

'10

Progress  
Report  
of the Internal  
Audit Division  
of the EDP Group



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## 01. Message

I am very pleased with the work done this year. It marked a new cycle of changes being made by the team, with the support, encouragement and trust of our supervisors and customers.

As we are aware of the growth and added complexity within the EDP Group, plus the natural development of internal audits and internal control in response to changes in today's society and the business world, we sought to adopt the methods most appropriate to our current context.

We therefore continued our efforts to consolidate internal auditing activity by implementing a far-reaching plan of financial, operational, regulatory and information system audits covering all sectors of activity and including the processes posing the highest risk, on the basis of properly reasoned analysis criteria.

The expansion of the renewable energy sector in Europe, the United States and Brazil made it necessary to step up activity in line with the size, complexity and profile of these businesses.

The acquisition of new gas assets, regulatory adjustments and the resulting restructuring in the sector also led to an increase in activity in the Iberian Peninsula.

The creation of an auditing database and the use of business intelligence programmes in internal auditing work made it possible to conduct continuous audits. This was an aspect that we sought to develop as a fundamental lever in ensuring the efficacy of processes and efficient use of available resources.

As a result of our efforts, we were able to submit the Audit Departments in the Iberian Peninsula and EDP Renováveis jointly to a quality certification process performed by the Spanish Internal Audit Institute, which has accreditation from The Institute of Internal Auditors (IIA) in the United States. They received the highest possible classification.

The Internal Control over Financial Reporting (SCIRF) warranted our attention in all the geographical locations in which the Group operates. We performed activities from the cycle, monitored the resolution of non-compliance, provided technical and methodological support to all responsibility chain and consolidated and provided assistance in the use of IT tools.

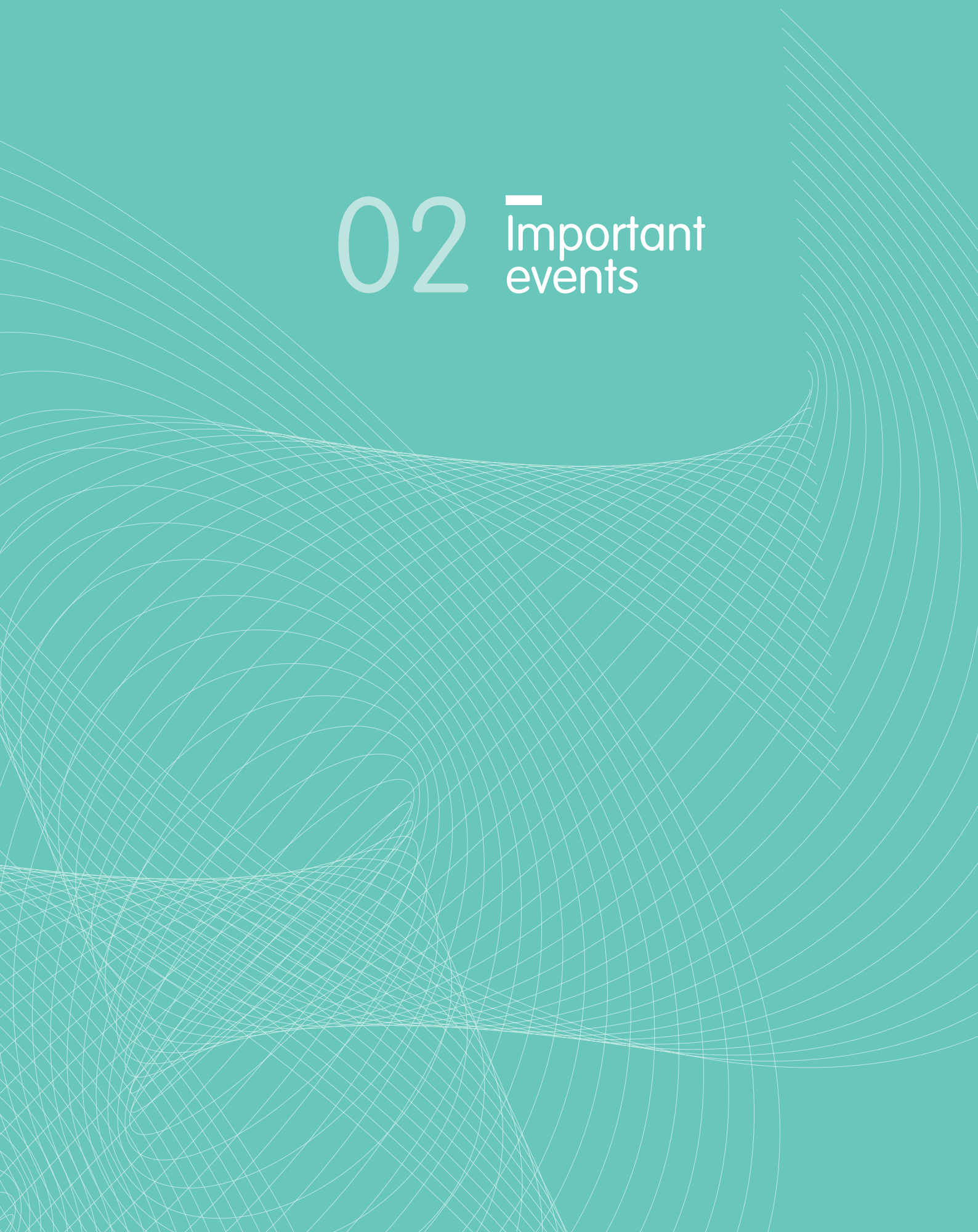
Following the test of design and operating effectiveness of controls the external auditor, it will be possible to obtain the first independent report, which will be a guarantee of the quality of the Group's financial reporting for investors, financial institutions, supervisory bodies and the market in general.

These results were only possible thanks to the involvement of all the Group's employees with whom we had the privilege of working. We would like to express our sincere thanks to them.



