

edp

**ENERGY
AS
THE
NEW
ART**

**2016
ANNUAL REPORT**

edp

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ANNUAL REPORT**

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Content

01	Introduction		05	Annexes	
	About the report	08		Additional and complementary	
	Relevance process	10		GRI indicators	102
				GRI content summary	148
02	Message from the Board	16		Ibase social balance sheet	158
				Independent Auditor's Limited Assurance Report	161
03	EDP's way		06	Corporate information	168
	Businesses	24			
	EDP Culture	38			
	Governance standard	40			
	Risk management	44			
04	Shared value creation				
	Principles and commitments	52			
	Stakeholders' engagement	54			
	Business strategy	56			
	Assets & Operation	59			
	Shareholder	68			
	Customers	72			
	Environment & Communities	76			
	Business Partners	89			
	People	92			

The background features a vibrant, abstract composition of overlapping circles and curved shapes in various shades of green and yellow. A prominent white rectangular box is positioned in the bottom right corner, containing the text 'SUSTAINABILITY AS THE NEWART' in a bold, black, sans-serif font.

SUSTAINABILITY
AS THE *NEWART*

ENERGY AS THE NEW ART

01	Introduction	08
	About this publication	08
	Relevance process	10

ENERGY AS THE NEW ART

01 Introduction

1.1 About the report

The 2016 Annual Report of EDP Energias do Brasil S.A., hereinafter EDP Brasil, was prepared according to the Global Reporting Initiative (GRI) methodology – main international reference for sustainability reporting – and follows the guidelines of version G4 Comprehensive. **[GRI G4-32, G4-3]**

Intended to all EDP Brasil stakeholders, the publication addresses the Company's economic, social and

environmental performance from January 1st to December 31st 2016. **[GRI G4-28]**

The reported content meets the relevance principals indicated by the materiality matrix, which took into account the main demands from internal and external stakeholders (read more on page xx). The indicators summary was submitted to GRI Content Index verification service, and the indicators went through independent external audit, performed by KPMG Advisory. **[GRI G4-18, G4-33]**

The report scope comprehends all EDP business units in the Country (Generation, Distribution, Commercialization and Energy Solutions), the company's annual financial and non-financial results over which EDP Brasil has management control in Brazil:

- **Generation:** Hydroelectric Plants in operation located in the states of Espírito Santo (ES), Mato Grosso do Sul (MS), Tocantins (TO) and Thermoelectric Plant (UTE) Pecém I, in Ceará (CE);
- **Distribution:** two distributors located in the states of São Paulo (SP) and Espírito Santo (ES);

- **Commercialization:** a company based in São Paulo acting in the entire Country;

- **Energy Solutions:** a service and distributed energy company located in São Paulo and an energy efficiency company based in Porto Alegre (RS).

It also includes information on joint venture assets with other companies: Hydroelectric Plant (UHE) Santo Antônio do Jari, between Amapá and Pará (AP/PA); UHE Cachoeira Caldeirão (AP); UHE São Manoel, between Mato Grosso and Pará (MT/PA); and other companies that operate and transport coal to UTE Pecém, Ceará. **[GRI G4-17]**

The operational results of the Mato Grosso do Sul (MS) plants that were managed by the company Pantanal Energética, which was sold in January 2016, were not accounted. **[GRI G4-13, G4-22, G4-23]**

Questions, comments and suggestions regarding this report may be sent by email to: sustentabilidade.edp@edpbr.com.br. **[GRI G4-31]**

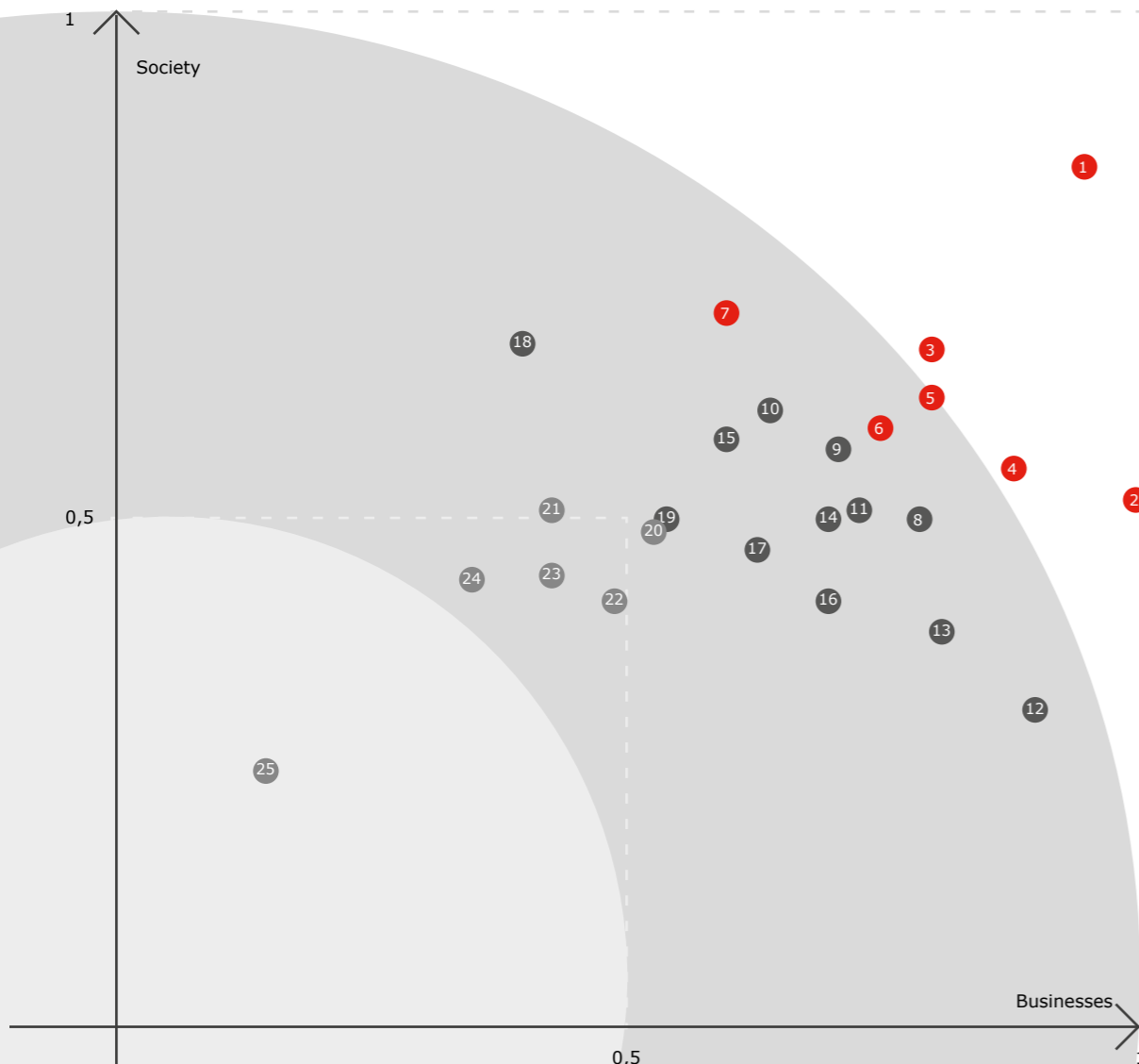
1.2 Relevance process

Prepared based on GRI guidelines and applying the AccountAbility AA1000 rule, EDP Brasil relevance matrix in 2016 went through a unification process of the EDP Group methodology. With the use of a global internal tool, the process brought benefits such as the improvement on stages traceability and matrixes consolidation for all Group locations.

The new matrix preparation process was divided into the four stages listed below:



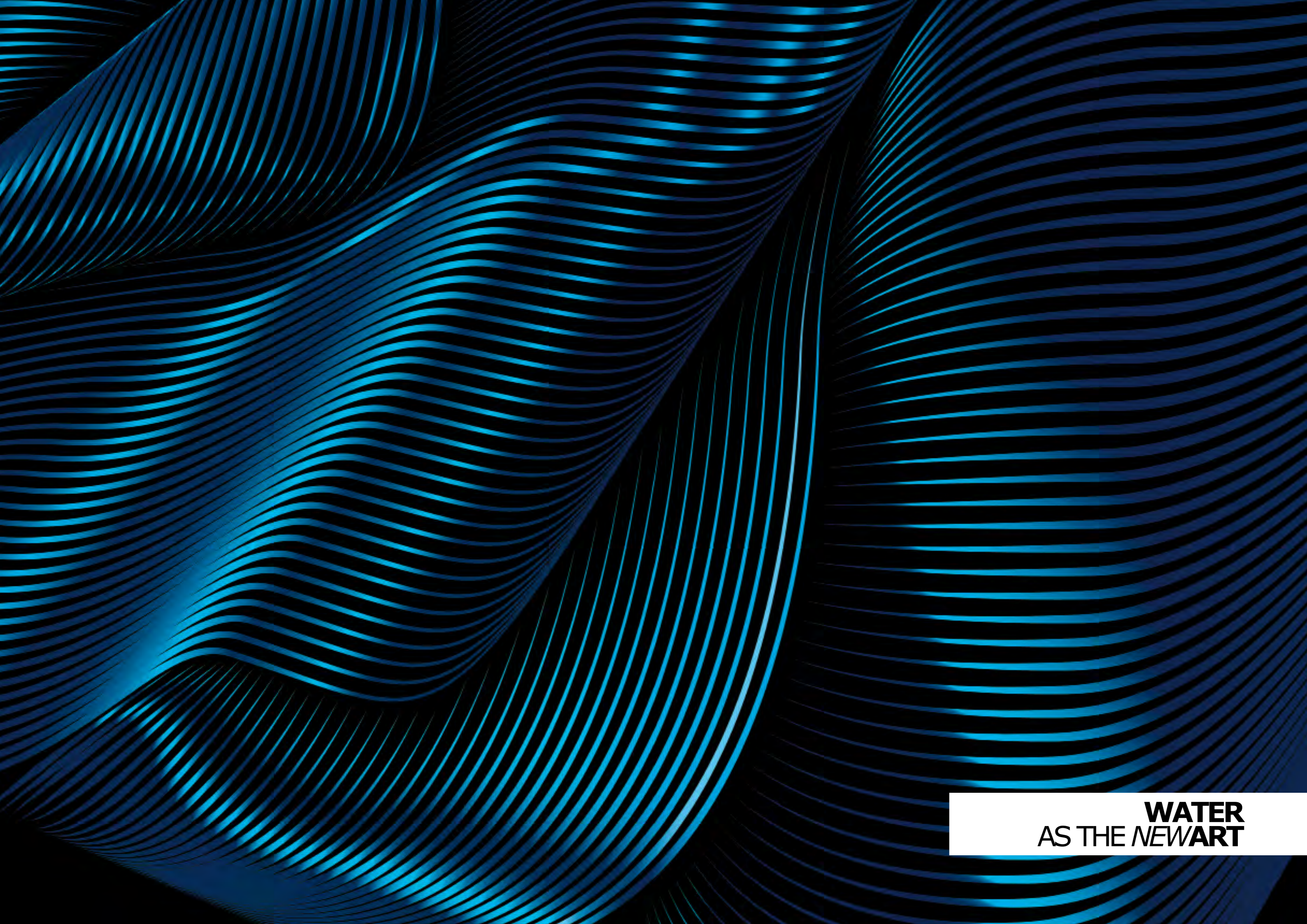
Consolidated relevance matrix



Impacts limits of relevant topics [GRI G4-19, G4-20, G4-21]

Topic	Inside EDP (business units)	Outside EDP (stakeholders)	Related GRI indicators
1 Business ethics	All	All	G4-56, G4-57, G4-58, G4-EN34, G4-LA16, G4-HR12, G4-SO3, G4-SO4, G4-SO5, G4-SO11
2 Health and safety at work	All	All, except competitors	G4-LA5, G4-LA6, G4-LA7, G4-LA8, G4-PR1, G4-PR2, EU25
3 Water management	All	Public Power, communities and NGOs	G4-EN8, G4-EN9, G4-EN10, G4-EN22, G4-EN26
4 Financial results	All	All	G4-SO8, G4-PR9, G4-EC1, G4-EC4
5 New businesses	All	All	-
6 Climate changes	All	Shareholders, customers and communities	EU1, EU2, EU10
7 Energy efficiency	Generation, EDP São Paulo, EDP Espírito Santo, Commercialization and Energy Solutions	Customers, communities and NGOs	EU11, EU12, EU30, G4-EN3, G4-EN5, G4-EN6, G4-EN7
8 Supply guarantee	All	All	EU1, EU28, EU29
9 Risk management	All	All	G4-2, G4-46
10 Human rights	All	All	G4-10, G4-LA12, G4-LA13, G4-HR1 a G4-HR12
11 Customer management	EDP São Paulo, EDP Espírito Santo, Commercialization and Energy Solutions	Customers	G4-PR5, G4-PR8, G4-PR9
12 Corporate governance	All	All	G4-34 a G4-47, G4-49, G4-50, G4-51 a G4-55
13 Talent attraction and retention	All	Internal public	G4-LA9, G4-LA10, G4-LA11, G4-LA13, G4-LA16
14 Providers management	All	Providers, customers and shareholders	G4-EN32, G4-EN33, G4-HR10, G4-HR11, G4-LA14, G4-LA5 a G4-LA8, G4-LA15, G4-SO9, G4-SO10, G4-EC9
15 Labour conditions	All	Scientific community, providers and shareholders	G4-11, G4-HR4, G4-LA1 a G4-LA5, G4-EC5, EU15
16 Innovation and R&D	All	All	EU8
17 Citizenship	All	All	G4-EC1, G4-SO1, G4-EN31
18 Street lighting	EDP São Paulo, EDP Espírito Santo	Public power, regulatory agencies and communities	-
19 Macroeconomic framework	All	All	G4-1, G4-2
20 Biodiversity	All	Public power, regulatory agencies, communities and NGOs	G4-EN11-14, EU13
21 Local communities	All	Customers, communities and NGOs	G4-EC1, G4-EC6 a G4-EC9, G4SO1, G4-SO2, G4-SO11, EU22, G4-HR8
22 Environmental management	All	Public power, regulatory agencies, communities and NGOs	G4-EN1, G4-EN2, G4-EN20, G4-EN21, G4-EN23, G4-EN24, G4-EN25, G4-EN27, G4-EN30, G4-EN31, G4-EN34
23 Clean energy promotion	All	All	G4-EC2, G4-EN15, G4-EN16, G4-EN17, G4-EN30, EU5
24 Responsible communication	All	Customers and communities	G4-41, G4-PR4, G4-PR7, G4-SO3 a G4-SO5, G4-SO7
25 Universal access to energy	All	Customers, public power and regulatory agencies	EU26, EU27

¹ Topics were classified in descending order.



WATER
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02
Message from the board 16



António Mexia
Chairman of the Executive Board of Directors

02 Message from the Board [GRI G4-1]

2016 was marked by important achievements for the EDP Brasil team. In a year of political transition and a macroeconomic scenario of recession, we were able to present consistent results and deliver a relevant set of operational improvements.

Our work continued to address the needs of all our main stakeholders, aiming at creating shared value. But now, this strategic alignment between the Company's purpose and our operations is much stronger and more effective. In 2016, we launched, in the EDP Culture Project scope, the so called "Targets with Purpose" that directly align our financial and operational goals to our purpose – "to use our energy to always provide better care."

In the year balance, we reviewed our "Targets with Purpose" for 2016. The global results for shareholders, customers, people, environment and community, business partners, assets and operation place our performance above 100%.

We would like to illustrate the year good performance with seven main highlights:

Delivery of investment commitments in Generation

The year was definitely marked by the early delivery in operation of Cachoeira Caldeirão plant, 219 MW in Amapá, in partnership with CTG. The first machine started to operate 8 months before the regulatory deadline and the remaining machine started five months before deadline. This is the second time we were able to deliver a plant within deadline and budget. In 2014, we had also anticipated the operation of Santo Antônio do Jari plant by 3.5 months.

Additionally, the works at São Manoel plant, 700 MW, in Mato Grosso continue at a good pace. We ended the year, in partnership with CTG and Furnas, with above 83% of the project completed.

Improvements in Distribution operational indicators

In Distribution, in addition to fully comply with our regulatory and quality service commitments, which places us as one of the best operators in the market, it is important to highlight the reduction in commercial losses in both companies. In São Paulo, we have reached a low tension loss of 9.98%, which is 0.43 p.p. above the regulatory average but 49.58% lower than the commercial loss registered in 2008, year in which it

reached its maximum. In Espírito Santo, the evolution was also positive since we ended the year with a commercial loss of 13.50%, around 2 p.p. above the regulatory loss. In previous years, that difference exceeded 8 p.p.

Expansion of Energy Services Area

We could not forget to mention that the acquisition of the energy efficiency company APS enabled us to have a more affirmative presence in the energy services market. This year, we carried out 15 projects and invested around BRL 20 million, allowing a reduction of 45 GWh in our customers' consumption.

Entry in new businesses

In 2016, we entered two new business segments. On one side, we took our first step in the transmission segment, making a small project of 113 kilometres (70 miles) of extension in the state of Espírito Santo. We understand this step as a door opening to a new business area.

This year we also launched ourselves in the business of distributed generation with photovoltaic solar. We ended the year with 4 installations and one extensive project pipeline for 2017.

Reinforcement of capital structure

From the financial point of view, the year was marked by our capital increase of 1.5 billion Reais, which was fully subscribed by our shareholders. With this operation, we reinforce our capital structure and optimise our financial function, with the pre-payment of onerous debt at the holding and UTE Pecém. We ended the year with a debt ratio of 1.5 times the net debt on EBITDA. A healthy level, which prepares our balance for any growth opportunities.

Implementation of a new internal Culture

Since 2015, we embarked on the collective mission of finding a common denominator for the culture, which aggregates the three thousand associates of EDP Brasil. In 2016, we carried out an internal (along with all EDP Brasil associates) and external (along with our services providers) dissemination of 12 principles that are the base for EDP new Culture.

The results were amazing. Our team's engagement level continued to rise. In the internal atmosphere research, the engagement level exceeded 80%, level above the average for the best companies in the sample. Moreover, the most important: we have registered zero fatal accidents among our associates and service providers. The first time in the past ten years that we had such an achievement.

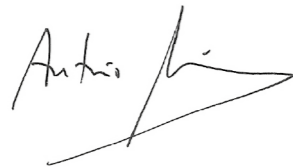
Investment on cultural heritage

The year ended with the support to the recovery of *Museu da Língua Portuguesa* (Portuguese Language Museum). We announced an investment of 20 million Reais in three years of intervention in the museum. This partnership with São Paulo state government and Roberto Marinho Foundation indicates the responsibility we undertook as the largest Portuguese company operating in Brazil. Portuguese language, alongside our genetics, is the most important heritage Brazil and Portugal share. And the EDP Group became an active agent in preserving this heritage.

All of that led us to end 2016 with reasons to celebrate. Results that also reinforce our commitment to the United Nations Global Compact Principles, as a conscious and active company in its responsibility towards society and its stakeholders. In this sense, we have reasons to thank all of those who, directly or indirectly, made our good performance possible this year.

We cannot forget to mention our three thousand associates, EDP Brasil great team that engaged energetically and willing to do better, and that exceeded themselves in delivering their commitments. A word also to our shareholders, who continue to trust our Company and invest their time and resources in it. To our business partners, we thank their dedication and professionalism, which allowed us to deliver an excellent service to our customers. To the later, we promise the same constant effort and dedication that have led us to always improve the quality of our delivery.

Thank you all! We shall continue to use our energy to always take better care and to continue to deserve your trust.



António Mexia
Chairman of the Executive Board of Directors



Miguel Setas
CEO

Miguel Setas
CEO





HUMANITY
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ENERGY AS THE NEW ART

03 EDP's way

Businesses	24
Vision and values	24
Presence in Brazilian territory	32
Year highlights	34
Awards and recognitions	36
EDP's Culture	38
Multiplication and movements	38
Governance standard	40
Executive board	40
General and Supervisory Board	41
Consulting Committees	42
Corporate Structure	43
Risk management	44
Ethical behaviour	45

03
EDP's way

3.1 Businesses

EDP Brasil has been in the Country for 21 years and works in the segments of Generation, Distribution, Commercialization, Energy Solutions, and more recently in Transmission. Considered the fifth largest private company in energy generation (installed capacity), the sixth in distributed energy and the fourth largest in Energy Supply, in November 2016, the Company won the Lot 24 at ANEEL auction. **[GRI G4-3, G4-6]**

Based in São Paulo and with operation assets in nine states, it holds 2.76 GW of installed capacity in operation, with 14 hydroelectric plants (MS, ES, MT, TO, PA and AP) and a thermal plant (CE). In the distribution segment, it has concessions in São Paulo and Espírito Santo, totalling 3.3 million customers. In Commercialization and energy solutions, it works in the entire territory through free energy market

and providing technical and commercial services, including transmission, distribution and maintenance systems, energy efficiency and photovoltaic distributed generation projects. **[GRI G4-5, G4-8, G4-9]**

A publicly traded joint stock corporation, since the launching of its initial public offer (IPO) in July 2005, EDP Brasil has stock traded at the New Market of the Stock Exchange of São Paulo (BM&FBovespa), which provides strict rules of transparency and high standards of Corporate Governance. In 2016, it integrated for the 11th consecutive year the Bovespa Corporate Sustainability Index (ISE). **[GRI G4-7]**

EDP Brasil is controlled by the EDP Energias de Portugal S.A. Group – one of the main European operators in the energy sector. Present in 14 countries (Portugal, Spain, Brazil, Belgium, France, Italy, Poland, United Kingdom, Romania, United States, Canada, Mexico, Angola and China), the Group counts on over 11 million customers, 25.2 GW of installed capacity, 1.3 million gas connection points and over 12 thousand associates worldwide.

3.1.1 Vision and values **[GRI G4-56]**



Vision

A global energy providing company, leader in creation value, innovation and sustainability.

Values



Safety at work for all our associates and business partners.



Trust of shareholders, customers, suppliers and other stakeholders.



Initiative demonstrated through the behaviour and attitude of our people.



Excellence in the way we perform.



Innovation with the objective of creating value within the various areas in which we operate.



Sustainability aimed at improving the quality of life for present and future generations.

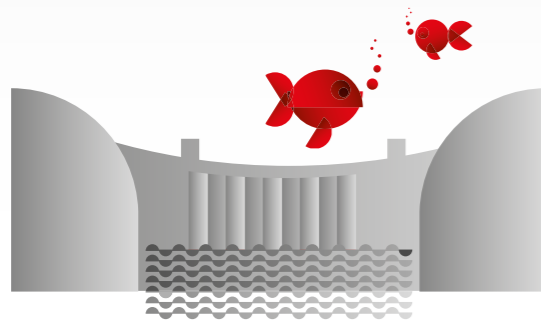


EDP way

EDP value chain [GRI G4-4]

GENERATION

EDP electric energy generation segment works at the construction and operation of plants that generate energy from hydro and thermal sources. The Company's work strategy in this segment is focused on small and medium size hydro plants (<1,000 MW) and in coal and natural gas thermal plants.



1. Development and implementation of new projects

Prospecting and selection of new opportunities of energy generation projects are made in Brazil, along with analyses to assess the feasibility of the project development by EDP. **Impacted public:** associates, service providers and regulatory and sectorial agencies.

2. Implementation of energy generation projects

In this stage, EDP prepares a project to implement the new plant. Later on, it starts to build the plant. **Impacted public:** associates, surrounding communities, service and materials providers and government agencies.

3. Energy Production

The planning is made to determine the generation program for the plant. Based on this planning, the operation and maintenance of the generating unit is performed. **Impacted public:** associates.

4. Business management of the generation

Administrative and financial management of the short and long term purchase and sale of energy. **Impacted audience:** associates and final consumers.

DISTRIBUTION

The electric energy distribution companies deliver energy to customers in concession areas. The distribution system is regulated by the National Agency of Electric Energy (ANEEL).

1. Supplying the distribution market

In this stage, analysis and planning of the energy distribution electric system are made to determine the necessary investments for the grid expansion and the amount of energy that should be acquired to meet the consumers' demand. **Impacted public:** associates and service and materials providers.

2. Energy distribution

The operation and maintenance of energy distribution lines are performed. The Distribution Operations Centre monitors the distribution system operation and sends teams to execute the control activities and improvements in the electric grid operation. **Impacted public:** customers, associates and services and materials providers.

3. Revenue management

In this stage, it takes place the analysis, accounting and approval of energy invoices that will be sent to consumers. **Impacted public:** associates, services providers and customers.

4. Customer relationship

Management and monitoring EDP relationship with customers to ensure proper service to this public as well as the quality of services provided. **Impacted public:** associates and customers.

COMMERCIALIZATION

The Commercialization companies work in the energy liberalised market, in which they seek the best options of energy purchase and sale. They are responsible for intermediating negotiations between generators and free consumers (energy intensive consumer units).

1. Energy purchase and sale

In this stage, energy is sold in wholesale and to the final consumer. **Impacted public:** customers, energy providers and associates.

2. Post-sale and contracts management

Operationalisation of short and long term proposals and contracts management (renew contract collaterals and manage energy consumption, reimbursement of use tariff discount, and default and collaterals triggering). **Impacted public:** customers and associates.

3. Billing of services and energy

Bill energy and services as well as manage energy purchase payments. **Impacted public:** associates.

4. Relationship with the Chamber of Electric Energy Supply (CCEE)

The Chamber work enables supply (purchase and sale) of electric energy in the country and articulates discussions on the market evolution. **Impacted public:** CCEE and associates.

1. Sale and structuring of new projects and services

In this stage, previous prospecting and selection of new opportunities are made, feasibility studies for the opportunity are performed and new projects are structured and negotiated. **Impacted public:** customers and associates.

2. Implementation of projects and energy services provision

Stage in which projects planning is developed. Later on, the project execution begins, which includes acquisitions management, works inspection (beginning and completion), among others. **Impacted public:** customers, associates and services and materials providers.

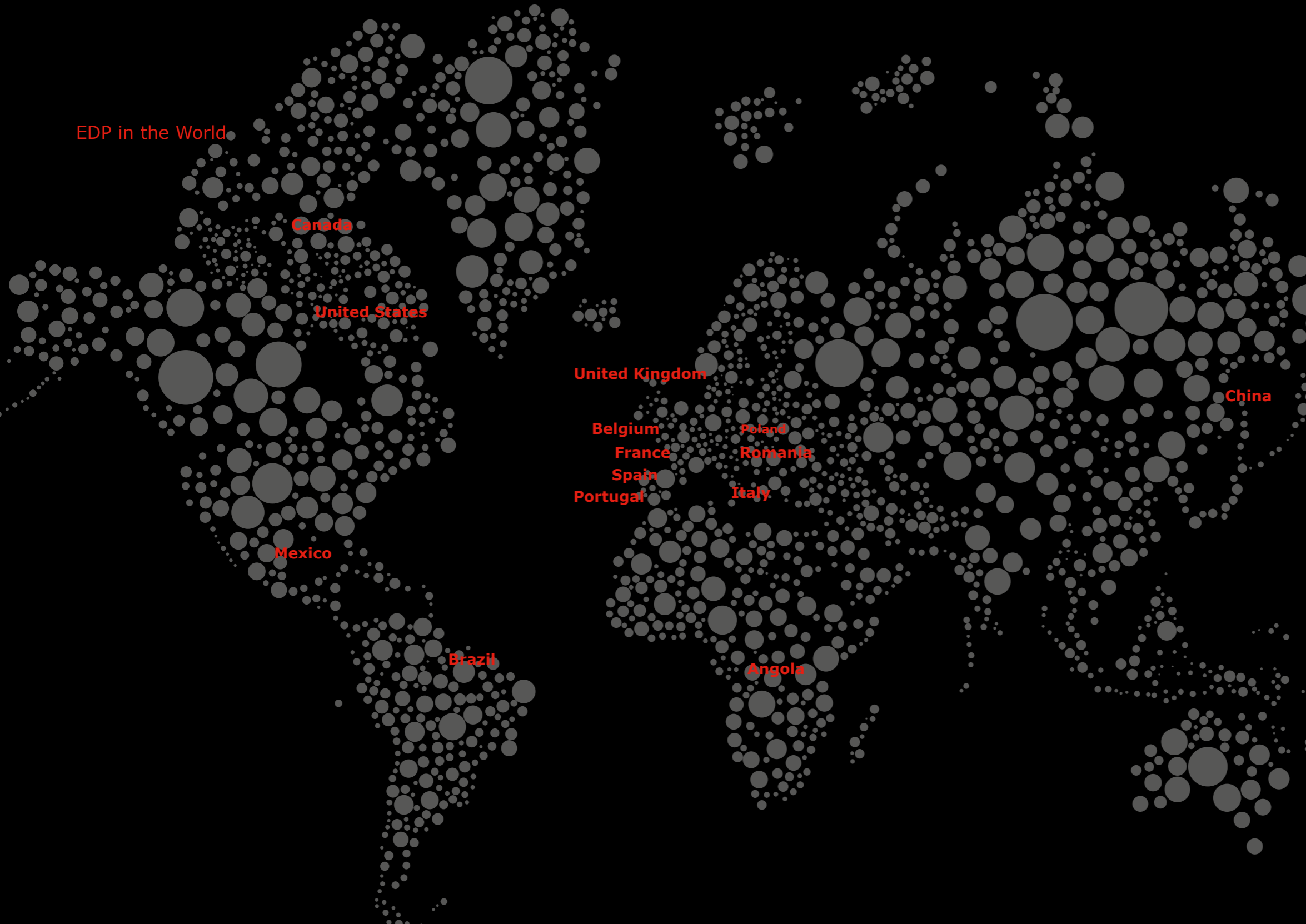
3. Operation, maintenance and monitoring of facilities

Activities planning and operation, maintenance and monitoring of facilities. In addition to facilities performance management and operational and business management with customers and providers. **Impacted public:** customers, associates and services and materials providers.

ENERGY SERVICES

The energy services segment focuses on the development of sustainable products and practices in customers' operations such as the implementation of energy efficiency programs and installation of energy microgeneration (photovoltaic panels).

EDP in the World



Present in 14 countries

and has 9.8 million electricity customers

EDP – ENERGIAS DE PORTUGAL S.A. is a listed company, whose ordinary shares are publicly traded in the “Eurolist by NYSE Euronext Lisbon”. EDP is established in Portugal, organised under the Portugal laws and registered in the Commercial Registry of Lisbon, under no. 500.697.256. Its registered head office is located at Avenida 24 de Julho, no. 12, 1249-300, Lisbon, Portugal.




EDP was initially incorporated as a public enterprise in 1976 pursuant to Decree-Law no. 502/76, of 30 June, as a result of nationalisation and merger of the main Portuguese companies in the electricity sector in mainland Portugal. Subsequently, it was transformed into a limited liability company (“sociedade anónima”) pursuant to Decree-Law no. 7/91, of 8 January, and Decree-Law no. 78-A/97, of 7 April.

EDP is a vertically integrated utility company. It is the largest generator, distributor and supplier of electricity in Portugal, the third largest electricity generation company in the Iberian Peninsula and one of the largest gas distributors in the Iberian Peninsula.

EDP is also one of the largest wind power operators worldwide with windfarms in the Iberian Peninsula, United States of America, Canada, Brazil, France, Belgium, Italy, Poland and Romania. It has capacity under construction in Mexico, and it is developing wind projects in the United Kingdom. Additionally, EDP generated solar photovoltaic energy in Portugal, Romania and the United States of America. In Brazil, EDP is the fifth largest private operator in electricity generation. It has 2 electricity distribution concessions and it is the third largest private supplier in the liberalised market.

Today EDP has a relevant presence in the world energy landscape, being present in 14 countries, with **9.8 million electricity customers, 1.5 gas customers and 12 thousand associates** around the world. On December 31, 2015, EDP had an installed capacity of **25 GW**, and generated **70TWh** during 2015, of which **65% were from renewable energy sources**.




EDP in the World

Portugal    **61%**
GENERATION FROM RENEWABLE SOURCES

6,537 associates

5,442,602 electricity customers
646,762 gas customers

10,428 MW installed capacity
30,648 MW net generation
44,599 GWh electricity distributed
7,114 MW gas distributed
32 MW installed capacity equity²
1,022 MW capacity under construction equity²

Spain    **42%**
GENERATION FROM RENEWABLE SOURCES

1,886 associates

1,067,609 electricity customers
850,890 gas customers

5,723 MW installed capacity
13,984 MW net generation
9,190 GWh electricity distributed
26,441 MW gas distributed
186 MW installed capacity equity²
0 MW capacity under construction equity²

Brazil   **54%**
GENERATION FROM RENEWABLE SOURCES

2,961 associates*

3,315,679 electricity customers

2,670 MW installed capacity
9,546 MW net generation
24,441 GWh electricity distributed
231 MW installed capacity equity²
127 MW capacity under construction equity²

*Note: It includes EDP Brasil and EDP Renewables operational control companies. It does not take into account companies in which EDP Brasil has equal participation with other members.

France **100%**
GENERATION FROM RENEWABLE SOURCES

53 associates

388 MW installed capacity
777 GWh net generation
18 MW capacity under construction

USA  **100%**
GENERATION FROM RENEWABLE SOURCES

410 associates

4,631 MW installed capacity
12,501 GWh net generation
100 MW capacity under construction equity²

Belgium **100%**
GENERATION FROM RENEWABLE SOURCES

02 associates

71 MW installed capacity
128 GWh net generation

Canada **100%**
GENERATION FROM RENEWABLE SOURCES

05 associates

30 MW installed capacity
75 GWh net generation

Italy  **100%**
GENERATION FROM RENEWABLE SOURCES


23 associates

144 MW installed capacity
258 GWh net generation

United Kingdom  **100%**
GENERATION FROM RENEWABLE SOURCES

34 associates

China and Angola

Poland  **100%**
PRODUCTION FROM RENEWABLE SOURCES

38 associates

418 MW installed capacity
951 GWh net production

offices

Mexico

07 associates

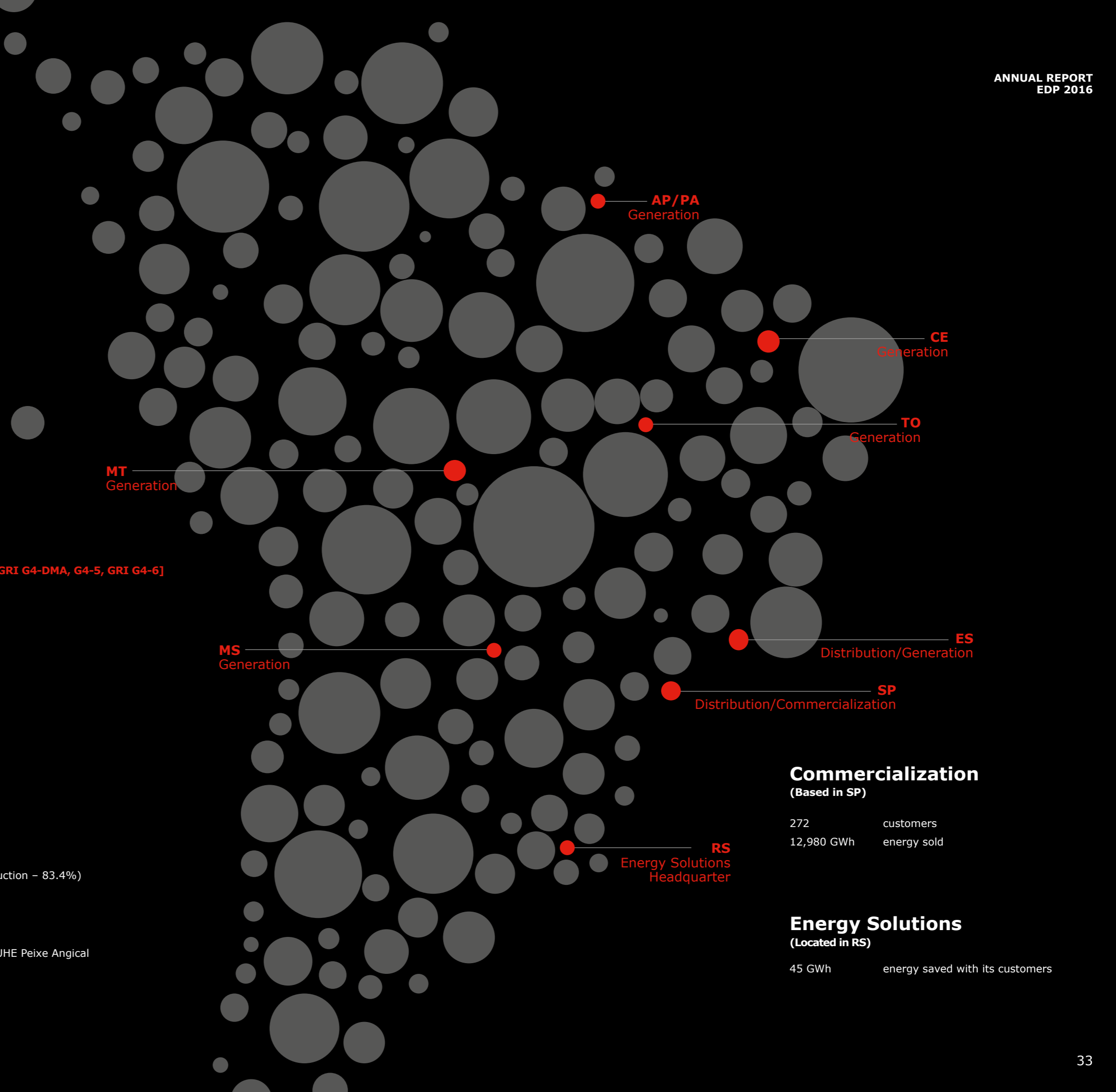
200 MW installed capacity

Romania  **100%**
GENERATION FROM RENEWABLE SOURCES

32 associates

521 MW installed capacity
1,143 GWh net generation

¹ Includes hydro, wind and solar.
² Accounted according to the equity method.



EDP in Brazil

3.1.2 Presence in the Brazilian territory in 2016 [GRI G4-DMA, G4-5, GRI G4-6]

EDP Espírito Santo

9,923 GWh energy distributed to captive customers
1,5 million customers

EDP São Paulo

14,502 GWh energy distributed to captive customers
1,8 million customers

Generation

(Installed Capacity per Region)

231.00 MW	MT/PA – UHE São Manuel (under construction – 83.4%)
186.70 MW	AP/PA – UHE Santo Antônio do Jari
109.50 MW	AP – UHE Cachoeira Caldeirão
16.00 MW	MS – PCH Costa Rica
720.27 MW	CE – UTE Pecém
1,401.25 MW	TO – UHE Luís Eduardo Magalhães and UHE Peixe Angical
328.54 MW	ES – 2 UHEs and 7 PCHs

Commercialization

(Based in SP)

272 customers
12,980 GWh energy sold

Energy Solutions

(Located in RS)

45 GWh energy saved with its customers

3.1.3 Year highlights

Strategic position in Brazilian electricity market

4th largest private supplier in **sales**

12,980 GWh of energy sold

272 customers of liberalised market served

5th largest private group of **generation**

2.76 GW of installed capacity

9,669 GWh of net energy generated

Partnership with national and international companies

Long-term concession **agreements**

6th largest private group of **distribution**

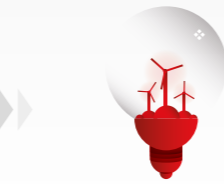
3.3 million customers served by 2 distributors

24,424 GWh of energy distributed

Commitment to fight **climate change**

572 thousand tons of CO₂ avoided through generation of water energy

63.48 GWh of energy saved with customers through the energy efficiency Program carried out by the distributors and the energy solutions projects



Responsibility for the whole

14.9 million invested in social projects on education, culture, sport and social innovation

Over **47 thousand** people were benefited by the social programs



Listed among the **best companies** to work on **Você S.A.** ranking

2,927 internal associates and **248** from Joint Ventures
210 interns and apprentices

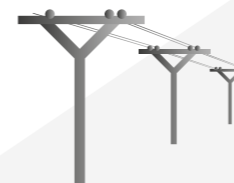
Net profit of **BRL 666.6 million**



Improvement in debt level

39% reduction in net debt compared to 2015, to **BRL 3.6 billion**

1.5 times leverage (net debt/EBITDA)



Entrance in **Transmission** market

Transmission line with **113 Km** (70 miles) in Espírito Santo

Concession of **Lot 24** at ANEEL auction in October

Capital increase of **BRL 1.5 BI** completed in July

Resources to **strengthen** capital structure and **reduce** financial costs



Customers our raison d'être

91.5% perceived quality satisfaction (ISQP) of Commercialization customers

76.30% perceived quality satisfaction (ISQP) of EDP São Paulo customers

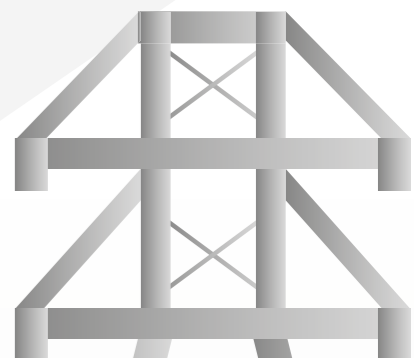
80.80% perceived quality satisfaction (ISQP) of EDP Espírito Santo customers

UHE

Cachoeira Caldeirão (AP)

Start of operation **8 month** sooner than expected

Construction completed **within budget**



3.1.4 Awards and recognitions

Abrasca – EDP stood out in the 18th Abrasca Prize for “Best Annual Report” promoted by the Associação Brasileira de Empresas Abertas (Brazilian Association of Listed Companies).

The company’s 2015 Annual Report received Honourable Mention in the category Strategy and Investment at an event held in November in São Paulo.

Best Companies to Work

The survey published in October by *Você S.A.* magazine placed EDP Brasil among the 150 Best Companies to work in Brazil. Performed annually, the survey lists companies with best practices aimed at its associates’ well-being, taking into account aspects such as work environment, leadership, strategy, performance management, career, training and quality of life.

Modern Electricity – EDP São Paulo won the 20th Modern Electricity Award promoted by the *Eletricidade Moderna* magazine in October.

According to the methodology that evaluates the sector indicators of 42 distribution providers, the company presented the *Maior Evolução Nacional* (Largest National Evolution), taking into account loss indicators, business management, engineering and operation processes.

Entrepreneur of the Year – Miguel Setas

With the EDP Culture Project, Miguel Setas was one of the three executives chosen in 2016 as Entrepreneur of the Year in the Sustainable Category at the award ceremony of *EY Consultancy*. Created in 1998, the award values business leaders who share their will to leave a legacy for the Country with their innovative ideas and futuristic vision.

EDP Brasil at FTSE4Good

Widely recognised by international investors, FTSE Russell index evaluates Environmental, Social and Governance (ESG) performances of listed companies. EDP Brasil integrates the FTSE4Good ranking of emerging markets, proving its best practices in ESG.

EDP Brasil was chosen as the best company in the electricity sector in terms of Corporate Governance according to the June issue of *América Economia* magazine.

In the magazine general ranking, the company is in 3rd place, highlighting its net equity, deemed one of the most solid in the market.

For the first time, EDP Brasil was listed in the *Inovação Brasil* ranking of *Valor Econômico* newspaper, which selects the 100 top innovative companies in the Country

The publication, released in July 2016, placed the company in the 79th position in the general ranking and 7th position in the energy sector.

Investor Institute

EDP Brasil was listed in the “2016 Latin America Executive Team” ranking in six categories: best CEO, best Investors Relations professionals, best relationship with investors program, best relationship with investors team, best analyst day and best website.

Miguel Setas among the Best CEOs in Brazil

The President of EDP Brasil, Miguel Setas has been elected in June by *Forbes Magazine* as one of the most influential entrepreneurs in the Brazilian market, being included in the list of “Best CEOs in Brazil” among the 34 executives recognised by important consultants in the Country.



ALAS20 Award

First place in the category Leader Company in Sustainability in Latin America and second place in the category Leader Company in Corporate Governance, EDP Brasil was chosen the ALAS20 Company in 2016.

Held by the *Sustainability Leaders Agenda*, the award recognises companies, investors and professionals who stand out for their commitment in environmental, social and governance fields and who actively promote the sustainable development of Latin America and the improvement of capital market.

Vigeo Eiris

EDP Brasil was recognised as one of the 70 most sustainable companies in emerging countries, according to ranking prepared by Vigeo Eiris, a European agency of corporate responsibility assessment that took into account 330 performance indicators.

Guia Exame de Sustentabilidade (Exame Sustainability Guide)

For the fourth consecutive year, EDP Brasil was recognised as sustainability model in Brazil by *Exame Magazine*.

