducing greenhouse gas emissions (GHGs).



Used by the Planning, Maintenance and Engineering Departments, among others, ClimaGrid analyzes past and current behavior, enabling climate scenario forecasting. Information from ClimaGrid also helps EDP predict certain events, and properly position its business units, such as the commercialization company.

## EMISSIONS

EDP's emissions are characterized principally by the consumption of electricity and fuel in its operations. In 2014, EDP consumed 843 GJ, of electricity and 19.5 million GJ of energy derived from renewable and non-renewable fuels. The consumption of electricity is significant for the Group's indirect emissions, principally due to the increase in the emission factor of SIN, the National Grid, due to the higher rate of dispatch by thermo-electric power stations during 2014. The high number of GJ of fuel-based energy is due to the inclusion of the coal consumed by TPP Pecém I.

In 2014, EDP's total GHGs (direct and indirect) came to 5.9 million metric tons, a considerable increase compared to previous years as a result of the inclusion of TPP Pecém I within the scope of the Group's emission inventory. The unit emits approximately 3.6 million metric tons of CO<sub>2</sub> per year due to the fact its power generation is based on coal, and EDP is responsible for 50% of these emissions in proportion to its equity stake in the plant; thus, 1.8 million metric tons of CO<sub>2</sub> were credited to EDP's total emission total, a figure which represents 30.5% of the Group's emissions.

## GREENHOUSE GAS EMISSIONS

EDP (tCO<sub>2</sub>e) | GRI G4-EN15, G4-EN16, G4-EN17

	2012	2013	2014
Direct emissions - Scope 1	5,248.63	6,202.41	1,836,107.99
Indirect emissions - Scope 2	142,905.84	345,284.35	501,479.16
Other indirect emissions - Scope 3	2,126.19	2,490,755.86	3,584,987.79

In terms of hydroelectric generation, emissions totaled 6,208 tCO<sub>2</sub>e, with emissions in 2014 being approximately 8 times higher due to the inclusion of the emissions from HPP Santo Antônio do Jari, HPP Cachoeira Caldeirão and HPP Santo Antônio do Jari. The new plants basically account for this increase, due to the fact that they are located in isolated areas, which require diesel generators during their construction.



**GREENHOUSE GAS EMISSIONS**GENERATION (tCO<sub>2</sub>e) | GRI G4-EN15, G4-EN16, G4-EN17|

	<b>TTP Pecém I</b>	<b>Hydroelectric generators</b>		
	<b>2014</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Emissões diretas - Escopo 1	1,829,080.77	446.61	635.13	1,630.98
Emissões indiretas - Escopo 2	796.39	139.12	260.08	3,842.64
Outras emissões indiretas - Escopo 3	190.29	538.40	997.59	735.01

Distribution emissions in 2014 amounted to 4.08 million metric tons of CO<sub>2</sub>, representing 53% of the Group's inventory. This represented an increase of 42% compared to 2013, principally due to the Interconnected National System (SIN) emission factor having increased as a result of more thermoelectric plants being dispatched. The principal emissions of the distribution companies are technical and commercial losses, and since 2013 EDP has considered the emissions of electric power distributed as being indirect emissions (Scope 3).

**GREENHOUSE GAS EMISSIONS**DISTRIBUTION (tCO<sub>2</sub>e) | GRI G4-EN15, G4-EN16, G4-EN17|

	<b>Distributors</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
Direct emissions- Scope 1	4,760.64	5,506.84	5,285.95
Indirect emissions - Scope 2	142,674.66	344,965.54	496,736.42
Other indirect emissions - Scope 3	803.33	2,489,102.87	3,583,378.95

**INTENSITY OF GREENHOUSE GAS EMISSIONS (GEE)**

| GRI G4-EN18|

	<b>Unit</b>	<b>EDP</b>		
		<b>2012</b>	<b>2013</b>	<b>2014</b>
Emissions of electricity generated from hydroelectric sources	tCO <sub>2</sub> e/MWh	0.13	0.19	0.62
Emissions of electricity generated from thermoelectric sources	tCO <sub>2</sub> e/MWh	-	-	937.98
Emissions from electricity distributed	tCO <sub>2</sub> e/MWh	9.80	22.78	31.57
Emissions per net revenue	tCO <sub>2</sub> e/R\$	0.02	0.04	0.26

Although there is no significant impact from the transportation of products and other goods and materials in EDP's operations, the more significant aspects of this indicator are monitored – consumption of fuel (renewable and non-renewable) and the emission of greenhouse gases – especially in the Distribution segment. |GRI G4-EN30|

In addition, a survey was carried out of the carbon footprint left by EDP's employees, to account for the emissions resulting from daily travel to work. Approximately 867 people responded to the voluntary questionnaire, which resulted in a total of 711 metric tons of CO<sub>2</sub>e, equivalent to more than 2,844 trees. This initiative is part of the Econosco program, which aims to engage employees in more conscientious behavior, promoting a reduction in greenhouse gas emissions and improving quality of life.

EDP has initiatives aimed at emission reductions. Among these are planting of trees; use of re-filling machinery and equipment for SF<sub>6</sub> – one of the gases responsible for global warming – with the aim of reducing the loss of gas in the equipment refilling process; and refurbishment of EDP's offices and stores, contributing to greater environmental and energy efficiency, among others.

Also of note is EDP's pioneering stance in the creation of carbon credit projects. Five projects have been developed – enhancement of the fourth generation unit of HPP Mascarenhas (ES); São João SHP (ES); and Paraíso SHP (MS); and the Água Doce and Horizonte (SC) wind farms – all characterized as part of the Clean Development Mechanism (MDL) and registered with the United Nations Executive Council for Climate Change. |GRI EU5|

A coal-fueled thermoelectric plant, TPP Pecém I also generates polluting emissions such as: SO<sub>x</sub>, NO<sub>x</sub> and Particulate Materials. Due to the existence of this impact, the plant has put a regular Atmospheric Emission monitoring program in place designed to evaluate operational efficiency of pollution control equipment, storing historic data for analysis and conducting adjustments as necessary. To make this possible, there are three stations to monitor air quality and emissions, positioned in accordance with the direction of the prevailing winds. In 2014, no alterations were seen in air quality, pursuant with air quality parameters established by Conama Resolution No. 8, of 1990.



# ENERGY THAT TRANSFORMS ENVIRONMENTAL AWARENESS

Focused on clean energy and a world that is increasingly more sustainable, coupled with a strong bet on technological innovation.







# 09.

## SOCIAL PERFORMANCE

### PEOPLE IG4-DMAI

#### VALUING ITS EMPLOYEES

Because Human Capital and Diversity is one of the basic principles of sustainable development, EDP seeks to recognize the importance of each employee, attracting, sharing and retaining professional staff and knowledge, and offering a positive working environment, with people who are satisfied in their jobs and achieve a balance between their professional and personal lives.

The process is guided by policies, practices and procedures coordinated by the Personnel Management Department, with examples being the policies for Respect of Diversity, Training and Development and Labor Union Relations. The criteria for the selection and hiring of staff obeys the Code of Ethics and Recruitment and Selection procedures, and takes into account the technical skills necessary for a particular position, as well as the behavioral profile of the candidate, in alignment with EDP's values.

### EMPLOYMENT IG4-DMAI

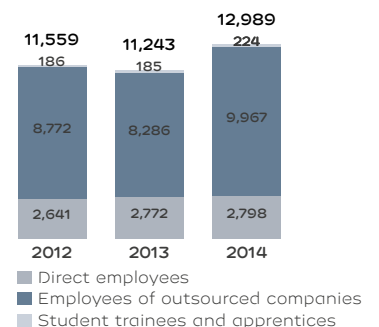
On December 31, 2014, EDP had 2,798 employees, and 158 trainees. In selection of professional staff, the Company does not make any distinction with regard to ethnic origin, sex or age. Due to the characteristics of the labor market in the electricity sector, men occupy 76.51% of the Company's employment positions.

The workforces of the various companies combine young professionals (24.5% of the workforce is under 30 years of age) and mature staff (13.86% are over the age of 50), with a significantly high level of training qualifications (35.41% having completed higher education, with 3% having postgraduate, Masters or PhD backgrounds).

At EDP, internal recruitment is a priority with a view to upholding the institutional culture and increasing appreciation of its staff. Opportunities are constantly updated on the internal recruitment page on the Internet website, and prerequisites for all job vacancies are aligned throughout the Company: at least one year in the same job or with the Company, appropriate education and experience, and performance evaluation grades higher than 80% for strategic skills.

Of job openings in 2014, 20% were filled by in-company applicants: 13% through promotion and 7% from internal recruitment.

NUMBER OF WORKERS  
IGRI G4-10J



During the year, 281 new professionals joined EDP's workforce. All undergo the three stages of the Welcome and Integration Program:

- Personal integration of the new employee with Personnel Management and representatives of the main business areas;
- ⊕ Satisfaction assessment of the new employee after one month on the job;
- ✦ Assessment of the new employee and personnel management by the manager of the job, after three months on the job.

New employees undergo live training their first day in the Company. On this day, they are presented with information about EDP's Culture, and also the Code of Ethics. This measure seeks to ensure that the workforce is acquainted with the Company's directives and agrees to follow them. Online welcome, integration and ethics training are also offered. [GRI G4-LA1]

In 2014, EDP introduced an integration process designed for new managers. The highlight of the process is the "Lead Now" program, which offers a leadership guide based on corporate fundamentals and rules, in addition to bringing together all the new leaders, either externally hired or recruited internally, for an annual course, which is run by specialists and company managers.

**DIVERSITY** [G4-DMA]

EDP has introduced a diversity census. The results in 2014 demonstrated that 17.22% of the population self-declared to be either mixed race or black; 1%, yellow and 0.32% indigenous. The percentage of foreigners was 0.46%, working in various regions of the country. People with disabilities (PWDs), including disabled persons not recruited in compliance with quotas, accounted for 2.03% of the professional workforce. [GRI G4-LA12]

**EMPLOYEES WITH THE RIGHT TO RETIREMENT IN THE NEXT 5 TO 10 YEARS (%)**

EDP [GRI EU15]

Job category	2012		2013		2014	
	In 5 years	In 10 years	In 5 years	In 10 years	In 5 years	In 10 years
Senior directors	8.78%	12.16%	1.46%	10.22%	-	40
Directors					8.33	25
Middle management					2.17	11.59
Specialists	1.37%	5.77%	1.59%	8.70%	2.25	9.24
Administrative staff	1.74%	6.51%	5.17%	11.58%	5.22	11.30
Operational staff	0.80%	3.35%	1.15%	3.45%	1.22	4.72

Note: job categories have been revised so as to conform to the control specifications already used internally by personnel management.

During the year, 21 employees had the right to maternity leave and the return rate after the end of maternity leave was 100%. (Complete data on the rate of return is available on page 116 of the annex). [GRI G4-LA3]

**CLIMATE AND CULTURE**

Carried out every two years, workplace climate research within the Company was conducted in 2013 and involved 2,842 people. As a consequence of mobilization efforts, there was an 89.5% response, the highest rate in the last four climate research surveys. Based on the results of the satisfaction research, each division drew up action plans to improve the less satisfactory grades. The sponsors of the plans are the respective directors, who monitor the development of the initiatives proposed and the evolution of the working environment. To provide support for each director involved and ensure implementation of the action plans, 115 "workplace climate guardians" were appointed, allotted among the different business divisions.

Regarding culture, during the year the EDP Culture Project was launched with a focus on people. Its objective is to structure the Group's Corporate Culture in Brazil to develop a new leadership model focused on staff development, in order to create a stimulating working environment resulting in greater employee engagement and, thereby, a stronger company.

**EDP MENTOR PROGRAM**

With the goal of improving the Welcome and Integration process for new employees, the personnel management division created the EDP Mentor program. This is an initiative whereby each new employee joining the group is allotted a mentor, with knowledge of the area, and of EDP's culture, to help with routines, procedures and corporate habits during the adaptation phase within the company. The latest satisfaction research on the program, which took place in December 2014, involved 46% of new members and showed an 85%

The EDP Culture Project is based on two key elements: consultancy and development, both directed by the Amana Key consultancy firm. Regarding the Development aspect, the goal is that all managers will enroll in the APG Senior program, which consists of a one-week immersion course featuring multiple learning processes. Up to now, 26 leaders have already completed the course.

With a focus on improving the workplace climate and consolidating EDP's Corporate Culture, in 2014 the CEO Recognition program was introduced, which aims to acknowledge the 100 most outstanding employees in various company areas, highlighted by the Company President after being nominated on the recommendation of the Directors. All those recommended are invited to a breakfast or lunch, where the Company President can converse with the employees and collect organizational innovation suggestions directly from the employee base. In addition, the nominated employees win recognition and are featured on the Company's intranet, in-house magazine, wall bulletin boards and other communication channels.

## DEVELOPMENT [G4-DMA]

EDP believes sustainability of its business can only be achieved through investment in development of its people. As a consequence, it values corporate education and promotes a series of initiatives and projects associated with its strategic plan. It invests in training and development, education and performance evaluation as well as specific projects to support employee development.

In 2014, R\$ 4.6 million was allocated to training and development activities, which translates into 90,683 training hours, with an average of 34 hours per employee.

Additionally, EDP invested R\$ 516,300 in education, offering 108 grants for technical courses, graduation and post-graduation studies, as well as MBA courses. Overall, employees spent 77,320 hours in the classroom.

In 2014, **EDP University in Brazil's projects** were continued, through creation of two schools: Escola da Distribuição (Distribution School) and Escola EDP (EDP School). Included in these efforts was a diagnosis of local strategic and technical needs.

### AVERAGE NUMBER OF TRAINING HOURS <sup>1</sup>

EDP [GRI G4-LA9]

Job category <sup>2</sup>	Men	Women
Top Management	12.00	0.00
Executive Officers	19.23	16.75
Managers	26.05	28.88
Specialists	20.11	19.17
Administrative staff	15.21	13.59
Operational staff	46.23	33.91

Note:<sup>1</sup> the calculation took into account the hours of all employees trained in 2014, including those who have subsequently left the Company

<sup>2</sup>: job categories have been revised so as to conform with the control specifications already used internally by personnel management.

Performance Evaluation is an instrument used by EDP to assess its employees, in two areas: strategic skills and target evaluation. EDP follows the 360° model, which consists of self-evaluation, evaluation by the manager, and by their peers and subordinates. These actions are carried out as part of the EDPessoa system, a global tool with access available via the Company intranet as well as the Internet.

Four target combinations are evaluated: group targets, business targets, targets for the department and individual targets. Each combination is weighted according to the hierarchical level. In 2014, 96% of employees received performance analyses. [GRI G4-LA11]

The final result for the technical skills analysis is taken into account when drawing-up of individual development and training plans, as well as the awarding of study scholarships.

## PROJECTS

Below are some of the principal development projects in 2014: [GRI G4-LA10]

**Succession Planning** – by means of planning and succession committees, successors are identified for strategic positions in the business and for critical positions and functions, as well as other management positions, from three different standpoints: short-term, medium-term and long-term. From this initiative it is possible to develop specific training and qualification programs for each successor, in accordance with the requirements of the position that he or she may assume.

**Leadership development program** – designed to encourage and increase the scope of managers with respect to new ways of thinking, the program presents a series of tools to help in the management of teams and the business. It constantly keep participants up to date about subjects related to the sector and the market as a whole. The 70:20:10 model, for informal learning, also began to be applied to this program in 2014. IGRI G4-LA10



➤ Graduation Energizing

**Energizing Development Program** – this program was launched in 2010 and is aimed at young people. High potential employees, designed to develop their leadership skills, and offer them new challenges. After two editions, the program was reformulated and structured based on 70:20:10 logic, which centers on the concept that people acquire most of their knowledge and skills carrying out day-to-day tasks in the workplace. According to this logic, 70% of learning takes place in an informal manner, 20% through the development of relationships, and only 10% in a formal manner in the classroom. From the most recent class (2014), eight employees from different areas of the Company passed to the mentoring phase and participated in online classes in partnership with Harvard University as well as taking part in Cation Learning sessions (a teaching methodology focused on the exchange of experiences). IGRI G4-LA10

**“On Top” student trainee program** – the training program is dedicated to EDP's trainees and aims to add value and help young people into the job market. The On Top program offers 40 hours of training about new scenarios and challenges, a workshop on the value chain, project management, lean concepts, interpersonal relations and presentation techniques. One of the stages in the program is On Top Match Point, in which interns organize a mandatory project that is subsequently presented to an evaluation panel consisting of EDP's top management. In 2014, 30 projects on different subject were presented, including good business proposals and encouragement for innovation. On December 2014, EDP had 158 active trainees. During the year, 43 of them were hired as full-time employees. IGRI G4-LA10

**School for electricians** – this program aims to qualify employees to serve as electricians in the labor market, offering solid qualifications to participants and increasing the chances of entering this field. Carried out in partnership with Senai, the course in Construction and Maintenance of Aerial Distribution Grids lasts 480 hours, and is free of charge. In 2014, it trained 109 unemployed professional staff from communities in close proximity to EDP's businesses, with 32% being eventually hired by Company. IGRI G4-LA10, GRI G4-DMA

**Knowledge Management Program** - EDP believes, bearing in mind the competitiveness of the electricity sector, that technical skills are an asset and should be valued accordingly. With this in mind, a survey was conducted of critical knowledge in the value chain of the business and 40 people were enrolled in the program. They received training in structuring and dissemination of these skills and how to be multiplying agents to spread this knowledge. Among the initiatives, among others, is on-the-job training. IGRI G4-LA10

## QUALITY OF LIFE

EDP runs the Conciliar (Reconcile) Program to help employees achieve a balance between their professional and personal lives. Since 2008, when this program was conceived and inserted into the Group's sustainability policy, the project has created new initiatives based on encouraging the reconciliation of life outside and to that which occurs in the Company. It contains projects and partnerships structured around four key elements: Health and Well-Being, Emphasis on Human Value and Citizenship, Support for the Family, and Flexibility.