Azucena Viñuela Hernandez  
Audit Director

# 02 Important events



## Important events

2010	IMPORTANT EVENTS
January	Approval and initial implementation of the annual internal audit plan Preparation to start the evaluation of the SCIRF (Internal Control over Financial Reporting) by the external auditor
February	Publication of the IAD's Activity Report for 2009 Self-evaluation of the IAD for 2009 Design of the IA and SCIRF corporate processes
March	Start of evaluation of SCIRF by the external auditor in the companies covered by the Scope Model Evaluation Evaluation of IA for 2009 by the Audit Commission
April	Start of evaluation of SCIRF in Portugal, HC Energía, Naturgas Energía, EDP Renováveis Europa and EDP in Brazil
May	Start of LINCE Project – in-house reflection of the IAD's participation in it
June	First self-certification by the companies in Portugal
July	Publication of version 2 of the IA Manual Training of IAD employees in the Code of Ethics Introduction of SCIRF (Internal Control over Financial Reporting) logo
September	Completion of the 1st phase of evaluation tests on the SCIRF (Internal Control over Financial Reporting) by the external auditor as part of the certification project Start of the quality certification of IA by the IIA
October	Iberian Internal Audit Workshops
November	Quality certificate awarded to IA by the IIA
December	Completion of the 2010 work plan

# 03 Organisations structure

- 3.1 - Internal Audit Function
- 3.2 - Organisation chart
- 3.3 - Coordination and disclosure mechanisms, methodologies and tools

## Organisational structure

### 3.1 - Internal Audit Function

In 2010, in organisational terms, we consolidated the profound structural changes made in 2006-2009, in strict compliance with the EDP Group strategic orientation by relocating internal auditing at the level of international standards.

We reinforced internal auditing at EDP Renováveis in the United States and sent our own resources to Horizon Wind Energy to meet this subsidiary's local requirements.

We made small adjustments to the Information Systems Audit Unit in the annual revision of the Organisation Manual, in which we incorporated developments that have occurred in the continuous audit component.

The basic internal auditing activities in the Group in 2010 were as follows:

#### > Information systems audit

Reviewing the control systems that guarantee the information systems' reliability and integrity and taking necessary action for continuous audits.

#### > Financial audit

Reviewing and assessing the control systems that guarantee the reliability and integrity of the financial information prepared, used and published by the Group and evaluating the Group's internal financial reporting control system.

#### > Operational and regulatory audit

Reviewing the control systems that guarantee compliance with applicable legislation and regulations,

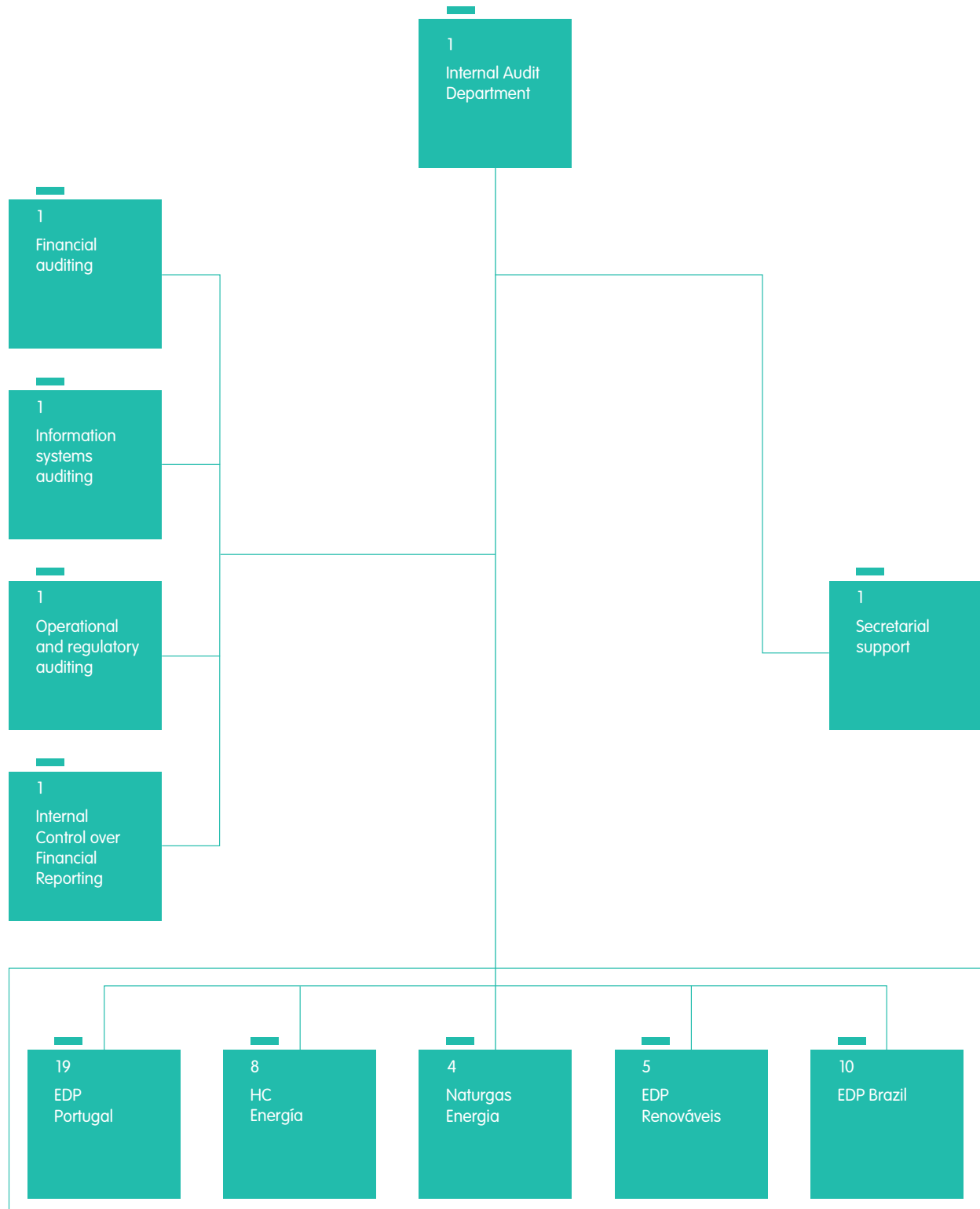
compliance of in-house policies, procedures and regulations and the integrity and safeguard of assets.

