

'12

PROGRESS
REPORT OF THE
INTERNAL AUDIT
DIVISION OF THE
EDP GROUP 2012



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MESSAGE

I would like to express my appreciation and gratitude to all employees, customers and partners in the different countries who contributed to the implementation of the 2012 plan of activities, on which the achievement of the Group's strategic challenges depended, leveraged by oriented growth, controlled risk and greater efficiency.

To this end, in the different countries in which the Group operates we implemented an ambitious plan of financial, operational, legal and information systems audits based on a risk analysis of the most important issues and processes.

As part of the ongoing audit work, we continued to promote and increase the use of new methods in articulation with the businesses, thereby achieving solid monitoring and assessment models appropriate for the automatic processing of a large amount of data.

In line with our responsibilities for maintaining and monitoring the Internal Control System over Financial Reporting (SCIRF), we worked on the SCIRF 2012 assessment cycle. This resulted in the issue for the third year running of an independent report on the Group's internal control system and stand alone reports from EDP Renewables (EDP R) and, for the first time, the HC/NG subgroup and EDP Brasil.

The results achieved are the product of teams focused on ongoing improvement, technical development and leadership ability, working in the different countries, oriented towards activities appropriate to their job, achievement of the IAD's goals and the creation of value for the Group.

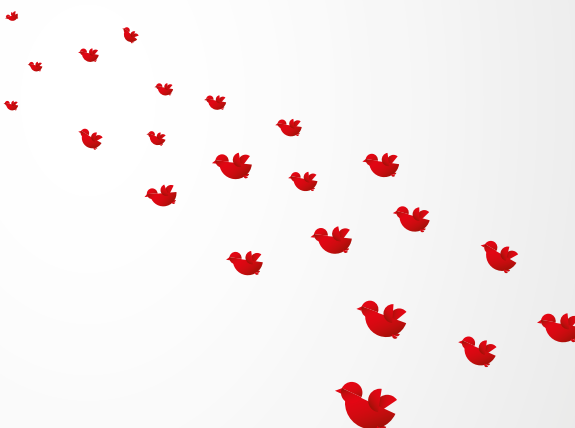
Our plan of activities for the following year was therefore structured with the aim and determination to be able to respond to our employees' professional challenges and the needs of our internal and external customers and contribute to the achievement of the Group's goals.



Azucena Viñuela Hernandez
Audit Director

2

significant events 2012



2012 - SIGNIFICANT EVENTS

JAN	SCIRF 2011 Steering Committee;
FEB	Closure of 2011 Internal Audit Plan and launch of the 2012 plan; Completion of SCIRF 2011 evaluation; Approval of 2012 Internal Audit Plan by Financial Committee/Audit Committee (FC) and Executive Board of Directors (EBD); Meeting with FC.
MAR	Meetings for conclusions and presentation of SCIRF2011 to companies; Workshops for potential suppliers of SCIRF support tools; Publication of the 2nd Independent SCIRF Report by the External Auditor (EA) prepared in accordance with the International Standard on Assurance Engagements, "ISAE 3000"; Publication of report on IAD activities for 2011; Issue of report on first quick review internal audit.
APR	Training in "Communication In Audit" for area manager team and team leaders in Portugal; Initial preparation of a multi-annual training plan for IAD members in Portugal.
MAY	Award of contract to EA for assessment work of the SCIRF2012.
JUN	Meeting with FC.
JUL	Initial assessment of 2012 SCIRF by EA.
SEP	Workshops for potential suppliers of SCIRF support tools; Follow-up on "Communication In Audit" training.
OCT	Conclusion of the 1st phase of the SCIRF2012 assessment tests by the EA and presentation to companies; Realisation of the Internal Audit Conferences; Meeting with FC.
NOV	Undertaking of the self-certification process by the companies included under the scope of SCIRF 2012, in Portugal.
DEC	Completion of specific training plan for IAD members, in Portugal, and initial communication of it; Completion of 2012 plan of activities; Drafting of Internal Audit Plan for 2013.

3

organisational structure





ORGANISATIONAL STRUCTURE

3.1 Role of Internal Audit

The organisational changes made in 2012 to respond to the evolution of the Group's businesses, the increased use of ongoing audit methods to support management and the consolidation of internal control formalised through the SCIRF, proved appropriate.

Changes in human resources during the year, due to recruitment and internal transfers constituted normal turnover arising from the need for internal mobility, retirements and a more active employment market in Brazil.