THE CONCILIAR PROGRAM

Key Element	Projects and initiatives
<p><b>Health and well being</b>                      Projects and initiatives, both within and outside the workplace, that stimulate the practice of physical activities, healthy habits and quality of life. The intention is to integrate employees from different areas of the Company, creating a closer and more relaxed link with coworkers.</p>	<ul style="list-style-type: none"> <li>• Gymnastics in the workplace</li> <li>• - Running club</li> <li>• - Renting of courts</li> <li>• - Sesi games</li> <li>• - Sponsoring of races</li> <li>• - Sports in Tocantins</li> <li>• - Awareness initiatives (Pink October, Blue November)</li> <li>• - Nutritionist advice</li> <li>• - Fruit offered to all employees</li> </ul>
<p><b>Emphasis on Human Value and Citizenship</b>                      Projects and initiatives that place emphasis on the value of employees and encourage them to disseminate knowledge, experience and solidarity, both within and outside the Company.</p>	<ul style="list-style-type: none"> <li>• - Volunteer work</li> <li>• - Cultural activities</li> <li>• - Commemorative dates</li> <li>• - Birthdays</li> <li>• - Boca Livre (Word-of-mouth)</li> </ul>
<p><b>Flexibility</b>                      Projects and initiatives that offer flexibility on a day-to-day basis, so that employees manage to reconcile their work with household duties and chores in their personal lives.</p>	<ul style="list-style-type: none"> <li>• -Introduction of flexible working hours</li> </ul>
<p><b>Support for the family</b>                      Projects and benefits which have an impact on employees and their families, through periodic initiatives – either individual or in group – creating closer relationships within the Company, with employees and their families.</p>	<ul style="list-style-type: none"> <li>• Maternity food hamper</li> <li>• Summer camp</li> <li>• Condolences</li> <li>• Christmas toys</li> <li>• Exemption from co-participation for pregnant women</li> <li>• Pregnancy leave (15 days before birth)</li> <li>• Wedding leave</li> <li>• Breast-feeding area</li> </ul>

MERITOCRACY |G4-DMA|

AEvaluation method. It uses a point system methodology that clarifies job content of jobs and quantifies them on a scale, with a rational structure, facilitating salary comparisons. The methodology’s three factors are: (i) know-how; (ii) problem solving; and (iii) accountability. After evaluation, job positions are grouped into grades with a range of scores. The method assists in the management of remuneration aspects and comparison with market averages, which EDP maintains.

COMPARISON WITH MINIMUM WAGE

EDP |GRI G4-EC5|

	2012		2013		2014	
	Men	Women	Men	Women	Men	Women
Minimum national wage (R\$)	622.00	622.00	678.00	678.00	724.00	724.00
Variation between lowest wage paid by EDP and the minimum wage (%)	ND	ND	ND	ND	130.55	130.55

The Company’s fringe benefits policy seeks to establish medium and long-term relationships with employees and their dependents, through a pension plan, medical and dental assistance, food and meal subsidies, group life insurance, transportation vouchers, accidents/disease supplements, assistance for the purchase of medicines, day care assistance, and help for special needs dependents. These same benefits also are valid for temporary workers, with the exception of the pension fund. |GRI G4-LA2|

EnerPrev manages the closed pension plans sponsored by EDP's companies. The plans are structured on the defined contribution model, with employees having the option of making a basic contribution, of up to 5% of their monthly salary, with the Company matching the normal contribution at 100% of its value. Employers may also opt to make a voluntary contribution of up to 5% of their monthly salary, and the Company may make extraordinary contributions at any time. In addition, Bradesco Vida e Previdência manages a Free Benefit Plan (PGBL), under which employees have the option of making a basic contribution of up to 2% of their monthly salary, with the Company matching the normal contribution at 100% of its value. Participants may also opt to make a voluntary contribution of up to 2% of their monthly salary, and EDP may make extraordinary contributions at any time.

In 2014, Enerprev underwent a process of reformulation with the proposing of a new set of Bylaws, revision of internal regulations and a review of the entity's operational processes. These efforts resulted in a target plan to improve the team's qualifications, the efficiency of the entity's internal activities and the quality of information provided to the Administrative Board and Fiscal Council. In order to meet the standards desired, the Enerprev's Executive Board also reformulated its various communication channels and organized seminars on financial and pension education in various locations.

EDP contributes to covering the cost of retirement due to disability and pensions paid out in the event of death. The plans offer pensions ahead of retirement age, full pensions, pensions due to disability, and pensions in the event of death. Joining is not mandatory and requires a formal application on behalf of the employee, who must complete the proposal form and sign it. Other plans administered by EnerPrev are PSAP/ Bandeirante and the Escelsos Plans I and II. [GRI G4-EC3]

## PENSION PLANS

EDP [GRI G4-EC3]

	<b>2014</b>
Investment in pension plans (contributions) – R\$' 000	12,934.1
Number of benefited by the pension plan program (active employees)	2,256
Present value of actuarial obligations, totally or partially covered, of defined benefit plans – R\$ million	127.8
Fair value of assets – R\$ million	1,203.1
Deficit/Surplus– R\$ million	122.6

## HEALTH AND SAFETY [G4-DMA]

More than just a concept, for EDP safety is a question of attitude. The Company constantly seeks to improve its safety management system, with the aim of improving the quality of life of its employees and preventing accidents. Management strategy is based on three aspects: People, Occupational Health and Safety (SST) and Processes. In its quest for a Zero Accident rate, EDP restructured its SST area in 2014, designed to integrate its efforts to achieve excellence with employees and the community.

EDP requires its partner companies to comply with the EDP Group's legal requirements and health and safety policy in all day-to-day activities. Every employee is given individual protection equipment (EPIs) needed to carry out their tasks in safety; they also attend training sessions and receive safety guidance for everyday work situations. This standard is also required of partner companies. [GRI EU18, G4-DMA]

In 2014, the Executive Committees and Operational Health and Safety Committees held meetings with participation by executive officers and managers, ensuring that SST strategy is passed on and implemented at all hierarchical levels. Furthermore, 100% of all employees are represented on the Internal Accident Prevention Commissions (Cipa). [GRI G4-LA5]

EDP uses a variety of instruments and initiatives to promote precautionary attitudes, emphasizing respect for life when conducting operational and administrative duties.

**Electricians Rodeo:** held annually, this event features a constructive competition used to underscore health and safety concepts. At the meeting, electricians put their occupational safety skills and techniques into practice in day-to-day tasks. The contest consists of tasks such as replacement of a fuse cutout; the donning of individual protection equipment (EPI) blindfolded; and installation of temporary grounding apparatus for high-tension systems. The event involved nine tests in São Paulo and seven in Espírito Santo. Approximately 72 employees participated, together with members of families and friends.

**Daily Safety Discussions:** Held daily by Distribution, these discussions allow employees to raise any questions they may have on safety procedures, and become acquainted with lessons learned.

Weekly meetings: In Generation, occupational safety is discussed weekly with the Vice President at the beginning of safety meetings involving the business units' executive directors and managers.

**Safety inspections:** Safety inspections are carried out in the field, among the Company's own employees, and employees of subcontractors with the objective of verifying compliance with EDP's occupational health and safety policies and work procedures.

**Safety among the population:** Efforts are made to provide guidance and clarification to customers of the distribution units that make up the EDP Group with respect to prevention of accidents with electricity, using communication channels such as social networks, posters, seminars in schools, among other means.

EDP also has developed programs for promotion of health and prevention of serious diseases. In 2014, the following were notable:

**HEALTH PROMOTION PROGRAMS**

[GRI G4-LAB, G4-DMA]

Initiative	Description
Internal Accident Prevention Week (Sipa)	An awareness campaign on safe behavior in the local context
Flu vaccination program	Seeks to reduce flu cases, and more severe respiratory infections such as sinusitis, tonsillitis and pneumonia.
Workplace gymnastics program	Instructors, three times a week, focus on important aspects of stretching, and provide information on correct posture for employees;
Health programs for hypertension	Measurement and control of blood pressure, diabetes and triglycerides, with monitoring and the publication of information on these topics, for the local population.

**ACCIDENT PREVENTION FUND** [G4-DMA]

The first Accident Prevention Fund program was implemented during the construction of HPP Santo Antônio do Jari. This initiative consists of a fund to ensure investments to provide support for assistance in the event of accidents, and receives donations from each company involved in the HPP project.

Every month, the funds are collected and donated to non-profit entities in the region where the construction is being carried out if it is shown that there has been an absence of accidents. When accidents are reported, the money is reallocated to training the team affected. The weekly Occupational Safety Committee endorses the recommendations of the entities to be supported, and ensures the correct usage of the funds.

**INTEGRATED MANAGEMENT OF PROCESSES** [G4-DMA]

The Integrated Occupational Health and Safety Management System (SIGSST) provides mechanisms to support commitments established in the Integrated Environmental, Health and Occupational Safety Policy. It guarantees all of these procedures are implemented in all EDP's installations and applied to all its processes. Responsibility for controlling risks in the working environment rests with the top managers of the business units, and is integrated throughout the hierarchal chain. [GRI G4-EU16]

Updated in 2013, the policy is applied to all EDP's employees and also in the form of guidance directives for service providers, through the Safety Program for Service Providers (PSP). Subcontractors and their employees must meet the safety standards applicable to EDP, which are emphasized at regular safety meetings in the various areas, attended by managers from EDP and the subcontractors.

Based on audit processes, EDP employs guidelines and monitors service providers regarding fulfillment of operational and safety procedures. The companies, if approved, receive a Safety Certificate designed to recognize their committed to continuous improvement of job safety on behalf of their employees, those of EDP and the community as a whole.

Service providers are classified into gold, silver and bronze categories, according to grading criteria, accident frequency and severity rates, management evaluation and fulfillment of the annual work plan.

### SAFETY INDICATORS

Despite the set of accident prevention practices, eight accidents with employees were recorded in 2014: eight involved temporary time off from work, with no fatalities. With outsourced workers were 42 accidents.

At the plants in operation, there were five workplace accidents resulting in time off and 21 accidents not involving time off. All the events were analyzed and publicized throughout the Company's operations. There was a large incidence of accidents involving crushed hands, falling materials and movement of machinery and equipment in construction sites that affected employees, although without any serious incidents being reported. The causes of these accidents have been studied and analyzed, serving as a base for drawing up of local action plans to avoid recurrences.

During the year, of particular note was an accident that happened in the coffer dam (temporary dam built to divert the river) at HPP Santo Antônio do Jari that culminated in four fatalities of workers from a company subcontracted for construction of the plant. The accident was caused by the effect of a seismic shock wave (earthquake), whose epicenter came from the Andes Mountains region, and was associated with heavy rainfall in the construction area of the project. EDP, together with the subcontractor, followed the situation closely and offered all necessary assistance to those involved.

The standard procedure when an accident occurs is to analyze the facts in order to identify the basic causes. Following the identification of these factors, measures and preventive or corrective measures are taken with the aim of providing a solution to the problem, so avoiding recurrence of further accidents. At EDP, the principal causes of accidents among its employees are electrical shocks and traffic accidents involving electricians on their way to work. [G4-DMA]

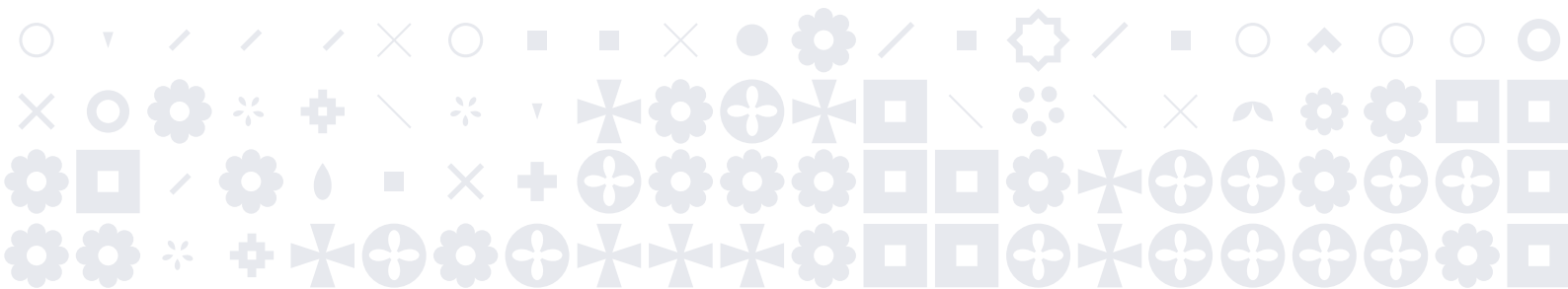


Electrician

### OCCUPATIONAL HEALTH AND SAFETY BY REGION

EDP – TRABALHADORES PRÓPRIOS E TERCEIROS [GRI G4-LA6]

	SP	ES	MS	TO	AP	CE	MT	TOTAL
Number of accidents with lost time	6	16	1	-	18	4	-	45
Number of accidents without lost time	24	30	1	1	28	19	4	107
Absolute number of fatalities	-	1	-	-	4	-	-	5
Injury rate (frequency rate)	0.80	2.06	5.86	-	2.81	1.33	-	1.80
Degree of severity	454.05	777.19	41.02	61.08	3,084.21	76.92	-	1,228.18
Rate of occupational diseases	-	-	-	-	-	-	-	ND
Days lost	38.61	49.48	41.02	61.08	15.60	76.92	-	39.03
Rate of absenteeism	-	-	-	-	-	-	-	ND

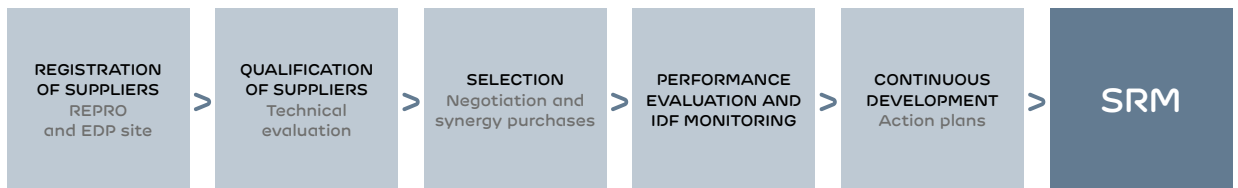


# SUPPLIERS

In 2014, EDP had 3,318 services and materials suppliers. Approximately 12% of suppliers are large companies, with the others being small and medium-sized. Regarding services, of particular note is the rendering of services referring to Network Construction and Maintenance (CCM), tree pruning near networks, emergency teams, civil building works, meter inspections, among other services that meet the technical, operational and administrative needs of the Company. Materials supplied include equipment such as transformers, cables, capacitors, fuses, relays, posts, and others used in the operations. Since they represent a strong link in the value chain, EDP manages its suppliers as of initial registration in its database through to monitoring and development. [GRI G4-12]

## RELATIONSHIP STAGES

BASED ON THE SUPPLIER RELATIONSHIP PROCESS



Suppliers are submitted to initial evaluation of risk and potential impacts with respect to labor practices, human rights and social and environmental aspects of the application of a risk matrix. Based on the results, critical suppliers that need to be assessed on a priority basis are identified, using the Supplier Performance Index (IDF).

## EVALUATION OF SUPPLIERS

[GRI G4-LA15, G4-HR11, G4-EN33, G4-SO10]

### Evaluation of impacts with respect to labor practices, human rights, and social and environmental aspects

	EDP
Number of suppliers submitted to evaluation of impacts	11
Number of suppliers identified as generators of real and potential negative impacts	15
Percentage of suppliers that cause real or potential negative impacts	73%
Percentage of suppliers that cause real or potential negative impacts	0%

## SELECTION [G4-DMA]

At EDP, the selection of suppliers begins with registration in EDP's database, through the Repro system, managed by the Achilles company. Document validation is conducted and permits information sharing throughout the EDP group. In this pre-evaluation stage, not only information on the supplier's financial and tax situation are considered, but also social and environmental responsibility aspects. In the event pending legal impediments are found, registration is not completed. Suppliers may consult the registration procedures and qualification criteria on EDP's website.

Once the registration is concluded, the supplier is evaluated internally under the Supplier of Material and Services Qualification and Evaluation Process. In the case of materials, ratification and approval of the materials is carried out. For the suppliers of services, EDP's departments define the scope of the services it needs, including technical specifications, as part of the supplier assessment process.

For industrial evaluation, a questionnaire is applied which is used during the visit to the supplier's installations to confirm the veracity of the data and conclude the supplier qualification process. In addition, after the supplier is approved, materials and equipment also are subject to authorization and approval.

All of EDPs units give priority to local suppliers.

### PREVIEW COMMITTEE

As part of the process of hiring service subcontractors, there is a committee with representatives from the Logistics, Procurement and Technical areas, which evaluate each one of the interested companies. Subsequently, a list is drawn up of those with the best evaluation, which may then participate in the purchasing process.

**PROPORTION OF EXPENDITURE WITH LOCAL SUPPLIERS**

(%) | GRI G4-EC9 |

State	2014
São Paulo	65.89%
Espírito Santo	24.63%
Mato Grosso do Sul	14.60%
Tocantins	9.83%
Amapá	1.74%
Ceará	ND
Mato Grosso	5.68%
Other	0.02%

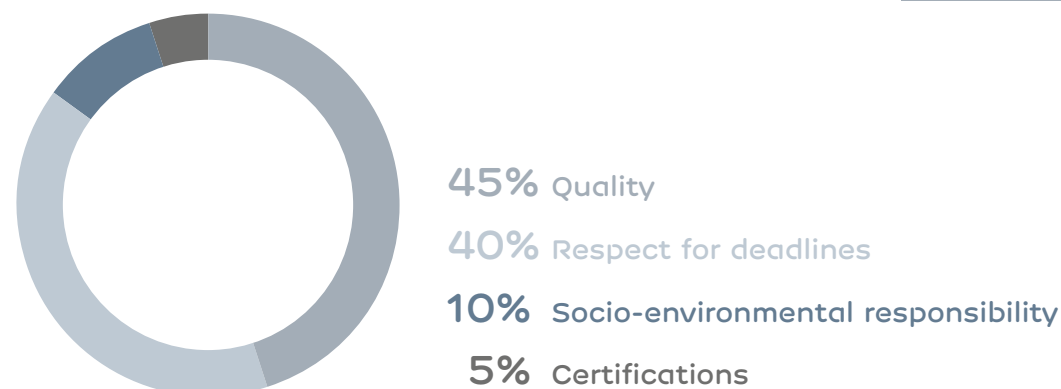
In order to conform with EDP's legal obligations and principles, contracts for the supply of materials and services include human rights clauses, that emphasize the prohibition of the use of child labor, slave labor or degrading work.

In 2014, with the objective of optimizing the contract signing process with suppliers, EDP adopted the use of an electronic tool that produces contracts in digital form, through the use of digital certification (ICP-Brasil).

**EVALUATION AND MONITORING** | G4-DMA |

Part of managing suppliers is checking if contractual obligations are being met. EDP has implemented a Supplier Performance Index (IDF), which consists of two assessments. The first involves mandatory requirements, such as meeting legal obligations; the second component is the result of evaluation of good practices, performance and delivery, leading to a score of zero to 100. By means of five indicators it is possible to evaluate, monitor and recognize supplier performance.

**THE WEIGHT OF EACH IDF INDEX ITEM**



**SUPPLIER PERFORMANCE INDEX**

In 2014, the IDF began covering 35% of the supplier-billed amounts. For 2015, the goal is to conduct a more careful analysis of the supplier base, not only in terms of billing, but also other criteria – such as socio-environmental risk, occupational safety and labor-related procedures.

**+ Innovation** (additional points due to implementation of improvements in processes or products, following suggestions by the supplier)

Meetings are also used for the presentation of performance results, with the goal being information exchanges and continuous supply chain improvements. When contracts expire, the IDF index result is taken into account in the next procurement round. Purchases that exceed R\$ 400,000 are decided during Executive Board meetings, at which the index results are also taken into consideration.

