



ENERGY WITH INTELLIGENCE

**BRAZIL
ANNUAL REPORT
2015**



edp
**ENERGY
WITH
INTELLIGENCE**

2015
ANNUAL
REPORT

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São João SMALL HYDROELECTRIC PLANT (ES)

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01. PRESENTATION

ABOUT THE REPORT

[GRI G4-17, G4-18, G4-23, G4-28, G4-29, G4-30, G4-31, G4-33]

EDP Energias do Brasil S.A. (hereinafter EDP) presents to all its stakeholders the 2015 Sustainability Report. In this publication, the Company depicts its economic, social and environmental performance during the period between January 1st to December 31st, 2015, and accounts on the targets and commitments undertaken over the year.

In order to develop the report and verify its information, EDP has used the Global Reporting Initiative (GRI) guidelines, generation 4, core option (essential). The indicators have gone through independent external auditing, performed by KPMG Advisory, and the content index was subjected to the GRI Content Index service. **GRI G4-32, G4-33**

The report scope comprehends all EDP business units (Generation, Distribution and Supply and Services). In the publication, it is possible to find the financial and non-financial results of 2015 for the following companies controlled by EDP:

Generation: hydroelectric plants in operation located in the States of Espírito Santo (ES), Tocantins (TO), Mato Grosso do Sul (MS)¹ and Thermoelectric Plant (TEP) Pecém I, in Ceará (CE)¹;

Distribution: Two distributors located in the States of São Paulo (SP) and Espírito Santo (ES);

Energy Supply and Services¹.

Information was also reported on the economic, social and environmental performance of the assets in joint ventures where EDP has an interest¹: Hydroelectric Plant (HPP) Santo Antônio do Jari, between Amapá and Pará (AP/PA); Hydroelectric Plant (HPP) Cachoeira Caldeirão, in Amapá (AP); and Hydroelectric Plant (HPP) São Manoel, between Mato Grosso and Pará (MT/PA). The operational results of EDP Renováveis windfarms, located in Santa Catarina (SC), Rio Grande do Sul (RS) and Rio Grande do Norte (RN) were not accounted in this report, due to the sale of the 45% of interest in December 21st, 2015.

GRI G4-17, G4-23

If you have any questions or suggestions regarding the EDP 2015 Sustainability Report, please contact us by e-mail: sustentabilidade.edp@edpbr.com.br. **GRI G4-31**

GRI G4-22, G4-23

¹ MS plants are managed by the company Pantanal Energética, which had its sale announced in 2015. The sale was completed in January 2016, therefore the economic, social and environmental results are still fully reported in this report.

² The acquisition of the remaining 50% of TEP Pecém I was completed in May 15th, 2015, therefore it was fully consolidated into EDP results. As so, before May 2015, data was contemplated proportionally to EDP's stake in the plant and then onward it was fully contemplated.

³ On December 7th, 2015, EDP completed the acquisition of APS Soluções em Energia S.A. The Company shall consolidate the business' information from 2016 on.

⁴ The data determination for the joint ventures in which EDP has an interest is proportional to the corporate interest.

SCOPE OF MATERIALS TOPICS
|GRI G4-19, G4-20, G4-21|

Topic	Within EDP Business Units	Outside EDP Stakeholders ⁵	Related GRI Indicators
Adaptation to electric mobility	All	All	-
Regulated environment	All	All	G4-SO8, G4-PR9
Well-being, health and safety	All	All, except competitors	G4-LA5 to G4-LA8
Value chain	All	All	G4-12, G4-13, G4-EN21, G4-EN33, G4-LA14, G4-LA15, G4-HR4, G4-HR5, G4-HR6, G4-HR10, G4-HR11, G4-SO9, G4-SO10
Energy scenario and macroeconomic context	All	All, except competitors	G4-1
Organisational culture	All	All	G4-3, G4-4, G4-8, G4-42, G4-56
Noise emission	EDP Bandeirante, EDP Escelsa, HPP Santo Antônio do Jari, HPP São Manoel, HPP Cachoeira Caldeirão and TEP Pecém I	Community	G4-EN14
Emissions and climate change	All	Customers and community	G4-EC2, G4-EN3, G4-EN4, G4-EN5, G4-EN6, G4-EN7, G4-EN15 to G4-EN21, EU5
Responsible employer	All	Suppliers, customers, partners, internal public	G4-10, G4-11, G4-51, G4-EC3, G4-EC5, G4-EC6, G4-LA1, G4-LA2, G4-LA3, G4-LA4, G4-LA5, G4-LA6, G4-LA7, G4-LA8, G4-LA9, G4-LA10, G4-LA11, G4-LA12, G4-LA13, G4-LA16, EU16, EU18
Ethics, reputation and transparency	All	All	G4-33, G4-56, G4-57, G4-58, G4-SO3, G4-SO4, G4-SO5, G4-SO6, G4-SO7, G4-HR1, G4-HR2, G4-HR3, G4-HR7, G4-HR8, G4-HR9, G4-HR12
Waste management	EDP Bandeirante, EDP Escelsa, TEP Pecém I, HPP São Manoel and HPP Cachoeira Caldeirão	Suppliers, community, internal public	G4-EN1, G4-EN2, G4-EN23, G4-EN25
Water management	All	Community	G4-EN8 to G4-EN10, G4-EN12
Stakeholders management and institutional relations	All	All	G4-16, G4-24, G4-25, G4-26, G4-27, G4-EC7, G4-EC8, G4-SO1, G4-SO6, EU23
Risk management	All	All	G4-2, G4-46, G4-EN27
Corporate governance	All	All	G4-34 to G4-55
Public lighting	EDP Bandeirante and EDP Escelsa	Government and regulatory agencies, communities	G4-2
Investments in clean energy	All	All	G4-EU10
Market liberalisation	EDP Bandeirante, EDP Escelsa and EDP Grid	Customers, government and regulatory agencies	G4-2
Responsible supply	EDP Bandeirante, EDP Escelsa, EDP Comercialização and EDP Grid	Suppliers, competitors	G4-PR3, G4-PR4
New markets and innovation	All	All	EU8, G4-2
Energy efficiency programs and access to energy	EDP Bandeirante, EDP Escelsa and EDP Grid	Customers, communities and NGOs	EU6, EU7, EU24, EU23, EU26, G4-EN6, G4-EN7, EU12
Quality of services provided	All	All	EU3, EU11, EU28, EU29, EU30, G4-PR5
Relationship with community and indigenous people	All (Indigenous – HPP São Manoel / EDP Escelsa)	Community	G4-EC8, G4-EC9, G4-SO1, G4-SO2, G4-SO11, EU20, EU22, G4-HR8
Financial sustainability	All	All	G4-17, G4-EC1, G4-EC3, G4-EC4
Use of resources, biodiversity and ecosystem services	All	Community	G4-EN1 to G4-EN14, G4-EN22, G4-EN23, G4-EN25, G4-EN26, G4-EN30, G4-EN31, G4-EN34, EU13

GRI G4-22

⁵ EDP considers stakeholders: suppliers, shareholders, investors, financiers, competitors, customers, government and regulatory agencies, partners, community, NGOs and internal public.

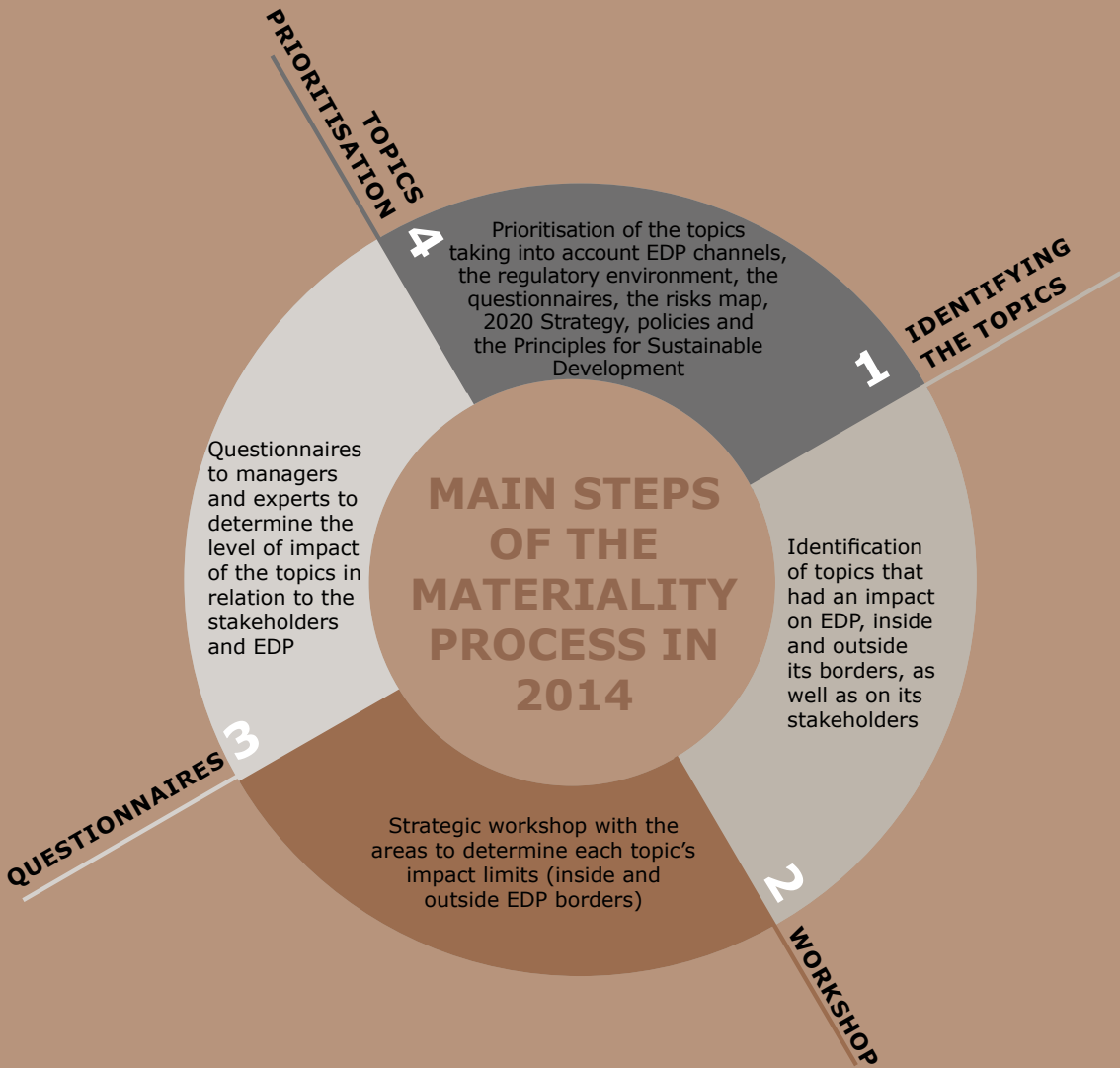
MATERIALITY PROCESS

|GRI G4-18, G4-19, G4-20, G4-21, G4-22, G4-23|

In 2014, EDP reviewed its materiality process with the purpose of aligning itself to the GRI-G4 methodology and identify possible changes in the most relevant topics for the company. For the matrix review, the Company used new GRI guidelines and AccountAbility AA1000 guidelines. The results were obtained through analysis of the business goals and external impacts and through feedback from stakeholders. **GRI G426**

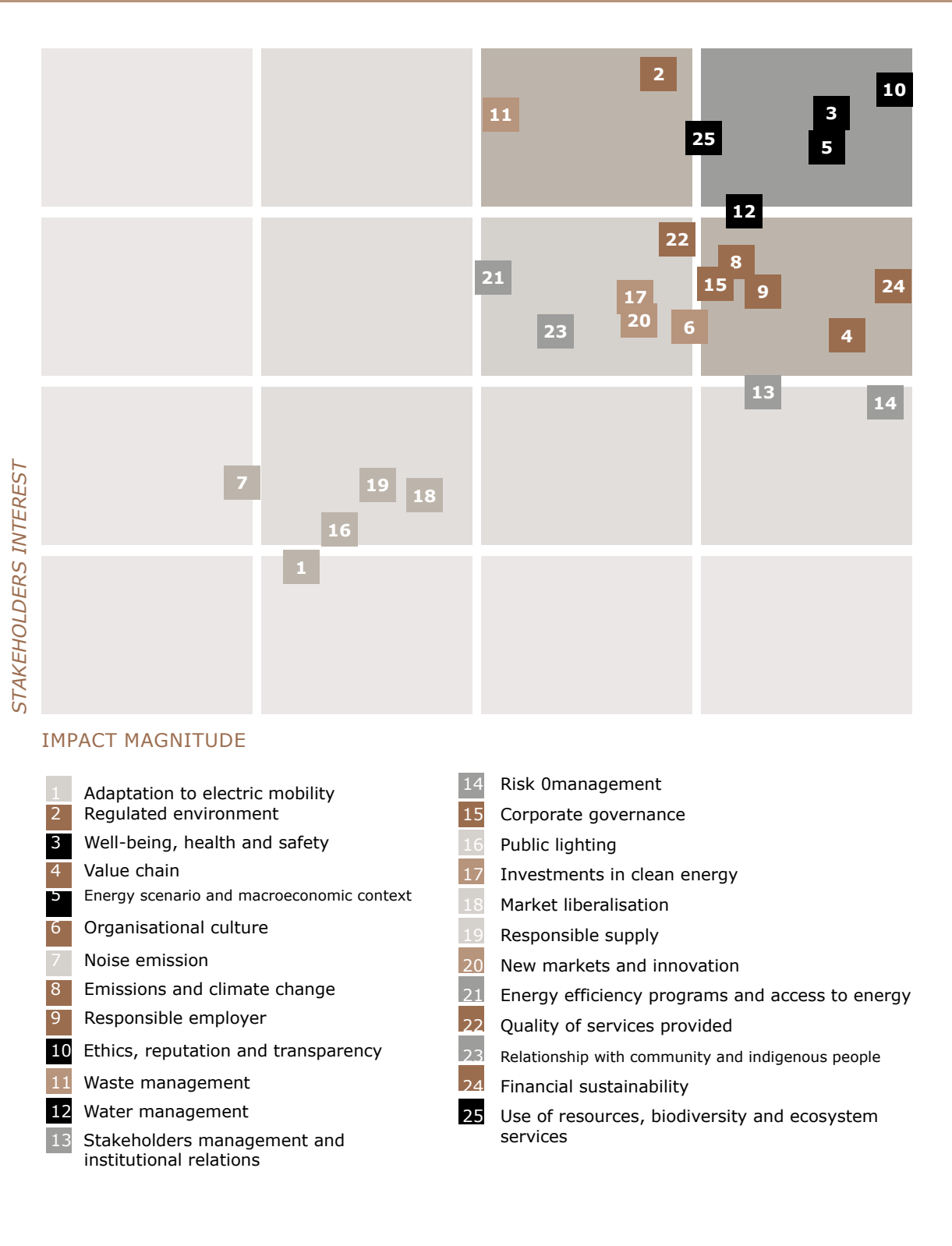
Among the main changes, the most important are:

- unification of topics: relationship with communities with relationship with indigenous communities; and emissions and climate change with emissions of pollutants into the atmosphere;
- inclusion of the topic organisational culture - due to its importance to the company´s strategy;
- the topic energy and macroeconomic scenario gained more relevance, specially through the analysis of the economic and sectorial context in 2015;
- focus on healthcare and safety topics, which became the most relevant to the strategy in 2015.



CONSOLIDATED MATERIALITY MATRIX

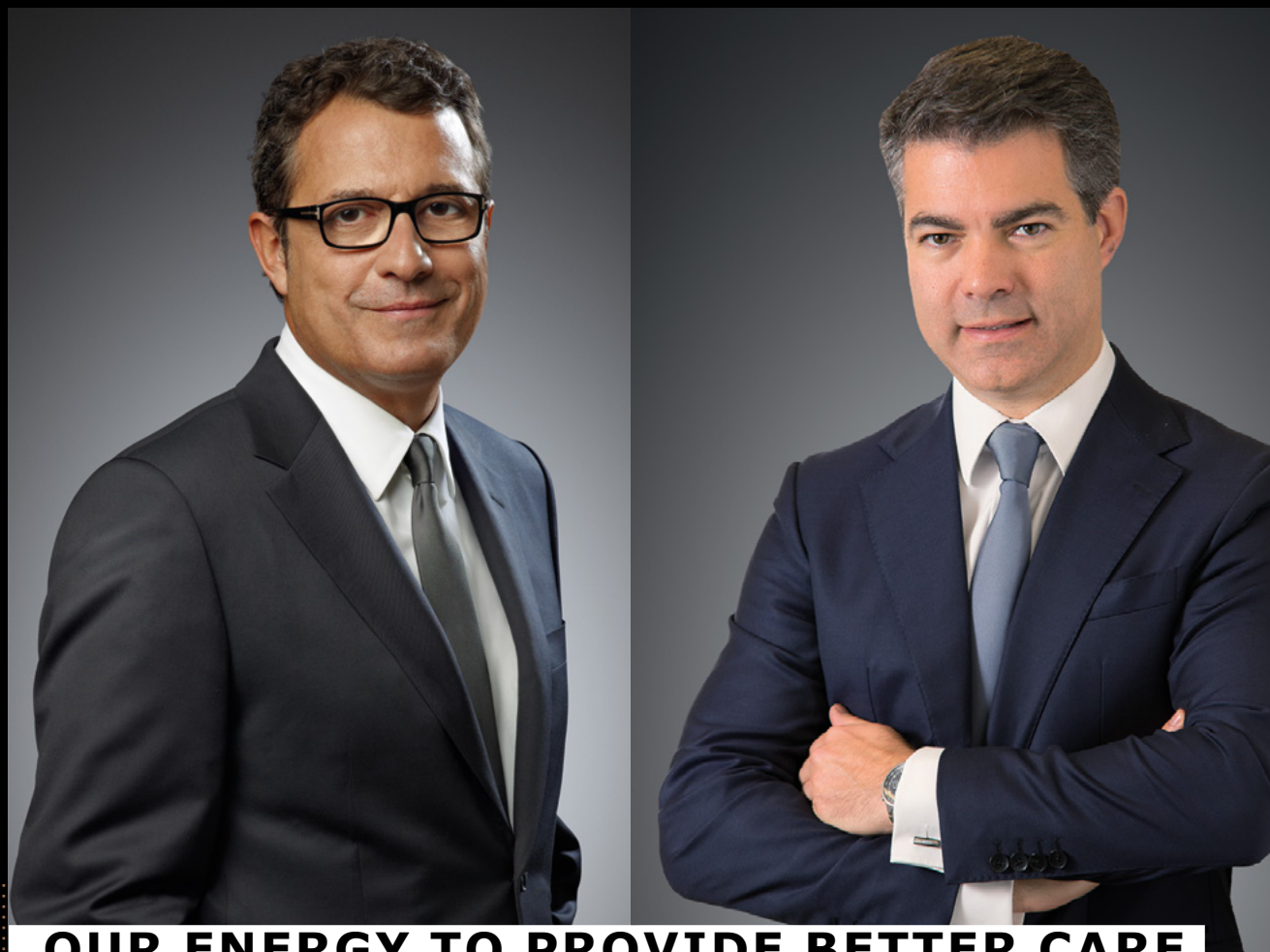
[GRI G4-19, G4-27]



Caraguatatuba waterfront (SP) – concession area

02. MESSAGE FROM THE BOARD

[GRI G4-1, G4-2]



OUR ENERGY TO PROVIDE BETTER CARE

2015 was simultaneously a very symbolic year due to the 20th anniversary of EDP in Brazil and a year of many accomplishments. Despite the unfavourable macroeconomic and hydrological scenario, we ended 2015 with one of the best results in EDP history in Brazil. These results were only possible because we focused on operational efficiency, portfolio optimisation, commitment with execution, risk management and early delivery.

From the macroeconomics point of view, 2015 was a year of slowdown with a direct impact on electricity consumption. Brazil registered a reduction of 2.1% compared to 2014. The extraordinary tariff review in March rebalanced the distribution companies' revenues that presented high tariff deficits in 2014, but it caused the energy tariffs to increase over 50%.

The hydrological scenario remained below the average history records, since we had one of the worst rainy seasons of the past 85 years. This context had a direct impact on the generators' cost, which were exposed to a Generation Scaling Factor (GSF) of 85.1%, a percentage worse than the one registered in 2014 of 90.6%. The hydrologic risk renegotiation mechanism partially attenuated the impacts for the Companies.

We firmly maintain our goal to be a benchmark integrated Company in the Brazilian energy market, focusing on Generation, Distribution, Energy Supply and Services businesses. In this sense, we made important progress in 2015.

In the Generation segment, we have invested R\$ 300 million to acquire the remaining 50% of TEP Pecém I, adding extra 360 MW of installed capacity. We have completed the sale of our interest in EDP Renováveis Brasil and signed a contract to sell Pantanal Energética. All of that to reinforce our position as an benchmark Hydrothermal Operator. We also made significant progress in Generation works and promoted improvements in the plants operational performance, as Pecém I that ended the year with 88.1% of availability, an increase of 12% compared to 2014.

In Distribution, we have made relevant investments to fight the non-technical losses and to improve the service quality indicators. Namely, at EDP Escelsa, we managed to reduce by three percentage points the non-technical losses in low tension.

In Energy Supply and Services, we have completed the acquisition of APS Soluções em Energia, undertaking the commitment to expand our presence in the services segment of energy efficiency and distributed generation.

This year, we have also continued the EDP Culture project, which decisively contributed to reinforce the levels of motivation and engagement of our associates. The environment research in 2015 revealed an engagement level of 79%, compared to the 73% of other reference companies in the research.

The adoption of the sustainability principles remains in essential topics for the good management of our business, such as transparency, ethics, human rights, fight against corruption, child labour and slavery and environment protection.

As a consequence we integrated, for the tenth consecutive time, the *Índice de Sustentabilidade Empresarial* (Corporate Sustainability Index) of the São Paulo Stock Exchange (BM&FBovespa) and received once again the *Selo Ético* (Ethic Seal) assigned by the *Cadastro Empresa Pró-Ética*, proving our commitment to best corporate practices and governance. Additionally, since 2006 we are signatories of the United Nations Global Pact initiative that encourages businesses to incorporate corporate social responsibility practices.

We ended the year feeling that we fulfilled our duty and did everything we were supposed to do to overcome the effects from the external scenario. All of our actions helped us to register, this year, one of the best results of our history. The EBITDA has reached R\$ 3.0 billion and the net profit was R\$ 1.3 billion. This EBITDA performance also reflects the gains resulting from the acquisition of the remaining 50% of TEP Pecém I and from the sale of our interest in EDP Renováveis Brasil. We have also kept a healthy level of indebtedness of 1.7 times net debt/EBITDA.

In this year, where we celebrate 20 years operating in Brazil and 10 years being public listed in BM&FBovespa, we registered the largest increase in stock exchange value of the electrical sector. The quotation of our shares accumulated an appreciation of 36.2%, compared to Bovespa (13.3%) and IEE (-8.7%).

In this important year of our history in Brazil, we want to thank the entire EDP team for all its effort and competent dedication, our customers, our shareholders and investors, for trusting us, and our business partners for the always fruitful cooperation.

In 2016 we want to continue to build, with all of our stakeholders, an evermore solid and competitive Company, a fairer society and a more developed and sustainable Country.

Together, we move forward!

António Mexia

Chairman of the Executive Board
of Directors

Miguel Setas

CEO



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Distribution Lines

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03. INSTITUTIONAL PROFILE

WHO WE ARE

In 2015, EDP celebrated 20 years of operation in Brazil and 10 years of public listing in BM&FBovespa and the launching of its initial public offering (IPO).

With financial discipline and focus on its working methods, EDP seeks to be an integrated and benchmark company in the Brazilian energy market. In these 20 years of operation, the Company has evolved and assumed a prominent position in the Generation, Distribution and Supply and Electric Energy Services segments. Besides being fourth largest supplier in the Country, it ranks as the fourth largest private group of energy generation (installed capacity) and the fifth in distributed energy. **|GRI G4-3, G4-4, G4-8|**

Controlled by the EDP Energias de Portugal Group - one of the largest European operators in the energy sector - the Company is present in 8 Brazilian States: São Paulo (SP), Espírito Santo (ES), Tocantins (TO), Mato Grosso (MT), Mato Grosso do Sul (MS), Ceará (CE) and Amapá (AP). With its main office in the city of São Paulo, it has stocks negotiated in the New Market of São Paulo Stock Exchange (BM&FBovespa), a segment of companies that adopt best practices in Corporate Governance. **|GRI G4-5|**

As an integrated electric energy company, EDP has operations in Brazil in the Generation, Distribution and Supply and Electric Energy Services segments

20
years in Brazil
10
years since IPO

2015 Main highlights

[GRI G4-4, G4-5, G4-9, G4-10]

Prominent position in the Brazilian energy market

4th
largest private group of generation (installed capacity)

5th
largest private group of distribution (distributed energy)

4^a
largest private supplier (sales)

2,940
internal associates and

164
joint ventures associates

12,253
outsourced associates

193
interns and trainees

86%
of suppliers with potential negative impact on environmental, labour, human rights and social aspects were audited in

R\$ 10.1 billion

net revenue registered by the company, 13.6% above the revenue registered in

4.4 thousand tons

total emissions of CO₂e (tCO₂e) in 2015

R\$ 3.06 million

total destined to social investments made by EDP in 2015

2.7 GW

of installed capacity in the Generation business

3.3 million

customers supplied by the two distributors (EDP Bandeirante and EDP Escelsa)

10,521 GWh

of energy sold in the free energy market through the supply segment

⁶ Consolidated of all companies, and the number of associates from the joint ventures (proportional to EDP corporate interest).

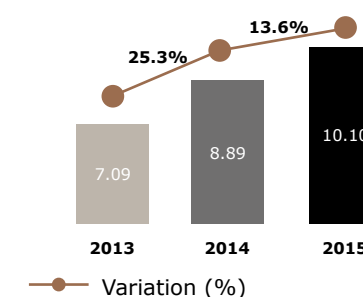
⁷ Consolidated of all companies, including the number of associates from the joint ventures (proportional to EDP corporate interest).

⁸ Installed capacity in 12/31/2015, including 100% of the installed capacity of UTE Pecém I and the installed capacity proportional to EDP interest in UHE Santo Antônio do Jari and not including the 45% of installed capacity of EDP Renováveis.

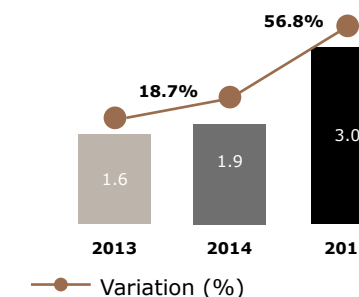
KEY PERFORMANCE INDICATORS

FINANCIAL HIGHLIGHTS

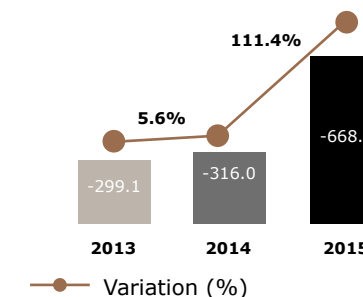
NET REVENUE (IN BILLIONS OF R\$)



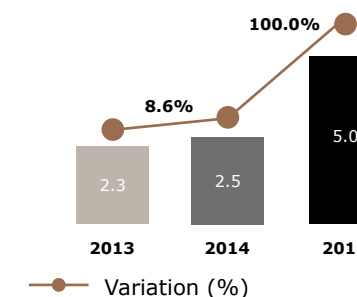
EBITDA (IN BILLIONS OF R\$)



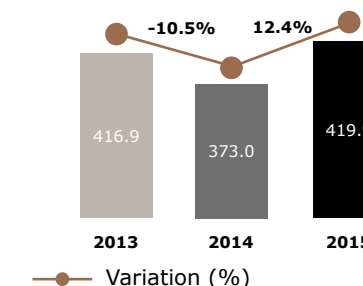
FINANCIAL RESULT (IN MILLIONS OF R\$)



NET DEBT (R\$ BILLIONS)



INVESTMENTS (R\$ MILLIONS)



⁹ Profit before taxes, interests, depreciation and amortization.

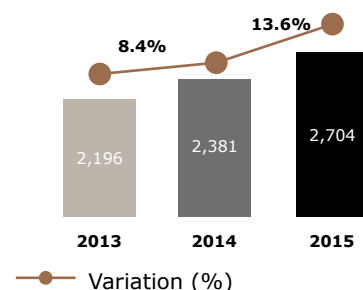
¹⁰ Net debt: gross debt – cash flow and securities – net balance of regulatory assets

KEY PERFORMANCE INDICATORS

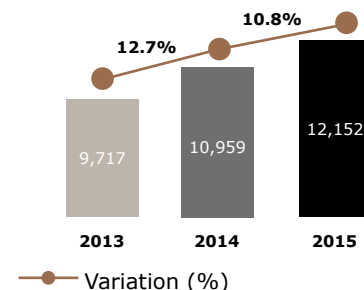
OPERATIONAL

GENERATION

INSTALLED CAPACITY (MW)¹¹

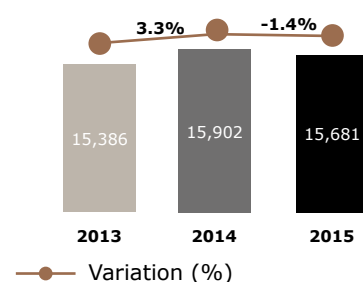


ENERGY GENERATED (GWH)¹²

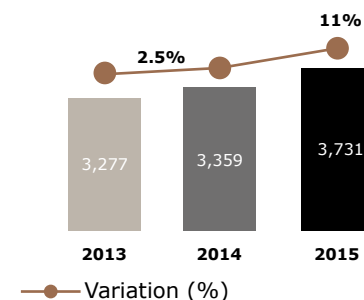


DISTRIBUTION

ENERGY DISTRIBUTED TO FINAL CUSTOMERS (GWH)

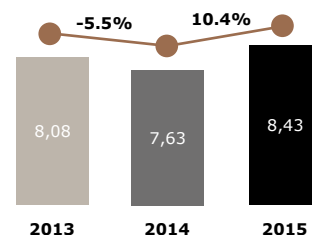


TECHNICAL AND BUSINESS LOSSES (GWH)



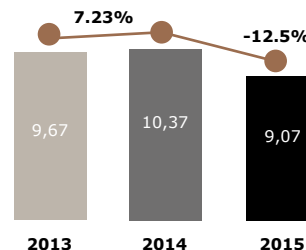
EDP Bandeirante

EQUIVALENT DURATION OF CONTINUITY (DEC)

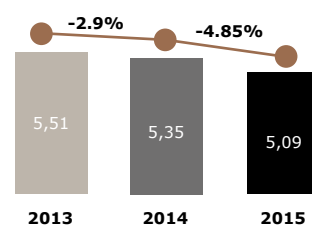


EDP ESCELSA

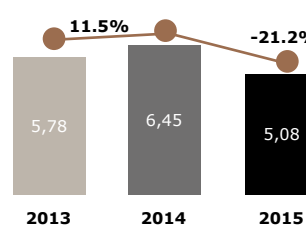
DURAÇÃO EQUIVALENTE DE CONTINUIDADE (DEC)



EQUIVALENT FREQUENCY OF CONTINUITY (FEC)



EQUIVALENT FREQUENCY OF CONTINUITY (FEC)

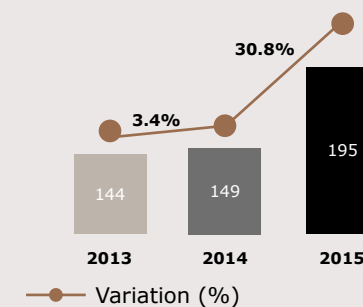


¹¹ Installed capacity on 12/31/2015, including 100% of UTE Pecém I installed capacity and excluding the 45% of EDP Renováveis installed capacity.

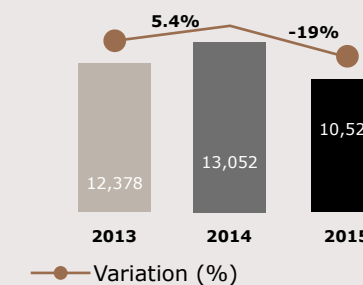
¹² Total energy generated considering the values proportional to EDP interest in UHE Santo Antônio do Jari and 100% of the plants controlled by EDP.

SUPPLY

NUMBER OF CUSTOMERS

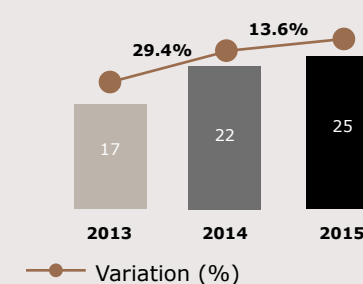


ENERGY SOLD (GW/H)

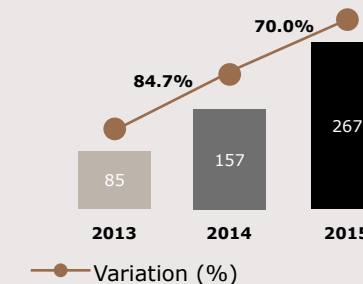


SOCIAL AND ENVIRONMENTAL

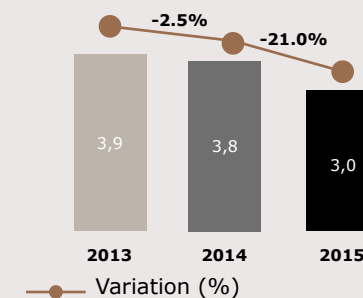
ACCIDENTS WITH THE POPULATION



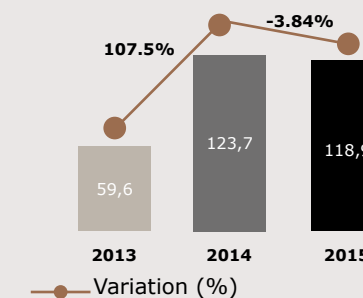
ACCIDENTS WITH THE INTERNAL PUBLIC AND THIRD-PARTIES EMPLOYEES



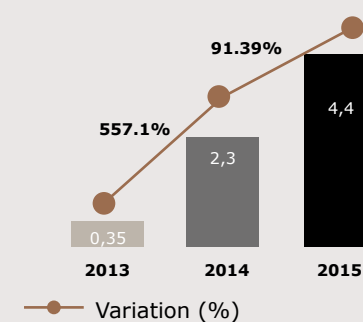
EXTERNAL SOCIAL INVESTMENTS (R\$ MILLIONS)



INVESTMENTS IN THE ENVIRONMENT (R\$ MILLIONS)



EMISSIONS OF CO₂e (TCO₂e SCOPE 1 AND 2)



edp

Present in 14 countries

CANADA
UNITED STATES

MEXICO

BRAZIL

UNITED KINGDOM
POLAND
BELGIUM
FRANCE
ROMANIA
PORTUGAL
SPAIN
ITALY

ANGOLA

CHINA



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Peixe Angical Hydroelectric Plant (TO)

SUPPLY

195 customers | 10,521 GWh

Total energy sold

GENERATION

AP/PA	TO	CE
HPP Santo Antônio do Jari	HPP Luis Eduardo Magalhães and HPP Peixe Angical	HPP Pecém I
373.4 MW	1,401.25 MW	720.3 MW
Installed Capacity	Installed Capacity	Installed Capacity

AP

HPP Cachoeira Caldeirão

219.0 MW

Capacity under construction

94.6%

of the work completed

MT

HPP São Manoel

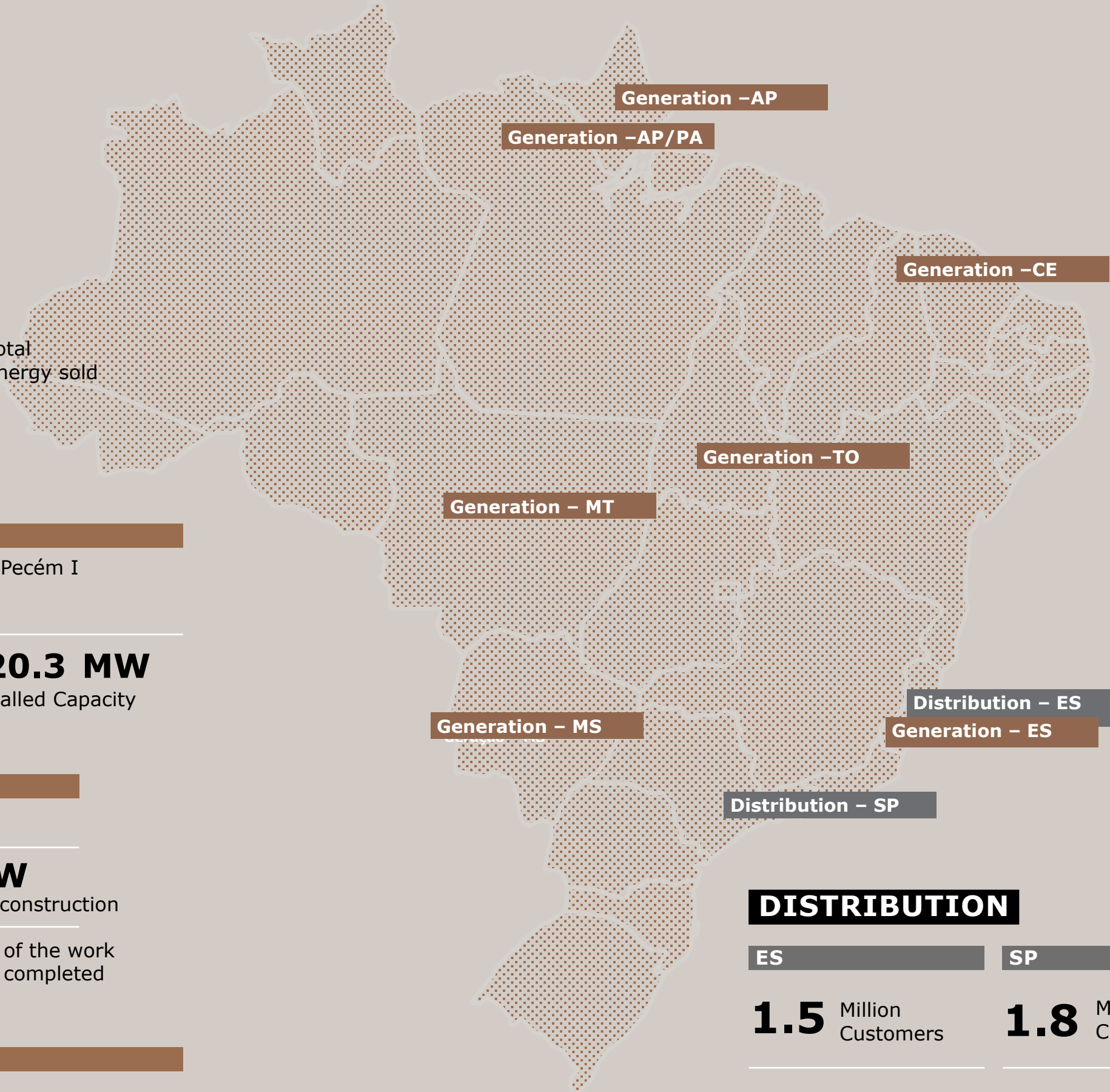
700.0 MW

Capacity under construction

36.8%

of the work completed

ES	MS
9 Hydro Plants	3 Hydro Plants
328.5 MW	67.1 MW
Installed Capacity	Installed Capacity

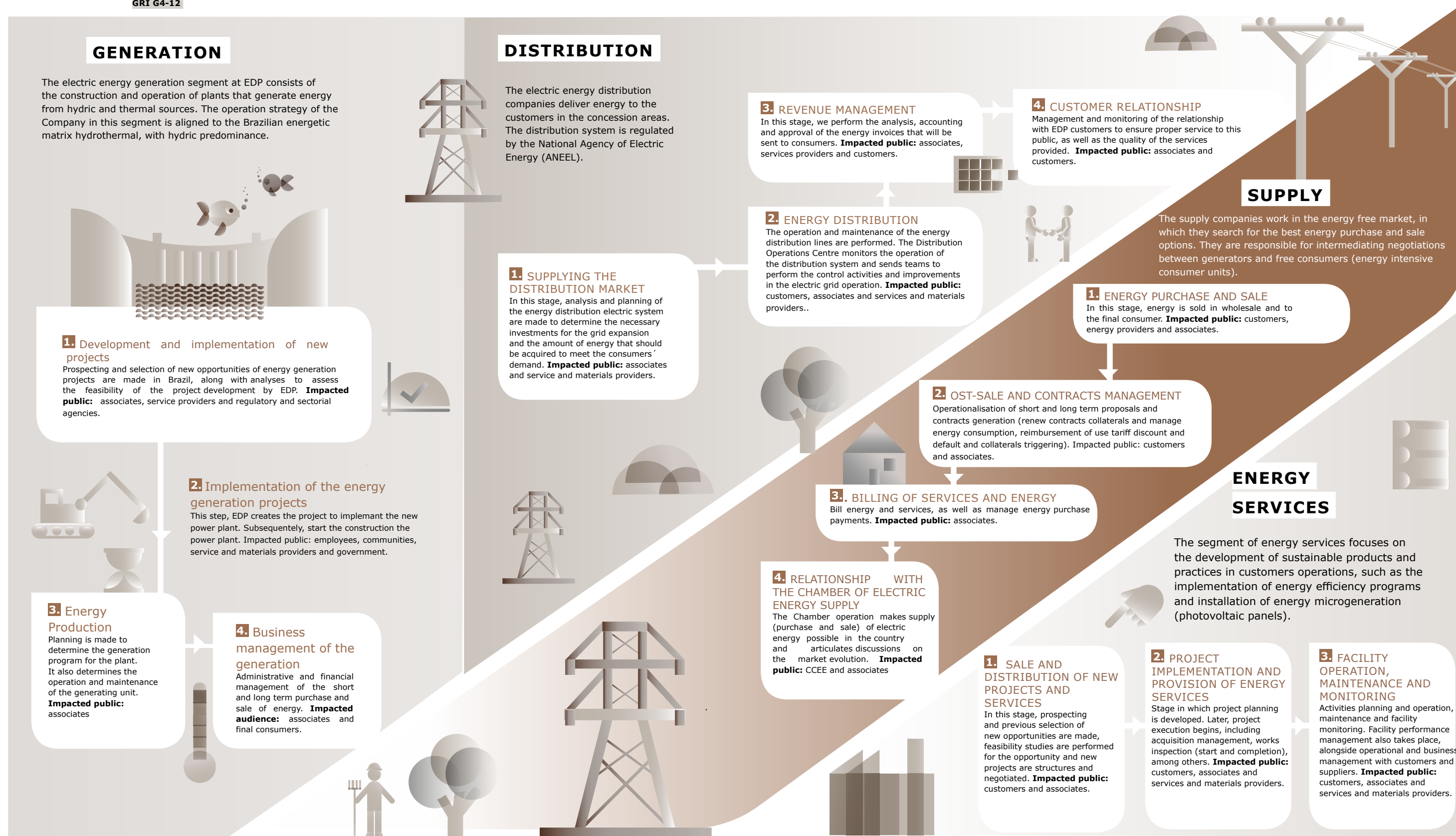


DISTRIBUTION

ES	SP
1.5 Million Customers	1.8 Million Customers
11,090 GWh	14,622 GWh
Energy Distributed	Energy Distributed

EDP VALUE CHAIN

GRI G4-12



Awards and recognitions

BM&FBOVESPA
SUSTAINABILITY INDEX
(ISE)

For the tenth consecutive year, EDP integrates the BM&FBovespa Sustainability Index (ISE), comprised of companies that stand out for their commitment to sustainable development, equality, transparency and accountability.