The following consolidations and movements occurred in 2012:

- ▶ The appointment of Area Managers, for companies in Portugal, who are responsible for business areas, with audit and internal control responsibilities has proved an important tool in the Corporate IAD's dealings with their companies and Corporate Centre departments.
 - ▶ The use of a pool of auditors and team leaders made possible to optimise resources and employees' growth through participation in a number of initiatives depending on the scale of works to which they were allocated. A new member with experience of working for an international external audit company was recruited for the Corporate IAD audit team.
 - ▶ The Information Systems Audit team, which is responsible for traditional audits, continuous auditing and internal IT control, received a new member from Lógica, with vast experience of the EDP Group databases in order to give new impetus to continuous auditing.
 - ▶ An auditor was transferred from the commercial area to the auditors team at HC Energia. This internal rotation resulted in the transfer of knowledge and professional enrichment of employees.
- ▶ The team of auditors at EDP R hired a new employee to replace an auditor who moved to EDP Valor.
 - ▶ Four new employees were hired to reinforce the EDP Brasil team of auditors to make up for the retirement of one employee, internal transfers and a resignation.
 - ▶ After the main movements in the Group's audit departments, the organisational structure is still that implemented in 2011, as published in the Organisation Manual:

Internal Control over Financial Reporting

Its goal is to monitor and maintain the SCIRF and ensure the reliability and integrity of the financial information produced internally and disclosed to the market.

Operational, financial and legal auditing

It is designed to ensure compliance with legislation and internal standards that guarantee the integrity of financial information and to safeguard assets and the efficacy of operations.

Internal Information Systems Audits

It audits the control systems that ensure the reliability, integrity and security of the Group's information systems.

3.2 Geographical Distribution of IAD's



(*) Three of these employees accumulate functions also in EDP Renewables

3.3 - Coordination and dissemination mechanisms, methods and tools

The natural evolution of management methods and processes and a concern for continuous improvement in line with the principles of the Group's operation resulted in the following changes and improvements in 2012:

a. Coordination mechanisms

- ▶ Update of methods for operational and financial risk analysis with a view to improving the prioritisation of audits to be included in annual plans;
- ▶ Revision of SCIRF reporting model for relevant issues;
- ▶ Presentation of a new reporting model on internal tests of SCIRF controls performed by the IA;
- ▶ Revision of risk and control goals in the SCIRF;
- ▶ Harmonisation of key controls in all countries;
- ▶ Audit workshops at EDP's new head office in Porto attended by all IAD employees in Portugal, Spain and the United States and a delegation from EDP Brasil;
- ▶ Working visit to EDP Brasil for coordination of audits and internal control and articulation with the new External Auditor

b. Disclosure of internal auditing activities

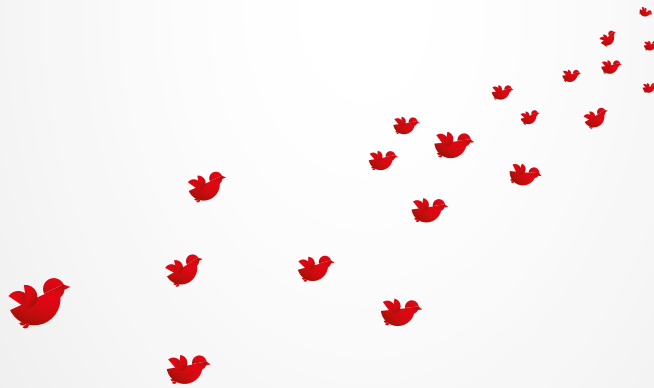
- ▶ Publication of 2011 activity report in three languages (Portuguese, Spanish and English);
- ▶ Publication of articles in ON magazine;
- ▶ Maintenance of IAD area on the Group's intranet;
- ▶ Publication of news on IAD activity on the Group's intranet;
- ▶ Training initiative in Portugal in articulation with the DFR – Training, Recruitment and Documentation Department;
- ▶ Continued training efforts in new EDP R countries in line with expansion policy in order to maintain the quality and consistency of the SCIRF.

c. Methods and support tools

- ▶ Analysis on the market best solutions of potential tools for automatically testing automatic controls and storing evidence;
- ▶ Contacts and presentations of leading solutions from suppliers attended by Organisation Department (OD), Information Systems Department (ISD) and Risk Management Department (RMD) delegations;
- ▶ Preparation of base document of requirements with the participation of the OD, which was then sent to the ISD for finalisation and issue of call for tenders.