Suppliers with greater potential for creating environmental impacts and/or significant social risks are selected for further evaluation, through audits. In addition to application of IDF results, visits are also made with the objective of preventing irregularities regarding child or forced labor. Ethical conduct is also assessed, as a way of ensuring it is aligned with the Company's corporate principles.

At the end of 2014, the IDF index for suppliers stood at 91 points, while for service providers it was 50.34 points.

In Distribution, there are four supplier audit cycles per year, when not only obligatory indicators but also additional aspects of management practices in the market are assessed. Once the final audit report is complete, in the event non-compliance is detected a deadline is issued for remedial action to be taken.

The Logistics area also maintains a specific channel to receive information from teams in Distribution in the event problems arise regarding the use of materials for the electric distribution network. This channel, called Non-compliance of Materials in the Field, plays an important role, contributing to improvement in technical specifications for materials, identifying handling difficulties and triggering supplier materials guarantees as appropriate.

## DEVELOPMENT IG4-DMAI

More than just selecting and monitoring its supply chain, EDP believes development is the key to continuous improvement and strengthening of business relationships. It therefore has put into practice a series of initiatives in this regard:

- Monthly feedback meetings with respect to IDF performance, relationship meetings and identification of possible partnerships;
- ⊕ Application of the 8 Disciplines Report to suppliers with a low IDF performance, with the aim of identifying the principal failures and drawing up action plans;
- ✦ Annual supplier meeting, for updating them regarding EDP's processes, development plans and commitments.

EDP also seeks to recognize suppliers with outstanding performance, highlighting: the possibility of extending 24-month contracts for a further 12 months; training employees of suppliers; remuneration by performance and influence on the buying process, among others.

Since 2010, EDP has adopted a system of performance-based remuneration, which is used in the Distribution segment to provide meter reading and bill collection services. At the end of each month the two best employees of suppliers receive prizes for performance.

Also on this subject, of particular note is the Espírito Santo Supplier Development Program (Prodfor), comprised of 12 company sponsors, including EDP, which supports development and certification of service provider as well as financial health audits and monitoring. A pioneering initiative in Brazil, this program has already certified over 500 suppliers.



## SOCIETY

### SOCIAL IMPACT AND COMMUNITY ENGAGEMENT

Local relationship efforts are part of EDP's strategic plan for sustainability in regions near its facilities, establishing dialogue with leading figures, communities and local public authorities.

The Company receives demands and suggestions from these stakeholders through engagement initiatives, which involve local research and studies, meetings with community leadership networks, public hearings, social networks (Facebook, Twitter), press relations, consultations with NGO representatives, visits to installations, communication channels and information on construction activities. It also encompasses specific Social Communication Programs for each project.

To meet the needs and expectations identified, the companies run socio-environmental programs that aim to encourage development of local communities, prioritizing the most vulnerable groups. Social projects are focused on education initiatives encouraging conscientious electricity consumption, dissemination of socio-environmental responsibility practices and support for local development, making access to culture more widely available.

Socio-environmental facets and impacts originating from any new asset or operational unit in its areas are assessed, with programs enabled to minimize effects and for provide regular monitoring.

#### MANAGEMENT OF IMPACTS

[GRI G4-SO1; G4-SO2; G4-DMAI]

EDP employs methods to assess impacts, verify the needs of the affected populations and develop initiatives near its generation and distribution assets designed to engage the community with its construction and operating processes. To this end, public hearings are held and consultation channels made available, allowing debate and assessment on subjects relevant to local areas. Thus, information and experience exchanges truly occur, serving as a base for evaluation and selection of priority activities for EDP's socio-environmental programs in areas near its facilities. [GRI G4-EC7]



▶ Vila de Iratapuru

In the process of drawing up environmental impact studies, public meetings with stakeholders are held to present the characteristics and impacts of the new undertakings, while also listening to the needs and demands of all of them. EDP conducts engagement programs with local communities in all states where it operates through initiatives developed by the EDP Institute and socio-environmental programs complying with requirements stipulated in its installation and operating licenses. [GRI G4-SO1]



## SIGNIFICANT INDIRECT ECONOMIC IMPACTS

[GRI G4- EC8, G4-DMA]

With respect to the installation of new assets, the principal socio-environmental impacts usually identified are:

- **Positive aspects:** higher family incomes, tax collections, electricity supply and job availability, the creation of more dynamic local social and economic relationships and an increase in the potential for tourism;
- ⊕ **Negative aspects:** Per loss of areas with residential and symbolic socio-cultural value, and a reduction in vegetable biomass.

EDP's concern for the welfare and the development of the communities with which it interacts are key aspects of its operations. EDP implements measures to manage impacts caused by relocation of families and communities affected by its projects, always designed to create the least possible environmental and social impacts.

An example of this are the improvement works at Vila de Iratapuru (AP), in 2013, which was an area partially affected by the reservoir of Santo Antônio do Jari HPP. Some 34 houses and accesses were built, in addition to the installation of basic sanitation and public lighting networks using alternative energy sources (solar panels and other devices). The process of entirely rebuilding the villa was done through participative management – between the subcontractor and the community, with the active involvement of residents – from the initial planning stage of the project through to the selection of colors for the houses.

With the continuation of Aerial Distribution Line in Itapeti São José (SP), a unit based in São Paulo, 17 families identified in an environmental study associated with the project were relocated in partnership with the Mogi das Cruzes (SP) city government. A housing project was built by the city; it was the responsibility of EDP in São Paulo to organize the social rental arrangements and electricity infrastructure. [GRI G4-EU22]

The creation of the Cachoeira Caldeirão hydroelectric project's reservoir (AP) will flood approximately 2,600 hectares of land, including some 10 hectares of an urban area in the municipality of Porto Grande. In this respect, 726 families received compensation under a program dedicated to minimizing impacts caused by the plant's construction. The Basic Environmental Plan (BEP) involves implementation of 57 socio-environmental projects and programs.

## INDIGENOUS POPULATIONS

[GRI G4-HR8]

HPP São Manoel, which is under construction on the Teles Pires River between the states of Mato Grosso and Pará, is close to the lands of the Mundurucu, Kayabi and Apiaká do Pontal indigenous peoples. During the study phase, various locations for the construction of the dams were evaluated, designed to reconcile the reduction in impact on the environment and society with the capacity to generate electric power at the location. To this end, in order to avoid part of the Kayabi's land being flooded, it was decided to build the plant above the Rio Apiacás falls.

Empresa de Pesquisa Energética (EPE), based on the Term of Reference issued by the National Indian Foundation (Funai) in October 2009, conducted the assessment of the impact of installing the power plant on indigenous lands situated on the river below the dam's location.

In May 2014, the Federal Courts of Mato Grosso, at the request of the Federal Public Ministry, suspended the plant's license, previously granted by the Brazilian Institute for the Environment and Natural Renewable Resources (Ibama). The injunction was subsequently overturned by the Office of the Federal Attorney General (AGU), based on the argument the plant was not located on indigenous land and the license had been duly respected. It noted all the affected indigenous communities had been offered the opportunity of acquainting themselves with the process and proffering their opinions and objections. Furthermore, the AGU said the decision would cause delays to the works and interfere with the economic balance of the sector because the power to be generated would cover the states of Mato Grosso, Pará and Amazonas.

## SOCIAL INVESTMENT

EDP has made donations to the EDP Institute (IEDP) since 2009, ensuring its administrative and logistical operations and contributing to its social programs and management of the social investments of EDP's companies.

In 2014, IEDP invested R\$ 3.4 million, concentrating its efforts on education projects for conscientious energy consumption, art and culture. It officially cited combat of cancer in children as a social cause to be supported. In total, 30,000 people were benefited in the states covered. [GRI G4-EC8]

## EDP INSTITUTE'S EXTERNAL SOCIAL INVESTMENT (R\$' 000)

IGRI G4-EC4; G4-EC7

	2012	2013	2014
<b>Recursos próprios</b>			
Educação	995.00	822.00	792.40
Cultura	2,733.00	2,498.00	1,205.60
Saúde e saneamento	139.00	-	809.00
Esporte	1,131.00	954.00	185.00
Combate à fome e segurança alimentar	-	-	100.00
Outros	241.00	496.00	332.00
<b>Total</b>	<b>5,239.00</b>	<b>4,770.00</b>	<b>3,424.00</b>
<b>Recursos incentivados</b>			
Incentivo à cultura/Lei Rouanet	1,337.00	1,750.00	1,252.80
Incentivo ao esporte	233.00	291.00	260.00
Fundo da Infância e da Adolescência	233.00	270.00	245.00
Programa Ação Cultural	843.00	678.00	152.80
Programa Nacional de Apoio à Atenção Oncológica (Pronon)	0	0	150.00
<b>Total</b>	<b>2,646.00</b>	<b>2,989.00</b>	<b>2,060.60</b>

**Instituto EDP (IEDP)**

IEDP is responsible for the efficient structuring of investments and social initiatives, giving preference to those linked with EDP's businesses, with a focus on education, income generation, social entrepreneurialism and volunteer work.

The Institute's strategy is to operate in communities within its geographical limits, both in the concession areas of the Distributors, as well as those around the reservoirs where EDP's hydroelectric plants are located.

For the internal public, it plays a social role in terms of voluntary initiatives on the part of employees. The program has been diversifying and expanding over the years. It has gained importance due to integration with EDP's development strategy for 2020. In the future, IEDP will be looking at the possibility of also including suppliers in this initiative.

## SOCIAL PROJECTS

## EDP SOLIDÁRIA

EDP's Solidária (Solidarity) program financed 28 socio-environmental projects in the states of São Paulo, Espírito Santo, Mato Grosso do Sul, Rio Grande do Sul and Tocantins with a focus on education, community development and environmental conservation. With a goal of strengthening management of partner social organizations and aligning the implementation of its community network, as of 2010 EDP and IEDP have been organizing the EDP Solidária dialogues. These involve debates with specialists on energy, education and the creative economy at the base of the pyramid. The project involved five fronts, as follows:

**EDP Socio-environmental** – the initiatives supported involved ten projects, benefiting 2902 people directly and a further 20,000 indirectly.

**EDP Friend of the Child** – during the year, four projects were developed, benefiting 550 directly and 2,500 indirectly.

**EDP Culture** – support for seven cultural projects, with a total value of R\$ 1,089,000. The goal is to foster art experiences and access to artistic events, safeguarding local culture and the practice of citizenship through art. Some 8,508 people were benefited directly, with a further 27,000 receiving indirect benefits.


**FAVELA COLISEU  
DIGITAL INCLUSION**

A highlight in 2014, the social inclusion project serves the Favela Coliseu shantytown community near EDP's head offices in São Paulo. The aim is to offer young people information technology training and prepare them for their first jobs and to exercise their rights of citizenship. Ten computers were installed to support the classes, which are taught twice a week to youths aged 15 to 18 over a period of up to four hours a day.

**EDP in the Arts** – the 2013-2014 bi-annual awards consist of a partnership with the Tomie Ohtake Institute. The intention is to stimulate production of art among young people. In 2014, four workshops and an exhibition were held, and 1,000 catalogues were produced.

**EDP in Sport** – six projects carried out, with 1,060 people benefiting directly and a further 5,000 indirectly.

#### EDP IN THE SCHOOLS

This initiative strives to improve study environments for public elementary school pupils in neighboring communities. The program distributes school materials kits and promotes cultural activities, enhancing the teaching environment. Of particular note is the Art with Energy competition, which alludes to the theme of healthy eating habits. This contest attracted the participation of over 7,000 students, and culminated in the production of a recipe book entitled "Recipes for Good Energy – 80 healthy suggestions from mini-chefs." In 2014, the EDP In the Schools program benefited 9,590 pupils in 40 public education institutions.

#### VOLUNTEER WORK/CHALLENGES FOR THE COMMON GOOD

With the intention of reinforcing links with the Company's values and priorities, EDP's global volunteer policy placed added emphasis on solidarity between its employees in 2014. All employees have the right to use four hours a month of work time for volunteer activities. During the year, 210 employees participated in these initiatives with a total of 3,900 hours. Through the [www.voluntariadoedp.com.br](http://www.voluntariadoedp.com.br) website, which was reformulated in 2014, the results of the work that was produced can be viewed. Among the various volunteer projects, of particular note during the year were: the Digital Favela Coliseu Inclusion, Challenges for the Common Good, Pro-World Citizen, Environment as Part of Us, and Christmas as Part of Us projects.

#### OTHER PROJECTS

**Dentists for the Common Good** – promoted by the Turma do Bem (Team for the Common Good) NGO. The project offers free dental treatment for young people between the ages of 11 and 17 in low-income communities, through volunteer work initiatives. By the end of 2014, 50,000 children had received treatment, 4,490 of them within EDP's concession areas.

**Solar lighting** – donation of solar powered lamps for the community in the neighborhood of the HPP Santo Antônio do Jari.

**InovCity** – integrated with other projects, this initiative involved studies for the creation of a social Innovation Hub, with the participation of 13 schools from the EDP in the Schools program and education for tourism as part of public education policy in Aparecida. One output was the production of brochures entitled Paths for Tourism, designed by pupils in the municipal public school network.

## ENERGY EFFICIENCY

[GRI G4-ENG. G4-SO1. G4-DMA]

Focusing on education on the conscientious and efficient use of power, investment in energy efficiency amounted to R\$ 25.7 million in 2014, which translated into energy savings of 30,631 MWh – corresponding to reduction of 13,345 kW in peak load demand. Funds from the program are invested pursuant to the legislation for the Brazilian electricity sector, which stipulates that distributors must spend 0.5% of their net annual operating revenue on energy efficiency programs.

The initiatives disseminate concepts about conscientious consumption of electricity and other natural resources needed to balance household budgets. It also helps reduce payment defaults, by making the cost more accessible to consumers. The projects developed are mostly focused on low-income clients.

#### GOOD ELECTRIC ENERGY IN THE COMMUNITIES AND AGENTS FOR GOOD ELECTRIC ENERGY

These projects aim to combat the waste of electricity in the residences of consumers with low purchasing power, contributing to raising awareness in the changing of behavioral habits in the rational, efficient and safe use of electric power. The objective is to legalize irregular consumption through social initiatives, such as providing guidance on how to apply for social tariffs, the replacement of refrigerators with



#### GOOD ENERGY IN THE COMMUNITY (EDP BANDEIRANTE)

- 15,261 customers benefited;
- Investment of R\$ 6.5 million;
- Energy saving of 7,523MWh/year;
- Reduction in demand of 4558kW;
- 13,778 light bulbs replaced;
- 985 refrigerators replaced.



#### AGENTS FOR GOOD ENERGY (EDP ESCELSA)

- 10,554 customers benefited;
- Investment of R\$ 5 million;
- Energy savings of 7,740MWh/year;
- Reduction in demand of 4,483kW.

those carrying A Procel/Inmetro classification, intelligent showers, 15W compact fluorescent lamps, and general overhaul of internal electrical installations within homes.

### GOOD SOLAR ENERGY

In place since 2008, this project has the objective of catering to low-income clients, and raising awareness in the efficient and safe use of electricity. Lamp bulbs are replaced, solar heating systems installed (collectors and reservoirs), in addition to the installation of intelligent showers.

### GOOD ELECTRIC ENERGY IN SCHOOLS

The intention of this initiative is to train teachers, disseminating information about combating the electricity waste, raising awareness in the school community and training pupils to be agents to replicate information on the efficient and safe use of power. The spreading of concepts and basic information on electricity is through entertaining and interactive initiatives, with visits from the Caminhão da Boa Energia (Good Energy Truck). At the end of the visit, comic books are distributed about the subject, containing activities and games to pass the time.

### ENERGY EFFICIENCY IN PUBLIC BUILDINGS, CHARITABLE ENTITIES AND PUBLIC HOSPITALS

EDP promotes initiatives to improve lighting and air conditioning systems in public buildings, replacing inefficient equipment with more economic and efficient models. These initiatives result in electricity savings and greater safety and comfort for users.

In July 2013, Aneel published Normative Resolution 556, which approved the Energy Efficiency Procedure Program (Propee). It thus became mandatory for concessionaires to convene public project hearings, with the aim of encouraging increasing participation by consumers, offering greater transparency on decisions by the Distributors about their projects and prioritizing investment in accordance with each company's market profile pursuant with the criteria defined by the Regulatory Body. In 2014, EDP convened its first public hearing and in the first half of 2015 it expects to begin the replacement of inefficient light bulbs with LED lighting fixtures in a hospital in Mogi das Cruzes.

**GOOD SOLAR ENERGY**

- 1,714 clients benefited;
- Investment of R\$ 6.3 million;
- Energy saving of 2,213.25 MWh/year;
- Demand reduction of 3,624.13 kW;
- 1,556 intelligent showers installed.

**GOOD ELECTRIC ENERGY IN SCHOOLS**

- Investment of R\$ 2.46 million;
- 95,673 pupils benefited;
- 971 teachers trained;
- 17 municipalities served;
- 237 schools benefited.

**GOOD ENERGY TRUCK**

These consist of customized vehicles equipped with games and comics, with an interactive model that simulates electricity consumption in the home, with tools such as a bicycle-driven generator and various experiments using electricity. A team of monitors passes on basic information on electricity, and the trucks drive into local communities to reach people in their homes.

## ENERGY EFFICIENCY PROJECTS

IGRI G4-EN71

Categories Covered	Projects	Investment in 2014 (R\$ thousand)	Reduction in peak load demand 2014 (kW)	Energy saving in 2014 (MWh)	Cost avoided through energy-saving (R\$ thousand)
Low-income residential	<ul style="list-style-type: none"> <li>• Good Electric Energy in the Community</li> <li>• Agents of Good Electric Energy</li> </ul>	11,530.60	9,041.72	15,262.54	2,927.60
Public services	<ul style="list-style-type: none"> <li>• Good Electric Energy in Schools</li> <li>• Cesan efficient motorized pumps</li> <li>• SAAE Jacaré</li> </ul>	3,481.98	679.99	13,154.20	2,477.87
Solar heating	<ul style="list-style-type: none"> <li>• Good Solar Power</li> </ul>	6,337.21	3,624.13	2,213.68	3,898.81
<b>Total</b>		<b>21,349,803.50</b>	<b>13,345.84</b>	<b>30,630.42</b>	<b>5,795.36</b>

## ACCESS TO POWER [GRI G4-DMA]

### ACTIONS IN VULNERABLE COMMUNITIES [GRI G4-EC4]

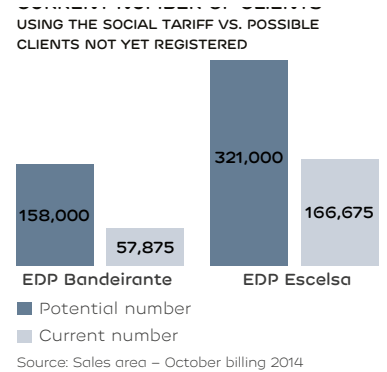
In partnership with local entities, EDP's programs strive to improve or maintain access to electricity and consumer support services — specifically for low-income clients or vulnerable communities.