ABRASCA AWARD

The Company stood out in the 17th Abrasca Award for Best Annual Report. EDP received honourable mention in the Corporate Governance category, which proves the transparency, clarity and quality of the information provided to the market.

TRANSPARENCY TROPHY

EDP Bandeirante received for the third time the Transparency Trophy in the category “Listed Company”. The award is given by the National Association of Finances, Administration and Accounting Executives (Anefac) for the companies with best accounting practices.



SELO ÉTICO (ETHICAL SEAL)

EDP received the Selo Ético in 2015, awarded by the National Registration of Companies Committed to Ethics and Integrity (*Cadastro Empresa Pró-Ética*). The recognition is organised by the *Controladoria-Geral da União* (Office of the Controller-General), a government inspection agency directly related to integrity, ethics and transparency, and by the *Instituto Ethos*.



2015 BEST COMPANIES FOR
SHAREHOLDERS

EDP is among the “2015 Best Companies for Shareholders”. The *Capital Aberto* Magazine, specialised in the Brazilian capital market, assigned the Company the higher rating in governance among all the companies evaluated and the second place in the category of companies with market value between R\$ 5 billion and R\$ 15 billion.

SUSTAINABLE ENERGY SEAL

HPP Peixe Angical won the Sustainable Energy Seal, Gold level, awarded by the *Instituto Acende Brasil*. The recognition evaluates the social and environmental performance of electric energy generation, transmission and distribution projects in Brazil.

CLIMATE DISCLOSURE
LEADERSHIP INDEX (CDLI)

EDP integrates the 2015 edition of the Climate Disclosure Leadership Index (CDLI), of the Carbon Disclosure Project, as one of the 10 companies with best climate performance, which proves an outstanding position and leadership in climate management.

SELO OURO (GOLD SEAL)

The EDP Greenhouse Gases inventory from 2014 was recognised by the sixth consecutive year with the *Selo Ouro* from the Brazilian Program of GHG (GreenHouse Gas) Protocol.

EMPRESA AMIGA DA CRIANÇA

The EDP distribution companies in São Paulo and Espírito Santo won for the 11th consecutive year the recognition from the *Fundação Abrinq* as *Empresa Amiga da Criança* (Child Friendly Company). Keeping this seal proves our initiative in contributing to a better future for young people in the areas where the companies operate.



**ENERGY
WITH
INTELLIGENCE**

BRAZIL
ANNUAL REPORT
2015

Pecém Thermoelectric Plant (CE)



04. BUSINESS MODEL

IN THIS CHAPTER

it is possible to know the EDP organisational culture. In 2015, the Company strengthened the internalisation of the Principles of the EDP Culture Project, main guideline for the work of all EDP associated and processes.

it also contains information on the corporate governance model of the Company, as well as on the organisational and corporate structure, and the processes and practices to mitigate or eliminate unethical behaviours risks in the corporate environment.

EDP CULTURE

| GRI G4-42, G4-56 |

Traditionally, EDP is a company that seeks efficiency in its businesses and processes, the anticipation of risks and opportunities, and the early delivery of its targets and goals. During its 20 years of existence in Brazil, the Company has intensified the quality of its assets, developed projects and effective action plans and has implemented a clear and coherent work strategy. Now the Company wants to go beyond what it is considered tangible and deal with issues that directly affect its organisational culture and corporate identity.

The EDP Culture project – our energy to always provide better care – is the key instrument to reach such goal. Started in late 2014, established an inspiring purpose and principles that ensure a good work environment, encourage interaction among people, assure associates' motivation, value the human capital and generate value to shareholders, customers and other stakeholders. The project's development was divided into four stages – diagnosis, definition, communication and internalisation of the Principles and the EDP Purpose – and all of them counted with the direct participation of the Company's senior management. **GRI G4-42**

The initiative that counted on the engagement of 97% of the associates in 2015 (not including TEP Pecém I and APS), also has the intention of unify the different organisational cultures of the companies and operational units of EDP – valuing the richness of the cultural diversity within the Group. In order to optimise the results, several projects of spreading and engagement are being developed, with the purpose of making all Company associates to effectively know the guidelines and incorporate its concepts in their work routines.

After completion of the diagnosis and definition of the 12 Principles, which involved over 1,600 people, the Communication Campaign was launched through the creation of an online portal (www.culturaedp.com.br) so that the associates would have access to information on the EDP Culture Project. The website contains new information on EDP culture and presents several tools to help the understanding and application of the Principles in daily practices.

After launching the Communication Campaign, the stages of Education and Internalisation of EDP Culture began through the formation of a volunteer team of 160 multipliers of several areas, hierarchic levels and regions of the country. These people took the responsibility to learn and teach the essence of EDP Culture to their colleagues and managers, helping them to internalise the Principles as guidelines for daily actions. This strategy promoted better interaction among people, who started to know more about their work colleagues regardless of the department or region in which they work. At the end of the multiplication process, over 2,900 people were trained by the volunteers.

A survey to measure people's perception and assess the potential and results of the multiplication work was also performed. In total, 94% of the staff said they were pleased with the initiative – which represents a percentage of people who assigned rates 4 or 5, 5 being the maximum rate. In the observations field, approximately 800 comments, suggestions, reviews or compliments were registered, which shows the associates engagement to the project. Over 1,000 people participated in the survey.

In 2016, the Company expects to develop actions that also engage third parties and suppliers in the Culture Project. It also intends to develop quantitative and qualitative indicators to assess the achievements and results achieved through the initiative, both with associates and other stakeholders (shareholders, customers, suppliers, society and environment).

what are the principles?

The principles are the base for decision-making and for defining action and targets.

They were coherently formulated so that they could transcend organisational boundaries and become part of people's routines even outside the corporate environment.

The principles definition counted on the participation of all company's associates, including senior management. At EDP, the principles are:

1. LIFE ALWAYS COMES FIRST

Always work with absolute safety. Be extremely careful with everyone's lives: yours, your colleagues, your customers and the population. Safety is non-negotiable.

2. UNCONDITIONAL RESPECT

Treat others as you would like to be treated. No exceptions. Even in the most difficult moments.

3. ETHICS AND SEARCHING THE BEST FOR EVERYONE

Always be ethical, truthful and authentic, in and outside the Company. Ethics generates trust and leads to the common good.

4. RESPONSIBILITY FOR THE WHOLE

Commitment to EDP success as a whole. Go beyond your assignments. Help to identify opportunities for improvement and to solve problems, even if it is not your direct responsibility.

WHEN SPEAKING AND DOING

Be an role-model of consistency between speech and action. Always do as you say.

6. JUSTICE IN EQUALITY AND IN DIFFERENCE

Different contributions and performances.

7. FOCUS ON SOLUTIONS AND ON THE HIGHER PURPOSE

Act constructively towards EDP purpose. Use your energy to overcome challenges and find solutions.

8. SEARCH FOR HUMAN EXCELLENCE

Strive for the best in everything you do. In every detail, in every subtlety, in every gesture, in every look, in every word. Always do better than you did last time.

9. TEAM SPIRIT AND FELLOWSHIP

Be generous and always do your best to help those who need. Be always available for everyone.

10. SHARED KNOWLEDGE

Share with your colleagues everything you know and is relevant to fulfil EDP purpose. Learn from everyone and with everyone.

11. CONSTANT INNOVATION

Always try to innovate in everything EDP does today. Not only to ensure the present, but to build the future. Do it continuously.

12. CUSTOMER: OUR REASON TO BE

Be always aware that every customer is an unique human being. We feel accomplished when we pleased this human being with the service we provide.

WHAT IS OUR PURPOSE?

Over 1,600 people contributed to define EDP's purpose, which is:

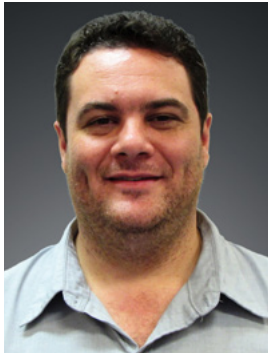
"Use our energy to always provide better care."

Our energy is the energy of the people who are part of EDP and our business partners; and also the energy we produce in our plants, the energy we commercialise and the energy we distribute to the society. We use this energy to always provide better care:

- :: for the people who are part of the big EDP family, creating a mutual respect and challenging work environment, where we evolve every day;
- :: for our customers, deeply understanding their needs as human beings and trying to fully meet them;
- :: for all of our business partners, cherishing balanced, lasting relationships that generate value for all parties involved;
- :: for the environment and the communities in which we operate, contributing to its permanent and sustainable development;
- :: for the assets we work with, so that they make the best contribution to fulfil our purpose;
- :: for our shareholders, so that they continue to trust us and invest on EDP growth.

Through this, EDP aims to be an unquestionable benchmark in the electrical sector and offer its best contribution to the harmonious and sustainable development of Brazil.

"I'm a multiplier because the principles chosen are very important not only to the corporate life but to our lives. Believing in that, I intend to engage the highest number of people possible, so that they reflect on, understand and incorporate these principles. It is not enough to make the associates follow them... I want it to be part of them. Thus, we will have more multipliers in an endless chain."



Mario Carioni
associate of HPP Luiz Eduardo Magalhães

"I'm a multiplier because I believe that EDP Culture will help the Company to become one of the best companies in Brazil. I am confident that the principles proposed by the Culture will bring a great transformation to the lives of every associate."



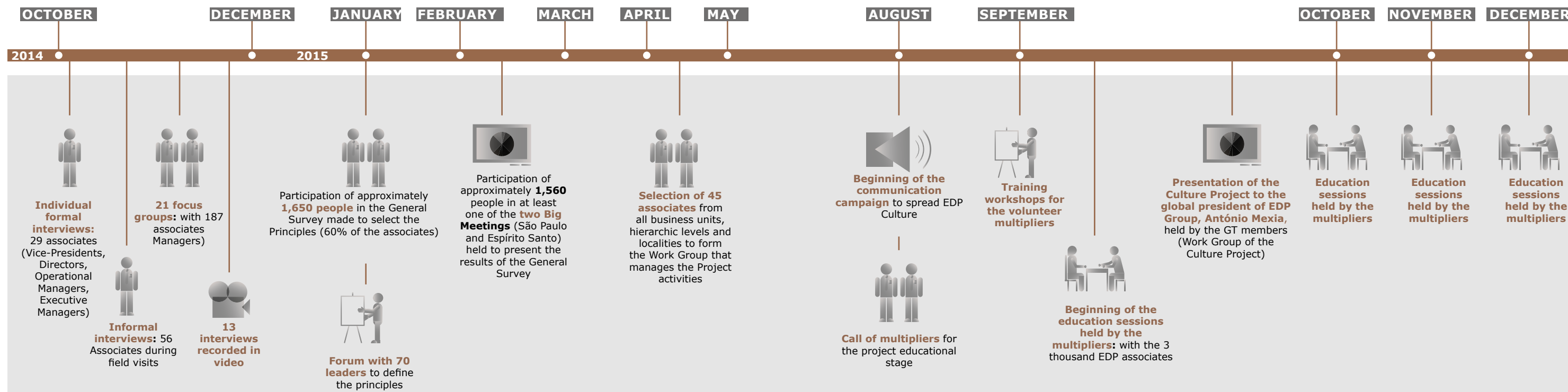
Rômulo Pinto Moreira
Associate of generation ES

"I'm a multiplier because I intend to join forces to integrate solution and create a true purpose to EDP family in Brazil."



Paulo Ramicelli
associate of EDP Institute, in São Paulo

Project history



KEY INITIATIVES

Among the actions developed to spread the Principles of EDP Culture, there are:

Why do I like EDP:

- the Company allowed people to share their points of view on the corporate environment, and to report the reasons why they like or dislike to work at EDP.

Coffee with Purpose:

- the associates are invited for a breakfast at EDP. The goal is to make the team members know each other better, talk about EDP Culture, share their doubts and experiences and understand even better the content of the Purpose and Principles.

Principles in Action:

- the Company encourages its associates to report situations and experiences in which EDP Principles were put into practice. The accounts are shared through WhatsApp groups of EDP Culture that were spontaneously created.

For leaders:

- EDP encouraged its associates to take a leadership role in spreading the Principles throughout the Company, through external and internal training, leadership forums and multiplication sessions.

In addition to celebrating 20 years of operation in Brazil, EDP also celebrated in 2015 10 years since it became a listed company in São Paulo's Stock Exchange (BM&FBovespa) and since its initial public offering (IPO)



For the tenth consecutive year, EDP integrates the Sustainability Index of BM&FBovespa (ISE), comprised of companies that stand out for their commitment to sustainable development, equity, transparency and accountability.

CORPORATE GOVERNANCE

In order to manage its activities with focus and excellence, EDP follows practices that go beyond legal requirements. When it became a listed business in July 2005, the Company adopted the New Market of the São Paulo Stock Exchange (BM&FBovespa), which provides for strict transparency rules and high standards of governance. **|GRI G4-9|**

The Executive Board of Directors and the General and Supervisory Board are the responsible for the administration and conduction of EDP business. Also included in the governance structure are the Consulting Committees of the Executive Board of Directors, the General Shareholders' Meeting and a Financial Matters Committee – as provided for in the Articles of Association. The latter is non-permanent and inspects the administration activities and analysis financial statements. In 2015, by decision of the shareholders, there was no Financial Matters Committee. **|GRI G4-34|**

EDP Advisers and Executives receive fix remuneration, comprised of *pro-labore* and direct and indirect benefits. Additionally, they count on a variable bonus according to the goal fulfilment and Company's performance. The payment to member governing bodies and Executive Board of Directors is annually approved at the General Shareholders' Meeting, suggested by the Remuneration Committee and the Executive Board of Directors is responsible for deliberating on the individual distribution. In 2015, the Administration global remuneration (EDP Executive Board of Directors and General and Supervisory Board) was R\$ 7.14 million. **|GRI G4-51, G4-52, G4-53|**

CORPORATE GOVERNANCE STRUCTURE

|GRI G4-34, G4-38, G4-39, G4-41, G4-40, G4-42|

EXECUTIVE BOARD OF DIRECTORS

EDP Executive Board of Directors is its highest level of governance. As provided for in the Company's Articles of Association, it is responsible for electing Board members and monitoring their work. In addition, it must set, evaluate and approve general policies and guidelines for the business, including risk aspects; define the long-term strategy; and supervise EDP performance and management.

The members of the Executive Board of Directors are elected through a proposal made annually to the General Meeting for one year of office and re-election is permitted. Currently, the CEO of EDP Energias de Portugal is also the Chairman of EDP Executive Board of Directors.

In December 2015, EDP Executive Board of Directors was comprised of eight members, four of them nominated by the Controlling Shareholders and four independent members, according to the current rules established by the New Market of BM&FBovespa. Their curriculums are available on the Brazilian Securities Commission (CVM) website and on EDP website, in the section "Relationship with Investors". There is no discrimination of gender or other diversity factors. **|GRI G4-47|**

The Executive Board of Directors meets ordinarily every quarter, and extraordinarily whenever required. The meetings can be convened by the Chairman, by the Vice-President or by any of its two members jointly, upon written notification delivered five days prior to the meeting. In 2015, the Executive Board of Directors met 21 times. Annually, the members of the Executive Board of Directors perform a self-evaluation and an evaluation of EDP General and Supervisory Board, prepared through individual and confidential questionnaires that include financial, social and environmental aspects. **|GRI G4-44, G4-45, G4-46, G4-47|**

For more information about the Company's administration, refer to the Articles of Association available at edp.infoinvest.com.br.

GENERAL AND SUPERVISORY BOARD

Responsible for all topics related to the business Administration, except those for which the Law or the Articles of Association designate to the General Meeting or to the Executive Board of Directors. The Directors can perform all administration operations assigned to their position, according to the general business guideline established by the Executive Board of Directors.

The General and Supervisory Board is comprised of up to five members elected by the Executive Board of Directors, with the following responsibilities (the accumulation of assignments for one Director is authorised): Director-President and of Relationship with Investors; Vice-President of Finance; Vice-President Director of Operations in Distribution; Vice-President Director of Operations in Generation; and Vice-President Director of Supply and Business Development.

In addition to monitor the business units operational demands, according to the Articles of Association and EDP internal regulation, the Directors as responsible for the economic, environmental and social topics, whose performance is assessed through Board meetings held weekly. The General and Supervisory Board is also responsible for the approval of the Sustainability Report every years. **|GRI G4-35, G4-48|**

CONSULTING COMMITTEES

EDP has four consulting committees for the Executive Board of Directors, and their members are the advisers who are part of EDP Executive Board of Directors. The meetings are held, at least, once a year and the Audit Committee meets quarterly. All committees are led by independent members, except for the Remuneration Committee.

AUDIT COMMITTEE

It consists of a permanent committee that monitors and assesses the external and internal auditing activities, in addition to monitor the business risks, accounting practices and information transparency, and assists the Executive Board of Directors in its deliberations. It also defines the procedures for receiving, retaining and treating communication received in EDP Ethics Channel. It is chaired by an independent advisor and comprised of two other members, one of them being independent.

SUSTAINABILITY COMMITTEE

It consists of a permanent committee that ensures EDP continuity, based on a long-term sustainable vision. It is chaired by an independent adviser and comprised of two other members, one of them being independent.

[GRI G4-35, G4-36]

CORPORATE GOVERNANCE COMMITTEE AND RELATED PARTIES

It is a permanent committee that advises the Executive Board of Directors in adopting best practices of corporate governance and the highest ethical principles. It is chaired by an independent member and comprised of two other members, one of them being independent.

REMUNERATION COMMITTEE

It is a non-permanent consulting committee. Its main responsibility is to advise the Executive Board of Directors on deliberation regarding EDP remuneration policies. It is comprised of three members, one of them being independent. **[GRI G4-52]**

Structure of the executive board of directors

MEMBERS NOMINATED BY THE CONTROLLER



António Mexia

- Global CEO of EDP Energias de Portugal - Chairman of the Executive Board of Directors
- Chairman of the Remuneration Committee



Nuno Alves

- Global CFO of EDP Energias de Portugal - Member of the Audit Committee



Miguel Setas

- Member of EDP Portugal Executive Board of Directors
- Vice-Chairman of the Executive Board of Directors
- Director-Chairman EDP Brazil



João Marques da Cruz

- Member of EDP Executive Board of Directors

INDEPENDENT MEMBERS



Francisco Pitella

- Chairman of the Audit Committee
- Member of the Corporate Governance Committee and Related Parties



José Luiz Alquéres

- Chairman of the Sustainability Committee- Chairman of the



Modesto Souza Barros Carvalhosa

- Corporate Governance Committee and Related Parties
- Member of the Audit Committee
- Member of the Sustainability Committee



Pedro Sampaio Malan

- Member of the Remuneration Committee

Structure of the general and supervisory board



Miguel Setas
Director-Chairman
Director of Investor Relationship



Carlos Andrade
VP Supply and New Businesses Relationship



Henrique Freire
CFO



Luiz Otavio Henriques
VP Generation



Michel Itkes
VP Distribution

CORPORATE AND ORGANISATIONAL STRUCTURE

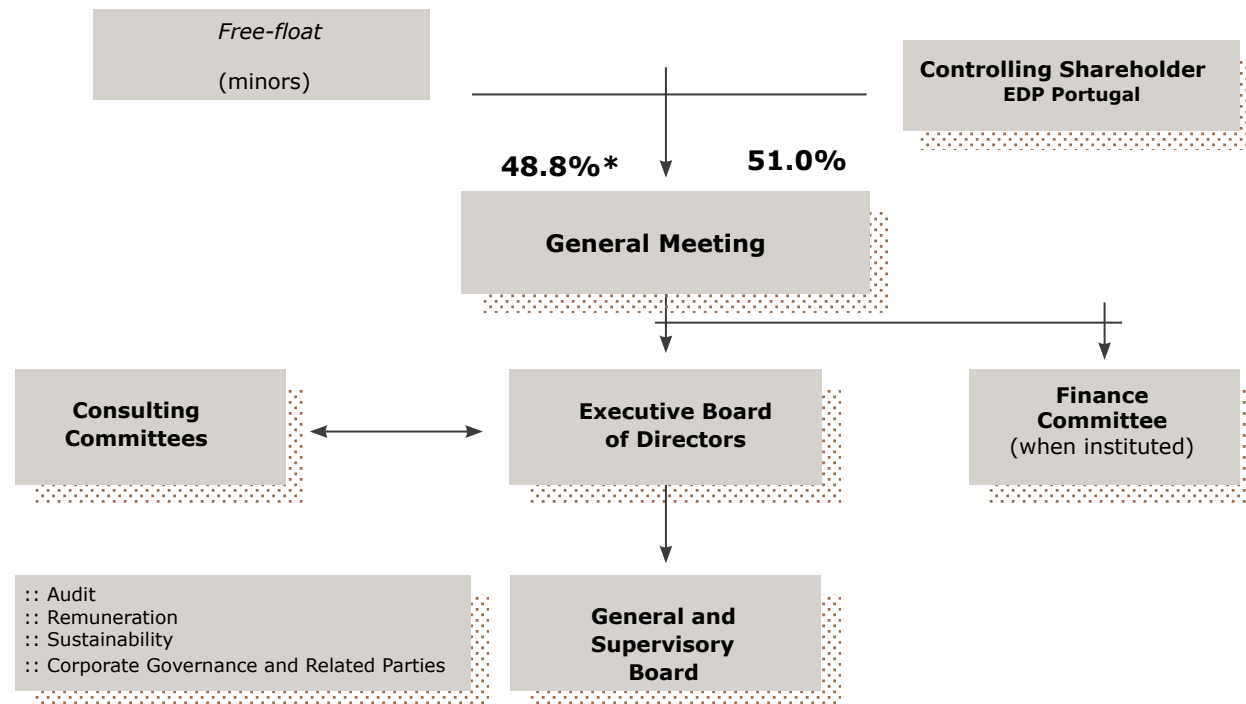
EDP is listed as a limited liability company with shares negotiated in BM&FBovespa – New Market Level. In order to integrate the New Market, which is voluntary, the Company must follow the requirements that ensure rights balance among all shareholders.

[GRI G4-7]

Among them are the following:

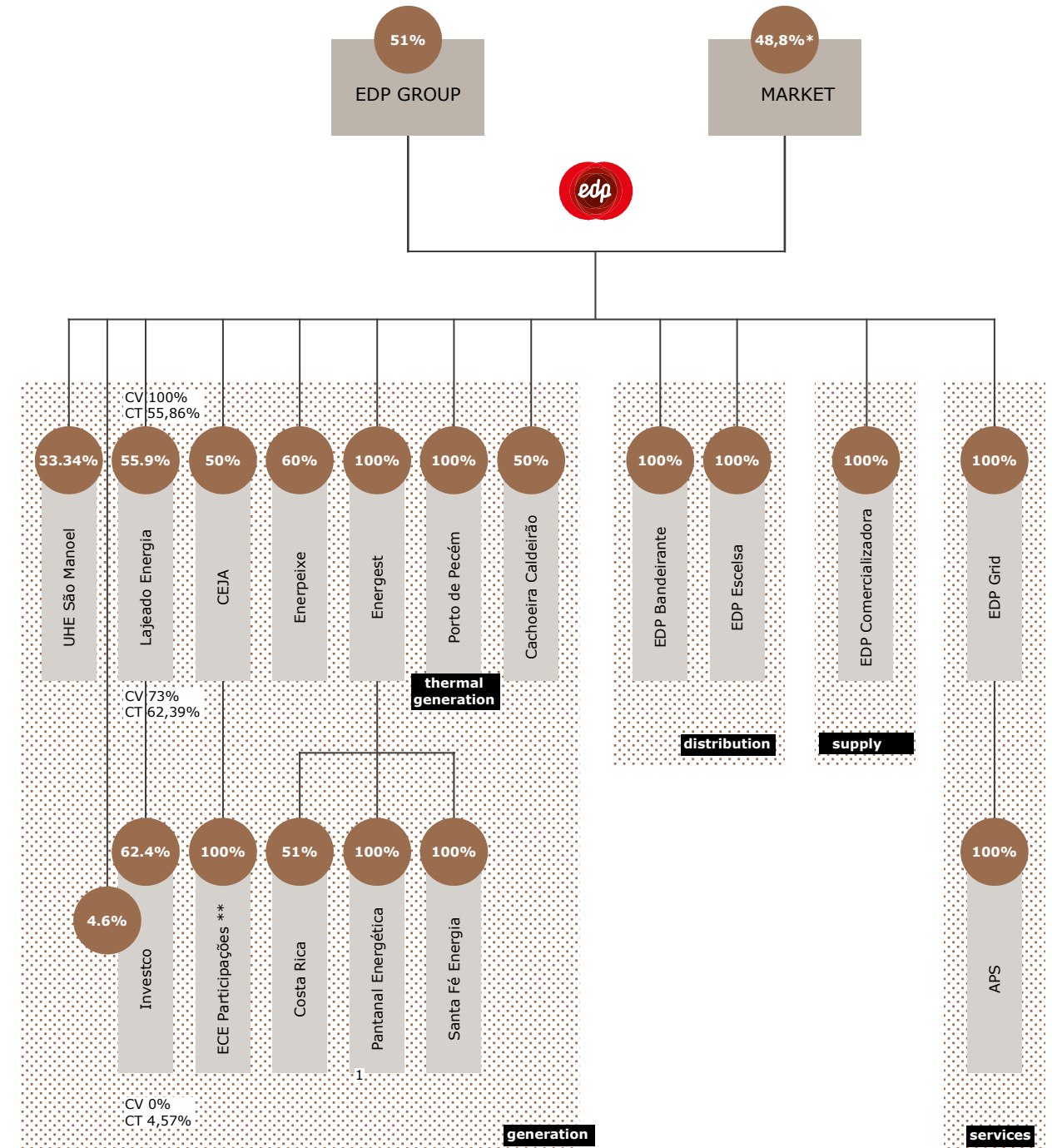
- ⌘ issue of common shares only (one share is equal to one vote);
- ⌘ in the event of sale of share control, all shareholders are entitled to sell their shares with the same conditions established for the main buyer (tag along);
- ⌘ in the event of delisting or termination of the New Market agreement, the Company must conduct a Takeover (at least for the economic value);
- ⌘ the Executive Board of Directors must be comprised of at least five members with unified two-year office, maximum. It must contain at least 20% of Independent Advisers.
- ⌘ the company must not have beneficiary parties

social bodies



* Treasury shares

CORPORATE STRUCTURE



CV – Voting Capital

TC – Total Capital

(*) Treasury shares: 840.675

(**) HPP Santo Antônio do Jari

1 – The sale of Pantanal Energética was completed in January 2015

**COMPLYING WITH THE
SARBANES-OXLEY (SOX)
LAW, THROUGH INTERNAL
AUDIT MECHANISMS AND
FINANCIAL REPORT
INTERNAL CONTROL
SYSTEM (SCIRF), THE
CORRUPTION RISKS AND
IMPACTS AND
VULNERABILITIES OF
EACH BUSINESS IN THE
GROUP ARE MAPPED AND
MONITORED
PERIODICALLY**



EDP has received for the third time and for the second consecutive year the Transparency Trophy in the category "Listed Companies". The award is granted by the National Association of Finances, Administration and Accounting Executives (Anefac) to companies that operate under best accounting practices.

TRANSPARENCY AND ETHICS TO MANAGE BUSINESS

|GRI G4-41, G4-56, G4-57, G4-58, G4-S03|GRI G4-DMA

Following the principle of ethics and seeking the best for everybody, EDP promotes daily practices to mitigate or eliminate risk of corruption, bribery, money laundry, use of privileged information, pricing, child labour, slave or forced labour, among others. To this effect, one of the Company actions in 2015 was to incorporate internal audit and risks management projects to the responsibilities of the Compliance Board.

Since the reorganisation in May, the Compliance Board is now called Internal Audit and Compliance Board. Among the activities of the new department are the Company's risks assessment, internal audits, management of the Financial Report Internal Controls System (SCIRF), maintenance and promotion of ethical principles and of the Code of Ethics, polices, rules and procedures review, trainings related to the topic and compliance monitoring. **|GRI G4-46|**

An outstanding initiative developed by the Board in 2015 was the spreading of the EDP Ethics Program and of the Code of Ethics to approximately 400 associates (88%) of TEP Pecém I. Also in that year, the department reviewed the compliance procedures with the purpose of defining responsibilities, and reviewed several rules for payments methods use, on the guidelines for relationship with public agents and the due diligence procedures.

In 2015, 394 associates from all of EDP business units were trained on anti-corruption aspects. Up until now, overall, 43% of the total number Company associates received training on this topic. **|GRI G4-HR3|**

Among the tools that the Board already has to ensure ethics in the work environment, there are on-site and online trainings and policies against corruption and bribery; discrimination and harassment (sexual and moral); sexual abuse and exploitation of children and adolescents; child labour and slavery (forced or compulsory); and anti-trust policies. In addition, the department applied questionnaires from the *Cadastro Pró-Ética* and from the Monitoring Platform of the Business Pact for integrity and against corruption, in order to monitor its ethical performance.

compliance day

|GRI G4-37, G4-58|

In March 2015, the first Compliance Day was held in São Paulo, with the purpose of answering questions on Anti-Corruption Law and promoting debates that bring awareness to internal and external guests on important compliance and corruption issues in Brazil. The event was opened by EDP Director-Chairman, Miguel Setas, and had speakers such as Sérgio Martins, Director of Compliance; Modesto Carvalhosa, member of the Executive Board of Directors; Fernando Palma, CEO of Ernest & Young; Claudio Scatena and Etienne Schoenardie, both from AES Eletropaulo.



CODE OF ETHICS

|GRI G4-41, G4-42, G4-56, G4-57, G4-58|GRI G4-DMA

Through its Code of Ethics, EDP sets ethical boundaries for all regions in Brazil in which it operates, respecting the legislation in force and the commitments undertaken to stakeholders. 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. Among the document principles are the compliance, integrity when handling financial matters, fight against corruption, bribery and conflicts of interests, proper use of information and property, respect for human and labour rights, transparency and social and environmental responsibility.

The Code is available on the company's website and on internal channels. In addition, a physical copy is given to our associates upon their hiring. New employees also receive an on-site training of integration, in which the principles of the Code of Ethics are addressed. **|GRI G4-S04|**

In 2015, 96% of the Company staff formally adopted the document principles, with the purpose of reinforcing promotion actions in order to reach 100%. The suppliers and service providers also receive the Code attached to the signed agreements.

EDP has the Ethics Channel to receive accounts, anonymous or not, on behaviours that violate the principles of the Code of Ethics, the Company's internal policies and local legislation. The records are forwarded to the Ethics Committee that review the Topics and addresses that appropriate measures.



Once again, EDP received the *Selo Ético* (Ethical Seal) in 2015, granted by the National Registration of Companies Committed to Ethics and Integrity (*Cadastro PróEmpresa*). The award is organised by the Office of Controller General (CGU), a government inspection agency directly related to integrity, ethics and transparency, and by the *Instituto Ethos*.

The contact can be made by shareholders, associates, customers, suppliers and other stakeholders through the EDP website or by letter – through a mailbox. In 2015, 33 cases were registered in the Channel, a number similar to the 35 registers presented in 2014. **|GRI G4-49|**

ABOUT THE ETHICS COMMITTEE

Created in 2006, the body has five members, four of which are part of the General Board and one nominated by the Chairman of the Committee every year. The chairman of the body is the Company’s CEO. The meetings are held monthly with the purpose of reviewing, monitoring and deciding on ethic issues reported by the Organisation departments or received through the contact channels available. Every three months, the unethical behaviours are reported to the EDP Ethics Provider in Portugal, who is responsible for registering and monitoring such claims throughout the EDP Group. In 2015, no cases of corruption were reported involving the EDP companies in Brazil. **|GRI G4-S05|**

Transparency in rendering of accounts

|GRI G4-57|GRI G4-DMA|

The EDP Policy of Information Disclosure sets the procedures and the mechanisms that should be adopted when disclosing information, in compliance with the legislation and regulations in force. Among its guidelines there is the immediate access to relevant acts and facts about the Company and the disclosure of events simultaneously to all shareholders, without privileges.

EDP has communication channels available to all its stakeholders. The claims are forwarded for review by the areas responsible for the matter, but if the situation affects EDP strategy, it is passed to the General Board and to the Executive Board of Directors. In addition, as the Vice-Chairman of the Board is also the Company’s CEO, the priority topics related to the business management are passed through directly to the highest levels of governance. In 2015, the key aspects were the water crisis, the energy cost and the sale and purchase of interests in companies. **|GRI G4-37, G4-49, G4-50|**

General Shareholders Meeting: Convened by the Chairman of the Executive Board of Directors, it is the main communication channel so that shareholders can deliberate on EDP matters, including social and environmental aspects. It is held ordinarily once a year, and extraordinarily whenever required. **|GRI G4-37|**



**ENERGY
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53	Macroeconomic context and energy scenario
55	Business strategy
58	Targets and goals
63	Innovability management

05. STRATEGY AND PROJECTIONS

MACROECONOMIC CONTEXT AND ENERGY SCENARIO

2015 was characterised by an uncertain scenario. The political and economic instability throughout the entire year had deep impact on consumption of Brazilian households, on investment decision-making and on industry production. The economic cooling-down affected several sectors, including the energy one. The crisis experienced by the country had a negative influence on the results of the market and the *Sistema Interligado Nacional* (SIN – National Interlinked System) in 2015, which registered negative rates compared to 2014, in a clear setback to trends registered in the past few years.

From the regulatory perspective, in 2014 the distribution companies experienced a scenario with high price deficit. In order to recompose the distribution companies revenues and normalise the economic-financial balance of the sector, the regulator readjusted the tariffs amounts in February 2015, through an extraordinary review, which resulted in a 50% raise in energy prices.

In January 2015, the *Bandeiras Tarifárias* (Tariff Flags) came into force, a mechanism that aims to inform consumers on their monthly bills of the actual cost of electric power generation. On the bill, if the flag is green (when most thermoelectric plants are shut down), there's no additional tariff for the consumer; yellow (when the cheaper thermoelectric plants are operating), there's an increase of R\$ 0.025 for every kWh consumed; and if it's red (when the most expensive thermoelectric plants are operation), there's an additional tariff of R\$0.045 per kWh – before taxes. With this information, the customers may adopt measures to minimising energy expenses and reduce the bill amount, contributing to minimise the system's operation cost.

The hydrological system's performance also affects the sustainability of the electrical sector, since 70% of the country's energy is generated by hydroelectric plants, as shown in the hydro generation data on 2015 total generation, registered by the *Operador Nacional do Sistema Elétrico* (ONS – National Operator of the Electric System). 2015 was one of the worse rainy seasons in history, resulting in an abrupt drop in storage levels in Southeast and Mid-West regions during the first half of the year. The flow improvement took place from May on, when the good volumes of rain registered on the main watersheds kept stable levels.

The reservoirs of Southeast and Mid-West hydroelectric plants are responsible for around 70% of the country's storage capacity, and even though the levels were low, they remained stable during the second half of the year, registering 29.8% on December 31st, 2015, 2.5%

IN THIS CHAPTER...