#### > Internal financial reporting control system

Monitoring, implementing and maintaining the SCIRF – Internal Control over Financial Reporting and supervising its consistency and coherence and the controls performed at different levels of responsibility in the organisation structure.

### 3.2 Organisation chart

The figure below shows the EDP Group's internal auditing structure:





### 3.3 - Coordination and disclosure mechanisms, methodologies and tools

2010 was no exception in terms of the standardisation, coordination and sharing of information between IADs and with the Group.

The consolidation of methods and intensive use of tools are critical factors in achieving these goals.

- Initial input of data and implementation of the SCIRF tool for iBPMS at EDP Renováveis and EDP in Brazil;

- Additional development of the iBPMS tool.

#### A. Coordination mechanisms

- Revision of work methods and the IA Manual and publication on the Group intranet;
- Two-day internal auditing workshops at Hotel Campo Real in Torres Vedras;
- Consolidation of IA at EDP Renováveis and implementation of IA at Horizon;
- Working visits to EDP in Brazil to step up alignment and standardisation of IFRCS methods and draft the 2011 plan.

#### B. Internal Audit Function Advertising Activities

- Publication of 2009 report;
- Publication of articles in ON magazine;
- Screening of IAD videos on EDP ON for viewing on the intranet and in-house television;
- Use of the auditing space on the intranet to publish the revision of the Internal Auditing Manual;
- Use of the intranet to announce internal auditing events and activities;
- Introduction of an IFRCS logo for all the EDP Group's geographical locations.

#### C. Supports tools and methods

- Wide use of the TeamMate internal auditing tool in the three geographical locations;
- Increased use of the iBPMS tool for SCIRF (Internal Control over Financial Reporting) in Portugal;

# 04 Performance indicators

## Performance indicators

HUMAN RESOURCES	
Average age	39.5
Average years of experience	16.7
Training hours per auditor	50.5
Number of auditors per 1,000 employees	5.2
ACTIVITY	
Number of audit reports (except SCIRF) completed	108
% activities completed against those planned	113
Number of recommendations emitted (except SCIRF)	640
Number of SCIRF controls	3,900
QUALITY/EFFECTIVENESS	
Level of satisfaction (questionnaires) <sup>(1)</sup>	4.0

<sup>(1)</sup> On a scale of 1 to 5

# 05 2010 Performed Activities

5.1 - Internal Audit

5.2 - Internal quality indicators

5.3 - Internal Control over Financial Reporting

5.4 - Other activities and projects

## 2010 Performed Activities

Our activities in 2010 included preparing IADs for the internal auditing quality assessment and evaluation of the 2009-2010 SCIRF and obtaining the first independent report from the external auditor.

### 5.1 - Internal Audit

The following were the most important activities in this area in 2010:

- Quality evaluation of internal auditing;
- Revision of working methods and IA Manual;
- Continuous auditing project;
- Consolidation of IA at EDP Renováveis and implementation of IA at Horizon Wind Energy;
- Reinforcement and consolidation of IA at EDP Brazil;
- Work in all areas.

- Impact on business goals;
- Volume of transactions;
- Complexity of process;
- Lack of segregation of functions;
- Geographical dispersal;
- Susceptibility to fraud;
- Impact on financial statements;
- Impact on compliance with laws and regulations;
- Impact on compliance with in-house regulations;
- Maturity of the process;
- Degree of automation of the process.

### Reinforcement of risk analysis

The purpose of the Risk and Process Matrix is to serve as a guide for ensuring that business processes with the highest risk to companies or business areas are properly included in the Annual Internal Auditing Plan by means of specific auditing work or within the Internal Control over Financial Reporting (SCIRF).

The processes in the matrix were classified with the companies and are grouped in accordance with the APQC (American Productivity and Quality Center) standard adopted by the EDP Group (SO4/2009 EBD of 3 February). In order to classify the processes, the IAD and companies conducted qualitative evaluations of risk factors:

EDP Energias de Portugal	1. Impact on business goals	2. Volume of transactions	3. Complexity of process	4. Lack of segregation of functions	5. Susceptibility to fraud	6. Impact on financial statements	7. Impact on compliance with laws and regulations	8. Impact on compliance with in-house regulations	EDPP risk factor
EDP Distribuição									
1.0 Develop vision and strategy									
Sell access to grids (suppliers) 300	Low	Low	Medium	Medium	High	Low	High	High	Medium
Exploit distribution grids (operation and maintenance) 301	High	High	Medium	Medium	High	High	High	High	Very High
Connect low voltage customers 302	High	High	Medium	Medium	Medium	Medium	High	High	Very High
Connect medium voltage customers 303	High	Medium	Medium	Medium	Medium	Medium	High	High	Very High
Possible connections 304	Low	Medium	Medium	Low	High	Low	Low	Low	Very High
special regime generators 305	Medium	Medium	High	Medium	Low	Low	Medium	Medium	Medium