National Quality Award (PNQ)

EDP São Paulo received in November the outstanding trophy in the “Processes” category of the National Quality Foundation (FNQ) PNQ. Held annually, the award recognises companies that are a reference in management according to the Principles and Criteria of Excellence.

Roland Berger

EDP Brasil was placed by the German consulting firm Roland Berger among the top 24 electricity companies in the world in terms of performance. The study involved the analysis of 230 companies, addressed the shareholder point of view, taking into account indicators such as revenue growth, return on investment and market value.

Transparency Trophy

EDP Brasil was awarded the 2016 Transparency Trophy given by the National Association of Finances, Administration and Accounting Executives (ANEFAC) to the companies with best accounting practices. The holding company was chosen in the category “Energy Sector Companies”, standing out for the quality of the information contained in its financial statements, including issues such as clarity, transparency and adherence to international accounting standards.

3.2 EDP Culture

Launched in late 2014 to unify EDP Brasil corporate identity – which was constituted by several companies from different segments of the energy chain – the long-term EDP Culture project is a movement to optimise the Company’s results, in a more human work environment. To this end, in 2015, the goal was to define and multiply principles that transcend just “doing it”, the almost mechanical task of daily business, and focus on the way the company does it and to whom.

In 2016, with the purpose of defining its *raison d’être* and ensuring Principles’ internalisation, EDP held a meeting in Mogi das Cruzes (SP) that gathered the Company’s entire managing staff and active associates of the Culture project during three days. This workshop resulted in the definition of EDP Purpose, “Our energy to always take better care”, and the Targets with Purpose. Based on EDP Purpose and aimed at measuring business results with quality, the entire process that involved the development of the **Targets with Purpose** pointed out to the following direction: everything EDP does has a meaning when the entire team is committed to the responsibility for the whole.

With the support of Amana-Key consulting company, the meeting allowed the exchange of visions, shared discussion on strategic direction in light of its new purpose of delivering value to stakeholders, so that later on the entire group’s goals could be consolidated in alignment with the Company’s vision and culture.

EDP Culture movement brought the challenge of putting into perspective future business scenarios, giving a new meaning to people’s care, and having more focus on innovation. In addition to the difficult task of reconciling needs to actual capacities in order to provide long-term consistency to the purpose.

The Targets with Purpose focus on EDP’s *raison d’être* for its main stakeholders: Shareholders, Customers, Business Partners, Assets & Operation, Environment & Communities, and People.



3.2.1 Multiplication and movements

A methodology used for consolidating EDP Culture was the multiplication through preparation of associates who volunteered to help their colleagues use the Principles as guides, references for daily decisions and activities. In 2015, almost three thousand associates were trained on the topic, which started to be conveyed to suppliers in 2016. The goal for 2017 is to

spread EDP Culture to a significant part of business partners, a universe that comprehends the training of seven thousand people. In the medium term, the initiative should also reach other stakeholders, especially communities.

The work of deepening the Culture counted on the participation of EDP Brasil leaders who held frequent meetings with their teams to emphasise the Principles and monitor their application in projects and activities.

Five Corporate Movements were established – Productivity, Integration, Purpose, Knowledge and Innovation – to improve the Principles management and integration in EDP business. Some projects developed in 2016 stood out:

Zero-Based Budgeting (ZBB) – Productivity Movement:

Launched in August 2015, the zero-based budgeting transversal program includes all EDP Brasil’s PMSO (People, Materials, Services and Others) expenses and has contributed to the culture of continuous productivity, high level of efficiency and better results, in which the gains are reinvested in revenue generation growth initiatives. The ZBB methodology is applied in preparing the budgeting planning and in controlling and monitoring it through Business Planning and Consolidation (BPC) system for 11 expenses categories, which are divided into 50 subcategory. The program also counts on the direct involvement of 49 associates, from Vice-Chairmen and Directors to Managers and Specialists, in addition to many other facilitators who are organised in different roles and responsibilities in ZBB Governance model at EDP Brasil.

Open Day – Integration Movement:

With the main purpose of putting into practice the Shared Knowledge, Integration Movement counted on the Open Day event in 2016. The first one was held in July at the headquarter, and the other are planned to take place in different places throughout 2017. During the entire day, Open Day took the associated around the areas so they could learn a little more about the projects developed at the Company, share experiences and meet the people who build the Company. The presentations were made by the associated in a creative way, helping with everyone’s integration.

Kids Visit – Purpose Movement:

For two weeks in October the associates’ kids visited the Company’s units. On those days, children from 5 to 12 years old were able to spend the day at their parents’ workplace, participating in activities that promoted fun and knowledge, thus joining the associate’s personal and professional lives.

Christmas with Purpose – Purpose Movement:

Focused on EDP Brasil directors and managers, it is a volunteering program aimed at fostering the volunteering culture in the Company’s leadership, transforming leaders



Kids Visit

into role-models and working emotional skills. To this end, the 180 managers, organised in teams of six people, interacted with institutions that support children and elderly people. Each team had two months and a budget of BRL 2 thousand to carry out projects such as painting of sports courts, walls, repairs, maintenance works, training through workshops, story-telling and events for celebration, fundraising and donations.

Sustainable Brands – Knowledge Movement:

The result of value generation achieved through EDP Culture project is already being recognised and spread out in the market. An example of it was the Company’s participation at the Sustainable Brands Rio 2016, an event that gathered in July corporate and third sector leaders to discuss topics related to sustainability. EDP Brasil presented its case at the main opening panel “The purpose at the centre of organisations”, showing how the dissemination of the new EDP Culture permeate several areas of the company and brings results to the business and its stakeholders.

Innovation Day – Innovation Movement:

This initiative aims at connecting EDP Brasil through innovation, fostering the *innovability* and continuous improvement culture, and promoting the Company as innovative in the market. Focused on the internal public, it involved over 150 people who entered 32 innovation projects in a competition divided into four categories. The award ceremony took place on October 27 at the headquarter when 12 finalist projects were presented to the audience. The four winning project, one for each category, had the opportunity to present their projects to EDP Brasil’s Board.

3.3 Governance Standard

EDP Brasil governance model follows the market best practices with strict transparency rules: the Company adopts several recommendations from the Brazilian Institute of Corporate Governance (IBGC) and undertakes the necessary commitments to integrate the *Novo Mercado da Bolsa de Valores de São Paulo* (BM&FBovespa - New Market of the São Paulo Stock Exchange) that ensure a fair and equal treatment to shareholders, associates, customers and suppliers.

EDP Energias do Brasil S.A. joined BM&F-Bovespa New Market at its initial public offering in 2005, and since 2006 EDP integrates the exchange Corporate Sustainability Index (ISE), comprised of companies that stand out for their commitment to sustainable development, equity, transparency and accountability.

According to the Company's Bylaw, EDP Brasil Corporate Governance structure is comprised of Executive Board of Directors, General and Supervisory Board and Consulting Committees within the Executive Board of Directors, General Meeting of Shareholders and a non-permanent Statutory Auditor. All members of the Executive Board of Directors and General and Supervisory Board sign a Statement of Consent for the Novo Mercado Listing Regulation. **[GRI G4-34]**

The Directors and Executives compensation is fixed, comprised of *pro-labore* (wage compensation) and benefits. Specifically for EDP Brasil General Board there is a variable bonus related to goals' achievement. The Boards compensation is annually approved by the General Meeting, as suggested by the Remuneration Committee and the Executive Board of Directors is responsible for deliberating on the individual distribution. In 2016, the Boards global compensation – which includes the Executive Board of Directors and General and Supervisory Board - was BRL 6.7 million. **[GRI G4-51, G4-52, G4-53]**

For more information on the company's administration, refer to the articles of association available at: edp.infoinvest.com.br

3.3.1 Executive Board of Directors **[GRI G4-39, G4-40, G4-41, G4-43, G4-45, G4-46]**

The highest governance level of the Company, the Executive Board of Directors is responsible for setting, reviewing and approving general business policies and guidelines, including risk aspects and defining the long-term strategy. It is also responsible for electing members of the General and Supervisory Board and monitor their work, as well as supervise EDP Brasil performance and management.

The members are elected at the General Meeting for one year of office and re-election is permitted. In December 2016, EDP Executive Board of Directors was comprised of seven members, four of them nominated by the Controlling Shareholder and three independent members. Until July 2016, the Executive Board of Directors had four independent members, and on July 22nd, one of these members, Mr. José Luiz Alqueres, resigned from its position as Board Member to take the office of Chairman in the Administration Board of *Centrais Elétricas Brasileiras* – Eletrobrás.

Their curriculums are available on the website of the Securities Commission (CVM) and on EDP website, under Investors Relations section. The Chairman of the Executive Board of Directors is also CEO at EDP Energias de Portugal and his vice-chairman is also CEO at EDP Brasil. Among the members, one is between 30 and 50 years old and six of them are over 50 years old. **[GRI G5-LA12]**

EDP Brasil Executive Board of Directors holds ordinary meetings every quarter. Extraordinary meetings may be convened whenever necessary, by the Chairman, the Vice-Chairman or any of its two members jointly, upon written notification delivered five days prior to the meeting. In 2016, the Executive Board of Directors met 16 times. The main aspects discussed were the water risk in the State of Ceará, Tariff Reviews, Energy losses, Defaults, Schedule of works under construction and development of new businesses. **[GRI G4-50]**

Annually, the members of the Executive Board of Directors perform a self-evaluation and an evaluation of EDP Brasil General and Supervisory Board, prepared through individual and confidential questionnaires that include financial, social and environmental aspects. **[GRI G4-44, GRI G4-47]**

Structure of the Executive Board of Directors **[GRI G4-38, G4-LA12]**

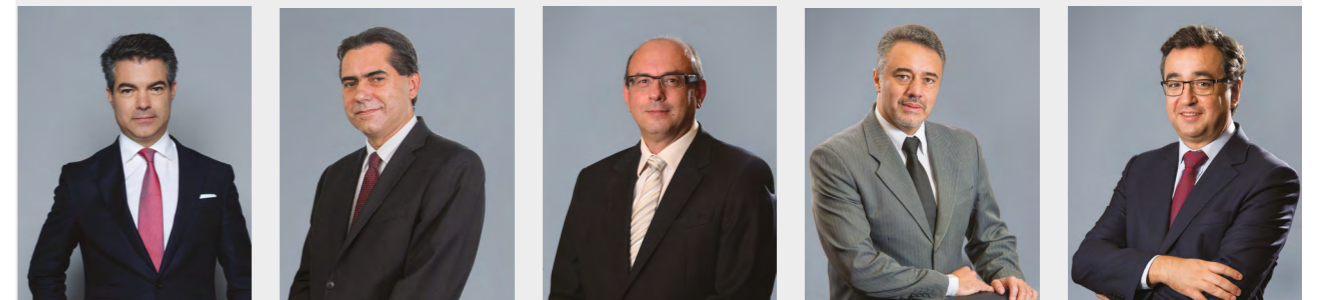
- **António Luís Guerra Nunes Mexia** – Chairman of the Board
- **Miguel Nuno Simões Nunes Ferreira Setas** – Vice-Chairman of the Board
- **Nuno Maria Pestana Alves** – Member
- **João Manuel Veríssimo Marques da Cruz** – Member
- **Francisco Carlos Coutinho Pitella** – Independent member
- **Modesto Souza Barros Carvalhosa** – Independent member
- **Pedro Sampaio Malan** – Independent member

3.3.2 General and Supervisory Board **[GRI G4-35, G4-48]**

Comprised of up to five members elected by the Executive Board of Directors, the General and Supervisory Board take the following positions (is it authorised the accumulation of positions): Director-President and of Investors Relations; Vice-Chairman Director of Finance; Vice-Chairman Director of Operations in Distribution; Vice-Chairman Director of Operations in Generation; and Vice-Chairman Director of Commercialization and Business Development.

Responsible for all topics related to the business Administration, except those which the Law or the Bylaw assign to the General Meeting or the Executive Board of Directors, the General and Supervisory Board monitors the operational demands of business units. In weekly meetings, the Directors assess the Company's economic, environmental and social development. The General and Supervisory Board is also responsible for the approval of the Annual Sustainability Report.

Structure of the General and Supervisory Board **[GRI G4-LA12]**



- **Miguel Nuno Simões Nunes Ferreira Setas** – Director-Chairman and Director of Investor Relationship
- **Carlos Emanuel Baptista Andrade** – Vice-Chairman Director of Commercialization and Business Development
- **Henrique Manuel Marques Faria Lima Freire** – Vice-Chairman Director of Finances
- **Luiz Otávio Assis Henriques** – Vice-Chairman Director of Operations in Generation
- **Michel Nunes Itkes** – Vice-Chairman Director of Operations in Distribution

3.3.3 Consulting Committees [GRI G4-38]

EDP Brasil has four consulting committees to the Executive Board of Directors, whose members are the advisers themselves. Among the four committees, the "Audit" and the "Corporate Governance and Related Parties" are led by independent members. The Audit Committee meets quarterly and the others hold at least one meeting a year.

AUDIT COMMITTEE - A permanent committee comprised of three members, where two of them are independent, including the chairman. It is responsible for monitoring and assessing the external and internal auditing activities, monitoring business risks, accounting practices and information transparency, in order to assist the Executive Board of Directors in its deliberations. It also defines the procedures for receiving, reviewing and treating communication received through EDP Brasil Ethics Channel. Five meetings were held in 2016.

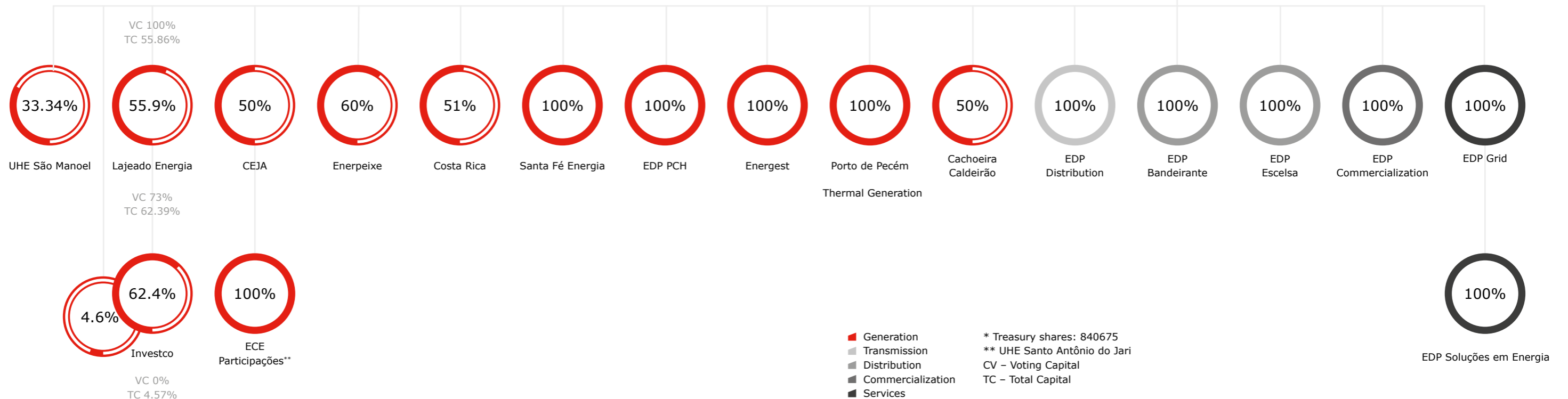
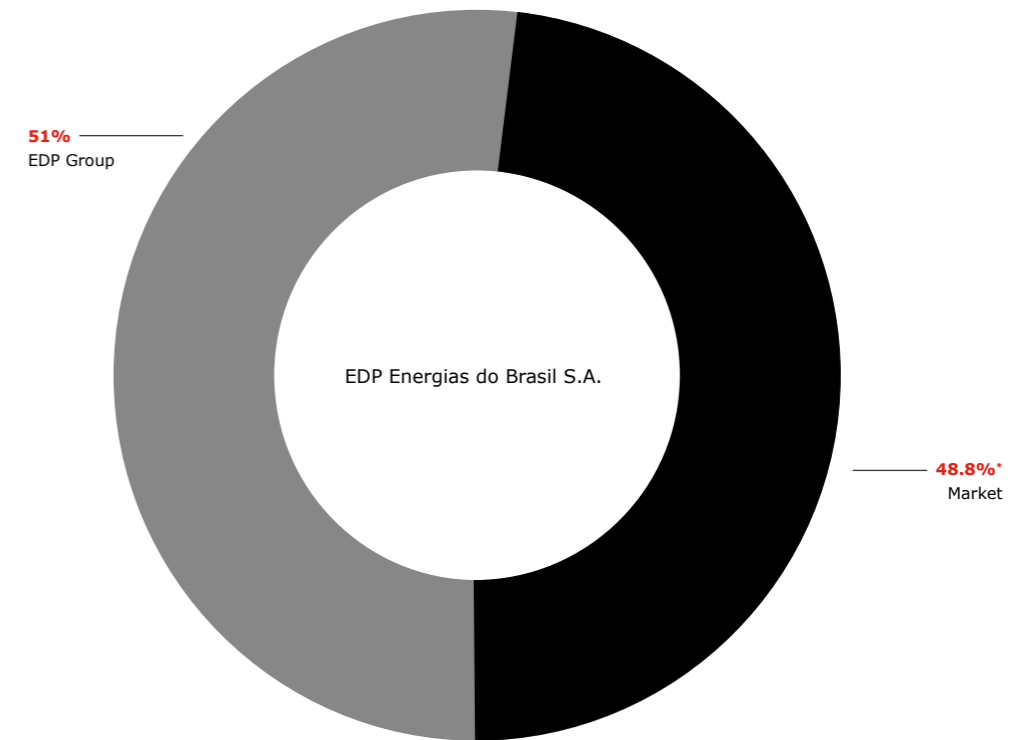
SUSTAINABILITY COMMITTEE - It is responsible for ensuring EDP Brasil continuity, based on a long-term sustainable vision. It is permanent and incorporates social and environmental considerations into defining businesses and operations, aiming at adding value to the society as

a whole, and equally contributing to its continuity. It is comprised of three members, two of them nominated by the controlling shareholder and an independent one, in addition to be statutorily chaired by the Board Chairman. In 2016, the committee held two meetings. [GRI G4-35, G4-36, G4-41]

CORPORATE GOVERNANCE COMMITTEE AND RELATED PARTIES - It assists the Executive Board of Directors in the adoption of corporate governance best practices and the highest ethical principles. It is permanent and its chairman is an independent member and it is comprised of two other members, one of them being independent. This committee held one meeting in 2016.

REMUNERATION COMMITTEE - The only non-permanent one, it is a consulting committee of collegiate deliberation whose main responsibility is advise the Executive Board of Directors on deliberation related to compensation policies. It is comprised of three members, two of them nominated by the controlling shareholder and one of them being independent. In 2016, the committee held two meetings. [GRI G4-52]

3.3.4 Corporate Structure [GRI G4-4]



3.4 Risk management

[GRI G4-2, G4-DMA]

EDP Brasil has a corporate rule that guides its risk management strategy since 2006. This rule is managed by the Internal Audit and Compliance Board, which directly depends on the Company's Presidency and is responsible for identifying, monitoring and assessing risks and mitigating activities (action plans).

In 2016, the board challenge was to change the internal public's view regarding compliance, making sure that more than respecting rules, regulations and laws, the area

worked under a risk management viewpoint, an essential philosophy to business continuity. To this end, one of the initiatives was to revitalise the Risk Committee comprised of members from the EDP General and Supervisory Board. The group should meet every quarter; the first meeting was held in June and the second one in September.

[GRI G4-46]

Developed internally according to the market best practices, EDP Brasil risk methodology is based on recognised structures and standards such as COSO (Committee of Sponsoring Organisations to the Treadway Commission), ERM (Enterprise Risk Management) and ISO 31.000 (risk management). It is divided into five stages:



In addition, there is a risk map that is updated annually, with approximately 150 risks identified, divided into 60 categories that quantify likelihood of occurrence and impacts. See below the ten main categories:

1. **Commodities** – Revenues reduction or costs increment due to price oscillation of products largely traded in the market, such as electricity, gas, oil, etc.
2. **Environmental** – Environmental policies and practices that are not properly treated or are in disagreement with the legislation in force. E.g.: Operation and environmental licenses.
3. **Unethical Conduct/Fraud** – Associates, customers or suppliers do not meet the ethics standard set or perform irregular actions for their own benefit or for the Company's benefit.
4. **Training** – Procedures performed by associates with no specific knowledge, training or experience enough to perform the activities required to the business.
5. **Sector Regulation** – Determination of regulatory agency that affects the Company's business operation or disclosure

of information required by regulatory agencies (SEC, CVM, ANEEL, etc.) in disagreement, incomplete, inaccurate or outdated regarding the market and/or terms of concession agreement, exposing the Company to fees, sanctions, penalties, termination of concession agreement.

6. **Non-Technical Losses** – Absence of or inappropriate charge on customers due to existence of irregular grid connections.
7. **Outsourcing** – Operation of outsourced companies in disagreement with legislation in force, business values, goals and activities defined by the Company or strong dependence on outsourced associates to provide services.
8. **Technical Losses and Energy Efficiency** – Energy loss in transmission and distribution lines, substations or generator parks of the Company or lack of effective monitoring in the energy efficiency program.
9. **Energy Planning** – Non-compliance with energy purchase and sales strategies in the free and regulated market established by the Company, which may cause impact on EDP Brasil profitability.

10. Materials and Services Supply – Non-existence of alternative for productive assets supply that ensure maintenance and continuity of operations and/or dependence on one single supplier.

3.4.1 Ethical Attitude [GRI G4-DMA]

Risks of corruption and the impacts and vulnerabilities of each business in the group are also mapped and monitored periodically and, since 2006, its management counts on the Ethics Committee support. Although it is not a consulting committee from the Executive Board of Director, it is an extremely important entity for the Company, and its Chairman is EDP Brasil CEO himself, in addition to other five members, four of them from the Company's General and Supervisory Board and one nominated by the chairman every year. In monthly meetings, the Committee reviews, monitors and decides on ethic issues reported by areas or received through the contact channels available. Every three months, the unethical conducts are reported to EDP Ethics Provider in Portugal, which is the centre for all complaints of such nature in the entire EDP Group. In 2016, no cases of corruption involving EDP Brasil were registered. [GRI G4-57, G4-58, G4-S05]

EDP Brasil adopts a series of strict internal control measures to mitigate risks of corruption, bribery, money laundry, inside trading, price fixing, child labour, slavery or forced labour, among others, in 100% of the Company's operations. In 2016, a new provision regarding compliance with new supply agreements was placed.

Code of Ethics [GRI G4-DMA]

The Code of Ethics sets ethical principles and boundaries that govern all EDP Brasil practices and businesses in all regions where it operates, respecting the legislation in force as well as the commitments undertaken to stakeholders (associates, customers, shareholders, suppliers, community and Government).

The goals are to ensure a high level of individual ethical awareness, minimise the risk of corporate unethical practices and keep a corporate culture based on values such as transparency, trust in relationships and accountability for decisions. Among its principles are the compliance with legislations, integrity when handling financial matters, fight against corruption, bribery and conflicts of interests, proper use of information and assets, respect for human and labour rights, transparency and corporate social and environmental responsibility. [GRI G4-41]

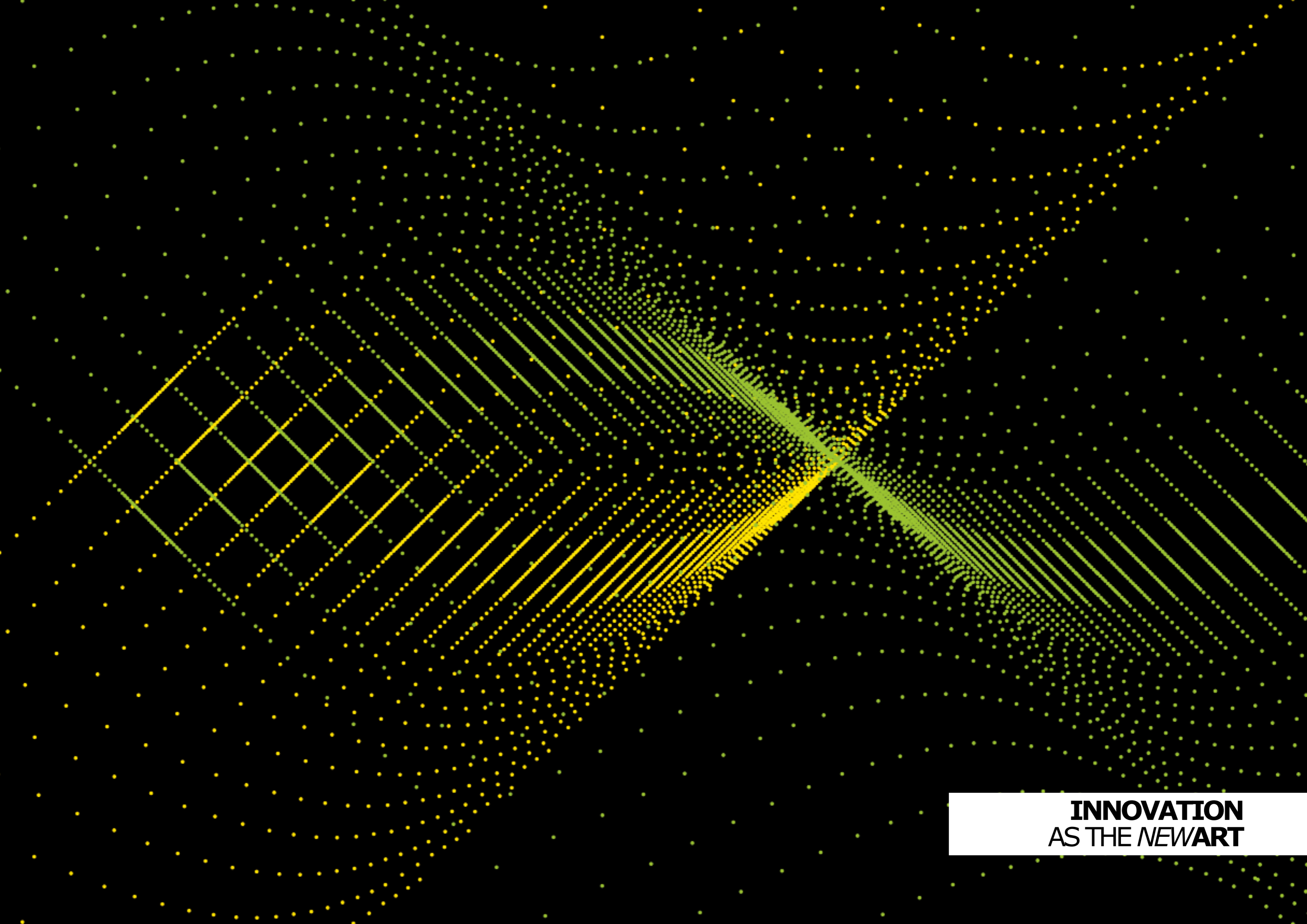
Attached to the agreements signed by all suppliers and service provider, a printed copy of the Code of Ethics is also given to newly-hired associates, who undergo

a special training on its content during the Integration process. Additionally, it is available on the Company's website, which also hosts an Ethics Channel to receive reports, anonymous or identified, about conducts that violate the Code of Ethics principles, internal policies and local legislation. Such reports are also accepted by letter, email or telephone. In 2016, 33 cases were registered on the Channel, same number registered in 2015. All of them were reviewed by the Ethics Committee that determined disciplinary measures for every case always and only when justifiable. [GRI G4-49, G4-S03]

Training – In 2016, ethics trainings were completely redesigned and a new training was created specifically for the risk area. A compliance E-learning training developed by EDP Group globally was adapted on the virtual environment and 1,625 participated in it throughout the year. [GRI-G4-S04]

YEAR HIGHLIGHTS

- The Internal Audit area received the Quality Certificate issued by the Brazilian Institute of Internal Auditors and by the Spanish Institute of Internal Auditors, both members of IIA (Institute of Internal Auditors). The company was the first one in energy Distribution and Generation segments in Brazil to receive the certification, joining eight other Brazilian companies from different economic sectors. [GRI G4-S03]
- Since 2011, launching year of the certification, EDP Brasil is approved as *Empresa Pró-Ética* (Pro-Ethics Company), and has received once again in 2016 the *Selo Pró-Ética* (Pro-Ethics Seal). Organised by the *Controladoria-Geral da União* (Office of the Comptroller General - CGU) and by *Instituto Ethos*, the award analyses a questionnaire answered by the registered companies that address topics such as senior management commitment to ethics, policies, procedures, trainings and communication on this matter.



INNOVATION
AS THE *NEW*ART

ENERGY AS THE NEW ART

04 Shared value creation

Principles and Commitments	52	Customers	72
Stakeholders engagement	54	Most accessed services	73
Business strategy	56	Quality in supply	74
Commitments undertaken: goals and results	58	Safe energy use	76
Energy planning	59	Environment & Communities	
Assets & Operation		Natural capital	76
Generation	59	Management of social impacts	84
Distribution	62	Promotion of local development	86
Commercialization and Energy Solutions	66	Business Partners	89
Shareholder		Segmentation and performance	90
Macroeconomic context and energy scenario	68	People	92
Economic and financial results	69	People's development	93
Development of new businesses	72	Health and safety	94

04 Shared value creation

EDP Brasil strategic planning focuses on creating shared value. To that end, in addition to developing a deep and continuous stakeholders management, the Company has adopted the innovability concept, which is the integration

of innovation and sustainability. Innovability guides the business, constantly questioning the *status quo* of activities, aiming at maximising positive impacts and minimise negative impacts with stakeholders.

Innovability concept



In order to increment the skills related to innovability, EDP Brasil promotes several engagement and value generation actions, like Innovation Day, already described on the chapter addressing EDP Culture. Other highlight projects in 2016 were:

IMENTORS – Launched in 2013, iMentors offers training to associates so they can create business opportunities aligned with sustainable development principles. The 2016 selection process chose 30 associates among the 53 registered from different locations. Five iMentors who had already taken the training also continued in the project as group mentors. The trainings address innovation methodologies and tools, as well as identification of sustainability variables. During the program, participants must develop value proposals related to challenges faced by EDP Brasil. By the end of 2016, EDP Brasil had 88 iMentors.

EDP OPEN INNOVATION AWARD – Born from the fusion of the Energia de Portugal and EDP Inovação prize, EDP Open Innovation is an EDP Group global initiative with the purpose of encouraging entrepreneurship. The

initiative aims at developing new business projects on technology innovation or business models in the area of clean technologies. The competition is also a gateway for good proposals to access EDP Starter program that promotes transformation of initial projects into structured and financed business models. In this first edition with the new format, the award had 125 applicants, 73 of them from Brazil. After a selection process carried out locally, five Brazilian teams were sent to the award finals in Portugal to compete with ten other projects. The award ceremony was on November 2, and the winner was a Brazilian team from Fortaleza (CE): start-up Delfos Predictive Maintenance received € 50 thousand to continue developing a wind power equipment failure prediction system.

INNOVABILITY BLOG – Developed to encourage knowledge multiplication on projects and trends related to this topic, the blog with 331 members is available on the Company's intranet. The platform has news and examples to inspire associates to think of new ideas and projects. In 2016, 211 news on innovation and sustainability were posted on the blog.



Innovation Day

CLICKIDEA – EDP Group global initiative, Clickidea consists of a challenge given to all associates with the purpose of choosing and awarding ideas that may have a positive impact on the Company's activity. The associates suggest their ideas and vote on their colleagues' proposals. The most voted suggestions are referred to an Evaluation Committee and when awarded, they are converted into points which can be exchanged for prizes.

SUSTAINABILITY TALKS – Targeted at company leaders and stakeholders, the initiative consists of round-tables for debates among members of EDP Brasil and guest specialists, with the purpose of promoting internal

awareness on important sustainability themes, generating value and knowledge. For 2017, at least four of these events are planned. In 2016, there were three meetings. The first one, held in April, discussed the main points addressed in COP21, and gathered leaders from all over the world around the climate change issue and culminated with the signature of the Paris Agreement. The second Sustainability Talk took place in October and discussed the importance of stakeholders management to quality results. In December, the third meeting of the year addressed the challenge of strategically and sustainably managing the companies supply chain.

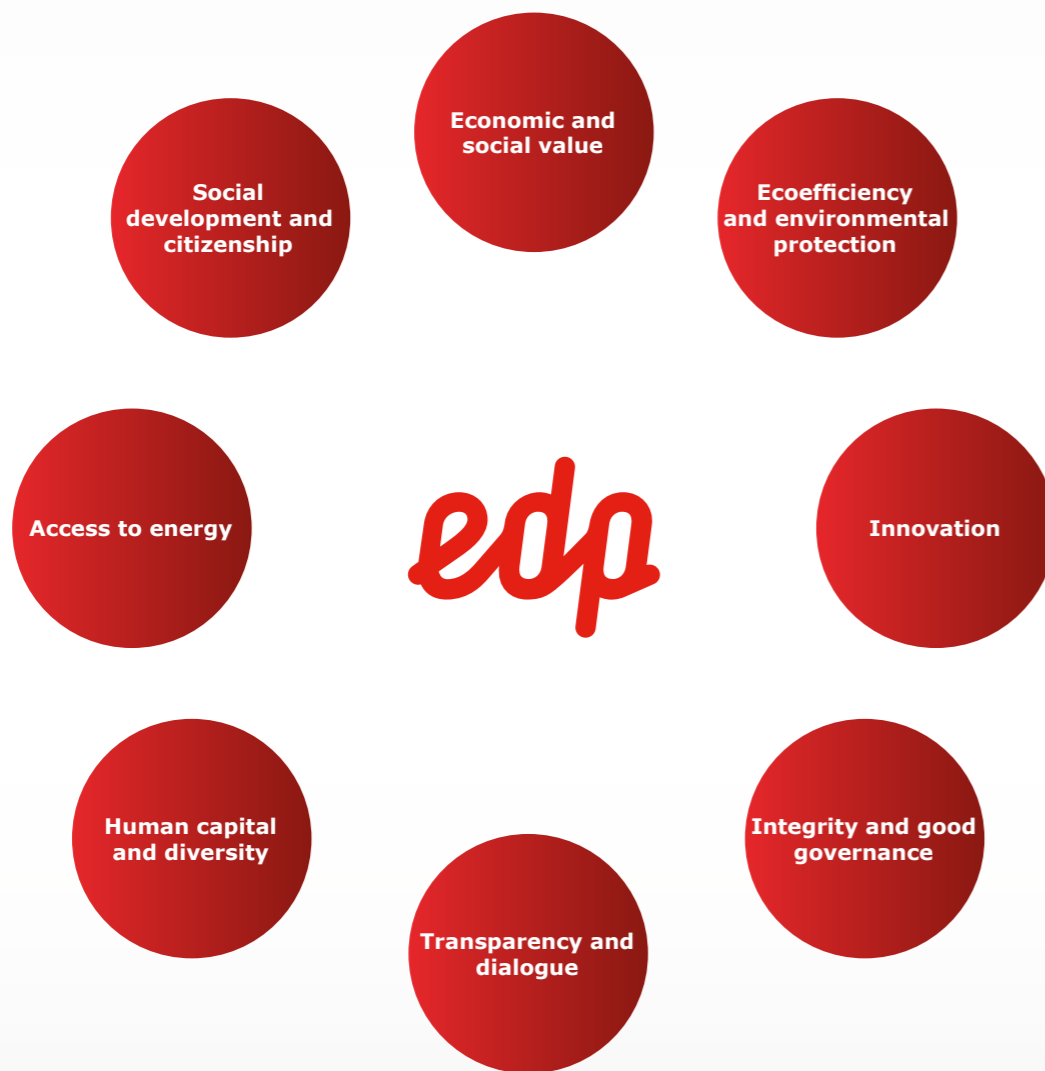


Sustainability Talks

4.1 Principles and Commitments

The value creation approach is still based on EDP Group Sustainable Development Principles, designed according to the Sustainable Development Goals (SDG) – a United Nations initiative with 17 world goals and 169 world targets that were voluntarily endorsed by the Company.

Sustainable Development Principles



Furthermore, the Global EDP Group set its commitments towards Sustainability, 2020 EDP Goals. The announcement to the market was made in May at the Capital Market Day 2016 in London.

In order to corroborate so that the global targets could be reached, EDP Brasil has undertaken its own commitments until 2020, divided into four pillars:

1. Generating economic value

Limit by 25% the weight of coal technology in the energy generation portfolio in 2020 and promote projects to reduce CO₂ emissions

SDG: 13 Climate action

Provide energy efficiency products and services to reduce consumption of 100 GWh of energy at customer by 2020, compared to 2014

**SDG: 7 Affordable and clean energy
13 Climate action**

Invest BRL 100 MM until 2020 on the expansion of telemetering in low-voltage customers

Invest BRL 100 MM on innovative project until 2020

**SDG: 9 Industry, innovation and infrastructure
13 Climate action**



2. Manage environmental and climate issues

Reach 100% of environmental certification and that 100% of critical suppliers in environment also have the same management

SDG: 12 Responsible consumption and production

Internalise the concept of circular economy and promote energy efficiency in EDP Brasil buildings

SDG: 12 Responsible consumption and production

Value EDP Brasil environmental externalities related to primary ecosystem services

SDG: 15 Life on land

3. Develop our people

Keep associates engagement level above 75% until 2020

SDG: 8 Decent work and economic growth

Reach 100% of health and safety certification and that 100% of critical suppliers in health and safety have the same management system

SDG: 8 Decent work and economic growth

Promote diversity, ensuring equal access in hiring processes

SDG: 5 Gender equality



4. Improve trust

Maintain EDP Brasil as one of the most Ethical companies in Brazil (Selo Pró-Ética)

SDG: 16 Peace, justice and strong institutions

Reach over 80% of customer satisfaction

Implement mechanism of regular queries with stakeholders

SDG: 11 Sustainable cities and communities

Invest BRL 50 MM until 2020 to promote social business and sustainable lifestyle initiatives

SDG: 4 Quality education

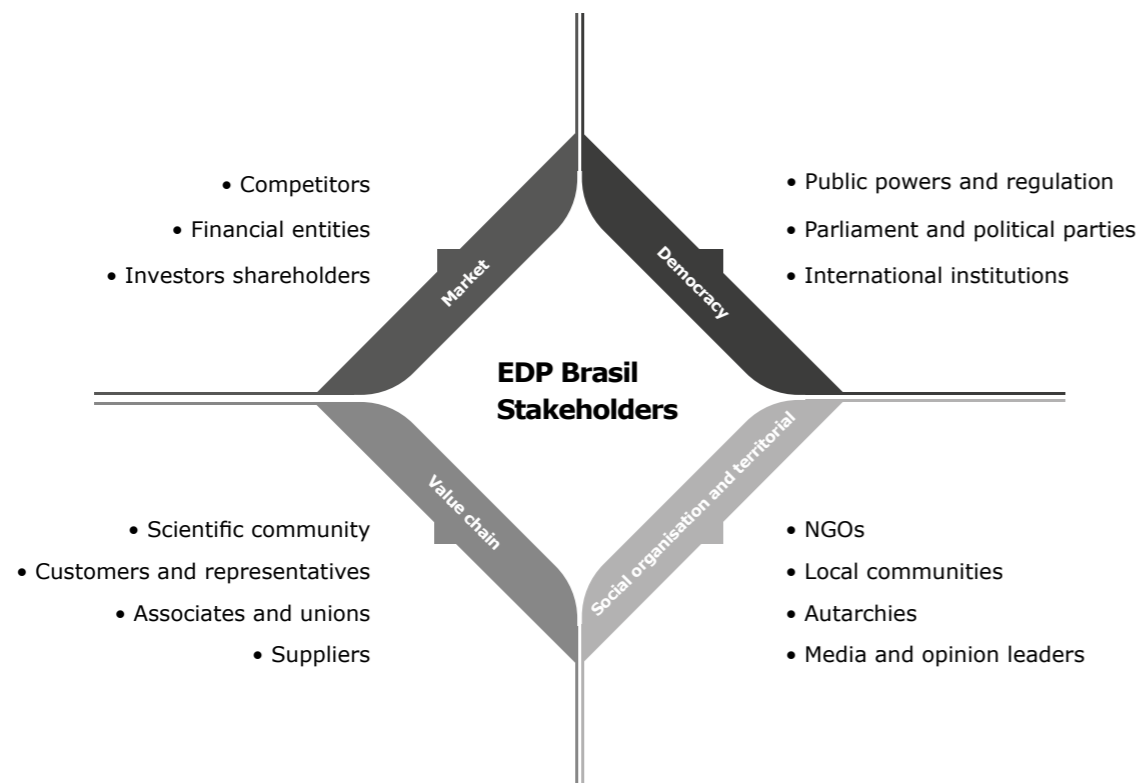


4.2 Stakeholders engagement [GRI G4-26]

EDP Brasil has a stakeholders management policy that upholds its commitment to ongoing dialogue with all stakeholders. Aiming at building relationships of trust, the Company provides channels for consultation and communication with its stakeholders in order to allow for knowledge and

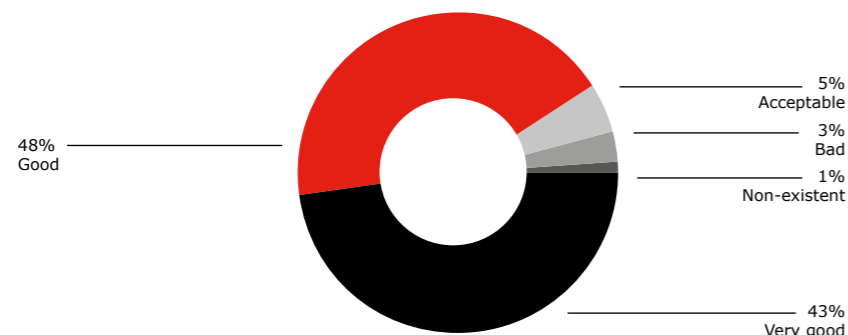
information to be shared, identifying possible cooperation opportunities. [GRI G4-24, G4-37]

EDP Brasil stakeholders mapping follows the global stakeholder segmentation model. Based on the stakeholder management and accountability rule AA1000, this model presents division into four major groups: Value Chain, Democracy, Social and Territorial Organisation and Market, which is then subdivided into 14 subgroups. [GRI G4-25, G4-26]



After interviewing the internal public in 2015, which led to the preparation of the 1st Stakeholders Report with EDP Brasil Internal View, the focus of EDP Brasil Institutional Relations and Stakeholder Management Board in 2016 was on assessing the quality of the Company's relationship with strategic external stakeholder.

To this end, 400 hours of field work were invested in 12 internal areas directly engaged in the process for a period of six months, with 185 interviews in 21 cities in nine Brazilian states. The assessment, which counted on 47 meetings and 138 online questionnaires, showed that 91% of the interviewees rated as "very good" or "good" their relationship with EDP Brasil in the previous year.



In 2017, the company will revisit the stakeholders engaged in this process to complete any pending issues and provide feedback on the improvements identified in previous meetings. Furthermore, all business units will reassess the relevance of its stakeholders so that a monitoring strategy for critical topics may be outlined.