...it is possible to obtain information on the main events that involve the macroeconomic context and the energy scenario experienced in Brazil in 2015.

also know more about the Company strategic actions to consolidate itself as a benchmark company in the Brazilian energy market and to ensure the best results and outcomes for its stakeholders

less than 2001, when Brazil faced energy rationing. Hence, the energy price in the first half of the year was close to the maximum amount of R\$ 388/MWh, due to low outflows. In the second half of the year, as a result of rains and load drop, the energy price (PLD) reduced significantly, averaging around R\$ 200/MWh in Southeast/Mid-West.

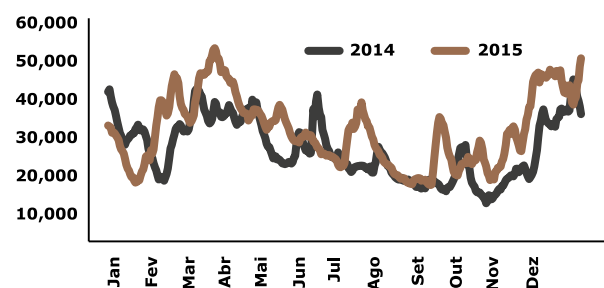
The hydrological scenario had an impact on the hydroelectric plants generation and resulted on the need to enable thermal generation, which entails high costs. GSF (Generating Scaling Factor), index that measures the energy volume generated by hydroelectric plants according to their physical guarantees, was around 85% in 2015, which caused the generating companies to buy energy in the short-term market at high prices, in order to meet their contractual obligations. The hydroelectric plants generation below their physical guarantees (equivalent to the amount of energy that a plant guarantees to produce during 95% of its lifespan) caused a financial impact on the generation agents and finally resulted in legal injunctions against the payment of this hydrological deficit.

In order to minimise new hydrological risks, the Federal Government issued a provisional measure (MP688), later converted on Law 13,203/15, with the purpose of institute a mechanism with similar functions to an insurance. The energy generators have the possibility to pay a premium monthly to limit and transfer the hydrological risk. The alternative limits the risks to which hydroelectric plants are exposed in the event of unfavourable hydrology scenarios. The law was effected in January 2016.

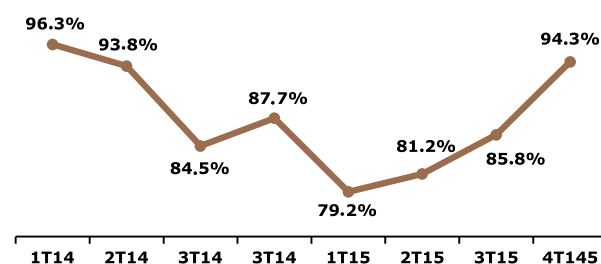
In December 2015, ANEEL issued the Normative Resolution no. 684/15, giving the agents the option to renegotiate the hydrological risk in different protection levels, according to their analysis of individual risk.

SECTOR PERFORMANCE¹

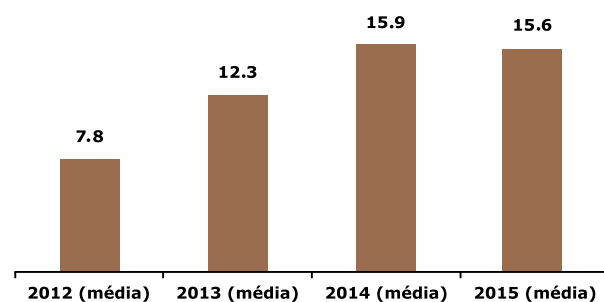
Rain/Natural Affluent Energy|
Southeast (2015 vs. 2014) average GW



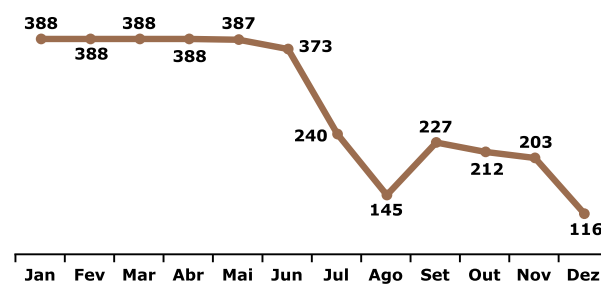
GSF (Generation Scaling Factor)|
Sistema Interligado Nacional (SIN)



Thermal dispatch|
Sistema Interligado Nacional (SIN)



Average PLD (Submarket SE/CO)|
(R\$/MWh)



¹4Q15 estimated values

BUSINESS STRATEGY

[GRI G4-2, G4-42]

EDP wants to be a benchmark in the Brazilian energy market, focused on the business of Generation, Distribution, Supply and Energy Services. In order to face the current macroeconomic challenged, the Company keeps its risks controlled, takes cautious decisions, acts with operational excellence and executes its strategy with accuracy. EDP took actions in 2015 aimed at generating more cash flow, keeping the indebtedness level controlled and strengthening better results in all of its businesses.

In the Generation segment, it restated its strategy to be an integrated operator, focused on hydrothermal technologies with portfolio optimisation measures, such as the sale of its interest in the companies EDP Renováveis and Pantanal Energética Ltda., and the full acquisition of TEP Pecém I. Currently, the Company is focused on delivering HPP Cachoeira Caldeirão and HPP São Manoel, projects that are in progress in partnership with China Three Gorges (CGT) and Funas (only HPP São Manoel). [GRI G4-13]

In Distribution, EDP's goal is to be a benchmark operator in business quality and efficiency, focusing on reducing non-technical losses to the regulatory minimum, improving service quality indicators and reinforcing the company's operational efficiency and productivity.

In Supply and Energy Services, the Company invested through EDP Grid on the acquisition of APS Soluções em Energia. Thus, the Company undertakes the commitment to expand its presence in the segments of energy efficiency and distributed energy services, which are increasingly growing in Brazil. With the acquisition, the Company expects to increase the offer of energy efficiency and distributed energy solutions and services to its customers. [GRI G4-13]

These strategic actions brought positive economic and operational results to EDP in 2015. The market recognised such results through an appreciation of the accumulated share of 36.2% since the beginning of the year, showing the recognition of investors for the practices and strategic solutions adopted by the Company.

In the plants under construction, EDP is working to minimise the risks involved using the PMBOK methodology, adapted to EDP reality and to each project. The goal is to ensure that the budget and delivery schedule of the works are met, allowing a fast action after the detection of possible deviations in their execution.

For the effective management and implementation of its strategy, EDP uses the Balanced Scorecard (BSC), kaizen and lean methodologies, and the certification systems ISO 14001 and 9001 and OHSAS 18001



EDP is among "The 2015 Best Companies for Shareholders". The *Capital Aberto* Magazine, specialised in the Brazilian capital market assigned the Company the highest rate in governance among all the companies assessed and second place in the category of companies with market value between R\$ 5 billion and R\$ 15 billion.

2015 STRATEGY

[GRI G4-2]

EDP has defined an agenda for 2015 called 7C15, focused on seven priorities. The list was disclosed to the internal public through Intranet, TvOn and edpON magazine. Every quarter the associates have access to EDP results on informal roadshows with the Chairman.

ENERGY AND REGULATORY SCENARIO

Follow and monitor the evolution of the energy scenario, establish a proper contingency plan and contribute to the regulatory framework's development. During the year, there were the Extraordinary Tariff Reviews (RTE) in the Distributors, favouring the recovery of the tariff deficit. EDP has also contributed to the preparation of the solution for the impacted caused by the GSF in the Generation business.

QUOTATION

Keep the quotation with appreciation above the variation of the Electric Energy Index (IEE). In 2015, EDP shares increased 36.2%, surpassing the Ibovespa Index (-13.31%) and the IEE (-8.64%).

ORGANIZATIONAL ENVIRONMENT

Reinforce the company's internal environment. In the end of 2014, the Company began the EDP Culture project, which involved most of the associates in the definition of the organisational Principles. In 2014, 100% of the associates received training to spread the Principles to all of the group companies. In the same year, a global environment survey was made in all companies of the EDP Group, and EDP Brazil was recognized as engagement reference (79%), compared to the EDP Group average (75%) and in relation to the average of the best companies in the Hay Group universe (73%).

COST AND CASH FLOW

Minimise impacts on cash flow, ensuring financing in 2015 and reinforcing costs efficiency. The PMSO expenses (acronym in Portuguese: personnel, material, out-sourced services and other expenses) totalised R\$ 1.1 billion, 15.9% higher than 2014, as a result of the TEP Pecém I consolidation, which contributed with R\$ 76.5 million. Without the TEP Pecém I effects, the increase would be 8.0% below the accumulated inflation (10.54% - IGP-M and 10.67% - IPCA). EDP rose in 2015 R\$ 3.4 billion for investments in operation and maintenance, for construction of developments underway and to keep working capital, considering the projects that the company does not consolidate in the financial result.

GROWTH

Ensure projects under construction development within deadlines and costs. The ongoing development projects closed the year with an evolution of 94.6% in HPP Cachoeira Caldeirão and 36.8% in HPP São Manoel.

CUSTOMER

Keep the service and system quality indexes within the regulatory limits and reach high levels of customer satisfaction. In 2015, EDP reached a satisfaction level of 78.5% in EDP Bandeirante and 82% in EDP Escelsa. The quality indicators also improved in 2015, with an Equivalent Duration of Continuity (DEC) of 8.43 hour in EDP Bandeirante and 9.07 h in EDP Escelsa, against an ANEEL target of 8.78 h and 10.17 h, respectively for EDP Bandeirante and EDP Escelsa.

THERMAL CENTRAL

Increase the availability index of TEP Pecém I. The availability registered in 2015 was 88.1%, 11.7% higher than the one registered in December 2014 (76.4%).

GOAL FOR 2020	MATERIAL TOPICS	2015 GOALS	2015 RESULTS	2016 GOALS
Serve customers with excellence	Quality of service provided	Keep the customer satisfaction level above 80% in both distributors according to ABRADÉE survey.	ABRADÉE Perceived Quality Satisfaction Index (ISQP) - EDP Bandeirante 78.5% - EDP Escelsa 82.0%	Continue to improve customer satisfaction keeping the customer free satisfaction level above 90% and having one of the distributors as an IASC* finalist
		Keep the DEC and FEC indicators within the regulatory limits in both distributors - DEC EDP Bandeirante 8.78 EDP Escelsa 10.17 - FEC EDP Bandeirante 7.23 EDP Escelsa 7.85	- DEC EDP Bandeirante 8.43 EDP Escelsa 9.07 - FEC EDP Bandeirante 5.09 EDP Escelsa 5.08	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
	Value Chain	Keep the number of complaints (FER) of both EDP distributors within standards (24 and 30 for every thousand customers, EDP Bandeirante and EDP Escelsa, respectively)	FER - EDP Bandeirante 16.20 - EDP Escelsa 25.72	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)
				Promote accessibility conditions in 15 other stores in EDP concession area by the end of 2016.
		Stabilise TEP Pecém I operation and improve the average availability index to 90.1%	By the end of 2015, the availability level of TEP Pecém I reached 88.1%	Reach the average availability level of the hydro plants of 93% and thermal plant of 90%
		Improve the IDF of material suppliers and continuous developments to a value higher than 91 points	Even though the Materials IDF reached 92, the Services IDF was below expected (79), due to the termination of agreements and the mobilization in hiring new service providers	With the expansion of the IDF application scope, reach 80 points in IDF, considering the average of Materials and Services IDF.
	Financial Sustainability	EDP market quotation higher than IEE performance	EDP shares closed the year with an appreciation of 36.2%, a performance higher than IEE (-8.7%)	EDP market quotation higher than IEE performance
		Keep the net debt/EBITDA ratio below 3.5	EDP ended 2015 with a leverage level of around 1.7x	Keep the net debt/EBITDA ratio below 3.5
		Execution of projects HPP Cachoeira Caldeirão and HPP São Manoel within deadline and budget schedules	The projects of HPP Cachoeira Caldeirão and HPP São Manoel reached a physical execution schedule of 94.6% and 36.8% respectively, and continue within the budget	Keep the execution of projects HPP Cachoeira Caldeirão and HPP São Manoel within deadline and budget schedules

GOAL FOR 2020	MATERIAL TOPICS	2015 GOALS	2015 RESULTS	2016 GOALS
Work with passion	Responsible employer	Keep the upward result standard of Organizational Environment Satisfaction Survey to be made in 2015	The methodology of the environment survey changed in order to allow EDP comparison to the external and internal market. As a result, EDP (79%) was recognized as reference in EDP Group (75%) and among the best companies of Hay Group universe (73%)	Implementation of EDP corporate university
	Well-being, health and safety	Reduce the rate of accidents with associates and third parties in relation to 2014	The number of accidents compared to 2014 increased 70%	Reduced the severity rate of associates and third parties by 30%
	Organisational Culture			Promote the internalisation of EDP Culture Principles reaching 100% of associates.
	Use of resources, biodiversity and ecosystem services	Improvement in ISE performance, being a three-dimensional reference Preparation of the manual of building (non-technical) standardisation of buildings type and preventive maintenance, considering technical, logistic and environmental aspects	EDP had an incremental improvement in the result, although it hasn't reached its goal The manual is 75% completed and there is only left to include the buildings of the Distribution Services Centres	Continue to improve performance, increasing by 1% the ISE result in relation to 2015 Launch at least two sustainable and innovative building solutions
Care for everything around us	Emissions and climate change	Keep the number of assets certified by ISO 14001 by 12 (plants and substations)	In 2015, EDP had 14 developments certified (plants and substations)	Double the environmental certifications of EDP assets
		Do not incur in environmental penalties	There were no environmental penalties in 2015	
		Implementation of the system that ensures that all biofuel vehicles are fuelled with ethanol	The system was not implemented in 2015, but several awareness actions were taken in all EDP Brazil localities	
	Relationship with the community and indigenous communities	Encouragement to volunteer work to raise to 45 the number of active volunteer associates in the Volunteering Program by the end 2015	In the end of 2015, the Program had over 203 volunteers, compared to 2014	Reach 20% of active volunteers in EDP Volunteering Program

RISKS AND OPPORTUNITIES MANAGEMENT

[GRI G4-2] [GRI G4-DMA]

As part of one of the strategic actions adopted in 2015, the risks management process that was previously coordinated by the Energy Risk Planning and Management Board of now part of the Internal Audit and Compliance Board.

The process of risk assessment inherent to EDP business is conducted by the Risks Management department through an internal methodology, with the help of all areas of the organisation. The team responsible also identifies and monitors the mitigating activities and future actions (action plans), in addition to proposing the implementation of new actions that will mitigate risks.

EDP has a corporate policy to guide its strategy around the topic. Launched in 2006 and updated yearly since 2011, its principles are defined according to the internal and market best practices. The methodology developed by EDP is based on recognised structures and standards, such as COSO (Committee of Sponsoring Organisations of the Treadway Commission), ERM (Enterprise Risk Management) and ISO 31000. Its stages are:

- ❑ **DEFINITION:** creation of tools to support risk management such as risk dictionary, impact and vulnerability scales and the definition of people responsible for the risk and key-users;
- ❑ **IDENTIFICATION:** annual review and update of the risks map to identify new categories and the people responsible for each one of them;
- ❑ **RATING:** division of risks into four groups – Strategic, Financial, Operational and Regulatory – which originate 14 subgroups, in which the relevant risk categories are determined;
- ❑ **ASSESSMENT AND TREATMENT:** definition of categories by risk factors. Based on scales, the factors development and speed of risk materialisation are measures. Actions plans are defined for each risk mapped, and they are monitored by the Internal Audit and Compliance Board;
- ❑ **MONITORING AND REPORTING:** through reports and charts, the risk assessment process is registered, as well as its residual level in the risk map.

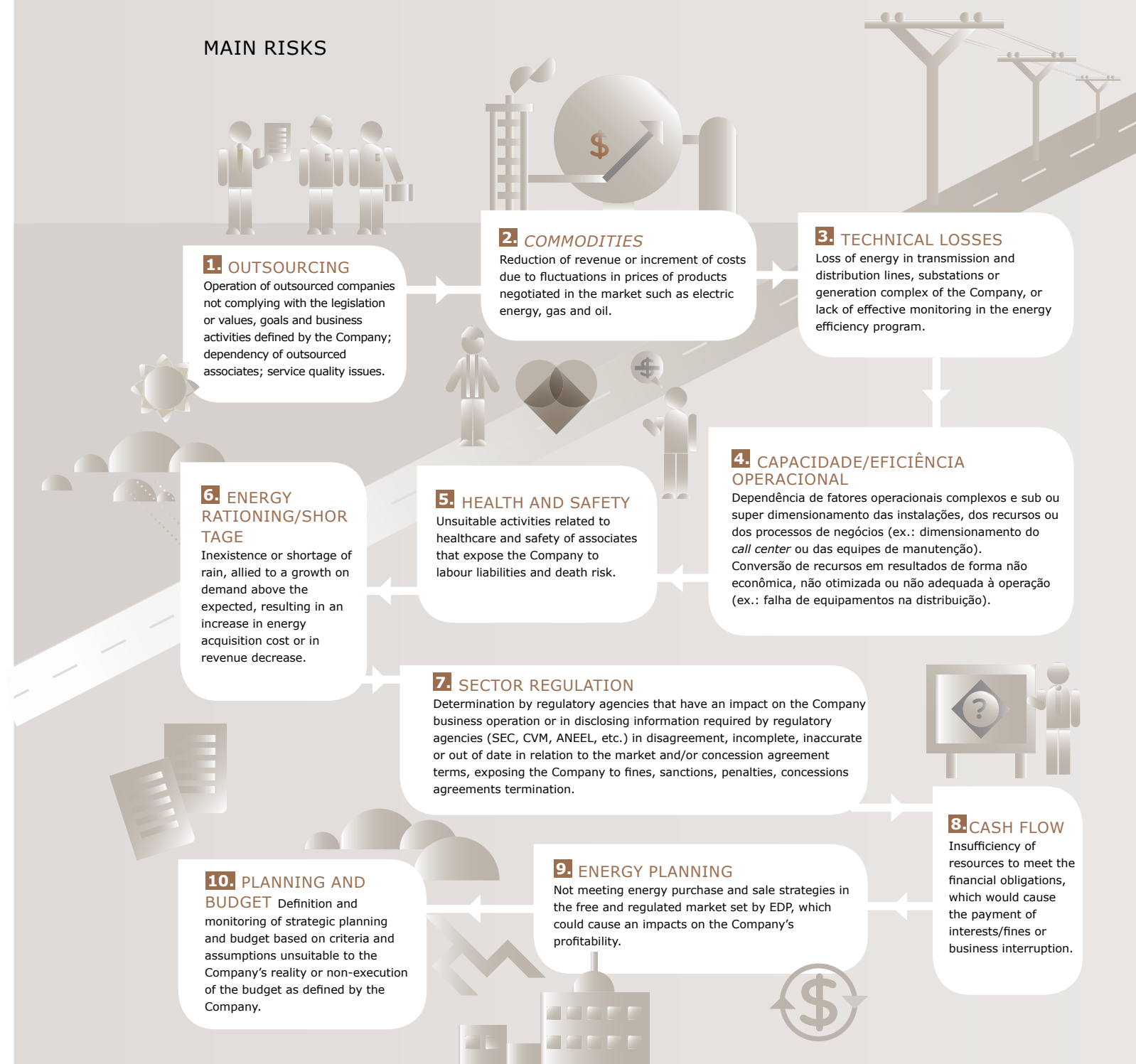
Since 2014, the Company also has a methodology to qualify EDP global risk called Ebitda at Risk. This tool uses a conjectural and straightforward model that simulates risk scenarios for EDP business model. As a result, the variations (or values at risk) regarding the possible scenarios are compared to EDP business plan.

In 2015, specific trainings were developed and offered in order to spread the methodologies and culture of EDP risks management.

RISK MAP

The Internal Audit and Compliance Board, along with all managers, directors and senior management, performs an annual update of the risks map based on the risk methodologies. The results are compiled (impact and vulnerability) and reviewed by the Internal Audit and Compliance board, ensuring a thorough and detailed analysis of the risks to which the Company is exposed. [GRI G4-46]

MAIN RISKS



ENERGY PLANNING

[GRI G4-2, G4-14, G4-EU6, G4-EU10] GRI G4-DMA

The energy planning is prepared by a multidisciplinary team specialised in studies and researches focused on the national energy sector. This team applies concepts of economics, statistics, mathematics and engineering to simulate future scenarios of the several variables that have an influence on the market of generation, distribution and supply of electric energy. This planning is reviewed annually and is based on:

- ⌘ **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 look into the future based on economic scenarios that are being designed, in order to anticipate the possible demands and help with decision-making;
- ⌘ **ENERGY STUDIES:** Through optimisation models used in the system operation, they assess the trends of energy balance, offer and available 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 supplier. Due to price fluctuation and update, there are weekly meetings to review the 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).

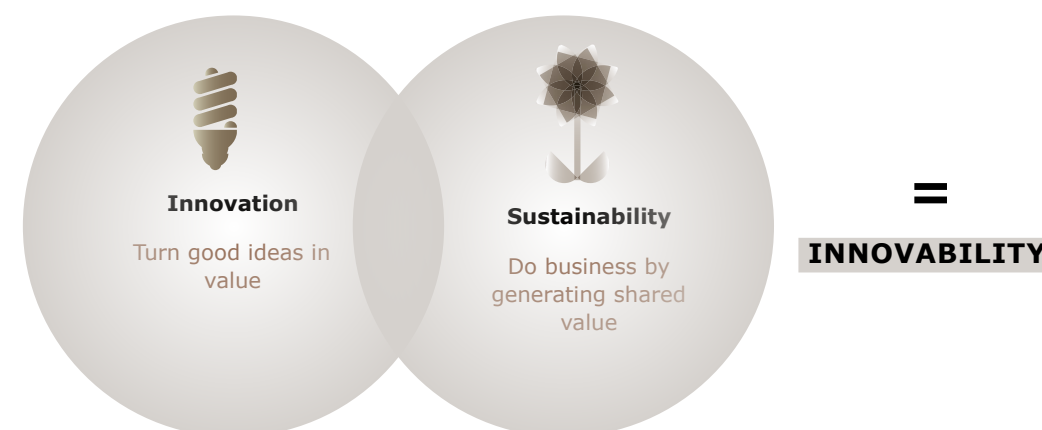
INNOVABILITY MANAGEMENT

[GRI G4 -1, GRI G4-2 | GRI G4-DMA]

In its path, EDP have always tried to incorporate aspects related to sustainability and innovation in its management model. The Company's Innovation and Sustainability mission is based on eight principles: Economic and social value; Eco-efficiency and environmental protection; Innovation; Integrity and good governance; Transparency and dialogue; Human capital and diversity; Social development and citizenship; and Access to energy.

THE INNOVABILITY CONCEPT TO EDP

It is the application of innovation in order to ensure the business development by generating shared value and satisfying stakeholders.



initiatives that aim at fostering an innovation and sustainability culture

INNOVABILITY PIPELINE

In 2015, EDP created the Innovation Pipeline, a tool which one of its goals it's to identify and support the innovation and sustainability projects in the Company. The initiative further aims at establishing an structured flow to support actions, map projects with high levels of innovability and that can be included in fostering policies, guide associated in all stages of the innovation process and effectively promote a culture of innovability.

INNOVABILITY MENTORS (IMENTORS)

The iMentors program seeks to qualify a selected group of associates to create business opportunities based on the sustainable development principles and on the innovations pillars of EDP. In the selection process, 100 people from different localities applied and 30 were selected. The associates received training

to learn how to apply innovation methodologies and tools, identify sustainability variables and develop value proposals that respond to the main challenges experienced by EDP. The program exists since 2013 and currently has 60 active iMentors.



EDP INNOVATION AWARD

The initiative goal is to encourage entrepreneurship, focusing on Smart Cities and had 154 projects registered in its fifth edition. The finalists projects were: a water purification system that doesn't require electric energy; an energy management system for buildings; and a communication system for smart grids. The prizes were: a trip and cash prize of R\$ 25 thousand (1st place); R\$ 15 thousand (2nd place); R\$ 5 thousand (3rd place).

ECONNOSCO

It is an environmental program focused on associates education and awareness and on internal processes management and suitability. For the processes, the main goal was the suitability of the solid waste management and infrastructure improvements to provide efficiency in resources. As for education and awareness, the work was focused on four main topics: water, waste, mobility and climate. EDP provided information to the associates through internal channels on issues related to the topics and also performed activities such as contests and dynamics to encourage them to adopt environmentally aware practices in their daily lives.

RESEARCH AND DEVELOPMENT

[GRI G4-EU8] [GRI G4-DMA]

EDP develops initiatives focused on research and development (R&D) in order to promote improvements in the energy generation and distribution processes. The investment strategic plan for R&D is multi-annual, valid for five years, and was designed to reach goals such as operational efficiency, risks reduction and revenue improvements. If necessary, the plan can be reviewed annually.

To create solutions that meet the sector needs and encourage an innovative behaviour among its associates and partners, EDP promotes programs that generate new ideas and stimulates interaction with customers and research institutions. The initiatives are designed based on internal assessments and contact with universities, manufacturers and research institutes.

The research and development initiatives are promoted according to the regulatory agency guidelines. The R&D investment funds are provided for in the concession agreements that state that electric energy distributors should invest 0.2% of their net operational revenue to such initiatives, and generators should invest 0.4%. In 2015, R\$ 18.06 million were invested in R&D. Among the main initiatives, there are:

CLIMAGRID

In order to monitor possible power interruptions caused by severe storms and mitigate inconveniences to the company and to the society, since 2010, EDP is working with the National Institute for Space Research (INPE) in developing a system called ClimaGrid. It is an innovative tool that integrates environmental, weather and occurrences data from the electric system and provides the information to the distributor companies of EDP group (Bandeirante and Escelsa).

The system covers data such as vegetation; cloud-to-ground and cloud-to-cloud atmospheric discharges; temperature; wind (direction and intensity); humidity; and rainfall. The information is obtained in state-of-the-art weather stations, located in EDP concession areas. EDP operational data was also taken into account, such as system assets, FEC and DEC. The new technologies developed in the project serve the departments of operation, quality, engineering, call centre and planning and maintenance.

SMART GRID LAB

In 2015, EDP continued to consolidate an innovative lab of Smart Grids (In Portuguese, REIs) at the University of São Paulo (USP). The lab will have a grid emulation environment, smart devices, measurement equipment, communication means and Information Technology (IT) systems. Among the project goals there is the REIs functionality simulation in lab for future replication in the fields, a virtual Distribution operation centre that enables the necessary studies to design a technological roadmap, and an IT systems interoperability analysis platform necessary to develop REIs functionalities. The project provides for all distributors to perform systemic tests in the lab and analyse the functionalities of the smart grid and other smart equipment used in energy distribution electric systems.

INOV CITY

The Company has the InovCity, an initiative aimed at testing technologies that enable the design of a city energetically efficient. InovCity started in Aparecida (SP) and in 2015, it was replicated in two cities of Espírito Santo (Domingos Martins and Marechal Floriano, in the mountains regions of the state). Around 19 thousand consumer communities will be served in six aspects of the technological development: smart measurement, energy efficiency, electric mobility, efficient public lighting, distributed generation and energy education.



In addition to encourage the efficient consumption of electricity, the initiative promotes the use of alternative sources that results in reduction of carbon emissions; in the economic development and customers' regularization; and in the social and technological innovation. It also provides better efficiency to the service rendered by EDP due to the streamlining of the operational and energy management.

SUBMARINE ROBOT

Developed with the Federal University of Juiz de Fora and the Institute for Systems and Computers Engineering of Porto (Inesc Porto) in Portugal, TriMARES is a submarine robot designed to make autonomous inspections, mapping and data collection in aquatic environments. The robot can be used to measure the quality of the water through data analysis such as temperature, pH and pollution levels. It is also possible to assess the structure of dams, collect data on water quality and verify the dam conditions. It has optic fibre to transfer data and video in real time, with 10 hours autonomy and a 40 km range.

METHODOLOGY FOR SOCIAL, ECONOMIC AND ENVIRONMENTAL ANALYSIS OF HYDROELECTRIC PLANTS IMPLANTATION

IN 2015, EDP started to develop a technology to improve the analysis process of positive and negative social, economic and environmental impacts caused by the implantation of hydroelectric plants. The goal is to provide benefits such as costs and deadlines reduction in plants implementation processes – in line with the Company's strategy to ensure efficiency in operations and anticipate deliveries. The methodology also enables to streamline planning process for the expansion, environmental licensing, implantation and operation of such projects. The tool is being applied in the Espírito Santo plants, and the project will be completed in 2016.



**ENERGY
WITH
INTELLIGENCE**

BRAZIL
ANNUAL REPORT
2015

Environmental Program of UHE Santo Antonio do Jari (ES)

71	Generation
75	Distribution
80	SUPPLY AND ENERGY SERVICES



06. CREATING VALUE

GENERATION

In Generation, EDP strategy consists of being an integrated operator focused on hydrothermal technologies. Currently the fifth largest private group of Generation in Brazil, it has 15 hydroelectric plants and one thermoelectric plant operating, and two HPPs under construction – Cachoeira Caldeirão and São Manoel. In order to face the challenges imposed by the current context, EDP bets on a business model in which the pillars are operational efficiency, portfolio optimisation, commitment to execution, risks and crisis management, and the ability to anticipate deliveries.

In this sense, in 2015 the Company has invested R\$ 300 million to acquire 50% of TEP Pecém I. With the acquisition, the thermoelectric energy now represents 27% of the total installed capacity off all plants. It has also completed the sale of EDP Renováveis, which operates three wind farms in Brazil. Additionally, the Company entered into an agreement with Cachoeira Escura Energética S.A. for purchase and sale of shares to sell Pantanal Energética Ltda. – that represents 51.1 MW of EDP installed capacity – regarding the operation of HPP

In 2015, the total installed capacity related to the hydraulic and thermal plants portfolio was 2.7 GW. The volume of generated energy in 2015 was 12,152.57 GWh, 11% above the total generated in 2014. From this volume, 4,004.62 GWh came from TEP Pecém I and 8,147.95 GWh from the hydroelectric plants [GRI EU2]

Mimoso and the Small Hydro (PCH) Paraíso I that was built in January 2016. Its high delivery capacity made that one of the Generation works were completed prior to the scheduled date: HPP Santo Antonio do Jari was completed 3.5 months early in 2014. Located in the border of the states of Pará and Amapá, the plant has an installed capacity of 373.4 MW (physical guarantee of 217.7 MW in average). The Company is endeavouring efforts to complete two projects: HPP Cachoeira Caldeirão in the State of Amapá with capacity of 219 MW (in partnership with China Three Gorges), and HPP São Manoel with 700 MW of installed capacity (in partnership with Furnas and China Three Gorges).

IN THIS CHAPTER...

...in addition to know EDP strategy in the Generation business, there is information on the segment operational performance, the work progress in HPP São Manoel and HPP Cachoeira Caldeirão, an the main highlights of the plants that are already operational.

...know more about the Company's actions to consolidate itself as a benchmark operator in quality and efficiency in the Distribution segment, the investments made to reduce non-technical losses and the improvements in quality indicators of service and product.

...further know more about the strategies to ensure growth in the energy services segment such as the acquisition of APS Soluções em Energia in 2015, a company that has been in the energy efficiency market for 23 years.

4^o
energy private generation group

2,7 GW
of installed capacity

1,8 GW
of guaranteed energy in average

343 MW
under construction (proportional interest)

MATERIAL TOPICS
FOR THE BUSINESS

- Well-being, health and safety
- Biodiversity
- Energy scenario
- Citizenship and social responsibility
- Communication and transparency
- Value chain development
- Business ethics
- Climate strategy
- Water management
- Waste management
- Impacts on communities
- Environmental protection
- Quality and guarantee in supply
- Regulation
- Financial Sustainability
- Energy tariffs and prices

GENERATION PROFILE

|GRI-EU1|

INSTALLED CAPACITY (MW)	EDP BRAZIL		
	2013	2014	2015
OPERATIONAL UNITS			
HYDRAULIC	1798.55	1983.58	938.58
HPP Peixe Angical (TO)	498.75	498.75	498.75
HPP Lajeado (TO)	902.50	902.50	902.50
HPP Mascarenhas (ES)	198.00	198.00	198.00
HPP Suíça (ES)	33.90	33.90	33.90
HPP Santo Antônio do Jari (AP) ¹	-	186.70	186.70
PCH Alegre (ES)	2.06	2.06	2.06
PCH Fruteiras (ES)	8.74	8.74	8.74
PCH Jucu (ES)	4.84	4.84	4.84
PCH Francisco Gros – former Santa Fé (ES)	29.00	29.00	29.00
PCH São João (ES)	25.00	25.00	25.00
PCH Viçosa (ES)	4.50	4.50	4.50
PCH Rio Bonito (ES)	22.50	22.50	22.50
HPP Mimoso (MS)	29.50	29.50	29.50
PCH Costa Rica (MS)	16.00	16.00	16.00
PCH Paraíso (MS)	21.60	21.60	21.60
CGH Coxim (MS) ²	0.40	-	-
CGH São João I (MS) ²	0.66	-	-
CGH São João II (MS) ²	0.60	-	-
THERMAL ³	180.00	360.13	720.27
TEP Pecém I (CE)	180.00	360.13	720.27
WIND ⁴	37.71	37.71	-
Água Doce (SC)	4.05	4.05	-
Horizonte (SC)	2.16	2.16	-
Elebrás Cidreira (RS)	31.50	31.50	-
TOTAL	2,016.26	2,568.12	2,703.86

¹Values corresponding to the 50% interest of HPP Santo Antônio do Jari (AP/PA), once EDP sold 50% of it to its partner China Three Gorges (CTG) in the end of 2013.
² CGHs Coxim, São João I and São João II were sold in September 2013.
³ TEP Pecém I was acquired in May 2015.
⁴ This is EDP Renováveis Brasil that was sold in December 21, 2015. For that reason its installed capacity was not consolidated in the total.

case: constructions progress

HPP Cachoeira Caldeirão is located by the river Araguari in the city of Ferreira Gomes, in the State of Amapá, and will have an enabled power of 219 MW (3 turbines). The construction started in August 2013, and the energy sale agreements shall begin in January 2017 – as determined by the contract. After over two years, the project has progressed 94.6% and it is only missing the civil work, the assembly of the three energy generating units and the cleaning of the area and construction waste in the reservoirs.

The Bulbo turbines are considered the largest in the world, with nominal power of 73 MW. In the country, this is the second hydroelectric project built in partnership between EDP and China Three Gorges (CTG). Since it does not require large reservoirs, this model is deemed ideal for plants built in rivers similar to Araguari.

The Transmission Line (LT) that will conduct the energy generated into the *Sistema Interligado Nacional* (National Interlinked System) is also in its final stage of construction. In total, there will be 38 towers assembled in a route of 13.4 Km between HPP Cachoeira Caldeirão and Ferreira Gomes substation. The LT will have a tension of 230 kV and a 40 meters wide security strip.

As for HPP São Manoel, it is located by the river Teles Pires, on the boarder of the States of Mato Grosso and Pará, 290 Km from where Tapajós river begins.

The cities of Paranaíta and Jacarecanga are 125 Km and 1,300 Km away from the dam location, respectively, whilst Alta Floresta, which is the main city in the area, is 170 Km away from the dam.

There will be four Kaplan turbines with capacity for 175 MW each, totalling 700 MW of installed power. Its structures (dam, spillway, intake channel and powerhouse) will have 377 m and will be implanted along a single axle of 925 m that will connect the two margins of river Teles Pires. The LT that will conduct the energy generated into the *Sistema Interligado Nacional* (National Interlinked System) has a route of 40 km between HPP São Manoel and Paranaíta substation, and a 500 kV tension.

The works started in August 2014, and according to the contract, the plant should begin operation in January 2018. After 17 months since the beginning of construction, the project had a progress of 36.8%. In the civil construction site, the main challenge was to keep the structures concreting with the contract schedule, with works being done in all fronts of service. In the electro-mechanics area, the challenge will be the transportation of equipment to the building site. In December 2015 an overhead crane was delivered, making it easy to transport such equipment.



HIGHLIGHTS OF THE PLANTS IN OPERATION

In 2015, several activities were performed in the Generation units in order to keep the plants operation stable and promote improvements in their operational performance. All units went through annual preventive maintenance as schedules in EDP standard maintenance plans.

In HPP Lajeado there were actions to modernise the tension regulators in units 1 and 2, the intake channels floodgates and spillway of units 1, 2 and 4 and the oil cooling system of the generator pillow block. In HPP Mimoso, in the second half of 2015 there were general modernisation activities in generator unit 2 that should be completed in the first half of 2016. In HPP Santo Antônio do Jari located in the border of the states Amapá and Pará, the corrective maintenance of the Kaplan system of generating unit 1 is in progress and it should be completed by early 2016.

In HPP Mascarenhas there was a political change and the website Disaster Recovery is now controlled by the Generation Operation Centre (COG). This system aims at centrally recovering all data and information stored on the website in case of disasters in the unit such as floods, fires or earthquakes.

In HPP Peixe Angical there were retrofit actions for the monitoring and diagnosis system of the transformers (TMDS), the modernisation of the logic network of the plant and the replacement of battery banks of the substation and the powerhouse.

In average, the hydroelectric plants in 2015 reached an average availability rate of 91%, slightly lower when compared to the 2014 rate. **| GRI EU30 |**

In TEP Pecém I, after replacing the generator in unit 1, there was a significant recovery in the availability indicator, with annual average of 88.1%, which is higher than the 76.4% of 2014. The plan continues to reduce failure rates in the generating units and to increase the energy generation averages.

| GRI EU30 |



UHE Luís Eduardo Magalhães (TO)

DISTRIBUTION

In the Distribution business, EDP wants to be a benchmark operator in quality and efficiency. In this sense, the Company focus its investments on distribution lines, on reducing non-technical losses, on improving service and product quality indicators, and on reinforcement to reach operational efficiency and productivity. The Company operated in the states of São Paulo (SP) and Espírito Santo (ES) through the distributors EDP Bandeirante and EDP Escelsa, publicly held companies and integral subsidiaries of EDP. In 2015, the distributors closed the year with 3.3 million customers, 1.8 from EDP Bandeirante and 1.5 from EDP Escelsa, and 25,713.3 GWh of energy distributed.

EDP Bandeirante - EDP operated in 28 cities in the State of São Paulo in the areas of Alto Tietê and Vale do Paraíba. The concession agreement was signed on October 23, 1998, valid for 30 years. During the year, it served around 1.8 million customers and distributed 9,208 GWh to its captive customers

2015 presented a new scenario for the sector. The extraordinary tariff review adjusted by over 50% the energy cost, and consequently rebalanced the distribution companies' performance. However, this increase and the economy retraction and high levels of unemployment resulted in an increase in the default and fraud levels in the energy distribution system.

This context caused a drop in energy consumption and compromised the electric sector cash flow, and the distribution companies had to bear the financial losses.

Thus, in order to control the default and increase fraud inspection, EDP has strengthened the relationship with consumers to encourage them to pay their bills on time. With five days in advance, the Company sends a message to consumers to guide them on the energy supply suspension if the payment is not made on the requested date. It also promoted debt negotiation promotions in cities with high levels of default.

In the coming years, EDP will intensify the monitoring of the significant changes in the energy sector that should affect the Distribution business. One of these changes is related to the smart grid concept, and one of EDP proposal is the adoption of the smart grid architecture, which is already being tested in the cities of Aparecida (SP), Domingos Martins (ES) and Marechal Floriano (ES). It consists in the installation of smart electronic gauges in customers' locations, allowing a better control of consumption and demand. Whilst there still not much space to apply this technology on a large scale, the Company continues to invest on the expansion and modernisation of its systems, with the purpose of providing energy with more quality and safety.