CHART OF EDP DISTRIBUIÇÃO RISKS

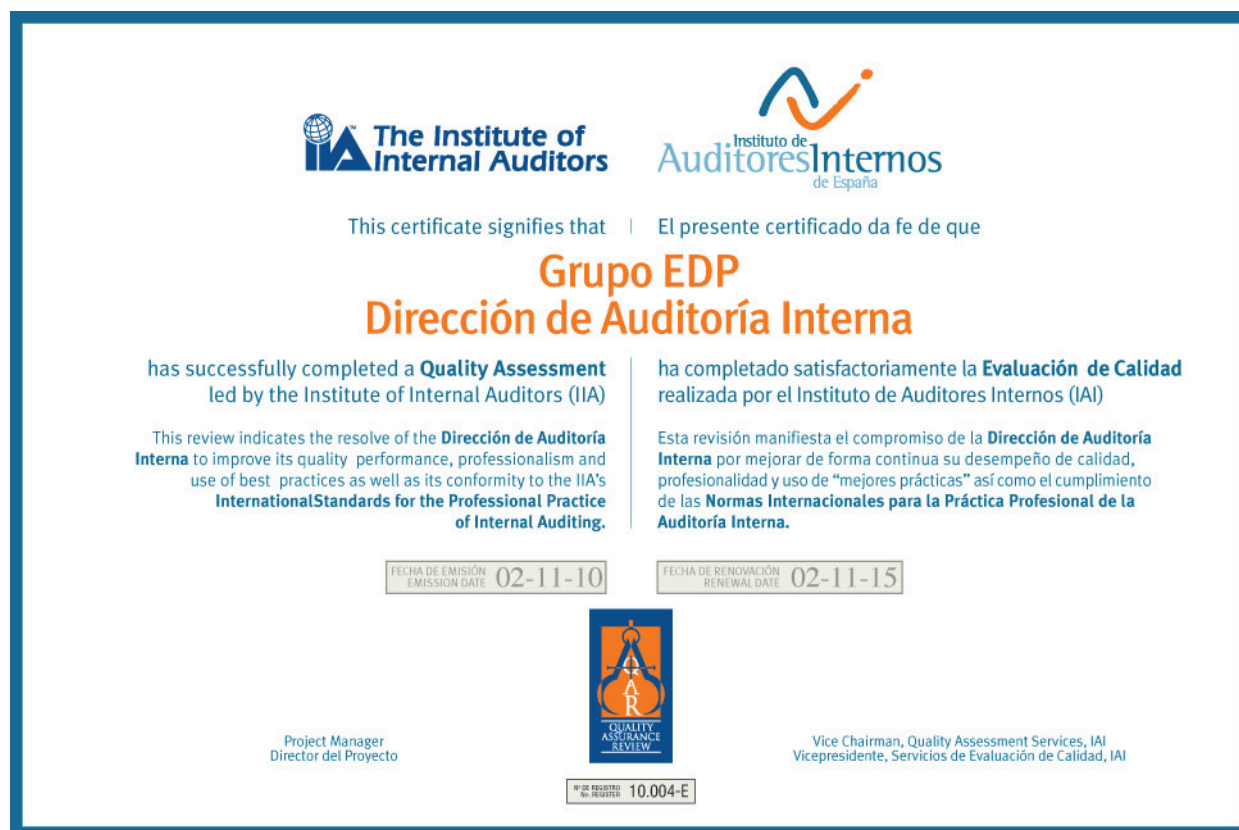


In order to draft the Annual Auditing Plan, we requested contributions from executives at the main EDP Group companies, the Corporate Centre, the Audit Committee and Executive Board of Directors.

All their suggestions were entered into the IAD database of potential jobs and analysed on the basis of the Risk and Process Matrix of the main Group companies at a workshop attended by all IAD employees. The resulting job proposals were submitted to the main Group companies before final approval.

### Evaluation of quality of internal auditing in the EDP Group

The IAD, represented by the EDP Group's Corporate Audit Director was presented with an EDP Group audit quality certificate by the President of the IAI at a ceremony in Madrid on 25 November 2010 as part of the 15th Audit Workshops of the Spanish Institute of Internal Auditors. The certificate was issued by the IAI, which has accreditation from The Institute of Internal Auditors (IIA) in the United States.



In line with the commitment made in the 2010 plan of activities, the corporate IAD, IAD - HC Energía, IAD - Naturgas Energia and IAD - EDP Renováveis (Europe and USA) were assessed by an IAI team of evaluators, with following main goals:

- 1 - To assess compliance of the IADs' activity with the IIA's International Standards for the Professional Practice of Internal Auditing;
- 2 - To obtain an opinion on the efficacy of its performance as set out in the Basic Internal Auditing Standard

and the expectations expressed by the Chairman of the Executive Board of Directors (EBD) and Financial Committee / Audit Committee (FC/AC);

- 3 - To identify opportunities for improvements in its work and management processes.

The assessment team used the IIA method, divided into two lines of work.

First they conducted a detailed analysis of the policies, practices and procedures used in the different auditing

areas, planning of activities, lines of dependency of the IADs, the methods and tools used, management processes and training of employees. These analyses were complemented by checking representative samples of tasks and reports done with supervisors and in-house customers.

In addition, they interviewed supervisors and managers of the different IADs, representatives of the companies' senior management, the Chairman of the EBD, Audit Committees (EDP and EDP Renováveis), the CEOs of customer companies and a number of auditors from the IADs assessed.

Their rating was the highest awarded by the IIA, in line with the activity's compliance with the standards, sections and categories of the IIA's professional reference model.

This certification was possible thanks to the strategic options made by IAD's managers, the adoption of international standards in internal auditing, the unconditional support of supervisors and the commitment and determination of all employees.

#### Revision of working methods and the IA Manual

Internal and external developments in internal auditing resulted in a need to revise and update the Internal Auditing Manual and update the use of the TeamMate tool, define a new audit reporting model, reformulate the nomenclature of priorities in internal auditing recommendations and revise templates. The methods for following recommendations and data confidentiality were detailed in the area of information systems.

#### Continuous auditing project

Following the prospects announced for 2010, we introduced a pilot continuous auditing project for the main activities at the stores and agents of EDP Soluções Comerciais. Using an analysis of the main risks of their activity, we designed some monitoring and alert indicators, some of which have already been implemented and applied to a massive extraction of data from the SAP ISU commercial system performed in the meantime. At the same time, we implemented the support infrastructure for continuous work of this nature. The main advantages of continuous auditing are gains in efficiency of internal control, the prevention and detection of irregularities and application to 100% of transactions in audits.