Established by Federal Law No. 12.212/2010 and regulated by Aneel through Resolution No. 414/2010, the right to social (low-income) tariffs is granted to specific consumer units registered under the federal government social program.

At EDP, only 45% of potential qualifiers for the Social Tariff make use of this benefit. For this reason, since 2010 EDP's Distribution companies have entered into partnerships with local municipalities to encourage registration for the Social Tariff. The agreements are encompassed within the Agents for Good Energy project, which involves registration of families for the federal government's CadÚnico (Single Registry) program.

In addition, EDP facilitates agreements through flexible payment methods. Clients choosing the social tariff have the opportunity of negotiating their debts in up to 50 interest-free installments, paid through their electric bill.

Energy efficiency projects also contribute to reducing electricity costs at hospitals, charitable entities and industries under a Performance Contract (non-profit organizations) and through Donations (non-profit organizations).



### BRINGING ELECTRICITY TO REMOTE COMMUNITIES

In its quest to guarantee access to electricity in a sustainable, reliable, safe manner, and with quality supply, EDP promotes equal treatment, supporting projects that benefit remote communities. An example is the Ilha Montão de Trigo project, part of EDP's Energy Efficiency Program which takes electricity to an island in an area not covered by the federal government's Electricity for All Program. Located in an Environmental Protection Area (APA), the community consists of 18 homes, a church, a school and a community center, all benefited by the program.

The initiative consists of distributed micro-generation projects coupled with installation of solar panels for the generation of electricity and solar water heating panels. Currently, families have access to an average of 51.6 kwh/month of electric power, enough to keep one light bulb switched on, a refrigerator, a television set with a parabolic antenna, one radio and a DVD player.

## SAFE USE OF ELECTRICITY

[GRI G4-PR1, G4-DMA]

With a view to ensuring the safety of its clients, EDP monitors occurrences of accidents involving electric power and the population, mounting campaigns and producing educational materials about safe use of electricity. Warnings are broadcast on radio and TV and in newspapers, printed on electricity bills and pamphlets distributed at client service outlets and published on the Company website and on social media. In addition, digital bulletin boards at EDP's branches in São Paulo and Espírito Santo publish guidelines on precautions to be taken with electricity. Periodic campaigns emphasize aspects such as the risk of flying kites or building and roof repairs near to electricity networks.

Safety is a priority for EDP. For this reason, the Company supports an Abradee initiative that in 2014 focused on precautions consumers must take when flying kites, pruning trees or installing TV antennas near power lines, and also emphasizing risks associated with power theft.

### BALLOONS AND KITES

In addition to being a crime, the practice of releasing hot air balloons puts at risk the lives not only of the people involved in the activity, but also the population in general, because when a balloon comes into contact with power lines these objects can cause fires and short-circuits.

A survey carried out by EDP revealed that in the first half of 2014, the number of accidents with hot air balloons in the 28 municipalities covered by the concession area of EDP Bandeirante rose from 27 to 33, compared to the same period in 2013. Despite this increase, the number of consumers affected was 7% lower than in the first six months of the previous year – 10,885 compared to 11,694 clients.

This reduction was the result of investments by EDP in expanding automation and sectioning of the power network, and increasing its operational flexibility: fewer consumers are linked to the same circuit and, consequently, fewer homes are affected because of a balloon incident.

With a view to reducing the number of accidents involving kites, in 2015 IEDP plans to initiate prevent actions for this type of incident, with the highest frequency in Guarulhos, Suzano, Itaquaquecetuba and Mogi das Cruzes.

## POWER THEFT

Clandestine connections, popularly known as "gatos" in Brazil, are also illegal and offer risk both to the perpetrators, as well as the entire neighborhood, being capable of causing damage to electricity installations, accidents and even fires. With the aim of avoiding such dangers, EDP continually strives to minimize the number of illegal connections and alerts the population to the risk of such practices, through its Good Electric Energy in the Community project. Since the project was introduced, the Company has already legalized connections of approximately 80,000 residences and small businesses in the EDP Bandeirante concession area. The same success rate has been achieved in the EDP Escelsa concession area, through the Good Electric Energy Agents project.

## SAFETY IN SUPPLY OF PRODUCTS AND SERVICES

[GRI G4-PR1]

Phase of Life-Cycle	How it takes place
Planning of electricity resources	<ul style="list-style-type: none"> <li>Through constant analysis of dangers and risks associated with its business activities. Existing tools are used at the Company.</li> </ul>
Power generation	Not applicable.
Power transmission	Not applicable.
Power distribution	<ul style="list-style-type: none"> <li>Training in safety standards for employees and service providers (NR 10) and safety inspections.</li> <li>Safety programs for service providers .</li> <li>Monitoring of impacts (equipment noise in substations, electromagnetic fields, soil, water, biodiversity, emissions and residues).</li> <li>Risk management and annual preventive and corrective maintenance plan for the network</li> <li>Monitoring of accident rates among employees and third parties.</li> </ul>
Use of electricity	<ul style="list-style-type: none"> <li>Guideline campaigns and dissemination of information on dangers and risks associated with electricity, and its conscientious use.</li> <li>Accompaniment of accident rates among the population.</li> </ul>
Development of product and/or service concept	Not applicable.
Research and development	<ul style="list-style-type: none"> <li>Investment in energy efficient projects and continual improvement to services.</li> </ul>
Certification	<ul style="list-style-type: none"> <li>Employee health and safety (OHSAS 18000); environmental compliance of installations (three substations carrying ISO 14000 certification); technical quality indicator measurement process (ISO 9000 certification).</li> </ul>
Marketing and promotion	Not applicable.
Disposal, reuse and recycling	<ul style="list-style-type: none"> <li>Appropriate location for the disposal of transformers removed from the power network.</li> <li>Disposal, decontamination and appropriate destination for burned-out light bulbs (Conama).</li> <li>Treatment of refrigeration gases in equipment replaced as part of energy-efficient projects (refrigerators).</li> </ul>
Percentage of products and services subject to these procedures	100% of processes are covered by guideline standards and instructions in the electricity sector, legislation in general, and best practices.

## ACCIDENTS AMONG THE POPULATION

In 2014, there were 15 accidents resulting in lesions and seven fatalities of users of the electricity service in EDP's concession areas. The deaths were basically due to the inappropriate use of electricity, provoked by direct contact with the power network. [GRI EU25]

Cause of accidents	Actions taken	Potential risks
Electric shock due to clandestine connections and irregular building works.	Community campaigns and inspection of clandestine construction. [G4-DMA]	There are financial risks associated with the payment of compensation for accident victims, as well as risks to the Company's image among the community, which can impact the reliability and safety of the service offered.





# ENERGY THAT TRANSFORMS PRESERVATION OF BIODIVERSITY

Betting on projects such as the reintroduction of the fishing eagle in Portugal, which will free 50 of these birds by 2015.







# 10.

## APPENDICES

### ADDITIONAL GRI CONTENT

#### MATERIALITY PROCESS

The process for the definition of this content involved four stages, with the objective of presenting the content in a focused manner, in addition to contributing to management development and the Company's performance: IGRI G4-18I



- **A Identification of themes** – based on the assessment of themes identified in previous years, updating was based on a benchmark study of the sector, regulations in force, matrix of environmental aspects and impacts of the Generators in operation and construction and EDP's Distributors. An analysis was conducted of demands received through a variety of stakeholder channels and EDP's strategies, policies and sustainable development principles. Based on this information, 52 themes were identified and their definitions were detailed.
- ⊕ **Determination of limits** – based on the stakeholder groups that interact with EDP's various business units, limits were set of the impacts to be considered in this report. To this end, a workshop was held in the Company's strategic areas, which analyzed all the themes, as well as the parties impacted both within and outside EDP. IGRI G4-20, G4-21I

**Prioritization of themes** – the themes were prioritized considering the following aspects:

1. **Prioritization questionnaire:** polls among managers and specialists from various areas of the Company, designed to identify quantitatively the importance of each impact for stakeholders and for EDP.
2. **Strategies, policies and sustainable development principles:** prioritization of the themes identified under Horizontal Strategy 2020, Policies and Sustainable Development Principles of the EDP group.
3. **Risk matrix:** choice of themes with the highest weighting identified in EDP's risk matrix, as a consequence of severity of risk, which takes into account impact and vulnerability.
4. **Communication channels with stakeholders:** analysis of EDP's 25 communication channels and the principal grievances received through them, which form the basis of the material themes.
5. **Regulations:** research on legislation/regulations that most impact the business.

**Consolidation and validation** – in order to ensure the themes identified are in alignment with EDP's strategy, the information was consolidated, identifying the importance of the themes for stakeholders (y axis) and the magnitude of the impact on EDP (x axis). The matrices for each business unit and for EDP as a whole were presented to Company's top management, with the final approved version taking into account the views of the executives.

Importance for stakeholders (y axis)	Magnitude of impact (x axis)
Research (questions related to the degree of impact on stakeholders)	Research (questions related to the degree of impact on EDP)
Communication channels with stakeholders	Strategies, Policies, Principles
Regulations	Risks

## MATERIAL ASPECTS

### ENTITIES INCLUDED IGRI G4-17I

**Distribution Companies:** Bandeirante Energia S.A. (EDP Bandeirante); Espírito Santo Centrais Elétricas S.A. (EDP Escelsa)

**Generation Companies:** Energest S.A. (Energest); Costa Rica Energética Ltda. (Costa Rica); Pantanal Energética Ltda. (Pantanal); Santa Fé Energia S.A. (Santa Fé); Lajeado Energia S.A. (Lajeado); Companhia Energética do Jari (Ceja); ECE Participações S.A. (ECE Participações); Investco S.A. (Investco); Enerpeixe S.A. (Enerpeixe); Empresa de Energia Cachoeira Caldeirão S.A. (Cachoeira Caldeirão); Porto do Pecém Geração de Energia (Porto do Pecém); Porto do Pecém Transportadora de Minérios S.A. (Pecém TM); Pecém Operação e Manutenção de Unidades de Geração Elétrica S.A. (Pecém (OM)); EDP Renováveis Brasil S.A. (EDP Renováveis); Central Nacional de Energia Eólica S.A. (Cenaeel); Elebrás Projetos S.A. (Elebrás); Central Eólica Baixa do Feijão I S.A. (Feijão I); Central Eólica Baixa do Feijão II S.A. (Feijão II); Central Eólica Baixa do Feijão III S.A. (Feijão III); Central Eólica Baixa do Feijão IV S.A. (Feijão IV); Central Eólica Aventura S.A. (Aventura); Empresa de Energia São Manoel S.A. (São Manoel); Central Eólica Jaú S.A.

**Sales:** EDP – Comercialização e Serviços de Energia S.A. (EDP Sales Company)

**Others:** EDP GRID Gestão de Redes Inteligentes de Distribuição S.A. (EDP GRID)

## GRI INDICATORS

### ENVIRONMENTAL INVESTMENTS

#### INVESTMENTS AND ENVIRONMENTAL COSTS (R\$ MILLION)

IGRI G4-EN31I

	EDP Bandeirante			EDP Escelsa		
	2012	2013	2014	2012	2013	2014
Waste Disposal	0	0	0.10	0	0.04	0
Emissions Treatment	0.31	0.12	0.39	0	0	0
Remediation costs	0.08	0	–	0	0.03	0
Prevention costs	3.47	7.97	3.93	7.73	2.85	6.83
Environmental management expenses	0	0	0.14	0.24	0.04	0.12
<b>Total</b>	<b>3.86</b>	<b>8.09</b>	<b>4.56</b>	<b>7.98</b>	<b>2.96</b>	<b>6.95</b>

	ES and MS Plants			HPP Luís Eduardo Magalhães		
	2012	2013	2014	2012	2013	2014
Waste Disposal	0	0	0.04	0	0	0
Emissions Treatment	0	0	0	0	0	0
Remediation costs	0.94	1.38	0	1.8	0.89	0.64
Prevention costs	0.62	0.48	0	0.39	0.31	1.01
Environmental management expenses	0.52	0.27	3.42	4.73	3.54	3.22
<b>Total</b>	<b>2.08</b>	<b>2.12</b>	<b>3.46</b>	<b>6.93</b>	<b>4.75</b>	<b>4.87</b>

INVESTMENTS AND ENVIRONMENTAL COSTS (R\$ MILLION)

IGRI G4-EN31

	HPP Peixe Angical			HPP Santo Antônio do Jari		HPP Cachoeira Caldeirão	
	2012	2013	2014	2013	2014	2013	2014
Remediation costs	0.73	0.65	0	1.07	0	0.24	1.13
Prevention costs	1.93	0.99	0.02	12.52	9.43	0.48	2.21
Environmental management expenses	0.22	0.16	0.03	20.08	11.98	5.49	57.84
<b>Total</b>	<b>2.88</b>	<b>1.8</b>	<b>0.05</b>	<b>33.67</b>	<b>21.41</b>	<b>6.22</b>	<b>61.18</b>

HPP São Manoel

	2014
Prevention costs	1.36
Environmental management expenses	17.98
<b>Total</b>	<b>19.34</b>

TPP Pecém

	2014
Waste Disposal	0.83
Prevention costs	1.13
<b>Total</b>	<b>1.96</b>

NON-COMPLIANCE

EDP strictly follows the laws and requirements of compliance with environmental laws.

NON-COMPLIANCE WITH ENVIRONMENTAL LAWS

EDP IGRI G4-EN29

	Administrative	Legal
Proceedings initiated in the current year	7	4
Proceedings portfolio at the end of current year	10	5
Costs of environmental assessments (R\$ million)	0	0



## Energy

Energy consumption does not represent significant impacts for EDP, but like other environmental indicators, the Company monitors it.

### COMPANY'S INTERNAL CONSUMPTION OF ENERGY (GJ)

EDP | GRI G4-EN3|

	2012	2013	2014
<b>Renewable sources</b>	<b>11,216.33</b>	<b>13,863.30</b>	<b>14,615.04</b>
Ethanol	7,702.00	8,827.05	7,868.59
Portion of Ethanol in Gasoline	1,367.49	2,267.59	3,391.57
Portion of Biodiesel in Diesel	2,146.84	2,768.67	3,354.88
<b>Non-renewable sources</b>	<b>52,093.95</b>	<b>2,315,117.15</b>	<b>19,488,457.45</b>
Gasoline	7,867.03	10,649.05	14,670.50
Diesel	43,692.95	56,348.58	56,268.90
Diesel used in power plant generators	533.98	1,569,131.37	182,548.84
Coal	0.00	678,988.15	19,112,185.21
<b>Electricity</b>	<b>128,860.84</b>	<b>163,709.63</b>	<b>843,176.63</b>
<b>LPG</b>	<b>0.00</b>	<b>0.00</b>	<b>122,784.00</b>

### ENERGY INTENSITY

TOTAL CONSUMPTION ELECTRICITY MWH/NET REVENUE R\$ THOUSAND

EDP | GRI G4-EN5|

	EDP		
	2012	2013	2014
Energy intensity	0.0200	0.0231	0.0948

## Water

### WATER CONSUMPTION (m<sup>3</sup>)

HOLDING | GRI G4-EN8|

Source	2014
Municipal water supplies or other water supply companies	716.89
<b>Total</b>	<b>716.89</b>

### WATER CONSUMPTION (m<sup>3</sup>)

DISTRIBUTION | GRI G4-EN8|

	EDB Bandeirante			EDP Escelsa		
	2012	2013	2014	2012	2013	2014
Underground water	0	0	0	33,057	38,284	10,746
Municipal water supplies or other water supply companies	36,279	38,040	37,614	18,786	32,563	27,429
<b>Total</b>	<b>36,281</b>	<b>38,040</b>	<b>37,614</b>	<b>51,844</b>	<b>70,847</b>	<b>38,175</b>

**WATER CONSUMPTION (m<sup>3</sup>)**

TPP PECÉM | GRI G4-EN8 |

Source	2014
Underground water	984
Municipal water supplies or other water supply companies	5,747,538
Bottled Water	80
<b>Total</b>	<b>5,748,603</b>

**WATER CONSUMPTION (m<sup>3</sup>)**

HYDRO GENERATION | GRI G4-EN8 |

Source	2012	2013	2014
Surface waters, including wetlands, rivers, lakes and oceans	20,037	25,501	51,293
Underground water	11,794	9,757	14,897
Municipal water supplies or other water supply companies	3,533	5,305	6,768
<b>Bottled water</b>	<b>79</b>	<b>94</b>	<b>129</b>
<b>Total</b>	<b>35,444</b>	<b>40,567</b>	<b>73,086</b>

**RECYCLED AND REUSED WATER (m<sup>3</sup>)**

DISTRIBUTORS | GRI G4-EN10 |

	EDP Bandeirante		
	2012	2013	2014
Total volume of water recycled and/or reused	3.53	5.02	3.35
Percentage in relation to total water removed (%)	0%	0.02%	0.01%

Note: There do not exist any projects for water reutilization/reuse by the generation plants



## MATERIALS

### MATERIALS EMPLOYED

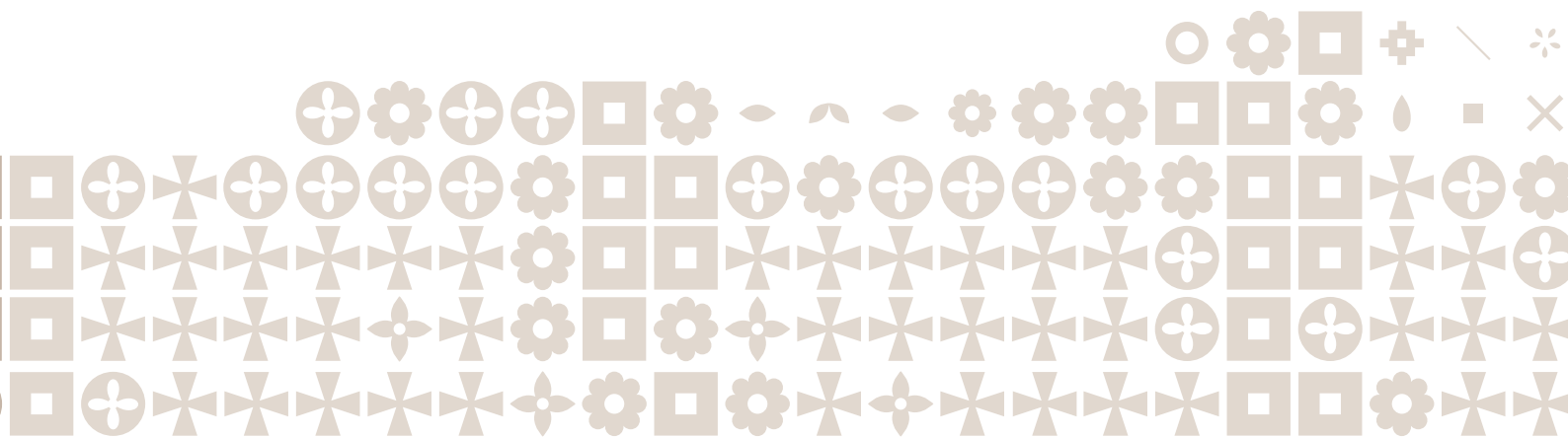
IN DISTRIBUTION | IGR1 G4-EN1

	EDP Bandeirante			EDP Escelsa		
	2012	2013	2014	2012	2013	2014
<b>Non-renewables</b>						
Ironware (kg)	1,037,081	1,003,044	1,049,117	1,041,053	815,576	1,274,755
Bare aluminum and copper cables (kg)	2,280,891	2,831,578	1,563,861	451,504	3,474,014	2,530,495
Cables covered with aluminum and copper (meters)	104,747	161,905	33,114	471,504	262,099	376,109
Diverse cables (meters)	2,280,891	2,514,137	520,772	2,253,824	2,526,665	647,187
Special Works (unit)	ND	ND	ND	ND	ND	ND
Keys and connections (units)	1,264,899	1,254,257	662,108	1,237,570	1,741,121	1,623,813
Fuse links (units)	72,203	96,035	53,799	125,089	147,195	128,753
Insulators (units)	141,186	136,404	385,168	151,894	117,636	133,937
Meters (units)	171,818	166,833	159,987	124,982	115,114	148,030
Seal (units)	477,849	1,055,078	1,035,235	1,102,067	766,693	778,314
Lightning rods (units)	16,749	18,195	16,605	15,322	14,258	15,453
Transformers (units)	3,892	3,940	2,425	6,806	6,280	4,868
Steel cross bars (units)	3,837	4,915	ND	1,096	420	ND
Concrete poles (units)	14,269	13,620	13,737	29,682	18,037	21,191
Light pole cross bar and lighting fixture (units)	20,438	8,950	5,122	23	11	1,066
Lamps (units)	103,053	94,570	82,830	68	24	133
Reactors, relays and igniters (units)	76,740	64,206	55,305	501	68	52
<b>Renewables</b>						
Wooden poles (units)	16,189	18,533	21,336	30,121	26,222	25,498
Wooden poles (units)	88	30	16	1,749	2,488	5,538

### MATERIALS EMPLOYED (ton)

TPP PECÉM I | IGR1 G4-EN1

Materials	Non-Hazardous
Coal	801,013.63
Lime	6,760.20
Chemical Products	1,087,181.50



## BIODIVERSITY

## ENDANGERED ANIMAL SPECIES – AREAS OF PLANTS UNDER CONSTRUCTION

|GRI G4-EN14|

In 2014, we are reporting just the number of endangered species habitats located within areas of the plants under construction, due to the impact being more significant during this phase of the project. Monitoring and rescue of fauna and flora is carried out to mitigate the impacts on these species.