5^o

largest private group in distributed energy

3.3

million customers served by two companies

25,713 GWh

of energy distributed

MATERIAL TOPICS FOR THE BUSINESS

Well-being, health and safety

Energy scenario

Citizenship and

social responsibility

Communication and

transparency

Climate strategy Business

ethics

Waste management

Impacts on communities

Environmental protection

Quality and guarantee in

supply

Regulation

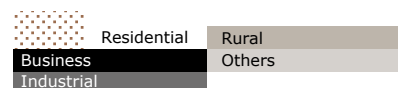
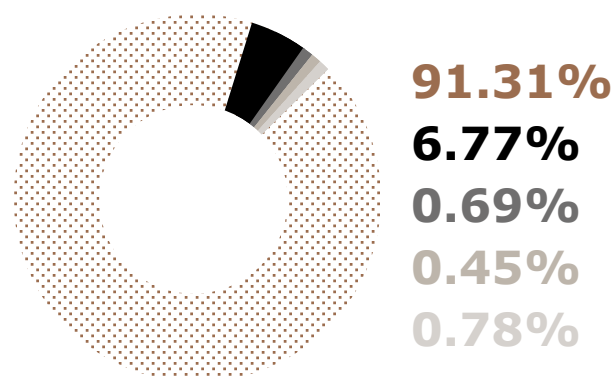
Financial Sustainability

Energy tariffs and prices

EDP Escelsa- The distributor is located in Vitória and serves 70 of the 78 cities in the State of Espírito Santo. The concession agreement signed in 1995 is valid for 30 years, and the Company was acquired by EDP in 1999. In 2015, it distributed 6,473 GWh to 1.5 million captive customers

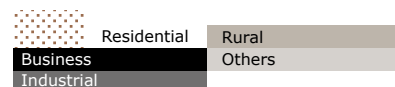
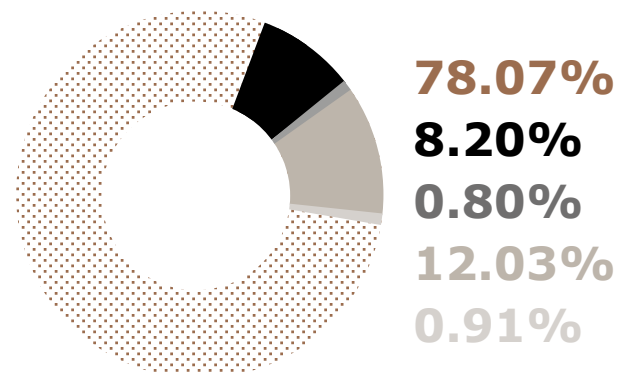
NUMBER OF CUSTOMERS (%)

EDP BANDEIRANTE



NUMBER OF CUSTOMERS (%)

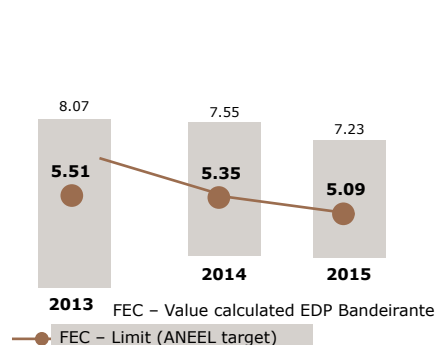
EDP ESCELSA



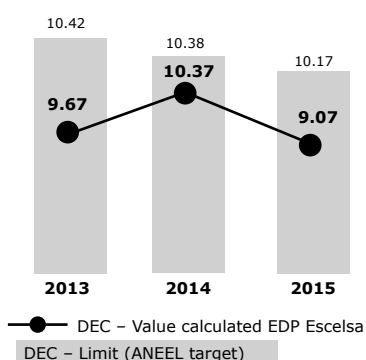
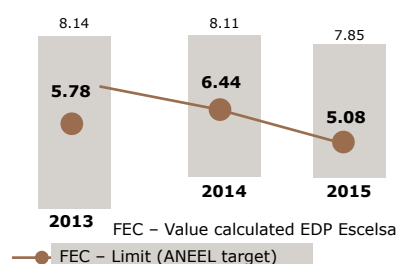
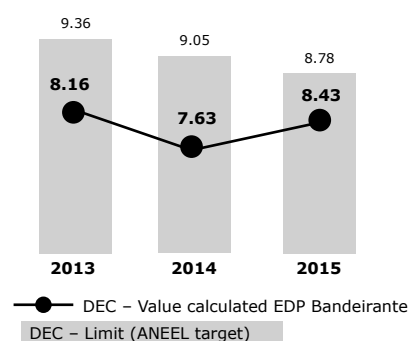
QUALITY (DEC/FEC) [GRI G4-EU28, G4-EU29]

In 2015, EDP distributors kept a quality indexes within favourable levels, below the limits set by ANEEL (National Agency of Electric Energy). The DEC value (index the measures the periods of supply interruption) of EDP Bandeirante in 2015 was 8.43 hours, which represents a difference of 4% in relation to the regulatory DEC. In EDP Escelsa, this number was 9.07 hours, a difference of 11% in relation to the limit established by the regulatory agency

FREQUENCY OF INTERRUPTIONS IN ENERGY SUPPLY



AVERAGE DURATION OF INTERRUPTIONS IN ENERGY SUPPLY [GRI EU29]



To provide energy with more quality and safety, EDP invests on the expansion and modernisation of its system. One example was the installation of automatic reclosers, a technology that allows the energy supply to continue in the event of occurrences in the power grid. The automation enables the fast recovery of the system, and depending on the event, the interruption might be imperceptible to the consumer. In 2015, 100 reclosers were installed in EDP Bandeirante concession area, totalling 977 operating pieces of equipment.

Likewise, multidisciplinary areas (engineering, operation, planning and maintenance of grid) are working to implement programs that improve the supply quality and reduce interruptions and their duration. These efforts led to the creation of the DEC Down Program in March 2013, which is a strategy based on three pillars: reduction of supply interruptions, limitation of the occurrences impact and normalisation of the operation within the shortest time possible.

REDUCE OCCURRENCE

- ⌘ Reinforcement of preventive maintenance
- ⌘ Prioritisation of electric circuits
- ⌘ Reinforcement of improvement works

LIMIT IMPACT

- ⌘ Expand grid automation
- ⌘ Expand grid sectioning
- ⌘ Increase supply flexibility

FAST RECOVERY

- ⌘ Teams reinforcement
- ⌘ Summer Plan reinforcement
- ⌘ Increase remote monitoring
- ⌘ Increase automatic recovery logics
- ⌘ Innovate error identification technologies

With the purpose of improving internal processes and prioritising demands, the Company implemented the project Distribution Services Centre (CSD). The initiative provided efficiency to the operation and promoted the integration of field teams (technical and commercial) that were previously allocated in different areas. Hence, it was possible to recover R\$ 31.1 million of the revenue, reduce costs and lead the Company to a future vision.

The Company also develops project Lean to increase productivity and quality of the services provided to medium and low tension customers of EDP Bandeirante. The initiative resulted in 70 new actions that are already being implemented, and reduced by 87% the number of projects that were not suitable to the EDP operational efficiency strategy (from 128 to 17 projects), promoting greater effectiveness and more results.

In 2015, seven trainings were offered on processes and projects management, quality internal audit, Lean philosophy and management excellence model of the *Fundação Nacional da Qualidade* (FNQ - National Quality Foundation). 229 associates were involved during a total of 190 hours of training.

case: customer satisfaction

| GRI G4-PR5 | GRI G4-DMA |

EDP invests on initiatives that increasingly improve the delivery of its services and result on its customers' satisfaction. The distributors have channels such as Call Centre, Face-to-Face Service branches, the Virtual Branch, in addition to an exclusive channel to corporate, business, institutional and public authorities customers. All customer manifestations or information are confidential. In 2015, no complaints were registered regarding violation of privacy or data loss of customers.

| GRI G4-PR8 |

In order to know the customers' satisfaction level, the distributors use the Abradee Satisfaction Survey (annual) – aimed at residential customers and large customers – the Aneel Consumer Satisfaction Index (IASC-annual) and the Complainants' Survey (biannual).

In 2015, EDP Bandeirante achieved the lowest indexes of customer complaint, which represented a reduction of 23% compared to the previous year, and of total losses (technical and non-technical), in which the

reduction was 10.9%. EDP Escelsa presented an increase of 0.2% in its satisfaction index, and the company's call centre stood out at the Abradee award for "INS" – Service Level Index – for presenting the best quality indicators.

In order to further improve customer service, the distributors have the following programs:

:: Project Billing Shield: implementation of Business Intelligence software to manage billing quality. Status: implemented at EDP Bandeirante and being implemented at EDP Escelsa.

:: R&D to improve reading quality: implementation of methodology based on computational intelligence for individual customisation of consumption tolerance ranges, according to the customer's profile, their consumption history and features of the gauge used. Status: 30% implemented on both distributors.

:: Zero Complaints: multidisciplinary work group reviews the customers' complaints to identify the causes of failures in processes and create corrective action plans. Status: implemented on EDP Bandeirante and EDP Escelsa.

:: Upgrade of queue management system: replacement of the queue management system in face-to-face service branches with the inclusion of online monitoring. The purpose is to review and monitor the branches performance and perform mitigation actions in real time. Status: implemented on EDP Bandeirante and EDP Escelsa.



RESULT OF THE CUSTOMER SATISFACTION SURVEY¹ (%) | GRI G4-PR5 |

SUBDIVISION	EDP BANDEIRANTE			EDP ESCELSA		
	2013	2014	2015	2013	2014	2015
ANEEL Consumer Satisfaction Index (IASC)	60.04	68.59	52.75	64.14	71.61	58.81
Índice de Satisfação da Qualidade Percebida (ISQP - Perceived Quality Satisfaction Index) – ABRADÉE	79.80	83.00	78.50	85.80	81.85	82.00
Client Approval Index (IAC) - ABRADÉE	ND	85.80	78.90	ND	82.80	83.00
General Satisfaction Index (ISG) - ABRADÉE	ND	85.80	69.70	ND	87.50	73.70
Satisfaction Survey with Large Customers	ND	Not performed in 2014	73.50	ND	Not performed in 2014	74.20

¹ Due to tariff reviews and the increase in energy cost, the satisfaction levels dropped in 2015.

ZERO COMPLAINT | GRI G4-DMA |

With the purpose of reducing complaints level and increasing customer satisfaction, EDP Escelsa and EDP Bandeirante have multidisciplinary work groups to review demands presented by customers, identify causes and implement action plans. As part of the customer relationship strategy, the project Zero Complaint was created and the Zero Complaint Executive Committee was instituted to monitor the complaints development, present monthly results to the board, validate causes and define action plans.

The work groups are comprised of managers and associates from several departments and the Zero Complaint Executive Committee works with the groups to strengthen the process of identifying complaints and planning action plans. The practice is reviewed annually, and in 2015 all complaints instances were reviewed.

Also in 2015, EDP presented the Zero Complaint case at the international forum of good practices, an event organised by the National Quality Foundation (FNQ) along with the *Convención Iberoamericana de la Calidad* (Ibero-American Convention on Quality), held in the city of São Paulo.

In the 3rd cycle of the Zero Complaint, 28 improvement initiatives were defined, including the creation of the channel "Você Sabia?" (Did You Know?) to answer frequent questions from Call Centre operators, and "Café com os Leituristas" (Coffee with Metre Readers) as a form of recognition and motivation.

SUPPLY AND ENERGY SERVICES

4^a
private supplier

9%
of market share

10,521 GWh
of energy supplied

MATERIAL TOPICS
FOR THE BUSINESS

Energy scenario
Communication and
transparency
Energy efficiency
Responsible employer
Strategy and
macroeconomic context
Ethics
New business/market
opportunities
New innovation
technologies
Regulation
Reputation and trust
Customer satisfaction and
service
Health and safety
Energy tariffs and prices

EDP Comercializadora, the fourth largest energy supplier in the Country, was created in 2001 and is responsible for managing the energy contract portfolio of the Group companies in Brazil, in addition to intensive final customers contracts in electric energy consumption. Its operation is focused on reducing energy costs to customers by hiring in the free energy market.

With this business, EDP sees growth opportunities in the energy services segment – which is constantly developing in country. In this sense, one of the actions was the acquisition of APS Soluções em Energia in 2015, a company that has been in the energy efficiency market for 23 years and in 2014 had a turnover of R\$ 19 million and over 600 customers from several sectors. With the acquisition, the company hopes to provide more energy efficiency and distributed generation solutions to the final customer.

With the consolidation of new businesses segment in 2014 through EDP Grid, EDP Comercializadora extended its operation to develop practices aimed at energy efficiency that generate profitability and energy economy to customers. EDP Grid further develops energy infrastructure projects to customers (such as distribution and transmission substations and grids) and assets management (facilities maintenance and suitability of measurement systems).

Another development front of EDP Grid involves photovoltaic generation projects. The initiatives comply with the Aneel Resolution no. 482/2012, which set rules so that consumers can generate their own energy with injection in the exceeding power grid and a credit compensation system in favour of the consumer.

ABOUT EDP GRID

EDP expects to strengthen sales growth for added-value services of energy. With the acquisition of APS, the Company combines its financial and corporate governance capacity with the know-how and reputation that APS has in the energy efficiency market.

In 2015, three energy efficiency projects were developed (modernisation of the lighting, conditioning and power system) with customers located in EDP Bandeirante concession area: Cebrace Cristal Plano, Taubaté Shopping and Shopping Pátio Pinda. With the initiatives, it was possible to register an energy saving of 6,966 MWh/year (equivalent to the consumption of approximately 2,902 households). In 2015, the gross income of EDP Grid was R\$ 17.3 million and the Ebitda was R\$ 14.52 million.

As a result of the practices developed in 2015, the Comercializadora maintained 39 new customers. During the year, it has 195 customers, a 30% growth in relation to 2014. The volume of energy traded totalled 10,521 GWh. |GRIEU3|

case: customer service

|GRI G4-PR5|

In 2015, EDP Comercializadora adopted a series of initiatives to better serve the customer, based on four main fronts:

- :: Relationship: improve the relationship as a differential to retain and maintain customers, reduce acquisition cost and effort and strengthen the relationship with representatives and partners.
- :: Services: maximise the results, offer EDP Grid services and create a differential at the moment of the sale.
- :: Acquisition: reduce acquisition cost and optimise sale and communication efforts through strategies such as maintain customers of the Distributors concession areas, ensure better efficiency in serving customers that seek EDP Comercializadora daily and invest on improving the information base of potential customers.
- :: New niches: operate in new fronts of the retail trading market and plants representation.

In 2015, workshops were held with customers to address relevant topics of the market, especially regarding the current energy scenario, and an intense visitations agenda was maintained.

The Comercializadora uses two indicators that reflect the quality of its services: the *Índice de Satisfação com a Qualidade Percebida* (ISQP – Perceived Quality Satisfaction Index) and the Customer Loyalty Index (IFC). The results of the satisfaction surveys performed in 2015 were not verified yet.



**ENERGY
WITH
INTELLIGENCE**

BRAZIL
ANNUAL REPORT
2015

Aparecida Cathedral (SP)



07. EDP PERFORMANCE

IN THIS CHAPTER

even with the adverse macroeconomic scenario, EDP stood its ground in its business strategy and achieved better financial results for all companies in the Group.

know more about the initiatives developed by the Company to mitigate the impacts on biodiversity, ensure good water and waste management and prevent climate change risks related to the Group operations.

it is possible to know the relationship strategies adopted by the Company with the associates, suppliers, customers and the society. Also know more about the measures adopted to mitigate impacts on the community and drive the local development of the areas in which it operates.

ECONOMIC

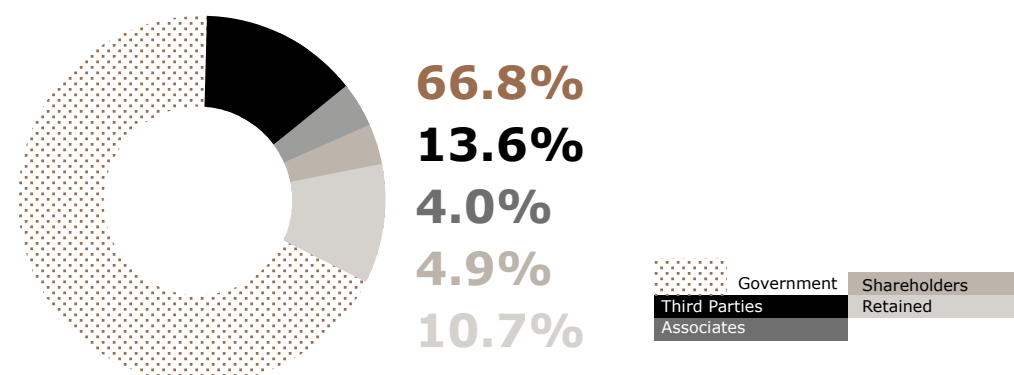
The strategy to optimise the assets portfolio, control costs, commit to execution and anticipate deliveries lead to significant financial results to EDP in 2015. The financial statements include the results of all companies over which EDP has operational control and TEP Pecém I (since May). **[GRI G4-17]**

In 2015, the added-value to distribute (DVA) of the Company was R\$ 9.05 million, 96.5% higher than the one registered in 2014, from which 4% were destined to associates, 66.8% to the government, 13.6% to third parties, 4.9% to shareholders and 10.7% were retained. The added-value statement shows a company potential to generate wealth to its main shareholders and to ensure sustainability in its business.

The net operational revenue reached R\$ 10.1 billion, 13.6% higher than 2014. Excluding for the construction revenue, the net operational revenue was R\$ 9.8 billion, an increase of 13.8%. This development was due to the 47.5% increase in the Sector Financial Assets accounted, to the increase in EDP Bandeirante (+58.8%) and EDP Escelsa (+54.3%) average tariffs, to the increase in non-invoiced supply (+99.8%), to the TEP Pecém I revenue accounting (R\$ 795.7 million), to the reduction of

ADDED-VALUE TO DISTRIBUTE EDP BRAZIL (%)

[GRI-EC1]



¹ The value of the Sector Financial Asset accounted is different from the Sector Financial Asset receivable/payable to the consumer arising from dispatch no. 245 of January 28, 2016, when ANEEL determined the recovery via tariff of values monthly approved in the Tariff Flag Proceeds Centralisation Account (CCRBT), where a counterpart is the deduction of sector charges, cancelling the CCRTB effect on the revenue. The total net Sector Financial Asset received through CCRBT is R\$ 133.3 million, where R\$ 78.4 million were accounted as operational revenue (EDP Bandeirante: R\$ 85.2 million and EDP Escelsa: -R\$ 6.8 million) and +R\$ 55.0 million as financial result (EDP Bandeirante: +R\$ 34.2 million and EDP Escelsa: +R\$20.8 million). The Sector Financial Asset balance effectively receivable from the consumer was lower than last year due to the Tariff Flags adopted in 2015 and the Periodic Tariff Review of EDP Bandeirante.

18.8% in the energy sales volume in the free market and 11% in the average price of sale and to the cost increase in energy purchased for resale, especially Itaipu, which suffered the joint effect of exchange devaluation and the tariff adjustment (of US\$ 26.05/KW to US\$ 38.07/KW).

The operational expenses (without taking into account construction costs, depreciation and amortisation, the indemnifiable asset value and the gains or losses in deactivation or disposal of assets) reached R\$ 7.8 billion in 2015, 11.4% higher than 2014. As for the unmanageable expenses (costs with energy purchased for resale; charges of power grid use; inspection fees; costs with raw-material consumed; and compensation for unavailability) totalled R\$ 6.7 billion in 2015, 10.7% higher than the previous year.

The manageable expenses totalled R\$ 1.8 billion, 8.3% higher than 2014, and the PMSO totalled R\$ 1.1 billion, 15.9% higher than 2014, impacted by the consolidation of TEP Pecém I that contributed with R\$ 76.5 million.

Depreciation and amortisation totalled R\$ 457.9 million in 2015, 34.6% higher than the previous year, as a consequence of TEP Pecém I accounting that contributed negatively with R\$ 95.3 million.

EBITDA (profit before income tax, financial results, depreciation and amortisation) reached R\$ 3.0 billion in 2015, 56.8% higher than the previous year, and EBITDA margin presented an increase of 8.4%, totalling 30.7%. The EBITDA increase is due to TEP Pecém I accounting (an amount of R\$ 884.7 million) and to the R\$ 68.9 million gain with the sale of EDP Renováveis interest in December 2015.

The Company's net profit totalled R\$ 1.3 billion in 2015, an increase of 70.3% compared to 2014. The net profit was impacted by the reduction in equity pickup due to the negative result of HPP Santo Antônio do Jari em 2015, the consolidation of TEP Pecém I and the interest increase in the results of minority resulting from the better results of Enerpeixe and Lajeado, when compared to 2014.

FINANCIAL RESULT

The financial result in 2014 was negative in R\$ 668.0 million, R\$ 352.0 more negative than the previous year. The financial revenue totalled R\$ 478.5 million, 104.8% higher than 2014, resulting from the increase in the monetary update heading on the sector financial asset (regulatory assets and liabilities) and the increase of monetary variation and interests on sold energy – arising from default interest applied to consumers on overdue energy bills due to tariff increase. The financial expenses reached R\$ 1.1 billion negative, 108.4% higher than the previous year due to the increase in charges on the debt of TEP Pecém I consolidation and the increase of the monetary variation expense and interest on purchased energy referring to the accounting of the exchange variation for the Itaipu energy purchase,

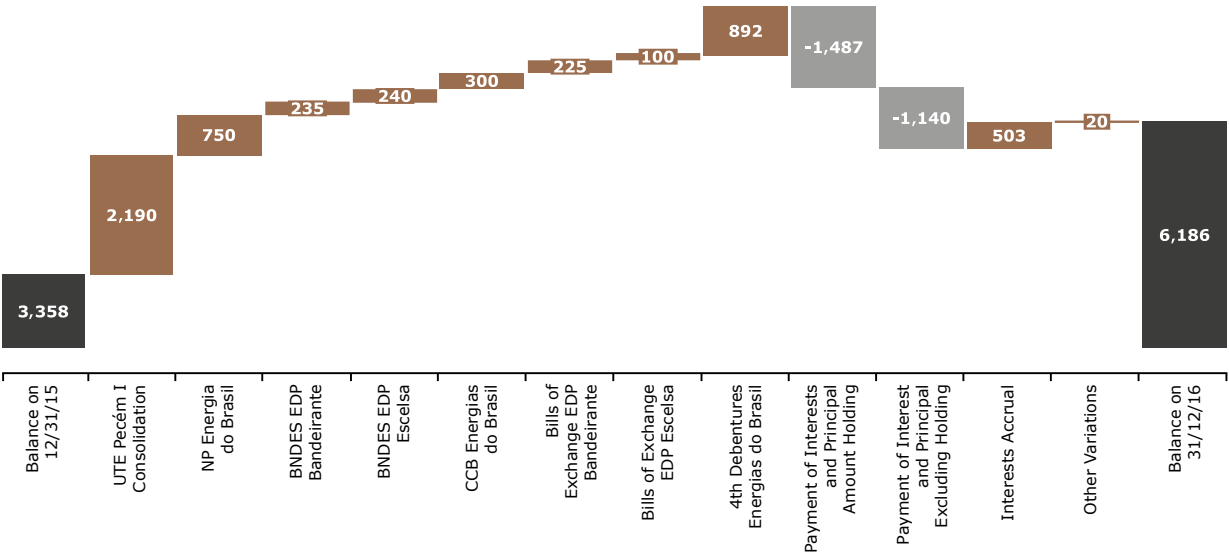
INCOME STATEMENT (THOUSANDS OF REAIS)

	2014	2015	%
NET OPERATING REVENUE	8,604,673	9,790,614	13.8
Revenue with infrastructure construction	294,955	317,343	7.9
UNMANAGEABLE EXPENSES	(6,062,073)	(6,710,129)	10.7
Energy purchased for resale	(5,598,839)	(6,013,579)	7.4
Foreign currency – Itaipu	(498,069)	(1,053,798)	111.6
National currency	(6,136,360)	(5,014,325)	-18.3
CDE/CCEE/CONER/CCRB compensation	1,035,590	54,544	-94.7
Charges of system use	(401,728)	(465,761)	15.9
Others	(61,506)	(18,819)	-69.4
Cost of raw-material consumed	-	(361,880)	n.d.
Compensation for unavailability	-	149,910	n.d.
GROSS MARGIN	2,542,600	3,080,485	21.2
Manageable expenses	(1,670,753)	(1,807,003)	8.2
PMSO total	(962,926)	(1,115,989)	15.9
Personal	(377,516)	(419,418)	11.1
Material	(29,915)	(37,406)	25.0
Services from third parties	(410,260)	(425,266)	3.7
Provisions	(53,137)	(109,367)	105.8
Others	(92,098)	(125,532)	35.2
Gains and losses in deactivation and disposal of assets	(70,547)	(68,215)	-3.3
Fair value of indemnifiable financial asset	(2,967)	152,477	n.d.
Cost with infrastructure construction	(294,055)	(317,343)	7.9
Gain in investment disposal	408,416	953,643	133.5
EBITDA	1,914,576	3,002,401	56.8
EBITDA Margin	22.3%	30.7%	8.4 p.p.
Depreciation and amortisation	(340,258)	(457,933)	34.6
Service result (EBIT)	1,574,318	2,544,468	61.6
Result of corporate interests	(71,449)	(113,774)	59.2
Net financial result	(315,989)	(668,008)	111.4
LAIR	1,186,880	1,762,686	48.5
Income Tax and Social Contribution	(348,519)	(356,314)	2.2
NET PROFIT BEFORE MINORITY	838,361	1,406,372	67.8
Minority interests	(94,859)	(140,436)	48.0
NET PROFIT	743,502	1,265,936	70.3

DEBT

In December 31, 2015, the consolidated gross debt totalled R\$ 6.2 billion, an increase of 84.2% compared to 2014 (R\$ 3.4 billion), without taking into account the results of HPP Santo Antônio do Jari, HPP Cachoeira Caldeirão and HPP São Manoel. The debt average term in December 31, 2015 was 3.39 years, compared to the 2.47 years in December 2014. The gross debt and average term variation occurred mainly due to the TEP Pecém I debt consolidation (R\$ 2,190.5 million), the acquisition of the *Cédula de Crédito Bancário* (CCB - Banking Credit Bill) in the holding company for R\$ 300.00 million, acquisition of bills of exchange (Law no. 4,131 from the Central Bank of Brazil) in the distributors in the total amount of R\$ 325.0 million, of BNDES disbursements to the distributors in the total amount of R\$ 474.6 million, of the holding company 4th debentures issue disbursement of R\$ 892.2 million, and of debts amortisations in the holding company and in generation and distribution companies.

DEBT EVOLUTION (MILLIONS OF REAIS)



The average cost of the Group debt on December 31, 2015 was 12.85% per year, compared to 11.37% per year by the end of 2014, taking into account the debts capitalised interests and charges incurred in the past 12 months. The average cost increase was due to the increase of average Selic and average TJLP in relation to 2014, in addition to the incurring of new debts connected to CDI.

The consolidated net debt reached R\$ 5.0 billion in 2015, an increment of R\$ 2.5 billion compared to the result in the previous year (R\$ 2.5 billion). This increase was due to the growth of the consolidated gross debt, especially the TEP Pecém I consolidation. The net debt/EBITDA ratio closed the year at 1.7 times, compared to 1.3 times in December 2014.

debentures issue

Along the third quarter of 2015, EDP structured the fourth issue of simple debentures for public distribution, where R\$ 750.0 million correspond to the base offer, R\$ 112.5 million to the full placement of supplementary debentures, and R\$ 29.7 to the partial placement of additional debentures. The funds totalled R\$ 892.2 million.

∴ The first issue took place on October 8, 2015 and it was of R\$ 664.3 million, equivalent to 664,253 debentures, with unit nominal value of R\$ 1,000.00. The term is three years. The funds raised through the first series were used in the early mandatory redemption of the first issue of the Company's promissory notes on October 15, 2015, in the amount of R\$ 810.7 million.

∴ The second issue, on October 13, 2015 was of R\$ 179.9 million, equivalent to 179,887 debentures with unit nominal value of R\$ 1,000.00. The second issue term is six years.

∴ As for the third issue on October 14, 2015 was of R\$ 48.1 million, equivalent to 48,066 debentures with unit nominal value of R\$ 1,000.00. The term is nine years.

The funds raised by the 2nd and 3rd series will be used to pay or reimburse expenses, expenditures or debts related to the projects HPP São Manoel and HPP Cachoeira Caldeirão, pursuant to Law no. 12,431/2011.

FINANCINGS DISBURSED IN 2015

HOLDING

On March 30, the Company issued its first promissory notes in the amount of R\$ 750.0 million valid for 12 months, at CDI + 1.60% per year. The payment of interests and principal amount was due on March 24, 2016. As a result of the fourth issue of debentures, the Company paid the promissory notes in advance on October 15.

On May 21, the Company rose R\$ 330.0 million through a *Cédula de Crédito Bancário* (CCB - Banking Credit Bill) from *Banco do Brasil* at 118.70% of CDI per year. The interests payment will be biannual and the amortisation will be divided into two equal instalments, one due in May 2017 and the other one in May 2018. The funds were used to pay the acquisition of 50% of TEP Pecém I that belonged to Eneva.

On October 14, the Company completed the disbursement of the fourth issue of debentures in the total amount of R\$ 892.2 million into the following series: 1st series of R\$ 664.2 million with biannual interests at CDI + 1.74% and two annual amortisations, one due in September 2016 and the last one in September 18; 2nd series in the amount of R\$ 179.9 million with biannual interests at IPCA + 8.32% and three annual amortisations, the first one due in September 2019 and the last one in September 2021; 3rd series in the amount of R\$ 48.1 million with biannual interests at IPCA + 8.26% and three annual amortisations, the first one due in September 2022 and the last one in September 2024.

DISTRIBUTION

In 2015, the Brazilian Development Bank (BNDES) disbursed R\$ 234.6 million to EDP Bandeirante and R\$ 240.0 million to EDP Escelsa, pursuant to the financial contracts signed on December 29, 2014 of R\$ 298.8 million and R\$ 270.9 million respectively. The disbursements represent 79% of EDP Bandeirante contract and 89% of EDP Escelsa contract.

On May 29, EDP Bandeirante and EDP Escelsa rose R\$ 150.0 million and R\$ 100.0 million respectively by issuing bills of exchange (Law no. 4,131 of the Central Bank of Brazil) from Citibank at 85% of CDI + 1.19% per year. The interests will be paid quarterly and the amortisation in two equal annual instalments, the first one due in May 2018 and the last one in May 2019. The funds are intended to the expansion of debt and financing of working capital.

On September 4, EDP Bandeirante rose USD 20.3 million (R\$ 75.0 million) by issuing bill of exchange (Law no. 4,131 of Central Bank of Brazil) from Citibank. This financing required the swap with hedge purpose to mitigate the exchange risks and the Libor at CDI + 1.20% per year. The interests will be paid quarterly and the amortisation in two equal annual instalments, the first one due in September 2018 and the last one in September 2019. The funds are intended to expansion of debt and financing of working capital.

GENERATION

On February 2, HPP Cachoeira Caldeirão issued Infrastructure Debentures through the third issue of simple debentures of R\$ 156.5 million at IPCA + 7.2743% per year. The payments of interest and amortisation will be made in 26 biannual instalments starting on December 15, 2017, until the expiration date on June 15, 2030. The funds were used to pay the residual amount of the first issue of promissory notes and to finance the project construction.

On June 15 and 16, BNDES disbursed R\$ 265 million for the construction of HPP São Manoel, pursuant to the financing contract signed on May 15, 2015. On October 14, 2015, it disbursed the remaining R\$ 185 million. The transaction has bank guarantees from EDP, China Three Gorges Brasil Energia (CTG Brazil) and Furnas, proportional to the interest of each partner in the project. The funds will be used in the construction of HPP São Manoel and the interests will vary between TJLP + 2.4% per year and SELIC + 1.7% per year, according to the *subcrédito*. The financing principal amount and charges will be paid in a lump sum on June 15, 2016.

Throughout 2015, ECE Participações disbursed R\$ 24.7 million from BNDES, where R\$ 2.8 million are from *subcrédito D*, with interests of TJLP and monthly payments of charges and principal amount until May 15, 2021; R\$ 21.0 million from *subcréditos A* and *C*, with interests of TJLP + 1.86% and monthly payments of charges and principal amount until May 15, 2031.

RATINGS

As a result of the challenging sector context in the beginning of 2015, and the worsening of the Brazilian macroeconomic situation in the second half of 2015, except for Lajeado Energia, EDP and its subsidiaries had their ratings and/or outlooks reviewed.

Moody's reduced EDP rating to "Ba2/Aa3.br" with negative outlook. EDP Bandeirante, EDP Escelsa and Energest kept their rating at "Baa3/Aa1.be", but the outlook was changed to "negative". On December 10, Moody's changed the ratings of some "Baa3" issuers to "possible reduction" due to similar action taken on Brazil's sovereign rating.

As a result of the reduction in Brazil's sovereign rating, S&P reduced the local ratings of EDP Bandeirante and EDP Escelsa to "brAA". The global rating of EDP Escelsa was kept at "BB+". The ratings outlook for both companies is negative.

	MOODY'S				S&P			
	NATIONAL		GLOBAL		NATIONAL		GLOBAL	
	2012	2015	2012	2015	2012	2015	2012	2015
EDP – Energias do Brasil	Aa2.br	Aa2.br	Ba1	Ba1	-	-	-	-
	Stable	Stable	Stable	Stable				
EDP Bandeirante	Aa1.br	Aa1.br	Baa3	Baa3	brAA+	brAA+		
	Stable	Stable	Stable	Stable	Stable	Negative		
EDP Escelsa	Aa1.br	Aa1.br	Baa3	Baa3	brAA+	brAA+	BB+	BB+
	Stable	Stable	Stable	Stable	Stable	Negative	Stable	Negative
Investco	-	-	-	-	-	-	-	-
Lajeado Energia	-	Aa2.br	-	Ba1	-	-	-	-
		Negative		Negative				
Energest	Aa1.br	Aa1.br	Baa3	Baa3	-	-	-	-
	Stable	Stable	Stable	Stable				

MOODY'S RATING SCALE																					
Aa1	Aa2	Aa3	A1	A2	A3	Baa	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	Ca	C	WR
Investment Grade																					

S&P RATING SCALE																					
AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC+	CCC	CCC-	CC	C	D	NR
Investment Grade																					

INVESTMENTS

In 2015, the Company’s investments totalled R\$ 420.4 million, a 12.7% increase. This includes the proportional investments on TEP Pecém I and does not take into account the investments on HPP Santo Antônio do Jari, HPP Cachoeira Caldeirão and HPP São Manoel.

INVESTMENTS (THOUSANDS OF REAIS)

OPERATIONAL UNITS	2015	Weight (%)	2014	Weight (%)	“Annual Δ (%)”
Distribution	319,677	76.0%	305,366	81.9%	4.7%
EDP Bandeirante	163,316	38.8%	144,10	38.6%	13.3%
EDP Escelsa	156,361	37.2%	161,246	43.2%	-3.0%
Generation	93,892	22.3%	52,652	14.1%	76.5%
Enerpeixe	2,820	0.7%	2,991	0.8%	-5.7%
Energest	27,533	6.5%	41,526	11.1%	-36.0%
Lajeado/Investco	13,350	3.2%	8,135	2.2%	64.1%
Pecém (proportional) ¹	50,189	11.9%	-	-	n.d.
Others	6,848	1.6%	14,979	4.0%	-54.3%
Total	420,417	100.0%	372,997	100.0%	12.5%

¹ 50% from January to May and 100% from mid-Mat to December

CAPITAL MARKET

On December 31, 2015, EDP shares were quoted at R\$ 12.04, an appreciation of 36.2%. This performance is better than Ibovespa (-13.3%) and IEE (-8.7%). The Company’s market value on December 31, 2015 was R\$ 5.7 billion. The Company’s share negotiation in all 2015 reverse auctions totalled 464.7 million, with a daily average of 1.9 million shares. The financial volume totalled R\$ 5.1 billion, with daily average of R\$ 20.8 million.

ENVIRONMENTAL

[GRI G4-DMA]

The Company has an environment network comprised of representatives from the environment and sustainability departments. The main goals of the network are monitoring the companies environmental performance, identify and present projects, and promote ideas and experiences sharing, identifying synergies and opportunities

★ HPP Peixe Angical received the Sustainable Energy Seal, Gold level, given by the *Instituto Acende Brasil*. The recognition assess the social and environmental performance of electric energy generation, transmission and distribution projects in Brazil.

To manage issues related to environment and define processes and procedures to be adopted, EDP applies in its operations an Environmental Management System based on the ISO 14001 Standard, and follows its Environment, Healthcare and Safety Integrated Policy. In addition, each company of the Group had a specialised team to address environmental issues, with the support of the corporate area of Sustainability.

In order to ensure environmental control in implementation processes and operation of Generation and Distribution projects, EDP performs solid waste management, effluents management, training of professionals and inspection of services and equipment. Whenever necessary, it performs preventive actions preparing and applying procedures to address environmental emergencies, and investing on technologies that minimise impacts risks.

EDP strictly follows the environmental legislation in force and the determinations set by relevant environmental agencies. The mitigation and compensation programs listed on environmental licenses are monitored regularly. In 2015, the Company invested R\$ 118.87 million on environmental expenses and investments.

GRI G4-EN27, G4-EN31

All EDP operations have action plans to ensure that the programs defined by the Environmental Basic Project (PBA) are developed, and that the requirements from the agencies involved in the environmental licensing process are met.

From the Generation units, eight have ISO 14001 (environmental) certificate, totalling 1,738.25 MW of certifies installed power (64% of the installed capacity), and three have OHSAS 18001 (healthcare and safety) certification. HPP Peixe Angical was granted the second recertification from ISO 9001 (quality), ISO 14001 and OHSAS 18001, and in 2015 it acquired the Gold level of the Sustainable Energy Seal from *Instituto Acende Brasil* that rates the projects according to the level of social and environmental responsibility.

In Distribution, EDP Bandeirante has three substations certified by ISO 14001 and 45 by OHSAS 18001. In 2015, the substations maintenance teams received training on both certification. The goal was to offer a recycling training to older associated and present the management system to new associates. EDP Escelsa went through a recertification process for ISO 14001 at Carapina Operative Centre (COC) and two substations.

ENVIRONMENTAL INVESTMENTS AND EXPENSES (R\$)
|GRI G4-EN31|

	CONSOLIDATES		
SUBDIVISION	2013	2014	2015
Emissions treatment	117,123.00	392,817.00	0.00
Waste treatment	35,100.00	979,584.25	8,730,887.23
Remediation expenses	4,257,326.47	1,768,425.00	1,384,277.72
Prevention expenses	25,623,897.00	25,915,512.18	33,982,998.39
Environmental management expenses	29,582,799.00	94,733,322.52	74,773,882.94
Total	59,616,245.47	123,789,660.95	118,872,046.28

BIODIVERSITY
|GRI G4-DMA|

Through its Biodiversity Policy, EDP undertakes the commitment to regularly disclose its biodiversity performance. The Company advises all business units to integrate the topic in their risk assessment, develop practices to mitigate the negative impacts, and maximise the positive ones, foster scientific knowledge on different aspects of biodiversity, and promote regular surveys with stakeholders. The biodiversity aspect has a greater impact on the Generation plants under construction due to the vegetal suppression, and on Distribution operations due to the existence of power grid close to trees. In this sense, the units have developed different risks management and impacts minimisation programs.