#### Consolidation of IA at EDP R and implementation of IA at HWE

As a result of the structural changes at EDP in Brazil in 2009, we were able to rotate employees by admitting new ones with a specialised profile appropriate to the Group's needs. It was also possible to standardise methodologies and working methods in accordance with the procedures used in the other geographical locations so that IA could be approximated and homogenised in all of them.

#### Work in all areas

As a result of the need to perform additional, unscheduled work which took priority over planned work, there was a considerable increase in relation to the numbers set out in the annual plan.

Out of the total of 154 scheduled and unscheduled activities for 2010, 133 audits were completed and 21 are underway.

The table below shows activities planned and performed in 2010.



	2010 PLAN	PERFORMED			
		PLAN	UNPLANNED	TOTAL COMPLETED	UNDER WAY
RI	28	18	2	20	1
OP	66	47	34	81	10
IS	13	6	1	7	2
OTHER ACTIVITIES (*)			25	25	8
<b>TOTAL</b>	<b>107</b>	<b>71</b>	<b>62</b>	<b>133</b>	<b>21</b>

(\*) Activities other than audits reviews

LEGEND:

RI – Reliability of financial information | OP – Efficacy, operating efficiency and regulations | IS – Information systems

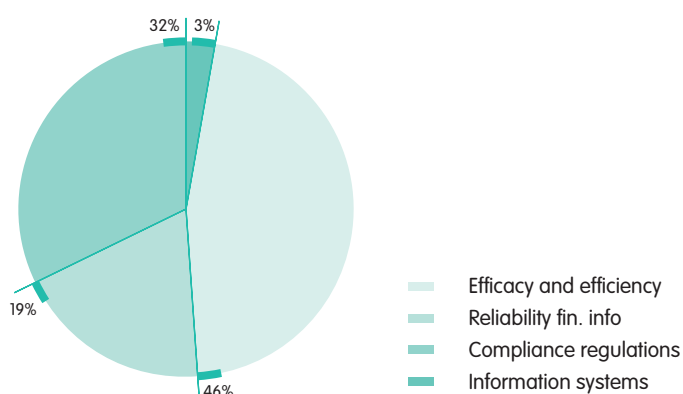
Around 53% of the 133 activities completed in 2010 were provided for in the IAD plan of activities and 47% were not.

The table below shows the recommendations made in 2010 by type of activity:

The work done gave rise to 640 recommendations and improvement measures which resulted in action plans drafted by the companies or areas audited. These action plans were obtained during the issue of the report and they were monitored on a quarterly basis.

TYPE OF RECOMMENDATION	ISSUED IN 2010
Efficacy and efficiency	294
Reliability fin. info	122
Compliance regulations	202
Information systems	22
<b>TOTAL</b>	<b>640</b>

No. of recommendations made in 2010 by type

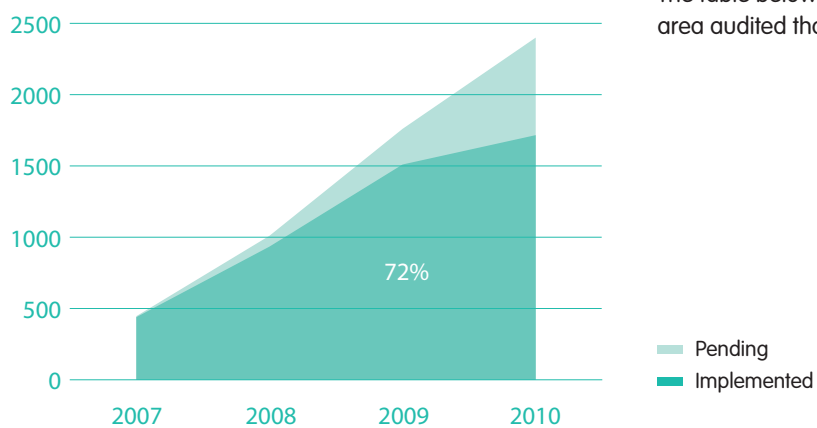


### Summary of recommendations by year of issue in the EDP Group

YEAR	ANNUAL		
	IMPLEMENTED	PENDING	MADE
2007	439	7	446
2008	495	69	564
2009	576	174	750
2010	206	434	640
TOTAL	1,716	684	2,400
%	72%	29%	100%

As shown in the table, 72% of recommendations were implemented.

### Pursuing Recommendation emitted by IAD



### 5.2 - Internal quality indicators

As set out in the Auditing Manual, completed jobs underwent a quality assessment based on surveys completed by the company or area audited.

The table below shows the results of the surveys for each area audited that were available at the end of 2010.

TYPE OF ACTIVITY	EDP P	HC	EDP R	AVERAGE
FI	3.9	4.1	0.0	4.0
OP	4.5	4.2	3.5	4.1
SI	4.0	0.0	0.0	4.0
AVERAGE	4.1	4.2	3.5	4.0

#### LEGEND:

RI – Reliability of financial information | OP – Efficacy, operating efficiency and regulations | IS – Information systems

### 5.3 - Internal Control over Financial Reporting

The EDP Group's willingness to maintain a position of reference in the market and incorporate in its activities the recommendations made in the regulations published by the supervisory bodies encouraged a commitment to and consolidation of the SCIRF (Internal Control over Financial Reporting) with a view to even higher quality of the financial information provided to stakeholders.