4

performance indicators





PERFORMANCE INDICATORS	
Human Resources	
Average Age	38
Average years of work experience	16
Hours of training per auditor	48
Activity	
Number of audit reports completed (except SCIRF)	146
Other activities and Projects	10
% Audits completed vs. planned	109%
Number of recommendations (except SCIRF)	928
Number of SCIRF controls	3 981
Quality/Efficacy	
Degree of Satisfaction (Questionnaires) ^(*)	4,6

(*) Scale 1 (minimum) to 5 (maximum)

5

activities in 2012



ACTIVITIES IN 2012

In 2012, there was an in-depth revision of the operational and financial risk analysis methods, the degree of completion of the activities plan, follow-up of recommendations made, improvement of continuous auditing, identification of alternative support tools and continuation of assessment and resolution of relevant issues in the SCIRF.

5.1 Internal audit

The following were the most important activities in 2012:

- ▶ Systematisation of design and efficacy revision of the SCIRF controls during operational and financial internal auditing in Portugal and at HC Energía;
- ▶ Improvement of time control and work execution times using information from TeamTec, with a view to achieve efficiency goals and maximisation of auditable risks coverage;
- ▶ Increase in follow-up of implementation of recommendations made, to complement quarterly information on current status with ongoing guarantees of actual implementation of recommendations reported as completed;
- ▶ Quick reviews realisation, a new short auditing format focusing on specific matters of interest, for which the methods were defined in late 2011;
- ▶ Consolidation of a reporting model complementary to the standard model for internal audit for which it is possible to submit results faster and more simply;
- ▶ Ongoing definition of a specific training plan for IAD members to teach them what they need to know to perform internal audit, with time distribution in line with each employee's experience;
- ▶ Optimisation of internal distribution of responsibilities for more efficient work, taking advantage of the IAD members' experience and knowledge, with different roles allocated to each internal audit task (assistant, task leader, internal auditor);
- ▶ Redefinition of methods for drawing up the IAD's auditable risk charts, with implementation scheduled for the first half of 2013.

Design and efficacy revision of SCIRF controls in internal audits

In each internal audit task in which the processes in question are of relevance to the SCIRF, specific tests are performed to validate the design and efficacy of the controls.

The results of these validations, which have been made since 2011 and were systematised in 2012, are part of the audit conclusions and are reported to the IAD SCIRF team as well as contacts in the companies and affected areas.

Follow-up of recommendations reported as completed

An online follow-up of the main recommendations reported as completed in each of the quarterly reports drafted by the Group's different areas and companies in Portugal was conducted for the first time, in 2012, and their actual implementation was verified.

This follow-up took the form of a single report issued in late 2012 and confirmed the high commitment to aspects in the EDP Group that can be improved, as identified in internal audits.

In-house IAD training plan

The special characteristics of the work done by the IAD require progressive training in different areas. An in-house training plan was designed to guarantee this training and it provides support and structure to gradual learning of the necessary knowledge, considering the experience, competences and areas of each internal auditor and identifying the training gaps that need to be filled first.

The implementation of this plan, which is expected to take place in early 2013, will involve the collaboration of EDP Group areas and bodies with corporate training responsibilities.

Continuous auditing

This began in early 2010 and was consolidated in 2012 as a solid monitoring and assessment model relevant to automatic processing of large amounts of data allowing gains in efficiency in internal control and prevention and detection of irregularities.

Continuous auditing currently assesses and analyses a number of different processes. Monitoring indicators and alerts were designed and implemented and were adapted to new realities during the year.

Audit Department at EDP Brasil

The change of EA at EDP Brasil pursuant to local legislation coincided with a complete revision of the matrix of controls and harmonisation of attributes with the methods used in the other countries. The cooperation and harmonisation of other years continued through regular contacts and reciprocal visits by Corporate IAD managers and the IAD at EDP Brasil.

Work conducted in all areas of intervention

The table below shows activities planned and performed in 2012:

	PLAN	EXTRA PLAN	TOTAL COMPLETED	ONGOING
RI	10		10	4
OP	82	30	112	10
IS	6	12	18	3
CA	5	1	6	1
GW	3	4	7	3
OTHER ACTIVITIES ^(*)		3	3	5
TOTAL	106	50	156	26

^(*) Activities other than audits

RI > Reliability of Financial Information | OP > Operational and Legal Efficacy and Efficiency