In Generation, the impacts on biodiversity are monitored through prevention, mitigation and compensation programs. The operating plants also perform initiatives to reduce their impacts, however with different focuses since the risks and factors with more impact are different. Besides EDP teams, the monitoring is performed by specialised companies and universities hired, and inspected by environmental agencies.

At HPP Cachoeira Caldeirão, the Fauna and Ichthyofaunal Rescue Program aims at creating actions to rescue animals in unsafe conditions, and reduce fish kill indicators potentially arising from the construction. Among the activities, there are the fauna and ichthyofaunal rescue during the vegetation suppression and reservoir filling. There is also the Degraded Areas Recovery Program (PRAD) aimed at performing actions to solve soil degrading issues. Among the works is the identification of more susceptible areas and their recovery.

In HPP Santo Antônio do Jari project, during the 2015 birds monitoring campaigns there were three unprecedented registers for the State of Amapá: Magpie tanager (*Cyssopsis leverianus*), Dusky purpleletuft (*Idopleura fusca*) and Fasciated tiger heron (*Trigrisoma fasciatum*), and the latter is an endangered species, according to the IBAMA list (2014).

The birds surveys made in Vale do Juri in the past few years hadn't so far identified these species in the area. Also in 2015, there was the completion of the Degraded Areas Recovery Plan, with the recovery of approximately 64 hectares.

In HPP Peixe Angical fauna (botos, tortoises, hyacinth macaw), flora (APP inspection) and aquatic biodiversity (ichthyofaunal and limnologic monitoring) monitoring actions are performed. The environmental monitoring of botos is performed by an environmental consulting company and has the purpose of preserving and monitoring the species behaviour. There is also a research project on interactions between botos and the fish population, expanding the knowledge on species ecology. The environmental monitoring of tortoises aims at monitoring and characterizing nesting places, identify the main threatening factors to the *P. unifilis* and *P. expansa* (adults, offspring and nests) and estimate the population density of the species through census.

In the area of HPP Luiz Eduardo Magalhães, NATURATINS approved a project to implement a dam in order to reduce the formation of puddles that could imprison fish in front of the plant spillway. The construction has started and is expected to be completed by the end of 2016. In order to reduce the fish kill index registered in 2014, since June 2015 a new monitoring study on the fish transposition mechanism in the dam is being performed. The purpose is to establish the influence of the fish ladder in the local ichthyofaunal behaviour and determine the best way to use it.



Jari River close to Iratapuru

TEP Pecém I is installed at the Industrial and Port Complex of Pecém (CIPP), and although it doesn't cause any significant impact on biodiversity, it performed in 2015 two flora and fauna monitoring campaigns. With the implantation of other large projects at CIPP, the State environmental agency suspended the monitoring in 2016 in order to rearrange them.

In Distribution, EDP Bandeirante signed biodiversity agreements with city halls aiming at developing environmental conservation and urban authorisation suitability projects in areas served by the power distribution grid. In response to the agreements requests, two nurseries with 28 thousand seedlings were delivered to the cities of Cachoeira Paulista (SP) and Aparecida (SP). Aiming at neutralizing the CO₂ emissions and contributing to enrich the local biodiversity, 2,500 tree seedlings were donated to the city of Pindamonhangaba (SP), skips for collection of pruning waste to Cachoeira Paulista, seeds to Guaratinguetá (SP) and a crusher to Guara (SP) and Aparecida (SP).

In addition, to reduce the environmental impacts caused by the activities of reconstruction of Itapeti/São José dos Campos 88/138 kV (SP) line, the initial project was reviewed so that it could remove or move a significant number of towers. There was also an action to enrich biodiversity through the donation of 1,250 seedlings to an owner of an area affected by the implantation of the above-mentioned transmission line.

EDP Escelsa signed a technical cooperation agreement with the *Instituto de Defesa Agropecuária e Florestal* (IDAF - Institute of Farming and Forestry Defence) to provide maintenance/construction services in the scope of the distribution lines and grids safety range cleaning in its concession area in the State of Espírito Santo.

In order to implement the distribution lines in places where vegetation suppression is necessary, a floristic study is performed to be assessed and approved by the *Conselho Estadual de Meio Ambiente* (CONSEMA - State Environmental Board). The environmental compensation is preferably made in the same region of the suppressed area and is often necessary to collect the seeds from the endangered species preserving their genetic material to be planted later on. **GRI G4-EN27, GRI EU13**

PROTECTED AREAS **[G4-EN11, G4-EN13]**

The Generation and Distribution companies infrastructure is comprised of plants, distribution and substations lines and grids, and in some cases, they are located in protected areas according to Brazilian legislation. Some operations are still located in hotspots – places located within the 34 areas with endangered great biological diversity according to the *Conservation International*.



Environmental Program of UHE Santo Antônio do Jari (AP)

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 Bandeirante has 3,250 km 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 Springs in Alto Tietê Basin. EDP Escelsa is located in Espírito Santo (a State that has 11% of the Atlantic Forest in its territory) and has one substation and 624.41 km of distribution lines in Conservation Units areas.

The Generation assets are located in the Amazon, the Atlantic Forest and in the *Cerrado*, which are biomes with high level of endemism and some endangered species. The influence area of HPP Luiz Eduardo Magalhães comprehends the cities of Miracema do Tocantins (TO), Lajeado, Palmas, Porto Nacional, Brejinho de Nazaré and Ipueiras, all in Tocantins.

HPP Mascarenhas (Baixo Guandu – ES), HPP Suíça (Santa Leopoldina – ES), PCH São João (Castelo – ES), PCH F. Gros (Alegre – ES), PCH Rio Bonito (Santa Maria de Jetibá – ES), PCH Jucu (Domingos Martins – ES), PCH Viçosa (Conceição do Castelo – ES), PCH Fruteiras (Cachoeiro de Itapemirim – ESP), PCH Alegre (Alegre – ES), HPP Mimoso (Ribas Pardo – MS), PCH Paraíso (Costa Rica – MS) and PCH Costa Rica (Costa Rica – MS) plants are installed in places with high level of biodiversity, occupying an area of 4.48 km², especially since they are in transition belts of the Atlantic Forest and *Cerrado* biomes, in which a high level of species endemism is expected. The biomes are known as hotspots.

Both located in Amapá, HPP Santo Antônio do Jari has an area located in a place with high level of biodiversity, and HPP Cachoeira Caldeirão has an area of 468 ha next to the Amapá State Forest.

EDP ENVIRONMENTAL IMPACTS AND MITIGATING

[GRI G4-EN12 E EN14]

GENERATORS

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 proper industrial landfill; provision of waste storage areas; partnerships with specialised companies for treatment and destination of waste generated.

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 constraints determined 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. **Indirect impacts:** creation of species dispersion barriers and intensification of border effects: changes in nutritional composition and radical fixation that tend to promote a new succession of species.

Impacts treatment: compliance with all constraints determined by the environmental licensing; forestry replacement; creation of germplasm conservation programs and Degraded Areas Recuperation Plan (PRAD); monitoring of water and sediments quality

4. BURNING OF FOSSIL FUEL

Direct impacts: air pollution and GEE 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 gases 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 destination 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 performance of PRADs.

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 to associates on waste management, from proper procedures, monitoring and targets to reduce consumption; waste recovery and reuse; proper treatment and destination of waste

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 to dispersion of some species and border effects due to changes and disturbances in 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.

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 destination.

WATER MANAGEMENT | GRI G4-DMA |

Water resources are the raw-material to generate energy in the hydroelectric plants, therefore they suffered the impacts from the water shortage in 2014 and 2015. This scenario affected the plants operation and consequently the energy prices in Brazil, and a greater dispatch of thermoelectric sources was necessary.

The Generation units have a specific program for water resources. In HPP Santo Antônio do Jari there is the limnologic, water plants and cyanobacterial monitoring, and the analysis in Water Treatment Stations. In Espírito Santos plants, EDP supports the reforestation of water sources with the Project *Olhos d'Água*, in partnership with the NGO *Instituto Terra*. Through this program, 13 sources were recovered in eight small rural properties surrounded by Guandu River.

In TEP Pecém I in order to reduce the water consumption, in 2014 the unit increased the evaporation cycle in the cooling towers from 3.5 to 8.0 times/cycle. This measure generated a reduction of 37% in the gross water consumption (approximately 240 m³/h/ generating group), which contributed to the state government efforts to ensure the water supply in the area. In parallel, and in order to ensure the supply, the State government is completing the transposition of São Francisco River waters.

A system to collect rainwater was built at HPP Peixe Angical in 2015 on the buildings roofs, which will begin to operate in 2016. The plant perform biannual collections of gross water from the reservoir and weekly collection of treated water from the water treatment station (ETA). Later on, it forwards the water to the laboratory that performed the physiochemical and microbiological analysis.

In November 2015 two tailing dams located in the Gualaxo do Norte river basin in the city of Mariana (MG) broke, releasing approximately 55 million m³ of water and mining tailings. The tailings reached the Doce river through affluent of Gualaxo River, affecting the operation of all hydroelectric plants located along the Doce River channel, including HPP Mascarenhas.

The unit developed an emergency crisis plan in order to identify and mitigate possible impacts on the plant operation. Among the actions of plants activities alignment and tailing mud monitoring there are the daily teleconference meetings with the system national operator, the National Water Agency (ANA) and all generation agents that are part of the basin. In addition, an analysis of the water quality was performed twice a day (morning and afternoon) and in two points (upstream and downstream), to assess parameters such as temperature, dissolved oxygen, pH, turbidity and electrical conductivity. The environmental agencies are constantly notified on the actions that are being taken. To complement the water quality analysis, a laboratory was activated to assess the parameters of iron, arsenic, mercury, manganese, lead and turbidity. | GRI DMA, GRI G4-EN27 |

TOTAL WATER WITHDRAWAL BY SOURCE (m³)

| GRI G4-EN8, G4-EN31 |

SUBDIVISION	EDP BRAZIL		
	2013	2014	2015
Surface waters, including humid areas, rivers, lakes and oceans	25,500.78	51,292.59	9,551.45
Groundwater	52,813.37	26,626.61	43,643.84
Rainwater directly collected and stored by the organisation	0.00	0.00	0.00
City water supply or other water supply companies	4,587,780.13	5,820,066.06	10,565,401.06
Total	4,666,094.28	5,897,985.27	10,618,596.35

WASTE AND EFFLUENTS

| GRI G4-DMA |

Since it is considered one of the environmental aspects with greater impact on Distribution and Generation operations (plants under construction and thermoelectric plants), EDP has a strict waste control and management process. Based on the guidelines of the National Policy on Waste Management (PNRS, Law no. 12,305/2010), the waste management takes into account waste generated, reduction, reuse, recycling, treatment and proper final disposal. In 2015, the total volume of EDP water effluents was 1,674,904 m³ from TEP Pecém I. | GRI G4-EN22 |

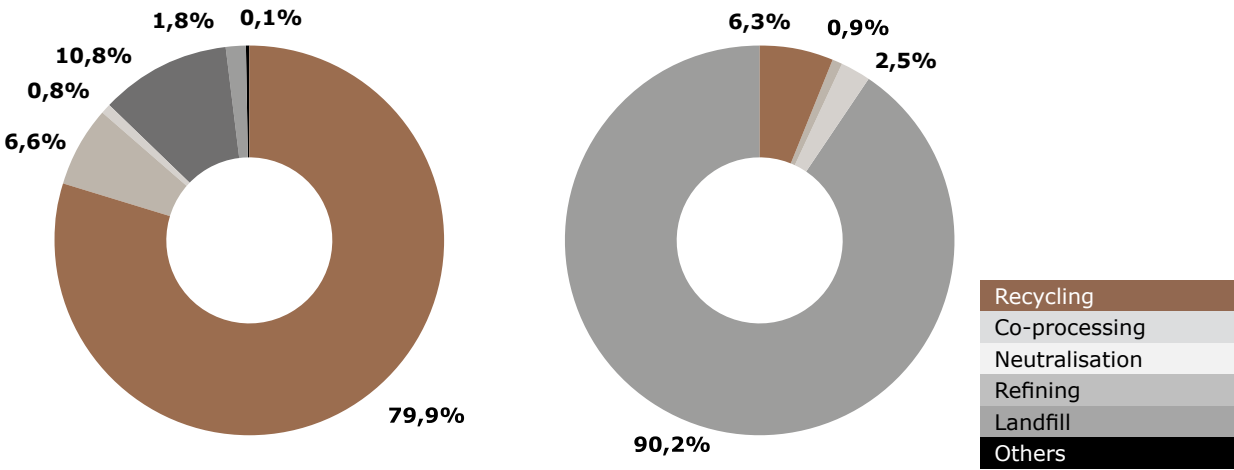
In 2015 EDP generated 678.22 tons of hazardous waste and 180,964.8 tons of non-hazardous waste. From those, 542.09 tons of hazardous waste and 11,485.77 tons of non-hazardous waste were sent to recycling; 44.55 tons of hazardous waste and 5,559.46 tons of non-hazardous waste were forwarded to co-processing; 73.44 tons of hazardous waste to refining; 12.12 tons of hazardous waste and 159,324.17 tons of non-hazardous waste to landfill; 0.35 tons of hazardous waste to neutralisation; and 0.25 tons of hazardous waste to incineration. | GRI G4-EN23 |

TOTAL WEIGHT OF WASTE BY DESTINATION TYPE (TON) | GRI G4-EN23 |

2015

HAZARDOUS

NON-HAZARDOUS



WASTE AND EFFLUENTS MANAGEMENT IN GENERATION

| GRI G4-DMA |

The waste generated in Generation operations are monitored through monthly monitoring spreadsheets and the waste inventory and transported by companies that work with proper recovery or destination. The plants store the waste in their units until it reaches a sufficient amount to be sent to final destination.

The effluents generated in TEP Pecém I are mostly destined to the *Empresa de Água e Esgoto do Ceará* (Cagece – Water and Sewage Company of Ceará), responsible for their final destination. The effluents that require treatment are accumulated in basins inside the plant. Part of the effluents is treated internally and the remaining is sent to be treated in qualified outsourced companies. As for the hazardous effluents and the ones contaminated by oils and greases, they are properly stored in waterproof tanks and sent to companies specialised in this type of treatment.

The plant also monitors its effluents daily, analysing parameters such as pH, temperature, settleable matter, total suspended solids, among others, always ensuring compliance with laws and parameters in force.

The process of coal burning generates ashes with very thin grain size – the most impacting waste of the operational unit. Its collection is made through filters that control the atmospheric pollution. The light ashes are sent to an internal landfill, whilst the heavy ashes are transported to a cement company that uses the waste as complementary matter to produce cement. In 2015 approximately 163 thousand tons of residual ashes were generated. **| GRI G4-EN23 |**

In HPP São Manuel, in the building site, containers were provided to collect and select waste, according to the guidelines of CONAMA Resolution no. 275/2001. The waste generated is sent to a management central, where a second selection is made and the waste is properly selected, stored, transported and destined, according to the legislation in force and the guidelines of the *Plano Ambiental para Construção* (PAC - Environmental Plan for Construction).

In the second half of 2015, the Waste Management Central (CGR) was built. The place has a selection and accommodation area for recyclable waste and tailings, a compactor machine, an operating incinerator, stalls for the different types of waste, composting areas and a proper place to temporarily store hazardous waste.

CGR has a landfill for non-hazardous waste that cannot be reused or recycled (tailings). The landfill operated daily and the cells were designed to support the destination of domestic waste generated for a minimum period of four years.

As for the effluents generated at the plants building sites, they are treated in the Effluents Treatment Station (ETE), where the organic matter is decomposed through two interlinked systems, one anaerobic and one aerobic. There is also a stabilisation ponds system that includes an anaerobic pond and an optional one. The treated effluent release is made into Teles Pires river in a point authorised by ANA grant. The water quality is monitored quarterly and the results show that the river water quality is within the parameters required and limits set. **| GRI G4-EN22, G4-EN27 |**

WASTE MANAGEMENT IN DISTRIBUTION

| GRI G4-DMA |

EDP Distribution units generate hazardous waste such as insulating oils, transformers and materials contaminated with oil from the maintenance operation. Due to its risk level, this waste is stored in a different way in order to minimise the risks of soil, water and other materials contamination. In 2015, Distribution generated 11,678 tons of waste and 99% of it was recycled.

Annually, the Distribution units perform a waste inventory to identify the type and amount of waste generated and project methods of reduction and treatment. In addition to the storage and transportation, EDP promotes the treatment and proper disposal of all its waste.

In 2015 the Company started a survey and investigation project in the distributors on the origin of all waste produced in its activities. This mapping comprehended all stages of waste lifespan, including generation, storage, transportation, treatment and final destination. From this investigation it was possible to determine action plans for each distributor.

This project also included workshops with contractors in order to present the PNRS and its impacts on daily work routine and on the relationship with EDP. For 2016, the Company intends to effectively expand the project to these contractors to support the development of good practices.

A diagnosis will be performed with all areas of the contractors to know more about their waste management processes. Later on, action plans will be determined and a Solid Waste Management Plan will be prepared for each contractor. All stages of this projects will be carried out with the support of EDP team.

| GRI G4-EN27 |

WASTE MANAGEMENT IN THE OFFICES

In 2015, the Company started a project called "*Caneque-se*" (Mug Yourself – free translation) that aims at encouraging associates to change disposable plastic cups for mugs that can be reused several times. To motivate the initiative, mugs were distributed during the Internal Week of Accidents Prevention (Sipat) to associated in the head office and at EDP Bandeirante and the distribution of plastic cups in coffee machines were suspended – which represents an estimated reduction of 150 thousand cups a year. In 2016, the Company intends to extend the actions to other companies in the Group.

With the purpose of improving waste sorting at EDP Head Office, communication actions were carried out with associated in order to know more about their difficulties and answer their questions. One of these communication was an interactive play that taught associates the main selective collection rules. This action resulted on the creation of waste sorting ranking by floor and improved the sorting of administrative waste. **|GRI G4-EN27|**

ACCIDENTS AND SPILLS MANAGEMENT

|GRI G4-DMA|

At EDP Bandeirante there were three spills in 2015. Approximately 100L of oil leaked from the Ferraz de Vasconcelos substation due to a failure in the transformer lid joint, and 100L from the Manoel Areaís substation due to a stored barrel. There was also a spill of approximately 100L of oil from a tension regulator located in the city of Cruzeiro. The teams immediately acted according to the contingency plan and other waste management rules, isolating the area and doing the containment by using suitable materials. The spills were not significant, however they were efficiently treated to avoid possible impacts on the location.

|GRI G4-EN24|

At EDP Escelsa, there was a significant spill in 2015, due to a problem in the containment basin. The situation was promptly remediated, preventing further impacts on the environment. Throughout the year, preventive maintenances were carried out to reduce the occurrences of oil spills. In case of spill, the contingency plan is activated and the teams are instructed to isolate the affected area and perform the first containment procedures of the spill – until the team responsible for the cleaning arrives at the location. Every waste generated by the distributor is properly destined. **|G4-EN24|**

In compliance with PNRS, the Distributors reinforced their practices with the acquisition of insulating oil containment materials. Insulating oil containment kits were acquired, which contain absorbing blankets and cords to in used in the field and in the event of oil leakage.

The Distributors also acquired metallic trays to be used in much trucks when transporting equipment that contain insulating oil. This, in the event of any incident that generated oil leakage, this residue will be contained in this trays. Furthermore, oil pumps were acquired to transfer the oil contained in the trays to proper containers. The Distributors offered qualification and recycling trainings to the field teams in order to guide them on how to use the kits and other materials acquired.

All generation plants have an emergency action plan (PAE), in which they define the measures to be adopted in case of chemical spills in the soil and/or water. Whenever environmental control and remediation is necessary, there are absorbing and containment materials available at the plant. For preventive measure purposes, water and oil separators effluents are monitored monthly. **|GRI DMA, G4-EN24, G4-EN27|**

CLIMATE CHANGE

|GRI G4-45, G4-46, G4-EC2|GRI G4-DMA|

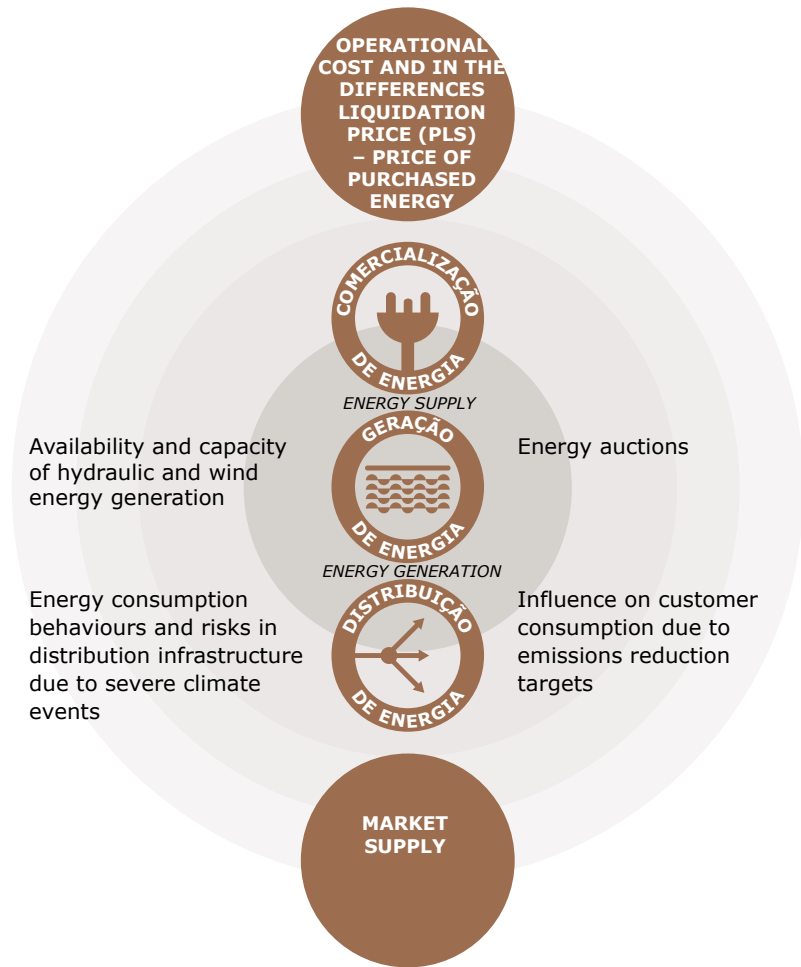
Due to EDP business nature, generating and distributing power, climate change present risks and opportunities. Some of the main risks are the creation of new legislations related to the topic, extreme climate events that may affect the distribution grid, long drought periods that affect plant reservoirs, and water availability for thermal generation.

The Company – in addition to perform an emissions inventory – provides in its policies and guidelines, in its strategic planning and in risk and opportunities management, the effective management of such topic. EDP does not measures the financial implications of climate variations, which is included in the Company's plans for 2017.

In order to identify and manage such impacts, EDP performs strategic actions such as:

- ⌘ investments on clean and efficient technologies and focus on R&D projects on the fields of solar energy, distributed generation and smart grids;
- ⌘ measurement of the climate change impact on energy prices by improving the mathematic models;
- ⌘ investment on R&D in Distribution to study climate scenarios and their influence on the energy consumption profile, and in Generation to study new energy microgeneration technologies;
- ⌘ participation of multisector work groups to develop new low carbon technologies and influence on regulatory processes such as *GT Energia e Clima*, promoted by the United Nations Global Compact Brazilian Network;
- ⌘ promotion of energy efficiency and loss reduction programs to contribute to reduce customers and community emissions.

IMPLICATIONS RESULTING FROM CLIMATE CHANGE | GRI G4-EC2 |

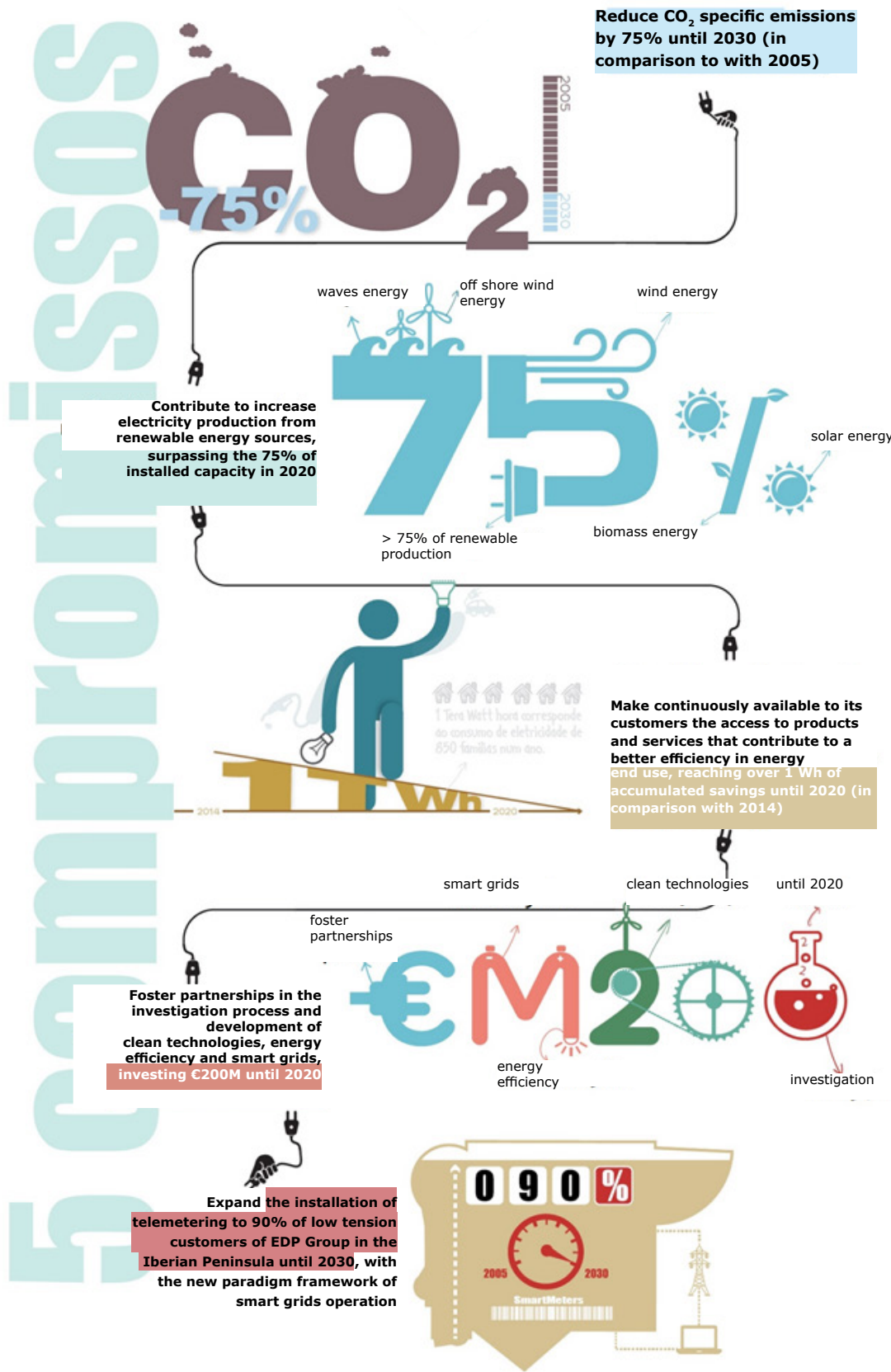


★ EDP integrated the 2015 issue of the Climate Disclosure Leadership Index (CDLI) from the Carbon Disclosure Project, which attests a prominent and leadership position in climate management.

Brazil is the country with the highest rate of lightning strikes in the world, with over 50 million climate events registered, and the place with the highest rate in the country is located in the Vale do Paraíba, EDP Bandeirante concession area. Therefore, the electric sector needs to invest on initiatives to monitor climate variations in real time, such as severe storms, heavy rain and high wind density.

EDP has developed the ClimaGrid, a real-time atmospheric conditions monitoring tool, designed in partnership with the National Institute for Space Research (Inpe). The instrument is the only one in the world that allows the forecast of lightning strikes, rains and winds 24 hours in advance, which leads to improvements in management and in energy supply quality and continuity indicators.

In 2015, the EDP Group presents at the United Nations Private Sector Forum held in New York five commitments related to climate change.



EDP greenhouse gases inventory of 2014 was recognised by the sixth consecutive year with the Gold Seal from GHG Protocol.

EMISSIONS
GRI G4-DMA

EDP emissions mainly result from the energy and fuel consumption in its operations. In 2015, the Company consumed 1,518.43 thousand GJ of electricity and 40,234.59 thousand GJ of renewable and non-renewable fuel energy.

In 2015, EDP greenhouse gases total emissions (direct and indirect from the electricity consumption) totalled 4,970.70 thousand tons of CO₂, a significant increase in comparison with the previous years due to the inclusion of 100% of TEP Pecém I emissions into the Group emissions inventory scope. The unit emitted 4,524.57 thousand tons of CO₂e, since its generation is based on mineral coal, and these emissions represented 91.02% of the group emissions.

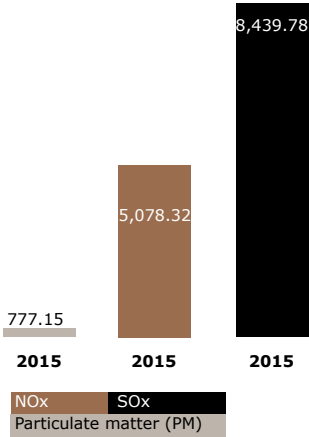
In the hydroelectric Generators, the emissions (Scopes 1 and 2) totalled 1.56 thousand tCO₂e. The new plants had an influence on this increase, especially since they are located in isolated places that required diesel generators during their construction.

As for the Distribution emission, in 2015 they totalled 444.35 thousand tons of CO₂ (Scopes 1 and 2), a reduction of 11.5% in comparison with 2014. The main emissions from the Distributors are technical and commercial losses, and since 2013, EDP has been considering distributed energy emissions as indirect emissions (Scope 3).

INTENSITY OF GREENHOUSE GASES EMISSIONS
(SCOPES 1 AND 2)
[GRI G4-EN18]

SUBDIVISION	EDP BRAZIL			
	UNIT	2013	2014	2015
Greenhouse gases emissions intensity rate	tCO ₂ e/GWh	0.106	0.624	0.193
Emissions per hydro energy generated				
Greenhouse gases emissions intensity rate	tCO ₂ e/GWh	ND	937.985	1,129.838
Emissions per thermal energy generated				
Greenhouse gases emission intensity rate	tCO ₂ e/GWh	22.855	32.738	28.977
Emissions per distributed energy				
Greenhouse gases emission intensity rate	tCO ₂ e/R\$	0.033	0.186	0.283
Emissions per net revenue				

NOX AND SOX EMISSIONS
AND OTHER SIGNIFICANT
ATMOSPHERIC EMISSIONS
(Ton)
GRI G4-EN21



EDP is a pioneer in carbon credits projects. The Company has three projects framed in the Clean Development Mechanism (CDM) and registered in the United Nations Climate Change Executive Board: potentiation of the fourth generating unit of HPP Mascarenhas (ES); PCH São João (ES); and PCH Paraíso (MS). The UN issued 279,880 Certified Emission Reductions (CERs) related to the energy generated by EDP until 2013. The funds raised from the sale of these credits are invested on social actions of EDP Institute. [GRI EU5]

Since it is a coal-fuelled thermoelectric plant, TEP Pecém I also emits pollutants such as SO_x, NO_x and particulate matter. Due to this impact, the plant has an atmospheric emissions monitoring program that reviews the operational efficiency of pollution control equipment, stores historical data for analysis, and performs adjustments when necessary. In order to make that possible, there are three stations to monitor air quality and emissions, placed according to the wind direction. In 2015, no changes were observed in the quality of the air, according to the parameters set by the Conama Resolution no. 8 from 1990. [GRI G4-EN19, G4-EN20, GRI G4-EN27]

To ensure environmental quality, TEP Pecém I performs an annual analysis of mercury emissions from the chimney, which attests that in 2015, the emissions of this component were below the level permitted by the environmental legislation in force.



SOCIAL

[GRI G4-DMA]

Through its Stakeholders Management Policy, EDP undertakes the commitment to maintain a continuous dialogue with all its stakeholders, building relationships of trust, sharing knowledge and information, and identifying possible cooperation opportunities. The Company provides channels for its stakeholders to consult and communicate as a way to know their suggestions, meet their expectations, and keep them updated on the Company business. [GRI G4-26]

As part of the stakeholders mapping and segmentation work that started in 2014, EDP Institutional Relations and Stakeholders Management Board carried out in 2015 interviews with internal stakeholders and prepared its 1st Stakeholders Report with an EDP Internal View, which was part of the EDP Group Global Report published in March 2015. In addition, it defined the Group stakeholders management model that was already widespread to other units of the Group through meetings with the teams from all locations. For the next year, the goal is to map and interview strategic external stakeholders. [GRI G4-25]

This segmentation model is based on the engagement rule AA1000, and divide the stakeholders into four major groups: Value Chain, Democracy, Social and Territorial Organisation and Market. Currently, the stakeholders are contacted and engaged by several departments of the Company. With this initiative, EDP aims at unify them in a single platform in order to provide improvement points in the articulation between the Company and its several stakeholders. [GRI G4-25, GRI G4-37]

STAKEHOLDERS, RELATIONSHIP CHANNELS AND ACTIONS DEVELOPED
[GRI G4-24, G4-26, G4-27]

STAKEHOLDER	RELATIONSHIP CHANNEL	MAIN TOPICS RAISED	ACTIONS
VALUE CHAIN (internal public, suppliers, customer)	INTERNAL PUBLIC edpON intranet; edpON TV; edpON magazine and onbrasil; digital mural; sustainability channel; ethics channel; <i>boca livre</i> (free meal); talk to the chairman; internet; annual report; and results presentation roadshow with the Chairman and the Vice-Chairmen. SUPPLIERS Logistics and purchase departments; annual meeting with suppliers; internet; satisfaction survey; annual report; ethics channel; and sustainability channel. CUSTOMER Energy bill; call centre; service points; ombudsman; murals; consumers board meetings; internet; media campaigns; informative folders and posters; annual report; ethics channel; and sustainability channel.	Biodiversity, citizenship and social responsibility; Communication and transparency; Business ethics; Public lighting; Non-technical and technical losses; Supply quality/guarantee; Customer satisfaction and service; Social tariff/support; Energy assistance; Energy tariffs and prices; Value chain development.	Awareness actions on social responsibility, citizenship and environment; Climate researches; Encouragement to cooperation and ethics in the relationship with unions; Periodic satisfaction surveys on the services provided; Development of social and communities customers relationship projects; Meetings with consumers representatives and corporate customers; Energy bill simplification actions; Definition of contract clauses with social and environmental criteria; Adoption of EDP Code of Ethics; Encouragement to adoption of EDP principles, sustainability practices and policies; Training in prevention and safety; Workshops on good social and environmental practices.

STAKEHOLDER	RELATIONSHIP CHANNEL	MAIN TOPICS RAISED	ACTIONS
DEMOCRACY (GOVERNMENT)	GOVERNMENT Regulatory strategy department; meetings with Company manager and government representatives; quarter results reports; internet; annual report; and Aneel social and environmental reports.	Energy tariffs and prices; Macroeconomic strategy/context; Supply quality/guarantee.	Compliance with the rules set by relevant government agencies; Definition of projects in partnership with city, state and federal governments to promote the communities sustainable development; Representation in work groups and forums for the creation of sector and public interest policies.
SOCIAL AND TERRITORIAL ORGANISATION (SOCIETY)	SOCIETY Meetings with community entities, NGOs, academic and research institutions; participation in work groups of sector entities; press releases; internet; annual report; ethics channel; and sustainability channel	Well-being, health and work safety; Citizenship and social responsibility; Opportunity diversity/equality; DSM and energy efficiency; Climate strategy; Water management; Environmental management/ protection; Regulation of land use rights.	Social, cultural and environmental programs aimed at communities in the operations areas; Public consultations on the projects; Proactive and ethic relationship with local communication means and press, regional or national; Partnership in R&D projects with academic institutions.
MARKET (SHAREHOLDERS AND FINANCIAL INSTITUTIONS)	SHAREHOLDERS General meetings; investors relations department; regular meetings with analysis and investors; press releases; internet; annual report; and financial statements. FINANCIAL INSTITUTIONS Regular meetings with financial institutions representatives; quarter results reports; internet; press releases; annual report; ethics channel; sustainability channel.	Energy scenario; Communication and transparency; DSM and energy efficiency; Listed company; Macroeconomic strategy/context; Environmental management/ protection; Society government; New business/markets opportunities; New water projects; Non-technical and technical losses; Supply quality/guarantee; Regulations, fees and grants; Customer satisfaction and service; Facilities public safety; Financial sustainability; Energy tariffs and prices.	Disclosure of information and results in periodic meetings; Quarter sustainability report developed by the majority shareholder (EDP Energias de Portugal), with the economic, environmental and social indicators of the Group companies in Brazil; Disclosure of information and results on quarterly conferences; Exclusive meetings with institutions to present the strategy and governance and social and environmental practices.



SUPPORT TO EXTERNAL INITIATIVES

[GRI G4-15, G4-16] [GRI G4-DMA]

EDP seeks to meet all its obligations and responsibilities towards its stakeholders, the environment, and good corporate practices, incorporating social and environmental opportunities in its strategy and its management model. This, among the commitments that the Company voluntarily endorses, there are: the Global Compact; the Sustainable Development Goals (SDG); the Business Pact for Integrity and Against Corruption; the National Pact for the Eradication of Slaver Labour in Brazil; the *Fundação Abrinq*; the Brazilian Program GHG Protocol, Carbon Disclosure Project.

EDP has representatives in sector associations and participates in meetings that address topics related to the energy sector. In order to operate collectively and interact with the market strategically, it supports or participates in the following entities:

- ❑ Board of Directors of the *Associação Brasileira de Distribuidores de Energia Elétrica* (Abradee - Brazilian Association of Energy Distributors);
- ❑ Board of the Brazilian Energy Traders Association (Abraceel);
- ❑ Audit Committee of the Brazilian Association of Independent Power Producers (Apine);
- ❑ Brazilian Association of Thermoelectric Generators (Abraget);
- ❑ Council of Citizenship of the Espírito Santo Federation of Industries (Findes);
- ❑ Conference of the Parties on Climate (COP), since 2009;
- ❑ Thematic Group on Energy and Climate of the Global Compact Brazilian Network.



ATTENTION TO PEOPLE

[GRI G4-DMA]

2015 was marked by the Culture Project – our energy to always provide better care. To ensure excellence when taking care of its associates, EDP has been seeking strategies and initiatives that focus on safety, respect, equality, appreciation and knowledge sharing. The goal is to provide a positive organisational atmosphere, with people happy at work, and with balance between professional and personal life.

The EDP People Management guidelines that drive the Company's actions are:

- ❑ 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.