In line with the strategic guidelines, the following were defined as structural aspects in the development of the SCIRF in 2010:

- Maintenance and monitoring of internal control cycle
- First independent report from external auditor

The following activities were undertaken to achieve these basic goals:

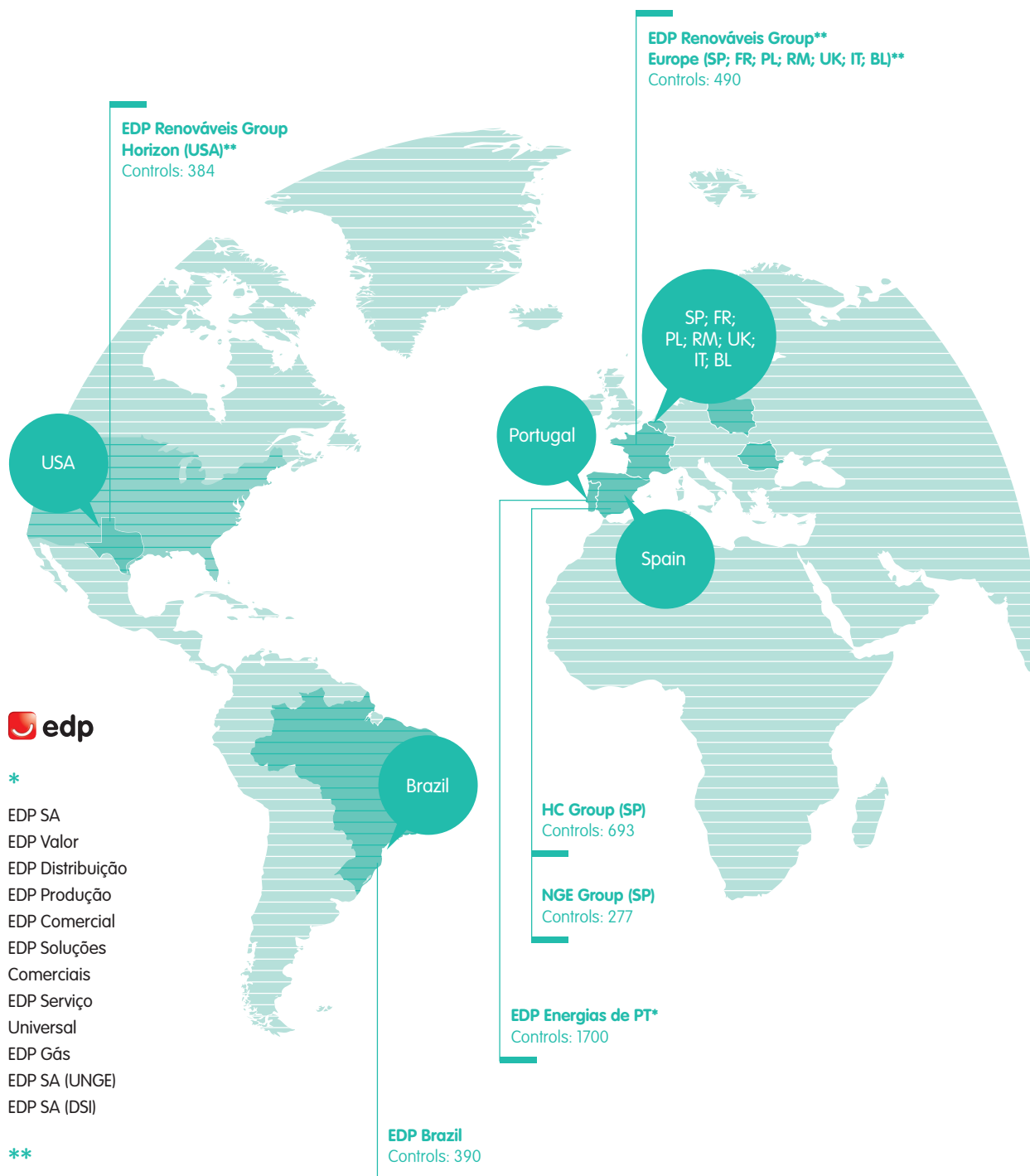
- Maintenance and monitoring of annual cycle
- Introduction of self-certification in Portugal
- Evaluation of 2009-2010 SCIRF
- Consolidation of iBPMS tool
- Creation of SCIRF logo

### Maintenance and monitoring of annual cycle

In the work in this area, a variety of tasks were performed, including:

- Scope model – We applied the model adopted by the EDP Group, as revised by the external auditor, to the consolidated financial statements in order to identify the companies or business units, items and processes relevant to financial reporting. This model is based on analyses of materiality and risk. Its use resulted in the scope of the 2010 SCIRF, which is shown in the figure below. It covers the companies in Portugal and HC Energía, Natargas Energia, EDP Renováveis Europa, EDP Renováveis EUA (HWE) and EDP in Brazil and involves over 50 business units. It documents more than 3,900 controls at entity level, process level and general IT level.

2010 IFRCs in the EDP Group



- \*
  - EDP SA
  - EDP Valor
  - EDP Distribuição
  - EDP Produção
  - EDP Comercial
  - EDP Soluções Comerciais
  - EDP Serviço Universal
  - EDP Gás
  - EDP SA (UNGE)
  - EDP SA (DSI)

- \*\*
  - Europa: Portugal (Enernova)
  - Spain (Naturgas Group)
  - Wind Farms (Europe)

USA (WindFarms)

- Technical and methodological support in the revision and documentation of new or redesigned processes and controls on 31 new subjects involving 25 groups of processes and support in the redesign of existing processes resulting from changes in organisation or legislation;
- Reinforcement of the control culture among executives through meetings and support documents;
- Support, monitoring and control in the resolution of the non-compliance identified in previous revision cycles with a resolution rate of over 80%.

#### Introduction of self-certification in Portugal

As set out in the 2010 priorities, in the first half of 2010 we introduced self-certification for the first time in Portugal so that the people in charge of the SCIRF (Internal Control over Financial Reporting) at different levels can explicitly recognise the sufficiency or insufficiency of the following activities:

- Documentation of updates and suitability of processes and control activities;
- Control activities and their evidence;
- Approval and implementation of actions for resolving non-compliance
- Familiarity with and compliance with the code of ethics.