## ENDANGERED ANIMAL SPECIES

PLANTS UNDER CONSTRUCTION<sup>1</sup> |GRI G4-EN14|

Threat Level	2013	2014
Critically threatened with extinction	1	1
Threatened with extinction	4	7
Vulnerable	14	29
Nearly threatened	0	7
Little concern	8	18

<sup>1</sup> Data from HPPs Cachoeira Caldeirão and Santo Antônio do Jari

## SOCIO-ENVIRONMENTAL PROJECTS

## EDP'S SOCIO-ENVIRONMENTAL PROJECTS

Project	Description	Number of beneficiaries	Location/State
EDP Alliance for Community Entrepreneurship (Associação Aliança Empreendedora)	Project of social inclusion through support of individual entrepreneurs and the productive group with a focus on improving management processes, production and sales	127 teenagers	Aparecida, Suzano Mogi das Cruzes e Itaquaquecetuba (SP)
Banks Community Members for Decent Housing (Ateliê de Ideias)	Social protection through the creation of a housing credit line and technical assistance to low-income families and socially vulnerable individuals	11 teenagers	Cariacica, Serra Marataízes, Vila Velha and Vitória (ES)
Life Projects - Construction and Resignificance (Serviço de Engajamento Comunitário – Secr)	Contribute to the construction of life projects of young people, expanding access to vocational training opportunities and insertion into the labor market	150 young people	Vitória (ES)
Professional Initiation Project (Serviço de Engajamento Comunitário – Secr)	The project seeks to contribute to the social inclusion of young people in the labor market	150 participants	Cariacica, Serra, Vila Velha and Vitória (ES)
Sweet Springs Capixabas II (Instituto Terra)	Recovery of fresh spring ecosystems for maintenance and protection of the Guandu River water basin	1,860 children	Baixo Guandu (ES)
Bioart - Handicrafts with Cerrado Fruits (Associação de Mulheres de Palmas)	Craft classes using natural resources from the <i>cerrado</i> region for income generation and women's autonomy	90 mothers	Brejinho de Nazaré, Miracema and Palmas (TO)
GACC Goes to School (Grupo de Assistência à Criança com Câncer – GACC)	Inclusion and reintegration program for school children and teens with cancer, promoting quality educational development, with real progress in learning	60 women	Vale do Paraíba (SP)
Living with Art (Associação Capixaba Contra o Câncer – ACACCI)	Craft, sewing and beauty workshops offered to mothers or caregivers of children undergoing cancer treatment	90 mothers	Vitória and other cities (ES)
Hands of Maria (Associação dos Amigos das Crianças com Câncer – AACC/MS)	Craft, cooking, beauty and information workshops for mothers and caregivers of children undergoing cancer treatment	60 women	Campo Grande and other cities (MS)



## EDP FRIENDS OF CHILDREN PROJECTS

Project	Description	Number of beneficiaries	Location/State
Urban Youth (Grupo de Assessoria e Mobilização de Talentos – GAMT)	Expansion of cultural and social skills of youths based on city appropriations and different technologies, contributing to young people's participation in public life, enhancing their skills and communicative fluency and their integration into the working world	60 teens	Caçapava (SC)
Educational Music Band (Aparecida City Hall)	Seeks to develop Education through Music with music theory classes, the playing of instruments, music history and United Order	100 children and teens	Aparecida (SP)
Art and culture, building citizenship in Iúna (Associação Iunense para o Desenvolvimento Social – Assiudes)	Aims to contribute to the development of values related to collaboration, solidarity, discipline, respect for heritage, respect for life, through <i>capoeira</i> , dance and music activities.	350 children and teens	Iúna (ES)
Ventus Project (Farol da Terra)	Access to culture and citizenship, through music and transversal activities (citizenship, education, health, environment social assistance, employment generation and income)	90 participants	Tramandaí (RS)

## EDP CULTURE PROJECTS

Project	Description	Number of beneficiaries	Location/State
Culture and Citizenship Project (Cia Bola de Meia)	The Citizenship Culture Project seeks to promote access to culture for children, teens and young people in situations of social vulnerability. Empowers educators by offering subsidies to complement their role as multipliers in the school environment	350 youths and children	São José dos Campos (SP)
"Kids" Project (Associação Amigos do Guri)	Project involving musical training, seeking to strengthen the education of children, teens and young people as subjects positively integrated into society and spreading the musical culture in all its diversity	388 children and teens	Aparecida, Lorena and São Sebastião (SP)
Energies of the World Cultural Contest (Casa Redonda Produções Culturais)	Cultural contest featuring artwork developed by public school students on the subject <i>The History of Energies: Past, Present and Future</i>	students from 80 schools	Guarulhos, Ferraz de Vasconcelos, Itaquaquecetuba and Mogi das Cruzes (SP)
Animation Project (Instituto Marlin Azul)	Performing arts workshops (circus, dance, theater and music), with use of the skills acquired by the entity and the inclusion of new workshops, supplementing each other	180 public school students	Domingos Martins e Vitória (ES)
Reame – Street Flutes (Fundação Rômulo Neves Balestrero)	Photography course gazing on the local culture, photography exhibits as the end result	120 public school students	Cariacica (ES)
Under New Light: Portraits of My Culture (Miraceti Projetos Educacionais e Culturais)	Curso de fotografia com olhar voltado para a cultura local, exposições fotográficas como resultado final	60 participants	Baixo Guandu and Castelo (ES)
Lamira in the street Rua – Circulation (Lamira Artes Cênicas)	Workshops and Circulation in a dance show performance in <i>Do Repente</i> (Suddenly) Street, whose poetry is built around the Popular Balladeer's universe and the influence and presence of this culture in the formation of several Brazilian cultures, including the Northern Region	3,044 participants and over 10,000 spectators	Estado do Tocantins
Fado Festival	Cultural show that promotes and disseminates <i>fado</i> songs and language and Portuguese culture, with the participation of Portuguese and Brazilian artists.	6,100 spectators	São Paulo (SP) e Rio and Janeiro (RJ)

## EDP SPORTS PROJECTS

Project	Description	Number of beneficiaries	Location/State
Jacareí Rugby Project (Associação Esportiva Jacareí Rugby)	Development of a training group and promotion of the Jacareí Rugby team in the M16, M18 and M20 categories	90 children and teens	Jacareí (SP)
Gymnastics for All (Liga do Desporto)	Practice of gymnastics by children, teens and young people from different social classes, promoting social and sports inclusion of the participants	800 children and teens	Guarulhos (SP)
Jacareí Paralympic Table Tennis (Clube de Tênis de Mesa de Jacareí)	Project focused on training, capacity building, state and national competitions and materials for Paralympic table tennis athletes	60 people	Jacareí (SP)
Volleyball Life Project (Associação dos Moradores do Bairro de Garanhuns)	Free Volleyball Practice for children and teens in situations of social vulnerability, risk or domestic or urban violence, through recreational and sports programs, prioritizing participation and social integration	132 children and teens	Vila Velha (ES)
Learning to Grow (Associação Atlética Atenas)	<i>Social inclusion of children and teens, seeking to improve academic performance and promote sports practices through indoor football</i>	300 children and teens	Palmas and Peixe (TO)
Paddling for Citizenship (Associação de Canoagem de Porto Nacional)	Training of canoeing athletes, promoting citizenship and inclusion for vulnerable children and teens at social risk	50 children and teens	Porto Nacional (TO)

## IMPACTS ON SOCIETY

## SIGNIFICANT FINES AND NON-MONETARY PENALTIES AND SANCTIONS

EDP | GRI G4-S08|

Monetary value of significant fines and total number of non-monetary sanctions imposed as a result of noncompliance with laws and regulations	Unit	2014
Monetary value of significant fines	R\$ million	58.7
Total number of monetary sanctions	Qty	24

## HUMAN RIGHTS IN SUPPLY CONTRACTS

EDP | GRI G4-HR1|

	2012	2013	2014
Number of contracted suppliers	1,002	1,247	3,318
Purchases of the value of goods and services (US\$ million)	576.4	1,355.4	1,638.6
% of contracts with human rights clauses	100%	100%	100%
% of contracts declined as a result of human rights assessment	0%	0%	0%

## EMPLOYMENT

## EMPLOYEES

EDP [GRI-G4 LA12]

Type of employment contract	2013		2014	
	Male	Female	Male	Female
Employees	2,119	653	2,141	657
Outsourced	NA	NA	9,967	NA
Job category	Male	Female	Male	Female
Board of Directors	8	1	7	1
Top Management	3	1	5	0
Executive board	NA	NA	20	4
Managers	NA	NA	113	25
Specialists	559	257	550	337
Administrative	148	258	107	238
Operational	1,285	107	1,346	53
Trainees	70	66	82	76
Apprentices	28	21	35	31
Age group	Male	Female	Male	Female
Under 30 years	511	206	478	201
30 to 50 years	1,306	380	1,342	386
Over 50 years	283	65	321	70

## EMPLOYEES

EDP [GRI-G4 LA12]

Race	2013		2014	
	Male	Female	Male	Female
White	1,362	483	1,689	533
Black	685	148	383	100
Yellow	49	19	18	10
Indigenous	4	1	8	1
Others	ND	ND	44	13
Minority groups	Male	Female	Male	Female
People with Disabilities	35	30	29	28
Foreigners	21	4	10	3
Education Profile	Male	Female	Male	Female
Illiterate employees	0	0	1	0
Incomplete primary education	48	2	20	1
Complete primary education	213	28	93	8
Incomplete secondary education	ND	ND	114	18
Complete secondary education	1,131	224	1,231	237
Higher education	594	373	626	365
Postgraduate (specialization, Masters, Doctorate)	47	24	56	28

### EMPLOYEE COMPENSATION RATIO

EDP [GRI G4-54]

Subdivision	Unit	2012	2013	2014
Highest compensation paid	R\$	627,436.30	599,850.00	486,521.87
Lowest compensation paid	R\$	12,563.07	11,819.98	14,596.72
Ratio between the highest and the least compensation paid	%	2%	2%	3%
Ratio of the total annual compensation of the highest paid individual in EDP and the average annual compensation of all employees (excluding the highest paid)	%	ND	ND	14%

### NEW HIRES AND TURNOVER RATE

EDP [GRI G4-LA1]

Age group	Unit	2014		
		Male	Female	TOTAL
Admitted	Qty	201	80	281
Under 30 years	Qty	87	43	130
30 to 50 years	Qty	96	36	132
Over 50 years	Qty	18	1	19
Dismissed	Qty	177	78	255
Under 30 years	Qty	33	19	52
30 to 50 years	Qty	86	50	136
Over 50 years	Qty	58	9	67
Turnover rate	%	9	12	10
Under 30 years	%	12	15	12.8
30 to 50 years	%	7	11	7.8
Over 50 years	%	12	8	11.3

### RATIO OF THE BASIC SALARY AND REMUNERATION OF WOMEN TO MEN

EDP [GRI G4-LA13]

Categoria funcional	2014
Top Management	0%
Executive directors	60%
Managers	81%
Specialists	78%
Administrative	94%
Operational	84%

Note: the job categories were revised to meet the control metrics used internally by the Personnel Management department; and it was not possible to recalculate the historical data in this format.



**RETURN RATE AFTER MATERNITY OR PATERNITY LICENSE**

EDP | GRI G4-LA3|

	2013			2014		
	Male	Female	Total	Male	Female	Total
Number of employees who were entitled to the license	38	18	56	NA	21	21
Number of employees who left on leave	38	18	56	NA	21	21
c) Number of employees who returned to work after end of leave	38	18	56	NA	18	18
d) Number of employees who returned to work after the leave and were employed 12 months after their return to work	3	9	12	NA	2	2
Rates of return to work after taking leave (in%)	100%	100%	100%	NA	100%	100%
f) Retention rates 12 months after leave (in %)	94.44%	75.68%	85.06%	NA	11.11%	11%

**LABOR PRACTICE COMPLAINTS AND GRIEVANCES**

EDP | GRI G4-LA16|

	2014
Registered (Qty)	415
Processed (Qty)	741
Resolved (Qty)	530
Amount provisioned in the period (R\$ thousand)	30,159.35

**TRAINING**

**PERCENTAGE OF EMPLOYEES WHO RECEIVED TRAINING IN HUMAN RIGHTS**

EDP | GRI G4-HR2|

	2012	2013	2014
Total hours of training for employees about policies and/or procedures relating to Human Rights	0	NA	32
Percentage of employees trained in policies and procedures relating to Human Rights	0	15%	34%

**EMPLOYEES WHO RECEIVED TRAINING IN HUMAN RIGHTS**

EDP | GRI G4-SO4|

Job Category	2014
Top Management	1
Executive Directors	16
Managers	56
Specialists	41
Administrative	943
Operational	0

Note: the functional categories were revised to meet the control metrics used internally by the Personnel Management department. For this reason it is not possible to report the historical information

**PERFORMANCE EVALUATION (%)**

EDP [GRI G4-LA11]

Job Category	Male	Female
Top Management	40.00%	0.00%
Executive directors	45.00%	100.00%
Managers	96.46%	96.00%
Specialists	95.82%	93.18%
Administrative	86.92%	90.34%
Operational	89.38%	94.34%

**HEALTH AND SAFETY**

**ACCIDENTS**

**ACCIDENTS WITH THE POPULATION**

[GRI EU25]

	EDP Bandeirante			EDP Escelsa		
	2012	2013	2014	2012	2013	2014
Injuries	13	4	9	17	5	6
Fatalities	5	3	4	8	5	3
Lawsuits resolved	12	11	13	8	11	7
Lawsuits pending	60	59	66	95	97	93

**COMPLIANCE**

**COMPENSATION PAID FOR NON-COMPLIANCE WITH LAWS AND REGULATIONS**

[GRI G4-PR9]

	EDP Bandeirante			EDP Escelsa		
	2012	2013	2014	2012	2013	2014
DIC	1,512.97	925.26	877.03	1,474.35	1,545.76	1,464.90
FIC	470.94	396.53	384.11	319.57	324.23	322.08
DMIC	1,264.67	756.90	956.22	1,095.20	1,027.24	1,246.06
DICRI	69.06	41.19	99.70	110.55	285.54	85.16
Other compensation paid	ND	58.48	ND	ND	60.11	ND
Total	3,317.64	2,178.36	2,317.06	2,999.67	3,242.88	3,118.20



## ACCESS

## NUMBER OF RESIDENTIAL DISCONNECTIONS FOR NON-PAYMENT

[GRI EU27]

	EDP Bandeirante			EDP Escelsa		
	2012	2013	2014	2012	2013	2014
Less than 48 hours	130,197	108,477	116,301	97,203	64,910	52,319
48 hours to 1 week	39,957	17,214	13,711	23,229	22,405	20,555
1 week to 1 month	25,065	24,368	23,666	37,147	16,750	17,439
1 month to 1 year	19,687	35,744	26,549	42,559	16,884	12,571
More than one year	NA	34	37	1,425	4,647	10,613
Unclassified	-	-	-	-	-	-

## NUMBER OF RESIDENTIAL RECONNECTIONS AFTER PAYMENT OF UNPAID BILLS

[GRI EU27]

	EDP Bandeirante			EDP Escelsa		
	2012	2013	2014	2012	2013	2014
Less than 24 hours	228,575	197,214	178,008	81,230	54,006	47,669
Between 24 hours and 1 week	16,808	11,461	11,436	106,224	56,518	52,209
More than one week	2,925	1,214	1,243	4,898	8,616	5,675
Unclassified	-	-	-	-	-	-

## PLANT AVERAGE AVAILABILITY FACTOR

EDP [GRI EU30]