One of the year achievements was the idealisation of the Employee Support Program (PAE) that aims at identify and solve critical situations that can generate emotional imbalance for the associate or his/her family. The initiative will be effectively launched in 2016, and among that activities that will be offered, there are the creation of a support call centre based on the project criteria; management of employees in leave of absence; provision of a pension/financial consultant; mapping of critical incidents/deaths; and creation of a program for pregnant employees.

Also in 2015, the Company acquired the Success Factors system (internally called About.me), to which the first module was to establish a new assessment model according to skills. In addition, other topics of the People Management area will be contemplated in the tool, making it easy to interact with information on assessment, recruiting, career, compensation, mobility, among others. The environment and user-friendly and is possible to view the profile of all active associates.

To improve the new associates integration process, the People Management Board created the program EDP Sponsor, in which each new employee is accompanied by a work colleague. The sponsor helps the new associate to understand the Company routine, adopt the EDP Culture principles and know more about the

corporate procedures and habits in his/her adaptation phase in the Company. All associates hired in 2015 participated in the initiative, which includes three stages:

- On-site integration of the new associate with People Management and the main representatives of the business areas;
- Satisfaction survey with the new associate after one month at the job;
- Assessment of the new associate and People Management made by the position manager after three months.

The integration is made on the new associate first day of work, in which he/she receives information on the company's Culture, Code of Ethics, areas of activity, benefits, among other information. **[GRI G4-LA1]**

In 2015, EDP has 3,104 associates, including the ones from the Joint Ventures – where 674 were women and 2,430 were men – 193 interns and apprentices, and 12,253 outsourced associates. For recruiting professionals, the Company makes no distinction of ethnicity, gender or age. Since it is a characteristic of the electric sector labour market, 78% of the positions are held by men. The Group company has young and senior professionals (23% are under 30 years old and 16% is over 50 years old), with significant qualification level (32% are have university certificate, from which 13% are post-graduated, masters or doctors). **[GRI G4-10, G4-LA12]**

DIVERSITY

[GRI G4-DMA]

In 2015, the Company created the Diversity Project that aims at developing initiatives in people management to foster equality of gender, nationality, generation and disabled people, with clear goals and targets to improve the indicators related to these topics. **[GRI G4-LA12]**



RECRUITMENT AND PLACEMENT

[GRI G4-DMA]

The demand for professionals in EDP business units are met through internal exploitation processes, internal recruiting and external recruiting, in order to select people that have profiles that match with the skills, talents and attitudes required by the company and the position. The selection is made without discrimination and with equal opportunities for all positions levels under the regimen of Consolidation of Labour Laws (CLT) and/or temporary positions.

In 2015, EDP globally implemented the internal mobility program (Switch) to promote the rotation of associates among areas, companies and locations where EDP is present. The main goals of the initiative are:

- * Reinforce the culture and knowledge sharing by promoting interacting among associates with different personal and professional experiences;
- * Increase satisfaction and productivity;
- * Appreciate the associate and reinforce his/her skills so that he/she can take new challenges and responsibilities;

- * Reduce costs with external recruiting and minimise integration risks. With

the program, the internal mobility index rose from 24% in 2014 to 41% in 2015. As part of the international mobility, EDP has received two associates from EDP Group Portugal and sent five associates to the country.

COMPENSATION AND BENEFITS

[GRI G4-DMA]

EDP cares for the principle of internal equity and compensation isonomy of its associates, with the purpose of ensuring external competitiveness, motivating and retaining professionals, and having an effective, transparent human resources management, aligned to the business strategy. The principles are taken into account during the hiring process and all promotions and placements of the associate.

In addition to the benefits provided by law, EDP provides to its associates private pension plan, medical and dental care, supermarket voucher and meal vouchers, group life insurance, complementation of sickness/accident aid, medication aid, day care aid and special dependent aid. Temporary employees have the same benefits, except for the pension plan. **[GRI G4-LA2]**

ORGANISATIONAL ENVIRONMENT

[GRI G4-DMA]

In 2015, EDP launched a new model of the environment survey, developed in partnership with the consulting company Hay Group. The topics and questions were defined according to the best market practices. The new model was 100% digital and addressed all company levels, which increased the reliability level of answers and future analysis.

The environment survey was applied on October 2015. 95% of EDP associates participated, the highest level from the past four editions. In this survey, EDP Brazil was recognised as engaging reference (79%), in comparison with EDP Group average (75%) and in relation to the average of the best companies from the Hay Group universe (73%).

DEVELOPMENT

[GRI G4-DMA]

In 2015, the Company invested R\$ 4.6 million on activities of training and qualification of associates, a total of 153,100 training hours, with average of 34 hours per associate. Additionally, EDP invested R\$ 516.3 thousand on education, offering 108 scholarships for certificate course, graduation and post-graduation/MBA. In 2015, the Company continued the projects of EDP University, with the design of two schools: Distribution School and EDP School, in addition to the already existing Generation School. [GRI G4-LA10]

AVERAGE OF TRAINING HOURS TAKEN BY EMPLOYEES (Hours)

[GRI G4-LA9]

EDP BRAZIL						
	2014			2015		
FUNCTION CATEGORY	MAN	WOMAN	TOTAL	MAN	WOMAN	TOTAL
Executives	12.00	0.00	12.00	16.00	0.00	16.00
Directors	19.23	16.75	35.98	19.96	19.00	19.88
Managers	26.05	28.88	54.93	31.39	38.81	32.79
Specialists	20.11	19.17	39.28	40.96	27.41	35.94
Administrative ¹	15.21	13.59	28.80	28.14	43.21	36.34
Operational	46.23	33.91	80.14	58.78	59.16	58.79
Total training hours taken	ND	ND	ND	124.758	28.342	153.100

PERFORMANCE ASSESSMENT

[GRI G4-DMA]

The performance assessment process is comprised of two staged: definition and measurement of corporate and individual target, and skills assessment. It consists of a development cycle that includes the assessment of strategic skills, it proposed feedback meetings, and prepares an individual development plan.

This year, EDP launched a new skills model, Amplify, which has three profiles aligned with different businesses and locations, and with the future context of the Organisation. The skills were associated to behaviours, and present an evolutionary perspective for what is expected from different positions levels.

This skills model is aligned with future global challenges of the EDP Group and is segmented into associates, management and senior management. To ensure the analysis reliability, the skills were broken into behaviours.

PERCENTAGE OF EMPLOYEES THAT RECEIVED PERFORMANCE AND CAREER EVOLUTION ASSESSMENT (%) [GRI G4-LA11]

EDP BRAZIL				
	2014		2015	
FUNCTION CATEGORY	MEN	WOMEN	MEN	WOMEN
Executives	40.0%	0.0%	60.0%	0.0%
Directors	45.0%	100.0%	50.0%	100.0%
Managers	96.5%	96.0%	75.4%	68.8%
Specialists	95.8%	93.2%	85.4%	86.4%
Administrative	86.9%	90.3%	52.6%	87.9%
Operational	89.4%	94.3%	79.2%	78.9%

SUCCESSION PLANNING

[GRI G4-DMA]

Planning and succession committees identify successors for the business strategic positions and for critical positions as well as for other management positions, under three perspectives: short, medium and long-term. Through this initiative is possible to develop specific training programs for each successor, according the needs of the position that he/she may take.

RETIREMENT INCENTIVE PROGRAM

[GRI G4-DMA]

In a way to distinguish associates that worked for a long time in EDP companies, in 2015 the Company created the Retirement Incentive Plan. The goal is to financially acknowledge the associates who wish to or will retire, based on the years they worked at EDP. In 2016, these associates will be followed-up by the Programa Bem Viver (Good Living Program), which offers workshops on motivational guidance; financial health and romantic relationships, family relations and friendships; and making “my” life project come true.

[GRI G4-LA10]

PERCENTAGE OF EMPLOYEES ENTITLED TO RETIREMENT ACCORDING TO FUNCTION CATEGORY (%)

[GRI-EU15]

EDP BRAZIL						
	2013		2014		2015	
FUNCTION CATEGORY	IN 5 YEARS	IN 10 YEARS	IN 5 YEARS	IN 10 YEARS	IN 5 YEARS	IN 10 YEARS
Executives	ND	ND	0.0%	40.0%	0.0%	40.0%
Directors	ND	ND	8.3%	25.0%	11.5%	23.1%
Managers	1.5%	10.2%	2.2%	11.6%	2.4%	10.0%
Specialists	1.6%	8.7%	2.3%	9.2%	3.1%	10.9%
Administrative	5.2%	11.6%	5.2%	11.3%	3.2%	8.2%
Operational	1.1%	3.4%	1.2%	4.7%	1.0%	5.1%

PERCENTAGE OF EMPLOYEES ENTITLED TO RETIREMENT BY REGION (%)

EDP BRAZIL						
FUNCTION CATEGORY	2013		2014		2015	
	IN 5 YEARS	IN 10 YEARS	IN 5 YEARS	IN 10 YEARS	IN 5 YEARS	IN 10 YEARS
São Paulo	0.9	4.6	1.1	4.6	1.0	4.9
Espírito Santo	2.7	9.3	3.0	1.2	3.4	13.3
Mato Grosso do Sul	0.0	7.7	4.3	8.7	0.0	15.0
Tocantins	6.9	7.9	3.0	4.0	6.5	8.4
Amapá	6.5	11.3	5.7	10.0	2.8	7.5
Ceará	0.0	0.0	0.0	0.0	0.7	2.6
Mato Grosso	0.0	0.0	9.1	12.7	15.8	15.8
Others	0.9%	4.6%	1.1%	4.6%	1.0%	4.9%

PENSION PLANS
[GRI G4-DMA]

The closed complementary pension plans sponsored by EDP group companies are administered by Enerprev. In the defined contribution (CD) modality through the Energias do Brasil Plan, the associates make basic contribution of up to 5% from their monthly salary, and the Company contributes with 100% of that amount as normal contribution. They can also chose the voluntary contribution of up to 5% of the monthly salary, without the sponsor contribution. The adoption is not mandatory and the associate should inform his/her interest.

Additionally, EDP offers a Free Benefit Generating Plan (PGBL). Open and administered by *Bradesco Vida e Previdência*, the associate can contribute with up to 2% of his/her monthly salary, and the Company contributes with 100% of that amount as normal contribution. The participant can also chose the voluntary contribution of up 2% of the monthly salary, without the sponsor contribution. The Company has other plans administered by Enerprev, currently not accepting new admissions: PSAP Bandeirante and Escelsos I and II, offered to associates from EDP Bandeirante and EDP Escelsa, respectively.

In 2015, Enerprev prepared a target plan to increase the team qualification, the internal activities efficiency and the quality of information provided to the Advisory and Financial Boards to participants, sponsors and regulatory agencies. Enerprev Board of Directors reviewed the articles of association and internal regiment of the institution, restructured its investments portfolio, unified the pension plans, admitted new sponsors, reviewed its communication vehicles and organised financial and security education lectures in several locations where it operates. [GRI G4-EC3]

main projects in 2015 [GRI G4-LA10]

DEVELOPMENT AND LEADERSHIP PROGRAM

The program presents tools help leaders in managing teams and business, always updating participants on topics related to the sector and the market. The initiative was structured in the concept of 70:20:10, in which people acquire knowledge and skills by performing daily work tasks. Through this logic, 70% of the learning takes place in daily routine, 20% through interpersonal relationships and 10% through formal training or readings. The main trainings offered in 2015 were:

- Global Leadership Program: an international training. In 2015, two executive managers from Brazil participated in the program;
- Executive Coaching: 11 leaders participated in the coaching training;
- Amana Key: *Após-Graduado* (APG – After Graduation) live training to develop the leadership and human skills of managers, providing a systemic and integrated learning of the management/strategy/ leadership set;

- Energizing Development Program: targeted to young associates with high potential, with the purpose of developing leadership skills. The last class that graduated in 2014 had eight associates from different departments that went through the mentoring stage and has online classes in partnership with Harvard University and Action Learning sessions (learning methodology focused on experiences exchange). They also participated in meetings such as the Leaders Forum and project management and innovability trainings.



INTERNSHIP PROGRAM

Dedicated to EDP interns, it intends to add value and help with the insertion of young people in the market. The Internship Program offers

live and online trainings, in addition to action learning sessions. One of the main stages of the program is the development of a project that cause an impact on the business, which is presented to an assessment board in the end of the first internship. In 2015, 30 projects were presented. In December of the same year, EDP had 170 active interns, from which 32 were effectively hired.

ELECTRICIANS' SCHOOL

Its purpose is to train employees to work as electricians in the labour market. Prepared in partnership with Senai, the Above Ground Distribution Lines Building and Maintenance has 480 hours and is free. In 2015, the course trained 95 unemployed professionals in the communities in which EDP operates, and 37% of them were hired by EDP. [GRI EU14]

100% of EDP associates are represented in the Internal Commissions of Accident Prevention (Cipa).

|GRI G4-LA5|

HEALTH AND SAFETY

|GRI G4-DMA|

Aiming at encouraging the first principle of EDP Culture, “Life always comes first”, EDP promotes practices that prioritise life quality and prevent accidents in the corporate environment. The Company has guidelines and rules on safety that ensure compliance with legal requirements and instruct associates on performing that activities. **|GRI EU16|**

In 2015, 120 leaders and professionals participated in the “Safety Offsite” that gathered these associates to assess safety procedures and contribute to the preparation of a solid strategy in the search for “zero accidents”.

To implement the strategy defined and comply with safety guidelines and rules, EDP offers mandatory trainings and qualifications, according to the job and activities performed by each associate. **|GRI EU18, EU16|**

This year, EDP implemented the Singular system, a tool to perform safety inspection management in energy distribution companies. The system allows the monitoring of action plans set for deviations found on inspections registered in the system.

The Company launched the program Safety Walk as a highlight action in 2015 to strengthen the safety culture. The initiatives determined that all corporate areas leaders must make at least two safety observations in the field during the year. In 2015, 99% of those EDP leaders performed this type of approach.

Due to the good safety practices adopted by EDP, Generation has eight hydroelectric plants and one thermoelectric plant certified by OHSAS 18001. In addition, 45 distribution substations have the same certification. **|GRI EU16|**

MAIN SAFETY INDICATORS

In 2015, even with the set of prevention practices adopted by the Company, the Distribution segment registered 20 accidents with associates – 15 without removal, 06 with temporary removal, and 01 fatal work accident. With outsourced associated, there were 31 accidents, 20 without removal, 11 with temporary removal and 02 fatal work accidents.

In Generation, in the operating hydroelectric and thermoelectric plants, there were 10 work accidents with associates – 05 without removal, and 05 with removal. In the hydroelectric plants under construction there was 01 accident with removal among company associates and 191 accidents with outsourced personal – 150 without removal, 41 with removal and 06 fatal accidents.

The occurrences were analysed and disclosed to all EDP operations. The causes were mapped and analysed and served as base to prepare local action plans that are being monitored by safety professionals to assess the efficiency and speed of the action implementation.

preventive initiatives

EDP performs several initiatives to promote preventive attitudes that prioritise the respect for life in the performance of its operational and administrative activities. Here are some of them:

ELECTRICIANS’ RODEO

Held annually, the initiative is a constructive competition used to reinforce the concepts of safety and health. In the event, the electricians put into practice their skills and techniques of work safety by performing daily tasks (replacing fuse key; putting on personal protective equipment (PPE) with eyes folded; installing subset of temporary grounding system for high tension). The event had nine competitions in São Paulo and Espírito Santo.



SAFETY DIALOGUE (DDS)

Performed daily in Distribution and weekly in Generation, it allows associates to clarify their doubts on safety procedures.

WEEKLY MEETINGS

Every week at EDP the Work Safety topic is addressed in meetings with the Board, including the Chairman, Vice-Chairmen and Directors.

SAFETY INSPECTIONS

Work safety technicians, operational and technical managers, and operation engineers carry out safety inspections in the field with company and outsourced associates, in order to verify compliance with work procedures.

MEGAINSPECTIONS

Work safety technicians and operation technicians and engineers carry out every six months safety inspections in the operational basis to verify the conditions of PPEs/

CPEs, tools, equipment, materials, vehicles, human resources and documents. After this inspection, an action plan is prepared to correct all non-compliances identified.

INTERVENTIONS IN CORPORATE AREAS

Theatrical presentations are performed in administrative areas in order to promote awareness on prevention of work accidents with the corporate scope.

SAFETY WITH THE POPULATION

Actions are carried out to clarify and guide customers of distribution units on prevention of electricity-related accidents. The work is done through the provision of information on social networks, school lectures, sound cars and other media.

MAIN NUMBERS
RELATED TO HEALTH
IN 2015:

14

Healthcare awareness
and prevention actions

3,890

doses of vaccines given

392

blood donations, which
resulted in the formal
acknowledgement of the
EDP partnership with
Instituto Pró-Sangue.

HEALTHCARE AND QUALITY OF LIFE PROGRAMS

|GRI G4-LA7|GRI G4-DMA|

EDP healthcare and quality of life programs are developed under two aspects: occupational medicine and quality of life. The former is associated to prevention of diseases resulting from occupational hazards to which associates are exposed. The latter seeks to promote awareness and prevention actions, aiming at maintaining and improving the health of all associates.

MAIN EDP INITIATIVES

Initiative	Goal
INTERNAL WEEK OF ACCIDENTS PREVENTION (SIPAT)	Create awareness on healthcare
FLU IMMUNISATION PROGRAM	Reduce flu cases as well as more severe cases of respiratory infections such as sinusitis, tonsillitis and pneumonias.
WORKPLACE EXERCISE PROGRAM	Prevent work-related musculoskeletal diseases.
PREVENTION CAMPAIGNS - Hypertension - STD/Aids - Breast and prostate cancer - Skin cancer - Diabetes - Dengue - Healthy diet - Anti-smoking - Hepatitis B	Create awareness on healthcare.

In order to help associates to balance their professional and personal lives, EDP has since 2008 the Program *Conciliar* (Reconcile). The initiative includes projects and partnerships structured in four pillars: healthcare and well-being; appreciation and citizenship; support to family; and flexibility. Here are some of the results achieved:

Expansion of the Race Club: currently, 120 associates participate in the action;	Expansion of partnerships: over 75 partnerships were made in Brazil;	Delivery of 109 maternity kits to pregnant associates;	Increase in satisfaction of associates as a result of the program.
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SUPPLIERS

|GRI G4-DMA|

In order to develop its activities, EDP works with materials and services suppliers. EDP, in all of its operational units, prioritise local suppliers. Since they represent a strong link in the value chain, the Company promotes the suppliers management from their registration at its data base, up to their monitoring and development. |GRI G4-12|

The Company hires service providers that specially meet the technical, operational and administrative needs of the company, such as construction and maintenance of power grids; commercial technical services to connect consumers to the grid; trees pruning; operational teams for emergency services; reading and delivery of bill to customers; call centre; face-to-face service at branches; construction of plants and to civil works; and inspection of gauges.

As for the materials supply, the Company acquires equipment such as power transformers, energy meters, power cables and leads, concrete poles, among others.

The companies interested in supplying to EDP must register their data and their products and services portfolio in the Repro system, managed by the company Achilles, and available on the EDP website. Achilles performed a pre-assessment of the companies' documents and reputation and shares the information with the EDP Group. This pre-assessment takes into account criteria such as tax, environmental and social regularity with federal, state and city agencies, in addition to reputational and social and environmental responsibility aspects.

In the event of pending issues in the pre-assessment, it is not possible to complete the registration. EDP e-procurement tool called Sinergie communicates online with Repro, and allows EDP buyers to prospect and have access to suppliers information during market quotation processes. The suppliers can check the registration procedures and qualification criteria on EDP website.

After completing registration, the supplier goes through the qualification and assessment process of material and services suppliers. For critical materials suppliers, there is an on-site assessment of the suppliers facilities, in which the Company analysis matters such as compliance (licenses and authorisations), work conditions, productive capacity, storage procedures, and waste and gases treatment and destination. When the supplier is approved, the critical material and equipment are still subject to approval according to EDP technical specifications and national rules.

The material and services supply agreements also include clauses that require the compliance with issues related to human rights and adoption of EDP Code of Ethics, reinforcing the prohibition of child, slave or degrading labour.

In the process of hiring continuous service contractors, a previous committee is formed with representatives from the departments of Suppliers Management, Logistics, Shopping, Technical and Compliance. The team visits the facilities and defines the list of companies that can participate in the suppliers selection and hiring process.

Throughout the term of the agreement, the high risk suppliers are monitored monthly regarding their financial conditions, assessed by SERASA, their compliance with EDP contractual collaterals, their legal processes, especially labour-related, and on possible differences of consigned materials inventory belonging to EDP. This monitoring helps to prevent adverse conditions from the suppliers that may compromise the continuity of materials and services supply to EDP and mitigate environmental and social risks, and risks to EDP image.

PURCHASE VOLUME SPENT WITH LOCAL SUPPLIERS (%)

[GRI G4-EC9]

	EDP BRAZIL	
	2014	2015
REGION	MATERIALS	MATERIALS
São Paulo	65.9%	61.3%
Espírito Santo	24.6%	24.0%
Mato Grosso do Sul	14.6%	7.9%
Tocantins	9.8%	8.4%
Amapá	1.7%	4.2%
Ceará	ND	23.9%
Mato Grosso	5.7%	0.6%
Others	0.0%	0.0%

INVESTMENT AGREEMENTS AND CONTRACTS WITH HUMAN RIGHTS CLAUSES (%)

[GRI G4-HR1]

SUBDIVISION	2013	2014	2015
Total number of significant investment agreements and contracts	1,247	3,318	2,498
Percentage of significant investment contracts and agreements that include human rights clauses or that were subjected to assessment related to human rights	100%	100%	100%

CHARACTERISATION AND SEGMENTATION

[GRI G4-DMA]

Every year, EDP carries out a risks matrix to assess the suppliers according to five factors: work safety; customer service; financial performance; labour issues; and environmental impacts. The suppliers appointed as critical in the matrix must go through the assessment of Suppliers Performance Index (IDF) and through the periodic audits of their facilities. The risks matrix is monitored by the Spend Analysis system, an initiative performed annually with suppliers to report to each EDP business unit the amount billed by the supply categories. [GRI G4-EN32, G4-EN33, G4-LA14, G4-HR10, G4-SO9]

IDF – SUPPLIERS PERFORMANCE INDEX

The Company uses the Suppliers Performance Index (IDF) to assess all critical suppliers of Distribution on matters such as compliance with legal and contractual requirements, supplier performance regarding service quality, delivery times and good practices, and issues related to human rights. The IDF results go from zero to 100. **GRI G4-HR9**

The factors included in the IDF are:

- ⌘ Quality based on technical specifications and rules
- ⌘ Compliance with contractual terms
- ⌘ Social and environmental responsibility
- ⌘ Certifications
- ⌘ Management
- ⌘ Innovation (additional points from the implementation of improvements in processes or products suggested by the supplier)

Every month, there are meetings with suppliers to present the performance. Upon termination of the agreements, the IDF is taken into account in the following purchase process. The processes that surpass R\$ 400 thousand are discussed during board meetings, in which the index is also taken into account.

In 2015, the model to assess the performance of contractors that provide continuous services to the distributors were reviewed to include EDP targets and goals, and the regulatory agency requirements (ANEEL). In order to keep the process aligned with the Distribution operational team needs, EDP also provides a specific channel to receive information in the event of problems related to materials use.

EDP recognised the suppliers that stand out in the IDF. Among the actions, there is the possibility to extend 24 month agreements for additional 12 months, suppliers associates training, compensation according to performance, the benefit of ensured quality and participation in the Supply Network Collaboration (SNC) process. Since 2010, EDP adopts a system of compensation according to performance, used in the Distribution segment, in reading and collection services provision. At the end of each month, the two best supplier associates are rewarded according to their performance.

PERIODIC AUDITS

The purpose of the audits is identify and inhibit irregularities regarding suitable and safe work conditions, child or forced labour, documents compliance with environmental, tax and social agencies, payment of salaries and benefits according to the collective labour agreement, proper procedures of waste and pollutant gases management, and packaging of materials owned by EDP.

In 2015, no significant cases of risk or situations of violation of Human Rights were identified in EDP or its suppliers operations.

These violations may be a violation or restriction to the right to exercise freedom of association or collective bargaining, existence of forced or compulsory labour, or child labour, among other aspects related to sustainability. **|GRI G4-HR5, G4-HR6, G4-HR11|**

The ethical conduct is also assessed in order to ensure the suppliers compliance with corporate principles. Upon the issue of the final audit report, in the event of non-compliances, the supplier is given a deadline for those to be remedied and followedup.

SUPPLIERS ASSESSMENT ON ENVIRONMENTAL, LABOUR, HUMAN RIGHTS AND SOCIAL ASPECTS

|GRI G4-HR11, GRI G4-LA15, GRI G4-SO10, GRI G4-EN33|

SUBDIVISION	EDP BRAZIL		
	UNIT	2014	2015
Percentage of suppliers agreements that have environmental, labour, human rights and social clauses	%	100.0%	100.0%
Percentage of suppliers that were selected by environmental, labour, human rights and social criteria	%	0.0%	0.0%
Number of suppliers subjected to assessments of environmental, labour, human rights and social impacts (risk matrix critical suppliers)	Unit	11	12
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)	Unit	ND	14
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%
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%
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%

DEVELOPING SUPPLIERS

EDP has several initiatives to foster the development of its suppliers, such as:

- ⌘ Monthly feedback meetings on the performance appointed in the IDF;
- ⌘ Notifications to suppliers with low performance index on the IDF, in order to identify main causes and outline action plans;
- ⌘ Policy of fine for delay in deliveries or non-compliance with contractual clauses;
- ⌘ Policy to define the applicable consequences in cases of low performance on the IDF, after and when the action plans are not effective.

The Company also participates in the Espírito Santo Suppliers Development Program (PRODFOR), coordinates by the Industries Federation of the State. The program supports the qualification development and certification of suppliers based on ISO international rules as well as offers technical meetings, trainings and audits. Pioneer in Brazil, the program has provided certification to over 500 companies in the state.

In 2015, EDP also promoted workshops and meetings with suppliers to share information, expose new procedures, offer trainings on specific topics, and encourage them to develop good practices. One of them addressed issues on the National Solid Waste Policy, in which new requirements and simple ways to adopt the policy were shown to suppliers.

This year, there was also an electrician training project provided in partnership with EDP, EDP Institute, the NGO ACE, and SIRTEC, continuous contractor of Grids Construction and Maintenance and Commercial Technical Services of Distribution. The project came from the supplier need to hire electricians in the area of Vitória, capital city of the State of Espírito Santo, and offered free electricians training.

EDP also participates in committees organised by *Fundação COGE*, and comprised of the main companies in the Brazilian energy sector. The goal is to develop mutual initiatives and share information.

COMMUNITY

SOCIAL IMPACTS

|GRI DMA, G4-EC7, G4-EC8, G4-SO1, G4-SO2|

EDP has the goal to strengthen the relationship with the communities in which it operates. To engage this public, the Company carried out several actions such as local researches and studies, meetings with community leadership networks, public hearings, meetings with NGOs representatives, tours of facilities and contact through social networks (Facebook, Twitter), press office and communication channels (toll-free service and local offices).

EDP has formal methods to assess the impacts of its operations, verify the population needs, and create local development actions, seeking to engage the community in the construction and operation processes of its Generation and Distribution assets. In addition to public hearings, the Company provides consultation channels to raise and debate relevant topics to the areas served. This exchange also works as base for assessment and selection of priority activities of EDP assets social and environmental programs.

During the preparation of environmental impact studies, public hearings are held with stakeholders to present the characteristics and impacts of new projects as well as to listen to the needs of local players. In HPP Cachoeira Caldeirão, the Environmental Basic Plan (PBA) was defined along with the population and public managers - who mapped possible impacts from the plant on the community, and helped to prepare the PBA.

In HPP Santo Antônio do Jari there were new requests from the community regarding social and environmental aspects. The company was available to the community to answer questions and listen to suggestions. In September 2015, the 7th Social Forum took place to present to the communities the updates status of the social and environmental programs that are being implemented.

In Distribution, the construction of the Transmission Line in the Region of Mogi-Suzano 88/138 kV that should begin in 2016 will include private areas (such as farms and plantations) and cause impacts on the activities of local agricultural owners. To avoid damages, EDP Bandeirante carried out a communication plan with the affected public. The owners were informed on the project characteristics, and compensations were negotiated.

The construction of the Transmission Line of the Region Mogi-Suzano will also cause expropriation of some areas. EDP Bandeirante already begun negotiations directly with INCRA in order to present a methodology to compensate the local owners. There will be a registration of all local farmers with the purpose of measuring the production that will be affected during the project implementation.

In EDP Escelsa, in 2015 the construction of lines in rural properties in Espírito Santo caused impacts for local owners. Aiming at reducing such impacts, assessment reports were prepared on the affected areas, which took into account the property characteristics, the soil use and plantations types. Negotiations are being held and

these owners will be indemnified. **|GRI EU22|**

Within the scope of new assets implementation, the main social and economic impacts identified are:

Positives	Increase of household income, tax collection, energy offer and job offer, boosting of local social and economic relations, increase of touristic activity, and better protection of Permanent Preservation Areas;
Negatives	Loss of housing areas and of symbolic social and cultural value, and reduction of vegetation covered area.

The company also has local community engagement programs in all States in which it operated, through actions developed by the EDP Institute, in addition to social and environmental programs related to the compliance with requirements for installation and operation licenses.

IMPACTS MANAGEMENT

|GRI G4-DMA|

EDP adopts measures to manage impacts caused by the displacement of families and in the communities affected by the construction of its projects. The creation of the Cachoeira Caldeirão (AP) Hydroelectric reservoir will flood 2.6 hectares of land, including 10 hectares of urban area in the city of Porto Grande. In order to minimise the damage, the PBA provides for the compensation of 753 families and the implementation of 57 social and environmental programs. **|GRI EU20, EU22|**

In EDP Escelsa, four lines were built in 2015, and the construction affected 77 properties, however there was no need for the reallocation of families. EDP, as standard practice, compensated the owners in order to reduce the impacts caused by the construction.

|GRI EU20, EU22|

social and environmental programs
in Cachoeira Caldeirão

To comply with the requirements for the Installation License, the plant has developed 49 programs focused on social and environmental improvements. The Social and Environmental Management Program, for instance, aims at the integrated management of the PBA programs implementation, and the monitoring of the results to ensure the mitigation and compensation of the social and environmental impacts.

As for the Social Communication Program, it was developed to ensure that environmental practices are implemented along with the population. It also aims at establishing a permanent dialogue with all publics, providing all information on the plant implementation in a transparent manner. And through the Environmental Education Program, the Company begun to implement environmental education actions in school and local community, in the cities of Porto Grande (AP) and Ferreira Gomes (AP).

Another highlight was the Program of Redevelopment and Reconstruction of Urban Infrastructure Affected in Porto Grande-AP, city located in within the direct influence area of the project. The Porto Grande Directive Plan indicated the lack of sports, leisure and recreation areas. Therefore, a new leisure public area is being built on the edge of the city, which will be affected by the reservoir, and it includes items such as bicycle path, walking track, football field, sand court, covered multi-sports court, fishing wharf, stands, resting and shadow areas, open air gym, place for access of swimmers and fishing deck.

To preserve the historical, social, cultural and landscaping memory of the HPP Cachoeira Caldeirão environment, a cultural and material heritage study was carried out in the cities of Porto Grande and Ferreira Gomes. One of the studies consisted of understanding the local culture from the city festivals - such as the Pineapple Festival and the *Nossa Senhora da Conceição* Festival.

INDIGENOUS PEOPLES

|GRI G4-HR8|GRI G4-DMA|

EDP seeks to promote engagement and communication with indigenous communities located close to its business units facilities, with the purpose of getting to know this public demands and avoid impacts and inconveniences to the communities routines. In the event of conflict with indigenous people, the Company acts with transparency and ethics, proactively complying with the guidelines from the National Indian Foundation (Funai) and respecting all matters involving human rights.

In 2015 a claim was registered from the indigenous communities Tupinikim and Guarani from the Aracruz villages, near EDP Escelsa operations. To better understand the claim, EDP sent a qualified team aiming at finding a solution for the harmonious coexistence with these communities. The negotiations are being adopted.

In Generation, HPP São Manoel is located close to the indigenous ethnicities lands of Mundukuru, Kayabi and Apiaká do Pontal. During the study phase for the construction of the dams, several places were evaluated, and to avoid some of the Kayabi land to be flooded, the plant was built above the mouth of Apiacás river. EDP prepared an Environmental Basic Project for HPP São Manoel to each of the three people. The plan was presented to the indigenous villages during two seminars held in the Kayabi Indigenous Land, in the villages of Kuruzinho Centre of Kayabi people, Mayrowi of the Apiaká people and in the village of Teles Pires Centre of the Mundukuru people, with the purpose to meet the populations demands.

The result of this work is the Indigenous Component of the PBA (Kayabi, Apiaká and Mundukuru) approved by each of the three people. This document describes 15 programs that address topics such monitoring of water quality, fish, river turtles, Teles river sediments, and it also provides actions aimed at strengthening indigenous organisations, their cultural manifestations, actions focused on the handling of river turtles and seeds that are important to those people. In 2015, no claims were registered on this topic.

ENERGY EFFICIENCY

|GRI G4-EN6, G4-EN7, G4-EU7, G4-EU23, EU24|GRI G4-DMA|

Through its Energy Efficiency Program, EDP Bandeirante and EDP Escelsa encourage residents of the communities close to its operations to use electricity in an responsible and efficient way. In 2015, approximately R\$ 27.6 million were invested in the initiative, 10% higher than the 2014 investment, which generated an energy saving of 35,040 MWh and a reduction of 13,091 kW of the demand.

The initiatives aim at spreading concepts on responsible consumption of electricity and other natural resources and the household budget balance. They also contribute to reduce default, since it makes costs more affordable to consumers. The projects developed are mostly targeted at low income customers.

The funds for the program are used according to the Brazilian electric utilities sector legislation that determines that distributors should invest 0.5% of their net operating revenue on energy efficiency programs.

In July2013, Aneel issued the Normative Resolution 556, which approved the Energy Efficiency Program Procedure (PROPEE). The concessionaires must now make public calls of projects, with the purpose of increasing the incentive to consumers participation, provide more transparency to distributors decisions related to projects, and prioritise the investment according to each company market profile, pursuant to criteria defined by the regulatory agency.

In 2015, the EDP Group distributors made its second public call of projects, in which 21 initiatives were submitted, distributed as follows: 17 for EDP Escelsa and 4 for EDP Bandeirante. After the proposals were reviewed according to Aneel criteria, five initiatives were approved for EDP Escelsa and two for EDP Bandeirante, which will be implemented in 2016.

GOOD ENERGY IN THE COMMUNITY WITH GOOD ENERGY AGENTS

The projects aim at preventing the electricity waste in houses of consumers with low income, contributing to a behaviour of rational, efficient and safe use of electric energy. The goal is to legalisation of irregular consuming units through social actions such as guidance for registration of social tariff, replacement of inefficient refrigerators for others with rating A, Procel/Inmetro, and the donation of 15 W compact fluorescent lamps to replace the incandescent ones.

EDP BANDEIRANTE	EDP ESCELSA
7,010 customers benefited	20,320 customers benefited
Investment of R\$ 5.2 million	Investment of R\$ 9.2 million
Energy saving of 3,493 MWh/year	Energy saving of 13,356 MWh/year
Demand reduction of 2,016 Kw	Demand reduction of 8,254 Kw

GOOD SOLAR ENERGY

Developed since 2008, it consists of the replacement of lamps, application of solar heating systems (collectors and reservoirs) and the installation of smart showers.

EDP BANDEIRANTE

1,194

customers benefited

Investment of

R\$ 5.5 million

Energy saving of

589.65 MWh/year

Demand reduction of

2,163 kW

GOOD ENERGY IN SCHOOLS

The purpose of the initiative is quality the teaching staff with information to prevent energy waste, promote the school community awareness, and quality students are multiplier agents of efficient and safe use of electricity. The spreading of concept and basic information on energy takes place through live actions and playful and interactive experiences, during tours of the Good Energy Truck. At the end of the tour comic books on the topic are distributed.

EDP BANDEIRANTE

Investment of

R\$ 1.5 million

62,650

customers benefited

996

teachers qualified

12

cities impacted

160

schools benefited

EDP ESCELSA

Investment of

R\$ 1.5 million

81,827

customers benefited

1,139

teachers qualified

10

cities impacted

257

schools benefited

GOOD ENERGY TRUCK

The customised vehicle has games, comic books, and is equipped with an interactive scale model that simulated the energy consumption of a house. A team of monitors provides basic information on electric energy and how does it get to the houses, including a 3D movie.

ENERGY EFFICIENCY IN PUBLIC BUILDINGS, CHARITY ORGANISATIONS AND PUBLIC HOSPITALS

GRI G4-EN7

EDP promotes improvement actions in the lighting and cooling systems of public buildings, replacement low energy yield equipment for other more economic and efficient. The initiative provides savings on electricity expenses, and safety and comfort to users.

One of the initiatives was implemented by EDP Bandeirante at Luzia de Pinho Melo Hospital, in which the low energy yield lighting equipment was replaced for other more economic, such as LED. The initiative resulted on an energy saving of 329.70 MWh/year and a demand reduction of 56.80 kW. Overall, R\$ 479 thousand were invested, and 4,408 lamps were replaced.

The Distributor also invested on energy efficiency initiatives at Cebrace – as the lighting retrofit using LED lamps, the repositioning of lamps (factory, cafeteria, administrative buildings and external areas), and the replacement of the air-conditioning system by splits. Overall, R\$ 1.65 million were invested to replace 4,708 lamps and 73 air-conditioners, generating an energy saving of 5,024.35 MWh/year and a demand reduction of 545.46 kW.

EDP Escelsa promoted improvement actions in the lighting systems of the Charity Organisation *Montanha da Esperança* and the Aracruz Public Hospital, replacing low energy yield lighting equipment by others more economic, such as LED. At the Charity Organisation *Montanha da Esperança*, R\$ 118 thousand were invested, generating an energy saving of 44.04 MWh/year and a demand reduction of 24,55 kW. As for the Aracruz São Camilo Hospital, R\$ 159 thousand were invested, which generated an energy saving of 68.36 MWh/year and a demand reduction of 32.49 kW.

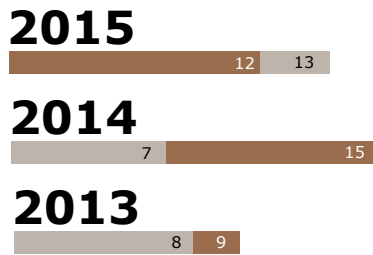
In 2015, the Company also started a project aimed at the retrofit installation of the cold water system in Vitória Shopping Centre. The completion is scheduled for 2016 and an energy saving of 217,000 kWh/month and demand reduction of 449 kW are expected. The investment will be shared between the Energy Efficient Program (R\$ 3.2 million) and EDP GRID (R\$ 1.2 million). R\$ 2.3 million were already invested in 2015.

SAFE USE OF ENERGY

[GRI G4-PR1, GRI EU25] [GRI G4-DMA]

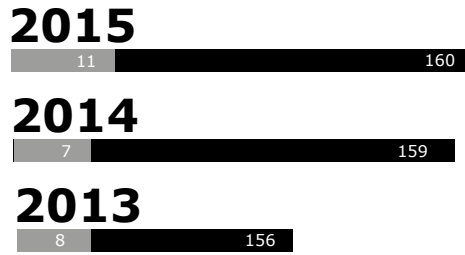
Aiming at its customers safety, EDP monitors numbers of accidents involving electricity and the population, and creates campaigns and educational material on its safe use. The alerts are presented on the radio, newspapers and TV, on the electricity bill, leaflets available at service stores, on the website, social networks profiles of the Distributors, as well as on digital murals at EDP branches in São Paulo and Espírito Santo. Periodic campaigns highlight aspects such as the risk of flying kites or performing construction works and roof repair close to power grids.