IS > Information Systems | CA > Continuous Auditing | GW > Group Wide

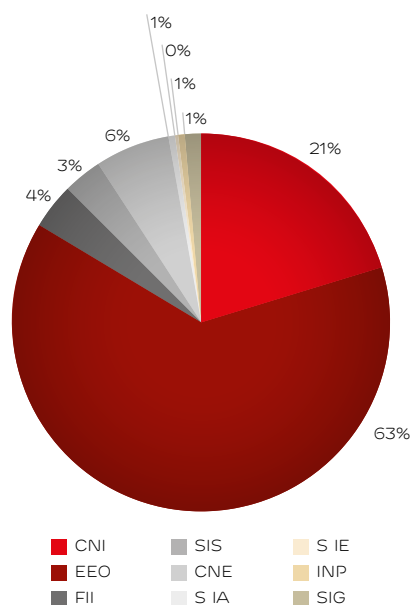
Around 68% of the work completed in 2012 was scheduled in the IADs' plans of activity, while 32% was unscheduled.

Recommendations were made and improvement measures taken for 156 of the tasks performed, resulting in action plans by the companies or audited areas.

These action plans are obtained during the issue of reports and are subject to quarterly monitoring by the IAD.

The graphic below shows the recommendations distribution made by type of activity in 2012:

Nº of recommendations made by type, 2012



CNI > Compliance with Internal Policies and Standards | EEO > Efficacy and Efficiency of Operations | FII > Reliability and Integrity of Financial Information
 SIS > Safety and Security | CNE > Compliance with Legislation and Legal Standards
 S IA > Applications | S IE > infrastructures | INP > Integrity of Property
 SIG > Service management

5.2 Internal quality indicators

As set out in the Group's Internal Audit Manual, completed tasks underwent quality assessment in the form of a survey filled in by the company or audited area.

The table below shows the results of the surveys for each area audited available by the end of 2012.

TYPE OF ATIVITY	EDP P	HCE	EDP R	AVERAGE
RI	4,4			4,4
OP	4,5	4,5	4,5	4,5
IS	4,9			4,9
CA	4,8			
AVERAGE	4,7	4,5	4,5	4,6

^(*) Atividades distintas de trabalhos de revisão de auditoria

RI > Reliability of Financial Information

OP > Operational and legal efficacy and efficiency

IS > Information Systems | CA > Continuous auditing

5.3 Internal Control System over Financial Reporting

The EDP Group's management includes an internal control system which has been formalised by the SCIRF - Internal Control System over Financial reporting and designed on the best international practices basis and the COSO and COBIT models.

SCIRF 2012 in the EDP Group



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

The EDP Group's SCIRF covers the following countries: Portugal, Spain, Brazil, USA, Canada, UK, France, Belgium, Italy, Romania, Poland, Angola and China.

Activities were undertaken at corporate level and in subgroups and companies for the maintenance and monitoring of the cycle in 2012.

5.3.1 The most important activities at corporate level were:

a. Maintenance and monitoring of annual SCIRF cycle

- ▶ There was annual planning and monitoring of the cycle, maintenance and revision of reference models, methodological and conceptual assistance for business units (BUs) and organisational units (OUs).
- ▶ Identification of the SCIRF2012 cycle scope by using the model on the consolidated financial statements as of 31.12.2011 based on criteria of materiality and risk from a top-down point of view (Corporate IAD), from which the companies and departments of the Corporate Centre were identified. The SCIRF covered most of the companies in Portugal, Spain and Brazil independently and the EDP R S.A., EDP R Europa and EDP R NA units jointly.
- ▶ Application of the scope model results identified new subjects for documentation and implementation of controls by local managers (bottom-up) and different processes being redesigned as a result of organisation, structural, legislative and operational changes.