Stakeholders, relationship channels and actions developed [GRI G4-24, G4-26, G4-27]

Stakeholder	Relationship channel	Main topics raised	Actions
Value chain	<p>Internal Public: Atmosphere Survey; edpON intranet; edpON TV; edpON magazine and onbrasil; digital mural; Sustainability channel; Ethics channel; Boca Livre; Talk to the Chairman; Internet; EDP website and social media; Annual report; and results presentation roadshow with the Chairman and the Vice-Chairmen.</p> <p>Suppliers: Annual meeting with suppliers; EDP website and social media; satisfaction survey; Annual report; ethics channel; and sustainability channel.</p> <p>Customers: energy bill; call centre; service points; Ombudsman; murals; Consumers Board Meetings; EDP website and social media; media campaigns; informative folders and posters; Annual report; Ethics channel; and Sustainability channel.</p>	<p>Climate change; Attraction and retention of talent; Biodiversity; Citizenship; Responsible and transparent communication/marketing; Local communities; Labour conditions; Water consumption; Human rights; Energy efficiency; Macroeconomic framework; Business ethics; Supply guarantee; Environmental management; Supply chain management; Risk management; Customer management; Corporate governance; Public lighting; Innovation and investigation; New business opportunities; Promotion of clean energy production; Financial results/operational profit and tax transparency; Work health and safety.</p>	<p>Awareness actions on social responsibility, citizenship and environment; Mobilisation initiatives for EDP Culture and atmosphere improvement actions.</p> <p>Encouragement to cooperation and ethics in the relationship with unions; Periodic satisfaction surveys on services provided.</p> <p>Development of social and communities customers relationship projects; Meetings with consumers representatives and corporate customers.</p> <p>Energy bill simplification actions.</p> <p>Definition of contract provisions with social and environmental criteria.</p> <p>Adoption of EDP Brasil Code of Ethics.</p> <p>Encouragement to adoption of EDP Brasil principles, sustainability practices and policies.</p> <p>Training in prevention and safety; Workshops on good social and environmental practices.</p>
Democracy	<p>Government: Regulation department; public power department; Meetings with Company managers and government representatives; Quarter results reports; Internet; Annual report; and ANEEL social and environmental reports.</p>	<p>Access to energy; climate change; Biodiversity; Citizenship; Responsible and transparent communication/marketing; Local communities; Water consumption; Energy efficiency; Macroeconomic framework; Business ethics; Supply guarantee; Environmental management; Supply chain management; Risk management; Customer management; Public lighting; Innovation and investigation; New business opportunities; Promotion of clean energy production; Financial results/operational profit and tax transparency.</p>	<p>Compliance with the rules set by relevant government agencies.</p> <p>Definition of projects in partnership with city, state and federal governments to promote communities sustainable development.</p> <p>Representation in work groups and forums for creation of sector and public interest policies.</p>
Social and territorial organisation	<p>Society: Meetings with community entities, NGOs, academic and research institutions; Participation in work groups of sector entities; press releases and interviews with the media; EDP website and social networks; Annual report; Ethics channel; EDP Institute; and Sustainability channel.</p>	<p>Attraction and retention of talent; Biodiversity; Citizenship; Responsible and transparent communication/marketing; Local communities; Water consumption; Business ethics; Supply guarantee; Environmental management; Customer management; Corporate governance; Public lighting; Innovation and investigation; New business opportunities; Financial results/operational profit and tax transparency.</p>	<p>Social, cultural and environmental programs targeted at communities in operations areas; Continuous Environmental Management focused on minimising the activities social and environmental impacts.</p> <p>Public consultations on the projects;</p> <p>Proactive and ethic relationship with local communication media and press, regional or national.</p> <p>Partnership in R&D projects with academic institutions.</p>
Market	<p>Shareholders: General meetings; Investors Relations and Corporate Advice Departments; EDP website and social media; Annual report and Financial statements.</p> <p>Financial Institutions: Regular meetings with financial institutions representatives; Quarter results reports; internet; press releases; Annual report; Ethics channel; Sustainability channel.</p>	<p>Climate change; Attraction and retention of talent; Biodiversity; Citizenship; Responsible and transparent communication/marketing; Local communities; Labour conditions; Water consumption; Human rights; Energy efficiency; Macroeconomic framework; Business ethics; Supply guarantee; Environmental management; Supply chain management; Risk management; Customer management; Corporate governance; Public lighting; Innovation and investigation; New business opportunities; Promotion of clean energy production; Financial results/operational profit and tax transparency; Work health and safety.</p>	<p>Disclosure of information and results on quarterly conferences;</p> <p>Sustainability information published on quarterly results release of EDP Group.</p> <p>Exclusive meetings with national and international institutions to present the strategy and governance and social and environmental practices.</p> <p>Continuous improvement of transparency and accountability to the market.</p>

Support to external initiatives [GRI G4-DMA, G4-15, G4-16] – Committed to its responsibilities regarding its stakeholders, EDP Brasil voluntarily endorses the following commitments: Global Compact; Sustainable Development Goals (SDG); Brazilian Business Compact for Integrity and Against Corruption; National Pact on Eradication of Slave Labour in Brazil; *Fundação Abrinq*; Brazilian Program GHG Protocol; Carbon Disclosure Project.

Moreover, it has representation in sector associations and participates on meetings in which issues related to the electricity are discussed. To act collectively and interact with the market strategically, it supports or participates on the following entities:

- Board of Directors of the *Associação Brasileira de Distribuidores de Energia Elétrica* (Brazilian Association of Electric Energy Distributors - Abradee);
- Board of the Brazilian Energy Traders Association (Abraceel);
- Supervisory Board of the Brazilian Association for Electric Energy Independent Producers (Apine);
- Brazilian Association of Thermoelectric Generators (Abraget)
- Corporate Citizenship Board of the Espírito Santo Federation of Industries (Findes);
- Conference of the Parties on Climate (COP), since 2009;
- Technical Group of Energy and Climate of the Global Compact Network Brazil.
- Signatory of the Social and Environmental Code of Ethics of *Instituto Acende Brasil* and participant, since 2010, of this independent organisation that works as an observatory of the electric sector.

4.3 Business strategy

Aligned to the concepts of sustainable development and innovability, EDP Brasil strategy for 2020 was built according to its purpose, taking into account market trends, legislation and regulation, and results of the stakeholder engagement process. This strategy was reflected on our Targets with Purpose model, as mentioned on page xx. The strategy performance and achievement of the Targets with Purpose are reviewed in monthly meetings with the entire leadership, called Operations Reviews. [GRI G4-42]

The Company's management is based on three pillars around the goal of "commitment to create value". Important to all EDP Brasil businesses, the pillars of Oriented Growth, Superior Efficiency and Controlled Risk drive the pursuit of efficiency and quality in all operations and customer service.



CONTROLLED RISK – EDP Brasil strive to maintain a high standard of corporate governance and sustainability, which means keep market, financial and regulatory risks under control. To this end, the company uses management systems and internal and external communication processes that support the strategy.

SUPERIOR EFFICIENCY – With the purpose of increasing quality, EDP Brasil has investments discipline to maximise its operational efficiency and ensure management continuous improvement. It also seeks to strengthen the brand of individual and group companies in order to promote a value-oriented culture.

ORIENTED GROWTH – From the market perspective, the Company wants to become one of the strongest and most balanced operators in Brazil. For this purpose, it tries to expand the business portfolio, increase energy and services sales, as well as meeting the distribution market growth.

EDP Brasil strategy further contemplates specific positions and developments to each of its business units:

Business	Position	Development
Generation	To be a reference hydrothermal operator	<ul style="list-style-type: none"> • On time and on cost delivery of ongoing projects • Growth, after 2017, with medium-size hydro plants (< 1,000 MW) with partners and with natural gas thermal plants
Transmission	To expand its presence in this segment	<ul style="list-style-type: none"> • Participation on transmission auctions • Assessment of other opportunities
Distribution	To be a reference operator highlighted by its quality and efficiency	<ul style="list-style-type: none"> • Reduction of commercial and technical losses for parameters defined by the regulator • Reinforcement of operational efficiency and productivity • Improvement of service quality indicators and achievement of regulatory targets
Commercialization and Energy Solutions	To consolidate leadership position in the Commercialization and services segment	<ul style="list-style-type: none"> • Development of energy services offer with higher added value (Energy Efficiency, Distributed Generation, among others) • Growth considering acquisition of energy services company

Support tools to the strategy

In order to implement its strategic management, EDP Brasil uses the Balanced Scorecard (BSC), Lean and Kaizen methodologies, and ISO 14.001 and 9.001 and OHSAS 18.001 certification systems.

At EDP Brasil, since 2007, the Lean program is a continuous improvement philosophy that must be developed by everyone, everywhere and every day inside the company in the pursuit of excellence. As for the Kaizen methodology, it is focused on the short-term, aiming at lower costs with higher productivity.

4.3.1 Commitments undertaken: goals and results

Goals for 2020	2016 Goals	2016 Results
Generating economic value	EDP market quotation higher than IEE performance	EDP Brasil stock ended the year with a 23.4% appreciation, a performance lower than Ibovespa (38.9%) and IEE (45.6%). Summing the past two years (Dec14 to Dec16), EDP stock appreciated 68.1% compared to IEE performance of 32.9%.
	Keep the net debt/EBITDA ratio below 3.5	The net debt/EBITDA ratio ended the year at 1.5 times.
	Keep the execution of projects HPP Cachoeira Caldeirão and HPP São Manoel within deadline and budget schedules	HPP Cachoeira Caldeirão was delivered 8 months earlier than the estimated deadline. And HPP São Manoel reached 83.4% of the execution schedule.
Manage environmental and climate matters	Continue to improve performance, increasing by 1% the ISE result in relation to 2015	EDP Brasil made a significant progress in 2016 with an increase of 9.6% over the previous year.
	Launch at least two sustainable and innovative building solutions	EDP Brasil opened the two first container-stores in the electrical sector in 2016.
	Double the environmental certifications of EDP assets	In 2016, five assets were certified, three in distribution, one in generation and one at the Corporate Centre, including the Commercialization unit.
Develop our people	Reach 20% of active volunteers in EDP Volunteering Program	In 2015, there were 484 active volunteers registered, and in 2016, 456 volunteers, including the initiative Christmas with Purpose.
	Implementation of EDP corporate university	EDP Corporate University was implemented, and in 2017, will consolidate its operation within the new standards.
	Reduce the severity rate of associates and third parties by 30%	EDP Brasil reached this goal of reducing severity rate, which dropped from 961.37 in 2015 to 26.8 in 2016 due to the non-occurrence of fatal accidents.
Improve confidence	Promote the internalisation of EDP Culture Principles reaching 100% of associates.	100% of associates were trained with the EDP Culture principles.
	Continue to improve customer satisfaction keeping the customer free satisfaction level above 90% and having one of the distributors as an IASC* finalist	Free customer satisfaction (UNC): 91.5% ANEEL Index of Consumer Satisfaction (IASC): EDP SP: 60.43% EDP ES: 69.10% (finalist in the IASC award and it came in 2nd place)
	Keep the DEC and FEC indicators within the regulatory limits in both distributors. DEC EDP Bandeirante 8.61 EDP Escelsa 9.93 FEC EDP Bandeirante 7.15 EDP Escelsa 7.65	2016 DEC EDP São Paulo: 8.49 EDP Espírito Santo: 8.86 2016 FEC EDP São Paulo: 5.44 EDP Espírito Santo: 5.44
Keep the number of complaints (FER) of both EDP distributors within standards (19 and 28 for every thousand customers, EDP Bandeirante and EDP Escelsa, respectively)	FER EDP São Paulo: 9.73 EDP Espírito Santo: 19.41	
Promote accessibility conditions in 15 other stores in EDP concession area by the end of 2016.	In 2016, 15 EDP branches were renovated with the purpose of adapting them to the accessibility standards.	
Reach the average availability level of the hydro plants of 93% and thermal plant of 90%	At the end of 2016, the annual average availability index of hydro plants was 95.18% and of thermal plant was 88.47%.	
With the expansion of the IDF application scope, reach 80 points in IDF, considering the average of Materials and Services IDF.	EDP Brasil IDF in 2016 was 88.65%.	

4.3.2 Energy planning [GRI G4-DMA, G4-EU6, G4-14]

Prepared by a multidisciplinary team specialised in studies and researches focused on the national energy sector, the energy planning integrates EDP Brasil business strategy and is reviewed annually. Through concepts of economics, statistics, mathematics and engineering, its goal is to simulate future scenarios of the several variables that have an influence on the market of generation, distribution and Commercialization of electric energy. The main pillars of this planning are:

- **Market:** Tools such as statistic modelling, sector and macroeconomic analysis are used to make forecasts on customers, market, demand and load. The goal is to anticipate possible demands and help with decision-making;

- **Energy studies:** Through optimisation models used in the system operation, they assess trends of energy balance, available offer and load, considering current or ongoing projects;

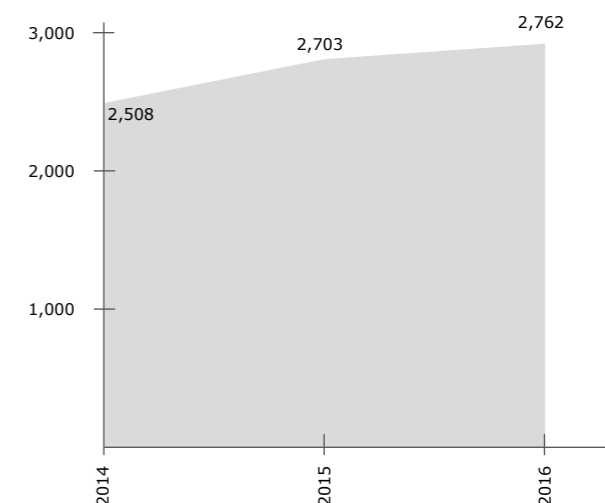
- **Price projection:** Based on the hydro scenario in the energy balance, a price projection is made and used as reference to perform transactions in the supplying company. Due to price fluctuation and update, there are weekly meetings to review price strategy;

- **Energy risk:** Through statistics techniques and economic situation analysis, consumption standards and energy scenarios, the risk scenarios are outlined – which include load, climate changes, market, among other factors – followed by mitigating actions used in the operation;

- **Contracts:** The team is responsible for managing all contracts and documents from these transactions, including payments and billing, in addition to manage information for the *Câmara de Comercialização de Energia Elétrica* (CCEE - Electric Energy Commercialisation Chamber).

and HPP São Manoel, under construction, on the border of Mato Grosso and Pará, always looking to optimise its portfolio.

Evolution of installed capacity¹ (MW) [G4-EU1]



¹ For details on the indicator refer to GRI attached.

In 2016, the great milestone of the Generation business was the completion of HPP Cachoeira Caldeirão, a plant with installed capacity of 219 MW, which is operated in partnership with China Three Gorges Brasil Energia Ltda. (CTG Brasil). ANEEL's *Declaração Comercial de Operação* (Business Declaration of Operations - DCO) to begin operations of the first turbine at Cachoeira (UG01) was granted eight months earlier than initially expected, on May 5. The operation authorisation for the second turbine (UG02) was granted on June 7; and the third one (UG03) on August 5. Therefore, HPP Cachoeira Caldeirão had all its machines authorised ahead of schedule, settling in the short-term market this energy generated prior to CCEAR (agreement of energy supply in the regulated environment) commencement on January 1st, 2017. Having initiated the operation on August 2013, the project is another successful example of EDP Brasil: its construction was completed ahead of the determined schedule and within the budget estimated in 2014.

Furthermore, since it does not require the creation of large reservoirs, it adopts a run-of-the-river model deemed the best one for plants built on rivers similar to the Araguari. In 2016, the plant produced 792.11 GWh of energy.

4.4 Assets & Operation

4.4.1 Generation

Qualified as the fifth largest private group of Generation in Brazil, EDP Brasil works actively in its strategy to be an integrated operator, reference in hydrothermal technologies, delivering its projects within deadlines and budgets. The Company has 14 hydroelectric plants in five states (Tocantins, Amapá, Pará, Espírito Santo and Mato Grosso do Sul), one thermal plant in operation (Ceará)

To drain the energy generation of HPP Cachoeira Caldeirão in the National Interconnected System (SIN) a Transmission Line of 230 kV was built between the plant and Ferreira Gomes (AP) substation, which connects to Macapá substation, integrated to the SIN. Executed in 2015, this infrastructure work with a 40-metre wide safety range included the construction of 38 towers along a 13.4 kilometres (8.3 miles) extension.

Management via PMBOK

Part of the works success of EDP Brasil Generation – in addition to Cachoeira Caldeirão in 2016, HPP Santo Antônio do Jari (AP/PA) operations were anticipated in 3.5 months in 2014 – is due to the application of the practices suggested by the PMBOK (Project Management Body of Knowledge), seen as a reference guide in terms of knowledge in project management.

Prepared by the international institution Project Management Institute (PMI), the PMBOK consists of a standardisation that identifies and conceptualise processes, techniques and knowledge fields.

Traditionally, only Quality, Cost and Schedule parameters are controlled in a project. However, seeking to internalise its engagement culture into projects, EDP Brasil adapted the PMBOK recommendation that includes ten Knowledge areas and designed a process based on five pillars: Stakeholder efficient management, quality control inside the plant, risk mapping, efficient contact management and schedule management. The methodology allowed the Company to anticipate common issues of large works, mitigating them or solving them satisfactorily.

The same methodology is being applied in the construction of HPP São Manoel, which by the end of 2016 was 83.4% completed. Located on the boarder of Mato Grosso and Pará, the plant with 700 MW of installed capacity is a partnership of EDP Brasil, Furnas (33.3%) and CTG Brasil (33.3%). The work begun in August 2014 and, according to the agreement, the hydro plant should start operating by May 2018.

Financing assurance

Best practices in managing projects of the new EDP Brasil plants ensured that the projects received fund from the Brazilian Development Bank (BNDES) in 2016, even with the Country's current economic scenario.

In 2016, Cachoeira Caldeirão received BRL 132.54 million in connection to a financing agreement totalling BRL 504.1 million, of which BRL 300 million had been previously cleared.

As for HPP São Manoel, it obtained the first clearances of a financing agreement with BNDES that totalled BRL 1,012 billion from the BRL 1.31 billion approved.

All of EDP Brasil Generation followed the planning focused on efficient performance of the plants in 2016, with higher availability of energy and less failures. The Target with Purpose for 2020 is to reach an availability rate of 95%. In 2016, the average availability of hydro plants was 95.18%, 4.24 p.p. higher than the 91.30% rate in 2015. The thermal plant registered 88.47% of annual availability average, 0.40 p.p. higher than the 88.11% rate from the previous year. A setback registered in the year was the shutdown of HPP Mascarenhas (ES) from November 2015 to February 2016, due to the accident in Mariana (MG), which had an impact on Rio Doce with mining tailings. **[GRI G4-EU30]**

The maintenance strategy of the Company, currently aimed at preventing failures, experiences an improvement process with the purpose of reducing machines downtimes for maintenance, thus increasing plant availability. To this end, the inspection standards are being reviewed so that the machinery downtime is programmed and customised, with a risk control calculated according to the variations of each case.

The idea comes from a Project Lean study performed at HPP Luís Eduardo Magalhães, which identified that maintenances with predetermined periodicity do not depict the actual need of downtime for maintenance, since the generating units operate in different conditions, with other variables such as the number of operated hours.

In this same plant, the control system modernisation started in 2016. With investments of approximately BRL 7 million, the project aims at reducing failure and increasing the operation reliability and should be completed in three years.

In its first year in full operational control of TPP Pecém, EDP Brasil worked on the progress of the engineering department and started the plant optimisation plan, approved after the engagement of several stakeholders. With short, medium and long-term actions, the plan should continue until 2029.

One of these actions was the beginning of construction of a new administrative building that should be completed in 2017. The building is partially built with ashes/waste of coal burning (more information in Generation R&D). The new headquarters will have 2,000 square metres (21,500 ft²) of constructed area, conference room, cafeteria, auditorium, infirmary and technical file.

Following the reliability plan, Pecém received investments of approximately BRL 90 million in 2016, and in 2017 the amount expected is BRL 113 million. Part of this amount (BRL 37 million) is connected to EDP Brasil participation in the price for renovating the conveyor belt that transports coal from Pecém Industrial and Port Complex (CIPP) to TPP Pecém.

A concern for the Generation business is the water crisis in the state of Ceará, a risk to TPP Pecém feasibility. According to a survey made by the *Fundação Cearense de Meteorologia e Recursos Hídricos* (Funceme – State Foundation of Meteorology and Water Resources), since 1910 the state of Ceará hasn't experienced such a severe drought like this one of the past five years.

Generation R&D

EDP Brasil follows the parameters set by ANEEL that determine that electricity generators destine 0.4% of its net operation revenues to research and development (R&D) projects. The Company has investment plans valid for five years. In 2016, the Generation projects received investments of BRL 12.3 million, among them:

- **Maintenance optimisation** – The project is the development of a smart system to optimise operation and maintenance inspection routes for electricity generation plants, a module that will be incorporated to the existing MDM (Mobile Device Management) System. The system will monitor the condition and make an automatic diagnostic of electricity generation plants assets from data obtained through sensor inspection routes, vibration monitoring through the Digital System of Supervision and Control of HPP Luis Eduardo Magalhães.
- **Fish transposition** – Also developed by HPP Luis Eduardo Magalhães, the monitoring of fish transposition mechanism is a study with the purpose of investigating the experimental use of the fish ladder as an alternative to relocation of schools concentrated downstream. It aims at minimising fish kill incidents from the physical characterisation of the region, and prospection of underwater vibration in different points below the dam.
- **Hydrodynamic hydrologic modelling software** – Developed to improve hydro operations and monitor performance of dams in the electrical sector, the project consists of the development of an emergency action plan that includes mapping of potential overflow areas through hydrodynamic studies for HPP Peixe Angical and HPP Luis Eduardo Magalhães plants.
- **Diagnostic system for power transformers** – With maintenance techniques based on condition and computational intelligence, the project aims at developing a system to analyse the gas dissolved in the oil of power transformers and partial discharges in order to provide diagnostics of probable causes and estimate equipment shelf life.
- **Characterisation of Dynamic Behaviour of Large Kaplan Units** – Its purpose is to characterise dynamic phenomena in Kaplan units components (generator core

and frame, chamber ring and turbine blade), through experimental measurement and mathematic modelling. The historical of failures in these specific components justifies the project, which will probably result in recommendations to maintenance cycles of the analysed components, allowing for better availability.

- **Use of ashes in construction** – Since May 2016, TPP Pecém performs a study on the use of light and heavy ashes from coal burning for construction purposes in plants that use combustion gas desulphuriser. Developed in partnership with the college FATENE in Ceará, it will spend approximately BRL 2.84 million to study the possible material applications in production of seal blocks, mortar, concrete panels and other non-structural elements. The pilot project will be at the construction of TPP Pecém administrative building.

4.4.2 Distribution

In Distribution, EDP Brasil wants to be a reference operator in quality and efficiency. To this end, it focus on reducing non-technical losses to ensure the regulatory limits, on improving service quality complying with targets of regulatory agencies, and on reinforcing operational efficiency and productivity in its two distributors, in São Paulo and Espírito Santo. Together, the two distributors ended 2016 with 24.42 TWh of energy distributed and 3.3 million customers in the regions of Alto Tietê, Vale do Paraíba and North Shore of São Paulo, and in 70 cities of Espírito Santo.

In the medium-term, the goals continue to focus on keeping investment levels smart and strategic, following the Business Model premises, as well as meeting the quality indicators to ensure customer satisfaction, keeping the downward



Opening of Mogi substation

trajectory of losses and reverting default values that grew with the increase of energy tariff in the past years, unemployment and drop in the population's income.

There was a representative migration of customers from both distributions to the free hiring environment due to the energy negotiation opportunity in the short-term. The segment was favoured by the fall of energy prices.

This dynamics resulted on the overcontracting of distributors nationwide: the energy volume negotiated by concessionaires in actions was higher than the demand due to economic cooling and the effect of customers migration. To mitigate this impact on the Company results, EDP Brasil seeks alternatives with ANEEL individually and for the sector.

To fight default, the following initiatives can be highlighted:

- **Collection reformulation:** change in the collection agencies bonus format according to default management effectiveness;
- **Protest and Cejusc (Judicial Conflict Solution and Citizenship Centre):** new collection alternatives, with the purpose of expanding credit restriction of defaulting consumer at EDP São Paulo;
- **Cutting strategy:** change in strategy and implementation of new technical solution for supply suspension for cutting works in regions/lots based on models of default prioritisation and concentration;
- **Large customers:** legal action policy reinforcement for large debts (over BRL 30 thousand); implementation

of collection ruler for high risk customers (over BRL 30 thousand); and actions targeted at customers with injunctions in order to renegotiate amounts;

- **Circuit breaker cut:** lower cost modality allowing the increase in supply suspension volume in low social complexity regions;

- **Negotiation campaigns:** fairs (*Feirões*) at customer service agencies to negotiate payment agreements, negotiating BRL 54.7 million at EDP São Paulo and BRL 90.7 million at EDP Espírito Santo;

- **Credit restriction (Serasa/CDL Salvador/Boa Vista):** better effectiveness in consumer registration at Serasa.

Tariff review and adjustments

In August, ANEEL approved the 7th Periodic Tariff Review for EDP Espírito Santo through resolution no. 2,118/2016. The average effect noticed by the consumer was of -2.80%, -6.18% for high and medium voltage consumers and -0.67% for those connected to low voltage. Technical losses were fixed at 7.14% and non-technical losses on low tension were fixed at 11.45%, with flat trajectory until 2019.

In October, ANEEL approved the Annual Tariff Adjustment for EDP São Paulo through resolution 2,158/2016. The average effect noticed by consumers was -23.53%, -28.64% for high and medium voltage consumers, and -19.51% for low voltage consumers. Additionally, on the same date, ANEEL partially accepted EDP São Paulo plea regarding the Administrative Appeal for the 2015 Tariff Review.

For more information on Tariff Reviews and Adjustments, refer to EDP Brasil administration report, available on edp.infoinvest.com.br.

Investments

In 2016, EDP Brasil continued to invest on expansion, improvement and maintenance of its Distribution assets. With a total investment of approximately BRL 480.6 million in the year, the increase of 50.4% in investments on distribution reflects the increment on the losses prevention program, with implementation of new technologies, remote installation of communication, and replacement of obsolete and damaged meters.

In São Paulo, for example, it moved forward on the Itapeti – São José dos Campos project, a transmission line of 44.5 kilometres (27.7 miles) with 88 kV that interconnects and reinforces the subsystems of Alto Tietê and Vale do Paraíba.

In 2016, the third stage of the project was completed, which consisted of the reconstruction of 6.5 kilometres (4 miles) of high voltage line. With that, 34.5 kilometres (21.4 miles) of work were completed. The final stage of 10 kilometres (6.2 miles) shall begin in 2018 and end in 2019.

The construction of two other lines also begun, which should be completed in 2017: the Air Transmission Line (LTA) Aparecida – Santa Cabeça (88 kV) with 10 kilometres (6.2 miles) of extension to reinforce the supply between the cities of Aparecida and Cruzeiro; and LTA Mogi-Suzano (88 kV) of 16 kilometres (9.9 miles), which will increase availability to the cities of Mogi das Cruzes, Suzano, Poá, Ferraz de Vasconcelos and Itaquaquecetuba.

EDP São Paulo started to build two new ETD (Distribution Transformer Station) substations in the cities of Suzano (ETD Eldorado) and Mogi das Cruzes (ETD Ussu). For the first quarter of 2017, it is foreseen the start of works of other two ESD (Distribution System Station) substations, ESD Mirim, in Biritiba Mirim, and ESD Amazonas, in Suzano. In Vale do Paraíba, ETD Guaratinguetá received investment to have its capacity expanded, benefiting over 54 thousand customers, and in Alto Tietê, ETD Cesar de Souza also had its capacity expanded, with benefits to over 40 thousand customers. As for the North Shore, ETD Maresias, in São Sebastião, had the number of feeders expanded and the automation and control system of the substation modernised.

In preventive and predictive maintenances, BRL 38 million were invested in EDP São Paulo, including the modernisation of 328 kilometres (204 miles) of grid and installation of 168 auto reclosers. At EDP Espírito Santo, the investment on preventive and predictive maintenance of the MT/BT grid was of BRL 21 million, with the installation of 176 auto reclosers and implementation of automation in 38 voltage regulator banks. Additionally, 482,000 tree pruning were made in São Paulo, with a cost of BRL 10.2 million, and 368,000 at EDP Espírito Santo, which represented an investment of BRL 6.9 million.

In Espírito Santo, a Distribution Line was inaugurated in February, interconnecting Jaguaré and São Mateus substations in the north of the State. The grid energisation happened seven months earlier than expected, benefiting 137,000 people from the cities of São Mateus and Conceição da Barra through the improvement of the energy service quality. With investments of BRL 18 million, the 35 kilometre (22 miles) line and 90 metallic structure took eight months to be ready.

The construction of the new SD Barra do Jucu substation in Vila Velha, Metropolitan region of Vitória, was completed in 2016. With installed capacity of 24 MVA, the construction work benefited about 480,000 people in the city, allowing better operational flexibility and quality in the service. Fundão substation was expanded by 5.3 MVA and expansions of Alto Lage and Canivete expansions begun and should be completed in 2017.

During the year, two other re-qualification projects moved forward and should be completed in 2017: Paulista-São Francisco line (69 kV), with 19 kilometres (12 miles) of extension to reinforce supply to the cities of Barra de São Francisco and Mantenópolis, and the Cachoeiro-Fruteiras line (138 kV), with 18 kilometres (11 miles) of extension, which will expand supply capacity to the cities of Cachoeiro de Itapemirim, Vargem Alta, Castelo, Muniz Freire, Iúna, Conceição do Castelo and Vanda Nova do Imigrante. Moreover, the first re-qualification stage of

Linhares-Nova Venécia line (138 kV) was completed, with total extension of 90 kilometres (56 miles). Second stage is scheduled to 2018.

Another EDP Espírito Santo highlight was the execution of works that will allow the connection of the grid to the new basic grid and border substation, Linhares 2, with installed capacity of 150 MVA (carried out by Furnas and with completion scheduled to December 2017). The work consists of the construction of two double circuits, in 138 kV, with around four kilometres (2.5 miles) each, and as soon as Furnas completes construction, EDP Brasil shall finalise the procedures for its connection. These group of works, when energised, it will be really important for the supply of Espírito Santo North region.

Technology in mobile inspection – To ensure service quality and increase associates' safety, EDP Brasil purchased two vehicles with technology that allows the association of visual and thermographic inspections to identify possible structural flaws and heating points in the distribution system.

Equipped with full HD 18x optical zoom visual camera and thermographic camera, both connected to the on-board computer and controlled in real time, the vehicles were customised to meet the distributors needs. From the field analysis, georeferenced reports with points of corrective maintenance are automatically generated and directly forwarded so that technicians can perform the work.

Integrated operation and technology

To deliver efficiency to the operation and reduce costs, the company implemented in 2015 the project *Centros de Serviços da Distribuição* (CSD – Distribution Service Centre), which consists of concentration of field teams (technical and commercial) in a single space per service region, totalling five CSDs in the concession area of EDP São Paulo (Guarulhos, Suzano, Mogi das Cruzes, São José dos Campos and Guaratinguetá).

In a continuous improvement process, a study was performed in 2016 to assess the transfer of one of EDP São Paulo CSDs in the first half of 2017: from the city of Suzano to the city of Poá. The analysis took into account the installation of a new building on an area twice the size of the current one. With a modern infrastructure, the building would have LED lighting with dimming system, use of reused water, parking space, photovoltaic panels and larger facilities, comfortably accommodating a higher number of associates. The study also verified better public security on the building surroundings, providing better safety conditions to associates at the place, especially at night.

Furthermore, after the operation flow restructuring that happened in 2016, EDP São Paulo's *Centro de Operação do Sistema* (COS – System Operation Centre), located

in Mogi das Cruzes, became the *Centro de Operação Integrado* (COI – Integrated Operation Centre). The centre is responsible for implementing the continuous improvement and operational efficiency process, in which engineers with extensive knowledge in the area contribute to the Operational Manager in coordinating pre-operation, real time and post-operation processes, delivering a faster and more effective control.

Another breakthrough consolidated in 2016 is the WPA (Web Performance Assurance) project, in which electricians started to work using mobile devices. Since 2015 and in 2016, the concessionaires field teams were gradually equipped with over 600 smartphones. That enabled the automated digitalisation of services and identification of the activities, processes standardisation, improvement in managing execution deadlines of regulates services, also enabling the definition of productivity metrics. WPA is eco-friendly and eliminates the printing of several service orders, such as New Connection, Maintenance, Modification, Reconnection, Gauging, Supply Suspension, Disconnection and others.

The Company invested over BRL 2 million in the WPA project, which was developed by an IT company to meet EDP Brasil needs. The new platform counted on the direct and indirect engagement of ten areas and the field teams, which played an important role of testing the tool and suggesting improvements to it, which in seven months of experience has an approval rate of 96%.

Energy efficiency [GRI G4-DMA, G4-EU7, EU23]

Focused on ensuring better use of the energy distributed to its customers with innovative and sustainable solutions, EDP Brasil's energy efficiency activities in 2016 were carried out through initiatives of the *Programa de Eficiência Energética* (PEE – Energy Efficiency Program), with total investments of BRL 22.78 million.

The program promote direct benefits to the national electric sector with reduction of system peak demand and energy savings. To this end, its resources are guaranteed by the Brazilian electric sector legislation, which since May 2016 establish that distributors allocate 0.4% of the net operations revenue to energy efficiency programs, annually. Prior to that, the mandatory destination percentage of ANEEL was 0.5% of the net operations revenue.

In 2016, EDP Brasil distributors carried out several energy efficiency initiatives, which led to the reduction of 3.47 MW (São Paulo) and 2.22 MW (Espírito Santo) in peak demand, and energy savings of 11.6 GWh (SP) and 6.9 GWh (ES), which corresponds to 1,511.45 tCO₂ of emissions prevented. These projects aim at spreading concepts on household budget balance and conscious consumption of electricity and

other natural resources. They also help reducing default by making costs more affordable to consumers, once they are mostly destined to low-income customers. Among them, stand out: [GRI G4-EN6, G4-EN7, EU24]

Boa Energia na Comunidade and Agentes da Boa Energia – Named *Boa Energia na Comunidade* (Good Energy at the Community) in EDP São Paulo and *Agentes da Boa Energia* (Good Energy Agents) in EDP Espírito Santo, both projects target low purchasing power customers and include guidance on proper and safe use of electricity and replacement of ineffective equipment. In 2016, the two projects together distributed 180,272 compact fluorescent lamps, 74 refrigerators and 1,668 showers with voltage control system. All equipment replaced is disposed according to the regulations in force.



Boa Energia nas Escolas

Boa Energia nas Escolas (Good Energy at School) – Based on the PROCEL Educação methodology, it promotes awareness of the school community on the rational and safe use of electricity, enabling public schools teachers and engaging students as multiplication agents. The project counts on the *“Caminhão da Energia”* (Energy Truck), a travelling truck that goes through cities in EDP Brasil's distribution concessions in São Paulo and Espírito Santo spreading this information through on-site actions, playful and interactive experiences with teachers, students and the community in general. In 2016, the initiative received investments of approximately BRL 2.09 million.

In EDP São Paulo, there is also the second stage of the **CEBRACE Energy Efficiency** project, which replaces lighting and air-conditioning systems with others with better energy efficiency, and **Boa Energia Solar (Good Solar Energy)** project, which consists of the donation and installation of Solar Heating System for replacement of electric showers, which are huge villains in home electricity consumption. The system is comprised of collector plates, reservoirs, smart showers and the entire infrastructure necessary to its better operation.

As for Espírito Santo, projects that begun in 2015 were completed, such as Shopping Victória and the charities Montanha da Esperança and Hospital Maternidade São Camilo. In 2016, the company developed projects chosen through the 2015 **Chamada Pública de Projetos (CPP – Public Calling of Projects)**, a consuming units lighting systems improvement action that replaces incandescent bulbs with LED in different boroughs. Among them, the projects of Condomínio Residencial Vila Mar, at PRODEST headquarters and at Arcelor Mittal. Moreover, the residential project **Eficiência Solidária (Solidary Efficiency)** replaced 50,000 incandescent bulbs with LED in homes of six cities in the state.

Distribution R&D

Following the parameters established by ANEEL, which determine that electricity distributors allocate 0.2% of their net operations revenue to research and development (R&D) projects, in 2016, EDP Brasil invested BRL 9.3 million in projects aimed at Distribution challenges, among them:

- **BTZERO** – development of a transformer with mechanical shielding that allows better safety in electric installations. The new technology will ensure better quality and safety in the grid, in addition to greater agility in identifying any supply interruptions and in meeting customers' requests. Furthermore, it reduces short circuit risks on days of rain, lightning and strong winds.
- **INOVACITY** – implemented as pilot project in the cities of Aparecida (SP) and Domingos Martins and Marechal Floriano (ES), it consists of the development and application of technologies that make cities energetically smart. Among the initiatives, there is the smart measurement for low voltage customers, promotion of electric mobility, improvement of public lighting through LED lamps, installation of solar panels for distributed generation and improvement of energy efficiency with distribution of efficient equipment and community awareness on the matter. In 2016, the project was completed in Aparecida, delivering the pre-payment mode, which consisted of the simulation process of energy purchase through energy credits, in

which the customers gained control of their actual energy consumption through pre-payment panel.

- **SMART GRID LAB** – it consists of an innovative lab of Smart Grids (REIs) for previous and systemic analysis of REIs features for future field replication. Installed at the University of São Paulo (USP), in 2016, the project delivered equipment such as grid emulator, IEDs (Intelligent Electronic Devices) and allocation of reconnection keys.
- **SIAD – AERO (Autonomous-Cooperative System of Planning and Performance of Energy Assets Inspection)** – development of an autonomous-cooperative system of planning and performance of energy assets inspection, capable of capturing and processing images of visible, infrared, ultraviolet and ultrasound bands, automatically identifying existing anomalies through the combined and optimal use of unmanned aerial vehicles (drones).
- **DISTRIBUTED GENERATION** – Developed in partnership with the Federal University of Santa Catarina (UFSC), the project focus on the application of urban distributed generation through decentralised photovoltaic solar systems and short-term storage. It also has the purpose of evaluate auxiliary services to grid stability, asses impacts on distributors, and develop new business models. To this end, it includes studies on tariffs control and energy demands, and solar integration controls, among others.

4.4.3 Commercialization and Energy Solution

Specialised in Commercialization and energy solutions, EDP Brasil works so that its customers optimise their purchases in the energy liberalised market environment. Created in 2001 to manage the EDP Group's energy contracts, the company undertook the commitment to extend its presence in the energy efficiency and distributed generation segments, and become one of the leaders in the sector, selling energy in 25 Brazilian states with a market share of 6.9%. In 2016, the number of the Supplier customers increased 38%, from 195 customers in 2015 to 272, in line with the purpose of consolidating its leadership position in the industry. The volume of energy supplied reached, on average, 13,126 GWh, surpassing by 19% the volume supplied in the previous year.

The development of this segment is focused on the gross margin increase, on adding value to energy Commercialization, whether its portfolio or EDP Brasil generators, and on the growth of the energy services offer with greater added value (Energy Efficiency, Distributed Generation). Its operation is directly related to EDP 2020 targets, which consist of making available energy efficiency products and services to reduce 100 GWh of energy until 2020.

In 2016, the highlight in this sense was the completion of the integration of the former APS Soluções em Energia, an energy efficiency company with 23 years of existence, acquired in late 2015. The successful process brought EDP Culture to the new associates, which are now part of EDP Soluções em Energia.

In Energy Solutions, EDP Brasil works with energy efficiency projects and in providing technical and commercial services.

In 2016, 15 energy efficiency projects were carried out, representing a 45 GWh savings, and a reduction of polluting gas emission of 3,676.5 tCO₂, reinforcing EDP Brasil social and environmental commitment. Among the new agreements, it defined a large energy efficiency project that will implement improvements in 78 stores of the Makro wholesale supermarkets. Simultaneously, four sales agreement were signed providing for solar projects totalling 226 kWp of installed capacity, which will generate an approximate revenue of BRL 1.3 million.

In 2016, EDP Brasil entered the photovoltaic distribution generation market with the beginning of EDP Solar implementation. The new operation follows ANEEL Resolution no. 482/2012, which established rules so that consumers can generate their own energy with injection of surplus energy in the electric grid, in a credit compensation system for the consumer's favour.

Initially focused on regular customer such as small businesses and industries, the company have already developed its first pilot project internally: the supply, installation and operation of solar panels in the new Distribution Services Centre (CSD) of EDP São Paulo, in Poá.

Serving different size and location companies, EDP Brasil offers customised energy efficiency solutions. Some of the projects that stand out are:

- **B.O.T. (Build, Operate and Transfer):** construction, operation and maintenance of energy end uses, with the purpose of reducing losses and ensuring the continuity of Energy Efficiency action for terms set in contracts;
- **Efficient Lighting:** modernisation of the lighting system with installation of more efficient and durable equipment, such as LED or high performance fluorescent lamps;
- **Cooling and Air-Conditioning:** replacement of machinery systems and water cooling centrals;
- **Voltage Level Increase:** change in electric supply from low voltage to medium or high voltage;
- **Energy Management (GE) System:** seamless control of the entire energy consumption (electricity, gas, water and others) aimed at reducing waste;
- **Variable Speed Drive:** installation of electronic speed controllers to reduce energy consumption of electric engines;
- **Correction of Power Factor:** projects and installation of reactive energy automatic compensation systems.



Energy solutions

Success Stories

COSTA DO SAUÍPE

Carried out at the hotel complex Costa do Sauípe, Bahia, the project was developed throughout 2016 and consisted of the modernisation of the air-conditioning system of two hotels in the touristic complex, with automation and retrofit of chillers and motor pumps. The preliminary project estimated that, with improvements, it would be possible to reduce by 2,206 MWh a year the energy consumption in the units. However, with the remodelling completion, it was possible to identify an annual reduction of 2,965 MWh, 34% higher than expected.

SHOPPING VITÓRIA

The project included the retrofit/facilities modernisation of Cold Water Centres of two wings at the Shopping Mall located at Enseada do Suá, reducing costs and increasing reliability of the system operation, allowing it to operate even in the event of failure or unavailability of main equipment. Savings: 2,782 MWh/year. Demand reduction: 326 kW.

CEBRACE CRISTAL PLANO – PHASE II

Replacement of obsolete lighting and air-conditioning equipment for more efficient technologies, improving the systems sizing along with control, automation and awareness towards system use to users. Savings: 1,752.99 MWh/year. Demand reduction: 249.41 kW.

4.5 Shareholder

4.5.1 Macroeconomic context and regulatory scenario

As in 2015, the Brazilian electric sector was negatively impacted by the economic crisis in 2016. The year presented an economic scenario extremely adverse with the recession, political crisis, reduction of tax collection, high interest rates, growing unemployment and general decline of investors' confidence.

According to IBGE, Brazil registered in 2016 the sharpest GDP¹ decrease since 1996, with a 4.0% contraction in the first nine months of the year, compared to the same period in 2015. The factors that contributed to this result, from the production perspective, were the weak performance of Services (-2.8%), Industry (-4.3%) and Agriculture (-6.9%). As for

1 Source: Brazilian Institute of Geography and Statistics – IBGE. National Quarterly Accounts. July/September 2016.

2 Source: Brazilian Central Bank. SELIC target on 12/31/2016.

3 Source: Brazilian Institute of Geography and Statistics – IBGE. National Survey by Continuous Household Sample – Continuous PNAD. Mobile quarter related to the months of September to November 2016.

4 Source: Brazilian Institute of Geography and Statistics – IBGE. National Survey by Continuous Household Sample – Continuous PNAD. 2015 year average.

the demand perspective, negative highlights were receding investments (-11.6%) and household consumption (-4.7%).

With the decline in household consumption, affected by the high interest rates (13.75%)² and high unemployment rate (11.9%)³, compared to the 8.5% rate in 2015⁴, the retail commerce had its worst sales performance in 16 years, according to Serasa Experian. The decreasing demand affected the industry production, which contracted 7.1%⁵ in 2016. According to the IBGE, 23 of the 26 sectors surveyed have reduced its production.

In this challenging context, signs of relief came from the inflation – which advanced 6.29% in the year⁶, the lowest annual rate in three years, and the external sector, in which the Brazilian trade balance had a surplus of USD 47.7 billion in 2016⁷ (USD 185.2 billion in exports and USD 137.5 billion in imports), the highest ever registered in the historical series.

Overall, the water issue was stabilised with partial recovery of the reservoirs, with emphasis on the Southeast, accounting for 70% of the Country's storage capacity. However, in the Northeast, the drought season was the second worst in an 86-year period.

In addition, the consumption reduction, which was affected by the economic contraction, in association with the increase of outflows at the beginning of the year, contributed to the reduction of the energy price (PLD in the Portuguese acronym), which ended 2016 at BRL 94/MWh, against BRL 288/MWh in 2015 in SE/CO. It also contributed to the improvement of the Generation Scaling Factor (GSF), which went from 84.7% in 2015 to 86.8% in 2016. As for the Northeast submarket, the critical water situation kept the thermals functioning, closing the year with PLD higher than other submarkets (BRL 174/MWh).

Bandeiras tarifárias (Tariff Flags)

Implemented in 2015, the *Bandeiras Tarifárias* (Tariff Flags) aims to inform the actual cost of electric power generation. The green flag indicates that the energy production cost is lower and no modification is applied to the tariffs. Yellow and red flags represent the energy production cost increase and an additional value is applied to the tariff. In 2016, the yellow and red flags have been altered: the red flag now has two levels; its additional costs are BRL 3.00 and BRL 4.50, applied to each 100 kWh consumed; and the yellow flag went from BRL 2.50 to BRL 1.50, applied to each 100 kWh.