EDP BRAZIL
ACCIDENTS WITH THE POPULATION
INVOLVING EDP ASSETS
(NUMBER)
[GRI EU25]



Number of non-fatal accidents with the population
Number of fatal accidents with the population

EDP BRAZIL
LEGAL ACTIONS CONNECTED TO
POPULATION HEALTH AND SAFETY
(NUMBER)
[GRI EU15]



Number of legal actions closed
Number of legal actions pending

ACTIONS IN VULNERABLE COMMUNITIES

[GRI G4-EC4, G4-EU23] [GRI G4-DMA]

In partnership with local institutions, EDP Bandeirante and EDP Escelsa offer programs aimed at improving or maintaining the access to electricity and consumer assistance services, specifically for customers with low income or vulnerable communities. Determined by Federal Law no. 12,212/2010 and ANEEL regulation through Resolution no. 414/2010, the right to social tariff (low income) is given to certain consuming units enrolled in a Federal Government social program.

At EDP, only 29% of customers entitled to the Social Tariff are enrolled in the benefit. Thus, since 2010, both EDP distributors have been making partnerships with municipalities to encourage registration in the social tariff. The agreements are included in the project *Agentes da Boa Energia* (Good Energy Agents), which involves the registration of families at the Federal Government *CadÚnico*.

EDP offers agreements in flexible payment modalities. Customers enrolled in the social tariff have the opportunity to negotiate their debt in up to 50 instalments, without interests, incorporated in the electricity bill.

Energy efficiency projects also contribute to the reduction of electricity bills of hospitals, charity organisations and industries, in the modalities of Performance Contract (profit-seeking organisations) and Donation (non-profit organisations).

SOCIAL INVESTMENT

[GRI G4-DMA]

Since 2009, the Company makes donations to the EDP Institute, ensuring its administrative and logistic operation, and contributing to the operation of social and environmental programs and for the management of social investment of EDP companies. In 2015, the EDP Institute invested 3.07 million that were destined to education actions in formal schools and to the local development, through income generation, entrepreneurship and educational actions. Overall, 19,303 people were directly benefited. [GRI G4-EC8]

ABOUT EDP INSTITTEP

The organisation responsibility is to structure the Company's social investments and initiatives, preferably connected to education, local development with income generation, entrepreneurship and volunteer work, in favour of the communities and the business. The Institute strategy is to work with communities affected by the Company's activities, from the Distributors concession areas to the surrounding areas of the reservoirs where the plants are located.

EXTERNAL SOCIAL INVESTMENT (THOUSAND OF REAIS)

[GRI G4-EC7]

SUBDIVISION	EDP BRAZIL		
	2013	2014	2015
Education	792.00	805.40	120.50
Culture	2,048.00	1,367.60	1,612.00
Health and sanitation	-	809.00	161.00
Sport	716.00	335.00	728.00
Fight against hunger and food safety	-	100.00	75.00
Others	420.00	412.00	372.50
Total	3,976.00	3,829.00	3,069.00



EDP distribution companies in São Paulo and Espírito Santo received for the 11th consecutive year the recognition from *Fundação Abrinq* as a *Empresa Amiga da Criança* (Children's Friend Company). Holding the seal attests the initiative of contributing to make a better future to young people in the regions where the companies operate

PROGRAMS IN 2015

FINANCIAL AID RECEIVED FROM THE GOVERNMENT
(THOUSAND OF REAIS)

[GRI G4-EC4]

SUBDIVISION	EDP BRAZIL		
	2013	2014	2015
Tax benefits and credits	42,300.00	36,154.62	42,784.15
Subsidies	176,300.00	1,413,285.00	-
Investments with incentives	5,007.00	4,088.20	2,355.00
Incentive to culture / Rouanet Law	1,750.00	1,614.80	1,612.00
Incentive to sport	291.00	410.00	582.00
Childhood and Adolescence Fund	270.00	245.00	150.00
Cultural Action Program	678.00	152.80	-
PRONON – Oncologic Attention Support Plan	2,018.00	1,665.60	11.00

SOLIDARY EDP

The initiative financed 32 social and environmental projects in the States of São Paulo, Espírito Santo and Tocantins, focused on education, community development and environmental preservation. It also promoted the access to artistic expressions, rescue of local culture, and citizenship practice through art. To strengthen the management of partner social organisations, EDP and IEDP promote since 2010 the event Solidary EDP Dialogues, involving debates with experts on energy, education and creative economy at the pyramid base.

In 2015, the main projects of Solidary EDP were:

Social, Environmental and Cultural EDP: R\$ 1.6 million were invested to support 13 projects, helping over 7 thousand people directly.

Community Banks and Decent Housing: the initiative provided the residents of Morro de São Benedito, in Espírito Santo, the access to microcredit to renovate their houses. The project purpose was also to promote social technology of community banks and make families’ lives easier by adopting the social tariff and the possibility of paying bills at local banks. In 2015, the initiative raised R\$ 2.2 million.

Child Cancer Cause: In 2015, two projects were developed directly benefiting 2 thousand people. The total investment was R\$ 161 thousand.

Energies in Art: The 2015-2016 biannual award consists of a partnership with the *Instituto Tomie Ohtake*. The purpose is to encourage art among your people. In 2015, three workshops were offered in Palmas, Vitória and Mogi das Cruzes, with an investment of R\$ 400 thousand. The exhibit and award will take place in 2016.

EDP in Sports: Five projects with an investment of R\$ 728 thousand and a total of 672 people directly benefited.

EDP in Schools: Nine projects in public schools directly benefiting 13 thousand students. The projects involved the support to creation of wind instruments, singing and percussion orchestra, education on flying kites in safe places, and a drawing contest on the International Year of Light, instituted by the UN. School materials and scenic material related to art in general were also distributed and video production workshops were offered.

The Project *Brincando com Pipas* (Playing with Kite) should also be highlighted. In addition to spread information on playing far from power grids, it contributes to reduce the number of grid failure caused by kites. As well as the *Concurso Arte com Energia* (Art with Energy Contest) with the winning works featuring EDP 2016 calendar.

In addition, partnerships with renowned organisations such as *Fundação Lemann* and *Parceiros da Educação*, made possible for EDP to participate in a pilot project with 17 schools in the State of São Paulo to foster entrepreneurship and bring innovation to the school environment.

VOLUNTEER WORK

[GRI G4-DMA]

The EDP Institute seeks to create awareness, mobilise and promote the engagement of associates to work as volunteers in social and environmental causes. In Brazil, the dissemination of the portal voluntariadoedp.com.br and the promotion of the Volunteering Rule, which grants the use of 4 hours of work for volunteer work, caused more associates to adopt the program in 2015. In addition, the launching of the Culture Project has been helping people to understand that being a volunteer can help develop the necessary skills to be used in work daily routine.

In 2015, the main volunteering initiatives developed by EDP were: *Desafio do Bem* (Goodness Challenge), *Parte de Nós Ambiente* (Environment as Part of Us), Favela Coliseu Digital Inclusion, *Cidadão Pró-Mundo* (Pro-World Citizen), Rock in Rio, and a mobilisation for donation of water for the people affected in Baixo-Guandu, Colatina and Linhares, Espírito Santo. In 2015, 484 associates were active, with 123 actions carried out and 7,227 hours dedicated outside working hours. In the volunteering portal is possible to see the results of the work done.





**ENERGY
WITH
INTELLIGENCE**

BRAZIL
ANNUAL REPORT
2015

Serra Substation (ES)

08. ANNEXES

ADDITIONAL AND COMPLEMENTARY GRI INDICATORS

GOVERNANCE

RATIO OF EMPLOYEES' COMPENSATION (R\$)

[GRI G4-54]

SUBDIVISION	EDP BRAZIL		
	2013	2014	2015
Highest compensation paid	599,850.00	486,521.87	734,582.76
Lowest compensation paid	11,819.98	14,596.72	16,062.44
Division of the highest compensation by the lowest compensation paid	ND	ND	4573%
Ratio of the total annual compensation of the highest paid individual in EDP and the average annual compensation of all employees (excluding the highest paid)	ND	14%	10%

ECONOMIC CATEGORY

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBTEPD

ADDED-VALUE STATEMENT (THOUSAND OF REAIS)

[GRI G4-EC1]

SUBDIVISION	EDP BRAZIL		
	2013	2014	2015
1 – REVENUES	10,496,510.00	12,550,024.00	17,547,571.00
1.1) Goods, products and services sales	9,332,253.00	11,513,432.00	16,086,489.00
1.2) Other revenues	4,548,330.00	753,043.00	1,437,393.00
1.3) Revenues related to the construction of own assets	754,972.00	311,823.00	98,203.00
1.4) Allowance for doubtful accounts – Reversion / (Constitution)	-52,437.00	-28,274.00	-74,514.00
2 – INPUT PURCHASED FROM THIRD PARTIES (includes ICMS, IPI, PIS and COFINS taxes)	-6,221,430.00	-7,828,404.00	-8,497,846.00
2.1) Costs of products, goods and services sold	-4,176,839.00	-6,150,314.00	-6,637,340.00
2.2) Third party materials, energy, services and others	-340,511.00	-438,721.00	-567,376.00
2.3) Loss / Recovery of assets values	n.d.	13,861.00	7,916.00
2.4) Others (specify)	-1,675,457.00	-1,253,230.00	-1,301,046.00
3 – GROSS ADDED-VALUE (1-2)	4,275,080.00	4,721,620.00	9,049,725.00
4 – DEPRECIATION, AMORTISATION AND EXHAUSTION	-410,624.00	-349,333.00	-468,556.00
5 – NET ADDED-VALUE PRODUCED BY THE ENTITY (3-4)	3,864,456.00	4,372,287.00	8,581,169.00
6 – ADDED-VALUE RECEIVED IN TRANSFERENCE	-	208,314.00	424,043.00
6.1) Equity accounting result	-140,427.00	-71,449.00	-113,774.00
6.2) Financial revenues	199,783.00	279,763.00	547,817.00

SUBDIVISION	EDP BRAZIL		
	2013	2014	2015
7 – TOTAL ADDED-VALUE TO DISTRIBTEP (5+6)	3,923,812.00	4,580,601.00	9,005,212.00
8 – ADDED-VALUE DISTRIBUTION	-	-	9,005,212.00
8.1) Personnel	-	-	363,659.00
8.1.1 – Direct compensation	239,162.00	246,210.00	262,561.00
8.1.2 – Benefits	71,638.00	66,705.00	68,384.00
8.1.3 – F.G.T.S.	22,261.00	22,150.00	32,714.00
8.2) Taxes, fees and contributions	-	-	6,012,437.00
8.2.1 – Federal	959,277.00	1,078,241.00	3,572,539.00
8.2.2 – State	1,522,561.00	1,665,762.00	2,431,542.00
8.2.3 – City	7,210.00	7,385.00	8,356.00
8.3) Third parties capital compensation	-	-	1,222,744.00
8.3.1 – Interests	562,472.00	636,303.00	1,200,215.00
8.3.2 – Rents	21,411.00	19,484.00	22,529.00
8.4) Equity capital compensation	-	838,361.00	1,406,372.00
8.4.1 – Interests on equity capital	29,190.00	133,300.00	14,592.00
8.4.2 – Dividends	60,239.00	44,715.00	288,257.00
8.4.4 – Participation of non-controllers on retained profit (for consolidation only)	160,983.00	91,079.00	140,436.00
9 – Retained profit / Losses of the exercise	286,339.00	565,487.00	963,087.00

ASPECT: MARKET PRESENCE

RATIO VARIATION OF THE LOWEST WAGE COMPARED TO THE MINIMUM WAGE

[GRI G4-EC5]

SUBDIVISION	UNIT	EDP BRAZIL					
		2013		2014		2015	
National minimum wage	R\$	678.00	678.00	724.00	724.00	788.00	788.00
Variation between the lowest salary and minimum wage	%	131.00	131.00	130.55	130.55	158.17	162.94
Proportional variation between the largest and the lowest salary	%	ND	ND	7,141.72	3,375.13	4,412.71	2,647.98

ASPECT: INDIRECT ECONOMIC IMPACTS

EXTERNAL SOCIAL INVESTMENT (THOUSAND OF REAIS)

[GRI G4-EC7]

SUBDIVISION	EDP BRAZIL	
	2015	
Education	120.50	
Fight against hunger and food safety	75.00	
Others	372.50	
Total	568.00	

ENVIRONMENTAL CATEGORY

ASPECT: MATERIALS

MATERIALS USED IN EDP OPERATIONS

[GRI G4-EN1]

	EDP BRAZIL		
SUBDIVISION	UNIT	2014	2015
		Distribution	Generation
Chemicals	kg	0.00	1,388,292.50
Insulatings Oils	kg	2,784.51	0.00

PERCENTAGE OF MATERIALS USED IN OPERATIONS RESULTING FROM RECYCLING AND/OR REUTILISATION (%)

[GRI G4-EN2]

	EDP BANDEIRANTE			EDP ESCELSA		
DISTRIBUTION	2013	2014	2015	2013	2014	2015
Meters	24%	16%	34%	40%	27%	27%
Transformers	77%	53%	55%	71%	68%	59%
Hardware	nd	23%	nd	ND	16%	ND
	0%	63%	87%	0%	65%	89%

ASPECT: ENERGY

DIRECT ENERGY CONSUMPTION (GJ)

[GRI G4-EN3]

	EDP BRAZIL			EDP HOLDING	
SUBDIVISION	2013	2014	2015	2014	2015
Renewable sources	13,863.39	13,698.33	15,003.35	598.91	601.34
Ethanol	8,827.09	7,870.78	7,795.04	243.92	141.98
Ethanol portion of petrol	2,267.64	2,661.68	3,336.31	354.98	459.37
Biodiesel portion of diesel	2,768.88	3,165.88	3,872.00	-	-
Non-renewable sources	25,600,714.24	19,359,346.12	40,217,725.75	1,535.51	1,790.78
Petrol	10,649.36	11,513.32	13,006.16	1,535.51	1,790.78
Diesel	56,347.58	53,098.75	55,072.36	-	-
Diesel used in plants generators ¹	1,568,247.98	182,548.84	145,319.83	NA	NA
Coal	23,965,469.31	19,112,185.21	40,004,021.97	NA	NA
GLP	-	0.71	305.43	NA	NA
Total	25,614,577.63	19,373,044.46	40,232,729.10	2,134.42	2,392.12

¹ The diesel used in plants generators is pure diesel without biodiesel additive.

DIRECT ENERGY CONSUMPTION (GJ)

[GRI G4-EN3]

	EDP BANDEIRANTE			EDP ESCELSA		
SUBDIVISION	2013	2014	2015	2013	2014	2015
Renewable sources	9,552.90	9,489.71	9,305.49	2,528.00	2,497.66	2,967.24
Ethanol	7,732.79	7,516.88	7,112.32	53.30	5.25	10.21
Ethanol portion of petrol	315.97	281.57	279.87	1,403.73	1,262.78	1,386.90
Biodiesel portion of diesel	1,504.14	1,691.27	1,913.29	1,070.98	1,229.63	1,570.12
Non-renewable sources	32,096.44	29,587.83	28,304.25	28,426.78	26,095.18	27,739.91
Petrol	1,483.86	1,217.93	1,091.05	6,592.18	5,462.27	5,406.65
Diesel	30,612.58	28,366.35	27,213.20	21,796.89	20,623.54	22,332.25
Diesel used on plants generators ¹	-	3.55	-	27.71	9.37	-
Coal	NA	NA	NA	NA	NA	NA
Total	41,649.34	39,077.54	37,609.74	30,944.78	28,592.83	30,706.15

DIRECT ENERGY CONSUMPTION (GJ)

[GRI G4-EN3]

(GJ)	ESPÍRITO SANTO PLANTS			MATO GROSSO DO SUL PLANTS			HPP LUÍS EDUARDO MAGALHÃES		
SUBDIVISION	2013	2014	2015	2013	2014	2015	2013	2014	2015
Renewable sources	237.04	255.51	262.72	48.63	15.23	17.25	1,038.69	290.19	253.48
Ethanol	91.02	32.50	6.04	-	-	-	949.98	45.56	-
Ethanol portion of petrol	107.14	143.35	183.53	-	-	-	45.28	189.34	196.14
Biodiesel portion of diesel	38.87	79.66	73.15	48.63	15.23	17.25	43.43	55.30	57.35
Non-renewable sources	1,539.39	2,142.70	1,898.04	989.21	261.94	245.39	1,309.71	1,747.12	1,580.28
Petrol	503.26	620.05	715.46	-	-	-	212.62	818.99	764.62
Diesel	790.62	1,336.15	1,040.50	989.21	255.37	245.39	883.97	927.42	815.66
Diesel used on plants generators ¹	245.51	186.50	142.09	-	6.57	-	213.12	0.71	-
Coal	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	1,776.43	2,398.21	2,160.77	1,037.85	277.16	262.64	2,348.00	2,037.31	1,833.76

DIRECT ENERGY CONSUMPTION (GJ)

[GRI G4-EN23]

(GJ)	HPP PEIXE ANGICAL			HPP SANTO ANTÔNIO DO JARI			HPP CACHOEIRA CALDEIRÃO		
SUBDIVISION	2013	2014	2015	2013	2014	2015	2013	2014	2015
Renewable sources	241.87	173.73	504.79	172.11	82.97	19.49	44.16	97.64	652.52
Ethanol	-	-	442.15	-	-	3.93	-	-	-
Ethanol portion of petrol	212.57	142.70	1.81	145.55	69.74	14.70	37.41	83.98	559.76
Biodiesel portion of diesel	29.30	31.02	60.83	26.56	13.23	0.86	6.75	13.66	92.77
Non-renewable sources	1,594.61	1,222.78	961.34	1,224.09	26,971.06	619.86	313.04	592.44	3,522.25
Petrol	998.26	617.28	7.06	683.51	301.68	57.31	175.67	363.27	2,182.13
Diesel	596.35	520.31	865.15	540.58	221.88	12.30	137.37	229.17	1,319.42
Diesel used on plants generators ¹	-	85.20	89.14	-	26,447.50	550.25	-	-	20.70
Coal	NA	NA	NA	-	NA	NA	-	NA	NA
Total	1,836.48	1,396.51	1,466.14	1,396.20	27,054.03	639.36	357.20	690.08	4,174.77

|GRI G4-EN3|

			TEP PECÉM I		
SUBDIVISION	2014	2015	2013	2014	2015
Renewable sources	31.89	125.62	-	164.90	293.39
Ethanol	24.48	76.45	-	2.19	1.96
Ethanol portion of petrol	-	21.94	-	133.24	232.30
Biodiesel portion of diesel	7.40	27.23	-	29.48	59.14
Non-renewable sources	124.16	472.88	25,533,230.96	19,269,066.11	40,150,591.75
Petrol	-	85.52	-	576.34	905.57
Diesel	124.16	387.36	-	494.41	841.13
Diesel used on plants generators ¹		-	1,567,761.65	155,809.44	144,517.66
Coal	NA	NA	23,965,469.31	19,112,185.21	40,004,021.97
GLP	NA	NA	NA	0.71	305.43
Total	156.05	598.51	25,533,230.96	19,269,230.31	40,150,885.15

¹ The diesel used in plants generators is pure diesel without biodiesel additive.

ELECTRICITY CONSUMPTION (GJ)

|GRI G4-EN3|

	EDP BRAZIL		
SUBDIVISION	2013	2014	2015 ²
Non-renewable sources	19,460.97	692,110.77	1,374,402.07
Petroleum derivatives	4,141.72	4,901.64	6,945.94
Coal and derivatives	2,112.29	671,957.42	1,351,849.44
Natural gas	10,086.18	12,588.09	13,099.04
Nuclear energy	3,120.79	2,673.62	2,507.64
Other sources	-	-	-
Renewable sources	106,547.16	176,208.17	143,748.36
Hydroelectric	98,783.83	166,723.55	134,395.65
Solar	-	-	-
Wind	939.92	1,018.16	2,003.29
Geothermal	-	-	-
Biomass-based	6,823.41	8,466.47	7,349.42
Hydrogen-based	-	-	-
Total	126,008.13	868,318.95	1,518,150.43

² This value takes into account the electricity consumed from the Pecém Unit own generation (Thermoelectric to Coal), reporting in direct energy consumption and the grid energy consumption.

ENERGY INTENSITY (MWH/R\$)

|GRI G4-EN5|

	EDP BRAZIL		
SUBDIVISION	2013	2014	2015
Energy intensity rate (total consumption MWh/gross invoicing R\$)	0.223	0.116	0.209

RECYCLED AND REUSED WATER

|GRI G4-EN10|

	EDP BRAZIL	
SUBDIVISION	UNIT	2015
Total volume of recycled and reused water	m³	2,174.12
Percentage of recycled and reused water from the total water withdrawn	%	0.02%

ASPECT: EMISSIONS GHG

EMISSIONS (tCO₂e)

|GRI G4-EN15, G4-EN16, G4-EN17|

	EDP BRAZIL		
SUBDIVISION	2013	2014	2015
Direct emissions – Scope 1	6,202.41	1,836,107.99	3,939,482.09
Indirect emissions – Scope 2	345.284,35	501,479.16	468,234.06
Other indirect emissions – Scope 3	2,490,755.86	3,584,987.79	1,954,075.27

GHG EMISSIONS (tCO₂e)

|GRI G4-EN15, G4-EN16, G4-EN17|

	EDP HOLDING			EDP BANDEIRANTE			EDP ESCELSA		
SUBDIVISION	2013	2014	2015	2013	2014	2015	2013	2014	2015
Direct emissions – Scope 1	60.44	110.29	129.28	2,887.14	2,455.60	2,341.99	2,619.70	2,830.35	3,091.47
Indirect emissions – Scope 2	58.73	103.71	87.93	179,787.62	244,782.71	205,217.54	165,177.93	251,953.72	233,697.59
Other indirect emissions – Scope 3	655.40	683.54	801.72	1,472,515.14	2,093,837.01	1,146,337.05	1,016,587.74	1,489,541.95	805,830.84

GHG EMISSIONS (tCO₂e)

|GRI G4-EN15, G4-EN16, G4-EN17|

	ESPÍRITO SANTO PLANTS			MATO GROSSO DO SUL PLANTS			HPP LUÍS EDUARDO MAGALHÃES		
SUBDIVISION	2013	2014	2015	2013	2014	2015	2013	2014	2015
Direct emissions – Scope 1	115.13	157.63	139.98	251.24	19.58	193.87	33.75	128.26	124.20
Indirect emissions – Scope 2	212.32	352.30	623.46	8.37	6.77	4.41	19.72	23.69	24.60
Other indirect emissions – Scope 3	423.21	329.97	193.38	12.04	8.53	15.76	77.78	72.52	76.50

GHG EMISSIONS (tCO₂e)

|GRI G4-EN15, G4-EN16, G4-EN17|

	HPP PEIXE ANGICAL			HPP SANTO ANTÔNIO DO JARI			HPP CACHOEIRA CALDEIRÃO		
SUBDIVISION	2013	2014	2015	2013	2014	2015	2013	2014	2015
Direct emissions – Scope 1	119.54	777.18	72.31	91.96	493.27	5.05	23.51	45.57	273.28
Indirect emissions – Scope 2	13.56	14.47	12.83	4.47	2,459.47	40.94	1.63	4.25	16.07
Other indirect emissions – Scope 3	35.38	26.95	54.64	361.40	149.13	114.10	87.79	114.76	305.71

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

SUBDIVISION	HPP SÃO MANOEL			TEP PECÉM I		
	2013	2014	2015	2013	2014	2015
Direct emissions – Scope 1	ND	9.51	36.20	ND	1,829,080.77	3,932,794.01
Indirect emissions – Scope 2	ND	981.78	2.02	ND	796.39	1,516.00
Other indirect emissions – Scope 3	ND	33.15	216.35	ND	190.29	129.21

ASPECTS: EFFLUENTS AND WASTE

TOTAL WEIGHT OF WASTE BY DISPOSAL METHOD (Ton)
[GRI G4-EN23]

	2013		2014		EDP BRAZIL 2015	
	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous
Recycling	3.36	36,831.50	2,299.09	17,450.68	542.09	11,485.77
Co-processing	0.94	-	3.73	-	44.55	1,716.34
Decontamination	15.75	-	40.36	-	5.42	4,595.39
Refinement	86.17	-	97.37	-	73.44	-
Landfill	140.98	0.18	32,406.66	27,863.06	12.12	163,167.29
Neutralisation	-	-	0.80	-	0.35	-
Incineration	449.00	-	65.67	-	0.25	-
Donation	-	-	-	690.00	-	-
Total	696.20	36,831.68	34,913.69	46,003.73	678.22	180,964.81

TOTAL WEIGHT OF WASTE BY DISPOSAL METHOD (Ton)
[GRI G4-EN23]

	TEP PECÉM I					
	2013		2014		2015	
UNIT	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous
Recycling	0.04	33.00	-	735.87	1.63	101.26
Co-processing	-	-	-	-	26.38	1,716.34
Decontamination	0.02	-	-	-	0.10	4,573.39
Refinement	33.62	-	21.29	-	20.46	-
Landfill	-	0.09	-	-	-	162,411.26
Incineration	449.00	-	65.67	-	0.02	-
Total	482.68	33.09	86.96	735.87	48.60	168,802.25

TOTAL WEIGHT OF WASTE BY DISPOSAL METHOD (Ton)
[GRI G4-EN23]

UNIT	Hazardous	2013		2014		DISTRIBUTORS 2015	
		Hazardous	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous
Recycling	0.23		36,762.59	855.93	11,488.73	534.21	11,059.42
Co-processing	0.94		-	0.50	-	0.00	0.00
Decontamination	13.31		-	-	-	5.10	0.00
Refinement	49.01		-	-	-	27.01	0.00
Landfill	-		-	-	-	9.48	42.87
Incineration	-		-	-	-	0.02	0.00
Total	63.50		36,762.59	856.43	11,488.73	575.83	11,102.29

TOTAL WEIGHT OF WASTE BY DISPOSAL METHOD (Ton)
[GRI G4-EN23]

UNIT	Hazardous	2013		2014		HYDRO PLANTS 2015	
		Hazardous	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous
Recycling	3.09		35.91	1,443.17	5,226.08	6.25	325.09
Co-processing	-		-	3.23	-	18.17	0.00
Decontamination	2.41		-	40.36	-	0.22	22.00
Refinement	3.54		-	76.08	-	25.96	0.00
Landfill	140.98		0.09	32,406.66	27,863.06	2.64	713.16
Neutralisation	-		-	0.80	-	0.35	0.00
Incineration	-		-	-	-	0.21	0.00
Donation	-		-	-	690.00	-	-
Total	150.02		36.00	33,970.29	33,779.14	53.79	1,060.26

ASPECT: COMPLIANCE

ENVIRONMENTAL FINES AND SANCTIONS
[GRI G4-EN29]

SUBDIVISION	UNIT	EDP BRAZIL			
		Administrative	2014 Legal	Administrative	2015 Legal
Environmental processes opened filed during the year	Number	8	4	8	11
Processes in portfolio by the end of the year	Number	4	10	14	1
Total amount of environmental fines	Thousands of Reais	15,070.80	ND	0	0

ASPECT: GENERAL

ENVIRONMENTAL INVESTMENTS AND EXPENDITURES (R\$)
[GRI G4-EN31]

	EDP BRAZIL		
SUBDIVISION	2013	2014	2015
Emissions treatment	117,123.00	392,817.00	0.00
Waste treatment	35.100.00	979,584.25	8,730,887.23
Remediation expenses	4,257,326.47	1,768,425.00	1,384,277.72
Prevention expenses	25,623,897.00	25,915,512.18	34,078,140.47
Environmental management expenses	29,582,799.00	94,733,322.52	74,753,437.91
Total	59,616,245.47	123,789,660.95	118,946,743.33

ENVIRONMENTAL INVESTMENTS AND EXPENDITURES (R\$)
[GRI G4-EN31]

	EDP BANDEIRANTE			EDP ESCELSA		
SUBDIVISION	2013	2014	2015	2013	2014	2015
Emissions treatment	117,123.00	392,817.00	0.00	0.00	ND	0.00
Waste treatment	0.00	99,847.00	100,744.00	35,100.00	ND	0.00
Remediation expenses	0.00	0.00	0.00	28,659.47	ND	0.00
Prevention expenses	7,973,714.00	3,925,636.00	3,387,255.00	2,853,974.00	6,828,288.00	3,774,613.46
Environmental management expenses	0.00	144,958.00	49,620.82	43,800.00	166,704.00	296,717.59
Total	8,090,837.00	4,563,258.00	3,537,589.82	2,961,533.47	6,944,992.00	4,071,331.05

ENVIRONMENTAL INVESTMENTS AND EXPENDITURES (R\$)
[GRI G4-EN31]

	ESPÍRITO SANTO PLANTS			MATO GROSSO DO SUL PLANTS		
SUBDIVISION	2013	2014	2015	2013	2014	2015
Emissions treatment	0.00	ND	0.00	0.00	0.00	0.00
Waste treatment	0.00	37,252.25	507,883.51	0.00	0.00	563,302.29
Remediation expenses	876,660.00	ND	0.00	498,608.00	0.00	522,012.97
Prevention expenses	484,047.00	ND	370,661.90	0.00	0.00	0.00
Environmental management expenses	134,853.00	2,170,698.65	156,817.08	130,792.00	1,246,203.87	17,873.62
Total	1,495,560.00	2,207,950.90	1,035,362.49	629,400.00	1,246,203.87	1,103,188.88

ENVIRONMENTAL INVESTMENTS AND EXPENDITURES (R\$)
[GRI G4-EN31]

	HPP LUIZ EDUARDO MAGALHÃES			HPP PEIXE ANGICAL		
SUBDIVISION	2013	2014	2015	2013	2014	2015
Emissions treatment	0.00	ND	0.00	0.00	ND	0.00
Waste treatment	0.00	ND	2,141,692.12	0.00	9,000.00	533,970.00
Remediation expenses	890,628.00	636,766.00	862,264.75	649,196.00	ND	0.00
Prevention expenses	314,050.00	1,014,893.00	0.00	991,397.00	20,000.00	228,247.00
Environmental management expenses	3,544,850.00	3,221,703.00	3,065,806.50	162,927.00	27,000.00	121,643.00
Total	4,749,528.00	4,873,362.00	6.069,763.37	1,803,520.00	56,000.00	883,860.00

ENVIRONMENTAL INVESTMENTS AND EXPENDITURES (R\$)
[GRI G4-EN31]

	HPP SANTO ANTÔNIO DO JARI			CACHOEIRA CALDEIRÃO		
SUBDIVISION	2013	2014	2015	2013	2014	2015
Emissions treatment	0.00	0.00	0.00	ND	0.00	0.00
Waste treatment	0.00	0.00	1,634,380.55	ND	0.00	877,483.23
Remediation expenses	1,069,634.00	0.00	0.00	243,941.00	1,131,659.00	0.00
Prevention expenses	12,523,907.00	9,431,334.00	1,590,221.05	482,808.00	2,205,958.00	17,584,255.75
Environmental management expenses	20,077,144.00	11,981,397.00	2,709,113.56	5,488,433.00	57,841,139.00	40,566,148.78
Total	33,670,685.00	21,412,731.00	5,933,715.16	6,215,182.00	61,178,756.00	59,017,887.76

ENVIRONMENTAL INVESTMENTS AND EXPENDITURES (R\$)
[GRI G4-EN31]

	HPP SÃO MANOEL		TEP PECÉM I	
SUBDIVISION	2014	2015	2014	2015
Emissions treatment	ND	0.00	ND	0.00
Waste treatment	ND	2,361,509.53	833,485.00	9,922.00
Remediation expenses	ND	0.00	0.00	0.00
Prevention expenses	1,357,973.00	7,135,594.31	1,131,430.18	7,322.00
Environmental management expenses	17,983,519.00	27,767,545.96	ND	2,151.00
Total	19,341,492.00	37,264,649.80	1,964,915.18	19,395.00

ASPECT: ENVIRONMENTAL GRIEVANCE MECHANISMS

ENVIRONMENTAL GRIEVANCES (NUMBER)
[GRI G4-EN34]

	EDP BRAZIL		
SUBDIVISION	2013	2014	2015
Number of environmental complaints filed	38	81	71
Number of environmental complaints addressed	0	0	4
Number of environmental complaints resolved	0	0	4

SOCIAL CATEGORY: LABOUR PRACTICES AND DECENT WORK

ASPECT: EMPLOYMENT

TURNOVER
[GRI G4-LA1]

		EDP BRAZIL								
GENDER	UNIT	2015								
		UNDER 30 YEARS OLD			FROM 30 TO 50 YEARS OLD			OVER 50 YEARS OLD		
		MAN	WOMAN	TOTAL	MAN	WOMAN	TOTAL	MAN	WOMAN	TOTAL
Hired	Number	99	33	132	122	28	150	13	2	15
Fired	Number	37	23	60	89	31	120	53	18	71
Turnover	%	14.65	15.57	14.90	7.52	7.57	7.53	7.96	11.08	8.52

RETURN TO WORK AFTER PARENTAL LEAVE

| GRI G4-LA3 |

		EDP BRAZIL					
		2013		2014		2015	
SUBDIVISION	UNIT	MEN	WOMEN	MEN	WOMEN	MEN ¹	WOMEN
Number of employees who were entitled to the leave	Number	38	18	ND	21	ND	31
Number of employees who took the leave	Number	38	18	ND	21	ND	31
Number of employees who returned to work after the leave	Number	38	18	ND	18	ND	35
Number of employees who were still in the company 12 months after returning to work	Number	3	9	ND	2	ND	12
Return rate of employees who returned to work after the leave ended	%	100	100	ND	100	ND	100
Retention rate of employees who returned to work and stayed 12 months after the leave ended	%	94	76	ND	11	ND	75

¹ It was not possible to calculate paternity leave due to the working hours control system adopted by the company

ASPECT: OCCUPATIONAL HEALTH AND SAFETY

OCCUPATIONAL HEALTH AND SAFETY FOR COMPANY'S EMPLOYEES

| GRI G4-LA6 |

	EDP BRAZIL		
SUBDIVISION	UNIT	2014	2015
Number of accidents resulting in leave of absence	Number	8	11
Number of accidents without leave of absence	Number	22	20
Number of fatalities	Number	0	1
Injury rate of accidents resulting in leave of absence or fatalities (frequency rate)	Rate	1.18	1.71
Severity rate	Rate	79.58	961
Occupational disease rate	Rate	0.00	ND
Lost days rate	Rate	61.83	106
Absenteeism rate	Rate	0.00	ND

2 The health and safety numbers included the numbers of the Pecém companies of which EDP has no operational control, since the topic management is performed jointly with Pecém I companies.