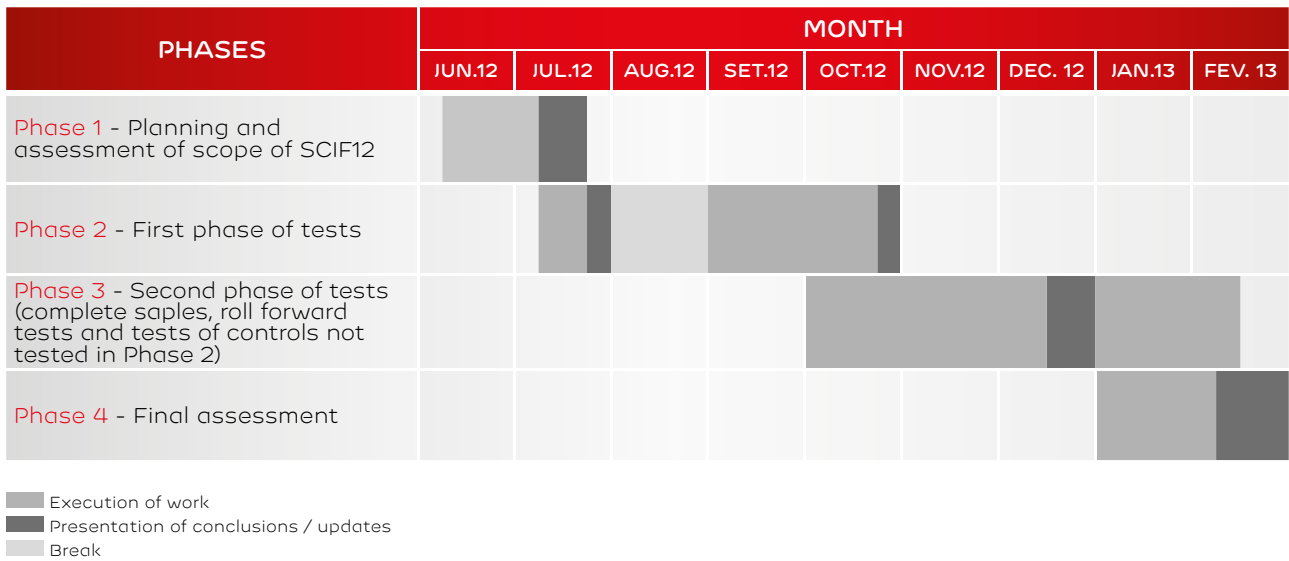
- ▶ We identified the computer programmes used in the processes covered by the result of the scope model and selected the associated service organisations. An ISAE 3402 report, as an alternative, independent assurance was required on the scope of control used in the provision of services to the EDP Group.
- ▶ A new training initiative for SCIRF managers in Portugal was held in partnership with the Training, Recruitment and Documentation Department at EDP Valor, focusing on control concepts and practices.
- ▶ As part of the analysis of matrixes of function incompatibilities (IT and business) a comparison was made between real and theoretic incompatibilities. The real incompatibility ratio was under 1%, thereby showing reasonable comfort in this area.

b. Assessment of SCIRF 2012

- ▶ SCIRF 2012 was assessed by the EA – KPMG pursuant to ISAE 3000 – International Standard on Assurance Engagements in all the countries covered by the scope model, with assistance from Deloitte for EDP Brasil.
- ▶ An assessment was made of control design to confirm that its structure was appropriate for the timely prevention of materially relevant errors and/or improper appropriation of Group resources.
- ▶ There was an assessment of the operational efficacy of controls to confirm their execution in compliance with their design and the performance of this execution by qualified professionals.

Assessment of SCIRF 2012 began in June 2012 and should be completed in February 2013.

The work abided by the method and planning shown in the table below:



c. Monitoring of relevant issues and recommendations

The assessment cycles identified some relevant issues and recommendations that have been specifically monitored by the businesses and received support and technical supervision by the Corporate IAD. Highly significant progress was made.

In addition to quarterly reports using the appropriate forms and methods, in which the businesses set out work planning, progress, expected resolution dates and justifications of deviations, an additional effort was made to monitor work in the field, meetings and encourage interlocutors suited to each issue.

Quarterly monitoring reports are sent to the directors in charge of the SCIRF and to the EBD. Updates are also given at periodic meetings with the FC.

d. Monitoring of resolution of nonconformities (NCs)

The NCs identified in the assessment were analysed. Action to be taken to resolve them was identified and then implemented by local managers with support and monitoring from the IAD. The percentage of resolutions was high.

NCs Design are analysed by the entity in charge of the assessment and local managers with two purposes: i) the assessor explains the reasoning for opening an NC, ii) the person in charge of the process and owner of the control submits appropriate action for resolving the NC.

Efficacy NC's do not always result in corrective action, though the control is assessed again in the next cycle.

In line with the SCIRF maintenance and monitoring model, the IAD also undertook the following related activities:

- ▶ Support for SCIRF managers in the analysis of actions to resolve NCs;
- ▶ Closure of support system for NCs considered resolved in the assessment cycle;

- ▶ Registration in the support system of new NCs identified in the assessment cycle;
- ▶ Quarterly monitoring of degree of resolution of pending NCs.

e. Self-Certification

The self-certification process, in which the SCIRF managers conduct a self-assessment of the elements of which they are owners on the basis of processes, their control and groups of processes up to company level, was completed successfully.