5 Source: Brazilian Institute of Geography and Statistics – IBGE. Industry Monthly Survey – November/16.

6 Source: Brazilian Institute of Geography and Statistics – IBGE. National Consumer Price Indexes IPCA and INPC – December/2016.

7 Source: Ministry of Industry, Foreign Trade and Services – MDIC. Foreign Trade Office.

Energy subcontracting

The economic recession led to a decrease in industrial production and, consequently, to the energy consumption reduction. This scenario, in addition to the tariffs increase due to the high costs of thermal generation between 2014 and 2015, resulted on the migration of customers to the liberalised market over the year. With that, the distributors entered in a framework named subcontracting, in which there are more energy than necessary to serve the market, higher than the 105% limit established by ANEEL.

Therefore, some mitigating measures were adopted over 2016 by ANEEL, such as normative rulings REN 711/2016, which made possible for distributors, in agreement with the production agents, to reduce, postpone or terminate energy supply agreements; REN 726/2016, which enabled return of agreements when customers migrated to energy purchase from SHPs, wind energy, etc.; and REN 727/2016, which improved the use of the *Mecanismo de Compensação de Sobras e Déficits de Energia Nova* (Clearance Mechanism of New Energy Leftovers and Deficits), with the possibility of contractual reduction by the production agents.

Despite the positive impact of the mitigating measures,, the subcontracting scenario will persist in 2017, requiring adoption of additional measures to solve the issue.

For more information on the regulatory environment, refer to the EDP Brasil administration report, available on edp.infoinvest.com.br

4.5.2 Economic and Financial Results

[GRI G4-DMA]

In 2016, EDP Energias do Brasil S.A. Net Operating Revenue was 10.7% lower than the previous year, totalling BRL 8.88 billion. The manageable expenses totalled BRL 2.3 billion, 16.9% higher than 2015, and PMSO expenses totalled BRL 1.3 billion, 12.5% higher than the previous year, resulting from the consolidation of Pecém, the increase of grid maintenance actions, aiming at improving quality indicators (+BRL 15.0 million), the expenses with actions to avoid losses (+BRL 7.3 million) and with consulting services related to internal communication and efficiency projects (+BRL 8.5 million). Disregarding the Pecém accounting effect (consolidated in the Company's result from May 15, 2015), the APS Soluções accounting (consolidated in the result from December 2015), the PDD effect and operational costs arising from the sale operation of Pantanal, the PMSO increase would be 3.2%. The depreciation and amortisation

totalled BRL 540.4 million in 2016, 18.0% higher than the previous year, resulting from the full consolidation of Pecém in 2016.

EBITDA and EBITDA Margin

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) reached BRL 2.3 billion in 2016, 22.4% lower than the previous year, resulting from the non-recurrent effects in 2015, regarding the acquisition of the remaining 50% of Pecém, whose transaction resulted in an effect of BRL 884.7 million in the operational result. Additionally, it is important to highlight, the gain with the sale of the Company's equity at EDP Renováveis Brasil, in the amount of BRL 68.9 million in 2015, and the accounting gain of Pantanal Energética's sale in the amount of BRL 278.1 million in 2016.

Financial results and Net Profit

The financial result was negative in BRL 652.7 million, 4.4% higher than the previous year. The financial income totalled BRL 607.1 million, 33.6% higher than 2015, resulting from the revenue increase in financial applications (BRL 138 million), thanks to the higher balance of applications, resulting from the capital increase (BRL 1.5 billion) and reduction of current account value (BRL 308.8 million), an improvement started in the second half of 2016, and the increase of monetary variation and moratorium increment of sold energy, arising from interests accrued on consumers for electricity bill overdue payment.

The financial expenses reached BRL 1.3 billion negative, 16.7% higher than the previous year, from the increase of average interest when compared to the previous year (TJLP went from 6.7% per year to 7.5% per year in 2016, and CDI from 13.3% per year to 14.0% per year), and the monetary update of GSF renegotiation interests.

Due to the abovementioned effects, the net profit totalled BRL 666.6 million in 2016, 47.3% below the previous year.

Debt

The consolidated gross debt totalled BRL 5.5 billion in December 2016, a reduction of 10% compared to December 2015 (BRL 6.2 billion). The debt average term on December 31, 2016 was in 3.04 years, compared to the 3.39 years in the end of 2015.

In relation to TPP Pecém, it is important to highlight that the pre-payment of BID financing, and the issue of debentures and the bank credit note based on Law no. 4.131 brought a debt cost reduction of 2 p.p., when taking into account the operational costs and annual scrolling costs of derivatives arising from the BID financing.

The consolidated net debt reached BRL 3.6 billion in 2016, a reduction of BRL 1.5 billion when compared to the previous result, due to the realised capital increase. The net debt/EBITDA ration closed the year at 1.5 times.

Capital increase – [GRI G4-13] EDP Brasil consolidated the social capital increase of BRL 1.5 billion in 2016 with the issue of 130,434,782 ordinary shares at BRL 11.50 per share. In a model reserved to shareholders, the share offer had a massive adhesion of 98.4% on the first round, equivalent to 128,312,172 shares. The remaining shares were subscribed in the first and second apportionments. After the Board approval, EDP Brasil's social capital is now BRL 4.683 billion, divided into 606,850,394 ordinary shares, all nominative and with no nominal value.

From the total shares, 295,295,122 are in circulation, according to the Listing Regulation of BM&FBOVESPA New Market, and 757,336 shares remain in Treasury.

The funds were used to strengthen the Company's capital structure, reinforcing its cash flow to meet to the medium and long-term capital needs for the development of operational and investment activities, as well as improving liquidity levels and reducing debt margins.

For more information on the consolidated economic and financial performance, refer to EDP Brasil's administration report, available on edp.infoinvest.com.br.

Income Statement (BRL thousands)	EDP Brasil		
	2015	2016	%
Net operating revenue	9,944,091	8,884,122	-10.7
Revenue with infrastructure construction	317,343	480,650	51.5
Unmanageable expenses	(6,752,620)	(5,594,856)	-17.1
Gross margin	3,190,471	3,289,266	3.1
Manageable expenses	(1,959,480)	(2,290,684)	16.9
PMSO total	(1,115,989)	(1,255,244)	12.5
Gains and losses in deactivation and disposal of assets	(68,215)	(14,357)	-79.0
Cost with infrastructure construction	(317,343)	(480,650)	51.5
Gain in investment disposal	953.643	278.139	-70.8
EBITDA	2,959,910	2,297,804	-22.4
EBITDA Margin	29.8%	25.9%	-3.9 p.p.
Depreciation and amortisation	(457,933)	(540,433)	18.0
Service result (EBIT)	2,501,977	1,757,371	-29.8
Result of corporate interests	(113,774)	(115,443)	1.5
Net financial result	(625,517)	(652,741)	4.4
LAIR	1,762,686	989,187	-43.9
Income Tax and Social Contribution	(356,314)	(158,232)	-55.6
Net profit before minority	1,406,372	830,955	-40.9
Attributable to non-controlling shareholders	(140,436)	(164,353)	17.0
Net profit	1,265,936	666,602	-47.3

Ratings

Since the end of 2015, due to the worsening of Brasil's credit metrics, along with the low economic growth environment and increase of public debt, S&P, Moody's and Fitch rating agencies reduced Brasil's credit score, which also led to the withdrawal of investment degree, with "negative" perspective. As a consequence of the sovereign rating reduction by the risk assessment agencies, the electricity sector companies were also affected by the rating reductions.

By Moody's, EDP Brasil had its ratings reduced to "Ba3/A1". EDP Bandeirante (São Paulo Distribution), EDP Escelsa (Espírito Santo Distribution), Energest and Lajeado Energia had their ratings reduced to "Ba2/Aa2".

Likewise, also due to the Brazilian sovereign rating reduction, S&P reduced EDP Bandeirante and EDP Escelsa local ratings to "brAA". EDP Escelsa global rating was also reduced to "BB".

Capital Markets

On December 29, 2016, EDP Brasil shares were quoted at BRL 13.40, ending the year with an appreciation of 23.4%, a performance lower than Ibovespa (38.9%) and IEE (45.6%). The Company's market value by the end of 2016 was BRL 8.1 billion. The Company's shares were traded in all trading floors of the year, totalling 567.9 million shares traded, with a daily average of 2.3 million shares, and the financial volume of BRL 7.5 billion, with a daily average of BRL 30.3 million.

In accumulated terms, in the past two years, the appreciation of EDP Brasil shares reached 68.1%, between December 2014 and late 2016, higher than IEE performance (32.9%)

Most traded shares in Bovespa

In September, EDP Brasil shares were included in the IBrX 50, a São Paulo Stock Exchange Index with the 50 stocks with largest trading volume and representativeness in the Brazilian stock market. The market value of the companies listed in the Index is over BRL 1.72 trillion. EDP Brasil ended 2016 on the 47th position of the Index.

4.5.3 Development of new businesses

In 2016, EDP Brasil entered the Transmission sector, buying the lot 24 in an auction held by ANEEL in October. The lot includes a transmission line with 113 kilometres (70 miles) and a 150 MVA substation in Espírito Santo, in an auction with total estimated investment of BRL 116 million. The company expects operations to start until 2020.

By entering the Transmission market, EDP Brasil will diversify its operation in the electricity market with proper profitability, cash predictability and controlled risk. The execution capacity in works of hydro projects and the company's experience in the Distribution sector will be crucial to the successful development of this project.

In the medium and long-term, EDP Brasil glimpses at new businesses in the generation sector, especially gas hydro and thermal, as well as in the energy liberalised market, which could lead to an expansion with future perspective for changes in the regulated distribution market. Another promising front that is in the Company's radar are projects of energy efficiency and distributed energy with photovoltaic solar.

4.6 Customers

EDP Brasil launched in 2016 the *Excelência no Servir* (Excellence in Providing Service) project, which helps spreading in its Culture the idea of "Be always aware that every customer is a unique human being. We are happy when we please this human being with the service we provide."

In this sense, the Company held in 2016 a workshop with the support of the consulting company Amana-Key. Associates from all business units who have any kind of relationship with the customers participated, as well as corporate departments that serve internal customers. The guests were trained to spread through their teams the culture of focus on customer and the importance of thinking on EDP Brasil activities impact on the end consumer daily routines.

In Distribution, the company created in June the executive management of Excellence to the Customer, which reports directly to the vice-president of the unit and has the mission to "ensure excellence to the customer in a fair, empathetic and human way, being the change maker and converging the Organisation in the principle practice: customer, our *raison d'être*." The area participated in August in the workshop "Excellence to the Customer" to encourage experiences exchange in customer service and with the purpose of integrating, inspiring and sharing knowledge among associates. Offered in partnership with the EDP University, the workshop used the Company's professionals to carry out trainings and presentation that addressed topics such as how to serve, creativity on daily work, and future organisations.

The relationship breakthrough achieved in 2016 also happened in the Commercialization and Energy Solutions unit. Over 70 companies and 190 customers of the Commercialization participated in three workshops held in March, April and July in São José dos Campos (SP). The initiative implemented to bring the Company closer to its customers counted on lectures on topics such as Energy Scenario, Solar Energy, Post-Migration Process and Liberalised Market. The goal is to reinforce the trust bond, share relevant information and foster new business opportunities.

Total Satisfaction [GRI G4-DMA]

[GRI G4-DMA]

With the purpose of increasing customers' satisfaction and reducing complaints levels, EDP Brasil has, since 2013, multidisciplinary work groups with associates from its two distributors that analyse the demands presented by the customers, identify causes and develop action plans. These groups integrate the *Satisfação Total* (Total Satisfaction) program, which until 2015 was called *Reclamação Zero* (Zero Complaints).

In 2016, the fourth cycle of the project begun, with a scope that was prepared after 24 interviews in six departments: Board of Directors, Customer Service Quality, Procon, Ombudsman, Billing and CSDs and Call Centre and Branches. From these surveys, the fourth cycle was targeted at operation fronts facilitating communication and contact between customer and company, the first contact, optimisation of field resources and customer quality perception indicators.

At this stage, *Satisfação Total* counted on two Work Groups, WG Customer Service Quality, which completed initiatives such as information update on service channels, and inclusion of Wi-Fi in branches; and WG Rejections Reduction, which completed the distribution of leaflets in agencies.

4.6.1 Most accessible services

About 70 people from the business areas of both distributors of EDP Brasil and the IT and systems departments and seven external consulting companies are involved, since April, with the EDP Online Project, which consists of initiatives to improve quality and accessibility of EDP Brasil services, making new service channels available.

In this project that aims at modernising the channels and increasing interaction with customers, deliveries are divided into phases, scheduled to be completed by July 2017.

The project scope included improvements in the services (SAP systems) of Customer Service Branches, Call Centre (0880 721 0123 in SP and 0800 721 0707 in ES, which works 24 hours and is toll free), Virtual Branch (web), and mobile service (creation of new channels: app and SMS). Also part of EDP Online is the bill via e-mail, submission of documents by e-mail (different materials) and SAC 2.0 (customer service on social media). See below some details of the 2016 stages:

- **EDP App:** Launched for mobile devices (smartphones and tablets), the free app makes it easier for customers to contact the distributors, offering convenience for services requests. With the real time chat, the customer can obtain information and clarify doubts. With the app is possible to

opt to receive the bill by e-mail, request bar code for bill payment, notify power failure and send images through the online chat. The app was developed and customised for EDP concessionaires customers only.

- **SMS:** Launched in celebration of Customer's Day, September 15, EDP Brasil SMS service allows customers from the distributors to report power failures and request services.

- **Virtual Branch:** EDP services webpage online (www.edp.com.br) has gone through a series of reformulations in 2016, which include the possibility to make payment settlements and access consumption records. Tools were developed to make interaction and data traffic easier, as well as to improve information safety.

More comfort and sustainability in the new stores

Showing once again its commitment to its customers and to sustainable development, EDP Brasil opened six customer service branches in 2016, two of them with the innovative container store model.

The first container-store of the electricity sector, Canas branch opened on February 17th. Designed to provide fast, practical and comfortable service, it offers the same services as the other branches in other cities, with the advantage of having a mobile structure with rational use of space.

The idea of the container-store came three years ago and the project developed gathers functionality and sustainability with the reutilization of containers and use of materials with FSC® Forestry Certificate. The floor, made of recycled tires, and the LED lighting reinforce the commitment to low levels of environmental impact.

In June, the second container-store opened at the town square of Santa Branca, a strategic spot that now counts on an innovative branch to better serve EDP Brasil customers. Transferred from an old space at the bus station, the branch had its service hours expanded.

The other four new stores that opened in 2016 – in Caraguatuba-SP (Caraguá Praia Shopping), Suzano-SP (Jardim Santa Helena), Poá-SP (Downtown) and Vila Velha-ES (Downtown) – followed the traditional building standards and were designed according to the architecture best practices, respecting the consumer's needs and accessibility rules. In modern, practical, comfortable and safe environments, the three branches have automated displays that streamline the service. The equipment help with routine requests such as request copy of bill, view debts and consumption, update information, view reading report, change due date, and authorise direct debt.

Satisfaction survey [GRI G4-DMA, G4-PR5]

To find out the customers' satisfaction level, EDP Brasil uses annual and biannual surveys made by accredited institutions, such as the Brazilian Association of Electricity Distributors (Abradee) and ANEEL.

In 2016, EDP Distributor in Espírito Santo won the silver medal at the IASC Award (Consumer Satisfaction ANEEL Index), among the Southeast region companies in the category "above 400 thousand consuming units". The rating takes into account the service quality based on domestic consumer perception.

Published annually by ANEEL since 2000, the IASC assess the performance of these companies in their operation field with the purpose of encouraging continuous improvement of services. In 2002, the Agency created the IASC Award to highlight the most efficient distributors according to the consumer's perception. The concessionaires and permissionaires receive from ANEEL a certificate and a quality seal, which can be used in the promotion material of each company.

In the survey carried out from July 4th to September 17th of 2016, 24,926 domestic consumers were interviewed from 101 distributors, concessionaires and permissionaires of electric power.

Result of the customer satisfaction survey (%) [GRI G4-PR5]

Distributors	São Paulo			Espírito Santo		
	2014	2015	2016	2014	2015	2016
ANEEL Consumer Satisfaction Index (IASC)	68.59	52.75	60.43	71.61	58.81	69.10
Índice de Satisfação da Qualidade Percebida (ISQP - Perceived Quality Satisfaction Index) - ABRADÉE	83.00	78.50	76.30	81.85	82.00	80.80
Customer Approval Index (IAC) - ABRADÉE	85.80	78.90	73.90	82.80	83.00	78.08
General Satisfaction Index (ISG) - ABRADÉE	85.80	69.70	60.10	87.50	73.70	63.80
Satisfaction Survey with Large Customers	Not performed	73.50	77.30	Not performed	74.20	78.60

With the implementation of several service improvement actions in 2016, Distribution had lower numbers of customer complaints: a 30% reduction compared to the previous year.

The Suppliers report two indicators that reflect the quality of its services: Índice de Satisfação com a Qualidade Percebida (ISQP - Satisfaction Index with Perceived Quality) and Índice de Fidelidade do Cliente (IFC - Customer Loyalty Index). The results of the satisfaction surveys carried out in 2015 were published only in 2016, when EDP Supplier obtained an index of 91.5%.

4.6.2 Quality in supply

DEC and FEC: Interruption Equivalent Duration per Consumer Unit and Interruption Equivalent Frequency per Consumer Unit

The quality indicators of service provision of EDP distributors continued within the standards established by the regulatory agency. The increase in EDP São Paulo indicators is due to the higher intensity of rains registered, especially in the beginning of 2016. As for EDP Espírito Santo, the occurrence of isolated events in the internal subtransmission system contributed to the increase of indicators in between the periods. Comparing it to the regulated limits, the indicators remain with a positive evolution, reflecting the investments made for preventive maintenance actions, improvement works, innovations in distribution electric system assets, and constant improvement in the processes adopted by all the areas involved with the system operation.

DEC and FEC [GRI EU28, EU29]

Distributor	DEC (hours) ¹			FEC (times) ¹		
	2015	2016	ANEEL Limit	2015	2016	ANEEL Limit
EDP São Paulo	7.99	8.49	8.61	4.85	5.44	7.15
EDP Espírito Santo	8.89	8.86	9.93	4.98	5.44	7.65

¹The distributors DEC and FEC published may change due to adjustment requested to the ANEEL Regulatory agency.

Losses

Despite the reduction in total losses at EDP São Paulo, both distributors ended the year above the standards established by the regulatory agency, affected by the increase of technical losses. In EDP São Paulo, the increase of technical losses is due to the charge distribution reconfiguration in the system to perform improvement and grid expansion works. In EDP Espírito Santo, the increase reflects the charge reduction of a relevant customer and of the lower energy generation in the State.

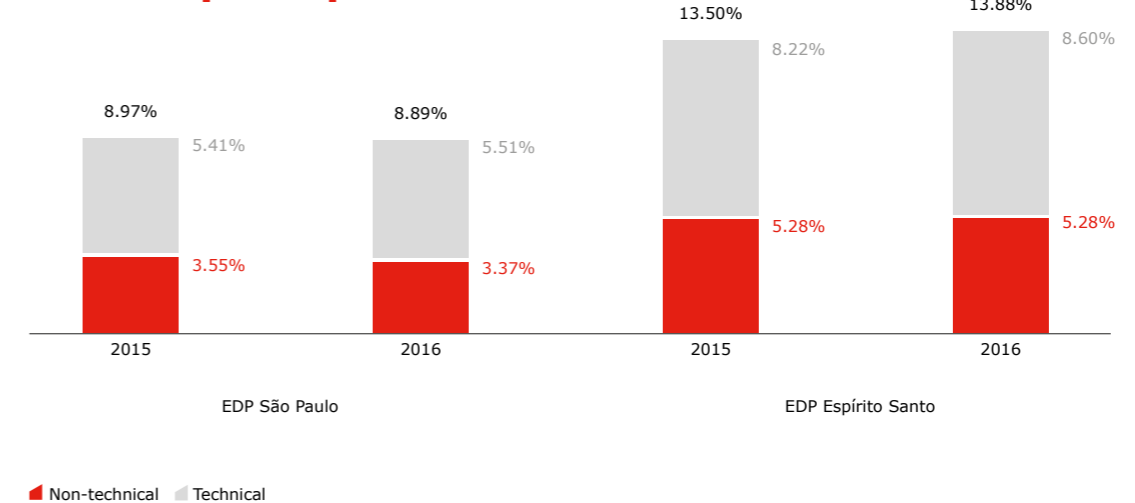
In 2016, EDP Brasil disbursed BRL 100 million in programs to prevent losses, 49.1% higher than the previous year. From the total funds, BRL 78.1 million were destined to operational investments (replacement of meters, installation of special grid and telemetering) and BRL 22 million to manageable expenses (inspections and removal of irregular connections). Therefore, 54.8% of

the Distribution investments reflect the increment in the program to prevent losses, with the implementation of new technologies, remote installation of communication, and replacement of obsolete and damaged meters.

Among the actions of the program to prevent losses, telemetering focused on large charges, allowing the identification of several attempts of irregular consumption in industries and businesses. In the region of Guarulhos, for example, EDP São Paulo formalised retroactive collection processes of irregular consumption.

Furthermore, the distributors carried out approximately 212.9 thousand inspections, 20.6 thousand normalisation of clandestine connections, and 89.7 irregular connections were cleared, which resulted in a revenue recovery of BRL 39.7 million.

Total Losses [GRI EU12]



As for the non-technical losses, both in the total market and the low voltage market, the Plan to Prevent Losses showed an efficient result in improving the indicator.

Despite the non-technical losses percentage in the EDP Espírito Santo total market remaining stable, the charge loss was reduced.

DEC Down Project

Started in 2013, the DEC Down project is based on three pillars: reduction of the number of occurrences on the primary grid; limitation of the impacts of occurrences and quick energy restoring. The project focused on enhancing the telecommunication systems in 2016, after working with prevention actions, such as tree pruning, regular inspections and in electronic reclosers and other equipment that allow the reduction of customers affected in case of incidents.

The project strategy in the year aimed at the creation of a communication hybrid network based on Radio Modem, 3G technology and Radio Mesh. In EDP São Paulo, the installation of 105 pieces of equipment with radio modem increased the availability percentage from 65% to 85%. In Espírito Santo, 44 reclosers with compact radio communication were installed, which increased equipment availability from 69% to 85%.

Energia+ Project

Implemented in EDP São Paulo in the end of 2015, the Energia+ (Energy+) Project allows the company to make cuts, reconnection and readings remotely, improving efficiency and safety for associates and customers, in addition to reduce costs. As a result of the work of several departments such as Operation, Billing, Relations and IT, the project brings customer and company closer, since it notifies the customer via SMS in the event of power cuts.

The project uses MESH communication, which includes small radio transmitters that, connected to one another, work as a wireless router through regular Wi-Fi standards. In 2016, the implementation of Cut and Reconnection modules worked with 2,000 customers in Guarulhos.

Through the Energia+, 1,254 power cuts and 1,115 reconnections were performed remotely in 2016. In 2017, the project will be expanded to 2,300 other points in the same area of Guarulhos (Presidente Dutra district), totalling 4,300 customers connected to the system.

4.6.3 Safe use of energy [GRI G4-DMA, G4-PR1]

EDP Brasil implements several campaigns to guide the population on the safe use of electricity. Addressing topics such as flying kites in inappropriate places and with inappropriate materials, and prevention of accidents with electric discharges on rainy days, EDP Brasil spreads information aimed at its customer's safety through radio stations, newspapers and TV, electricity bill, digital murals and leaflets available at the service stores, website and social media.

The Company also participates in the *Semana Nacional da Segurança com Energia Elétrica* (National Electricity Safety Week) promoted by the Brazilian Association of Electricity Distributors (ABRADEE) to warn people every year on the risks of accidents.

In Suzano, city in the concession area of EDP São Paulo with a high level of occurrences in the grid with shutdowns, the project "Brincando com Pipas" (Flying Kites) was developed, bringing awareness on how to play with responsibility and attention to safety with 4,500 students from ten schools. The result was the reduction by 46% in the number of occurrences in the city grid.

4.7 Environment and Community

Following its Innovation and Sustainability Policy, EDP Brasil adopts processes and procedures that assess, mitigate and compensate the social, economic and environmental impacts of its projects and activities, adapting it to the national and international rules of corporate social responsibility, environmental management and operational health and safety.

4.7.1 Natural capital [GRI G4-DMA]

Based on the Rule ISO 14001, EDP Brasil's Environmental Management System guides the operations of all companies in the Group, with standardised processes and procedures that are performed by teams of each unit with the support of the Corporate Environment and Sustainability departments, which are trained for this management.

The Company works preventively, continuously investing on practices and technologies that minimise the activities impacts, in addition to design and adopt procedures to deal with environmental emergencies. In 2016, the company invested BRL 89,556,353.22 in environmental management initiatives and programs. [GRI G4-EN27, G4-EN31]

The Company strictly complies with the determinations set by the relevant agencies and with the environmental legislation in force, regularly monitoring the mitigation and compensation programs set on environmental licenses and defined by the Basic Environmental Plan (PBA).

The Company's headquarters, in the SKY building in São Paulo, received in June the certifications ISO 14001 (environment) and OHSAS 18001 (health and safety).

In 2016, HPP Luís Eduardo Magalhães (TO) was recertified in three norms: ISO 9001, ISO 14001 and OHSAS 18001. HPP Peixe Angical, after going through external auditing, ensured maintenance of ISO 9001, ISO 14001 and OHSAS 18001. In February, TPP Pecém received the certifications ISO 14001 and OHSAS 18001. Hence, seven of the Generation units have the certifications ISO 14001 (environment) and OHSAS 18001 (health and safety), totalling 2.40 GW MW of certified installed power (87.15% of the installed capacity).

In EDP São Paulo, there are six substations certified by ISO 14001 and 47 with the OHSAS 18001. The Espírito Santo Distributor has the ISO 14001 in the Carapina Operative Centre (COC) and in three substations. Therefore, the

Distribution totals 488.50 MVA of substations certified by ISO 14001, which corresponds to 6.28%. As for the OHSAS, the total certified power is 3,481.25 MVA, which corresponds to 51.56% of the total.

Sustainable recognition to HPP Peixe Angical

HPP Peixe Angical received once more in 2016 the level Gold of the *Selo Energia Sustentável* (Sustainable Energy Seal) of *Instituto Acende Brasil*. The certification, which comprehends the period of 2017-2019, is the highest level in the ranking of projects evaluated by the PwC auditing. The seal takes into account factors such as control of impacts on the environment, biodiversity and natural resources conservation, communities awareness on social and environmental issues, research incentive, among others. This year highlight was that project received the highest score in the evaluation.

The plant also obtained in 2016 the renovation of its IBAMA Operation License. For the first time, the document that used to have a six-year term is now valid for ten years.



HPP Peixe Angical

A) Natural resources [GRI G4-DMA]

The presence of topics on water management and biodiversity in EDP Brasil materiality matrix shows how important natural resources are to the Company. Water resources are the raw-material to generate power in the hydro and thermal plants and, therefore, its shortage directly affects the business performance.

Through the EDP Culture and the environmental awareness program Econosco, the Company encourages the proper use of resources in all its units. In its headquarter in São Paulo, for example, since 2015 the associates are encouraged to replace plastic cups with reusable mugs through a project called "Caneque-se" (Mug Yourself).

However, one of the company's milestones in 2016 was the construction of TPP Pecém new administrative building. With 2,000 square meters (21,500 ft²) of constructed area, the facility received an investment of BRL 6.5 million and it was designed according to the sustainable architecture model. It has three energy efficiency projects, which includes natural ventilation and lighting and a solar and wind energy microgeneration plant; rainwater collection and use of energy generation ashes to produce masonry material for the project.

Enerpeixe also innovated at HPP Peixe Angical, acquiring four electric cars for internal use in the plant with batteries recharged with solar energy.

Since 2015, the Distribution, in São Paulo and in Espírito Santo, has defined a new service branch standard, the container-stores, using the repurposing of metallic containers to build modular branches. This generates savings in natural resources, in acquisition of new materials and in implementation time.

Case: Less invoices printed, more trees alive!

EDP Brasil distributors have invested in campaigns so that customers would adopt the invoice by email. In order to make these results more dynamic, competitions were promoted with city halls. With that, the number of customers registered in this service went from 20,000 to 152,000 in São Paulo, and from 17,000 to 111,000 in Espírito Santo.

An intermunicipal competition organised by the São Paulo Distributor in partnership with city halls was responsible for part of this adhesion, registering over 29,000 customers for the service between June and August. The campaign awarded the five cities with higher adhesion through environmental counterparts, with amounts between BRL 13,000 and BRL 45,000 for benefits such as construction and revitalisation of nurseries, volunteer plantation, purchase of pruning equipment and environmental education. The winners were: São Sebastião, Monteiro Lobato, Caraguatatuba, Guararema and São José dos Campos, in that order. EDP Brasil promised to donate a tree seedling to every 20 bills registered in the other cities. A total of 1,030 seedlings will be planted by the end of 2017.

A.1) Water [GRI G4-DMA]

The Generation units count on specific programs targeted at water resources. In Espírito Santos plants, for example, EDP Brasil supports the reforestation of water sources with the *Olhos D'Água* Project, in partnership with the NGO *Instituto Terra*. Through this program, the recovery of 13 water sources in eight small rural properties by the Rio Guadu were monitored in 2016.

In the city of Castelo (ES), the project "*Recuperação de Nascentes*" (Recovering Water Sources), developed by the *Sociedade Amigos do Vale do Castelo* (SAVAC), promoted the physical protection of 40 water sources, aiming at their continuity. The project performed a local diagnosis and lectures at schools and in communities to promote awareness.

In 2016, a system to collect rainwater on roofs of HPP Peixe Angical buildings started to operate. Every six months, samples from the reservoir water go through physical, chemical and microbiological tests in a lab. The water treated at the water treatment station (ETA) is analysed weekly.

At HPP Santo Antônio do Jari, the water is tested in the ETA, in addition to a limnologic monitoring of water plants and cyanobacteria. The Limnologic and Water Quality Program and the Hydro-sedimentological Monitoring Program are also carried out at HPP São Manoel that adopts the Groundwater Monitoring Program as well, which involved the following actions:

- Monitoring campaigns for collection of water samples in the five wells installed, in the months of February, May, August and September 2016;
- Campaigns to measure groundwater level in the 13 piezometer installed, in the months of February, May, August and September 2016;
- Analysis of data collected in the campaigns, along with the results obtained in previous campaigns;

On November 13, 2016, a spot with an oily substance of unknown origin was identified on Teles Pires river, around the construction work of São Manoel plant. The substance was identified downstream and upstream of the plant dam construction site. After identifying the spot, the Internal Contingence Plan for environmental accidents situation was activated, which includes: immediate contact with company specialised in oil leak mitigation; flight over the area for assessment of the product spreading; reporting of the situation to stakeholders and relevant authorities; supply of mineral water to the surrounding indigenous communities; water sample collection for quality test, among others.

The company hired to perform the mitigation contained and cleaned the contaminated areas, and the waste collected was properly disposed. Moreover, intensive searches were done in the entire region and no damage to the flora, fauna and ichthyofauna (fish) were found. The case is being investigated internally and externally in order to detect the oil origin, and to prevent future incidents.

At TPP Pecém, a new project promoted the reduction of 12% of water consumption in the thermal plant operation, through a chemical stabilisation process that increases the boilers cooling concentration cycle.

At EDP São Paulo, a rainwater collection system was implemented in 2016 in the Mogi das Cruzes administrative building. The project included the installation of a 2,000-liter tank, increasing the volume of an existing system that was used to clean a yard. The new system was a filter for the water collected, which is used to flush the toilets located in the building locker-room through bombing between water tanks. In 2016, the system generated savings of one thousand liters. **[GRI G4-EN8]**

Total water withdrawal by source (m³) [GRI G4-EN8]

	2014	2015	2016
Surface waters, including humid areas, rivers, lakes and oceans ¹	51,292.59	9,551.45	389,222.28
Groundwater	26,626.61	43,643.84	11,535.13
City water supply or other water supply companies	5,820,066.06	10,565,401.06	12,412,009.48
Total	5,897,985.27	10,618,596.35	12,812,766.89

¹ The difference is significant due to the consumption increase during the plants construction, taking into account that in 2014 HPP Santo Antônio do Jari was being built, and in 2016, HPP São Manoel.

A.2) Waste and effluents [GRI G4-DMA]

EDP promotes the proper storage, treatment, transportation and disposal of all waste generated by its operations. In Generation and Distribution, there is a periodic monitoring of waste inventory in order to identify the type and amount of waste generated and, therefore, plan ways to reduce and treat it.

In 2016, EDP generated 1,073.28 tons of hazardous waste and 294,091.96 tons of non-hazardous waste. The totals are 58.25% higher than the 678.22 tons and 62.5% higher

than the 180,964.8 tons of 2015, respectively. The increase is due to the construction of HPP São Manoel.

At HPP Peixe Angical, all recyclable waste is collected and conditioned at the waste central and, later on, destined to the scavengers association of the city of Gurupi.

In Pecém, the coal burning process generates ashes of very thin grain size. In 2016, approximately 141,000 tons of residual ashes were generated, 18% less than the 163,000 tons from the previous years. **[GRI G4-EN23]**

The ashes collection is made through filters that control the atmospheric pollution. The light ashes are sent to an internal landfill, whilst the heavy ones are transported to a cement kiln that uses the waste as complementary material to produce cement.

As for the volume of waste water, TPP Pecém disposed 1,824,089.12 m³ in 2016. The plants effluents are monitored daily through analysis of pH, temperature, settleable solids, total suspended solids parameters. A large part of these goes to the *Empresa de Água e Esgoto do Ceará* (Cagece – Water and Sewerage Company of Ceará), responsible for their final destination. As for the hazardous effluents and the ones contaminated by oils and grease, they are properly stocked in waterproofed tanks and sent to companies specialised in this type of treatment. **[GRI G4-EN22]**

In HPP São Manuel construction site, there is a Waste Management Central (CGR) where some actions are implemented, such as the treatment of soil and sawdust

waste contaminated with petroleum products through a bioremediation process, a structure known as landfarm and an incinerator with a burning capacity of 50 kg/h.

All CGR professionals are trained on the central operational procedures. In 2016, 31 associates were trained. In the year, 72.35 tons of hazardous waste were incinerated there, with the IBAMA approval, generating 0.2 tons of ashes. As for the sanitary sewers generated in the project, it is treated through a lagoon system, which includes an anaerobic lagoon and an aerobic facultative lagoon.

In Distribution, hazardous waste (such as insulating oils, transformers and material contaminated with oil) are stored differently in order to minimise the risk of soil, water and other material contamination. Both distribution companies have transformers recovery and reuse plans. Hence, 22% of the transformers used by EDP São Paulo in 2016, and 45% of the equipment used in EDP Espírito Santo were recovered.

Case: Sawmill in São Manoel

EDP Brasil created a pioneer solution to meet a requirement of the HPP São Manoel installation license. More than just properly dispose of the wood generated in the construction, the company developed a use proposal for the woody material inside the construction site. For that, it created a gross processing unit – a sawmill. Since IBAMA's authorisation, in February 2016, the processing unit has already reused 3,786.90 m³ of wood to make moulds, boxes and support structures (sheds) for the works. After the construction phase of HPP São Manoel, the processing unit (sawmill) operation will be suspended and the equipment will be demobilised.

B) Biodiversity **[GRI G4-DMA, G4-EN12]**

The topic biodiversity integrate the risk assessments of all business units and the Company develops practices to maximise the positive impacts, mitigate the negative ones, and foster scientific knowledge on its different aspects, including through external stakeholders engagement.

The major impact on biodiversity from EDP Brasil business happens during the construction of Generation plants, due to vegetal suppression and flooding of hydro plants reservoirs, whilst in operating plants the impact is lower. In Distribution,

the impacts are related mainly to the coexistence of electric grids with tree species.

During the vegetation suppression and filling of reservoir phases in HPP Cachoeira Caldeirão construction, the *Resgate de Fauna Terrestre e Ictofauna* (Recovery of Fauna Terrestre and Ichthyofauna) Program contributed to the biodiversity preservation. With construction phase completed and demobilisation of the area occupied by the construction site, the Degraded Areas Recuperation Plan (PRAD) was implemented and, by the end of 2016, it has planted around 14,000 native tree seedlings, to solve soil degradation issues.

At HPP Peixe Angical, there is the monitoring of fauna (Amazon river dolphins and turtles), flora (APP inspection) and bio-aquatic diversity (ichthyofauna and limnologic). In the case of the Amazon river dolphins, the monitoring is made through an environmental consulting company on the behaviour of the species and their preservation, as well as the development of a research to assess the interaction between river dolphins and fish. In the end of 2016, the team was recognised in a scientific article, published in international academic journals, due to the support and collaboration provided to researchers, making it possible to register many of the river dolphins habits, including behaviours previously unknown.

In the regions of HPP Luís Eduardo de Magalhães, throughout 2016 the company continued the building of a dam to reduce formation of puddles in front of the plant spillway and, consequently, prevent fish from being trapped. The works, which should be completed by the end of 2017, meets the demands of the NATURATINS/IBAMA Monitoring Set Report no. 01-2014.

At EDP São Paulo, a series of initiatives in biodiversity are carried out through agreements with city halls, designed to develop environmental conservation projects and suitability of urban afforestation in areas served by the electricity distribution grid.

In 2016, the agreements actions included the supply of seeds for germination in the seedling nursery of Guaratinguetá; containers for dumpsters disposal in order to improve the urban waste disposal system and reduce incidence of inappropriate disposal, in Cachoeira Paulista; revitalisation of the Itaquaquecetuba Eco Park with the removal of 11 unusable lampposts and donation of 1,300 environmental booklets to be distributed to the city's children.

Furthermore, as compensation for the construction of the Distribution Transformative Station (ETD) Colorado and of the Station Aerial Extension (RAE) Suzano, EDP São Paulo participated in the Permanent Campaign of encouragement to urban afforestation, of Suzano *Secretaria do Meio Ambiente* (Environment Office), with the donation of 450 native seedlings that were planted on the Max Feffer park on September 24, in celebration of Tree Day.

In Espírito Santo, there is a technical cooperation agreement with the Institute of Agricultural and Forestry Defence (IDAF), with the purpose of providing maintenance/construction services aimed at the conservation of security strips of distribution grids and lines, and vegetation suppression in the case of new projects.

In connection to the construction of new projects, as distribution lines and substations, both Distributors perform

environmental studies to assess all environmental and social aspects of the region that may be affected, for example, local vegetal characterisation, if an intervention is necessary, fauna survey, environmentally protected areas survey, sound impacts, among others. Moreover, the environmental studies detail the environmental impacts mitigation and/or minimisation programs that may take place with the implementation of a project. The studies are submitted to the relevant state and/or local environmental agencies responsible for issuing environmental authorisations for the construction of the projects.

Most of these projects consists of the plantation of native trees of a region, or collection of seeds from the construction site, when it comes to endangered species, in order to preserve its genetic material for later plantation. **[GRI G4-EN27, EU13]**

Protected areas [GRI G4-EN11, G4-EN13] – The facilities of Generation and Distribution companies (plants, lines and substation) may need to be located at areas environmentally protected by the Brazilian legislation, or the so called hotspots, which are 34 areas of great endangered biological richness, according to the Conservation International.

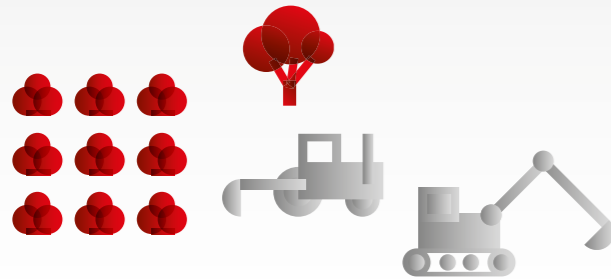
In Distribution, the assets are located in the Atlantic Forest biome, in which both fauna and flora have species exclusively found in that area. EDP São Paulo has 3,064.20 km (1,904 miles) of lines and five substations located in protection areas that comprehend Federal, State and Municipal Conservation Units, in addition to Area of Protection and Recovery of Water Sources in Alto Tietê Basin. At EDP Espírito Santo (a State that has 11% of the Atlantic Forest in its territory), 635.34 km (394.78 miles) of distribution lines are located in Conservation Units areas.

In addition to the Atlantic Forest, EDP Brasil has Generation assets in other two biomes with high risk of endemism and some endangered species: the Amazon and the *Cerrado*.

In the *Cerrado* is located the entire influence area of HPP Luiz Eduardo Magalhães, which includes the cities of Miracema do Tocantins, Lajeado, Palmas, Porto Nacional, Brejinho de Nazaré and Ipueiras, all in Tocantins. As for the plants HPP Mascarenhas (Baixo Guandu – ES), HPP Suíça (Santa Leopoldina – ES), SHP São João (Castelo – ES), SHP F. Gros (Alegre – ES), SHP Rio Bonito (Santa Maria de Jetibá – ES), SHP Jucu (Domingos Martins – ES), SHP Viçosa (Conceição do Castelo – ES), SHP Fruteiras (Cachoeiro de Itapemirim – ESP), SHP Alegre (Alegre – ES), and SHP Costa Rica (Costa Rica – MS), these are in transition belts of the Atlantic Forest and *Cerrado* biomes. In the Amazon biome, there are HPP Santo Antônio do Jari and HPP Cachoeira Caldeirão. Some of these assets are inside, or partially inside, protection areas, occupying 4.48 Km² (1.73 square miles) of protected areas.

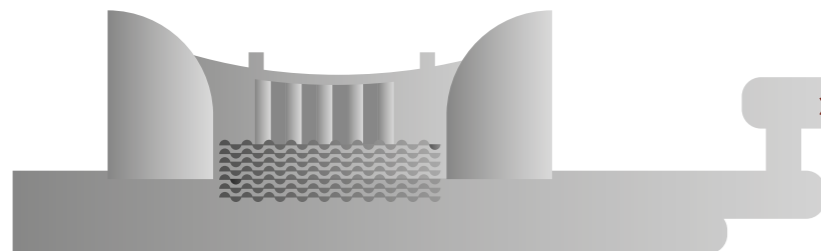
EDP environmental impacts and mitigating actions [GRI G4-EN12]

GENERATION



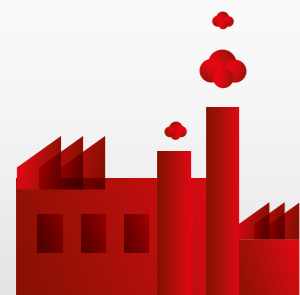
1. Construction and operation of hydrothermal plants

Direct impact: increase in waste generation.
Indirect impacts: pressure on services and increase in demand for local services of waste disposal.
Impacts treatment: training of teams on the proper disposal of waste; maintenance and use of industrial landfill; provision of waste storage areas; partnerships with specialised companies for treatment and disposal of generated waste.



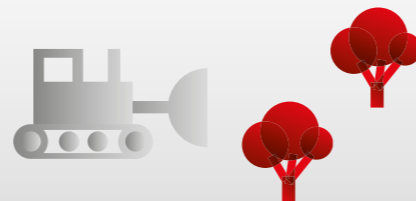
4. Burning of fossil fuel

Direct impacts: air pollution and GHG emission.
Indirect impacts: global warming and damage to human and animal health.
Impacts treatment: use of technology to reduce the amount of sulphur in the gas and use of filters to collect particulate matter.



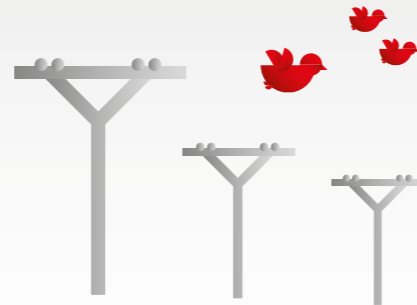
5. Vegetal suppression

Direct impact: increase in generation of organic waste from pruning and vegetal suppression.
Indirect impact: loss of habitats and biological diversity.
Impacts treatment: assessment of best options for disposal of the wood generated during the plants construction; creation of environmental compensation and local reforestation programs; fauna, ichthyofaunal and flora monitoring; fingerling release; procedures for turbine handling to reduce fish kill; rescues during construction phase and implementation of PRADs.



2. Creation and maintenance of transmission lines corridors

Direct impacts: loss of forestry habitats due to vegetation suppression in the servitude area.
Indirect impacts: fire hazard, risk of erosive processes and accidents with the fauna.
Impacts treatment: compliance with all requirements set by the environmental licensing.