All the corporate and organisational units within the scope of the SCIRF participated in this activity, resulting in 314 certificates and the resolution of 156 non-compliances.

In Spain, annual self-certification has been carried out as a matter of course since the previous cycles.

#### Evaluation of SCIRF - Cycle 2009-2010

Evaluation is an activity performed by a body independent of those in charge of controls. In the 2009-2010 SCIRF, it is reinforced by an assessment by the external auditor with a view to the issue of the EDP Group's first independent SCIRF report on the 2009-2010 cycle at the end of February 2011.

The evaluation used the methods set out in the IFRCs Manual:

- I. Evaluation of the design of controls to issue an opinion on

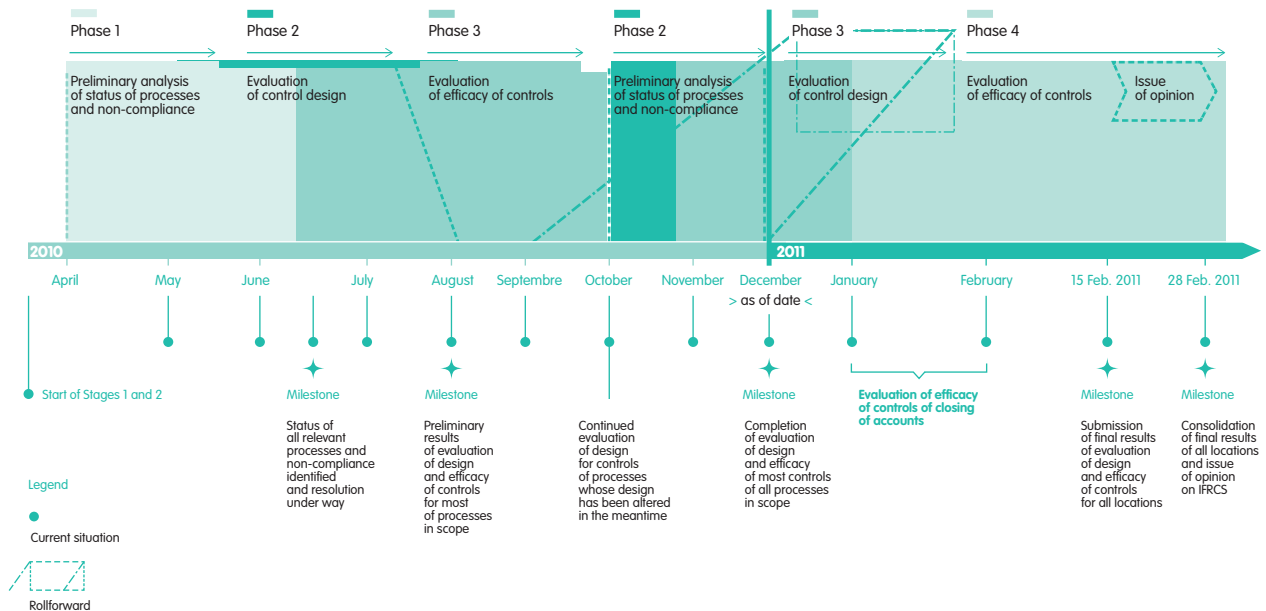
the appropriate structure for timely prevention of materially relevant errors in the financial statements or improper appropriation of Group resources.

- II. Evaluation of the operational efficacy of controls with an appropriate design in order to confirm whether they are being performed in accordance with the design, are producing the desired results and are being carried out by professionals with the appropriate skills and qualifications.
- III. Report to the management on evaluation results from the controls selected and tested by the external auditor.

The report is based on the work done by the external auditor over 11 months using the methods indicated involving all the geographical locations and divided into the following phases:

- Phase 1 – preliminary analysis of status of processes and non-compliances identified in prior internal control cycles;
- Phase 2 – evaluation of control design;
- Phase 3 – evaluation of operational efficacy of controls;
- Phase 4 – submission of results and end of evaluation.

### Planning and phasing of external auditor's work



### Consolidation of iBPMS tool

After a pilot scheme in 2008, input of data from the SCIRF revision in 2007/2008 and transfer of responsibility for maintaining the SCIRF to the businesses, 2010 was devoted to consolidation of the iBPMS in Portugal, convergence with process management and the start of implementation at EDP Renováveis and EDP in Brazil.

# SCIRF

Internal Control  
over Financial  
Reporting

### Creation of SCIRF Logo

Due to the visibility of the SCIRF (Internal Control over Financial Reporting) among investors and market supervision bodies and in the EDP Group and the chain of responsibilities for activities at different levels and in the different locations and companies, a brand was created in harmony with that of EDP.

The brand as a symbolic representation plays an essential role in internal and external communication. It enables us to immediately identify its concept, values and intrinsic characteristics of integrity, efficiency and transparency.



A common logo was created, although with the specificities of the languages of the locations where the SCIRF is in effect, Portuguese, Spanish and English.

### 5.4 - Other activities and projects

Other activities interacting with the IADs' main work were also undertaken, including:

- Support for the convergence with the process area;
- Development of the IAD's corporate processes and their indicators as part of the definition of processes at the Corporate Centre;
- Participation in the LINCE Project;
- Collaboration in the code of ethics training project as trainers and trainees.

# 06 Human resources

## Human resources

There were 52 permanent employees working in the Internal Audit Departments as at 31 December 2010.

The Audit Department at EDP in Brazil was responsible for the most activity as a result of the restructuring in Brazil and due to the reinforcement of IA in line with the other geographical locations.

### Admissions

Five new employees aged 26 to 33 joined the IADs' staff, most of them from external auditing companies.

The table below shows the names and companies of the new recruits.

EDP BRAZIL	Luciane Boschini, Kaue Dellazari, Rogério Ferreira
EDP RENOVÁVEIS	Luís Eduardo Cacho, Iñaki Gaztañaga Boronat

### Departures

Three employees left the IADs due to transfers to other departments or companies or rescission of contracts.