The certificates chain-issued in an ascending sequence in terms of the order of internal control in each BU/OU explicitly recognise the sufficiency or insufficiency of the documentation of processes (appropriate and updated), control activities (executed, with sufficient evidence), resolution of NCs and use of code of ethics (knowledge and compliance).

f. SCIRF Management tools

The work done to update the support tools for the maintenance and monitoring of SCIRF was as follows:

- ▶ Update of data on maintenance of SCIRF
- ▶ Upload of results of SCIRF 2011 assessment
- ▶ Closure of nonconformities considered resolved by the EA in the SCIRF 2011 assessment cycle
- ▶ Registration of NCs identified in the SCIRF 2011 assessment cycle

5.3.2 The main activities undertaken at subgroup and company level were as follows:

- ▶ Analysis of result of application of scope model to the individual financial statements and inclusion of new subjects, such as estimates, valuations and assessments subject to professional judgements identified as high risk in a bottom-up analysis;
- ▶ The EDP R subgroup also identified its stand alone scope with the appropriate materiality and risk profile for its size, given the fact that its shares were quoted on the market, with the inherent duty of information. The certificate was published in its 2012 Annual Report and Accounts;
- ▶ In line with a recommendation from Comisión Nacional del Mercado de Valores (CNMV), for the first time the stand alone scope of the HCE/NGE subgroup was identified with the appropriate materiality and risk profile for its size, given that it has bonds on the market. The certificate was published in its 2012 Annual Report and Accounts;
- ▶ Pursuant to legislation on the Brazilian market, which requires periodic rotation of the team of auditors, EDP Brasil changed to a different auditing entity from the other.



Group companies, Deloitte. Its matrix of controls was fully revised and assessment was made by the new EA, although in accordance with the methods and planning defined by the Group's EA, KPMG Portugal.

- ▶ Identification, revision and appointment of SCIRF managers on the basis of the results of the application of the model and revision and/or update resulting from organisational, structural, legislative and operational changes in the business units;
- ▶ Documentation of new processes and controls and redesign of processes and controls documented in previous cycles;
- ▶ Actions necessary to resolve NCs identified in the assessment tests;
- ▶ Self-assessment, in which the SCIRF managers assess the sufficiency and currency of the documentation and maintenance of evidence in the performance of control activities at different levels of the hierarchy.

5.4 Other activities and projects

The following activities were also undertaken as part of interaction with the Group's businesses and projects:

- ▶ Analysis of potential SCIRF support tools for automatically testing automatic controls and storage of evidence;
- ▶ Monitoring of the SIM – Multi-country System project, which is being monitored by two teams, one in IT and the other in articulation with the other areas;
- ▶ Maintenance of activities associated with the segregation of functions;
- ▶ Participation in the identity management project for Spain and for the SIM project;
- ▶ Participation of the IAD in across-the-board projects with EDP Group business units, especially monitoring of regulatory external audits.



human resources





HUMAN RESOURCES

There were 53 permanent employees working at internal audit departments on 31st December, 2012.

In 2012, there were movements of employees in practically all the countries with internal audit departments in the EDP Group.

Admissions

Eight new employees aged 24 to 47 were admitted to IADs. They were recruited from external auditing companies.

The table below shows the new recruits and their company and country.

COUNTRY	EMPLOYEE
EDP Portugal	Adelino Régio Maria Isabel Miranda
EDP Brasil	Alexandre Tranquezi Reinstein Daniel Rocha Carezzato Luciana Cruz Duarte Raquel Negrini Kamizono
EDP Renewables	Belén Casajuana Ortiz
Hidrocantábrico Energía (HCE)	Ignacio Fernández Díaz

Retirements and internal transfers

Five employees left IADs, to retire, leave the Group or move to other Group departments or companies.

COUNTRY	EMPLOYEE
EDP Brasil	Geraldo Magela Kaue Dellazari Thaís Barbosa
EDP Renewables	João Calado Neto
Hidrocantábrico Energía (HCE)	Yolanda Iglesias Fueyo

Vocational training

In 2012 the amount of training for IAD employees was in line with the previous year. There was a considerable increase in behavioural training and a decrease in the number of hours of organisational training.

The training plan corresponded to courses in the programme of training solutions provided by the Group and training outsourced to reputable entities.

Six employees are CIAs – Certified Internal Auditors, one is a CISA – Certified Information Systems Auditor and 10 are in the process of CIA certification. There are also two employees taking MBAs.