3. Formation and maintenance of reservoirs

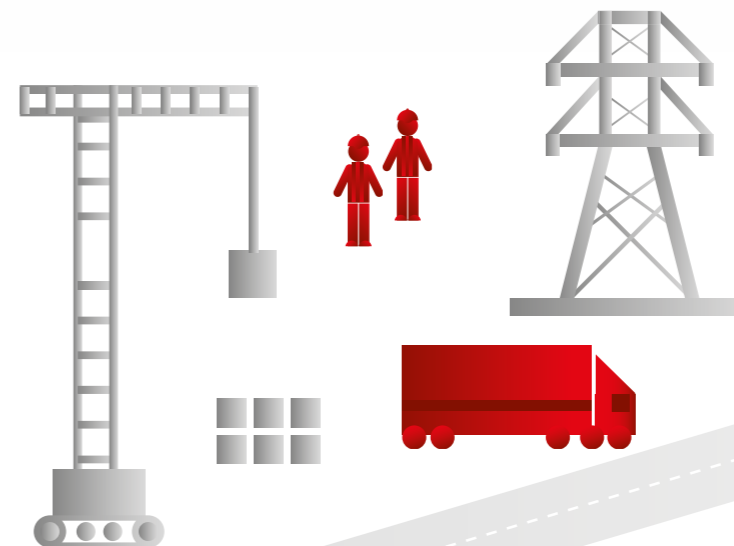
Direct impacts: fragmentation and isolation of areas; loss of forestry habitats due to vegetation suppression in the servitude area; increase of riverbed and water table as a result of the reservoir's construction.
Indirect impacts: creation of species dispersion barriers and intensification of border effects; changes in nutritional composition and radicular fixation that tend to promote a new succession of species.
Impacts treatment: compliance with all requirements set by the environmental licensing; forestry replacement; creation of germplasm conservation programs and Degraded Areas Recuperation Plan (PRAD); monitoring of water and sediments quality.



DISTRIBUTION

1. Construction and operation of distribution units

Direct impacts: waste generation, consumption of water, power and fuels.
Indirect impacts: risks of soil, water and air pollution, and reduction of renewable natural resources availability.
Impacts treatment: training on waste management to associates, from proper procedures, monitoring and targets to reduce consumption; waste recovery and reuse; proper treatment and disposal of waste.



4. Substation operation

Direct impact: noise generation.
Indirect impacts: impacts on fauna.
Impacts treatment: noise monitoring and preventive maintenance of substations.



5. Vegetal suppression

Direct impact: generation of organic waste from pruning and vegetal suppression; impacts on flora and landscape.
Indirect impact: loss of habitats and biological diversity.
Impacts treatment: training on pruning to associates and promotion of the *Guia de Arborização* (Afforestation Guide); agreements with local city halls to improve waste disposal.

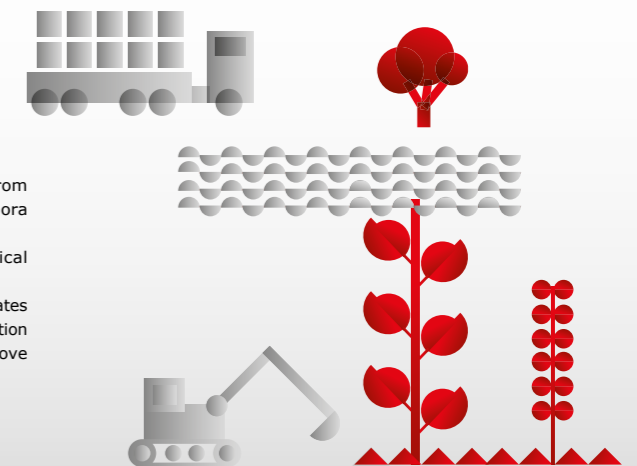


2. Maintenance of distribution lines corridors

Direct impacts: soil and water contamination due to the use of pesticides; impact on fauna and flora due to vegetation suppression; removal of native vegetation cover; risks of erosive processes; silting of water bodies due to construction and maintenance of pathways.
Indirect impacts: barrier for dispersion of some species and border effects due to changes and disturbances on the border between forested and non-forested areas.
Impacts treatment: strictly controlled suppression; selective cut through individual demarcation; compensation plantation; control of erosion caused by soils exposure; adoption of landscaping reconstitution measures in the facilities areas.

3. Equipment operation

Direct impacts: risk of water and soil pollution due to leaking of equipment that contain oil or other hazardous substances; greenhouse gases emissions (SF6).
Indirect impacts: changes in soil and water composition, damages to local biodiversity and global warming.
Impacts treatment: preventive maintenance of equipment subject to leakage; use of absorbing blankets to prevent leakage; creation of Emergency Service Plans; use of proper storage equipment.



C) Climate change and emissions

[GRI G4-DMA, G4-EC2]

EDP Brasil Climate Change management involves a set of initiatives aimed at adapting and mitigating impacts, Greenhouse Gas (GHG) emissions inventory, and guidance and monitoring of all business units of the Company on the matter.

Listed as subtopic in the Company's risk map since it directly affects the business continuity, EDP Brasil follows forums that discuss Climate Change trends, such as the *Empresas Pelo Clima* (EPC – Business for Climate), initiative of *Fundação Getúlio Vargas*, and the Working Group of Energy and Climate, promoted by the United Nations Global Compact Brazilian Network.

Aligned to this trend, EDP Brasil strategy aims at diversifying its activities, investing in energy efficiency and photovoltaic solar generation, and initiatives on atmospheric emissions reduction. The Company issued 5.49 million tons of CO₂ (scopes 1 and 2) in 2016 and intensified the mitigation of these impacts with energy efficiency initiatives in administrative buildings with the replacement of lamps and awareness campaigns; plantation of *Cerrado* native seedling in the permanent preservation area of HPP Peixe Angical reservoir and improvements in PTT Pecém, in order to reduce diesel consumption in the plant boilers operation, which totalled a 5% reduction in diesel consumption in 2016, compared to 2015. [GRI G4-EN19]

Intensity of GHG emissions (Scopes 1 and 2)

[GRI G4-EN18]

	Unit	2014	2015	2016
GHG emissions intensity rate - Emissions per hydro energy generated	tCO ₂ e/GWh	0.62	0.19	0.22
GHG emissions intensity rate - Emissions per thermal energy generated	tCO ₂ e/GWh	937.98	1129.83	1,176.27
GHG emission intensity rate - Emissions per distributed energy	tCO ₂ e/GWh	32.73	28.97	93.15
GHG emission intensity rate - Emissions per net revenue	tCO ₂ e/R\$	0.18	0.28	0.80

In scope 1, use change and soil occupation emissions were not included since they will be included in the inventory available on the Public Emissions Record website (www.registropublicodeemissoes.com.br). The inventory may be altered after the publication of this report due to update of emission factors requested by the GHG Protocol methodology.

The Company has three projects related to the Clean Development Mechanism (CDM), registered in the United Nations Climate Change Executive Board: potentiation of the fourth generating unit of HPP Mascarenhas (ES); SHP São João (ES); and SHP Paraíso (MS). The UN issued 154,183 Certified Emission Reductions (CERs) related to the clean energy generated by EDP Brasil until 2014. The funds raised from the sale of these credits are destined to social actions developed by EDP Institute. [GRI G4-EU5]

With the purpose of consolidating its commitment to this topic and collaborating to strengthen a low carbon economy and an increasingly sustainable society, EDP Brasil adopted in March 2016 four climate commitments to be met by 2020 (refer to the section Principles and Commitments). The targets comprehend all operation areas of the Company and are aligned to the goals set at the Intergovernmental Panel on Climate Change (IPCC), created by the UN, and contribute to goals set by the Country to fight climate change.

4.7.2 Social impacts management [GRI DMA, G4-EC7, G4-EC8, G4-SO1, G4-SO2, G4-EU19]

EDP Brasil has formal methods to review and manage the impact of its operations, assess the population needs and establish local development actions, seeking the community engagement in construction process and operation of its Generation and Distribution assets as well. The company performs researches and local studies, meetings with community leadership networks, public hearings, meetings with NGOs representatives, visitations to facilities and contact through social media (Facebook, Twitter), press office and communication channels (0800 and local offices).

To mitigate, compensate and monitor the impacts caused by the construction of the Cachoeira Caldeirão Hydro Power Plant, for example, 57 social and environmental programs were implemented, which, with the works anticipation, also had their schedule adjusted, aiming at the early issue of the Operation License (LO). Among the actions, it is important to highlight the extension of the Affected Families Compensation and Deployment Program: although it was identified in the feasibility study that 344 families would be affected, the number actually increased to 753 families during the project implementation, and they were included in the social and economic benefits package.

EDP Brasil also implemented several support actions in education, healthcare, social welfare, entertainment and leisure in the cities of Porto Grande and Ferreira Gomes near HPP Cachoeira Caldeirão: it built nine classrooms and purchased 700 school desks, it undertook the commitment to build a hospital and reinforced with equipment and financial resources the basic healthcare and epidemiological surveillance services.

In public security, it renovated the Military Police Building and the Police Station of Porto Grande, in addition to the donation of new vehicles and equipment. Moreover, it built a new recreation area at the reservoir waterfront, with modern equipment for sport and recreation practices.

As for the impacts of HPP São Manoel construction, these are mitigated especially through the Social Infrastructure and Equipment Reinforcement Program. EDP Brasil invested over BRL 27 million to improve public services, reinforcing public security, social welfare and education in the cities of Paranaíta (MT), Alta Floresta (MT) and Jacareacanga (PA) that surround the power plant.

In Paranaíta, the resources were applied to the expansion and renovation works of the City Hospital, a project that includes 700 m² (7,500 ft²) of renovation and 1,500 m² (16,000 ft²) of new constructed area, with observation, emergency and operation rooms, material and sterilisation centre (scrub rooms). EDP Brasil also invested in the architectural project of the Jacareacanga City Hospital, financing the paving of roads (lighting, sidewalks and flowerbed) and construction of the water supply system.

The Gleba São Benedito, in the South of Jacareacanga, will also be contemplated with a properly equipped health centre, an elementary school and mechanised patrol to work on the recovery of country roads in the region, comprised of bulldozer, motor grader, wheel loader and two buckets.

In the operation phase, several social and environmental actions are carried out the direct and indirect influence area of HPP Peixe Angical, with environmental education campaigns in the communities, including the riverside population and tourists. There is also an agreement with the Tocantins State Environmental Police Department with the purpose of intensifying environmental preservation and inspection.

A) Deployment of families [GRI EU20, EU22]

EDP Brasil adopts measures to manage impacts caused by the displacement of families and in the communities affected by the construction of its projects. In 2016, for example, EDP Espírito Santo completed the construction of a 35-kilometre (22 miles) line between the cities of Jaguaré and São Mateus, without the need to deploy families and with 100% of the compensations being made after negotiations without legal intervention.

In the area of the future HPP São Manoel reservoirs and its permanent preservation area (APP) there are 53 properties affected and only one family was deployed, whilst the others were compensated or expropriated. As for the SE-Paranaíta 500kV Transmission Line, 18 properties were affected, without the interference of benefactors. All families were compensated with no need for deployment.

Deployment impacts caused by EDP Brasil Operations [GRI EU22]

Families affected by the projects	EDP São Paulo	EDP Espírito Santo	HPP Santo Antônio do Jari	HPP Cachoeira Caldeirão	HPP São Manoel
Number of families affected by the projects	0	50	48	753	84
Number of families compensated	0	49	34	753	84
Number of families reallocated	0	0	14	0	1

B) Indigenous people [GRI G4-DMA, G4-HR8]

With the purpose of knowing the indigenous communities demands, EDP Brasil promotes the engagement and communication with the people who live near its activities. The company proactively comply with the guidelines from the National Indian Foundation (Funai) and respects all matters involving human beings.

In EDP Espírito Santo, in the end of 2015, a specific demand was made by the indigenous communities in the city of Aracruz. Indians from the Tupinikim and Guarani tribes, with nomadic characteristics, contacted EDP Brasil requesting compensation for a Distribution Line that is installed since 1970 in the property of a cellulose company where there is plantation. Supervised by Funai, negotiations didn't reach an agreement.

In 2016, the *Ministério Público Federal* (MPF – Federal Public Ministry) interposed a Public Civil Action highlighting the indigenous people alleged right to receive the amounts, further requiring retention of these amounts through a preliminary injunction. The injunction was rejected in the first and second instances. By the end of 2016, the Public Civil Action was in pre-trial phase, with no provisions for the sentence.

At HPP São Manoel project, the indigenous issue is deemed of social character, as well as environmental, and since it comprehends a territorial cutting known as Indirect Influence Area (AII) with Kayabi, Munduruku and Apiaká Indigenous Lands, the licensing has three different plans, taking into account the specifications and culture of each indigenous people and, therefore, each Indigenous

Environmental Basic Plan (PBAI) includes 17 programs with compensating and mitigating actions.

To make sure that the activities performed effectively integrated the indigenous people, Funai and EDP Brasil created a system to manage all programs and formed a Managing Board with the three people (Kayabi, Apiaká and Munduruku) to monitor the performance of the PBAI in meetings in which the actions are detailed and validated.

Previously approved by the Funai, some PBAI programs started to be developed in the beginning of the construction works and continued in 2016. Among them, it is worth highlighting the Indigenous Social Interaction and Communication Program.

Service Centre to indigenous people

In order to keep communications open and transparent with the indigenous people Kayabi, Apiaká and Munduruku in the low Teles Pires river area, EDP Brasil implemented the Fale Conosco Indígena (Indigenous Contact Us). The amateur radio station (frequency 6977 – channel 2) is the main channel for communication with the indigenous people. There is also the “contact us” (0800 762 6635), email (faleconosco@saomanoelenergia.com.br) and the service offices in the cities of Paranaíta and Alta Floresta. All demands received are assessed and responded in a short-term. The indigenous people can register their questions, complaints, ideas and requests, among other clarifications related to HPP São Manoel. [GRI G4-26]

4.7.3 Local development promotion

EDP Brasil encourages the development of local communities, complying with the programs created by the regulatory agency to improve or maintain access to electricity and consumer care services, and through its own initiatives coordinated by the EDP Institute.

Social Tariff – Specifically intended to low income customers or vulnerable communities (indigenous and *quilombolas*), the Social Tariff program was established by Federal Law no. 12,212/2010 and regulated by Decree no. 7,583 of October 13, 2011. It consists of discounts on the electricity bill of domestic customers with certain consumption characteristics and who are also registered in the *Cadastro Único* (Single Register) for Federal Government Social Programs (CadÚnico), created to families with monthly income per capita lower than or equal to half the national minimum wage.

The distributors formed partnerships with city halls to encourage registration, which helps reducing default rate and ensures a certain revenue to the company. The initiatives have increased each year the number of customers benefited. In 2016, both distributors totalled 143,502 customers registered for the social tariff. In Generation, EDP Brasil also encourages development through the universalisation of electricity. The Company invested BRL 8.5 million in a project to provide electricity to 85 properties in Gleba São Benedito, South area of Jacareacanga, where the São Manoel hydro plant is being built. The project, carried out by a company hired by EDP Brasil, will benefit about 255 people, who should also be registered for the Social Tariff. After talking to the community to understand their needs, the company will build an infrastructure with 300 kilometres (186 miles) of monophasic and three-phase grids with 34 kV of power.

Restoration of the Museum of the Portuguese Language

Opened in 2006 in São Paulo, the city with the largest number of Portuguese speakers in the world, the Museum of the Portuguese Language has received 4 million visitors until its closing. Recognised by Unesco as the best communication and information project in 2006 and voted as the best museum in Latin America for four consecutive years by *TripAdvisor*, it was the first cultural space completely dedicated to a language.

EDP Brasil, through the EDP Institute, will invest BRL 20 million in the renovation of the Museum of the Portuguese Language in São Paulo, becoming the master sponsor of the renovation of this heritage destroyed by a fire in the end of 2015.

The amount represents 32% of the project total cost, scheduled to last 20 months and estimated in BRL 65 million. The remaining investments should be covered by the insurance company and contributions of Roberto Marinho Foundation and Itaú Group. The initiative counts on the support of the Federal Law of Cultural Incentive.

EDP Institute [GRI G4-DMA]

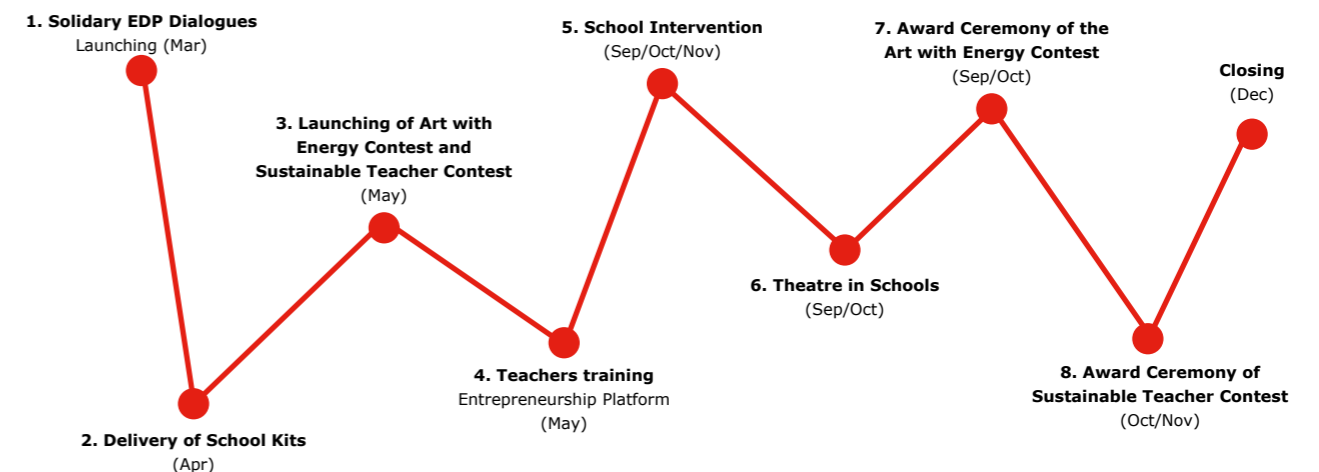
The EDP Institute (IEDP) works as a collaborative platform with initiatives targeted at education, local development, environment and social innovation, encouraging entrepreneurship and volunteer work, in favour of the communities and the business.

In 2016, the consolidation of the Culture Project reinforced the internalisation of the Volunteering Rule, which provides for the use of four hours of the monthly work hours to do volunteer work. EDP Brasil closed the year with 456 volunteers that totalled 5,266 hours of work in actions like seasonal campaigns for donation of clothes, non-perishable food, hygiene products, water, mattresses, among others, as well as contributions in disaster situations, or to help the neighbour in social vulnerability situation with their basic needs.

Altogether, the IEDP actions used BRL 14.9 million in 2016 of direct funds or funds received under incentive actions, directly benefiting approximately 47,000 people through 30 projects, of which it is important to highlight:

EDP in Schools

Implemented in partnership with education offices, it develops initiatives of citizenship and improvement of the school environment to increase the quality of school life of public school students. EDP in Schools action provide learning tools for students, promote integration between art and energy, encourage participation of the school community, care for the students’ health and mobilise partners for the education cause. In 2016, it visited 31 schools in eight Brazilian states, reaching 5,564 students with eight different initiatives.



One example was the Sustainable Teacher contest held from May to November with the theme "School, individuals and community: joining forces to integrate solution." The innovative program made available to the participant teachers the educational platform DreamShaper, in order to create a project that aims at finding the solution for a problem or an opportunity identified at the school or in its surroundings.

DreamShaper aims at entrepreneurship and strengthening social and emotional skills of its users. Since July 2016, it is also used in the Entrepreneur Education Project in São Paulo and Espírito Santo, in a partnership of EDP Brasil with the government of both states, encouraging entrepreneurship through projects developed by High School students.

Solidary EDP

Among the social and environmental projects, the **Cidades sem Fome – Hortas Comunitárias sob as Linhas de Transmissão** (Cities without Hunger – Community Gardens under Transmission Lines), developed in the cities of Mogi das Cruzes and Suzano, created job opportunities for socially vulnerable people. Designed with the purpose of improving the food and nutrition situation of children and adults, through the creation of gardens under the transmission lines, the project benefited families and also prevented invasions and setbacks for EDP São Paulo.

In Espírito Santo, the **Bancos Comunitários e Habitação Digna** (Community Banks and Decent Housing) benefited 120 families in the cities of Cariacica, Pedro Canário, Serra, Vila Velha and Vitória. The project invested BRL 140,000 to ensure low income families the right to decent housing through the access to credit and to knowledge and technical support to reform their houses.

At TPP Pecém, volunteer associates joined the community to carry out two actions to clean the Taíba beach, located in the city of São Gonçalo do Amarante (CE), near Energia Pecém. Together, the initiatives counted on 700 people: 400 in June and 300 in September.

Targeted at culture, the **Caravana das Artes** (Arts Caravan) is a travelling project that in 2016 was implemented in Cariacica (ES) and Itaquaquetuba (SP). Developed in partnership with UNICEF, ESPN and Disney, it travelled through cities with low human development index (HDI) and children development index (CDI), promoting artistic activities among children and young people, in addition to train public school teachers. Altogether, it benefited 4,000 students and 200 teachers.

In the year, EDP Brasil also continued with initiatives to fight child cancer, supporting the *Grupo de Assistência a Crianças com Cancer* (GACC – Support Group to Children with Cancer) of São José dos Campos (SP), and the *Associação Capixaba contra o Câncer Infantil* (ACACCI – Espírito Santo Association against Child Cancer) from Vitória (ES). For 2017, new actions are planned to strengthen this cause.



Solidary EDP

Desafio do Bem (Goodness Challenge)

Divided into teams with associates, their families, friends and business partners, the volunteers chose a social organisation or public school to be benefited with the development of an improvement project. The actions can be physical (painting of courts, walls, repairs), training (workshops, classes, consulting), management (planning, fundraising) and events (celebration, fundraising parties), among others.

In 2016, the challenge had seven teams with a total of 101 associates: all projects were subjected to approval of an external committee that chose the top three for the finals, in which they competed for cash prizes converted in improvements for the institutions helped by teams. The chosen ones were *Energia Solidária* (Tocantins), *Amigos do Bem* (Espírito Santo) and *Projetando Sorrisos* (Espírito Santo).

Strategic Position 2017-2020 – Created in the end of 2007, IEDP started its activities in 2008 with the mission of structuring the social investments and initiatives of EDP Brasil that, since then, ensures its administrative and logistic operation through donations from the Group companies in Brazil. However, the organisation is becoming more and more independent from these funds and the goal is to be 100% self-sustainable by 2020.

The financial independence is a goal set by IEDP new strategic position, planned in 2016 to be carried out in the following four years. This position is based on the five pillars below:

- **EDP Culture:** to act as a catalytic, a tool to maximise the Company's Culture, multiplying by five the number of volunteers, from 160 to 800;
- **Focus with Social Impact:** to maximise resources with focus on reduced number of projects with high social impact, through social education and innovation;
- **Connection with the Business:** to strengthen the business, supporting it with initiatives in Safety, Losses and integration of Plants with the community;
- **Art and Culture:** to leverage projects and sponsorships connected to Art and Culture, in synergy with Portugal's EDP Foundation;
- **Resources Optimisation:** to modernise IEDP management searching for new revenues.

in addition to reputational and social and environmental responsibility aspects. Once registration is approved, the suppliers go through the qualification and assessment processes.

All supply agreements have provisions that require the adoption of EDP Brasil Code of Ethics. In 2016, these provisions started to reinforce topics such as corruption, information security and bribery. The agreements also require compliance with matters related to human rights and prohibition of child, slave or degrading labour. **[GRI G4-HR5, G4-HR6, G4-HR9]**

Relationship Stages

Based on the Supplier Relationship Management process

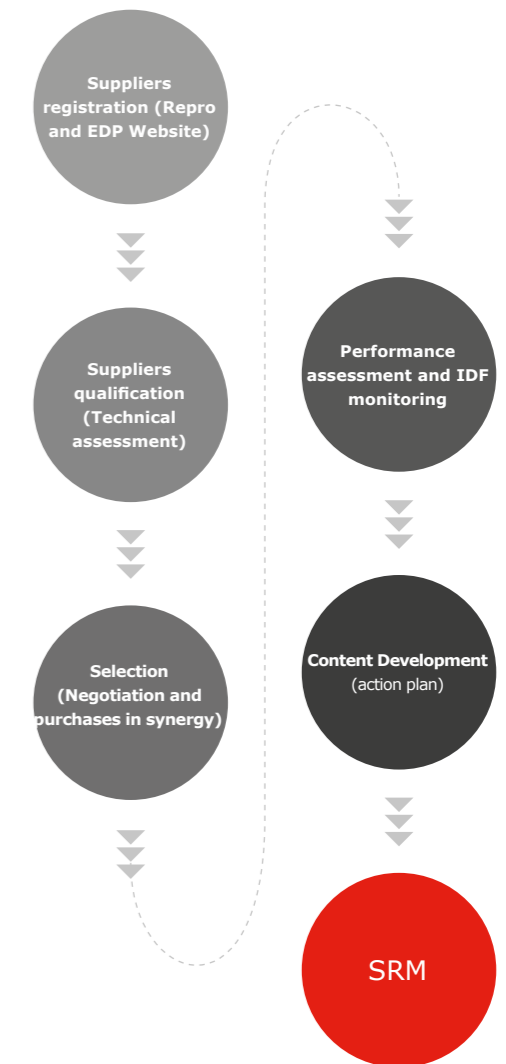
4.8 Business partners

[GRI G4-DMA, G4-12]

EDP Brasil supplier management model works from the registration in the company's database to the monitoring and development of partners. In a chain with different agents, the company acquires materials and hires services from suppliers that meet its technical, operational and administrative needs and its values and principles, prioritising local companies in all its operational units, therefore fostering its neighbouring economy. **[GRI G4-EC9]**

EDP Brasil purchases equipment like transformers, meters, energy cables and conductors, concrete posts, mineral coal, virgin lime, chemical products, diesel and gross water for thermal generation. As for services, the company hires partners for construction and maintenance of electricity grids; commercial technical services, for connection of consumers to the grid; tree pruning; operational teams for emergency services; reading and delivery of bills to customers; call centre; customer service in branches; building of plants and other construction works; equipment inspection; logistics services and materials transportation; computing outsourcing; building and industrial cleaning; property security; mechanical maintenance in generating units. In 2016, EDP counted on over 3.6 thousand suppliers that billed, distributed in 25 Brazilian states and in 13 foreign countries.

To become an EDP Brasil supplier, the interested companies must register their information and products and services portfolio in the Repro system, available on EDP Brasil website. The form is pre-evaluated by the company Achilles, which takes into account criteria such as tax, environmental and social compliance with federal, state and city agencies,



Culture and safety

An essential part to fulfil the Company's mission, the service providers must be completely aligned to the company's principles, especially those which states that "Life Comes First". To this end, EDP Brasil doubled the budget value invested in third party safety, going from BRL 4 million to BRL 8 million in 2016, when it also started spreading EDP Culture among the suppliers. In São Paulo, an event was held on October 14th to suppliers from different companies of the Group with the purpose of multiplying the 12 principles among different suppliers, associating them to Principle 1, with a language adapted to that audience and the activity performed.

4.8.1 Segmentation and performance

After signing the agreement, the suppliers continue to be assessed throughout the service provision term. This measure allows EDP Brasil to foresee adverse conditions that may compromise the continuity of supply, therefore mitigating operational, environmental, social and reputational risks. Every trimester, all partners have their legal actions, especially labour related ones, monitored, as well as the inventory of consigned material that belong to EDP Brasil, and their financial situation is reviewed by SERASA.

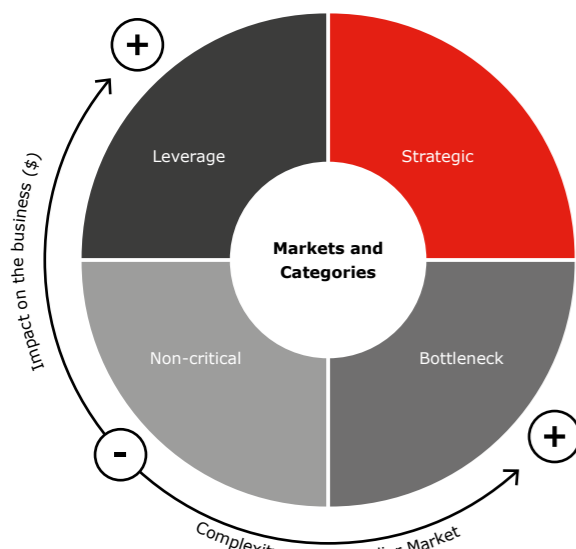
In August 2016, EDP Brasil started an agenda with EY to improve critical suppliers management, which included the creation of new segmentation, assessment and feedback models, in addition to a relationship guide. Through a

matrix tool, the suppliers were rated taking into account the complexity of their markets and their impact on the Company business. According to the relationship intensity, assessment comprehension and award participation, the suppliers were segmented into four categories: qualified, specialised, partners and allied, where the allied are the best rated.

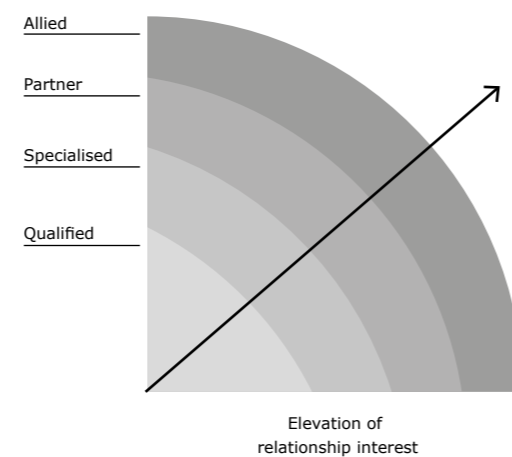
Suppliers rated as Partners or Allied according to this matrix are monitored by audits and by the EDP Brasil Suppliers Performance Index (IDF). **[GRI G4-EN32, G4-EN33, G4-LA14, G4-HR10, G4-S09]**

The new model will allow the intensity and comprehension of assessments to be done according to the strategic position of the category and the importance of the expense with that supplier to EDP Brasil, therefore providing better efficiency.

Strategic Matrix



Supplier segmentation



Segmentation is based on a value proposal to suppliers that uses performance, sustainability and innovation criteria, key-points to support EDP Brasil in achieving its 2020 Vision of being the best service provider in its sector. The main changes brought by the new proposal consist of the inclusion of innovation in the performance assessment and the weight given to the Sustainability criterion, which is now 45%.

To present the new IDF to suppliers, EDP Brasil held two workshops in December to suppliers rated as partners, which means those that currently have larger representation in the Company's business. Altogether, 66 suppliers were invited to the events held in Pecém, Ceará, and in São Paulo, simulcasted to Espírito Santo, Rio Grande do Sul and Tocantins.

The Company is continuously improving its supply chain. In 2016, the Compliance department, for example, offered trainings on the Code of Ethics to EDP São Paulo and Espírito Santo business partners. In São Paulo, 37 people from seven

companies participated in the training, and in Espírito Santo distributor, 52 people from 16 companies.

The year was also marked by the beginning of EDP Culture multiplication among suppliers. To this end, the Company held two trainings at the headquarters of the consulting company Amana-Key in Cotia (SP), a partner in the Culture project. The trainings were attended by 287 people from 12 suppliers.

IDF – Supplier Performance Index: comprised of assessments on legal and contract requirements, service quality, delivery terms, social and environmental responsibility, certifications, management and innovation, the index scores suppliers from 0 to 100. The results are presented to the suppliers in quarterly meetings with EDP Brasil.

Suppliers assessment on environmental, labour, human rights and social aspects

[GRI G4-HR11, G4-LA14, G4-LA15, G4-S010, G4-EN32, G4-EN33]

	EDP Brasil		
	2014	2015	2016
Percentage of suppliers agreements that have environmental, labour, human rights and social clauses	100%	100%	100%
Percentage of suppliers that were selected by environmental, labour, human rights and social criteria	0.0%	0.0%	0%
Number of suppliers subjected to assessments of environmental, labour, human rights and social impacts (risk matrix critical suppliers)	11	12	52
Number of suppliers that have a potentially negative impacts on environmental, labour, human rights and social aspects (total suppliers that are in some dimension of the matrix as significant)	ND	14	52
Percentage of suppliers identified as having a potentially negative impact on environmental, labour, human rights and social aspects that were subjected to audit	ND	85.7%	27%
Percentage of suppliers identified as having a potentially negative impact on environmental, labour, human rights and social aspects on which improvements were agreed between the parties as a result of the audit	73.3%	85.7%	27%
Percentage of suppliers identified as having a potentially negative impact on environmental, labour, human rights and social aspects with which the relationship was terminated as a result of the audit	0.0%	0.0%	0%

4.9 People [GRI G4-DMA]

4.9 [GRI G4-DMA]

EDP Brasil people management strategy is focused on safety, respect, equality, recognition and knowledge sharing. Thus, the company's actions are based on seven guidelines:

- EDP Culture consolidation and maintenance;
- Valorisation of diversity;
- Non-discrimination, opportunities equality, and transparency for all positions levels;
- Appreciation for the internal equity principal and for the compensation isonomy;
- Promotion of safety and well-being of its associations, in the internal and external environments of the company;
- Encouragement to professional training and continuous development of associates;
- Guarantee of business continuity from people.

EDP Brasil believes that harmony between personal and professionals lives contributes to develop people even more creative, healthy, energetic and positive. To this end, it targets its energy to always take better care of its associates.

The strategy and work that aim at ensuring a positive organisational environment, with happy people and processes consistent with the needs of each business, were recognised by the market in 2016, when EDP Brasil was listed among the 150 Best Companies to Work in the *Você S.A.* magazine ranking. Among the electricity sector companies listed in the publication, EDP Brasil received one of the five highest scores.

Also internally, EDP Brasil was recognised by its organisational environment. For the second consecutive year, the Company had the best Engagement result of the EDP Group, which assess the commitment and motivation level of associates towards the organisation, rising from 78, in 2015, to 81 in 2016.

Published in October, this issue brings the list of Brazilian companies best reviewed by its associates in aspects such as work environment, leadership, strategy, performance management, career, training and quality of life.

Associates profile [GRI G4-DMA]

EDP Brasil seeks professionals who want to have a leading role in their careers and know how to work in a team. Curious and proactive people who are connected to the Company's purpose. By the end of 2016, it had 2,927 internal associates, 248 joint venture associates, 210 interns and apprentices and 12,783 outsourced associates. [GRI G4-9, G4-10]

Since 2015, the Diversity Project helps fostering equality of gender, nationality, generation and disabled people, with clear goals and targets to improve indicators related to these topics. However, as a characteristic of the electricity sector labour market, EDP Brasil still has 78% of its internal positions filled by man.

The attracting and recruiting policy also values the hiring of young professionals (22.11% are 30 years old or less) and mature ones (14.07% are over 50 years old). In the past few years, the company intensified the approach to attract young talents through partnerships with different universities, to promote its Brand, Culture and Internship Program among college students.

Employee Experience [GRI G4-DMA]

To ensure the associates well-being and engagement, one of Culture Program focuses, EDP Brasil started to develop in 2016 the Employee Experience project. The idea is to change the associate experience throughout their cycle in the company, making it more welcoming and positive, from the moment of their attraction and hiring, until their termination or retirement. To this end, it started an action to humanise the welcoming and integration of new associates, as well as retirement incentive programs.

Implemented since 2015, the *Padrinho EDP* (EDP Sponsor) program designates more experienced associates to guide the newly-hired, helping them understand the Company's routine, EDP Culture principles and to learn the corporate procedures and habits during their adaptation phase.

As for the Retirement Incentive Plan, it developed in 2016 five workshops with four modules to associates who are nearly at retirement age, addressing topics such as motivational guidance, financial health and relationships, aiming at better preparing them for the life after work. [GRI G4-DMA, G4-LA10]



EDP Associates

Pension Plans [GRI G4-DMA, G4-EC3]

The closed complementary pension funds, sponsored by the EDP group companies, are managed by Enerprev.

In the Defined Contribution (CD) Model, through the *Energias do Brasil Plan*, the associates make basic contributions of up to 7% of their monthly salary and receive the Company's contribution of 100% of the amount as normal contribution. The associates can also opt for volunteer contributions higher than this percentage, but in this case, the sponsored contribution is limited to 7%. Apply to the benefits plan is optional and, when there is interest, the associate must express it by filling out the application form offered by Enerprev.

Additionally, until October 2016, EDP used to offer a *Plano Gerador de Benefício Livre* (Free Benefit Generating Plan - PGLB), managed by Bradesco Vida e Previdência, in which the associate could contribute with up to 2% of their monthly salary and the Company would contribute 100% of this amount as normal contribution. The offer of this benefit was discontinued when EDP decided to offer the complementary pension fund exclusively through Enerprev, which promoted an adjustment in the Plan regulation, increasing the maximum limit of the basic contribution from 5% to 7% in order to accommodate these features. The Company also sponsors other plans managed by Enerprev, that are not accepting new application at the moment, which are: PSAP/Bandeirante and Escelsos Plans I and II that are offered to EDP São Paulo and EDP Espírito Santo associates, respectively.

4.9.1 People Development [GRI G4-DMA]

For EDP Brasil, the development of its associates happens through internal and external trainings, and retention policies encouraged by the possibility of growth and by satisfactory compensation and benefits. In addition to that, there is the annual performance assessment process, which contemplated a 360° feedback, and the People Review, a senior management event that addresses people and development.

EDP Brasil appreciates the principle of internal balance in compensation, in addition to the benefits provided by law, therefore, it offers its associates private pension, healthcare and dental plans, meal vouchers and food tickets, group life insurance, complementary sick/accident pay, medication aid, childcare assistance and aid for dependents with special needs.

In order to keep competitiveness, attraction and retention of its executives, EDP Brasil provided in 2016 a long-term incentive variable compensation program, according to the existing rules provided in the organisation internal regulation.

EDP Brasil associates can also improve themselves working in transversal projects in different departments, companies and locations where the group is present with the Mobility Program. Through this Program, 165 internal reallocations of associates were made. As for the international mobility, EDP Brasil received an associate from EDP Portugal and sent 11 associates to that country, ten of them for temporary experiences and one to work indefinitely.

For those starting their careers as interns, there is a Development Program that seeks to integrate your professionals to EDP Brasil departments, enabling their exposure to leadership and offering trainings focused on innovation, project management and presentation techniques, so that during their first year as interns, they can develop a project that impacts on the business. In 2016, four groups stood out and were awarded, after going through an examining board, in different locations of EDP Brasil, and then they made a final presentation of their projects to the senior management.

Another essential development point is a well-structured assessment process. In EDP Brasil, the assessment is comprised of two stages: definition and measurements of targets, and skills assessment. With the Targets with Purpose project, that in 2016 started to assess the group impact on different stakeholders, the targets that used to be individual, are now shared.

As for the skill cycle, it consists of the strategic skills assessment, feedback meetings and preparation of an individual development plan. Since 2015, the skills model used is the Amplify, which has profiles aligned to the different levels and with the future context of the Organisation. The skills were associated to behaviours and present an evolving perspective between what is expected from the different position levels.

For associates at Expert/Consulting level, there is another assessment tool, the Global Appreciation. In the beginning of each year, committees are created to discuss each associate performance and behaviour from a holistic perspective, which assess not only delivery but the way it was delivered as well. The assessment is discretionary and adopts the expected principles and behaviours.

Trainings – In 2016, the internal associates training and development activities received investments of BRL 1.8 million for a total of 109,000 hours of training, with an average of 34 hours per internal associate. In addition, EDP Brasil invested further BRL 415,000 in education, offering 59 scholarships for technical, undergraduation and graduation/ MBA courses, which totalled 30,000 hours of classes. The EDP University trainings were widespread throughout Brasil in the year, achieving the following results:

Leadership School: The school offered trainings to new leaders, and training of supervisors as well, in five modules: Leadership (8 hours), Safety (1 hour), HR Processes (4 hours), Payroll Processes (4 hours) and Recycling (4 hours, 3 months after training). In addition, there was a development action with the entire leadership through Volunteering.

Distribution School: With all courses offered by associates, in 2016, it focused on courses on Losses, addressing different

aspects such as calculation of losses and difference between technical and commercial losses.

EDP School: Also having associates as instructors, in 2016, the course that stood out was the “Service Excellence”, spreading the principle Customer: our *raison d’être*.

Energizing: Targeted at young associates from all locations, identified as potential within the organisation and approved in recruitment process, the Program purpose is to maximise the behaviours of leadership, analytical thinking, ease to generate new ideas, commitment and ability to adapt to changes. Six associates graduated in August 2016 after a two-year cycle.

Electricians School: The External Training Program that trains Distribution Grid Electricians in the community aims at meeting the needs of training and making available to the market people with the technical skills required to be a Distribution Grid Electrician. In 2016, 34 people participated in the EDP Espírito Santo school, of which 22 were hired (64.7%); and 60 studied at EDP São Paulo, where six of them were hired (10%). People who are not hired by EDP Brasil, are usually allocated to partners.

[GRI EU14]

Internship Program – EDP Brasil internship program main proposal is for interns to develop themselves and grow inside the organisation. As part of their development program, the interns carry out a team project that is presented to an examining board by the end of the first year of internship. In addition, they go through on-site and online training and action learning sessions. In 2016, 43 projects were presented. In December, EDP Brasil had 146 active interns, and 27 of them were effectively hired.

4.9.2 Health and safety [GRI G4-DMA, G4-LA7 EU16]

More than a matter of encouraging safe behaviour, Health and Safety are topics present in EDP Brasil Strategic Planning. Focused on its number one principle, “Life always comes first”, the Company has a Culture completely engaged in safety, trying to achieve its “zero accident”

target. In 2016, there was no fatal accidents with EDP Brasil associates or Service providers, which had not happen since 2005.

To ensure compliance with legal requirements and instruct associated on the performance of their activities, EDP Brasil offer mandatory trainings and courses, according to the jobs and activities performed by each associate, on guidelines, rules and procedures on health and safety. In addition to on-site trainings, EDP Brasil also has and apply online trainings available on the EDP University website, a digital tool that enabled the associate interaction with the Safety operational guidelines, making them clearer and more educational.

The Company also develops a series of practices and initiatives that prioritise quality of life and prevention of accidents. In 2016, it was available to all associates – and mandatory to EDP Brasil vehicle drivers – an online training on defence driving. There were also on-site trainings on safe driving for motorcycle riders. The Company also carried out campaigns encouraging the use of rails on staircases and warning on the dangers of playing PokémonGo while walking.

EDP Brasil’s Internal Commissions for Accident Prevention (CIPAs) work in partnership with the work safety area in carrying out actions aimed at preventing accidents in administrative environments, on routes and in the field.

Firefighting trainings and simulations were carried out, as well as for emergency service, in all units of the Company. In November, there was the *Parada de Segurança* action, a reflexion to remind the accidents that occurred in the previous years, and the importance of people’s lives, reinforcing that life must always come first.

Launched in 2015, the Safety Walk program continued in 2016, when there were field visits so that corporate department leaders could personally see how safety issues are handled. The program always makes possible for associates who work in different contexts to identify risks in that activity that are not identified otherwise.

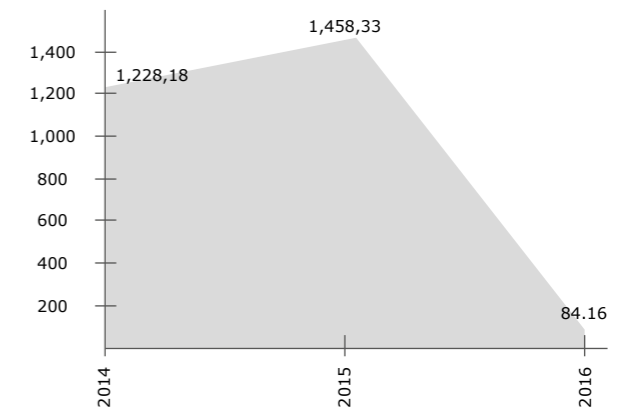
As for the traditional EDP Rodeo, it gathered the EDP Espírito Santo teams in October, and the EDP São Paulo teams in November, for a fun competition that challenges electricians to perform tasks that test precision, focus and expertise, always taking into account the top requirement: safety. The winning teams of EDP Rodeo represented both distributors in the *Rodeio Nacional de Eletricistas* (National Electrician Rodeo) promoted by Abradee.