	2013			2014			Availability Chg. Average 2013-2014
	Scheduled shutdown (hours)	Unscheduled shutdown (hours)	Aver. Availability (%)	Scheduled shutdown (hours)	Unscheduled shutdown (hours)	Aver. Availability (%)	
<b>Hydraulic</b>	<b>16,446.11</b>	<b>4,347.15</b>	<b>93%</b>	<b>10,536.20</b>	<b>2,089.71</b>	<b>95%</b>	<b>1.02</b>
HPP Peixe Angical (TO)	2,317.55	33.20	91%	1,556.63	13.65	94%	1.03
HPP Lajeado (TO)	2,659.60	225.27	93%	2,197.22	239.45	94%	1.01
HPP Mascarenhas (ES)	2,104.97	360.38	93%	1,492.57	136.42	95%	1.02
HPP Suíça (ES)	671.82	61.30	96%	422.50	152.55	97%	1.01
HPP Santo Antônio do Jari (AP)	-	-	-	28.43	21.72	99%	NA
SHP Alegre (ES)	661.90	109.70	91%	233.38	39.35	97%	1.06
SHP Fruteiras (ES)	764.20	149.62	95%	412.13	65.02	97%	1.03
SHP Jucu (ES)	2,119.03	66.02	88%	231.68	97.67	98%	1.12
SHP Francisco Gros (ex-Santa Fé) (ES)	405.37	307.68	96%	434.90	249.98	96%	1.00
SHP São João (ES)	678.70	512.97	93%	301.63	554.13	95%	1.02
SHP Viçosa (ES)	1,474.45	724.00	87%	1,136.07	47.67	93%	1.07
SHP Rio Bonito (ES)	798.73	191.65	96%	858.63	40.10	97%	1.00
HPP Mimoso (MS)	321.03	30.02	98%	399.33	322.13	95%	0.97
SHP Costa Rica (MS)	307.00	305.87	98%	383.80	5.37	98%	1.01
SHP Paraíso (MS)	493.60	326.75	95%	447.28	104.68	97%	1.02
CGH Coxim (MS)	223.78	237.32	95%	-	-	-	NA
CGH São João I (MS)	432.72	533.77	94%	-	-	-	NA
CGH São João II (MS)	11.67	171.65	98%	-	-	-	NA
<b>Thermal</b>	<b>1,149.52</b>	<b>2,535.73</b>	<b>62%</b>	<b>176.55</b>	<b>3,064.12</b>	<b>76%</b>	<b>1.23</b>
Porto de Pecém (CE)	1,149.52	2,535.73	62%	176.55	3,064.12	76%	1.23
<b>Wind</b>	<b>3,853.63</b>	<b>4,842.30</b>	<b>295%</b>	<b>4,553.21</b>	<b>4,174.25</b>	<b>295%</b>	<b>1.00</b>
Água Doce (SC)	303.36	620.25	99%	415.99	1,188.12	99%	0.99
Horizonte (SC)	265.03	951.41	98%	432.73	750.81	98%	1.00
Elebrás Cidreira (RS)	3,285.24	3,270.64	98%	3,704.48	2,235.32	98%	1.00

\*Coxim, São João I and São João II CGHs were sold in 2013

## FINANCIAL RESULTS

## DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

EDP IGRI G4-EC1

	2012	2013	2014
Fiscal Periods Ended December 31 (R\$ thousand)	2,012.00	2,013.00	2,014.00
<b>Generation of added value</b>	<b>10,123,668.00</b>	<b>10,496,510.00</b>	<b>12,550,024.00</b>
Operating revenues	10,123,668.00	10,496,510.00	12,550,024.00
Provision for loan losses and net losses	-9,640.00	-52,437.00	-28,274.00
Other revenues	-	-	753,043.00
<b>(-) Inputs acquired from third parties</b>			
<b>Cost of products, merchandise and services sold</b>	<b>-5,552,353.00</b>	<b>-5,852,296.00</b>	<b>-6,150,314.00</b>
Materials	-88,557.00	-369,134.00	-1,253,230.00
<b>Gross added value</b>			
Depreciation and amortization	-349,015.00	-410,624.00	-349,333.00
<b>Net value added generated</b>	<b>4,133,743.00</b>	<b>3,864,456.00</b>	<b>4,372,287.00</b>
Financial income	209,137.00	199,783.00	279,763.00
Minority interests	174,116.00	160,983.00	91,079.00
Equity Income	-106,724.00	-140,427.00	-71,449.00
<b>Total added value to distribute</b>	<b>4,236,156.00</b>	<b>3,923,812.00</b>	<b>4,580,601.00</b>
Distribution of added value	4,236,156.00	3,923,812.00	4,580,601.00
<b>Staff</b>			
Direct compensation	199,670.00	239,162.00	246,210.00
Benefits	59,846.00	71,368.00	66,705.00
FGTS	718,138.00	22,261.00	22,150.00
<b>Taxes, fees and contributions</b>			
Federal	659,530.00	762,379.00	1,078,241.00
State	1,587,106.00	1,522,561.00	1,665,762.00
Municipal	6,075.00	7,210.00	7,385.00
<b>Third party capital remuneration</b>			
Interest	415,080.00	526,472.00	636,303.00
Rents	31,437.00	21,411.00	19,484.00
<b>Equity compensation</b>			<b>838,361.00</b>
Interest on own equity	130,422.00	29,190.00	133,300.00
Dividends and interest on shareholders equity	0.00	60,239.00	44,715.00
Beneficiaries	17,784.00	17,339.00	3.780
<b>Retained earnings</b>	<b>213,041.00</b>	<b>286,339.00</b>	<b>565,487.00</b>





# GRI G4 CONTENT INDEX

[GRI G4-32]

## OPTION IN ACCORDANCE – CORE

### Assurance

Three types of assurance were made by independent auditors, identified by the following symbols and detailed in the Assurance Report Limited, pages 151-153

- Procedure (g)
- ⊕ Procedures (a) to (d)
- ★ Procedures (a) to (f)

General Standard Disclosures	Page	External Assurance		Type
		Assurance	Page	
<b>STRATEGY AND ANALYSIS</b>				
G4-1 - Statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	41	Sim	151-153	⊕
G4-2 - Description of the main processes in place to address performance and relevant changes	43-45	Sim	151-153	⊕
<b>ORGANIZATIONAL PROFILE</b>				
G4-3 - Name of the organization	17	Sim	151-153	★
G4-4 - Primary brands, products, and services	17. 20. 22	Sim	151-153	★
G4-5 - Location of the organization's headquarters	161	Sim	151-153	★
G4-6 - Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	17	Sim	151-153	★
G4-7 - Nature of ownership and legal form	17	Sim	151-153	★
G4-8 - Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	17. 20. 22	Sim	151-153	★
G4-9 - Scale of the organization, including: number of employees, number of operations, net sales, total capitalization broken down in terms of debt and equity, quantity of products or services provided	24. 26	Sim	151-153	⊕
G4-10 - Total number of employees by employment contract and gender; total number of permanent employees by employment type and gender; total workforce by employees and supervised workers and by gender; total workforce by region and gender. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. Report any significant variations in employment numbers	17. 101	Sim	151-153	★
G4-11 - Percentage of total employees covered by collective bargaining agreements	Collective bargaining agreements cover 99% of own employees	Sim	151-153	⊕
G4-12 - Description of the organization's supply chain	109	Sim	151-153	⊕
G4-13 - Any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	20-21	Sim	151-153	★
EU1- Installed capacity, broken down by primary energy source and by regulatory regime	21	Sim	151-153	★
EU2 - Net energy output broken down by primary energy source and by regulatory regime	64	Sim	151-153	★
EU3 - Number of residential, industrial, institutional and commercial customer accounts	22. 65	Sim	151-153	★
EU4 - Length of above and underground transmission and distribution lines by regulatory regime	65	Sim	151-153	★

General Standard Disclosures	Page	External Assurance		Type
		Assurance	Page	
EU5 - Allocation of CO <sub>2</sub> e emissions allowances or equivalent, broken down by carbon trading framework	In Brazil there is no coverage for CO <sub>2</sub> emission regulations. EDP participates in CDM projects and voluntary credits.	Sim	151-153	★
G4-14 - Whether and how the precautionary approach or principle is addressed by the organization	45	Sim	151-153	⊕
G4-15 - Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	56	Sim	151-153	★
G4-16 - List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization	59	Sim	151-153	★
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>				
G4-17 - List all entities included in the organization's consolidated financial statements or equivalent documents. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report	123	Sim	151-153	★
G4-18 - The process for defining the report content and the Aspect Boundaries. How the organization has implemented the Reporting Principles for Defining Report Content	122	Sim	151-153	★
G4-19 - The material Aspects identified in the process for defining report content	9	Sim	151-153	★
G4-20 - For each material Aspect, report the Aspect Boundary within the organization, as follows: Report whether the Aspect is material within the organization. If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: The list of entities or groups of entities included in G4-17 for which the Aspect is not material or the list of entities or groups of entities included in G4-17 for which the Aspects is material. Report any specific limitation regarding the Aspect Boundary within the organization	8. 122	Sim	151-153	★
G4-21 - For each material Aspect, report the Aspect Boundary outside the organization, as follows: Report whether the Aspect is material outside of the organization. If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified. Report any specific limitation regarding the Aspect Boundary outside the organization	8. 122	Sim	151-153	★
G4-22 - The effect of any restatements of information provided in previous reports, and the reasons for such restatements	A significant change in this report is the inclusion of social and environmental information of the companies in joint venture	Sim	151-153	★
G4-23 - Significant changes from previous reporting periods in the Scope and Aspect Boundaries	7	Sim	151-153	⊕
<b>STAKEHOLDER ENGAGEMENT</b>				
G4-24 - List of stakeholder groups engaged by the organization	56. 58	Sim	151-153	★
G4-25 - The basis for identification and selection of stakeholders with whom to engage	57	Sim	151-153	★
G4-26 - The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	56. 57	Sim	151-153	★
G4-27 - Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting Report the stakeholder groups that raised each of the key topics and concerns	9	Sim	151-153	★
<b>REPORT PROFILE</b>				
G4-28 - Period for information provided	7	Sim	151-153	★
G4-29 - Date of most recent previous report	Annual Report 2013 (1/1/2013 - 12/31/2013)	Sim	151-153	★
G4-30 - Reporting cycle	Annual	Sim	151-153	★

General Standard Disclosures	Page	External Assurance		Type
		Assurance	Page	
G4-31 – The contact point for questions regarding the report or its contents	161	Sim	151-153	★
G4-32 – The ‘in accordance’ option the organization has chosen	137	Sim	151-153	★
G4-33 – The organization’s policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. Report the relationship between the organization and the assurance providers. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization’s sustainability report	7	Sim	151-153	★
<b>GOVERNANCE</b>				
G4-34 – The governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	51	Sim	151-153	★
G4-35 – The process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employee	51. 52	Sim	151-153	+
G4-36 – Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	51	Sim	151-153	+
G4-37 - Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics If consultation is delegated, describe to whom and any feedback processes to the highest governance body	53. 56	Sim	151-153	+
G4-38 – Report the composition of the highest governance body and its committees by: executive or non-executive, independence, tenure on the governance body, number of each individual’s other significant positions and commitments, and the nature of the commitments, gender, membership of under-represented social groups, competences relating to economic, environmental and social impacts, stakeholder representation	51	Sim	151-153	★
G4-39 – Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization’s management and the reasons for this arrangement	The Chairman of the Board of Directors shall exercise the function of President of the IEDP.	Sim	151-153	+
G4-40 – Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including: whether and how diversity is considered; Whether and how independence is considered; whether and how expertise and experience relating to economic, environmental and social topics are considered; whether and how stakeholders (including shareholders) are involved	51	Sim	151-153	+
G4-41 – Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum: cross-board membership; cross-shareholding with suppliers and other stakeholders; existence of controlling shareholder; related party disclosures	53	Sim	151-153	+
G4-42 –Report the highest governance body’s and senior executives’ roles in the development, approval, and updating of the organization’s purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	51. 52	Sim	151-153	+
G4-43 –Report the measures taken to develop and enhance the highest governance body’s collective knowledge of economic, environmental and social topics	Weekly, meetings of the EDP Business Units and Holding Company managers are held, in which management areas inform the economic, environmental and social performance of the companies and / or request the approval of programs / projects / initiatives aimed at improving the management of these topics. This thereby provides continuous monitoring of relevant issues pertaining to these units by the executive management.	Sim	151-153	+

General Standard Disclosures	Page	External Assurance		Type
		Assurance	Page	
G4-44 – Report the processes for evaluation of the highest governance body’s performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. Report actions taken in response to evaluation of the highest governance body’s performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice	51	Sim	151-153	+
G4-45 – Report the highest governance body’s role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body’s role in the implementation of due diligence processes. Report whether stakeholder consultation is used to support the highest governance body’s identification and management of economic, environmental and social impacts, risks, and opportunities.	51	Sim	151-153	+
G4-46 – Report the highest governance body’s role in reviewing the effectiveness of the organization’s risk management processes for economic, environmental and social topics	51	Sim	151-153	+
G4-47 – Report the frequency of the highest governance body’s review of economic, environmental and social impacts, risks, and opportunities	51	Sim	151-153	+
G4-48 – Report the highest committee or position that formally reviews and approves the organization’s sustainability report and ensures that all material Aspects are covered	52	Sim	151-153	★
G4-49 – Report the process for communicating critical concerns to the highest governance body	53	Sim	151-153	+
G4-50 – Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	53	Sim	151-153	+
G4-51 – Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration: Fixed pay and variable pay: performance-based pay; equity-based pay; bonuses; deferred or vested shares; sign-on bonuses or recruitment incentive payments; termination payments; clawbacks Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees b. Report how performance criteria in the remuneration policy relate to the highest governance body’s and senior executives’ economic, environmental and social objectives	53	Sim	151-153	★
G4-52 – Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization	53	Sim	151-153	+
G4-53 – Report how stakeholders’ views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable	53	Sim	151-153	+
G4-54 – Report the ratio of the annual total compensation for the organization’s highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country	132	Sim	151-153	+
<b>ETHICS AND INTEGRITY</b>				
G4-56 – Describe the organization’s values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	54-55	Sim	151-153	+
G4-57 – Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	54-55	Sim	151-153	+
G4-58 – Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	54-55	Sim	151-153	+

Material aspects	DMA and Indicators			External Assurance		
	Specific standard disclosure	Page	Omissions	Assurance	Page	Type
<b>CATEGORY: ECONOMIC</b>						
<b>Economic performance</b>	G4-DMA - Generic Disclosures on Management Approach	39. 41. 43. 45. 94. 95		Sim	151-153	+
	G4-EC1 – Direct economic value generated and distributed	75. 136		Sim	151-153	o
	G4-EC2 – Financial implications and other risks and opportunities for the organization's activities due to climate change	95		Sim	151-153	+
	G4-EC3 – Coverage of the organization's defined benefit plan obligations	106		Sim	151-153	+
	G4-EC4 – Financial assistance received from government	72. 114. 117		Sim	151-153	+
<b>Market presence</b>	G4-DMA - Generic Disclosures on Management Approach	105. 106		Sim	151-153	
	G4-EC5 – Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	105		Sim	151-153	★
<b>Indirect economic impacts</b>	G4-DMA - Generic Disclosures on Management Approach	112. 113		Sim	151-153	+
	G4-EC7 – Development and impact of infrastructure investments and services supported	112. 114		Sim	151-153	+
	G4-EC8 – Significant indirect economic impacts, including the extent of impacts	113		Sim	151-153	+
<b>Procurement practices</b>	G4-DMA - Generic Disclosures on Management Approach	109. 110. 111		Sim	151-153	+
	G4-EC9 – Proportion of spending on local suppliers at significant locations of operation	110		Sim	151-153	+
<b>Availability and Reliability</b>	G4-DMA - Generic Disclosures on Management Approach	45		Sim	151-153	+
	EU10 – Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime	45		Sim	151-153	+
<b>Demand-Side Management</b>	G4-DMA - Generic Disclosures on Management Approach	115. 116		Sim	151-153	+
<b>Research and Development</b>	G4-DMA - Generic Disclosures on Management Approach	71. 72		Sim	151-153	+
<b>Plant Decommissioning</b>	G4-DMA - Generic Disclosures on Management Approach	A EDP não opera usinas nucleares.		Sim	151-153	+
<b>System Efficiency</b>	G4-DMA - Generic Disclosures on Management Approach	66. 67		Sim	151-153	+
	EU11 – Average generation efficiency of thermal plants by energy source and by regulatory regime	63		Sim	151-153	+
	EU12 – Transmission and distribution losses as a percentage of total energy	67		Sim	151-153	★
<b>CATEGORY: ENVIRONMENTAL</b>						
<b>Materials</b>	G4-DMA - Generic Disclosures on Management Approach	84. 91		Sim	151-153	+
	G4-EN1 – Materials used by weight or volume	91. 127		Sim	151-153	+
	G4-EN2 – Percentage of materials used that are recycled input materials	91		Sim	151-153	+

Material aspects	DMA and Indicators		Omissions	External Assurance		
	Specific standard disclosure	Page		Assurance	Page	Type
<b>Energy</b>	G4-DMA - Generic Disclosures on Management Approach	84. 95	Information is currently unavailable. EDP has a program that analyzes the performance of suppliers in sustainability (IDF) as part of this process provides for the inclusion of indicators to improve the Scope 3 inventory, so the energy accounting consumed outside the company's boundaries have the forecast to occur until 2017.  This indicator is not relevant, because energy intensity is less than 0.00001 MWh/R\$ gross sales	Sim	151-153	+
	G4-EN3 - Energy consumption within the organization	125		Sim	151-153	+
	G4-EN4 - Energy consumption outside of the organization	-		Sim	151-153	+
	G4-EN5 - Energy intensity	-		Sim	151-153	+
	G4-EN6 - Reduction of energy consumption	In 2014 there was no reduction in energy consumption		Sim	151-153	+
	G4-EN7 - Reductions in energy requirements of products and services	116		Sim	151-153	+
<b>Water</b>	G4-DMA - Generic Disclosures on Management Approach	84. 91		Sim	151-153	+
	G4-EN8 - Total water withdrawal by source	125. 126		Sim	151-153	★
	G4-EN9 - Water sources significantly affected by withdrawal of water	There are no water sources significantly affected by withdrawal of water, since hydroelectric power generation is a way to use rather than consume water consumption; that is, the water used for this purpose returns to its original course, there is no effective reduction in the availability of the body of water. TPP Pecém I uses public utility water for power generation.		Sim	151-153	★
	G4-EN10 - Percentage and total volume of water recycled and reused	126		Sim	151-153	+
<b>Biodiversity</b>	G4-DMA - Generic Disclosures on Management Approach	84. 85. 86. 87. 88. 89. 90		Sim	151-153	+
	G4-EN11 - Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	86		Sim	151-153	★
	G4-EN12 - Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	87-90		Sim	151-153	★
	G4-EN13 - Habitats protected or restored	86		Sim	151-153	+