The table below shows training attended by employees by subject for all countries.

TRAINING AREA	SUBJECT	Nº COURSES	Nº HOURS	%
BEHAVIOURAL		43	463	17%
	Interpersonal relations and communications	41	435	
	Leadership	2	28	
MANAGEMENT		42	867	33%
	CIA certification	4	155	
	PRMIA certification	1	14	
	Commercial and sales	2	9	
	Finance	11	287	
	Energizing Development Program	10	74	
	People management	8	33	
	MBA / master's / post-grad courses	1	279	
	Others	5	16	
ORGANISATIONAL		21	91	3%
	Culture and innovation	4	35	
	Management	13	39	
	Valuing experience	1	2	
	Quality	3	15	
TECHNICAL		85	1.241	47%
	Internal audits	41	310	
	Languages	14	637	
	The energy business	11	91	
	Prevention and safety	3	14	
	Information systems	14	165	
	Others	2	24	
TOTAL		191	2.661	100%

There was no significant change in the number of hours of training from 2011 to 2012. There was, however, a slight reduction in the average training hours per auditor (51 in 2011 to 48 in 2012) due to the rise in number of employees.

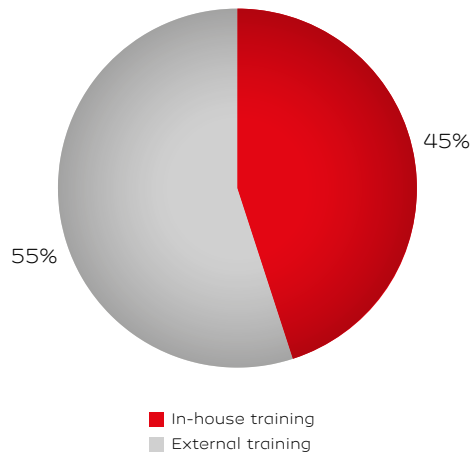
2012 witnessed a substantial increase in behavioural training hours, as a result of a course given by an external entity in the area of interpersonal relations and communications. This course was for all team leaders and area managers, in Portugal, and was designed to develop the skills and determination needed to manage and overcome the challenges of

an auditor's role in relation to the audit, by means of advanced public and one-to-one communication skills and assertiveness, and also conflict management, thereby working towards goals and organisational strategy.

There was a significant decrease in organisational training, due mainly to a reduction in hours of quality training.

Type of training

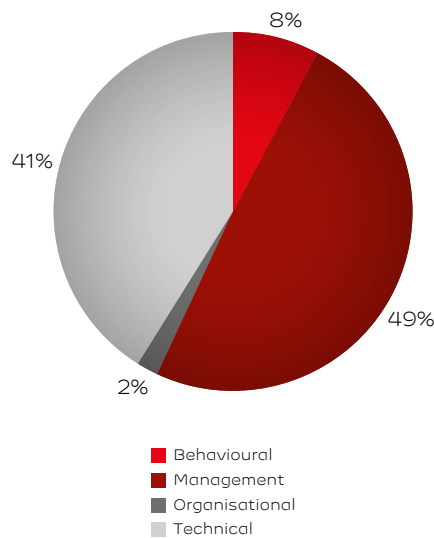
There was a relative balance between courses given internally and externally in 2012 although there was still slightly more external training.



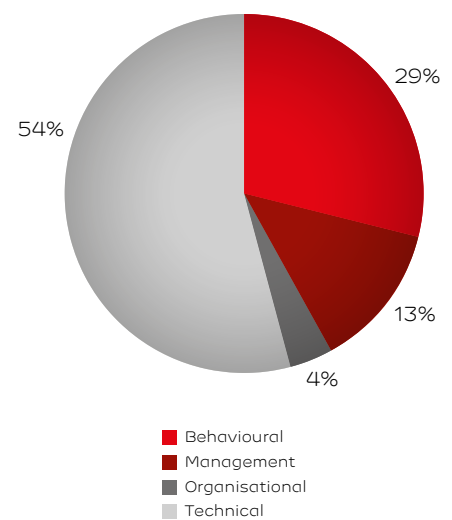
TRAINING BY AREA	IN-HOUSE TRAINING		EXTERNAL TRAINING		TOTAL GERAL	
	Actions	Hours	Actions	Hours	Actions	Hours
Behavioural	32	347	11	116	43	463
Management	24	154	18	713	42	867
Organisational	17	56	4	35	21	91
Technical	42	647	43	594	85	1.241
TOTAL	115	1.204	76	1.457	191	2.661

External training

External training focuses more on technical (594 hours) and management (713 hours), which accounted for around 90% of total external training hours.