EDP BRAZIL	Murilo Fray, Ricardo Júlio
HC ENERGÍA	Lucia González Pola Muñiz

### Training

In 2010 the amount of training for IAD employees was in line with the previous year, though there were more

courses in the behavioural area, involving an increase of around 250 hours.

The training courses were part of a programme of training solutions provided by the Group and training outsourced to highly reputed organisations.

There are eight employees enrolled in CIA – Certified Internal Auditors certifications and two attending MBA courses.

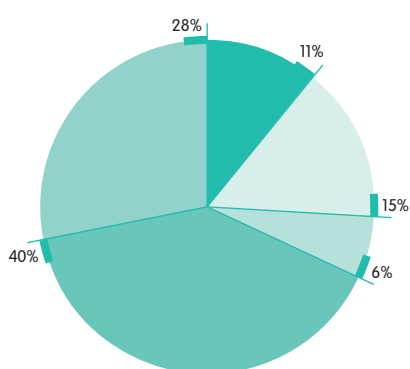
The table below shows internal and external training courses by subject for all applicable geographical locations.



TRAINING AREA	SUBJECT	NO. COURSES	NO. HOURS	%
Behavioural		17	281	11%
	Communication and Interpersonal Relationships	13	216	
	Leadership	4	65	
Management		20	405	15%
	People Management	3	38	
	CIA Certification	2	96	
	Auditing	1	14	
	Sales	1	5	
	Corporate Law	2	18	
	Finance	1	136	
	Management - other	2	13	
	Regulation	5	53	
	Strategy	1	8	
	Planning and Management Control Systems	2	24	
Organisational		5	164	6%
	Ethics	2	70	
	Project / Company Culture	1	63	
	Quality	2	31	
General skills		20	1.038	40%
	People Management	1	6	
	Prevention and Safety	2	7	
	Languages	6	492	
	Information Systems	11	533	
Specific skills		19	743	28%
	Auditing	9	235	
	Finance and Accounting	3	106	
	Internal Control	3	293	
	Information Systems	4	109	
TOTAL		81	2.631	100%

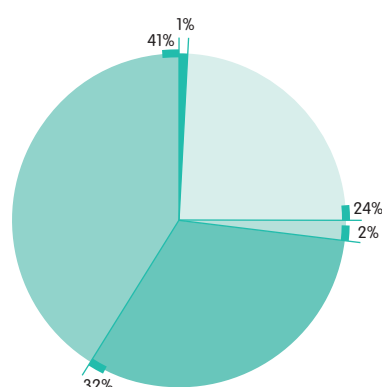
As shown in the pie charts below, there was a significant increase of around 250 hours between 2009 and 2010, particularly in the behavioural area, and there was a slight drop in the management and specific skills areas.

Training by domain 2010



- Behavioural
- Management
- Organisational
- General skills
- Specific skills

Training by domain 2009



- Behavioural
- Management
- Organisational
- General skills
- Specific skills

Once again, there was a larger number of training hours in general and specific skills at 1038 and 743 respectively.

2010 was quite balanced in terms of the number courses given internally and externally.

TRAINING BY AREA	IN-HOUSE TRAINING		OUTSOURCED TRAINING		OVERALL TOTAL	
	COURSES	HOURS	COURSES	HOURS	COURSES	HOURS
Behavioural	9	139	8	142	17	281
Management	14	248	6	157	20	405
Organisational	5	164	0	0	5	164
General skills	12	481	8	557	20	1,038
Specific skills	1	16	18	727	19	743
<b>TOTAL</b>	<b>41</b>	<b>1,048</b>	<b>40</b>	<b>1,583</b>	<b>81</b>	<b>2,631</b>

Outsourced training focuses more on specific skills (727 hours) and general skills (557 hours), which account for 81% of external training hours.

# 07 Outlook for 2011

7.1 - Internal audit

7.2 - Internal Control over Financial Reporting

7.3 - Other activities

## Outlook for 2011

### 7.1 - Internal audit

Following the methods adopted for preparing the IA plan for 2011 and the recommendations in the quality certification issued by the IAI, the following goals were defined:

- Extension of the methods when drafting the plan of activities based on the Risk and Process Matrix of the main Group companies;
- Consolidation of the 2010 continuous auditing pilot project and start of another three initiatives in the areas of access management, commercial systems and procurement;
- Ongoing monitoring of mandatory regulatory audits (ERSE);
- Supervision of environmental audits monitored by the DSA;
- Implementation of recommendations from the IAD certification process, including a new audit reporting model;
- Design of a new audit reporting model.

- Management of the 2011 cycle:
  - a. Introduction of a new evaluation programme;
  - b. Taking the necessary steps to maintain and further certification of the SCIRF throughout the EDP Group.

### 7.3 - Other activities

In addition to the main activities, others will be undertaken to help to improve them, such as:

- Preparing the geographical locations not included in the first IA quality certification;
- Monitoring the implementation of the Lince Project;
- Implementing a project management tool in the IAD;
- Fostering the group of competences for segregating functions;
- Implementing a database for automating compliance with IAD recommendations.

### 7.2 - Internal Control over Financial Reporting

Our commitments to the market, investors, supervisory bodies and stakeholders in general in terms of internal control and risk management will be the guidelines for our plan of activities in the future with a view to ongoing improvement in information reporting processes.

The following are the most important tasks for the upcoming year:

- Continuation and extension of the organisation, methods, processes, tools and methods for maintaining and monitoring the SCIRF.

The background is a solid teal color. Overlaid on this is a complex, white line-art pattern. The pattern consists of numerous thin, white lines that are mostly horizontal and vertical, but they are slightly curved and wavy, creating a mesh-like or grid-like appearance. The lines are more densely packed in some areas and more sparse in others, giving the overall effect a sense of depth and movement, similar to a topographical map or a stylized architectural drawing.

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