Material aspects	DMA and Indicators			External Assurance		
	Specific standard disclosure	Page	Omissions	Assurance	Page	Type
<b>Biodiversity</b>	EU13 - Biodiversity of offset habitats compared to the biodiversity of the	This indicator requires a long-term study. The estimate for the publication of such data is for 2016.		Sim	151-153	+
	G4-EN14 - Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	128		Sim	151-153	+
<b>Emissions</b>	G4-DMA - Generic Disclosures on Management Approach	84. 97		Sim	151-153	+
	G4-EN15 - Direct greenhouse gas (GHG) emissions (Scope 1)	96. 97		Sim	151-153	★
	G4-EN16 - Energy indirect greenhouse gas (GHG) emissions (Scope 2)	96. 97		Sim	151-153	★
	G4-EN17 - Other indirect greenhouse gas (GHG) emissions (Scope 3)	96. 97		Sim	151-153	★
	G4-EN18 - Greenhouse gas (GHG) emissions intensity	97		Sim	151-153	+
	G4-EN19 - Reduction of greenhouse gas (GHG) emissions	In 2014 there was no reduction in GHG emissions		Sim	151-153	+
	G4-EN20 - Emissions of ozone - depleting substances (ODS)	They are produced by refrigeration equipment and are not very significant.		Sim	151-153	+
	G4-EN21 - NOX, SOX, and other significant air emissions	-	Information is currently unavailable. This indicator is only relevant for TPP Pecém I. The calibration process for the TPP's filters was completed in September 2014. EDP will report this data in 2015	Sim	151-153	★
<b>Effluents and waste</b>	G4-DMA - Generic Disclosures on Management Approach	92, 93. 94		Sim	151-153	+
	G4-EN22 - Total water discharge by quality and destination	93		Sim	151-153	+
	G4-EN23 - Total weight of waste by type and disposal method	92. 93. 94		Sim	151-153	★
	G4-EN24 - Total number and volume of significant spills	94		Sim	151-153	+
	G4-EN25 - Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	EDP does not import or export hazardous waste. These wastes are treated and transported by suppliers that are licensed and adopt strict procedures regarding the handling of these materials.		Sim	151-153	★
	G4-EN26 - Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	There are no water bodies and habitats significantly affected by discharges of water and runoff. EDP follows the legislation and works to reduce waste volumes.		Sim	151-153	+

Material aspects	DMA and Indicators		Omissions	External Assurance		
	Specific standard disclosure	Page		Assurance	Page	Type
<b>Products and services</b>	G4-DMA - Generic Disclosures on Management Approach	84		Sim	151-153	+
	G4-EN27 - Extent of impact mitigation of environmental impacts of products and services	84		Sim	151-153	+
	G4-EN28 - Percentage of products sold and their packaging materials that are reclaimed by category	NThere is no use of packaging in the generation, distribution and marketing of energy.		Sim	151-153	+
<b>Compliance</b>	G4-DMA - Generic Disclosures on Management Approach	84		Sim	151-153	+
	G4-EN29 - Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	124		Sim	151-153	+
<b>Transport</b>	G4-DMA - Generic Disclosures on Management Approach	84. 97		Sim	151-153	+
	G4-EN30 - Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	97		Sim	151-153	+
<b>Overall</b>	G4-DMA - Generic Disclosures on Management Approach	84		Sim	151-153	+
	G4-EN31 - Total environmental protection expenditures and investments by type	84. 123. 124		Sim	151-153	+
<b>Supplier environmental assessment</b>	G4-DMA - Generic Disclosures on Management Approach	109. 110. 111		Sim	151-153	
	G4-EN32 - Percentage of new suppliers that were screened using environmental criteria	In selecting new suppliers, information on their environmental, social, labor and human rights aspects is considered. These criteria are monitored by the IDF post-contract.		Sim	151-153	+
	G4-EN33 - Significant actual and potential negative environmental impacts in the supply chain and actions taken	109		Sim	151-153	+
<b>Environmental grievance mechanisms</b>	G4-DMA - Generic Disclosures on Management Approach	84		Sim	151-153	+
	G4-EN34 - Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	10 complaints were recorded at TPP Pecém I (2 regarding noise and 8 about atmospheric emissions), which were duly analyzed and dealt with to minimize impacts		Sim	151-153	+
<b>CATEGORY SOCIAL</b>						
<b>LABOR PRACTICES AND DECENT WORK</b>						
<b>Employment</b>	G4-DMA - Generic Disclosures on Management Approach	101		Sim	151-153	+
	G4-LA1 - Total number and rates of new employee hires and employee turnover by age group, gender and region	132		Sim	151-153	★
	G4-LA2 - Benefits provided to full - time employees that are not provided to temporary or part - time employees, by significant locations of operation	105		Sim	151-153	+
	G4-LA3 - Return to work and retention rates after parental leave, by gender	133		Sim	151-153	+



Material aspects	DMA and Indicators			External Assurance		
	Specific standard disclosure	Page	Omissions	Assurance	Page	Type
<b>Labor/ management relations</b>	EU15 – Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region	102		Sim	151-153	★
	EU17 – Days worked by contractor and subcontractor employees involved in construction, operation & maintenance activities	It was not possible to measure the indicator in 2014 because a methodology is not structured to determine the days worked by third parties by type of activity. This indicator should be in place in 2017.		Sim	151-153	⊕
	EU18 – Percentage of contractor and subcontractor employees that have undergone relevant health and safety training	100% of partners' and contract workers participate in training called for in legislation regarding Safety in electricity facilities and services.		Sim	151-153	⊕
	G4-DMA - Generic Disclosures on Management Approach	43. 101		Sim	151-153	⊕
	G4-LA4 – Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	The agreements do not include clauses on the subject. However, EDP informs all managers during each stage of the negotiations and provides an ample timeframe for all employees clarify their doubts. Based on the open relationship maintained with the unions, any extraordinary situations that significantly impact employees are quickly informed to their representatives		Sim	151-153	⊕
<b>Occupational health and safety</b>	G4-DMA - Generic Disclosures on Management Approach	106. 107. 108		Sim	151-153	⊕
	G4-LA5 – Percentage of total workforce represented in formal joint management – worker health and safety committees that help monitor and advise on occupational health and safety programs	106		Sim	151-153	⊕
	G4-LA6 – Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work – related fatalities, by region and by gender	108		Sim	151-153	★
	G4-LA7 – Workers with high incidence or high risk of diseases related to their occupation	Occupational hazards to which EDP employees (distribution electricians) are exposed are: Osteoskeletal Disorders Related to Work; i.e. shoulder and / or spinal column injuries.		Sim	151-153	★
	G4-LA8 – Health and safety topics covered in formal agreements with trade unions	107		Sim	151-153	⊕
	<b>Training and education</b>	G4-DMA - Generic Disclosures on Management Approach	101. 103		Sim	151-153
G4-LA9 – Average hours of training per year per employee by gender, and by employee category		103		Sim	151-153	★
G4-LA10 – Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings		103-104		Sim	151-153	⊕

Material aspects	DMA and Indicators			External Assurance		
	Specific standard disclosure	Page	Omissions	Assurance	Page	Type
<b>Training and education</b>	G4-LA11 – Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	103. 134		Sim	151-153	+
<b>Diversity and equal opportunity</b>	G4-DMA - Generic Disclosures on Management Approach	101. 102. 103		Sim	151-153	+
	G4-LA12 – Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	102. 131		Sim	151-153	★
<b>Equal remuneration for women and men</b>	G4-DMA - Generic Disclosures on Management Approach	101. 105		Sim	151-153	+
	G4-LA13 – Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	132		Sim	151-153	+
<b>Supplier assessment for labor practices</b>	G4-DMA - Generic Disclosures on Management Approach	109. 110. 111		Sim	151-153	
	G4-LA14 – Percentage of new suppliers that were screened using labor practices criteria	In selecting new suppliers, information on their environmental, social, labor and human rights aspects is considered. These criteria are monitored by the IDF post-contract.		Sim	151-153	+
	G4-LA15 – Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	109		Sim	151-153	+
<b>Labor practices grievance mechanisms</b>	G4-DMA - Generic Disclosures on Management Approach	101		Sim	151-153	+
	G4-LA16 – Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	133		Sim	151-153	+
<b>HUMAN RIGHTS</b>						
<b>Investment</b>	G4-DMA - Generic Disclosures on Management Approach	54. 55		Sim	151-153	+
	G4-HR1 – Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	130		Sim	151-153	+
	G4-HR2 – Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	133		Sim	151-153	+
<b>Non-discrimination</b>	G4-DMA - Generic Disclosures on Management Approach	54. 55		Sim	151-153	+
	G4-HR3 – Total number of incidents of discrimination and corrective actions taken	There were no cases of discrimination registered in 2014.		Sim	151-153	+
<b>Freedom of association and collective bargaining</b>	G4-DMA - Generic Disclosures on Management Approach	54. 55		Sim	151-153	
	G4-HR4 – Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	The IDF (Supplier Performance Index) evaluates the payment compliance criteria pursuant to the Collective Bargaining Agreement with the labor union, the hiring of child, forced or slave labor. No significant occurrences were identified in 2014.		Sim	151-153	+

Material aspects	DMA and Indicators			External Assurance		
	Specific standard disclosure	Page	Omissions	Assurance	Page	Type
<b>Child labor</b>	G4-DMA - Generic Disclosures on Management Approach	54. 55		Sim	151-153	+
	G4-HR5 – Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	The IDF (Supplier Performance Index) evaluates the payment compliance criteria pursuant to the Collective Bargaining Agreement with the labor union, the hiring of child, forced or slave labor. To ensure the fight against child and forced labor, EDP establishes clauses in its contracts. No significant occurrences were identified in 2014.		Sim	151-153	+
<b>Forced or compulsory labor</b>	G4-DMA - Generic Disclosures on Management Approach	54. 55		Sim	151-153	+
	G4-HR6 – Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	The IDF (Supplier Performance Index) evaluates the payment compliance criteria pursuant to the Collective Bargaining Agreement with the labor union, the hiring of child, forced or slave labor. To ensure the fight against child and forced labor, EDP establishes clauses in its contracts. No significant occurrences were identified in 2014.		Sim	151-153	+
<b>Security practices</b>	G4-DMA - Generic Disclosures on Management Approach	54. 55		Sim	151-153	+
	G4-HR7 – Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	In 2014, 100% of security guards and entrance door security officers received training focused on customer service, which addressed, among other issues, ethical conduct and aspects of human rights and non-discrimination in the workplace.		Sim	151-153	+
<b>Indigenous rights</b>	G4-DMA - Generic Disclosures on Management Approach	54. 113		Sim	151-153	+
	G4-HR8 – Total number of incidents of violations involving rights of indigenous peoples and actions taken	113		Sim	151-153	+
<b>Assessment</b>	G4-DMA - Generic Disclosures on Management Approach	54. 55. 112		Sim	151-153	+
	G4-HR9 – Total number and percentage of operations that have been subject to human rights reviews or impact assessments	The IDF (Supplier Performance Index) evaluates the payment compliance criteria pursuant to the Collective Bargaining Agreement with the labor union, the hiring of child, forced or slave labor. To ensure the fight against child and forced labor, EDP establishes clauses in its contracts. No significant occurrences were identified in 2014.		Sim	151-153	+
<b>Supplier human rights assessment</b>	G4-DMA - Generic Disclosures on Management Approach	109. 110. 111		Sim	151-153	+
	G4-HR10 – Percentage of new suppliers that were screened using human rights criteria	In selecting new suppliers, information on their environmental, social, labor and human rights aspects is considered. These criteria are monitored by the IDF post-contract.		Sim	151-153	+

DMA and Indicators			External Assurance			
Material aspects	Specific standard disclosure	Page	Omissions	Assurance	Page	Type
<b>Supplier human rights assessment</b>	G4-HR11 – Significant actual and potential negative human rights impacts in the supply chain and actions taken	In 2014, neither in the EDP's operations nor those of its suppliers were significant risk cases or situations of violations related to Human Rights identified - such as violation or restriction of the right to exercise freedom of association and collective bargaining, existence of forced, compulsory or child labor, among other aspects related to sustainability.		Sim	151-153	+
<b>Human rights grievance mechanisms</b>	G4-DMA - Generic Disclosures on Management Approach	The impacts are assessed by applying the IDF and supplier audits.		Sim	151-153	+
	G4-HR12 – Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	No complaints or grievances relating to Human Rights were registered in 2014		Sim	151-153	+
<b>SOCIERY</b>						
<b>Local communities</b>	G4-DMA - Generic Disclosures on Management Approach	112. 113. 117		Sim	151-153	+
	G4-SO1 – Percentage of operations with implemented local community engagement, impact assessments, and development programs	112. 113. 115		Sim	151-153	+
	G4-SO2 – Operations with significant actual and potential negative impacts on local communities	112. 113		Sim	151-153	+
	EU22 – Number of people physically or economically displaced and compensation, broken down by type of project	113		Sim	151-153	+
<b>Disaster/ Emergency Planning and Response</b>	G4-DMA - Generic Disclosures on Management Approach	45. 88. 90		Sim	151-153	+
<b>Anti-corruption</b>	G4-DMA - Generic Disclosures on Management Approach	54. 55		Sim	151-153	+
	G4-SO3 – Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	54		Sim	151-153	+
	G4-SO4 – Communication and training on anti – corruption policies and procedures	133		Sim	151-153	+
	G4-SO5 – Confirmed incidents of corruption and actions taken	55		Sim	151-153	+
<b>Public policy</b>	G4-DMA - Generic Disclosures on Management Approach	54. 55		Sim	151-153	+
	G4-SO6 – Total value of political contributions by country and recipient/beneficiary	The Company does not contribute to political parties, politicians or related institutions.		Sim	151-153	+
<b>Anti-competitive behavior</b>	G4-DMA - Generic Disclosures on Management Approach	54. 55		Sim	151-153	+
	G4-SO7 – Total number of legal actions for anti – competitive behavior, anti – trust, and monopoly practices and their outcomes	In 2014 there were no lawsuits for unfair competition		Sim	151-153	★

Material aspects	DMA and Indicators		Omissions	External Assurance		
	Specific standard disclosure	Page		Assurance	Page	Type
<b>Compliance</b>	G4-DMA - Generic Disclosures on Management Approach	54. 55		Sim	151-153	+
	G4-S08 – Monetary value of significant fines and total number of non – monetary sanctions for non – compliance with laws and regulations	130		Sim	151-153	★
<b>Supplier assessment for impacts on society</b>	G4-DMA - Generic Disclosures on Management Approach	109. 110. 111		Sim	151-153	+
	G4-S09 – Percentage of new suppliers that were screened using criteria for impacts on society	In selecting new suppliers, information on their environmental, social, labor and human rights aspects is considered. These criteria are monitored by the IDF post-contract.		Sim	151-153	+
	G4-S010 – Significant actual and potential negative impacts on society in the supply chain and actions taken	109		Sim	151-153	+
<b>Grievance mechanisms for impacts on society</b>	G4-DMA - Generic Disclosures on Management Approach	112. 113		Sim	151-153	+
	G4-S011 – Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	No complaints or grievances of this nature were recorded		Sim	151-153	+
<b>PRODUCT RESPONSIBILITY</b>						
<b>Product and service labeling</b>	G4-DMA - Generic Disclosures on Management Approach	68. 69. 70			151-153	+
	G4-PR5 – Results of surveys measuring customer satisfaction	69			151-153	★
<b>Compliance</b>	G4-DMA - Generic Disclosures on Management Approach	54. 55			151-153	+
	G4-PR9 – Monetary value of significant fines for non – compliance with laws and regulations concerning the provision and use of products and services	134			151-153	★
<b>Access</b>	G4-DMA - Generic Disclosures on Management Approach	65. 66. 117			151-153	+
	EU26 - Percentage of population unserved in licensed distribution or service areas	Rural and urban populations are 100% served			151-153	+
	EU27 – Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime	135			151-153	+
	EU28 – Power outage frequency	27. 66. 67			151-153	★
	EU29 – Average power outage duration	27. 66			151-153	★
	EU30 – Average plant availability factor by energy source and by regulatory regime	135			151-153	+
	<b>Provision of Information</b>	G4-DMA - Generic Disclosures on Management Approach	117			151-153

## ADDITIONAL INDICATORS

Non material aspects	DMA and indicators		External assurance		
	Specific standard disclosure	Page	Omissions	Assurance	Page
<b>PRODUCT RESPONSIBILITY</b>					
<b>Customer health and safety</b>	G4-DMA - Generic Disclosures on Management Approach	117-118			
	G4-PR1 – Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	117. 118		+	151-153
	G4-PR2 – Total number of incidents of non – compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	There is no adherence to regulations and voluntary codes relating to impacts caused by products and services to the health and safety during their life cycle, but there are operations certified OHSAS 18001		★	151-153
	EU25 – Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases	118. 134		★	151-153
<b>Product and service labeling</b>	G4-DMA - Generic Disclosures on Management Approach	68-70			
	G4-PR3 – Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	68		+	151-153
	G4-PR4 – Total number of incidents of non – compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	There is no adherence to regulations and voluntary codes concerning the provision of information on the service provided.		★	151-153
<b>Client privacy</b>	G4-DMA - Generic Disclosures on Management Approach	68-70			
	G4-PR8 – Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	69		+	151-153



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## Relatório de asseguração limitada dos auditores independentes

Ao Conselho de Administração, Acionistas e Demais Partes Interessadas  
 EDP Energias do Brasil S.A.  
 São Paulo - SP

### Introdução

Fomos contratados pela EDP Energias do Brasil S.A. (“EDP” ou “Companhia”) com o objetivo de aplicar procedimentos de asseguração limitada sobre as informações de sustentabilidade divulgadas no Relatório Anual de Sustentabilidade 2014 da EDP, relativas ao ano findo em 31 de dezembro de 2014.

### Responsabilidades da administração da EDP Energias do Brasil

A administração da EDP Energias do Brasil é responsável pela elaboração e apresentação de forma adequada das informações de sustentabilidade divulgadas no Relatório Anual de Sustentabilidade 2014 de acordo com as Diretrizes para Relato de Sustentabilidade da Global Reporting Initiative - GRI (GRI-G4), com o suplemento setorial “*Electric Utilities Sector Supplement - RG Version 3.0/EUSS Final Version*” e com os controles internos que ela determinou como necessários para permitir a elaboração dessas informações livres de distorção relevante, independentemente se causada por fraude ou erro.

### Responsabilidade dos auditores independentes

Nossa responsabilidade é expressar conclusão sobre as informações divulgadas no Relatório Anual de Sustentabilidade 2014, com base no trabalho de asseguração limitada conduzido de acordo com o Comunicado Técnico (CT) 07/2012, aprovado pelo Conselho Federal de Contabilidade e elaborado tomando por base a NBC TO 3000 (Trabalhos de Asseguração Diferente de Auditoria e Revisão), emitida pelo Conselho Federal de Contabilidade - CFC, que é equivalente à norma internacional ISAE 3000, emitida pela Federação Internacional de Contadores, aplicáveis às informações não financeiras históricas. Essas normas requerem o cumprimento de exigências éticas, incluindo requisitos de independência e que o trabalho seja executado com o objetivo de obter segurança limitada de que as informações divulgadas no Relatório Anual de Sustentabilidade 2014, tomadas em conjunto, estão livres de distorções relevantes.