In 2016, even with the set of prevention practices adopted by the Company, the Distribution sector registered 10 accidents with internal associates – nine without leave of absence, one with temporary leave of absence and no

fatal work accident. With outsourced associates, there were 46 accidents, 36 of them without leave of absence, 10 with temporary leave of absence and no fatal accident. In Generation, in the operation and construction plants, 14 work accidents with associates were registered, of which ten were without leave of absence and four with leave of absence.

The programs carried out in 2016 reduced the severity rate by 94.22%.

Severity rate (internal and outsourced associates)



Occurrences were investigated, analysed and disclosed to all EDP Brasil operations. The causes were mapped and reviewed, and served as base to the preparation of local action plans that are being monitored by safety professionals, assessing efficiency and agility of the action implementation.

Main risks and dangers in Health and Safety resulting from EDP Brasil activities

Type of activity	Risk and Danger
Distribution Business Unit	Work at height and Electric Risk
Generation Business Unit	Work in confined spaces and exposure to high temperatures
Commercialization and Energy Solutions Business Unit	Electric risk and exposure to high temperatures
Administrative	Ergonomic and general falls



Safety

Ligado na Vida Program

Launched in 2016, the *Ligado na Vida* (Connected to Life) is an EDP Brasil program that aims at recognising compliance with safety procedures by associates who work with performing field tasks. Consequently, when non-compliance situations are identified, actions are adopted to eliminate unsafe conditions that may lead to serious or fatal accidents. The program preventive actions focus on reinforcing the leadership role in keeping and developing a safe environment, creating means of control to make sure that all safety conditions are met on the field.

The *Ligado na Vida* Program sets Basic Safety Rules to ensure the associates' safety in high risk activities that involve services in substations, subtransmission lines and distribution grids. The strategy comprehends planning and monitoring through team members that supervise their colleagues' action in terms of quality, productivity and safety. The program topics are addressed by the leaders and safety technicians in Daily Safety Dialogues (DDS) with the departments.

To encourage adoption of the program, there was the *Ligado na Vida* Contest, whose 1st phase happened from August 15th to October 15th, 2016. In this period, all internal operational associates who worked 100% in compliance with safety criteria, according to inspections made by leaders, work safety, CIPA and Safety Walk, participated in the prize draw of 19 trips to the National Electricians Rodeo that took place in November in Curitiba (PR). The prize included air tickets and inland transportation,

accommodations and meals, according to the EDP Brasil Travel Rules document.

The 2nd phase of the contest will take place from February 1st to June 30th, 2017, when the inspected associate who comply 100% with the Basic Safety Rules will receive a scratch card that can reward bicycles, tablets, T-shirts, caps and squeeze bottles. In this phase, each associate is inspected twice, which means that all of those who comply with the *Ligado na Vida* will receive two prizes.

Well-being and quality of life

As for health, well-being and quality of life, EDP Brasil programs are associated to the prevention of diseases resulting from the occupational hazards to which associates are exposed, and also to the integral promotion of health.

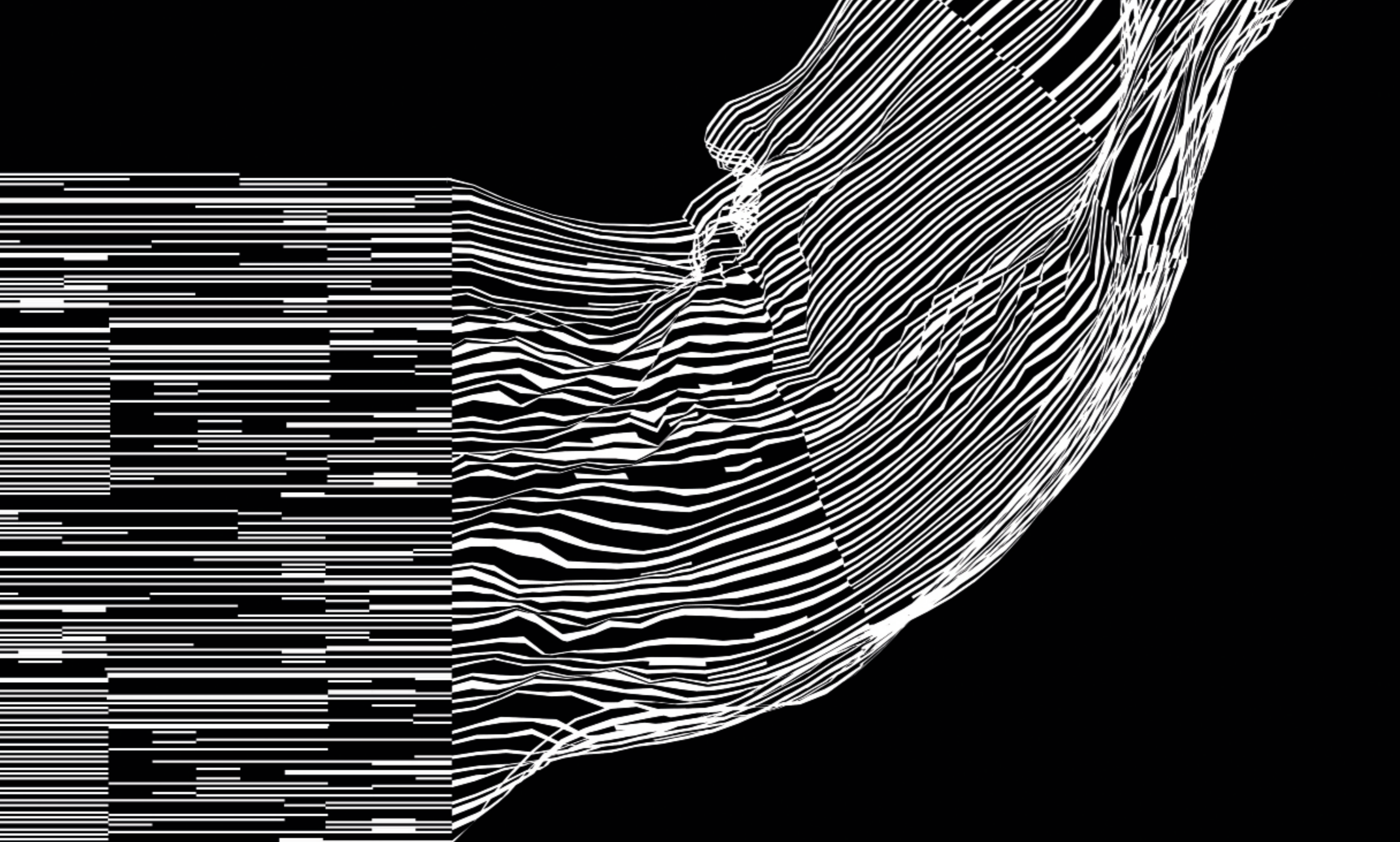
In 2016, the integration of Occupational Health and Benefits departments reinforced the synergy in Occupational Health and benefits guidelines such as Health Insurance, Dental Plan, Medications, Executive Check-up and Vaccination Campaign, allowing the strengthening of the Healthcare Strategic Management and the monitoring, care and promotion of the associates, retirees and dependents Health.

Furthermore, the Company has, since 2008, the **Conciliar Program** to develop projects and partnerships in four fronts: health and well-being; support to family; flexibility; and appreciation and citizenship.

In 2016, one of the highlights of *Conciliar* (Conciliate) was the beginning of the Social Welfare Program, designed in the previous years with the purpose of always taking better care of associates and their dependents in and outside the company. The program, which started in May, totalled 3,436 calls in the year.

Through free and confidential call, available 24 hours, this support network serves the entire country and counts on professionals specialised in social care, psychology, pension, legal and financial assistance, providing services in several situations.

As for the Quality of Life, EDP Brasil keeps the Workplace Exercise Program and other actions to promote Health through the *Conciliar*, such as sports, recreations, self-knowledge, culture, nutrition, stress reduction, etc. Several actions were promoted during the year, such as the Race Club, which counted on 77 associates from São Paulo, São José dos Campos and Mogi das Cruzes, in the state of São Paulo, and Carapina and Linhares, in Espírito Santo.



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05 Annexes

Additional and complementary GRI indicators	102
GRI content summary	148
Ibase social report	158
Independent auditors' limited assurance report	161

05
Annexes

5.1 Additional and complementary GRI indicators

Governance

Ratio of employees' compensation [GRI G4-54, GRI-55]

	Unit	EDP Brasil		
		2014	2015	2016
Largest compensation paid	R\$	486,521.87	734,582.76	959,632.66
Lowest compensation paid	R\$	14,596.72	16,062.44	17,240.53
Division of the largest compensation by the lowest compensation paid	%	ND	4,573	5,566
Proportion between the total annual compensation of the highest-paid individual of EDP and the median annual compensation of all employees (except for the highest-paid one)	%	14	10	10
Compensation increase percentage of most well-paid individual in the previous year to the covered by the report	%	ND	51	31
Average annual total compensation increase percentage of all employees	%	ND	8	8
Ratio of total compensation increase percentage of most well-paid individual and average annual total compensation increase percentage of all employees	%	ND	637	920
Division of the company lowest compensation by current minimum wage	Rate	ND	20.38	19.59

Category: Economic

Aspect: Economic Performance

Added-Value Statement (thousands R\$) [GRI G4-EC1]

Subdivision	EDP Brasil		
	2014	2015	2016
1 – Revenues	12,547,057.00	17,702,076.00	14,858,434.00
1.1) Goods, products and services sales	11,510,465.00	16,239,427.00	14,001,379.00
1.2) Other revenues	753,043.00	1,437,393.00	826,473.00
1.3) Revenues related to the construction of own assets	311,823.00	99,770.00	133,383.00
1.4) Allowance for doubtful accounts – Reversion / (Constitution)	-28,274.00	-74,514.00	-102,801.00
2 – Input purchased from third parties (includes ICMS, IPI, PIS and COFINS taxes)	-7,836,737.00	-8,694,145.00	-7,533,915.00
2.1) Costs of products, goods and services sold	-6,161,614.00	-6,679,561.00	-5,085,331.00
2.2) Third party materials, energy, services and others	-706,838.00	-937,494.00	-1,262,990.00
2.3) Loss / Recovery of assets values	ND	ND	ND
2.4) Others (specify)	-968,285.00	-1,077,090.00	-1,185,594.00
3 – Gross added-value (1-2)	4,710,320.00	9,007,931.00	7,324,519.00
4 – Depreciation, amortisation and exhaustion	-349,333.00	-468,556.00	-552,568.00
5 – Net added-value produced by the entity (3-4)	4,360,987.00	8,539,375.00	6,771,951.00
6 – Added-value received in transference	208,314.00	424,043.00	534,374.00
6.1) Equity accounting result	-71,449.00	-113,774.00	-115,443.00
6.2) Financial revenues	279,763.00	537,817.00	649,817.00
6.3) Others	ND	ND	ND
7 – Total added-value to distribute (5+6)	4,569,301.00	8,963,418.00	7,306,325.00
8 – Added-value distribution	4,569,301.00	8,963,418.00	7,306,325.00
8.1) Personnel	335,065.00	363,659.00	393,062.00
8.1.1 – Direct compensation	246,210.00	262,561.00	286,461.00
8.1.2 – Benefits	66,705.00	68,384.00	85,224.00
8.1.3 – F.G.T.S.	22,150.00	32,714.00	21,377.00
8.2) Taxes, fees and contributions	2,751,388.00	6,036,920.00	4,790,879.00
8.2.1 – Federal	1,078,241.00	3,596,984.00	2,369,564.00
8.2.2 – State	1,665,762.00	2,431,552.00	2,410,299.00
8.2.3 – City	7,385.00	8,384.00	11,016.00
8.3) Third parties capital compensation	644,487.00	1,156,467.00	1,291,429.00
8.3.1 – Interests	625,003.00	1,133,938.00	1,265,905.00
8.3.2 – Rents	19,484.00	22,529.00	25,524.00
8.3.3 – Others	ND	ND	ND
8.4) Equity capital compensation	834,581.00	1,396,108.00	814,764.00
8.4.1 – Interests on equity capital	133,300.00	14,592.00	336,851.00
8.4.2 – Dividends	44,715.00	288,257.00	70,177.00
8.4.4 – Participation of non-controllers on retained profit (for consolidation only)	91,079.00	130,172.00	148,162.00
9 – Retained profit / Losses of the exercise	565,487.00	963,087.00	259,574.00

Financial aid received from the Government (thousands R\$) [GRI G4-EC4]

	EDP Brasil		
	2014	2015	2016
Tax benefits and credits	36,154.62	42,784.15	50,303.24
Grants	1,413,285.00	0	0
Investments with incentives	4,088.20	2,355.00	0
Incentive to culture / Rouanet Law	1,614.80	1,612.00	8,311.00
Incentive to sport	410.00	582.00	1,597.00
Child and Adolescent Fund	245.00	150.00	1,400.00
Cultural Action Program	152.80	0	732.00
PRONON – National Program of Support to Oncology Attention	1,655.60	11.00	77.00
Others	0	146.00	578.00
Total	1,457,616.02	47,640.15	50,315.94

	EDP São Paulo			EDP Espírito Santo			HPP Mascarenhas
	2014	2015	2016	2014	2015	2016	2016
Tax benefits and credits	0	0	5,087.00	0	0	3,687.00	50,303.00
Grants	30,614.00	83,409.00	98,678.00	105,869.00	250,526.00	320,039.00	0
Investments with incentives	0	0	0	0	0	0	0
Incentive to culture / Rouanet Law	523.80	770.00	5,156.00	269.00	505.00	1,298.00	599.00
Incentive to sport	100.00	150.00	1,125.00	60.00	165.00	245.00	0
Child and Adolescent Fund	100.00	150.00	1,125.00	60.00	0	275.00	0
Cultural Action Program	152.80	0	732.00	ND	0	0	0
PRONON – National Program of Support to Oncology Attention	876.60	0	0	389.00	11.00	77.00	0
Others	ND	146.00	578.00	ND	0	0	0
Total	33,367.20	84,625.00	112,481.00	106,647.00	251,207.00	325,621.00	50,902.00

Financial aid received from the Government (thousands R\$)¹ [GRI G4-EC4]

Units	EDP PCH	HPP Luís Eduardo Magalhães	HPP Peixe Angical	HPP Santo Antônio do Jari	HPP Cachoeira Caldeirão	HPP São Manoel	TPP Pecém
Year	2016	2016	2016	2016	2016	2016	2016
Tax benefits and credits	13,661.98	7,694.97	13,694.00	0	0	0	0
Grants	0	0	0	0	0	0	0
Investments with incentives	0	0	0	0	0	0	0
Incentive to culture / Rouanet Law	0	706.00	356.00	196.00	0	0	0
Incentive to sport	0	147.00	80.00	0	0	0	0
Child and Adolescent Fund	0	0	0	0	0	0	0
Cultural Action Program	0	0	0	0	0	0	0
PRONON – National Program of Support to Oncology Attention	0	0	0	0	0	0	0
Others	0	0	0	0	0	0	0
Total	13,661.98	8,547.97	14,130.00	196.00	0	0	0

¹ The companies HPP Cachoeira Caldeirão, HPP São Manoel, TPP Pecém and EDP Commercialization did not receive any financial aid from the government in 2016.

Aspect: Market Presence¹

¹ The HPP Mascarenhas data from the years prior to 2016 are consolidated with other plants of Espírito Santo than belonged to the Energest Company, and are now part of the EDP PCH Company.

Ratio variation of the lowest wage compared to the minimum wage [GRI G4-EC5]

	Unit	EDP Brasil					
		2014		2015		2016	
		Men	Women	Men	Women	Men	Women
National minimum wage	R\$	724.00	724.00	788.00	788.00	880.00	880.00
Variation between the lowest salary and minimum wage	%	130.55	130.55	158.17	162.94	149.25	161.36
Proportional variation between the largest and the lowest salary	%	7,141.72	3,375.13	4,412.71	2,647.98	4,377.85	2,307.04

	Unit	EDP São Paulo		EDP Espírito Santo		HPP Mascarenhas	
		2016		2016		2016	
		Men	Women	Men	Women	Men	Women
National minimum wage	R\$	880.00	880.00	880.00	880.00	880.00	880.00
Variation between the lowest salary and minimum wage	%	152.78	176.70	161.36	161.36	193.10	529.38
Proportional variation between the largest and the lowest salary	%	2,630.22	1,329.76	3,525.30	915.49	1,527.75	270.05

	Unit	HPP Cachoeira Caldeirão		HPP São Manoel		TPP Pecém	
		2016		2016		2016	
		Men	Women	Men	Women	Men	Women
National minimum wage	R\$	880.00	880.00	880.00	880.00	880.00	880.00
Variation between the lowest salary and minimum wage	%	161.70	459.08	165.48	194.04	151.812	173.83
Proportional variation between the largest and the lowest salary	%	1,000.79	131.31	3,095.02	1,288.38	2,790.04	2,141.60

Aspect: Indirect Economic Impacts

Company's own and incentive external social investment (thousands R\$) [GRI G4-EC7]

	EDP Brasil			EDP São Paulo		
	2014	2015	2016	2014	2015	2016
Education	805.40	120.50	2,045.00	420.40	0	1,055.00
Culture	1,367.60	1,612.00	9,152.70	676.00	770.00	5,888.60
Health and sanitation	809.00	161.00	1,082.00	0	150.00	1,005.00
Sports	335.00	728.00	2,173.00	100.00	296.00	1,701.90
Fight against hunger and food safety	100.00	75.00	0	0	75.00	0
Others	412.00	372.50	450.40	113.00	13.00	13.50
Total	3,829.00	3,069.00	14,903.10	1,310.00	1,304.00	9,664.00

	EDP Espírito Santo			HPP Mascarenhas			EDP PCH
	2014	2015	2016	2014	2015	2016	2016
Education	361.00	17.00	885.00	11.00	11.00	14.00	0
Culture	269.00	505.00	1,298.00	200.00	242.00	600.50	0
Health and sanitation	0	11.00	77.00	49.00	0	0	0
Sports	60.00	165.00	244.10	ND	0	0	0
Fight against hunger and food safety	0	0	0	0	0	0	0
Others	169.00	241.00	305.00	50.00	80.00	77.00	0
Total	859.00	939.00	2,809.20	310.00	333.00	691.50	0

	HPP Luís Eduardo Magalhães			HPP Peixe Angical			HPP Santo Antônio do Jari		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
Education	0	13.50	15.00	13.00	29.00	40.00	0	0	9.00
Culture	162.00	95.00	763.60	ND	0	356.00	0	0	196.00
Health and sanitation	0	0	0	ND	0	0	300.00	0	0
Sports	100.00	169.00	147.00	50.00	49.00	80.00	0	0	0
Fight against hunger and food safety	0	0	0	ND	0	0	0	0	0
Others	0	38.50	0	80.00	0	54.80	0	0	0
Total	262.00	316.00	925.60	143.00	78.00	530.80	300.00	0	205.60

	HPP Cachoeira Caldeirão			HPP São Manoel			TPP Pecém		
	2016	2016	2016	2016	2016	2016	2016	2016	2016
Education	0	0	0	0	0	0	0	0	27.00
Culture	0	0	0	0	0	0	0	0	0
Health and sanitation	0	0	0	0	0	0	0	0	0
Sports	0	0	0	0	0	0	0	0	0
Fight against hunger and food safety	0	0	0	0	0	0	0	0	0
Others	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	27.00

Company's own and incentive external social investment (thousands R\$) [GRI G4-EC7]

	Commercialization		
	2014	2015	2016
Education	ND	50.00	0
Culture	60.00	0	0
Health and sanitation	460.00	0	0
Sports	25.00	49.00	0
Fight against hunger and food safety	100	0	0
Others	ND	0	0
Total	645.00	99.00	0

Company's own external social investment (thousands R\$) [GRI G4-EC7]

	EDP Brasil			EDP São Paulo		
	2014	2015	2016	2014	2015	2016
Education	ND	120.50	1,805.00	ND	0	935.00
Culture	ND	0	107.60	ND	0	0
Health and sanitation	ND	0	0	ND	0	0
Sports	ND	0	0	ND	0	0
Fight against hunger and food safety	ND	75.00	0	ND	75.00	0
Others	ND	372.50	295.40	ND	13.00	13.50
Total	ND	568.00	2,208.00	ND	88.00	948.50

	EDP Espírito Santo			HPP Mascarenhas			EDP PCH	
	2014	2015	2016	2014	2015	2016	2016	2016
Education	ND	17.00	765.00	ND	11.00	14.00	0	0
Culture	ND	0	0	ND	0	0	0	0
Health and sanitation	ND	0	0	ND	0	0	0	0
Sports	ND	0	0	ND	0	0	0	0
Fight against hunger and food safety	ND	0	0	ND	0	0	0	0
Others	ND	241.00	150.10	ND	80.00	77.00	0	0
Total	ND	258.00	915.10	ND	91.00	91.00	0	0

	HPP Luís Eduardo Magalhães			HPP Peixe Angical			HPP Santo Antônio do Jari		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
Education	ND	13.50	15.00	ND	29.00	40.00	ND	0	9.00
Culture	ND	0	57.60	ND	0	0	ND	0	0
Health and sanitation	ND	0	0	ND	0	0	ND	0	0
Sports	ND	0	0	ND	0	0	ND	0	0
Fight against hunger and food safety	ND	0	0	ND	0	0	ND	0	0
Others	ND	38.50	0	ND	0	54.80	ND	0	0
Total	ND	52.00	72.60	ND	29.00	94.80	ND	0	9.00

	HPP Cachoeira Caldeirão	HPP São Manoel	TPP Pecém
	2016	2016	2016
Education	0	0	27.00
Culture	0	0	0
Health and sanitation	0	0	0
Sports	0	0	0
Fight against hunger and food safety	0	0	0
Others	0	0	0
Total	0	0	27.00

	Commercialization	
	2015	2016
Education	50.00	0
Culture	0	0
Health and sanitation	0	0
Sports	0	0
Fight against hunger and food safety	0	0
Others	0	0
Total	50.00	0

Aspect: Purchase Practices

Percentage of the purchase volume spent on local suppliers [GRI G4-EC9]

EDP Brasil				
Region	Unit	2014	2015	2016
Material and Services				
São Paulo	%	65.89	61.33	61.90
Espírito Santo	%	24.63	23.97	27.20
Mato Grosso do Sul	%	14.60	7.93	28.60
Tocantins	%	9.83	8.42	22.58
Amapá	%	1.74	4.16	12.10
Ceará	%	ND	23.94	30.28
Mato Grosso	%	5.68	0.58	1.36
Pará	%	ND	ND	13.11
Rio Grande do Sul	%	ND	ND	35.51%

Category: Environmental¹

Aspect: Materials

¹ The acquisition of the remaining 50% of TPP Pecém I was completed on May 15, 2015, and it is now fully consolidated in EDP results. Thus, the participation percentage was calculated based on the data until May 2015 and, from that month on, they were fully accounted.

Materials used in EDP operations [GRI G4-EN1]

TPP Pecém			
	Unit	2015	2016
Coal	ton	1,676,614.50	1,929,264.17
Diesel	m ³	4,094.01	3,847.84
Chemicals	Ton	1,388.29	2,310.82

Percentage of materials used in EDP operations coming from recycling and/or reuse (%) [GRI G4-EN2]

EDP São Paulo				EDP Espírito Santo			
	Unit	2014	2015	2016 ¹	2014	2015	2016 ¹
Meters	%	16	34	0	27	27	0
Transformers	%	53	55	22	68	59	45
Hardware	%	23	0	0	16	0	0
Other Materials	%	63	87	0	65	89	0

¹ The electromechanical meters were completely replaced with digital meters, which cannot be recovered. As for the hardware and other materials, in 2016 there was no recovery since a recovery agreement was being negotiated for all materials, which will be in force in 2017

		HPP Mascarenhas			EDP PCH	Santa Fé	HPP Peixe Angical			TPP Pecém		
	Unit	2014	2015	2016	2016	2016	2014	2015	2016	2014	2015	2016
Cloths	Qty.	19,950	20,600	190	285	160	6,500	8,000	8,500	ND	7,900	6,205

Aspect: Energy

Direct Energy Consumption (GJ) [GRI G4-EN3]

EDP Brasil				EDP São Paulo		
	2014	2015	2016	2014	2015	2016
Renewable sources	13,683.11	14,986.10	14,594.38	9,489.71	9,305.49	9,913.06
Ethanol	7,870.78	7,795.04	8,355.96	7,516.88	7,112.32	7,745.88
Ethanol portion of petrol	2,661.68	3,336.31	2,576.59	281.57	279.87	327.23
Biodiesel portion of diesel	3,150.65	3,854.74	3,661.84	1,691.27	1,913.29	1,839.95
Non-renewable sources	19,359,084.89	40,217,4880.36	46,231,554.32	29,587.83	28,304.25	27,445.76
Gasoline	11,513.32	13,006.16	10,044.47	1,217.93	1,091.05	1,275.66
Diesel	52,843.38	54,826.97	51,583.28	28,366.35	27,213.20	26,160.29
Diesel used in plants generators	182,542.27	145,319.83	137,305.40	3.55	0	9.80
Coal	19,112,185.21	40,004,021.97	4,6032,243.10	0	0	NA
GLP	0.71	305.43	378.07	0	0	NA
Natural gas	0	0	948.83	0	0	
Total	19,372,768.00	40,232,466.46	46,246,148.71	39,077.54	37,609.74	37,358.82

	EDP Espírito Santo			HPP Mascarenhas		
	2014	2015	2016	2014	2015	2016
Renewable sources	2,497.66	2,967.24	2,638.26	255.51	262.71	232.45
Ethanol	5.25	10.21	8.09	32.50	6.04	5.63
Ethanol portion of petrol	1,262.78	1,386.90	1,144.75	143.35	183.53	163.64
Biodiesel portion of diesel	1,229.63	1,570.12	1,485.42	79.66	73.15	63.19
Non-renewable sources	26,095.18	27,738.91	25,590.17	2,142.70	1,898.04	1,536.63
Gasoline	5,462.27	5,406.65	4462.65	620.05	715.46	637.91
Diesel	20,623.54	22,332.25	21,120.91	1,336.15	1,040.50	870.22
Diesel used in plants generators	9.37	0	6.60	186.50	142.09	28.49
Total	28,592.83	30,706.15	28,228.43	2,398.21	2,160.77	1,769.07

	EDP PCH		HPP Luís Eduardo Magalhães	
	2016	2014	2015	2016
Renewable sources	7.45	290.19	253.48	254.57
Ethanol	0.00	45.56	0	0.00
Ethanol portion of petrol	0.00	189.34	196.14	191.59
Biodiesel portion of diesel	7.45	55.30	57.35	62.98
Non-renewable sources	105.93	1,747.12	1,580.28	1,642.66
Gasoline	0.00	818.99	764.62	746.87
Diesel	0.00	927.42	815.66	752.84
Diesel used in plants generators	105.93	0.71	0	142.95
Total	113.38	2,037.31	1,833.76	1,897.23

	HPP Peixe Angical			HPP Santo Antônio do Jari		
	2014	2015	2016	2014	2015	2016
Renewable sources	173.73	504.79	461.69	82.97	19.49	15.61
Ethanol	0	442.15	385.26	0	3.93	0.67
Ethanol portion of petrol	142.70	1.81	5.95	69.74	14.70	3.75
Biodiesel portion of diesel	31.02	60.83	70.48	13.23	0.86	11.19
Non-renewable sources	1,222.78	961.34	1,025.65	26,971.06	619.86	380.85
Gasoline	617.28	7.06	23.18	301.68	57.31	14.61
Diesel	520.31	865.15	1002.47	221.88	12.30	159.11
Diesel used in plants generators	85.20	89.14	0.00	26,447.50	550.25	207.14
Total	1,396.51	1,466.14	1,487.35	27,054.03	639.36	396.45

Direct Energy Consumption (GJ) [GRI G4-EN3]

	HPP Cachoeira Caldeirão			HPP São Manoel		
	2014	2015	2016	2014	2015	2016
Renewable sources	97.64	652.52	19.57	31.89	125.62	137.71
Ethanol	0.00	0.00	0.00	24.48	76.45	14.40
Ethanol portion of petrol	83.98	559.76	10.06	0.00	21.94	80.25
Biodiesel portion of diesel	13.66	92.77	9.51	7.40	27.23	43.06
Non-renewable sources	592.44	3,522.25	174.44	124.16	472.88	925.35
Gasoline	363.27	2,182.13	39.22	0.00	85.52	312.85
Diesel	229.17	1,319.42	75.79	124.16	387.36	612.50
Diesel used on plants generators ¹	0.00	20.70	59.43	ND	ND	0.00
Total	690.08	4,174.77	194.00	156.05	598.51	1,063.06

	TPP Pecém			Commercialization
	2014	2015	2016	2016
Renewable sources	164.90	293.39	246.99	155.47
Ethanol	2.19	1.96	10.94	89.41
Ethanol portion of petrol	133.24	232.30	177.75	66.06
Biodiesel portion of diesel	29.48	59.14	58.30	0.00
Non-renewable sources	19,269,066.11	40,150,591.75	46,170,741.59	257.52
Gasoline	576.34	905.57	692.95	257.52
Diesel	494.41	841.13	829.15	0.00
Diesel used on plants generators	155,809.44	144,517.66	136,598.32	0.00
Coal	19,112,185.21	40,004,021.97	46,032,243.10	NA
GLP	0.71	305.43	378.07	NA
Total	19,269,230.31	40,150,885.15	46,170,988.58	412.98

Electricity Consumption (GJ) [GRI G4-EN3]

	EDP Brasil			EDP Holding/Commercialization	
	2014	2015	2016	2015	2016
Non-renewable sources	23,424.63	24,782.72	26,951.00	626.06	601.81
Petroleum derivatives	4,893.73	4,835.65	5,258.73	122.16	117.43
Coal and derivatives	3,293.82	4,533.42	4,930.06	114.52	110.0
Natural gas	12,567.78	12,995.82	14,132.84	328.30	315.58
Nuclear energy	2,669.31	2,417.83	2,629.37	61.08	58.71
Renewable sources	145,371.97	139,451.83	137,296.42	1,921.69	1,847.27
Hydroelectric	135,902.98	127,856.34	124,686.68	1,628.77	1,565.69
Solar	-	10.07	10.69	0.25	0.24
Wind	1,016.18	3,526.00	3,834.49	89.07	85.62
Biomass-based	8,452.80	8,059.42	8,764.55	203.60	195.71
Total	169,796.60	164,234.55	164,247.42	2,547.75	2,449.09

Electricity Consumption (GJ) [GRI G4-EN3]

	EDP São Paulo			EDP Espírito Santo		
	2014	2015	2016	2014	2015	2016
Non-renewable sources	4,848.34	5,651.51	5,514.77	6,167.39	7,195.04	6,822.97
Petroleum derivatives	1,030.57	1,102.73	1,076.05	1,310.94	1,403.91	1,331.31
Coal and derivatives	608.97	1,033.81	1,008.80	774.65	1,316.16	1,248.10
Natural gas	2,646.68	2,963.59	2,891.89	3,366.74	3,773.01	3,577.90
Nuclear energy	562.13	551.37	538.03	715.06	701.95	665.66
Renewable sources	18,573.60	17,347.37	16,927.67	23,626.78	22,085.25	20,943.18
Hydroelectric	16,535.89	14,703.10	14,347.38	21,034.69	18,718.79	17,750.80
Solar	0	2.30	2.24	0	2.92	2.77
Wind	257.64	804.08	784.62	327.74	1,023.68	970.75
Biomass-based	1,780.07	1,837.89	1,793.42	2,264.36	2,339.85	2,218.85
Total	23,421.94	22,998.87	22,442.44	29,794.17	29,280.28	27,766.1

	HPP Mascarenhas		EDP PCH	
	2014	2016	2015	2016
Non-renewable sources	1,937.20	126.94	1,423.95	867.35
Petroleum derivatives	411.77	24.77	277.84	169.24
Coal and derivatives	243.32	23.22	260.48	158.66
Natural gas	1,057.51	66.56	746.70	454.83
Nuclear energy	224.60	12.38	138.92	84.62
Renewable sources	38,114.92	40,608.59	19,831.74	6,983.33
Hydroelectric	37,300.74	40,549.20	19,165.50	6,577.77
Solar	0	0.05	0.58	0.09
Wind	102.94	18.06	202.59	123.40
Biomass-based	711.24	41.28	463.07	282.07
Total	40,052.13	40,735.52	21,255.69	7,850.68

	HPP Luís Eduardo Magalhães			HPP Peixe Angical		
	2014	2015	2016	2014	2015	2016
Non-renewable sources	130.13	174.41	172.10	135.61	91.32	94.08
Petroleum derivatives	27.71	34.03	33.58	28.83	17.82	18.36
Coal and derivatives	16.37	31.90	31.48	17.03	16.71	17.21
Natural gas	70.95	91.46	90.25	74.03	47.89	49.33
Nuclear energy	15.11	17.02	16.79	15.72	8.91	9.18
Renewable sources	27,186.56	23,438.27	22,555.07	519.51	539.41	11,401.79
Hydroelectric	27,131.77	23,356.67	22,474.55	462.51	496.68	11,357.77
Solar	0	0.07	0.07	0	0.04	0.04
Wind	6.93	24.81	24.49	7.21	12.99	13.38
Biomass-based	47.85	56.72	55.97	49.79	29.70	30.59
Total	27,316.69	23,612.68	22,727.16	655.12	630.73	11,495.86

	HPP Santo Antônio do Jari		HPP Cachoeira Caldeirão	
	2016	2014	2015	2016
Non-renewable sources	22.83	23.40	114.34	145.36
Petroleum derivatives	4.45	4.97	22.31	28.36
Coal and derivatives	4.18	2.94	20.92	26.59
Natural gas	11.97	12.77	59.96	76.22
Nuclear energy	2.23	2.71	11.16	14.18
Renewable sources	70.08	89.65	350.98	446.18
Hydroelectric	59.40	79.81	297.48	378.16
Solar	0.01	-	0.0	0.06
Wind	3.25	1.24	16.27	20.68
Biomass-based	7.42	8.59	37.19	47.27
Total	92.91	113.05	465.33	591.53

	HPP São Manoel			TPP Pecém		
	2014	2015	2016	2014	2015	2016
Non-renewable sources	5,400.07	14.35	18.57	673,431.41	10,788.76	11,071.46
Petroleum derivatives	1,147.84	2.80	3.62	931.10	2,105.12	2,160.28
Coal and derivatives	678.27	2.62	3.40	952.26	1,973.55	2,025.27
Natural gas	2,947.86	7.52	9.74	2,392.24	5,657.52	5,805.76
Nuclear energy	626.10	1.40	1.81	507.87	1,052.56	1,080.14
Renewable sources	20,479.97	44.04	56.99	16,780.99	33,116.24	33,983.98
Hydroelectric	18,417.63	37.32	48.30	14,939.94	28,068.32	28,803.79
Solar	0	0.01	0.01	-	4.39	4.50
Wind	79.71	2.04	2.64	232.78	1,534.99	1,575.21
Biomass-based	1,982.63	4.67	6.04	1,608.27	3,508.54	3,600.47
Total	25,880.04	58.38	75.56	21,563.46	43,905.00	45,055.43

¹ The inverted flow (energy consumed from the grid by the plant and later on returned), was calculated as the plant's own consumption (energy from coal).

Energy intensity (MWh/R\$) [GRI G4-EN5]

		EDP Brasil				
		Unit	2013	2014	2015	2016
Report the energy intensity rate (total consumption MWh/revenue R\$)	MWh/R\$		0.02	0.02	0.02	0.03

Aspect: Water

Total water withdrawal by source m³ [GRI G4-EN8]

	EDP Holding/EDP Commercialization			EDP São Paulo		
	2014	2015	2016	2014	2015	2016
Surface waters, including humid areas, rivers, lakes and oceans	0	0	0	0	0	0
Groundwater	0	0	0	0	0	0
Rainwater directly collected and stored by the organisation	0	0	0	ND	ND	ND
City water supply or other water supply companies	716.89	717.50	573.10	37,614.00	19,513.00	18,505.00
Total	716.89	717.50	573.10	37,614.00	19,513.00	18,505.00

	EDP Espírito Santo			HPP Mascarenhas		
	2014	2015	2016	2014	2015	2016
Surface waters, including humid areas, rivers, lakes and oceans	0	0	0	0	1,850.59	0
Groundwater	10,746.00	32,233.00	9,726.00	1,290.30	478.51	0
Rainwater directly collected and stored by the organisation	0	0	0	0	0	0
City water supply or other water supply companies	27,429.00	17,726.00	17,495.00	3,420.00	540.00	279.00
Total	38,175.00	49,959.00	27,221.00	4,710.30	2,869.10	279.00

	EDP PCH		HPP Luís Eduardo Magalhães	
	2016	2016	2014	2015
Surface waters, including humid areas, rivers, lakes and oceans	403.18	3,763.73	0.00	0.00
Groundwater	638.21	0.00	0.00	0.00
Rainwater directly collected and stored by the organisation	0	0.00	0	0
City water supply or other water supply companies	10.00	3,024.00	2,028.00	2,002.00
Total	1,051.38	6,787.73	2,028.00	2,002.00

	HPP Peixe Angical			HPP Santo Antônio do Jari		
	2014	2015	2016	2014	2015	2016
Surface waters, including humid areas, rivers, lakes and oceans	7,528.86	7,528.86	6,025.34	40,000.00	172.00	59.50
Groundwater	0.00	0.00	0.00	0.00	0.00	0.00
Rainwater directly collected and stored by the organisation	0.00	0.00	0.00	0.00	0	0
City water supply or other water supply companies	0.00	0.00	0	0.00	0.00	0
Total	7,528.86	7,528.86	6,025.34	40,000.00	172.00	59.50

	HPP Cachoeira Caldeirão			HPP São Manoel		
	2014	2015	2016	2014	2015	2016
Surface waters, including humid areas, rivers, lakes and oceans	0.00	0.00	0.27	0.00	0.00	382,734.00
Groundwater	0.00	0.00	0.00	0.00	0.00	0.00
Rainwater directly collected and stored by the organisation	0.00	0	0	0.00	0	0
City water supply or other water supply companies	0.00	0.00	0	127.71	195.84	168.30
Total	0.00	0.00	0.27	127.71	195.84	382,902.30

	TPP Pecém		
	2014	2015	2016
Surface waters, including humid areas, rivers, lakes and oceans	0.00	0.00	0.00
Groundwater	984.00	713.33	967.00
Rainwater directly collected and stored by the organisation	0.00	0	0
City water supply or other water supply companies	5,747,538.47	10,524,680.72	12,372,725.08
Total	5,748,522.47	10,525,394.05	12,373,692.08

Total recycled and reused water in the organisation (m³) [GRI G4-EN10]

	EDP Brasil	
	2015	2016
Total volume of recycled and reused water	2,174.12	2,445.11
Percentage of recycled and reused water from the total water withdrawn	0.02%	0.02%

Aspect: Emissions¹

¹ Scope 1 does not include soil use and occupation changes emissions, which will be included in the inventory publication available on the Public Emissions Record website (www.registropublicodeemissoes.com.br). The emissions inventory of Greenhouse Gas (GHG) may be altered after the results are published due to update in the determined emission factors of the Brazil Greenhouse Gas Protocol Program.

GHG Emissions (tCO₂e) [GRI G4-EN15, G4-EN16, G4-EN17]

	EDP Brasil			EDP Holding/EDP Commercialization		
	2014	2015	2016	2014	2015	2016
Direct emissions – Scope 1	1,836,107.99	4,529,463.3	5,218,272.84	110.29	129.28	191.16
Indirect emissions – Scope 2	501,479.16	441,243.4	274,879.12	103.71	87.93	55.51
Other indirect emissions – Scope 3	3,584,987.79	1,954,075.27	1,997,751.17	683.54	801.72	610.15

GHG Emissions (tCO₂e) [GRI G4-EN15, G4-EN16, G4-EN17]

	EDP São Paulo			EDP Espírito Santo		
	2014	2015	2016	2014	2015	2016
Direct emissions – Scope 1	2,455.60	2,341.68	3,006.65	2,830.35	3,091.47	2,577.76
Indirect emissions – Scope 2	244,782.71	205,217.54	132,252.58	251,953.72	805,830.84	141,278.69
Other indirect emissions – Scope 3	2,093,837.01	1,146,337.05	1,185,136.61	1,489,541.95	805,830.84	811,034.08

	HPP Mascarenhas			EDP PCH	HPP Luís Eduardo Magalhães		
	2014	2015	2016	2016	2014	2015	2016
Direct emissions – Scope 1	157.63	139.98	112.82	7.88	128.26	124.20	120.48
Indirect emissions – Scope 2	352.30	623.46	131.34	80.00	23.69	24.60	15.87
Other indirect emissions – Scope 3	329.97	193.38	152.75	17.87	72.52	76.50	57.63

	HPP Peixe Angical			HPP Santo Antônio do Jari			HPP Cachoeira Caldeirão		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
Direct emissions – Scope 1	777.18	72.31	76.70	493.27	5.05	28.33	45.57	273.28	12.89
Indirect emissions – Scope 2	14.47	12.83	8.68	2,459.47	40.94	2.11	4.25	16.07	13.41
Other indirect emissions – Scope 3	26.29	54.64	23.23	149.13	114.10	38.53	114.76	305.71	80.39

	HPP São Manoel			TPP Pecém		
	2014	2015	2016	2014	2015	2016
Direct emissions – Scope 1	9.51	36.20	68.01	1,829,080.77	4,523,056.00	5,212,084.59
Indirect emissions – Scope 2	981.78	2.02	1.71	796.39	1,516.00	1,021.18
Other indirect emissions – Scope 3	33.15	216.35	98.45	190.29	129.21	452.56

NOx and SOx emissions and other significant atmospheric emissions (Ton)¹ [GRI G4-EN21]

	TPP Pecém	
	2015	2016
NOx	5,078.32	5,185.13
SOx	8,493.78	9,917.75
Particulate Matter (PM)	777.15	517.04

¹ In 2016, the company detected some malfunctions in emission measurement equipment. The data generated during these days were ignored in the total calculation of emissions for this pollutant. This premise was adopted in compliance with the measurement parameters of resolutions: CONAMA no. 08, of December 6, 1990 and CONAMA no. 382, of December 26, 2006.