OCCUPATIONAL HEALTH AND SAFETY FOR THIRD PARTIES

| GRI G4-LA6 |

	EDP BRAZIL		
SUBDIVISION	UNIT	2014	2015
Number of accidents resulting in leave of absence	Number	37	58
Number of accidents without leave of absence	Number	85	178
Number of fatalities	Number	5	6
Injury rate of accidents resulting in leave of absence or fatalities (frequency rate)	Rate	1.99	2.64
Severity rate	Rate	1,596.34	1,602
Occupational disease rate	Rate	0.00	ND
Lost days rate	Rate	31.72	115
Absenteeism rate	Rate	0.00	ND

OCCUPATIONAL HEALTH AND SAFETY FOR COMPANY AND THIRD PARTIES' EMPLOYEES

| GRI G4-LA6 |

	EDP BRAZIL		
SUBDIVISION	UNIT	2014	2015
Number of accidents resulting in leave of absence	Number	45	69
Number of accidents without leave of absence	Number	107	198
Number of fatalities	Number	5	7
Injury rate of accidents resulting in leave of absence or fatalities (frequency rate)	Rate	1.80	2.43
Severity rate	Rate	1,228.18	1,458
Occupational disease rate	Rate	ND	ND
Lost days rate	Rate	39.03	113.39
Absenteeism rate	Rate	ND	ND

[illegible]

OCCUPATIONAL HEALTH AND SAFETY FOR THIRD PARTIES
[GRI G4-LA6]

		EDP Bandeirante	EDP Escelsa	Espírito Santo Plants	Mato Grosso do Sul Plants	HPP Luiz Eduardo Magalhães	HPP Peixe Angical	HPP Santo Antônio do Jari	HPP Cachoeira Caldeirão	HPP São Manoel	TEP Pecém I
SUBDIVISION	UNIT	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015
Number of accidents resulting in leave of absence	Number	2	9	2	0	0	0	0	4	37	4
Number of accidents without leave of absence	Number	12	8	1	0	0	0	0	20	130	7
Number of fatalities	Number	0	2	0	0	0	0	1	2	1	0
Injury rate of accidents resulting in leave of absence or fatalities (frequency rate)	Rate	0.44	1.92	10.82	0.00	0.00	0.00	2.80	1.16	5.70	3.21
Severity rate	Rate	25.81	2,183.00	16.22	0.00	0.00	0.00	16,812.52	2,368.00	1,162.00	137.11
Occupational disease rate	Rate	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Lost days rate	Rate	25.81	86.99	16.22	0.00	0.00	0.00	0.00	50.59	261.92	137.11
Absenteeism rate	Rate	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND

OCCUPATIONAL HEALTH AND SAFETY FOR COMPANY AND THIRD PARTIES EMPLOYEES
[GRI G4-LA6]

		EDP Bandeirante	EDP Escelsa	Espírito Santo Plants	Mato Grosso do Sul Plants	HPP Luiz Eduardo Magalhães	HPP Peixe Angical	HPP Santo Antônio do Jari	HPP Cachoeira Caldeirão	HPP São Manoel	TEP Pecém I
SUBDIVISION	UNIT	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015
Number of accidents resulting in leave of absence	Number	3	14	2	0	0	0	0	4	38	8
Number of accidents without leave of absence	Number	19	16	1	0	0	0	0	20	130	12
Number of fatalities	Number	1	2	0	0	0	0	1	2	1	0
Injury rate of accidents resulting in leave of absence or fatalities (frequency rate)	Rate	0.56	2.04	5.40	0.00	0.00	0.00	2.31	1.12	5.79	3.51
Severity rate	Rate	860.87	1,658.79	8.09	0.00	0.00	0.00	13,834.54	2,294.70	1,152.72	179.64
Occupational disease rate	Rate	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Lost days rate	Rate	16.88	126.18	8.09	0.00	0.00	0.00	0.00	49.03	261.33	179.64
Absenteeism rate	Rate	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND

COMPOSITION OF EMPLOYEES BY EMPLOYEE CATEGORY
[GRI G4-LA12]

		EDP BRAZIL					
		2013		2014		2015	
EMPLOYEE CATEGORY	UNIT	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Executives	Number	ND	ND	5	0	5	0
Directors	Number	ND	ND	20	4	24	2
Managers	Number	108	29	113	25	138	32
Specialists	Number	559	257	550	337	597	352
Administrative	Number	148	258	107	238	173	231
Operational	Number	1285	107	1346	53	1493	57
Interns	Number	70	66	82	76	80	58
Trainees	Number	28	21	35	31	19	36

COMPOSITION OF EMPLOYEES BY AGE-GROUP
[GRI G4-LA12]

		EDP BRAZIL					
		2013		2014		2015	
AGE-GROUP (GRI)	UNIT	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Under 30 years old	Number	511	206	478	201	527	189
From 30 to 50 years old	Number	1306	380	1342	386	1495	397
Over 50 years old	Number	283	65	321	70	408	88

COMPOSITION OF EMPLOYEES BY ETHNICITY
[GRI G4-LA12]

		EDP BRAZIL					
		2013		2014		2015	
ETHNICITY	UNIT	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Caucasian	Number	1362	483	1688	533	1623	519
Black	Number	685	148	383	100	114	10
Pardos (Mixed)	Number	ND	ND	ND	ND	637	128
Asian	Number	49	19	18	10	36	16
Indigenous	Number	4	1	8	1	6	1
Not Informed	Number	ND	ND	44	13	14	0

COMPOSITION OF BY MINORITY GROUPS
[GRI G4-LA12]

		EDP BRAZIL					
		2013		2014		2015	
MINORITY GROUP	UNIT	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Black	Number	ND	ND	ND	ND	4	0
Disabled people	Number	ND	ND	ND	1	0	1
Foreigners	Number	20	4	10	3	7	1

COMPOSITION OF EMPLOYEES BY FORMAL EDUCATION LEVEL

|GRI G4-LA12|

		EDP BRAZIL					
		2013		2014		2015	
ACADEMIC PROFILE	UNIT	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Illiterate employees	Number	0	0	1	0	1	0
Primary education incomplete	Number	43	3	20	1	19	0
Primary education complete	Number	193	28	93	8	89	3
Secondary education incomplete	Number	ND	ND	114	18	47	3
Secondary education complete	Number	1,193	224	1,231	237	1,359	187
Higher education	Number	618	373	626	365	655	342
Post-graduation (specialisation, master's degree, doctorate)	Number	48	24	56	28	260	139

REMUNERATION PROFILE (AVERAGE SALARY)

|GRI G4-LA13|

		EDP BRAZIL		
EMPLOYEE CATEGORY	UNIT	2014	2015	
Executives	R\$	28,196.89	36,379.25	
Directors	R\$	24,209.33	27,853.95	
Managers	R\$	15,124.91	14,784.80	
Specialists	R\$	6,866.62	7,217.90	
Administrative	R\$	3,125.90	3,159.11	
Operational	R\$	3,066.16	3,261.12	

RATIO OF BASIC SALARY OF WOMEN TO MEN (W/M)

|GRI G4-LA13|

		EDP BRAZIL		
EMPLOYEE CATEGORY	UNIT	2014	2015	
Executives	Unit	0.00	0.00	
Directors	%	60.3	116.5	
Managers	%	80.8	86.1	
Specialists	%	77.7	75.9	
Administrative	%	94.3	118.2	
Operational	%	83.9	93.3	

RATIO OF BASIC SALARY OF WOMEN TO MEN (W/M)

|GRI G4-LA13|

		EDP BRAZIL		
EMPLOYEE CATEGORY	UNIT	2013	2014	2015
Executives	Unit	ND	0.0	0.0
Directors	%	ND	60.3	116.5
Managers	%	29.0	79.8	84.7
Specialists	%	42.0	75.3	71.3
Administrative	%	176.0	90.9	114.5
Operational	%	7.0	85.2	88.0

ASPECT: LABOUR PRACTICES GRIEVANCE MECHANISMS**GRIEVANCES ABOUT LABOUR PRACTICES**

|GRI G4-LA16|

		EDP BRAZIL			
	UNIT	2013	2014	2015	
Filed	Number	ND	415	497	
Addressed	Number	ND	1616	1562	
Resolved	Number	ND	532	592	
Amount provisioned in the period	Thousands of Reais	15,213.00	25,661.07	27,485.30	

SOCIAL CATEGORY: SOCIETY**ASPECT: ANTI-CORRUPTION****NUMBER OF ASSOCIATES TRAINED ON ANTI-CORRUPTION POLICIES AND PROCEDURES**

|GRI G4-S04|

		EDP BRAZIL		
EMPLOYEE CATEGORY	UNIT	2014	2015	
Executives	Number	1	0	
Directors	Number	16	3	
Managers	Number	56	21	
Specialists	Number	41	25	
Administrative	Number	943	51	
Operational	Number	0	294	

ASPECT: COMPLIANCE**FINES AND NON-MONETARY SANCTIONS FOR NON-COMPLIANCE WITH LAWS AND REGULATIONS**

|GRI G4-S08|

		EDP BRAZIL		
SUBDIVISION	UNIT	2014	2015	
Monetary value of significant fines	Thousands of R\$	25,934	12,967	
Total number of non-monetary sanctions	Number	56	28	
Cases brought through dispute resolution mechanisms	Number	0	0	

SOCIAL CATEGORY: HUMAN RIGHTS

TRAINING ON ASPECTS OF HUMAN RIGHTS
[GRI G4-HR2]

	EDP BRAZIL			
	UNIT	2013	2014	2015
Total hours of training to associates on policies and/or procedures related to Human Rights	Hours	ND	32.0	50.0
Percentage of employees that received training on policies and procedures related to Human Rights	%	14.7	33.7	11.4

ASPECT: NON-DISCRIMINATION

PERCENTAGE OF EMPLOYEES WHO RECEIVED TRAINING ON ANTI-CORRUPTION ASPECTS
[GRI G4-HR3]

Executives	%	3.7	0.0
Directors	%	57.1	0.8
Managers	%	41.5	5.3
Specialists	%	39.8	6.3
Administrative	%	33.2	12.9
Operational	%	0.0	74.6

ASPECT: COMMUNICATION AND MARKETING

ASPECT: COMPLIANCE

COMPENSATIONS PAID FOR NON-COMPLIANCE WITH LAWS AND REGULATIONS
[GRI G4-PR9]

		EDP BANDEIRANTE			EDP ESCELSA		
SUBDIVISION	UNIT	2013	2014	2015	2013	2014	2015
DIC	Thousands of Reais	925.26	877.03	1,497.47	1,545.76	1,464.90	1,661.92
FIC	Thousands of Reais	396.53	384.11	387.56	324.23	322.08	281.38
DMIC	Thousands of Reais	756.90	956.22	2,518.84	1,027.34	1,246.06	1,818.10
DICRI	Thousands of Reais	41.19	0	0	285.54	85.16	0
Other compensations paid	Thousands of Reais	58.48	5,348.02	4,089.76	60.11	ND	5,348.02
Total	Thousands of Reais	2,178.36	2,317.06	8,493.62	3,242.88	3,118.20	9,109.42

SECTOR INDICATORS

ASSURED ENERGY
[GRI G4-EU1]

OPERATIONAL UNITS	EDP BRAZIL			
	UNIT	2013	2014	2015
Hydro	Average MW	1,060.5	1,167.9	1,167.8
HPP Peixe Angical (TO)	Average MW	280.5	280.5	280.5
HPP Lajeado (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 Kari (AP)	Average MW	-	108.9	108.9
PCH Alegre (ES)	Average MW	1.2	1.2	1.2
PCH Fruteiras (ES)	Average MW	4.9	4.9	4.9
PCH Jucu (ES)	Average MW	2.6	2.6	2.6
PCH Francisco Gros (former Santa Fé) (ES)	Average MW	16.4	16.4	15.6
PCH São João (ES)	Average MW	13.6	13.0	13.0
PCH Viçosa (ES)	Average MW	2.5	2.5	2.0
PCH Rio Bonito (ES)	Average MW	9.4	9.4	9.4
HPP Mimoso (MS)	Average MW	20.9	20.9	20.9
PCH Costa Rica (MS)	Average MW	11.1	11.1	12.3
PCH Paraíso (MS)	Average MW	12.6	12.6	12.6
CGH Coxim (MS)	Average MW	0.3	NA	-
CGH São João I (MS)	Average MW	0.2	NA	-
CGH São João II (MS)	Average MW	0.3	NA	-
Thermal	Average MW	315.5	315.5	645.3
TEP Pecém I	Average MW	315.5	315.5	645.3
Total	Average MW	1,388.4	1,495.8	1,813.0

NET ENERGY OUTPUT
[GRI EU2]

SUBDIVISION	EDP BRAZIL			
	UNIT	2013	2014	2015
Hydro	GWh	8,424.55	8,772.70	8,147.95 ¹
Thermal	GWh	1,189.21	1,950.86	4,004.62
Wind	GWh	103.41	235.93	-
Total	GWh	9,717.17	10,959.50	12,152.57

¹ Consolidated values of 100% of plants of which EDP has operational control, and proportional values of interest for the companies in which EDP has Joint Venture; Energy net production: Gross energy produces, except for the plant self-consumption energy.

NUMBER OF CUSTOMER (CONSUMING UNITS)**[GRI-EU3]**

		EDP BANDEIRANTE			EDP ESCELSA		
SUBDIVISION	UNIT	2013	2014	2015	2013	2014	2015
Residential	Number	1,519,284	1,573,472	1,625,456	1,072,472	1,111,855	1,152,580
Industrial	Number	11,973	12,468	12,300	11,750	11,973	11,856
Commercial	Number	113,286	117,712	120,558	117,015	119,726	121,013
Rural	Number	7,994	8,014	8,002	165,722	170,738	177,539
Public Power	Number	8,890	9,056	9,122	10,098	10,125	11,344
Public Lighting	Number	3,056	2,923	3,070	393	327	420
Public Service	Number	1,324	1,370	1,382	1,223	1,119	1,398
Conventional Supply	Number	2	2	2	-	-	0
Supply	Number	-	0	0	-	1	1
Energy in transit (USD)	Number	165	173	174	74	75	81
Own consumption	Number	166	172	162	193	202	209
Others	Number	-	-	0	-	-	0
Total	Number	1,666,140	1,725,362	1,780,228	1,378,940	1,426,141	1,476,441

LENGTH OF DISTRIBUTION LINES**[GRI-EU4]**

		EDP BANDEIRANTE					
SUBDIVISION	UNIT	2013		2014		2015	
		Above Ground	Underground	Above Ground	Underground	Above Ground	Underground
Low-tension (under 1kV)	km	12,500.93	35.42	12,744.51	58.12	12,845.00	78.70
Medium-tension (higher than 1kV and lower than 69 kV)	km	13,936.98	85.10	14,256.16	95.64	14,412.00	110.69
High-tension (higher than or equal to 69 kV)	km	896.21	6.32	953.43	4.60	953.00	6.32

LENGTH OF DISTRIBUTION LINES**[GRI-EU4]**

		EDP ESCELSA					
SUBDIVISION	UNIT	2013		2014		2015	
		Above Ground	Underground	Above Ground	Underground	Above Ground	Underground
Low-tension (under 1kV)	km	9,106.83	2.28	9,218.51	2.83	9,361.44	0.32
Medium-tension (higher than 1kV and lower than 69 kV)	km	49,030.19	29.09	49,481.00	28.34	50,148.57	34.71
High-tension (higher than or equal to 69 kV)	km	2,643.98	-	2,681.71	-	2,685.80	-

EFFICIENCY OF THERMAL PLANTS**[GRI-EU11]**

		EDP BRAZIL			
SUBDIVISION	UNIT	2013	2014	2015	
Global Efficiency	%	35.35	33.22	35.50	
Average Efficiency of Generating Unit 1 (UG1)	%		32.90	35.50	
Average Efficiency of Generating Unit 2 (UG2)	%	30.04	ND	35.60	

TRANSMISSION AND DISTRIBUTION LOSSES AS A PERCENTAGE OF TOTAL ENERGY**[GRI EU12]**

		EDP BANDEIRANTE			EDP ESCELSA		
SUBDIVISION	UNIT	2013	2014	2015	2013	2014	2015
Transmission loss	%	1.69	1.62	1.92	1.37	1.26	1.58
Distribution loss	%	9.86	9.48	8.97	13.17	13.68	13.50
Technical losses	%	5.53	5.54	5.41	7.81	7.62	8.22
Non-technical losses (commercial)	%	4.34	3.94	3.55	5.36	6.06	5.28

NUMBER OF RESIDENTIAL DISCONNECTIONS FOR NON-PAYMENT**[GRI EU27]**

		EDP BANDEIRANTE			EDP ESCELSA		
SUBDIVISION	UNIT	2013	2014	2015	2013	2014	2015
Less than 48 hours	Number	108,477	116,301	81,972	64,910	52,319	49,046
48 hours to 1 week	Number	17,214	13,711	16,942	22,405	20,555	17,112
1 week to 1 month	Number	24,368	23,666	23,461	16,750	17,439	19,408
1 month to 1 year	Number	37,744	26,549	24,381	16,884	12,571	22,723
Over 1 year	Number	34	37	17	4,647	10,613	1,422
No category	Number	0	0	0	0	0	0

NUMBER OF RESIDENTIAL RECONNECTIONS AFTER PAYMENT OF UNPAID BILLS**[GRI EU27]**

		EDP BANDEIRANTE			EDP ESCELSA		
SUBDIVISION	UNIT	2013	2014	2015	2013	2014	2015
Less than 24 hours	Number	197,214	178,008	170,275	54,006	47,669	62,537
24 hours to 1 week	Number	11,461	11,436	5,020	56,518	52,209	37,094
Over 1 week	Number	1,214	1,243	1,000	8,616	5,675	8,047
No category	Number	-	-	-	-	-	-

AVERAGE AVAILABILITY FACTOR
[GRI EU30]

							EDP BRAZIL		
	2013			2014			2015		
UNIT	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	93	10,536.20	2,089.71	95	15,083.00	2,694.53	91
HPP Peixe Angical (TO)	2,317.55	33.20	91	1,556.63	13.65	94	1,825.33	55.48	93
HPP Lajeado (TO)	2,659.60	225.27	93	2,197.22	239.45	94	3,065.03	81.25	93
HPP Mascarenhas (ES)	2,104.97	360.38	93	1,492.57	136.42	95	1,114.58	72.07	96
HPP Suíça (ES)	671.82	61.30	96	422.50	152.55	97	320.97	0.85	98
HPP Santo Antônio do Jari (AP)	-	-	-	28.43	21.72	99	5,245.65	705.03	80
PCH Alegre (ES)	661.90	109.70	91	233.38	39.35	97	147.23	4.40	98
PCH Fruteiras (ES)	764.20	149.62	95	412.13	65.02	97	289.45	17.88	98
PCH Jucu (ES)	2,119.03	66.02	88	231.68	97.67	98	396.67	541.30	95
PCH Francisco Gros – former Santa Fé (ES)	405.37	307.68	96	434.90	249.98	96	760.90	258.40	94
PCH São João (ES)	678.70	512.97	93	302.63	554.13	95	155.40	218.88	98
PCH Viçosa (ES)	1,474.45	724.00	87	1,136.07	47.67	93	374.88	275.20	96
PCH Rio Bonito (ES)	798.73	191.65	96	858.63	40.10	97	626.10	53.57	97
HPP Mimoso (MS)	321.03	30.02	98	399.33	322.13	95	303.87	205.02	97
PCH Costa Rica (MS)	307.00	305.87	98	383.80	5.37	98	213.53	34.50	99
PCH Paraíso (MS)	493.60	326.75	95	447.28	104.68	97	243.40	170.70	98
CGH Coxim (MS)	223.78	237.43	95	-	-	-	-	-	-
CGH São João I (MS)	432.72	533.77	94	-	-	-	-	-	-
CGH São João II (MS)	11.67	171.65	98	-	-	-	-	-	-
Thermal	1,149.52	2,535.73	62	176.55	3,064.12	76	996.02	759.52	88
TEP Pecém I (CE)	1,149.52	2,535.73	62	176.55	3,064.12	76	996.02	759.52	88



Content Index
EDP Energias do Brasil S.A.

June 2016
Service

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GENERAL STANDARD DISCLOSURE	PAGE/RESPONSE	OMISSIONS
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G4-37	47, 48, 110	
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G4-39	EDP Brazil Chairman is not an executive officer in any of the Group companies	
G4-40	40	
G4-41	40, 46, 47	
G4-42	35, 40, 55	
G4-43	EDP Business Units and Holding Boards perform weekly meetings, in which the management areas report the economic, environmental and social performance of the companies and/or request approval for programs/ projects/ initiatives to improve the management of these topics. The meetings provide continuous monitoring of relevant topics by these units Board.	
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SPECIFIC STANDARD DISCLOSURES

CATEGORY: ECONOMIC

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G4-DMA	123	
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CATEGORY: ENVIRONMENTAL

DMAS AND INDICATORS	PAGE/RESPONSE	OMISSIONS
MATERIALS		
G4-DMA	93, 101	
G4-EN1	142	
G4-EN2	142	
ENERGY		
G4-DMA	93, 108, 130	
G4-EN3	142	
G4-EN4	The information is currently unavailable. EDP has a suppliers program that analyses suppliers' performance on sustainability (IDF). This process provides for the inclusion of indicators to improve the scope 3 of the inventory. That is why the calculation of energy consumption outside the company's boundaries should be completed by 2017.	
G5-EN5	144	
G4-EN6	130	
G4-EN7	There were no reductions in general consumption	

CATEGORY: ENVIRONMENTAL

DMAS AND INDICATORS	PAGE/RESPONSE	OMISSIONS
WATER		
G4-DMA Management form	93, 100	
G4-EN8 Total water withdrawal by source	101	
G4-EN9 Water sources significantly affected by withdrawal of water	No water source was significantly affected by withdrawal of water, once the hydroelectric energy generation is a use source and not a consumption source of water, which means that the water used for this purpose returns to its original course, without any effective reduction of the water body availability. TEP Pecém I uses water from a public concessionaire to generate energy and recirculate up to eight times the water in its circuits.	
G4-EN10 Percentage and total volume of water recycled and reused	144	
BIODIVERSITY		
G4-DMA	93, 94	
G4-EN11	This indicator does not include the areas determined by the new forestry code	
G4-EN12	98	
G4-EN13	96	
G4-EN14	There are no endangered species in the habitats located in areas affected by the organisation's operation.	
EMISSIONS		
G4-DMA	93, 105, 108	
G4-EN15	145, 146	
G4-EN16	145, 146	
G4-EN17	145, 146	
G4-EN18	108	
G4-EN19	109	
	No reductions on EDP GHG emissions were registered.	
G4-EN20	CFC emissions are produced by cooling equipment and have no significant impact.	
G4-EN21	109	

CATEGORY: ENVIRONMENTAL

DMAS AND INDICATORS	PAGE/RESPONSE	OMISSIONS
EFFLUENTS AND WASTE		
G4-DMA	93, 101	
G4-EN22	101, 103	
G4-EN23	101, 102, 146, 147	
G4-EN24	104, 105	
G4-EN25	No hazardous waste was transported by EDP operational units	
G4-EN26	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 effluents volume.	

EN26

DMAS AND INDICATORS	PAGE/RESPONSE	OMISSIONS
PRODUCTS AND SERVICES		
G4-DMA	93, 94, 100, 101, 105, 108	
G4-EN27	109	
G4-EN28	There are no packaging materials in Energy Generation, Distribution and Supply	
COMPLIANCE		
G4-DMA	93	
G4-EN29	147	
TRANSPORT		
G4-DMA	93, 108	
G4-EN30	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	93	
G4-EN31	148	
SUPPLIER ENVIRONMENTAL ASSESSMENT		
G4-DMA	93, 123	
G4-EN32	124	
G4-EN33	124	
ENVIRONMENTAL GRIEVANCE MECHANISMS		
G4-DMA	93	
G4-EN34	149	

DMAS AND INDICATORS	PAGE/RESPONSE	OMISSIONS
EMPLOYMENT		
G4-DMA	113, 115	
G4-LA1	114, 149	
G4-LA2	115	
G4-LA3	150	
LABOUR/MANAGEMENT RELATIONS		
G4-DMA	113	
G4-LA4	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	113, 120	
G4-LA5	120	
G4-LA6	150, 151, 152	
G4-LA7	122	
TRAINING AND EDUCATION		
G4-DMA	113, 116, 117, 119	
G4-LA9	116	
G4-LA10	119	
G4-LA11	117	
DIVERSITY AND EQUAL OPPORTUNITIES		
G4-DMA	113, 114	
G4-LA12	114	
EQUAL REMUNERATION FOR WOMEN AND MEN		
G4-DMA	113, 114, 115	
G4-LA13	154	
SUPPLIER ASSESSMENT FOR LABOUR PRACTICES		
G4-DMA	123	
G4-LA14	124	
	In screening of new suppliers information on environmental, social, labour and human rights aspects are taken into account. These criteria are monitored by the IDF (Supplier Performance Index) after hire. In 2015, 12 suppliers were assessed under criteria related to labour, environmental, human rights and social practices.	
G4-LA15	126	

DMAS AND INDICATORS	PAGE/RESPONSE	OMISSIONS
LABOUR PRACTICES GRIEVANCE MECHANISMS		
G4-DMA	113	
G4-LA16	155	

CATEGORY: SOCIAL - HUMAN RIGHTS

DMAS AND INDICATORS	PAGE/RESPONSE	OMISSIONS
INVESTMENTS		
G4-DMA	123	
G4-HR1	124	
G4-HR2	156	
NON-DISCRIMINATION		
G4-DMA	40, 46, 47	
G4-HR3	46	
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
G4-DMA	123	
G4-HR4	The IDF (Supplier Performance Index) assesses the criteria of payment compliance pursuant to the Collective Employment Agreement entered into with the union. In 2015, there were no significant occurrences.	
CHILD LABOUR		
G4-DMA	123	
G4-HR5	126	
FORCED OR COMPULSORY LABOUR		
G4-DMA	123	
G4-HR6	126	
SECURITY PRACTICES		
G4-DMA	123	
G4-HR7	In 2015, 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	130	
G4-HR8	130	
ASSESSMENT		
G4-DMA	123	
G4-HR9	125	

CATEGORY: SOCIAL - HUMAN RIGHTS

DMAS AND INDICATORS	PAGE/RESPONSE	OMISSIONS
SUPPLIER HUMAN RIGHTS ASSESSMENT		
G4-DMA	123	
G4-HR10	124	
	In the screening of new suppliers, information on environmental, social, labour and human rights aspects are taken into account. These criteria are monitored by the IDF after hiring.	
G4-HR11	126	
HUMAN RIGHTS GRIEVANCE MECHANISMS		
G4-DMA	40, 46, 47	
GR-HR12	No grievance about human rights were filed in 2015.	

CATEGORY: SOCIAL - SOCIETY

DMAS AND INDICATORS	PAGE/RESPONSE	OMISSIONS
LOCAL COMMUNITIES		
G4-DMA	127	
G4-SO1	126, 127	
G4-SO2	127	
ANTI-CORRUPTION		
G4-DMA	40, 46, 47	
G4-SO3	46	
G4-SO4	47, 155	
G4-SO5	48	
PUBLIC POLICY		
G4-DMA	110	
G4-SO6	The company does not make contributions to political parties, politicians or related institutions.	
ANTI-COMPETITIVE BEHAVIOUR		
G4-DMA	40, 46, 47	
G4-SO7	In 2015 there were no lawsuits for unfair competition	
COMPLIANCE		
G4-DMA	40, 46, 47	
G4-SO8	155	
SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY		
G4-DMA	123	
G4-SO9	124	
	In the screening of new suppliers, information on environmental, social, labour and human rights aspects are taken into account. These criteria are monitored by the IDF after hiring.	
G4-SO10 taken	126	
GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY		
G4-DMA	127, 129	
G4-SO11	In 2015, no grievances related to impacts on society caused by EDP activities were filed.	

CATEGORY: SOCIAL - PRODUCT RESPONSIBILITY

DMAS AND INDICATORS	PAGE/RESPONSE	OMISSIONS
CUSTOMER HEALTH AND SAFETY		
G4-DMA	75, 76, 134	
G4-PR1	134	
G4-PR2	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.	
PRODUCT AND SERVICE LABELLING		
G4-DMA	75, 76, 78, 81	
G4-PR3	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 January 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).	
PRODUCT AND SERVICE LABELLING		
G4-PR4	No regulations and voluntary codes concerning the availability of information on the service provided are adopted.	
G4-PR5	78, 79, 81	
MARKETING COMMUNICATIONS		
G4-DMA	40, 46, 47	
G4-PR6	EDP does not sell banned or disputed products.	
G4-PR7	EDP Bandeirante and EDP Escelsa 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 Hydroelectric Plants, there are some environmental and social impacts on the region. The Brand and Communication Executive Management works with IEDP to listen and clarify the community expectations in public hearings.	

DMAS AND INDICATORS	PAGE/RESPONSE	OMISSIONS
CUSTOMER PRIVACY		
G4-DMA	40, 46, 47	
G4-PR8	In 2015, there were no complaints regarding breaches of customer privacy and losses of customer data	
COMPLIANCE		
G4-DMA	40, 46, 47	
G4-PR9	EDP does not sell banned or disputed products	

SECTOR DISCLOSURES

DESCRIPTION	PAGE/RESPONSE	OMISSIONS
EU1	72, 157	
EU2	71, 157	
EU3	76, 81, 158	
EU4	158	
EU5	109	
EU6	62	
EU7	130	
EU8	65	
EU9	There are no plants under decommissioning. EDP does not operate nuclear power plants.	
EU10	62	
EU11	159	
EU12	159	
EU13	This indicator requires long-term study. This data should be published in 2016.	
EU14	Electricians School – The program purpose is to qualify people to work as electricians in the labour market, offering solid qualification to the participants and providing better opportunities to enter this market. Offered in a partnership with Senai, the Above-Ground Distribution Line Construction and Maintenance has 480 hours and is free.	
EU15	117	

SECTOR DISCLOSURES

DESCRIPTION	PAGE/RESPONSE	OMISSIONS
EU17	It was not possible to measure the indicator in 2015, 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 2017.	
EU18	100% of partners and contractor employees participate in trainings on electricity facilities and services safety, according to the legislation.	
EU20	129	
EU22	128, 129	
EU23	130	
EU24	130	
EU25	134	
EU26	Rural and urban populations are 100% served.	
EU27	159	
EU28	76	
EU29	76	
EU30	74	

GLOBAL COMPACT

INDICADOR	INDICADOR PACTOR GLOBAL	INDICADOR	INDICADOR PACTOR GLOBAL	INDICADOR	INDICADOR PACTOR GLOBAL
G4-10	6	G4-EN12	7,8,9	G4-EN31	7,8,9
G4-11	3	G4-EN13	7,8,9	G4-EN32	7,8,9
G4-EN1	7,8,9	G4-EN14	7,8,9	G4-EN33	7,8,9
G4-EN2	7,8,9	G4-EN15	7,8,9	G4-EN34	7,8,9
G4-EN3	7,8,9	G4-EN16	7,8,9	G4-LA4	3
G4-EN4	7,8,9	G4-EN17	7,8,9	G4-HR3	6
G4-EN5	7,8,9	G4-EN18	7,8,9	G4-HR4	3
G4-EN6	7,8,9	G4-EN19	7,8,9	G4-HR5	5
G4-EN7	7,8,9	G4-EN20	7,8,9	G4-HR6	4
G4-EN8	7,8,9	G4-EN21	7,8,9	G4-HR8	2
G4-EN9	7,8,9	G4-EN25	7,8,9	G4-SO1	1
G4-EN10	7,8,9	G4-EN26	7,8,9	G4-SO2	1
G4-EN11	7,8,9	G4-EN27	7,8,9	G4-SO3	10
G4-EN22	7,8,9	G4-EN28	7,8,9	G4-SO4	10
G4-EN23	7,8,9	G4-EN29	7,8,9	G4-SO5	10
G4-EN24	7,8,9	G4-EN30	7,8,9	G4-SO6	10

IBASE SOCIAL BALANCE SHEET

1 – DENOMINATORS	2015			2014		
Net revenue (NR)	10,107,957.00			8,898,728.00		
Operating result (OR)	1,762,685.00			1,186,880.00		
Gross payroll (GP)	346,472.00			307,751.95		
2 – INTERNAL SOCIAL INDICATORS	Thousands of Reais	% on GP	% on NR	Thousands of Reais	% on GP	% on NR
Food	38,134	11.01%	0.38%	34,607	11.25%	0.39%
Mandatory social charges	87,335	25.21%	0.86%	76,517	24.86%	0.86%
Private pension	10,024	2.89%	0.10%	10,017	3.25%	0.11%
Healthcare	28,499	8.23%	0.28%	26,832	8.72%	0.30%
Occupational health and safety	2,332	0.67%	0.02%	2,071	0.67%	0.02%
Education	351	0.10%	0.00%	400	0.13%	0.00%
Culture	-	0.00%	0.00%	-	0.00%	0.00%
Training and career development	1,867	0.54%	0.02%	4,659	1.51%	0.05%
Day cares or day care aid	1,521	0.44%	0.02%	1,197	0.39%	0.01%
Profit sharing	32,297	9.32%	0.32%	30,064	9.77%	0.34%
Voluntary Termination Program – PDV	2,794	0.81%	0.03%	-	0.00%	0.00%
Others	1,671	0.48%	0.02%	1,699	0.55%	0.02%
Total – Internal social indicators	207,843	59.99%	2.06%	189,763	61.66%	2.13%
3 – EXTERNAL SOCIAL INDICATORS	Thousands of Reais	% on GP	% on NR	Thousands of Reais	% on GP	% on NR
Education	241	0.00%	11.96%	805	0.01%	39.99%
Culture	1,612	0.02%	80.00%	1,368	0.02%	67.90%
Healthcare and sanitation	161	0.00%	7.99%	809	0.01%	40.17%
Sports	728	0.01%	36.13%	335	0.00%	16.63%
Fight against hunger and food safety	150	0.00%	7.44%	100	0.00%	4.97%
Others	745	0.01%	36.97%	412	0.00%	20.46%
Total contributions to the society	3,637	0.04%	180.50%	3,829	0.04%	190.12%
Taxes (except for social charges)						
Total – External social indicators						
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	118,872	0	59	123,790	1.39%	6146.46%
Investments on external programs and/or projects		-	-		0.00%	0.00%
Total environmental investments	118,872	0	59	123,790	1.39%	6146.46%
As for the "annual targets" to minimise waste, general consumption in production/operation, and increase efficiency in the use of natural resources, the company	(X) does not have targets () achieves 0% to 50% () achieves 51% to 75% () achieves 76% to 100%			(X) does not have targets () achieves 0% to 50% () achieves 51% to 75% () achieves 76% to 100%		

5 – STAFF INDICATORS	2015			2014		
Number of employees at the end of the term	3104			2798		
Number of new employees during the term	297			281		
Number of outsourced employees	12253			9967		
Number of interns	138			158		
Number of employees over 45 years old	ND			758		
Number of women working in the company	674			657		
% of leadership positions held by women	6%			6%		
Number of blacks working in the company	124			483		
% of leadership positions held by blacks	4			ND		
Number of disabled people or people with special needs	ND			57		
6 – RELEVANT INFORMATION CONCERNING THE EXERCISE OF CORPORATE CITIZENSHIP	2015			2014		
Ration between the highest and lowest remuneration in the company	45.73			33.33		
Total number of occupational accidents	31			30		
The social and environmental projects developed by the company were defined by:	() directors	(X) directors and managers	() all employees	() directors	(X) directors and managers	() all employees
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	() encourages and complies with OIT
Private pension plans include:	() directors	() directors and managers	(X) all employees	() directors	() directors and managers	(X) all employees
Profit sharing includes:	() directors	() directors and managers	(X) all employees	() directors	() 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: 0	to Procon: 0	to the Justice: 0	to the company: 0	to Procon: 0	to the Justice: 0
% of complaints and claims addressed or resolves	to the company: 0.00%	to Procon: 0.00%	to the Justice: 0.00%	to the company: 0.00%	to Procon: 0.00%	to the Justice: 0.00%
Added-value to distribute (in thousands of Reais)>						
Added-value distribution (DVA):	government: 66% shareholders: 4.9% associates: 4.0% retained: 10.6% third parties: 13.6%			government: 60.1% shareholders: 6.4% associates: 7.3% retained: 11.9% third parties: 14.3%		
7 – OTHER INFORMATION						
N/A – Non-applicable						



KPMG Financial Risk & Actuarial Services Ltda.
Rua Arquiteto Olavo Redig de Campos, 105, 6º andar - Torre A
04711-904 - São Paulo/SP - Brasil
Caixa Postal 79518 - CEP 04707-970 - São Paulo/SP - Brasil
Telefone 55 (11) 3940-1500, Fax 55 (11) 3940-1501
www.kpmg.com.br

Limited assurance report issued by independent auditors

To the Board of Directors, Shareholders and Stakeholders
EDP Energias do Brasil S.A.
São Paulo - SP

Introduction

We have been engaged by EDP Energias do Brasil S.A (EDP or “Company”) to apply limited assurance procedures on the sustainability information disclosed in EDP’s 2015 Annual Report, related to the year ended December 31st, 2015.

Responsibilities of EDP’s Management

The Management of EDP is responsible for adequately preparing and presenting the sustainability information in the 2015 Annual Report in accordance with the *Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (GRI-G4)*, the *“Electric Utilities Sector Supplement”*, as well as the internal controls determined necessary to ensure this information is free from material misstatement, resulting from fraud or error.

Independent auditors’ responsibility

Our responsibility is to express a conclusion about the information in the 2015 Annual Report based on a limited assurance engagement conducted in accordance with Technical Communication (TC) 07/2012, which was prepared based on NBC TO 3000 (Assurance Engagements Other Than Audits and Reviews), both issued by the Brazilian Federal Accounting Council - CFC and equivalent to international standard ISAE 3000, issued by the International Federation of Accountants and applicable to Non-Financial Historical Information. These standards require compliance with ethical requirements, including independence ones, and the engagement is also conducted to provide limited assurance that the information disclosed in the EDP’s 2015 Annual Report, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with NBC TO 3000 (ISAE 3000) consists mainly of questions and interviews with the Management of EDP and other professionals of the Company involved in the preparation of the information disclosed in the 2015 Annual Report and use of analytical procedures to obtain evidence that enables us to reach a limited assurance conclusion about the sustainability information taken as a whole. A limited assurance engagement also requires additional procedures when the independent auditor acknowledges issues which may lead them to believe that the information disclosed in the 2015 Annual Report taken as a whole could present material misstatement.



The selected procedures were based on our understanding of the issues related to the compilation, materiality and presentation of the information disclosed in the 2015 Annual Report, on other engagement circumstances and also on our considerations regarding areas and processes associated with material sustainability information disclosed where relevant misstatement could exist. The procedures consisted of:

- a. Engagement planning: considering the material aspects for EDP’s activities, the relevance of the information disclosed, the amount of quantitative and qualitative information and the operational systems and internal controls that served as a basis for preparation of the information in the EDP’s 2015 Annual Report. This analysis defined the indicators to be checked in details;
- b. Understanding and analysis of disclosed information related to material aspects management;
- c. Analysis of preparation processes of the 2015 Annual Report and its structure and content, based on the *Principles for Defining Report Content and Quality of the Global Reporting Initiative - GRI (GRI-G4)*;
- d. Evaluation of non-financial indicators selected:
 - Understanding of the calculation methodology and procedures for the compilation of indicators through interviews with management responsible for data preparation;
 - Application of analytical procedures regarding data and interviews for qualitative information and their correlation with indicators disclosed in the 2015 Annual Report;
 - Analysis of evidence supporting the disclosed information;
 - Visits to EDP’s offices for application of these procedures, and items (b) and (c);
- e. Analysis of whether the performance indicators omission and justification are reasonable to be accepted associated to aspects and topics defined as material in the materiality analysis of the Company;
- f. Comparison of financial indicators with the financial statements and/or accounting records.

The assurance process was also conducted taking as reference the AA1000 principles “Accountability Principles Standard 2008 (AA1000APS)”, in accordance with the standard criteria of AA1000 Assurance Standard - 2008 -Type 1 (“Accountability Principles”), Moderate Level.

We believe that the information, evidence and results we have obtained are sufficient and appropriate to provide a basis for our limited assurance conclusion.

Scope and limitations

The procedures applied to a limited assurance engagement are substantially less extensive than those applied to a reasonable assurance engagement. Therefore, we cannot provide reasonable assurance that we are aware of all the issues that would have been identified in a reasonable assurance engagement, which aims to issue an opinion. If we had conducted a reasonable assurance engagement, we may have identified other issues and possible misstatements within the information presented in the 2015 Annual Report.



Nonfinancial data is subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate or estimate these data. Qualitative interpretation of the data's materiality, relevance and accuracy are subject to individual assumptions and judgments. Additionally, we have not examined data related to prior periods, to evaluate the adequacy of policies, practices and sustainability performance, nor future projections.

Conclusion

Based on the procedures carried out, described earlier in this report, we have not identified any relevant information that leads us to believe that the information in EDP's 2015 Annual Report is not fairly stated in all material aspects in accordance with the *Global Reporting Initiative - GRI (GRI- G4)*, and the *"Electric Utilities Sector Supplement"*, as well as its source records and files.

São Paulo, April 12th, 2016

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

CORPORATE INFORMATION

EDP BRAZIL ADMINISTRATION BOARD

Antônio Mexia

President of the Administration

Miguel Nuno Simões Nunes Ferreira Setas

Member of the Administration Board

Nuno Maria Pestana Alves

Member of the Administration Board

João Marques Cruz

Member of the Administration Board

Francisco Carlos Coutinho Pitella

Independent Member

José Luiz Alqueres

Member of the Administration Board

Modesto Souza Barros Carvalhosa

Independent Member

Pedro Sampaio Malan

Independent Member

EXECUTIVE BOARD

Miguel Nuno Simões Nunes Ferreira Setas

CEO-Director-President of EDP Energias do Brazil and Director of Relations with Investors

Carlos Emanuel Baptista Andrade

Director Vice-President of Supply

Henrique Freire

Director Vice-President of Finances

Luiz Otavio Assis Henriques

Director Vice-President of Generation

Michel Itkes

Director Vice-President of Distribution

HEADQUARTERS ADDRESS |GRI G4-5|

Rua Gomes de Carvalho, 1996, 8º Andar
04547-006 Vila Olímpia – São Paulo – SP – Brazil
Phone no. 55 (11) 2185-5000
www.edp.com.br

NEGOTIATION CODE AT BOVESPA: ENBR3

INVESTORS RELATIONS

Maytê Souza Dantas de Albuquerque

Phone no. 55 (11) 2185-5030

ri@edpbr.com.br

SHAREHOLDER SERVICE

Banco Itaú Unibanco S.A.

Departamento de Atendimento Unificado

Av. Eng. Armando de Arruda Pereira, 707 – 10º andar

Torre Eudoro Villela

04344-902 – São Paulo – SP

Phone no. 55 (11) 5029-7780

Website: www.itaucustodia.com.br

INDEPENDENT AUDITORS

KPMG (social and environmental)

PWC (Financial)

GENERAL-COORDINATION

Communication, Marketing and Sustainability Board

DRAFTING AND EDITING

Paula Andregheto

GRAPHIC PROJECT, FORMATTING AND PUBLISHING

KF Comunicação

IMAGES

EDP Images Bank

INFORMATION ON THE REPORT |GRI G4-31|

More information on the Report in the Company's website (www.edp.com.br) or by e-mail (sustentabilidade.edp@edpbr.com.br). Information on GRI and the Accountability AA1000 rule is available on the following websites: www.theirrc.org/www.globalreporting.org and www.accountability.org.



Always present.
Always future.