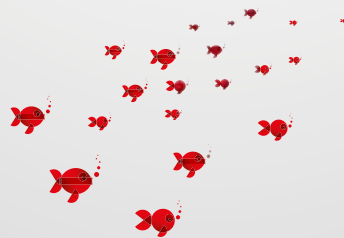


In-house training





outlook for 2013



OUTLOOK FOR 2013

7.1 Internal audits

According to the plan of activities for 2013, in addition to normal work, the following matters are especially important:

- ▶ Effective implementation of the IAD internal training plan, structuring and systematising future individual training requests accordingly;
- ▶ Drafting of auditable risk charts for the IAD in Portugal and HCE in accordance with the new method defined in 2012 and subsequent progressive implementation in the remaining countries;
- ▶ Continuation of tests of design and efficacy of SCIRF controls as part of internal auditing work;
- ▶ Increase in collaboration between the IAD and EDP Soluções Comerciais, S.A. in surveying and identifying the highest risk activities, based among other aspects on continuous auditing techniques.

7.2 Internal Control System over Financial Reporting

The maintenance of SCIRF assessment and the issue of independent reports on the internal control system by the EA to be published in annual reports and accounts, free of materially relevant recommendations, are goals that the Group wishes to preserve.

The plan of activities was therefore structured around two lines of work:

The first, recurring line was associated with monitoring and assessment of the annual

SCIRF cycle for all the business units in the scope of the SCIRF for the year in question. The following activities are therefore planned for 2013:

- ▶ Final presentation to IAD supervisory bodies (GSB, Audit Committee, EBD) of the final consolidated results of the SCIRF 2012;
- ▶ Update and validation of the support tools, test results, opening of new NCs and closure of NC's;
- ▶ Calculation of the scope of the consolidated and stand alone version of the SCIRF 2013 and risk analysis in articulation with local managers;
- ▶ Launch of self-certification processes in line with the responsibility model in place in the field;
- ▶ Monitoring of work of service organisations to meet time and quality requirements for certification reports;
- ▶ Periodic reporting.

The second line of work includes all the other non-recurring activities associated with monitoring and progress of the system in terms of concepts, methods, best practices, tools and other specificities. This chapter was designed on the basis of each country's responsibilities and specificities.

The Corporate IAD, as the body in charge of monitoring support frameworks, evolution of methods and processes and implementation of best practices, is currently undertaking a project to revise the manual and responsibility model, which should include a revision of control and risk goals.

In order to respond to the legal requirements in Spain, the companies that have their headquarters there are drawing up a legal and criminal risk prevention model.

The format of the EDP Brasil self-certification programme will be defined within the Model of Responsibilities and should be implemented in 2013.

The SIM project provides for the harmonisation of controls of the new modules going into operation in the two countries.

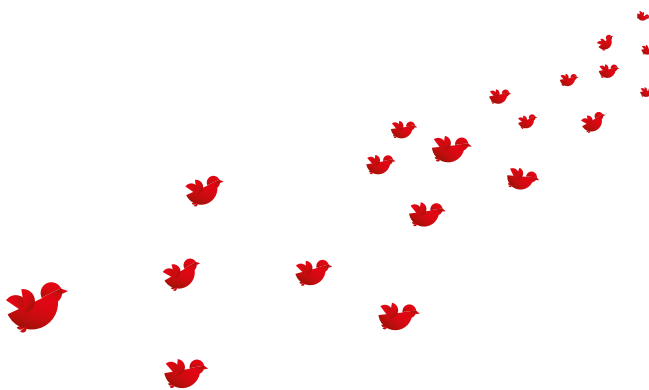
The analysis and selection of new support tools is currently under way:

- ▶ A tool that is designed to maintain and oversee the SCIRF, used to assess and identify the features, was designed with the help of the OD and ISD.
- ▶ The tool is designed to automate control tests and continuously monitor automatic controls.

7.3 Other activities

In addition to the above activities, the following are also worthy of mention:

- ▶ Monitoring of professional internships for graduates as part of the Group's participation in the social responsibility programme;
- ▶ Participation in working groups to identify controls to mitigate the risk of the incompatibility of functions matrix;
- ▶ Maintenance and improvement of position as partner with the business areas in the identification, design and implementation of automatic monitoring indicators;
- ▶ Participation in the Orange project.





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