Aspects: Effluents and Waste

Total weight of waste by disposal method [GRI G4-EN23]

	EDP Brasil		2014		2015		2016	
			Hazardous	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous
Recycling			2,298.95	1,7449.23	542.00	11,485.69	675.01	150,843.41
Co-processing			3.73	0.00	44.55	1,716.34	84.32	2.96
Decontamination			38.10	0.00	5.42	4,581.39	72.89	0.0
Refinement			93.83	0.00	73.41	0.00	55.44	0.00
Landfill			32,406.66	27,861.97	12.12	163,162.11	161.17	143,245.59
Neutralisation			0.80	0.00	0.35	0.00	0.00	0.00
Incineration			65.67	0.00	0.25	0.00	24.00	0.00
Donation			0.00	690.00	0.00	0.00	0.00	0.00
Total			34,907.74	46,002.20	678.11	180,945.54	1073.28	294,091.96

	EDP São Paulo		2014		2015		2016	
			Hazardous	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous
Recycling			482.30	5,250.189	293.73	5,019.94	395.17	6,519.46
Co-processing			0	0	0	0	4.18	0.43
Decontamination			-	-	5.104	0	38.56	0
Refinement			0	0	0	0	6.91	0
Landfill			0	0	0	0	120.46	96.82
Incineration			0	0	0.02	0	0.04	0
Total			482.30	5,250.19	298.85	5,019.95	565.33	6,616.71

	EDP Espírito Santo		2014		2015		2016	
			Hazardous	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous
Recycling			373.63	6,238.537	240.48	6,039.47	251.87	7,316.23
Decontamination			0	0	0	0	34.05	0
Refinement			0	0	27.01	0	0.03	0
Landfill			0	0	9.48	42.87	39.00	148.49
Total			3,74.13	6,238.54	276.98	6,082.34	324.95	7,464.72

Total weight of waste by disposal method (Ton) [GRI G4-EN23]

HPP Mascarenhas	2014		2015		2016	
	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous
Recycling	33.00	17.34	0.00	62.36	0.19	14.09
Co-processing	0	0	0	0	0	2.53
Decontamination	3.40	0	0.22	8	0.14	0
Refinement	13.80		1.93	0	1.15	0
Landfill	13.87	115.9	2.57	97.35	0.75	0
Total	64.07	133.24	4.73	167.72	2.23	16.62

EDP PCH	2016	
	Hazardous	Non-Hazardous
Recycling	0.28	0
Co-processing	0	0
Decontamination	0.01	0
Refinement	0.54	0
Landfill	0.36	0
Neutralisation	0	0
Incineration	0	0
Donation	0	0
Total	1.20	0.00

HPP Luís Eduardo Magalhães	2014		2015		2016	
	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous
Recycling	0	1.71	0	0.38	3.51	0
Co-processing	3.22		1.91	0	2.24	0
Decontamination	0	0	0	0	0.01	0
Refinement	0	0	0	0	0.00	0
Landfill	0	0	0.07	0.19	0.00	0
Neutralisation	0.80	0	0.35	0	0.00	0
Incineration	0	0	0	0	0.00	0
Donation	0	0	0	0	0.00	0
Total	4.03	1.71	2.33	0.56	5.76	0.00

HPP Peixe Angical	2015		2016	
	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous
Recycling	5.34	4.63	17.12	2.67
Co-processing	0	0	3.94	0.00
Decontamination	0	0	0.00	0.00
Refinement	1.61	0	2.65	0.00
Landfill	0	0	0.00	0.00
Neutralisation	0	0	0.00	0.00
Incineration	0	0	0.00	0.00
Donation	0	0	0.00	0.00
Total	6.95	4.63	23.72	2.67

HPP Santo Antônio do Jari	2015		2016	
	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous
Recycling	0.00	0.2	7.15	1.5
Co-processing	0	0	0.00	0
Decontamination	0	0	0.01	0
Refinement	0	0	0.00	0
Landfill	0	154.2	0.00	15.45
Neutralisation	0	0	0.00	0
Incineration	0	0	0.00	0
Donation	0	0	0.00	0
Total	0.00	154.40	7.16	16.95

HPP Cachoeira Caldeirão	2015		2016	
	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous
Recycling	0.82	236.52	0	0.01
Co-processing	16.26	0	0	0
Decontamination	0	0	0	0
Refinement	22.38	0	0	0
Landfill	0	453.9	0	0.01
Neutralisation	0	0	0	0
Incineration	0.09	0	0	0
Donation	0	0	0	0
Total	39.55	690.42	0	0.02

Total weight of waste by disposal method (Ton) [GRI G4-EN23]

HPP São Manoel	2015		2016	
	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous
Recycling	0	20.92	0	136,789.91
Co-processing	0	0	23.92	0
Decontamination	0	0	0	0
Refinement	0.00	0	23.36	0
Landfill	0	2.35	0.60	205.40
Neutralisation	0	0	0	0
Incineration	0.12	0	23.94	0
Donation	0	0	0	0
Total	0.12	23.27	71.82	136,995.31

TPP Pecém	2014		2015		2016	
	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous
Recycling		735.87	1.63	101.26	0.00	199.56
Co-processing			26.38	1,716.34	50.04	0.00
Decontamination			0.1	4,573.39	0.12	0.00
Refinement	21.29		20.47	0.00	20.22	0.00
Landfill			0	162,411.26	0.00	142,779.43
Neutralisation			0	0.00	0.00	0.00
Incineration	65.67		0.02	0.00	0.01	0.00
Donation			0	0.00	0.00	0.00
Total	89.96	735.87	48.60	168,802.25	70.39	142,978.98

Aspect: Compliance

Environmental fines and sanctions [GRI G4-EN29]

Unit	2014		2015		2016		
	Administrative	Legal	Administrative	Legal	Administrative	Legal	
Environmental processes filed during the year	Qty.	7	4	8	11	17	9
Processes in portfolio by the end of the year	Qty.	4	10	14	1	6	2
Total amount of environmental fines	R\$ thousands	15,070.8	0	0	0	0	0

Environmental investments and expenditures (R\$)¹ [GRI G4-EN31]

¹ The environmental investments categories were reclassified in 2016, therefore, the histories may not serve as basis for comparison.

	EDP Brasil		
	2014	2015	2016
Emissions treatment	392,817.00	0.00	19,209,675.70
Waste treatment	979,584.25	8,730,887.23	2,905,955.55
Remediation expenses	1,768,425.00	1,384,277.72	3,474,352.94
Expenses with eco-efficiency	ND	ND	34,906.00
Biodiversity protection	25,915,512.18	34,078,140.47	20,737,027.42
Environmental management expenses	94,733,322.52	74,753,437.91	43,127,431.63
Others	ND	ND	67,003.98
Total	123,789,660.95	118,946,743.33	89,556,353.22

	EDP São Paulo		
	2014	2015	2016
Emissions treatment	392,817.00	0.00	0.00
Waste treatment	99,847.00	100,744.00	139,032.95
Remediation expenses	0.00	0.00	920.00
Expenses with eco-efficiency	ND	ND	13,746.00
Biodiversity protection	3,925,636.00	3,387,255.00	7,796,148.59
Environmental management expenses	144,958.00	49,620.82	401,375.41
Others	ND	ND	145.00
Total	4,563,258.00	3,537,589.82	8,351,367.95

	EDP Espírito Santo		
	2014	2015	2016
Emissions treatment	ND	0.00	37.50
Waste treatment	ND	0.00	77,849.88
Remediation expenses	ND	0.00	20,245.05
Expenses with eco-efficiency	ND	ND	21,160.00
Biodiversity protection	6,828,288.00	3,774,613.46	6,853,996.60
Environmental management expenses	166,704.00	296,717.59	321,216.31
Others	ND	ND	980.00
Total	6,944,992.00	4,071,331.05	7,295,485.34

Environmental investments and expenditures (R\$)¹ [GRI G4-EN31]

	HPP Mascarenhas			EDP PCH
	2014	2015	2016	2016
Waste treatment	37,252.25	507,883.51	0.00	0.00
Remediation expenses	ND	0.00	504,552.37	148,453.26
Biodiversity protection	ND	370,661.90	208,101.69	0.00
Environmental management expenses	2,170,698.65	156,817.08	25,168.96	21,058.06
Total	2,207,950.90	1,035,362.49	737,823.02	169,511.32

	HPP Luiz Eduardo Magalhães		
	2014	2015	2016
Waste treatment	0.00	2,141,692.12	0.00
Remediation expenses	636,766.00	862,264.75	1,544,832.42
Biodiversity protection	1,014,893.00	0.00	3,607,694.04
Environmental management expenses	3,221,703.00	3,065,806.50	1,792,136.29
Total	4,873,362.00	6,069,763.37	6,944,662.75

	HPP Peixe Angical		
	2014	2015	2016
Emissions treatment	0.00	0.00	9,992.40
Waste treatment	9,000.00	533,970.00	26,827.34
Remediation expenses	ND	0.00	396,217.08
Biodiversity protection	20,000.00	228,247.00	1,070,288.68
Environmental management expenses	27,000.00	121,643.00	686,706.84
Others	ND	ND	65,878.98
Total	56,000.00	883,860.00	2,255,911.32

	HPP Santo Antônio do Jari		
	2014	2015	2016
Emissions treatment	0.00	0.00	0.00
Waste treatment	0.00	1,634,380.55	0.00
Remediation expenses	0.00	0.00	414,835.20
Biodiversity protection	9,431,334.00	1,590,221.05	857,107.35
Environmental management expenses	11,981,397.00	2,709,113.56	333,546.75
Total	21,412,731.00	5,933,715.16	1,605,489.30

	HPP Cachoeira Caldeirão		
	2014	2015	2016
Emissions treatment	0.00	0.00	0.00
Waste treatment	0.00	877,483.23	0.00
Remediation expenses	1,131,659.00	0.00	249,848.68
Biodiversity protection	2,205,958.00	17,584,255.75	308,434.06
Environmental management expenses	57,841,139.00	40,566,148.78	8,285,165.97
Total	61,178,756.00	59,027,887.76	8,843,448.70

	HPP São Manoel		
	2014	2015	2016
Emissions treatment	0.00	0.00	0.00
Waste treatment	0.00	2,361,509.53	0.00
Biodiversity protection	1,357,973.00	7,135,594.31	0.00
Environmental management expenses	17,983,519.00	27,767,545.96	27,750,401.19
Total	19,341,492.00	37,264,649.80	27,750,401.19

	TPP Pecém		
	2014	2015	2016
Emissions treatment	0	0.00	19,182,504.06
Waste treatment	833,485.00	9,922.00	2,649,818.58
Biodiversity protection	1,131,430.18	7,322.00	0.00
Environmental management expenses	0	2,151.00	3,481,018.78
Total	1,964,915.18	19,395.00	25,313,341.42

Aspect: Mechanisms of claims and complaints related to environmental impacts

Complaints related to environmental impacts [GRI G4-EN34]

	EDP Brasil	EDP Brasil		
		2014	2015	2016
Number of environmental complaints filed	Qty.	81.00	71.00	75.00
Number of environmental complaints addressed	Qty.	0.00	4.00	34.00
Number of environmental complaints resolved	Qty.	0.00	4.00	29.00

Category: Social

Subcategory: Labour practices and decent work

Aspect: Employment

Turnover in 2016 [GRI G4-LA1]

EDP Brasil			EDP Brasil						
Age group	Under 30 years old			From 30 to 50 years old			Over 50 years old		
	Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
Hired	96	41	137	117	38	155	23	4	27
Fired	59	15	74	151	43	194	103	27	130
Turnover	15.26	16.31	15.53	8.25	9.61	8.53	15.94	17.88	16.29

Return to work after parental leave¹ [GRI G4-LA3]

EDP Brasil	EDP Brasil		
	2014	2015	2016
	Women		
Number of employees who were entitled to the leave	21	31	40
Number of employees who took the leave	21	31	40
Number of employees who returned to work after the leave	18	35	35
Number of employees who were still in the company 12 months after returning to work	2	12	35
Return rate of employees who returned to work after the leave ended	100.00%	100.00%	100.00%
Retention rate of employees who returned to work and stayed 12 months after the leave ended	11.11%	75.00%	87.50%

¹ Paternity leave return rate is not reported since the indicator is not material. In Brazil, paternity leave is only five days, therefore is not common to quit work after children are born.

Aspect: Occupational health and safety

Occupational health and safety for company's employees [GRI G4-LA6]

Unit	EDP Brasil			EDP São Paulo		EDP Espírito Santo		
	2014	2015	2016	2015	2016	2015	2016	
Number of accidents resulting in leave of absence	Qty.	8	11	4	1	1	5	0
Number of accidents without leave of absence	Qty.	22	20	16	7	6	8	3
Number of fatalities	Qty.	0	1	0	1	0	0	0
Injury rate (frequency rate)	Rate	1.18	1.71	0.59	0.78	0.39	2.38	0.00
Severity rate	Rate	79.58	961.37	26.80	2,330.98	12.91	232.81	0.00
Occupational disease rate	Rate	0.00	ND	0.00	ND	0.00	ND	0.00
Lost days rate	Rate	61.83	106.19	26.80	1.16	12.91	232.81	0
Absenteeism rate	Rate	0.00	ND	2.04	ND	1.39	ND	1.23

Unit	HPP Mascarenhas		EDP PCH	HPP Luís Eduardo Magalhães		HPP Peixe Angical	
	2015	2016	2016	2015	2016	2015	2016
Number of accidents resulting in leave of absence	Qty.	0	0	0	0	0	0
Number of accidents without leave of absence	Qty.	0	0	0	0	0	0
Number of fatalities	Qty.	0	0	0	0	0	0
Injury rate (frequency rate)	Rate	0	0	0	0	0	0
Severity rate	Rate	0	0	0	0	0	0
Occupational disease rate	Rate	ND	0	0	ND	0	ND
Lost days rate	Rate	0	0	0	0	0	0
Absenteeism rate	Rate	ND	1.39	2.03	ND	2.86	ND

Unit	HPP Santo Antônio do Jari		HPP Cachoeira Caldeirão		HPP São Manoel		
	2015	2016	2015	2016	2015	2016	
Number of accidents resulting in leave of absence	Qty.	0	0	0	0	1	1
Number of accidents without leave of absence	Qty.	0	0	0	0	0	0
Number of fatalities	Qty.	0	0	0	0	0	0
Injury rate (frequency rate)	Rate	0	0	0	0	15	8.52
Severity rate	Rate	0	0	0	0	203.97	8.52
Occupational disease rate	Rate	ND	0	ND	0	ND	0
Lost days rate	Rate	0	0	0	0	203.97	8.52
Absenteeism rate	Rate	ND	0.83	ND	3.26	ND	3.19

Unit	TPP Pecém		
	2015 ¹	2016	
Number of accidents resulting in leave of absence	Qty.	4	1
Number of accidents without leave of absence	Qty.	5	4
Number of fatalities	Qty.	0	0
Injury rate (frequency rate)	Rate	3.89	2.42
Severity rate	Rate	231.16	29.00
Occupational disease rate	Rate	ND	0
Lost days rate	Rate	231.16	28.67
Absenteeism rate	Rate	ND	3.60

¹ In the end of 2015 the accidents data of the companies EDP PPTM and EDP PO&M were consolidated along with TPP Pecém. In 2016, the data was separated and the companies EDP PPTM and EDP PO&M are now reported in the EDP Brasil consolidated.

Occupational health and safety for third parties [GRI G4-LA6]

	Unit	EDP Brasil			EDP São Paulo		EDP Espírito Santo	
		2014	2015	2016	2015	2016	2015	2016
Number of accidents resulting in leave of absence	Qty.	37	58	59	2	2	9	8
Number of accidents without leave of absence	Qty.	85	178	120	12	29	8	7
Number of fatalities	Qty.	5	6	0	0	0	2	0
Injury rate (frequency rate)	Rate	1.99	2.64	2.30	0.44	0.42	1.92	1.36
Severity rate	Rate	1,596.34	1,602.00	99.25	25.81	15.63	2,184.00	35.97
Occupational disease rate	Rate	0	ND	0	ND	0	ND	0
Lost days rate	Rate	31.72	115.00	99.25	25.81	15.63	86.99	35.97

	Unit	HPP Mascarenhas		EDP PCH	HPP Luís Eduardo Magalhães		HPP Peixe Angical	
		2015	2016	2016	2015	2016	2015	2016
Number of accidents resulting in leave of absence	Qty.	2	0	0	0	0	0	1
Number of accidents without leave of absence	Qty.	1	0	0	0	0	0	0
Number of fatalities	Qty.	0	0	0	0	0	0	0
Injury rate (frequency rate)	Rate	10.82	0	0	0	0	0	11.56
Severity rate	Rate	16.22	0	0	0	0	0	57.82
Occupational disease rate	Rate	ND	0	0	ND	0	ND	0
Lost days rate	Rate	16.22	0	0	0	0	0	57.82

	Unit	HPP Santo Antônio do Jari		HPP Cachoeira Caldeirão		HPP São Manoel	
		2015	2016	2015	2016	2015	2016
Number of accidents resulting in leave of absence	Qty.	0	0	4	0	37	45
Number of accidents without leave of absence	Qty.	0	1	29	1	130	75
Number of fatalities	Qty.	1	0	2	0	1	0
Injury rate (frequency rate)	Rate	2.80	0	1.16	0	5.70	3.89
Severity rate	Rate	16,812.52	0	2,368.00	330.46	1,162.00	158.27
Occupational disease rate	Rate	ND	0	ND	0	ND	0
Lost days rate	Rate	0	0	50.59	330.46	261.91	158.27

	Unit	TPP Pecém	
		2015	2016
Number of accidents resulting in leave of absence	Qty.	4	2
Number of accidents without leave of absence	Qty.	7	6
Number of fatalities	Qty.	0	0
Injury rate (frequency rate)	Rate	3.21	1.35
Severity rate	Rate	136.50	46.00
Occupational disease rate	Rate	ND	0
Lost days rate	Rate	137.11	46.00

Occupational health and safety for company and third parties' employees [GRI G4-LA6]

	Unit	EDP Brasil			EDP São Paulo		EDP Espírito Santo	
		2014	2015	2016	2015	2016	2015	2016
Number of accidents resulting in leave of absence	Qty.	45	69	63	3	3	14	8
Number of accidents without leave of absence	Qty.	107	198	136	19	35	16	10
Number of fatalities	Qty.	5	7	0	1	0	2	0
Injury rate (frequency rate)	Rate	2	2	1.94	1	0.41	2	1.01
Severity rate	Rate	1,228.18	1,458.33	84.16	860.87	14.68	1,658.79	26.59
Occupational disease rate	Rate	ND	ND	0	ND	0	ND	0
Lost days rate	Rate	39.03	113.39	84.16	16.88	14.68	126	26.59

	Unit	HPP Mascarenhas		EDP PCH	HPP Luís Eduardo Magalhães		HPP Peixe Angical	
		2015	2016	2016	2015	2016	2015	2016
Number of accidents resulting in leave of absence	Qty.	2	0	0	0	0	0	1
Number of accidents without leave of absence	Qty.	1	0	0	0	0	0	0
Number of fatalities	Qty.	0	0	0	0	0	0	0
Injury rate (frequency rate)	Rate	5.40	0	0	0	0	0	5.27
Severity rate	Rate	8.09	0	0	0	0	0	26.36
Occupational disease rate	Rate	ND	0	0	ND	0	ND	0
Lost days rate	Rate	8.09	0	0	0	0	0	26.36

	Unit	HPP Santo Antônio do Jari		HPP Cachoeira Caldeirão		HPP São Manoel	
		2015	2016	2015	2016	2015	2016
Number of accidents resulting in leave of absence	Qty.	0	0	4	0	38	46
Number of accidents without leave of absence	Qty.	0	1	20	1	130	75
Number of fatalities	Qty.	1	0	2	0	1	0
Injury rate (frequency rate)	Rate	2.31	0	1	0	6	3.94
Severity rate	Rate	13,834.54	0	2,294.70	301.43	1,152.73	156.76
Occupational disease rate	Rate	ND	0	ND	0	ND	0
Lost days rate	Rate	0	0	49.03	301.43	261.33	156.76

	Unit	TPP Pecém	
		2015	2016
Number of accidents resulting in leave of absence	Qty.	8	3
Number of accidents without leave of absence	Qty.	12	10
Number of fatalities	Qty.	0	0
Injury rate (frequency rate)	Rate	3.51	1.52
Severity rate	Rate	179.64	42.00
Occupational disease rate	Rate	ND	0
Lost days rate	Rate	179.64	41.61

Aspect: Training and education

Training hours average (hours) [GRI G4-LA9]

EDP Brasil									
Position	2014 ¹			2015 ¹			2016		
	Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
Executive	12.00	0.00	12.00	16.00	0.00	16.00	0.33	0.00	0.33
Directors	19.23	16.75	35.99	19.96	19.00	19.88	23.48	46.50	25.19
Managers	26.05	28.88	54.93	31.39	38.81	32.79	60.82	18.47	53.55
Specialists	20.11	19.17	39.28	40.96	27.41	35.94	24.73	16.94	21.71
Administrative	15.21	13.59	28.80	28.14	43.21	36.34	15.43	17.30	16.58
Operational	46.23	33.19	80.14	58.78	59.16	58.79	41.95	37.12	41.75
Interns	ND	ND	ND	ND	ND	ND	20.67	22.31	21.42
Trainees	ND	ND	ND	ND	ND	ND	0.33	0.22	0.27

¹ The Administrative category includes interns and apprentices.

Percentage of employees who had a performance review and career development [GRI G4-LA11]

EDP Brasil								
Position	Unit	2014		2015		2016		
		Men	Women	Men	Women	Men	Women	
Executives	%	40	0	60	0	67	0	
Directors	%	45	100	50	100	88	100	
Managers	%	96	96	75	69	98	100	
Specialists	%	96	93	85	86	95	92	
Administrative	%	87	90	53	88	86	93	
Operational	%	89	94	79	79	95	94	

Aspect: Diversity and equal opportunity

Composition of the staff [GRI G4-LA12]

EDP Brasil							
Position	Unit	2014		2015		2016	
		Men	Women	Men	Women	Men	Women
Executives	Qty.	5	0	5	0	6	0
Directors	Qty.	20	4	24	2	25	2
Managers	Qty.	113	25	138	32	164	34
Specialists	Qty.	550	337	597	352	577	365
Administrative	Qty.	107	238	173	231	138	220
Operational	Qty.	1,346	53	1,493	57	1,577	67
Interns	Qty.	82	76	80	58	79	67
Trainees	Qty.	35	31	19	36	27	37

Composition of the staff [GRI G4-LA12]

EDP Brasil							
Age-group	Unit	2014		2015		2016	
		Men	Women	Men	Women	Men	Women
Under 30 years old	Qty.	478	201	527	189	515	187
From 30 to 50 years old	Qty.	1,342	386	1,495	397	1,603	423
Over 50 years old	Qty.	321	70	408	88	369	78

EDP Brasil							
Ethnicity	Unit	2014		2015		2016	
		Men	Women	Men	Women	Men	Women
Caucasian	Qty.	1,688	533	1,623	519	1,696	531
Black	Qty.	383	100	114	10	115	12
Pardos (Mixed)	Qty.	ND	ND	637	128	616	127
Asian	Qty.	18	10	36	16	33	14
Indigenous	Qty.	8	1	6	1	9	1
Not Informed	Qty.	44	13	14	0	18	3

Composition of staff by minority groups [GRI G4-LA12]

EDP Brasil							
Minority group	Unit	2014		2015		2016	
		Men	Women	Men	Women	Men	Women
People with disabilities	Qty.	ND	ND	ND	ND	32	25

Diversity in management positions [GRI G4-LA12]

EDP Brasil							
Minority group	Unit	2014		2015		2016	
		Men	Women	Men	Women	Men	Women
Black	Qty.	ND	ND	4	0	5	0
People with disabilities	Qty.	ND	1	0	1	1	0
Foreigners	Qty.	10	3	7	1	7	2

Composition of the staff [GRI G4-LA12]

EDP Brasil							
Level of education	Unit	2014		2015		2016	
		Men	Women	Men	Women	Men	Women
Illiterate employees	Qty.	1	0	1	0	0	0
Primary education incomplete	Qty.	20	1	19	0	14	0
Primary education complete	Qty.	93	8	89	3	75	5
Secondary education incomplete	Qty.	114	18	47	3	45	2
Secondary education complete	Qty.	1,231	237	1,359	187	1,466	192
Higher education	Qty.	626	365	655	342	619	347
Graduation (specialisation, master's degree, doctorate)	Qty.	56	28	260	139	268	142

Aspect: Equal compensation for women and men

Compensation profile (average salary – R\$)¹ [GRI G4-LA13]

Position	EDP Brasil			EDP São Paulo			EDP Espírito Santo		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
Executives	28,196.89	36,379.25	31,958.33	18,000.00			18,000.00		
Directors	24,209.33	27,853.95	29,949.18	29,201.76	30,423.34	30,423.34	31,882.80	40,815.60	50,059.20
Managers	15,124.91	14,784.80	15,000.54	13,263.12	13,346.31	12,130.17	11,014.81	11,106.88	10,067.16
Specialists	6,866.62	7,217.90	7,680.13	6,310.50	6,536.18	7,030.88	5,928.11	6,180.85	6,599.24
Administrative	3,125.90	3,159.1	3,390.30	2,667.37	2,758.9	2,824.22	2,347.95	2,495.1	2,598.78
Operational	3,066.16	3,261.12	3,330.45	2,482.20	2,608.14	2,831.60	2,632.09	2,746.4	2,768.12

¹ For Directors with multiple contracts in EDP Group companies, only one of the contracts were considered (the most representative one).

Position	HPP Mascarenhas		EDP PCH	HPP Luís Eduardo Magalhães	HPP Peixe Angical	HPP Santo Antônio do Jari	HPP Cachoeira Caldeirão
	2014	2015					
Executives	32,887.50	-	-	-	25,000.00	-	-
Directors	18,386.45	21,074.33	12,277.40	-	12,681.00	22,000.00	-
Managers	13,908.13	15,220.45	16,665.24	20,563.75	14,725.65	16,504.00	10,000.00
Specialists	7,754.00	7,866.04	9,016.75	8,885.66	7,001.22	6,209.19	8,990.81
Administrative	4,147.55	4,572.98	5,758.68	3,441.70	2,394.28	2,711.33	2,400.09
Operational	3,011.83	3,326.03	3,298.24	3,080.60	4,306.03	3,601.89	3,826.74

Position	Unit	EDP Brasil			EDP São Paulo			EDP Espírito Santo		
		2014	2015	2016	2014	2015	2016	2014	2015	2016
Directors	%	60.27	116.47	98.91	NA	NA	NA	NA	NA	NA
Managers	%	80.77	86.10	95.74	103.49	102.66	100.64	69.58	68.60	75.54
Specialists	%	77.70	75.89	76.36	80.63	80.79	79.22	78.01	74.95	74.07
Administrative	%	94.30	118.19	119.62	94.59	87.56	91.78	100.93	101.76	104.84
Operational	%	83.90	93.35	98.59	104.11	102.44	107.51	106.75	106.55	98.71

Ratio of basic salary of women to men (W/M) [GRI G4-LA13]

Position	Unit	HPP Mascarenhas			EDP PCH	HPP Luís Eduardo Magalhães			HPP Peixe Angical		
		2014	2015	2016		2016	2014	2015	2016	2014	2015
Directors	%	37.80	NA	NA	NA	NA	NA	NA	NA	NA	NA
Managers	%	NA	103.01	NA	72.30	NA	NA	NA	NA	NA	NA
Specialists	%	82.81	76.80	81.42	78.13	87.21	84.69	70.20	86.89	62.65	69.43
Administrative	%	191.44	174.07	NA	92.10	NA	NA	NA	60.84	98.22	109.87
Operational	%	124.44	NA	NA	NA	NA	NA	NA	NA	NA	NA

Position	Unit	HPP Santo Antônio do Jari			HPP Cachoeira Caldeirão			HPP São Manoel			TPP Pecém	
		2014	2015	2016	2014	2015	2016	2014	2015	2016	2015	2016
Executives	%	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Directors	%	NA	NA	NA	NA	NA	NA	NA	NA	NA	84.51	87.89
Managers	%	NA	NA	NA	NA	NA	NA	62.35	62.35	107.31	106.28	108.79
Specialists	%	52.44	NA	NA	62.42	60.64	48.60	89.05	95.14	75.42	76.05	62.77
Administrative	%	39.89	39.89	NA	54.28	57.98	0	0	158.36	102.37	112.50	76.37
Operational	%	73.50	58.99	NA	68.92	83.27	0	0	119.07	78.64	105.01	119.16

Ratio between women to men compensation (W/M) [GRI G4-LA13]

Position	Unit	EDP Brasil			EDP São Paulo			EDP Espírito Santo			HPP Mascarenhas		
		2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
Directors	%	60.27	116.47	98.87	NA	NA	NA	NA	NA	NA	37.80	NA	NA
Managers	%	79.83	84.70	90.65	104.14	103.38	97.41	70.33	69.34	73.03	NA	102.74	NA
Specialists	%	75.33	71.32	69.52	80.27	80.55	71.98	72.09	69.26	69.38	75.77	70.90	72.55
Administrative	%	90.94	114.52	116.37	93.54	86.25	90.20	95.32	95.73	99.35	179.11	169.44	NA
Operational	%	85.23	88.03	89.33	102.42	101.01	89.47	85.74	85.01	78.49	145.39	0	0.00

Position	Unit	EDP PCH	HPP Luís Eduardo Magalhães			HPP Peixe Angical			HPP Santo Antônio do Jari			
			2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
Managers	%	72.30	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Specialists	%	77.25	74.00	71.40	59.14	86.89	62.65	69.43	55.85	0.00	0.00	
Administrative	%	90.95	0.00	0.00	0.00	60.84	98.22	109.87	39.89	39.89	0.00	
Operational	%	0	0	0	0	0	0	0	69.79	61.06	0	

Position	Unit	HPP Cachoeira Caldeirão			HPP São Manoel			TPP Pecém		
		2014	2015	2016	2014	2015	2016	2014	2015	2016
Directors	%	-	-	-	-	-	-	ND	84.51	87.89
Managers	%	-	-	-	62.35	62.35	107.31	ND	103.29	97.52
Specialists	%	62.42	60.64	37.39	89.05	95.14	75.42	ND	64.53	52.25
Administrative	%	54.28	57.98	-	-	158.36	102.37	ND	95.71	67.20
Operational	%	68.92	80.71	-	-	119.07	78.64	ND	104.34	103.52

Aspect: Mechanisms of claims and complaints related to labour practices

Claims and complaints related to labour practices [GRI G4-LA16]

	Unit	EDP Brasil			EDP São Paulo			EDP Espírito Santo		
		2014	2015	2016	2014	2015	2016	2014	2015	2016
Filed	Qty.	415.00	497.00	486.00	221.00	205.00	187.00	152.00	184.00	152.00
Addressed	Qty.	1,616.00	1,562.00	1,670.00	659.00	573.00	559.00	878.00	823.00	847.00
Resolved	Qty.	532.00	592.00	442.00	235.00	291.00	193.00	240.00	239.00	142.00
Amount provisioned in the period	Thousands of Reais	25,661.07	27,485.30	77,422.60	12,289.45	9,703.51	21,749.75	11,962.88	16,632.31	51,499.49

	Unit	HPP Mascarenhas			EDP PCH	HPP Luís Eduardo Magalhães		HPP Peixe Angical
		2014	2015	2016		2014	2015	
Filed	Qty.	34.00	16.00	11.00	0.00	3.00	0.00	
Addressed	Qty.	71.00	77.00	70.00	0.00	9.00	2.00	
Resolved	Qty.	49.00	10.00	21.00	0.00	3.00	0.00	
Amount provisioned in the period	Thousands of Reais	1,400.75	828.28	3,146.86	0.00	109.79	0.00	

	Unit	HPP Santo Antônio do Jari		HPP Cachoeira Caldeirão		HPP São Manoel		TPP Pecém	
		2016	2016	2016	2016	2016	2016		
Filed	Qty.	51.00	30.00	0.00	31.00				
Addressed	Qty.	88.00	34.00	1.00	39.00				
Resolved	Qty.	34.00	8.00	0.00	18.00				
Amount provisioned in the period	Thousands of Reais	327.12	3.54	0.00	198.64				

Subcategory: Society

Aspect: Anti-Corruption

Number of associates trained on anti-corruption policies and procedures [GRI G4-SO4]

EDP Brasil				
Position	Unit	2014	2015	2016
Executives	Qty.	1	-	8
Directors	Qty.	16	3	20
Managers	Qty.	56	21	117
Specialists	Qty.	41	25	107
Administrative	Qty.	943	51	1,140
Operational	Qty.	-	294	562
Total	Qty.	1,057	394	1,954

Aspect: Compliance

Fines and non-monetary sanctions for non-compliance with laws and regulations [GRI G4-SO8]

EDP Brasil				
	Unit	2014	2015	2016
Monetary value of significant fines	R\$	1,682	ND	ND
Total number of non-monetary sanctions	R\$	53	9	8
Cases brought through dispute resolution mechanisms	R\$	0	0	0

Subcategory: Human rights

Aspect: Investments

Agreements and investments contracts with human rights provision [GRI G4-HR1]

EDP Brasil				
	Unit	2014	2015	2016
Total number of significant agreements and investment contracts	Qty.	3,318	2498	2,715
Percentage of significant agreements and investment contracts that include human rights provision or that were submitted to review on human rights	%	100%	100%	100%

Training on human rights aspects [GRI G4-HR2]

EDP Brasil				
	Unit	2014	2015	2016
Total hours of training to associates on policies and/or procedures related to Human Rights	Hours	32.0	50.0	131.0
Percentage of employees that received training on policies and procedures related to Human Rights	%	33.7%	11.4%	57.0%

Aspect: Non-discrimination

Percentage of employees who received training on anti-corruption aspects [GRI G4-HR3]

EDP Brasil				
	Unit	2014	2015	2016
Executives	%	3.7	0.0	0.4
Directors	%	57.1	0.8	1
Managers	%	41.5	5.3	6
Specialists	%	39.8	6.3	5.5
Administrative	%	33.2	12.9	58.4
Operational	%	0.0	74.6	28.7

Aspect: Suppliers' assessment on human rights

Suppliers' assessment on environmental, labour, human rights, social aspects [GRI G4-HR11, G4-LA15, G4-SO10, G4-HR-10]

EDP Brasil				
	Unit	2014	2015	2016
Percentage of agreements with suppliers that have environmental, labour, human rights, social provisions	%	100.0%	100.0%	100.0%
Percentage of suppliers that were chosen by environmental, labour, human rights and social criteria	%	0.00%	0.00%	0.00%
Number of suppliers subjected to environmental, labour, human rights and social impacts assessment	Unit	11	12	52.0
Number of suppliers that have a possible negative impact on environmental, labour, human rights and social aspects	Unit	ND	14	52.0
Percentage of suppliers identified as having a potential negative impact on environmental, labour, human rights and social aspects that were subjected to audits	%	ND	85.7%	26.9%
Percentage of suppliers identified as having a potential negative impact on environmental, labour, human rights and social aspects to which improvements were agreed between the parties as a result of the audit	%	73.3%	85.7%	26.9%
Percentage of suppliers identified as having a potential negative impact on environmental, labour, human rights and social aspects and that relations were ended as a result of the audit	%	0.0%	0.0%	0.0%

Suppliers' assessment on environmental, labour, human rights, social aspects [GRI G4-HR11, G4-LA15, G4-SO10, G4-HR-10]

EDP São Paulo				
	Unit	2014	2015	2016
Percentage of agreements with suppliers that have environmental, labour, human rights, social provisions	%	100%	100%	100%
Percentage of suppliers that were chosen by environmental, labour, human rights and social criteria	%	0%	0%	0%
Number of suppliers subjected to environmental, labour, human rights and social impacts assessment	Unit	5	6	8
Number of suppliers that have a possible negative impact on environmental, labour, human rights and social aspects	Unit	ND	6	8
Percentage of suppliers identified as having a potential negative impact on environmental, labour, human rights and social aspects that were subjected to audits	%	ND	100%	88%
Percentage of suppliers identified as having a potential negative impact on environmental, labour, human rights and social aspects to which improvements were agreed between the parties as a result of the audit	%	71%	100%	88%
Percentage of suppliers identified as having a potential negative impact on environmental, labour, human rights and social aspects and that relations were ended as a result of the audit	%	0%	0%	0%

EDP Espírito Santo				
	Unit	2014	2015	2016
Percentage of agreements with suppliers that have environmental, labour, human rights, social provisions	%	100%	100%	100%
Percentage of suppliers that were chosen by environmental, labour, human rights and social criteria	%	0%	0%	0%
Number of suppliers subjected to environmental, labour, human rights and social impacts assessment	Unit	7	8	8
Number of suppliers that have a possible negative impact on environmental, labour, human rights and social aspects	Unit	ND	8	8
Percentage of suppliers identified as having a potential negative impact on environmental, labour, human rights and social aspects that were subjected to audits	%	ND	100%	88%
Percentage of suppliers identified as having a potential negative impact on environmental, labour, human rights and social aspects to which improvements were agreed between the parties as a result of the audit	%	78%	100%	88%
Percentage of suppliers identified as having a potential negative impact on environmental, labour, human rights and social aspects and that relations were ended as a result of the audit	%	0%	0%	0%

Subcategory: Responsibility for the product

Aspect: Products and services labelling

Customer satisfaction survey results [GRI G4-PR5]

EDP São Paulo				
	Unit	2014	2015	2016
ANEEL Consumer Satisfaction Index (IASC)	%	68.59	52.75	60.43
Perceived Quality Satisfaction Index (ISQP) – ABRADÉE	%	83.00	78.50	76.30
Customer Approval Index (IAC) – ABRADÉE	%	85.80	78.90	73.90
General Satisfaction Index (ISG) – ABRADÉE	%	85.00	69.70	60.10
Index of Customer Satisfaction with Service Performance (ISES)	%	NA	NA	NA
Large Customers Satisfaction Survey	%	NA	73.50	77.30

EDP Espírito Santo				
	Unit	2014	2015	2016
ANEEL Consumer Satisfaction Index (IASC)	%	71.61	58.81	69.10
Perceived Quality Satisfaction Index (ISQP) – ABRADÉE	%	81.80	82.00	80.80
Customer Approval Index (IAC) – ABRADÉE	%	82.80	83.00	78.08
General Satisfaction Index (ISG) – ABRADÉE	%	87.50	73.70	63.80
Index of Customer Satisfaction with Service Performance (ISES)	%	NA	NA	NA
Large Customers Satisfaction Survey	%	NA	74.20	78.60

Aspect: Marketing Communications

Compensations paid for non-compliance with laws and regulations [GRI G4-PR9]

EDP São Paulo				
	Unit	2014	2015	2016
DIC	Thousands of Reais	877.03	1,497.47	3,253.47
FIC	Thousands of Reais	384.11	387.56	835.89
DMIC	Thousands of Reais	956.22	2,518.84	3,113.15
DICRI	Thousands of Reais	99.70	0.00	0.00
Other compensations paid	Thousands of Reais	ND	4,089.76	36.93
Total	Thousands of Reais	2,317.06	8,493.62	7,239.44

EDP Espírito Santo				
	Unit	2014	2015	2016
DIC	Thousands of Reais	1,464.90	1,661.92	2,178.14
FIC	Thousands of Reais	322.08	281.38	262.36
DMIC	Thousands of Reais	1,246.06	1,818.10	2,230.54
DICRI	Thousands of Reais	85.16	0.00	0.00
Other compensations paid	Thousands of Reais	ND	5,348.02	47.37
Total	Thousands of Reais	3,118.20	9,109.42	4,718.41

Sector Dimension

Installed capacity [GRI EU1]

EDP Brasil				
	Unit	2014	2015	2016
Hydro	MW	1,983.58	1,983.58	2,041.98
HPP Peixe Angical (TO)	MW	498.75	498.75	498.75
HPP Luís Eduardo Magalhães (TO)	MW	902.50	902.50	902.50
HPP Mascarenhas (ES)	MW	198.00	198.00	198.00
HPP Suíça (ES)	MW	33.90	33.90	33.90
HPP Santo Antônio do Jari (AP)	MW	186.70	186.70	186.70
HPP Cachoeira Caldeirão (AP)	MW	0.00	0.00	109.50
SHP Alegre (ES)	MW	2.06	2.06	2.06
SHP Fruteiras (ES)	MW	8.74	8.74	8.74
SHP Jucu (ES)	MW	4.84	4.84	4.84
SHP Francisco Gros (former Santa Fé) (ES)	MW	29.00	29.00	29.00
SHP São João (ES)	MW	25.00	25.00	25.00
SHP Viçosa (ES)	MW	4.50	4.50	4.50
SHP Rio Bonito (ES)	MW	22.50	22.50	22.50
HPP Mimoso (MS) ²	MW	29.50	29.50	NA
SHP Costa Rica (MS)	MW	16.00	16.00	16.00
SHP Paraíso (MS) ²	MW	21.60	21.60	NA
Thermal	MW	360.13	720.27	720.27
TPP Pecém (CE)	MW	360.13	720.27	720.27
Wind¹	MW	37.71	NA	NA
Água Doce (SC)	MW	4.05	NA	NA
Horizonte (SC)	MW	2.16	NA	NA
Elebrás Cidreira (RS)	MW	31.50	NA	NA
Total	MW	2,381.42	2,703.86	2,762.26

¹ In 2014, EDP Brasil had equity participation in EDP Renováveis.

² In January 2016, the sale of Pantanal Energética was completed. Thus, EDP no longer considers SHP Paraíso and SHP Mimoso in its indicators.

Assured energy [GRI EU1]

		EDP Brasil		
	Unit	2014	2015	2016
Hydro	Average MW	1,167.9	1,167.8	1,199.1
HPP Peixe Angical (TO)	Average MW	280.5	280.5	280.5
HPP Luís Eduardo Magalhães (TO)	Average MW	526.6	526.6	526.6
HPP Mascarenhas (ES)	Average MW	138.5	138.5	138.5
HPP Suíça (ES)	Average MW	18.9	18.9	18.9
HPP Santo Antônio do Jari (AP)	Average MW	108.9	108.9	108.9
HPP Cachoeira Caldeirão (AP)	Average MW	0.0	0.0	64.9
SHP Alegre (ES)	Average MW	1.2	1.2	1.2
SHP Fruteiras (ES)	Average MW	4.9	4.9	5.6
SHP Jucu (ES)	Average MW	2.6	2.6	2.6
SHP Francisco Gros (former Santa Fé) (ES)	Average MW	16.4	15.6	15.6
SHP São João (ES)	Average MW	13.0	13.0	13.0
SHP Viçosa (ES)	Average MW	2.5	2.0	2.5
SHP Rio Bonito (ES)	Average MW	9.4	9.4	9.4
HPP Mimoso (MS) ²	Average MW	20.9	20.9	NA
SHP Costa Rica (MS)	Average MW	11.1	12.3	12.3
SHP Paraíso (MS) ²	Average MW	12.6	12.6	NA
Thermal	Average MW	315.5	645.3	645.3
TPP Pecém (CE)	Average MW	315.5	645.3	645.3
Wind¹	Average MW	12.4	-	NA
Água Doce (SC)	Average MW	1.1	-	NA
Horizonte (SC)	Average MW	0.5	-	NA
Elebrás Cidreira (RS)	Average MW	10.9	-	NA
Total	Average MW	1,495.8	1,813.1	1,844.4

¹ In 2014, EDP Brasil had equity participation in EDP Renováveis.

² In January 2016, the sale of Pantanal Energética was completed. Thus, EDP no longer considers SHP Paraíso and SHP Mimoso in its indicators.

Net energy output [GRI EU2]

		EDP Brasil		
	Unit	2014	2015	2016
Hydro	GWh	8,772.70	8,147.95	5,237.01
Thermal	GWh	1,950.86	4,004.62	4,432.29
Wind	GWh	235.93	NA	NA
Total	GWh	10,959.50	12,152.57	9,669.30

Number of customer (consuming units) [GRI EU3]

		EDP São Paulo		
		2014	2015	2016
Residential		1,573,472	1,625,456	1,646,098
Industrial		12,468	12,300	12,402
Commercial		117,712	120,558	123,741
Rural		8,014	8,002	7,962
Public Power		9,056	9,122	8,996
Public Lighting		2,923	3,070	3,289
Public Service		1,370	1,382	1,389
Conventional Supply		2	2	2
Supply		0	0	0
Energy in transit (USD)		173	174	379
Own consumption		172	162	167
Others		-	0	0
Total		1,725,362	1,780,228	1,804,425

		EDP Espírito Santo		
		2014	2015	2016
Residential		1,111,855	1,152,580	1,182,668
Industrial		11,973	11,856	11,470
Commercial		119,726	121,013	122,213
Rural		170,738	177,539	181,478
Public Power		10,125	11,344	11,228
Public Lighting		327	420	658
Public Service		1,119	1,398	1,440
Conventional Supply		-	0	0
Supply		1	1	1
Energy in transit (USD)		75	81	230
Own consumption		202	209	208
Others		-	0	0
Total		1,426,141	1,476,441	1,511,594

Number of customers (consuming units) [GRI EU3]

	Commercialization		
	2014	2015	2016
Total of customers	149	195	272

Length of distribution lines [GRI EU4]

	EDP São Paulo					
	2014		2015		2016	
	Above Ground	Underground	Above Ground	Underground	Above Ground	Underground
Low-tension (under 1kV)	12,744.51	58.12	12,845.00	78.70	12,853.18	81.95
Medium-tension (higher than 1kV and lower than 69 kV)	14,256.16	95.64	14,412.00	110.69	14,428.40	114.94
High-tension (higher than or equal to 69 kV)	952.43	4.60	953.00	6.32	946.35	6.32

	EDP Espírito Santo					
	2014		2015		2016	
	Above Ground	Underground	Above Ground	Underground	Above Ground	Underground
Low-tension (under 1kV)	9,218.51	2.83	9,361.44	0.32	9,500.63	0.42
Medium-tension (higher than 1kV and lower than 69 kV)	49,481.00	28.34	50,148.57	34.71	50,637.61	35.26
High-tension (higher than or equal to 69 kV)	2,681.71	0.00	2,685.80	0.00	2,732.12	0.00

Funds used in technological and scientific research and development (R\$ thousands)¹ [GRI EU8]

	EDP São Paulo		
	2014	2015	2016
FA – Electricity generation alternative sources	0.00	246.97	310.13
SE – Safety	0.00	0.00	896.59
EE – Energy Efficiency	150.60	256.28	22.24
PL – Electricity System Planning	21.03	0.00	0.00
OP – Electricity System Operation	166.47	100.82	0.00
SC – Supervision, Control and Protection of Electricity Systems	0.00	0.00	303.65
QC – Quality and Reliability of Electricity Services	18.75	11.69	5.58
MF – Measurement, billing and prevention of business losses	2,012.28	1,538.34	1,625.70
OU – Others	962.20	1,952.11	1,626.63
Total	3,331.32	4,106.21	4,790.52

¹ The total amount of EDP distribution R&D investment was BRL 9.3 million. Part of this amount – BRL 837.19 thousand was destined to Management Projects.