Um trabalho de asseguração limitada conduzido de acordo com a NBC TO 3000 (ISAE 3000) consiste principalmente de indagações à administração da EDP Energias do Brasil e outros profissionais da Companhia que estão envolvidos na elaboração das informações constantes no Relatório Anual de Sustentabilidade 2014, assim como pela aplicação de procedimentos analíticos para obter evidências que nos possibilitem concluir na forma de asseguração limitada sobre as informações de sustentabilidade tomadas em conjunto. Um trabalho de asseguração limitada requer, também, a execução de procedimentos adicionais, quando o auditor independente toma conhecimento de assuntos que o levem a acreditar que as informações

# IBASE SOCIAL BALANCE SHEET

1 – Calculation Base		2014 (R\$ thousand)		2013 (R\$ thousand)	
Net revenue (NR)		8,898,728		7,096,492	
Operating		1,186,880		1,253,095	
Gross payroll (GP)		307,752		305,499	
<b>2 - Internal Social Indicators</b>		<b>R\$ thousand</b>	<b>% over FPB</b>	<b>R\$ thousand</b>	<b>% over NR</b>
Meals	34,607	11.2%	0.4%	30,306	9.9%
Compulsory social payroll	76,517	24.9%	0.9%	72,428	23.7%
Private pension	10,017	3.3%	0.1%	11,260	3.7%
(a) Health	26,832	8.7%	0.3%	40,023	13.1%
Workplace	—	0.0%	0.0%	—	0.0%
Education	400	0.1%	0.0%	609	0.2%
Culture	—	0.0%	0.0%	—	0.0%
Training and development	4,559	1.4%	0.0%	4,554	1.5%
Day care	1,197	0.4%	0.0%	938	0.3%
(c) Profit sharing	30,064	9.8%	0.3%	26,118	8.5%
Voluntary Retirement Program - VRP	—	0.0%	0.0%	—	0.0%
Others	1,699	0.6%	0.0%	—	0.0%
(d) Total - Internal social indicators	188,064	61.1%	2.1%	186,236	61.0%
<b>3 (External Social Indicators)</b>		<b>R\$ thousand</b>	<b>% over OR</b>	<b>R\$ thousand</b>	<b>% over OR</b>
Education	791	1.1%	0.0%	827	0.1%
Culture	202	0.3%	0.0%	240	0.2%
Health and sanitation	809	0.1%	0.0%	—	0.0%
Sports	—	0.0%	0.0%	—	0.0%
Fighting hunger and food security	100	0.0%	0.0%	—	0.0%
Others	332	0.0%	0.0%	496	0.0%
Total contributions to society	5,424	0.3%	0.0%	4,770	0.4%
Taxes (excluding social charges)	2,751,398	231.8%	30.9%	2,650,422	211.5%
Total - External social indicators	2,754,819	232.1%	31.0%	2,655,192	211.9%
<b>4 - Environmental Indicators</b>		<b>R\$ thousand</b>	<b>% Of OR</b>	<b>R\$ thousand</b>	<b>% Of NR</b>
(g) Investments related to the company's production	123,790	10.4%	1.4%	59,616	4.8%
Investments in external programs and/or projects	676	0.1%	0.0%	249	0.0%
Total environmental investments	124,465	10.5%	1.4%	59,865	4.8%

Regarding the establishment of annual targets to minimize waste, general consumption during production/operation and increase of efficiency in the use of natural resources, the company

<input checked="" type="checkbox"/> has no targets	<input checked="" type="checkbox"/> has no targets
<input type="checkbox"/> meets 0 to 50%	<input type="checkbox"/> meets 0 to 50%
<input type="checkbox"/> meets 51-75%	<input type="checkbox"/> meets 51-75%
<input type="checkbox"/> meets 76-100%	<input type="checkbox"/> meets 76-100%





Os trabalhos de asseguarção também foram realizados de acordo com o Padrão AA1000AS (Assurance Standard - 2008), Tipo I Moderado, com o propósito de avaliar a natureza e o nível de aderência aos Princípios AA1000 da Accountability, a saber: Inclusão, Relevância e Responsabilidade.

Acreditamos que as informações, as evidências e os resultados obtidos em nosso trabalho são suficientes e apropriados para fundamentar nossa conclusão na forma limitada.

#### **Alcance e limitações**

Os procedimentos aplicados em um trabalho de asseguarção limitada são substancialmente menos extensos do que aqueles aplicados em um trabalho de asseguarção razoável. Consequentemente, não nos possibilitam obter segurança de que tomamos conhecimento de todos os assuntos que seriam identificados em um trabalho de asseguarção razoável, que tem por objetivo emitir uma opinião. Caso tivéssemos executado um trabalho de asseguarção razoável, poderíamos ter identificado outros assuntos e eventuais distorções que podem existir nas informações constantes no Relatório Anual de Sustentabilidade 2014.

Os dados não financeiros estão sujeitos a mais limitações inerentes do que os dados financeiros, dada a natureza e a diversidade dos métodos utilizados para determinar, calcular ou estimar esses dados. Interpretações qualitativas de materialidade, relevância e precisão dos dados estão sujeitos a pressupostos individuais e a julgamentos. Adicionalmente, não realizamos qualquer trabalho em dados informados para os períodos anteriores, para a avaliação da adequação das suas políticas, práticas e desempenho em sustentabilidade, nem em relação a projeções futuras.

#### **Conclusão**

Com base nos procedimentos realizados, descritos neste relatório, nada chegou ao nosso conhecimento que nos leve a acreditar que as informações constantes no Relatório Anual de Sustentabilidade 2014 da EDP Energias do Brasil, não foram compiladas, em todos os aspectos relevantes, de acordo com as Diretrizes para Relato de Sustentabilidade da *Global Reporting Initiative - GRI (GRI-G4)*, com o suplemento setorial "*Electric Utilities Sector Supplement - RG Version 3.0/EUSS Final Version*" e com os registros e arquivos que serviram de base para a sua preparação.

São Paulo, 25 de fevereiro de 2015

KPMG Risk Advisory Services Ltda.  
CRC 2SP023233/O-4

Eduardo V. Cipullo  
Contador CRC 1SP135597/O-6



<b>5 - Staff Indicators</b>	<b>2014</b>	<b>2013</b>
Number of employees the end of the period	2,798	2,772
Number of admissions during the period	281	408
Number of outsourced employees	9,967	8,286
Number of trainees	158	136
Number of employees over 45 years old	825	731
Number of women working in the company	657	653
% of management positions held by women	17.4%	21.2%
Number of blacks working in the company	444	833
% of management positions occupied by blacks (as)	3.0%	16.1%
Number of people with disabilities or special needs	57	75

<b>6 - Information relating to the exercise of corporate citizenship</b>	<b>2014</b>			<b>Targets 2014</b>		
Ratio between the highest and lowest salary in the company	33.33			33.33		
Total number of work accidents	29			0		
Social and environmental projects developed by the company were defined by:	( ) executive board	( x ) executive board and department heads	( ) all employees	( ) executive board	( x ) executive board and department heads	( ) all employees
The safety and health standards in the workplace were defined by:	( x ) executive board and department heads	( ) all employees	( ) All + Cipa	( x ) executive board and department heads	( ) all employees	( ) all + Cipa
Regarding freedom of union association, the right to collective bargaining and internal representation of the workers in the company:	( ) is not involved	( x ) follows the ILO standards	( ) Encourages and follows ILO	( ) will not be involved	( x ) will follow ILO standards	( ) will encourage and follow ILO
The private pension plan covers:	executive board	( ) executive board and department heads	( x ) all employees	( ) executive board	( ) executive board and department heads	( x ) all employees
Profit sharing is for	executive board	( ) executive board and department heads	( x ) all employees	( ) executive board	( ) executive board and department heads	( x ) all employees
When selecting suppliers, the same ethical and social and environmental responsibility adopted by the company:	( ) are not considered	( ) are suggested	( x ) are required	( ) will not be considered	( ) will be suggested	( x ) will be required
Regarding participation of employees in volunteer programs, the company:	( ) does not get involved	( ) supports	( x ) organizes and encourages	( ) will not be involved	( ) will support	( x ) will organize and encourage
Total number of complaints and criticisms from consumers: (to the Company, to Procon, in court)	to the company: 93,404	to Procon: 4,921	in court: 6,978	to the company: 84,047	to Procon: 4,327	in court: 6,171
	to the company: 99%	to Procon: 100%	na Justiça: 49%	to the company: 99.2%	to Procon: 42.8%	in court: 47.1%

<b>% of complaints and criticisms answered or solved:</b>	<b>2014</b>	<b>2013</b>
Total added value to distribute (R\$ thousand):	4,580,601	3,923,812
Distribution of Value Added (DVA):	government: 60% shareholders: 6% employees: 7% retained: 12%	government: 63% shareholders: 7% employees: 8% retained: 7%



## NBCT 15

**HUMAN CAPITAL MANAGEMENT**

<b>Gross remuneration</b>	<b>Unit</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2013/2014</b>
Employees	R\$ thousand	168,898	182,592	240,941	32%
Managers	R\$ thousand	15,068	10,904	19,999	83%
Outsourced	R\$ thousand	-	-	-	0%
Freelancers	R\$ thousand	-	-	-	0%
<b>Total</b>	<b>R\$ thousand</b>	<b>183,966</b>	<b>193,496</b>	<b>260,940</b>	<b>35%</b>
<b>Entity's remuneration</b>	<b>Unit.</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2013/2014</b>
Higher	R\$	48,694	45,000	40,543	-10%
Lower	R\$	994	887	1,216	37%
higher/lower	R\$	49	51	33	-34%
<b>Expenditures with employees regarding</b>	<b>Unit.</b>	<b>Employees</b>	<b>Managers</b>	<b>Outsourced</b>	<b>Freelancers</b>
Social charges	R\$ thousand	76,517	-	-	-
Meals	R\$ thousand	34,607	-	-	-
Transportation	R\$ thousand	1,698	-	-	-
Private pension	R\$ thousand	10,017	-	-	-
Health	R\$ thousand	26,832	-	-	-
Work safety and occupational health	R\$ thousand	2,071	-	-	-
Education	R\$ thousand	400	-	-	-
Culture	R\$ thousand	-	-	-	-
Training and professional development	R\$ thousand	4,659	-	-	-
Day care center or day care allowance	R\$ thousand	1,197	-	-	-
Voluntary Retirement Program - POS	R\$ thousand	-	-	-	-
PLR	R\$ thousand	30,064	-	-	-
Others	R\$ thousand	1,699	-	-	-
<b>Workforce</b>	<b>Unit.</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2013/2014</b>
Admissions	Unit	418	408	281	-31%
Dismissals	Unit	290	281	255	-9%
Trainees	Unit	119	136	158	16%
People with disabilities	Unit	70	75	57	-24%
Outsourced service providers	Unit	8,772	8,286	9,967	20%
Percentage of men in leadership position (%)	%	80%	79%	83%	5%
Percentage of women un leadership positions (%)	%	20%	21%	17%	-18%
<b>Gender breakdown</b>	<b>Unit</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2013/2014</b>
Males Employees	Unit	2,042	2,119	2,143	1%
Female Employees	Unit	599	653	657	1%
<b>Age breakdown</b>	<b>Unit</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2013/2014</b>
Employees under 18	Unit	-	-	-	0%
Employees between 18 and 35	Unit	1,217	1,329	1,355	2%
Employees between 36 to 60	Unit	1,394	1,397	1,416	1%
Employees over 60	Unit	30	25	27	8%
<b>Classification by level of education.</b>	<b>Unit</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2013/2014</b>
Illiterate employees	Unit	-	-	1	0%
Employees with grade school education	Unit	241	221	101	-54%
Employees with high school education	Unit	1,333	1,417	1,468	4%
Employees with completed technical education	Unit	-	-	-	0%
Employees with completed higher education	Unit	934	991	991	0%
Employees with postgraduate degrees	Unit	73	72	84	17%

**LEGAL**

<b>Labor Lawsuits</b>	<b>Unit</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2013/2014</b>
Total labor lawsuits against the Company	Unit	3,904	1,731	11	-99%
Number of lawsuits upheld	Unit	292	237	1	-100%
Number of cases dismissed	Unit	578	317	5	-98%
Total amount of damages and fines ordered paid by the courts	R\$	60,877,760	13,091,940	1,805	-100%

**COMMUNICATION**

<b>Community Relations</b>	<b>Unit</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2013/2014</b>
Investments in education	R\$ thousand	995	822	792	-4%
Investments in culture	R\$ thousand	2,733	2,498	1,206	-52%
Investments in health and sanitation	R\$ thousand	139	-	809	0%
Investments in sports and recreation	R\$ thousand	1,131	954	185	-81%
Investments in meals	R\$ thousand	-	-	100	0%
Other	R\$ thousand	241	496	332	-33%

**COMMERCIAL MANAGEMENT**

<b>Relations with customers</b>	<b>Unit</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2013/2014</b>
Number of complaints received directly by the entity	Unit	86,387	84,047	93,404	11%
Number of complaints received by protection agencies and consumer protection bodies	Unit	4,831	4,327	4,921	14%
Number of complaints resolved - by the Company	%	96%	99%	99%	0%
Number of complaints resolved - by Procon	%	34%	43%	100%	134%
Number of complaints resolved - in court	%	61%	47%	49%	5%
Amount of fines and compensation paid to customers, determined by protection agencies and consumer protection bodies or courts	R\$	3,611,779	6,986,525	ND	ND
Actions taken by the entity to remedy or minimize complaints					

Since 2012, EDP has worked intensely to resolve complaints, through a dedicated work group that involves several areas for streamlining and reducing the number of complaints. (More information in the Excellence in Management and Services Chapter)

**ENVIRONMENT**

<b>Relations with the environment</b>	<b>Unit</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2013/2014</b>
Investments and maintenance expenses for the improvement of the environment	R\$ thousand	4,264	8,340	691	-92%
Investments and expenditures with environmental education for employees	R\$ thousand	-	-	166	-
Investments and expenditures with environmental education for the community	R\$ thousand	-	-	365	-
Investments and expenses with other environmental projects	R\$ thousand	-	-	114,885	-
Quantity of environmental, administrative and legal processes against the entity	Unit	ND	24	25	4%
Amount of penalties and compensations related to environmental issues, determined administratively and/or judicially	R\$	ND	846,381	15,071	-98%
Environmental liabilities and contingencies	R\$	-	-	-	-

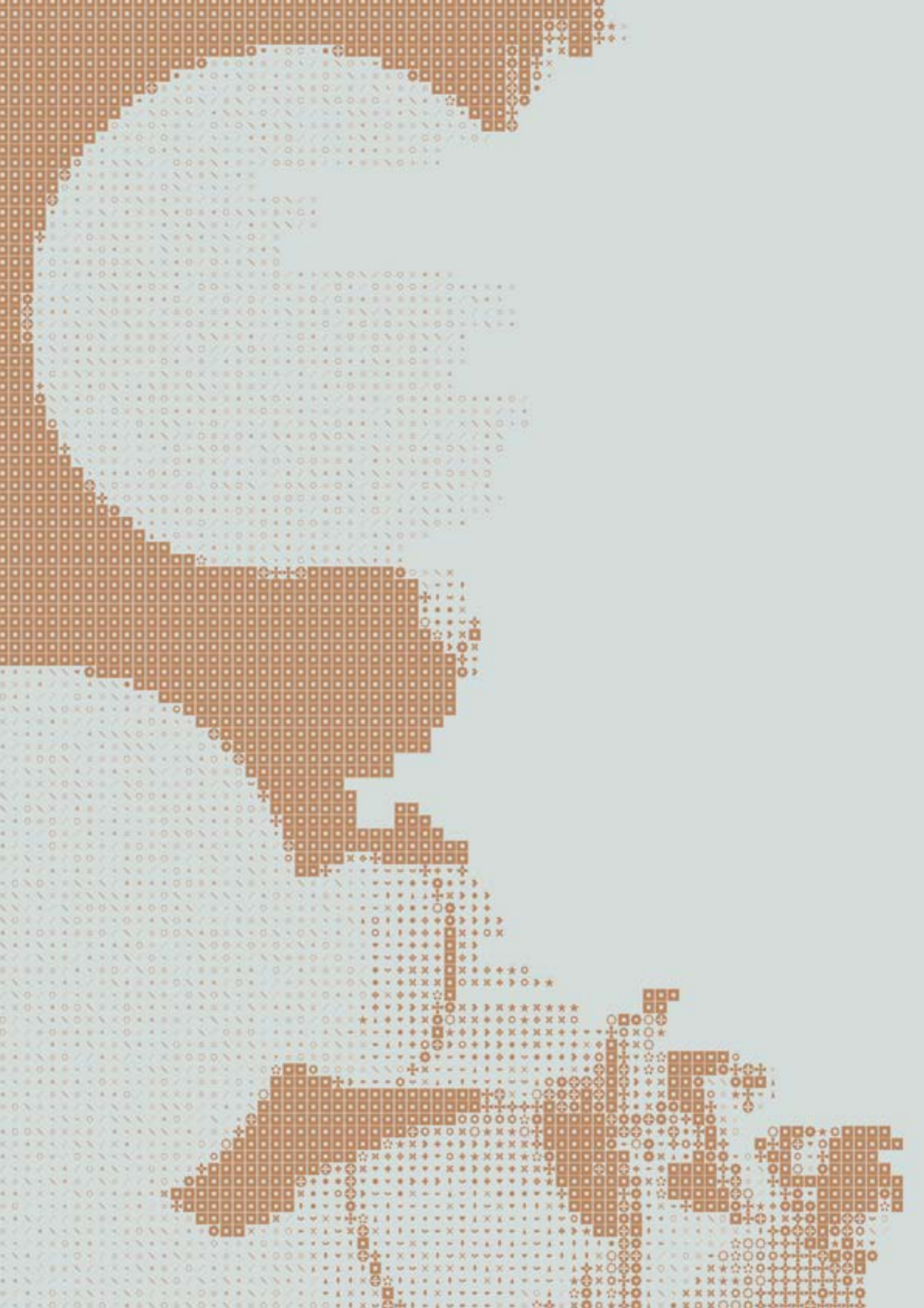


# ENERGY THAT TRANSFORMS OPPORTUNITIES

Making a difference in the lives of clients by offering them innovative solutions, as well as in the lives of employees and shareholders, joining ethical and strict conduct with enthusiasm and initiative.









## 11.

## CORPORATE INFORMATION

**ADMINISTRATION BOARD**

Ana Maria Machado Fernandes  
**Chairwoman - Administration Board President**

Miguel Nuno Simões Nunes Ferreira Setas  
**CEO - Board Vice-President and Director-  
President of EDP Energias do Brazil**

Nuno Maria Pestana Alves  
**Board member**

Jorge Manuel Pragana da Cruz Morais  
**Board member**

Miguel Amaro  
**Director Vice-President of Finances and  
Investors Relations, Director**

Pedro Sampaio Malan  
**Independent Board member**

Modesto Souza Barros Carvalhosa  
**Independent Board member**

Francisco Carlos Coutinho Pitella  
**Independent Board member**

**EXECUTIVE BOARD**

Miguel Nuno Simões Nunes Ferreira Setas  
**CEO - Director-President of EDP Energias do Brazil**

Carlos Emanuel Baptista Andrade  
**Director - Vice-President of Commercialization**

Luiz Otavio Assis Henriques  
**Director - Vice-President of Generation**

Miguel Dias Amaro  
**Director Vice-President of Finances and Investors  
Relations, Director Vice-President of Management  
Control and Director Vice-President of Distribution**

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