Funds used in technological and scientific research and development (R\$ thousands)¹ [GRI EU8]

	EDP Espírito Santo		
	2014	2015	2016
FA – Electricity generation alternative sources	0.00	122.01	402.33
SE – Safety	0.00	0.00	791.75
PL – Electricity System Planning	11.77	0.00	0.00
OP – Electricity System Operation	160.25	103.22	0.00
SC – Supervision, Control and Protection of Electricity Systems	0.00	0.00	236.72
QC – Quality and Reliability of Electricity Services	12.63	34.11	0.00
MF – Measurement, billing and prevention of business losses	1,850.95	798.32	704.03
OU – Others	1,686.99	1,583.23	1,537.45
Total	3,722.59	2,572.67	3,672.28

¹ The total amount of EDP generation R&D investment was BRL 12.3 million. Part of this amount – BRL 388.67 thousand was destined to Management Projects.

	HPP Mascarenhas		
	2014	2015	2016
GB – Basins and Reservoirs Management	8,493.94	100.00	111.78
SE – Safety	99,686.39	483.18	0.00
SC – Supervision, Control and Protection of Electricity Systems	99,694.34	622.35	166.30
Total	207,874.67	1,205.52	278.08

	HPP Luís Eduardo Magalhães		HPP Peixe Angical	
	2015	2016	2015	2016
FA – Electricity generation alternative sources	-	-	0.00	601.11
GB – Basins and Reservoirs Management	499.77	739.42	0.00	277.33
MA – Environment	-	757.12	0.00	38.00
SC – Supervision, Control and Protection of Electricity Systems	525.45	1,900.19	2,606.33	659.77
Total	1,025.22	3,396.73	2,606.33	1,576.22

	Unit	HPP Santo Antônio do Jari		
		2014	2015	2016
FA – Electricity generation alternative sources	R\$ thousands	ND	3,909.46	277.24
Total	R\$ thousands	-	3,909.46	277.24

TPP Pecém				
	Unit	2014	2015	2016
GT – Thermal Generation	R\$ thousands	ND	0.00	624.85
MA – Environment	R\$ thousands	534,698.50	1,623,429.53	1,911.65
EE – Energy Efficiency	R\$ thousands	ND	460,538.60	3,310.35
QC – Quality and Reliability of Electricity Services	R\$ thousands	ND	265,789.22	676.37
Total	R\$ thousands	534,698.50	2,349,757.35	6,523,222.21

Planned capacity compared to the long-term electricity demand projection [GRI EU10]

EDP Brasil										
	Unit	2014			2015			2016		
		Hydro	Thermal	Wind	Hydro	Thermal	Wind	Hydro	Thermal	Wind
Installed Capacity	MW	1,983.58	360.13	37.71	1,983.58	720.27	NA	2,042.98	720.27	NA
Capacity under construction	MW	340.00	-	120.00	342.83	-	NA	233.33	-	NA
Planned capacity	MW	-	-	116.00	-	-	NA	-	-	NA
Date scheduled for capacity expansion	month/year	2018	-	2018	2018	-	NA	2018	-	NA
Projected demand	MW	2,323.58	360.13	273.71	2,326.41	720.27	NA	2,275.31	720.27	NA
Installed capacity	MW	1,983.58	360.13	37.71	1,983.58	720.27	NA	2,041.98	720.27	NA

Average generation efficiency of thermal plants [GRI EU11]

EDP Brasil				
	Unit	2014	2015	2016
Average Efficiency of Generating Unit 1 (UG1)	%	32.80	31.80	35.00
Average Efficiency of Generating Unit 2 (UG2)	%	32.80	32.20	36.10
Global Efficiency	%	32.80	32.0	32.60

Percentage of losses in transmission and distribution in relation to the total energy (%) [GRI EU12]

EDP São Paulo			
	2014	2015	2016
Transmission loss	ND	ND	1.97
Distribution loss	9.48	8.97	8.89
Technical losses	5.54	5.41	5.51
Non-technical losses (commercial)	3.94	3.55	3.37

Percentage of losses in transmission and distribution in relation to the total energy (%) [GRI EU12]

EDP Espírito Santo			
	2014	2015	2016
Transmission loss	ND	ND	1.46
Distribution loss	13.68	13.50	13.88
Technical losses	7.62	8.22	8.60
Non-technical losses (commercial)	6.06	5.28	5.28

Percentage of employees entitled to retirement by function (%) [GRI EU15]

EDP Brasil						
	2014		2015		2016	
	In 5 years	In 10 years	In 5 years	In 10 years	In 5 years	In 10 years
Executives	0.00	40.00	0.00	40.00	16.67	33.33
Directors	8.33	25.00	11.54	23.08	3.70	22.22
Managers	2.17	11.59	2.35	10.00	2.02	6.57
Specialists	2.25	9.24	3.06	10.85	3.18	9.45
Administrative	5.22	11.30	3.22	8.17	2.51	6.70
Operational	1.22	4.72	1.03	5.10	0.79	4.56

Percentage of employees entitled to retirement by region (%) [GRI EU15]

EDP Brasil						
	2014		2015		2016	
	In 5 years	In 10 years	In 5 years	In 10 years	In 5 years	In 10 years
São Paulo	1.1	4.6	1.0	4.9	1.1	4.4
Espírito Santo	3.0	1.2	3.4	13.3	2.8	11.6
Mato Grosso do Sul	4.3	8.7	0.0	15.0	0.0	0.0
Tocantins	3.0	4.0	6.5	8.4	5.9	9.8
Amapá	5.7	10.0	2.8	7.5	0.0	0.0
Ceará	0.0	0.0	0.7	2.6	1.1	2.4
Others	9.1	12.7	15.8	15.8	4.49	7.87

Percentage of outsourced or subcontracted employees subjected to health and safety training [GRI EU18]

EDP Brasil				
	Unit	2014	2015	2016
Construction activities	%	ND	ND	100.00
Operation activities	%	ND	ND	100.00
Maintenance activities	%	ND	ND	100.00

Accidents with the population involving EDP assets [GRI EU25]

EDP Brasil ¹				
	Unit	2014	2015	2016
Number of non-fatal accidents with the population	Qty.	15	12	12
Number of fatal accidents with the population	Qty.	7	13	4

¹ None of the energy generating plants had any accidents with the population in 2016, 2015 and 2014.

EDP São Paulo				
	Unit	2014	2015	2016
Number of non-fatal accidents with the population	Qty.	9	8	10
Number of fatal accidents with the population	Qty.	4	7	2

EDP Espírito Santo				
	Unit	2014	2015	2016
Number of non-fatal accidents with the population	Qty.	6	4	2
Number of fatal accidents with the population	Qty.	3	6	2

Legal actions related to population health and safety [GRI EU25]

EDP Brasil ¹				
	Unit	2014	2015	2016
Number of law suits filed	Qty.	ND	23	17
Number of law suits closed	Qty.	20	33	26
Number of law suits pending	Qty.	159	160	153

¹ Plants HPP Mascarenhas, HPP Santo Antônio do Jari, HPP Cachoeira Caldeirão, HPP São Manoel and TPP Pecém did not have any legal actions filed in 2014, 2015 and 2016.

EDP São Paulo				
	Unit	2014	2015	2016
Number of law suits filed	Qty.	ND	15	14
Number of law suits closed	Qty.	13	20	18
Number of law suits pending	Qty.	66	66	66

Legal actions related to population health and safety [GRI EU25]

EDP Espírito Santo				
	Unit	2014	2015	2016
Number of law suits filed	Qty.	ND	8	3
Number of law suits closed	Qty.	7	12	6
Number of law suits pending	Qty.	93	89	84

HPP Luís Eduardo Magalhães				
	Unit	2014	2015	2016
Number of law suits filed	Qty.	ND	0	0
Number of law suits closed	Qty.	0	1	2
Number of law suits pending	Qty.	4	3	1

HPP Peixe Angical				
	Unit	2014	2015	2016
Number of law suits filed	Qty.	ND	0	0
Number of law suits closed	Qty.	0	0	0
Number of law suits pending	Qty.	2	2	2

Número de desligamentos residenciais por falta de pagamento [GRI EU27]

EDP São Paulo			
	2014	2015	2016
Less than 48 hours	116,301	81,972	102,578
48 hours to 1 week	13,711	16,942	56,666
1 week to 1 month	23,666	23,461	49,667
1 month to 1 year	26,549	24,381	41,525
Over 1 year	37	17	0
No category	0	0	0

EDP Espírito Santo			
	2014	2015	2016
Less than 48 hours	52,319	49,046	37,693
48 hours to 1 week	20,555	17,112	94,716
1 week to 1 month	17,439	19,408	92,402
1 month to 1 year	12,571	22,723	3,332
Over 1 year	10,613	1,422	1
No category	0	0	0

Number of residential reconNECTIONS after payment of unpaid bills [GRI EU27]

EDP São Paulo			
	2014	2015	2016
Less than 24 hours	178,008	170,275	245,143
24 hours to 1 week	11,436	5,020	21,896
Over 1 week	1,243	1,000	2,174
No category	0	0	0

EDP Espírito Santo			
	2014	2015	2016
Less than 24 hours	47,669	62,537	172,904
24 hours to 1 week	52,209	37,094	21,271
Over 1 week	5,675	8,047	974
No category	0	0	0

Frequency of interruptions in the energy supply [GRI EU28]

EDP São Paulo				
	Unit	2014	2015	2016
FEC – Calculated value	Times	5.34	4.85	5.44
FEC – Limit (ANEEL target)	Times	7.55	7.23	7.15

EDP Espírito Santo				
	Unit	2014	2015	2016
FEC – Calculated value	Times	6.44	4.98	5.44
FEC – Limit (ANEEL target)	Times	8.11	7.85	7.65

Length of interruptions in the energy supply [GRI EU29]

EDP São Paulo				
	Unit	2014	2015	2016
DEC – Calculated value	Hours	7.62	7.99	8.49
DEC – Limit (ANEEL target)	Hours	9.05	8.78	8.61

EDP Espírito Santo				
	Unit	2014	2015	2016
DEC – Calculated value	Hours	10.37	8.89	8.86
DEC – Limit (ANEEL target)	Hours	10.38	10.17	9.93

Average availability factor [GRI EU28]

EDP Brasil									
	2014			2015			2016		
	Planned Outage (hours)	Unplanned Outage (hours)	Average Availability (%)	Planned Outage (hours)	Unplanned Outage (hours)	Average Availability (%)	Planned Outage (hours)	Unplanned Outage (hours)	Average Availability (%)
Hydro	16,446.11	4,437.15	92.92%	10,536.20	2,089.71	91.31%	15,083.00	2,694.53	95.18%
HPP Peixe Angical (TO)	2,317.55	33.2	90.97%	1,556.63	13.65	92.89%	1,825.33	55.48	95.07%
HPP Luís Eduardo Magalhães	2,659.60	255.27	93.42%	2,197.22	239.45	92.85%	3,065.03	81.25	98.80%
HPP Mascarenhas (ES)	2,104.97	360.38	93.03%	1,492.57	136.42	96.46%	1,114.58	72.07	97.00%
HPP Suiça (ES)	671.82	61.30	95.93%	422.5	152.55	98.10%	320.97	0.85	82.49%
HPP Santo Antônio do Jari (AP)	NA	NA	-	28.43	21.72	79.76%	5,245.65	705.03	81.24%
HPP Cachoeira Caldeirão	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	354.68	64.93	97.86%
SHP Alegre (ES)	661.90	109.70	91.13%	233.38	39.35	98.25%	147.23	4.40	98.67%
SHP Fruteiras (ES)	764.2	149.62	94.78%	412.13	65.02	98.25%	289.45	17.88	98.97%
SHP Jucu (ES)	2,119.03	66.02	87.63%	231.68	97.67	94.67%	396.67	541.3	96.86%
SHP Francisco Gros – (former Santa Fé) (ES)	405.37	307.68	96.00%	434.9	249.98	94.29%	760.9	258.4	97.51%
SHP São João (ES)	678.7	512.97	93.32%	301.63	554.13	97.86%	155.4	218.88	97.11%
SHP Viçosa (ES)	1,474.45	724	87.24%	1,136.07	47.67	96.31%	374.88	275.2	94.14%
SHP Rio Bonito (ES)	798.73	191.65	96.18%	858.63	40.1	97.45%	626.1	53.57	98.20%
SHP Costa Rica (MS)	307	305.87	97.70%	383.8	5.37	99.07%	213.53	34.5	98.66%
Thermal	1,149.52	2,535.73	62.18%	176.55	3,064.12	88.11%	996.02	759.52	88.47%
TPP Pecém (CE)	1,149.52	2,535.73	62.18%	176.55	3,064.12	88.11%	996.02	759.52	88.47%

5.2 GRI content summary [GRI G4-32]

General standard disclosures

General Standard Disclosures	Page/response	Omissions
STRATEGY AND ANALYSIS		
G4-1	Message from the administration	17
G4-2	Description of key impacts, risks, and opportunities	44
ORGANISATIONAL PROFILE		
G4-3	Name of the organisation	8
G4-4	Primary brands, products and/or services	26 and 27
G4-5	Location of the organisation's headquarters	32 and 33
G4-6	Countries where the main operation units are located and the most relevant to the sustainability topics covered in the report.	28 and 32
G4-7	Nature of ownership and legal form.	24
G4-8	Markets served	24
G4-9	Scale of the organisation	24 and 92
G4-10	Employees' profile	92
G4-11	Percentage of total employees covered by collective bargaining agreements	The collective agreements comprehend 99.2% of EDP own associates. The percentage includes the associates that, even if not formally contemplated, they partially receive the collective bargaining agreements benefits as decided by the Company (Collective bargaining agreements of the companies located in São Paulo, Ceará and Amapá)
G4-12	Description of the organisation's supply chain	89
G4-13	Any significant changes regarding size, structure, ownership and supply chain	9 and 70
G4-14	Description on how the precautionary approach or principle is addressed by the organisation.	59
G4-15	Charters, principles or other initiatives developed externally	56
G4-16	List memberships of associations and advocacy organisations	56
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	Entities included in the organisation's consolidated financial statements or entities not covered by the report	9
G4-18	Process for defining the report content	9
G4-19	List of the material aspects	11
G4-20	Boundary, within the organisation, for each material aspect	11
G4-21	Boundary, outside the organisation, for each material aspect	11
G4-22	Restatements of information provided in previous reports	9
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries	9
STAKEHOLDER ENGAGEMENT		
G4-24	List of stakeholder groups engaged by the organisation	54 and 55
G4-25	Basis for identification and selection of stakeholders with whom to engage	54
G4-26	Organisation's approach to stakeholder engagement	54, 55 and 86
G4-27	Key topics and concerns that have been raised through engagement, by stakeholder group	55
REPORT PROFILE		
G4-28	Period covered by the report	9

General Standard Disclosures	Page/response	Omissions
G4-29	Date of most recent previous report	March 2016
G4-30	Reporting cycle	Annual
G4-31	Contact point for questions regarding the report or its contents	9
G4-32	'In accordance' option for the GRI guidelines and location	8 and 148
GOVERNANCE		
G4-33	Organisation's policy and current practice with regard to seeking external assurance for the report	9
G4-34	Governance structure of the organisation	40
G4-35	Process for delegating authority, from the highest governance body, for economic, environmental and social topics	41 and 42
G4-36	Executive-level position or positions with responsibility for economic, environmental and social topics	42
G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics	54
G4-38	Composition of the highest governance body and its committees	41 and 42
G4-39	Whether the Chair of the highest governance body is also an executive officer	40
G4-40	Selection criteria and nomination processes for the highest governance body and its committees	40
G4-41	Processes to ensure conflicts of interest are avoided and managed	40, 42 and 45
G4-42	Highest governance body's and senior executives' roles in the development of policies and goals to manage impacts	56
G4-43	Measures taken to enhance the highest governance body's collective knowledge of economic, environmental and social topics	40
G4-44	Processes for self-assessment of the highest governance body's performance	40
G4-45	Highest governance body's role in the implementation of economic, environmental and social policies	40
G4-46	Highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for topics	40 and 44
G4-47	Frequency of the highest governance body's review of impacts, risks, and opportunities	40
G4-48	Highest position that formally approves the sustainability report and ensures that all material aspects are covered	41
G4-49	Process for communicating critical concerns to the highest governance body	45
G4-50	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	40
G4-51	Relation between remuneration and performance of the organisation, including social and environmental	40
G4-52	Involvement of consultants (internal and independent) in determining remunerations	40 and 42
G4-53	Stakeholders' views on remunerations and its application to the organisation's policies	40
G4-54	Ratio of the annual total compensation for the organisation's highest-paid individual, by country	102
G4-55	Ratio between the increase on the highest salary and the average increase of the organisation, by country	102
ETHICS AND INTEGRITY		
G4-56	Organisation's values, principles, standards and norms of behaviour	24
G4-57	Internal and external mechanisms for seeking advice on ethics and compliance	45
G4-58	Internal and external mechanisms for reporting concerns about unethical behaviour	45

Specific standard disclosures

Category: economic

Aspect	Description	Page/response	Omissions
ECONOMIC PERFORMANCE			
G4-DMA	Management form	Subchapter Economic and Financial Results	
G4-EC1	Direct economic value generated and distributed	103	
G4-EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	84	
G4-EC3	Coverage of the organisation's defined benefit plan obligations	93	
G4-EC4	Financial assistance received from government	104	
MARKET PRESENCE			
G4-DMA	Management form	3.1.2 Presence in the Brazilian territory in 2016	
G4-EC5	Ratios of standard entry level wage compared to local minimum wage, by gender	105	
G4-EC6	People hired from the local community	Currently, there are no senior management members hired from the local community	
INDIRECT ECONOMIC IMPACTS			
G4-DMA	Management form	4.7.2 Social Impacts Management	
G4-EC7	Impact of infrastructure investments and services supported	84, 106 and 107	
G4-EC8	Significant indirect economic impacts	84	
PROCUREMENT PRACTICES			
G4-DMA	Management form	4.8 Business partners	
G4-EC9	Policies, practices and spending on local suppliers	89 and 108	

Category: Environmental

Aspect	Description	Page/response	Omissions
MATERIALS			
G4-DMA	Management form	4.7.1 Natural capital	
G4-EN1	Materials used by weight or volume	109	
G4-EN2	Percentage of materials used that are recycled input materials	109	
ENERGY			
G4-DMA	Management form	4.7.1 Natural capital	
G4-EN3	Energy consumption within the organisation	109 to 113	
G4-EN4	Energy consumption outside of the organisation		The information is currently unavailable. EDP has a suppliers program that analyses suppliers' performance on sustainability (IDF). In 2016, EDP included indicators to improve the inventory scope 3, and the calculation of energy consumption outside the company's boundaries should be reported in 2017.
G4-EN5	Energy intensity	113	
G4-EN6	Reduction of energy consumption	65	
G4-EN7	Reductions in energy requirements of products and services	65	
WATER			
G4-DMA	Management form	4.7.1 Natural capital	
G4-EN8	Total water withdrawal by source	79, 114 and 115	

Aspect	Description	Page/response	Omissions
G4-EN9	Water sources significantly affected by withdrawal of water		TPP Pecém uses water from a public concessionaire extracted from Açude Castanhão in Ceará (CE) to generate energy. To know how EDP minimise its impacts, refer to page 79.
G4-EN10	Percentage and total volume of water recycled and reused	115	
BIODIVERSITY			
G4-DMA	Management form	4.7.1 Natural capital	
G4-EN11	Location and size of area owned	81	
G4-EN12	Significant impacts of activities, products, and services on biodiversity	80, 82 and 83	
G4-EN13	Habitats protected or restored	81	
G4-EN14	Total number of IUCN red list species and other conservation lists		In the area of HPP São Manoel and HPP Cachoeira Caldeirão, there are species listed by IUCN, 26 of them in vulnerable situation and 4 of them endangered.
EMISSIONS			
G4-DMA	Management form	4.7.1 Natural capital	
G4-EN15	Direct greenhouse gas emissions	115 and 116	
G4-EN16	Indirect greenhouse gas emissions from energy acquisition	115 and 116	
G4-EN17	Other indirect greenhouse gas emissions	115 and 116	
G4-EN18	Greenhouse gas emissions intensity	19 and 84	
G4-EN19	Reduction of greenhouse gas emissions	84	
G4-EN20	Emissions of ozone-depleting substances		CFC emissions are produced by cooling equipment that are used in administrative spaces and have no significant impact.
G4-EN21	NOx, SOx, and other significant air emissions	116	
EFFLUENTS AND WASTE			
G4-DMA	Management form	4.7.1 Natural capital	
G4-EN22	Total water discharge by quality and destination	80	
G4-EN23	Total weight of waste by type and disposal method	79, 117 and 120	
G4-EN24	Total number and volume of significant spills		There were no significant spills in 2016.
G4-EN25	Weight of transported waste deemed hazardous		Hazardous waste generated by EDP units are transported by waste operators properly licensed.
G4-EN26	Protected status and biodiversity value of water bodies and related habitats significantly affected		There are no water bodies and habitats significantly affected by discharges of water and runoffs. EDP complies with the legislation and works to reduce the liquid effluents volume generated.
PRODUCTS AND SERVICES			
G4-DMA	Management form	4.7.1 Natural capital	
G4-EN27	Initiatives to mitigate environmental impacts	76 and 81	
G4-EN28	Percentage of products and packaging materials reclaimed, by product category		Non-applicable
COMPLIANCE			
G4-DMA	Management form	4.7.1 Natural capital	
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws	120	

Aspect	Description	Page/response	Omissions
TRANSPORT			
G4-DMA	Management form		
G4-EN30	Significant environmental impacts of transporting products and members of the workforce	Even though there is no significant impact of transporting products and other goods and materials for EDP operations, the most significant aspects of the indicators are monitored – fuel consumption (renewable and non-renewable) and the greenhouse gases emissions – especially in the Distribution segment	
OVERALL			
G4-DMA	Management form	4.7.1 Natural capital	
G4-EN31	Total environmental protection expenditures and investments	76, 121, 122 and 123	
SUPPLIER ENVIRONMENTAL ASSESSMENT			
G4-DMA	Management form	4.7.1 Natural capital	
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	90 and 91	
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain	90 and 91	
ENVIRONMENTAL GRIEVANCE MECHANISMS			
G4-DMA	Management form	4.7.1 Natural capital	
G4-EN34	Number of grievances about environmental impacts	123	

Category: Social – Labour practices and decent work

Aspect	Description	Page/response	Omissions
EMPLOYMENT			
G4-DMA	Management form	4.9.1 People Development	
G4-LA1	Total number and rates of new employee hires and employee turnover	124	
G4-LA2	Comparison of benefits provided to full-time employees and temporary employees	The pension fund is the only benefit granted to full-time employees that is not offered to temporary employees.	
G4-LA3	Return to work and retention rates after parental leave	124	
LABOUR/MANAGEMENT RELATIONS			
G4-DMA	Management form	4.9.1 People Development	
G4-LA4	Minimum notice periods regarding operational changes	The agreements entered with the union do not include specific clauses on the issue. However, EDP notifies all leaders on each negotiations stages, as well as provides a due time for all associates to clear their doubts. Based on the open relationship kept with union entities, any extraordinary situation that has a significant impact on the associates is promptly informed to their representatives.	
OCCUPATIONAL HEALTH AND SAFETY			
G4-DMA	Management form	4.9.2 Health and Safety	
G4-LA4	Percentage of total workforce represented in formal worker health and safety committees	100% of EDP associates are represented in Internal Committees of Accident Prevention (Cipa).	
G4-LA6	Rates of injury, occupational diseases and lost days	124 to 127	
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	94	

Aspect	Description	Page/response	Omissions
G4-LA8	Health and safety topics covered in formal agreements with trade unions	The topic related to Health and Safety is not covered in formal agreements with the union. However, EDP complies with all laws in force on this topic.	
TRAINING AND EDUCATION			
G4-DMA	Management form	4.9.1 People Development	
G4-LA9	Average hours of training per year	128	
G4-LA10	Programs for skills management and lifelong learning	92	
G4-LA11	Percentage of employees receiving regular performance reviews	128	
DIVERSITY AND EQUAL OPPORTUNITIES			
G4-DMA	Management form	4.9 People	
G4-LA12	Composition of governance bodies and breakdown of employees per employee category	130 to 132	
EQUAL REMUNERATION FOR WOMEN AND MEN			
G4-DMA	Management form	4.9 People	
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	90 and 91	
SUPPLIER ASSESSMENT FOR LABOUR PRACTICES			
G4-DMA	Management form	4.8 Business Partners	
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria	90 and 91	
G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain	91	
LABOUR PRACTICES GRIEVANCE MECHANISMS			
G4-DMA	Management form	4.9 People	
G4-LA16	Number of grievances about labour practices filed through formal grievance mechanisms	132	

Category: social – Human rights

Aspects	Description	Page/response	Omissions
INVESTMENTS			
G4-DMA	Management form	4.8 Business Partners	
G4-HR1	Significant investment agreements and contracts that include human rights clauses	133	
G4-HR2	Total hours of employee training on human rights policies and the percentage of employees trained	133	
NON-DISCRIMINATION			
G4-DMA	Management form	3.4.1 Ethical Attitude	
G4-HR3	Total number of incidents of discrimination and corrective actions taken	134	
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
G4-DMA	Management form	4.9 People	
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	The IDF (Supplier Performance Index) assesses the criteria of payment compliance pursuant to the Collective Employment Agreement entered into with the union. In 2016, there were no significant occurrences.	
CHILD LABOUR			
G4-DMA	Management form	4.8 Business Partners	
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken	89	

Aspect	Description	Page/response	Omissions
FORCED OR COMPULSORY LABOUR			
G4-DMA	Management form		
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures taken	89	
SECURITY PRACTICES			
G4-DMA	Management form	3.4.1 Ethical Attitude	
G4-HR7	Percentage of security personnel trained in human rights policies or procedures	In 2016, 100% of security personnel was trained with focus on customer service, addressing topics such as ethics conduct and human rights aspects and non-discrimination in the work environment.	
INDIGENOUS RIGHTS			
G4-DMA	Management form	B) Indigenous People	
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	85 and 86	
ASSESSMENT			
G4-DMA	Management form	4.8 Business Partners	
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews	89	
SUPPLIER HUMAN RIGHTS ASSESSMENT			
G4-DMA	Management form	4.8 Business Partners	
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	90	
GR-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	91	
HUMAN RIGHTS GRIEVANCE MECHANISMS			
G4-DMA	Management form	3.4.1 Ethical Attitude	
GR-HR12	Number of grievances about human rights impacts filed, addressed, and resolved	No grievance about human rights were filed in 2016.	

Category: Social – Society

Aspect	Description	Page/response	Omissions
LOCAL COMMUNITIES			
G4-DMA	Management form	4.7.2 Social impacts management	
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	84	
G4-SO2	Operations with significant actual and potential negative impacts on local communities	84	
ANTI-CORRUPTION			
G4-DMA	Management form	3.4.1 Ethical Attitude	
G4-SO3	Units submitted to risk assessments related to corruption	45	
G4-SO4	Percentage of employees trained on anti-corruption policies and procedures	45 and 133	
G4-SO5	Confirmed incidents of corruption and actions taken	45	
PUBLIC POLICY			
G4-DMA	Management form	The company did not make contributions to political parties, politicians or related institutions.	
G4-SO6	Policies of financial contributions to political parties, politicians or institutions		

Aspect	Description	Page/response	Omissions
ANTI-COMPETITIVE BEHAVIOUR			
G4-DMA	Management form	No legal actions were filed for anti-competitive behaviour, anti-trust, and monopoly practices.	
G4-SO7	Total number of legal actions for anti-competitive behaviour		
COMPLIANCE			
G4-DMA	Management form	3.4.1 Ethical Attitude	
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions	133	
SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY			
G4-DMA	Management form	4.8 Business Partners	
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	90	
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	91, 134 and 135	
GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY			
G4-DMA	Management form	4.7.2 Social impact management	
	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	In 2016, no grievances related to impacts on society caused by EDP activities were filed.	

Category: Social – Product responsibility

Aspects	Description	Page/response	Omissions
CUSTOMER HEALTH AND SAFETY			
G4-DMA	Management form	4.6.3 Safe use of energy	
G4-PR1	Assessment of impacts on health and safety during the life cycle of products and services	76	
G4-PR2	Non-compliance concerning the impacts of products and services	No regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle are adopted, however, there are operational units certified by the OHSAS 18001 to reduce the risk of impacts.	
PRODUCT AND SERVICE LABELLING			
G4-DMA	Management form	Energy distributors must provide on the energy bill information determined by ANEEL Resolution 414/2010. The information includes date of previous and current reading of meters, next reading date, portion related to taxed levied on the billing, total amount to be paid and due date, supply quality indicators (duration and frequency of energy interruptions), and telephone numbers of Customer Service and ANEEL for complaints. For low income residential customers, the tariff related to each consumption block must be informed. Since 2015, it was also included the information on tariff flags (bandeiras tarifárias) in order to present the energy cost to be paid by the consumer from the extra cost resulting from the use of thermoelectric plants: red (most expensive energy), yellow (attention signal, with cost increase lower than on the red flag), and green (no extra charge on the tariff).	
G4-PR3	Type of product and service information required by the organisation's procedures for labelling		

Aspect	Description	Page/response	Omissions
G4-PR4	Non-compliance concerning product and service labelling	No regulations and voluntary codes concerning the availability of information on the service provided are adopted.	
G4-PR5	Results of surveys measuring customer satisfaction	74 and 136	
MARKETING COMMUNICATIONS			
G4-DMA	Management form	Total satisfaction	
G4-PR6	Sale of banned or disputed products	EDP does not sell banned or disputed products.	
G4-PR7	Non-compliance concerning products and services communications	EDP distributors do not advertise electric energy; however, to ensure transparency in the communication between the Company and its internal and external public, the Communication Corporate Policy is considered a guiding instrument for such aspect. Whenever the company begins a new construction, namely Distribution Transforming Station, Transmission Lines and Hydro Plants, there are some environmental and social impacts on the region. In this cases, the Communication Executive Management works with IEDP and business units to listen and clarify the community expectations in public hearings.	
CUSTOMER PRIVACY			
G4-DMA	Management form	Total satisfaction	
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	In 2016, there were no complaints regarding breaches of customer privacy and losses of customer data	
COMPLIANCE			
G4-DMA	Management form	Total satisfaction	
G4-PR9	Fines for non-compliance concerning the provision and use of products and services	136	

Sector disclosures

	Description	Page/response	Omissions
EU1	Installed capacity (MW), broken down by primary energy source and by regulatory regime	59, 137 and 138	
EU2	Net energy output broken down by primary energy source and by regulatory regime	138	
EU3	Number of residential, industrial, institutional and commercial customer accounts	139 and 140	
EU4	Length of above and underground transmission and distribution lines by regulatory regime	140	
EU5	Allocation of CO2e emissions (allowances) or equivalent, broken down by carbon trading framework	84	
EU6	Describe the management approach to ensure short and long-term electricity availability and reliability	59	
EU7	Report demand-side management programs including residential, commercial, institutional and industrial programs	65	
EU8	Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development	140 e 141	

	Description	Page/response	Omissions
EU9	Provisions for decommissioning of nuclear power sites	There are no plants under decommissioning. EDP does not operate nuclear power plants.	
EU10	Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime	142	
EU11	Average generation efficiency of thermal plants by energy source and by regulatory regime	142	
EU12	Transmission and distribution losses as a percentage of total energy	142 and 143	
EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas	81	
EU14	Programs and processes to ensure the availability of a skilled workforce	94	
EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region	143	
EU16	Policies and demands related to health and safety of employees, and outsourced and subcontracted workers	94	
EU17	Days worked by contractor and subcontractor employees involved in construction, operation & maintenance activities		It was not possible to measure the indicator in 2016, since there isn't a methodology structured to determine the days worked by third parties and by type of activity. This number should be available by 2018.
EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training	100% of partners and contractor employees participate in trainings on electricity facilities and services safety, according to the legislation.	
EU19	Participation of stakeholders in decision-making processes related to infrastructure development energy planning	84	
EU20	Approach to managing the impacts of displacement	85	
EU22	Number of people physically or economically displaced and compensation, broken down by type of project	85	
EU23	Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services	65	
EU24	Practices to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support services	65	
EU25	Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases	144 and 145	
EU26	Percentage of population unserved in licensed distribution or service areas	Rural and urban populations are 100% served.	
EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime	145 and 146	
EU28	Power outage frequency	75, 146 and 147	
EU29	Average power outage duration	75 and 146	
EU30	Average plant availability factor by energy source and by regulatory regime	61	

5.3 Ibase Social Report

Annual social report | Ibase Form

EDP Brasil

1 – Calculation Basis	2016 (thousands R\$)	2015 (thousands R\$)
Net revenue (NR)	9,364,772.00	10,260,434.00
Operating result (OR)	989,187.00	1,762,685.00
Gross payroll (GP)	359,178.42	346,472.00

2 – Internal Social Indicators	Thousands of Reais	% on GP	% on NR	Thousands of Reais	% on GP	% on NR
Food	42,257.64	11.77%	0.45%	38,133.83	11.01%	0.37%
Mandatory social charges	98,085.94	27.31%	1.05%	87,335.43	25.21%	0.85%
Private pension	12,706.45	3.54%	0.14%	10,023.77	2.89%	0.10%
Healthcare	25,899.06	9.99%	0.38%	28,498.82	8.23%	0.28%
Occupational health and safety	2,494.93	0.69%	0.03%	2,332.27	0.67%	0.02%
Education	576.61	0.16%	0.01%	351.35	0.10%	0.00%
Culture	-	0.00%	0.00%	-	0.00%	0.00%
Training and career development	2,107.82	0.59%	0.02%	1,867.02	0.54%	0.02%
Day cares or day care aid	1,730.49	0.48%	0.02%	1,520.93	0.44%	0.01%
Profit sharing	41,834.82	11.65%	0.45%	32,296.84	9.32%	0.31%
Voluntary Termination Program – PDV	-	0.00%	0.00%	2,793.55	0.81%	0.03%
Others	1,727.53	0.48%	0.02%	1,671.45	0.48%	0.02%
Total – Internal social indicators	240,912.06	67.07%	2.57%	207,842.61	59.99%	2.03%

3 – External Social Indicators	Thousands of Reais	% on GP	% on NR	Thousands of Reais	% on GP	% on NR
Education	2,045.00	0.21%	0.02%	120.50	0.01%	0.00%
Culture	9,152.70	0.93%	0.10%	1,612.00	0.09%	0.02%
Healthcare and sanitation	1,082.00	0.11%	0.01%	161.00	0.01%	0.00%
Sports	2,173.00	0.22%	0.02%	728.00	0.04%	0.01%
Fight against hunger and food safety	-	0.00%	0.00%	75.00	0.00%	0.00%
Others	450.40	0.05%	0.00%	372.50	0.02%	0.00%
Total contributions to the society	14,903.10	1.51%	0.16%	3,069.00	0.17%	0.03%
Taxes (except for social charges)	-	0.00%	0.00%	-	0.00%	0.00%
Total – External social indicators	14,903.10	1.51%	0.16%	3,069.00	0.17%	0.03%

4 – Environmental Indicators	Thousands of Reais	% on GP	% on NR	Thousands of Reais	% on GP	% on NR
Investments related to the company's production/operation	22,592	2.30%	0.20%	13,679	0.78%	0.13%
Investments on external programs and/or projects	-	0.00%	0.00%	-	0.00%	0.00%
Total environmental investments*	22,592	2.30%	0.20%	13,679	0.78%	0.13%
As for the "annual targets" to minimise waste, general consumption in production/operation, and increase efficiency in the use of natural resources, the company	<input type="checkbox"/>	does not have targets		<input type="checkbox"/>	does not have targets	
	<input type="checkbox"/>	achieves 0% to 50%		<input type="checkbox"/>	achieves 0% to 50%	
	<input type="checkbox"/>	achieves 51% to 75%		<input type="checkbox"/>	achieves 51% to 75%	
	<input checked="" type="checkbox"/>	achieves 76% to 100%		<input checked="" type="checkbox"/>	achieves 76% to 100%	

5 – Staff Indicators	2016	2015
Number of employees at the end of the term	3175	3104
Number of new employees during the term	319	297
Number of outsourced employees	12783	12205
Number of interns	146	138
Number of employees over 45 years old	ND	ND
Number of women working in the company	688	674
% of leadership positions held by women	16%	17%
Number of blacks working in the company	127	124
% of leadership positions held by blacks	2%	2%
Number of disabled people or people with special needs	57	ND

6 – Relevant Information Concerning The Exercise Of Corporate Citizenship	2016	2015
Ration between the highest and lowest remuneration in the company	55.66	45.73
Total number of occupational accidents	20	31
The social and environmental projects developed by the company were defined by:	() directors (X) directors and managers	() all employees () all + Cipa
The safety and health standards in the work environment were defined by:	(X) directors and managers () all employees	() all employees () all + Cipa
As for the freedom of union association, right to collective bargaining and to internal representation of workers, the company:	() does not get involved (X) complies with OIT rules	() encourages and complies with OIT () does not get involved (X) complies with OIT rules
Private pension plans include:	() directors () directors and managers	() all employees () directors and managers (X) all employees
Profit sharing includes:	() directors () directors and managers	() all employees () directors and managers (X) all employees
During supplier screening, the same ethical and social and environmental responsibility standards adopted by the company:	() are not taken into account () are suggested	(X) are required () are not taken into account () are suggested (X) are required
As for the employees' participation in volunteer work, the company:	() does not get involved () supports	(X) organises and encourages () does not get involved () supports (X) organises and encourages
Total number of consumers' complaints and claims (to the company, Procon, justice):	to the company: 73,538	to Procon: 6,330 to the Justice: 5,559
% of complaints and claims addressed or resolves:	to the company: 99.37%	to Procon: 99.80% to the Justice: 53.39%



6 – Relevant Information Concerning The Exercise Of Corporate Citizenship	2016	2015
Added-value to distribute (in thousands of Reais):	7,306,325.00	9,005,212.00
Added-value distribution (DVA):	government: 65.6% shareholders: 7.8% associates: 75.4% retained: 3.6% third parties: 17.7%	government: 66.8% shareholders: 4.9% associates: 4.0% retained: 10.6% third parties: 13.6%

7 – Other Information

*Note: Investments in external programs and/or projects are calculated integrated to operation/production investment

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Limited assurance report from independent auditors

To the Executive Board of Directors, Shareholders and Other Stakeholders
 EDP Energias do Brasil S.A.
 São Paulo – SP

Introduction

We were hired by EDP Energias do Brasil S.A. (“EDP” or “Company”) in order to apply procedures of limited assurance on sustainability information provided in EDP 2016 Sustainability Annual Report, concerning the year ended on December 31, 2016.

EDP administration responsibilities

EDP administration is responsible for properly preparing and presenting the sustainability information provided in the 2016 Sustainability Annual Report, according to the Guidelines for Sustainability Reports from the Global Reporting Initiative – GRI (GRI-G4), with the “GRI Electric Utilities Sector Supplement” and other internal controls determined by the administration as necessary to provide this information free from relevant distortion, regardless if caused by fraud or error.

Independent auditors responsibility

Our responsibility is to express an opinion on the information provided in the 2016 Sustainability Annual Report based on the limited assurance work carried out according to the Technical Announcement (CT) 07/2012, approved by the *Conselho Federal de Contabilidade* (Federal Accounting Board) and prepared based on the NBC TO 3000 (Assurance Engagements Other than Audits or Review), issued by the *Conselho Federal de Contabilidade – CFC*, which is equivalent to the international rule ISAE 3000, issued by the International Federation of Accountants, applicable to historical non-financial information. These rules require compliance with ethical requirements, including independence requirements, and for the work to be performed with the purpose of obtaining limited security that the all information provided in the 2016 Sustainability Annual Report are free from relevant distortions.

A work of limited assurance carried out according to the NBC TO 3000 (ISAE 3000) consists of inquiries to EDP administration and other associates of the Company involved in the preparation of the information provided in the 2016 Sustainability Annual Report, as well as for the application of analytical procedures to obtain evidence that enables us to give an opinion

KPMG Financial Risk & Actuarial Services Ltda., uma sociedade simples brasileira, de responsabilidade limitada, e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative (“KPMG International”), uma entidade suíça.

KPMG Financial Risk & Actuarial Services Ltda., a Brazilian limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity.

as limited assurance, on the sustainability information. A limited assurance work also requires the performance of additional procedures when the independent auditor is informed on matters that lead them to believe that the information provided in the 2016 Sustainability Annual Report may present relevant distortions.

The procedures chosen are based on our understanding of the aspects related to compilation, materiality and presentation of the information provided in the 2016 Sustainability Annual Report, and of other work circumstances and of our opinion on areas and on processes connected to the material sustainability information provided in the 2016 Sustainability Annual Report, in which relevant distortions could exist. The procedures included:

- (a) works planning: consideration of the aspects materiality for EDP activities, relevance of information provided, volume of quantitative and qualitative information and internal operational systems and controls on which the EDP 2016 Sustainability Annual Report was based. This analysis defined the indicators to be tested in further details;
- (b) understanding and review of the information provided regarding the material aspects management method;
- (c) analysis of the processes to prepare the 2016 Sustainability Annual Report and its structure and content, based on the Principles of Content and Quality of the Guidelines for Sustainability Reports from the Global Reporting Initiative – GRI (GRI-G4);
- (d) review of the non-financial indicators provided:
 - understanding of the calculation methodology and procedures to compile the indicators through interviews with the managers responsible for preparing the information;
 - application of analytical procedures on quantitative information and inquiries on qualitative information and its correlation to the indicators provided in the 2016 Sustainability Annual Report;
 - analysis of evidence that support the information provided;
 - visitations to EDP offices to apply these procedures, as well as items (b) and (c);
- (e) analysis of omission justifications reasonability for performance indicators associates to aspects and topics pointed as material in the Company's materiality analysis;
- (f) comparison of financial indicators to financial statements and/or accounting records.

The assurance work was also performed according to the AA1000AS Standard (Assurance Standard – 2008), Type I Moderate, with the purpose of assessing the nature and level of compliance with the Accountability AA1000 Principles, namely: Inclusion, Relevance and Responsibility.

We believe that the information, evidence and results obtained in our work are sufficient and suitable to base our limited conclusion.

Reaches and limitations

The procedures applied on a limited assurance work are substantially less extensive than those applied on a reasonable assurance work. Consequently, they do not allow us to be sure that we were aware of all matters that would be identified in a reasonable assurance work, which has the purpose to issue an opinion. If we had performed a reasonable assurance work, we could have identified other issues and any distortions that could exist in the information provided in the 2016 Sustainability Annual Report.

The non-financial data are subjected to more inherent limitations than financial data, given the nature and diversity of methods to determine, calculate or estimate such data. Qualitative interpretations of materiality, relevance and accuracy of data are subjected to individual assumptions and judgment. Additionally, we do not perform any work on data provided for the previous periods for the proper review of its policies, practices and performance in sustainability, nor in relation to future projections.

Conclusion

Based on the procedures carried out, described herein, nothing has come to our attention that led us to believe that the information provided in the EDP 2016 Sustainability Annual Report was not compiled, in all relevant aspects, according to the Guidelines for Sustainability Reports from the Global Reporting Initiative – GRI (GRI-G4), with the GRI Electric Utilities Sector Supplement and with records and files that served as base for its preparation.

São Paulo, February 22, 2017

KPMG Assessores Ltda.
CRC 2SP034262/O-4 F-SP

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

KPMG Financial Risk & Actuarial Services Ltda.

Ricardo Algis Zibas



HUMANITY
AS THE NEWART

ENERGY
AS
THE
NEW
ART

06
Corporate Information

168

06

Corporate information

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Independent auditors

KPMG (Non-financial)
PWC (Financial)

General-Coordination

Communication, Marketing and Sustainability Board

Drafting and editing

Rejane Lima

Graphic project, formatting and publishing

Relatto Comunicação e Sustentabilidade

Images

EDP Images Bank

Information on the report

[GRI G4-31]

More information about the Report on the Company's website (www.edp.com.br) or by e-mail (sustentabilidade.edp@edpbr.com.br). Information on the GRI and the Accountability AA1000 rule is available on the following websites: www.globalreporting.org and www.accountability.org.

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