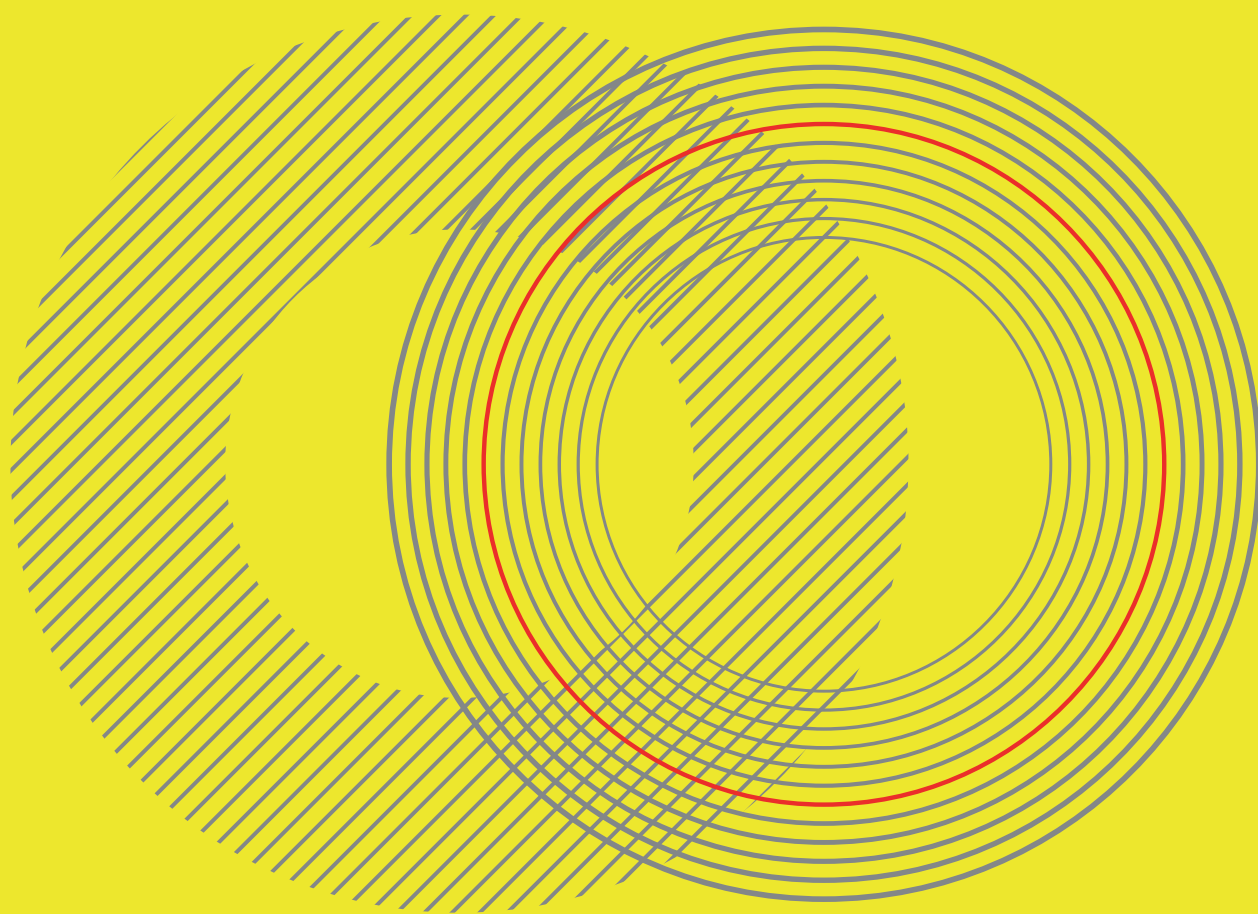


NEVERENDING  
ENERGY



*edp*

ANNUAL REPORT 2013

# NEVERENDING ENERGY



Once upon a  
time there was an energy  
that never slept. An energy that  
travelled across 4 continents,  
13 countries and was made up of  
people from 31 different nationalities.  
An energy that knew no borders and  
travelled around the world 24 hours  
a day, 365 days a year.  
An energy that never rested  
from working to create a  
better future.

*edp*

# 01

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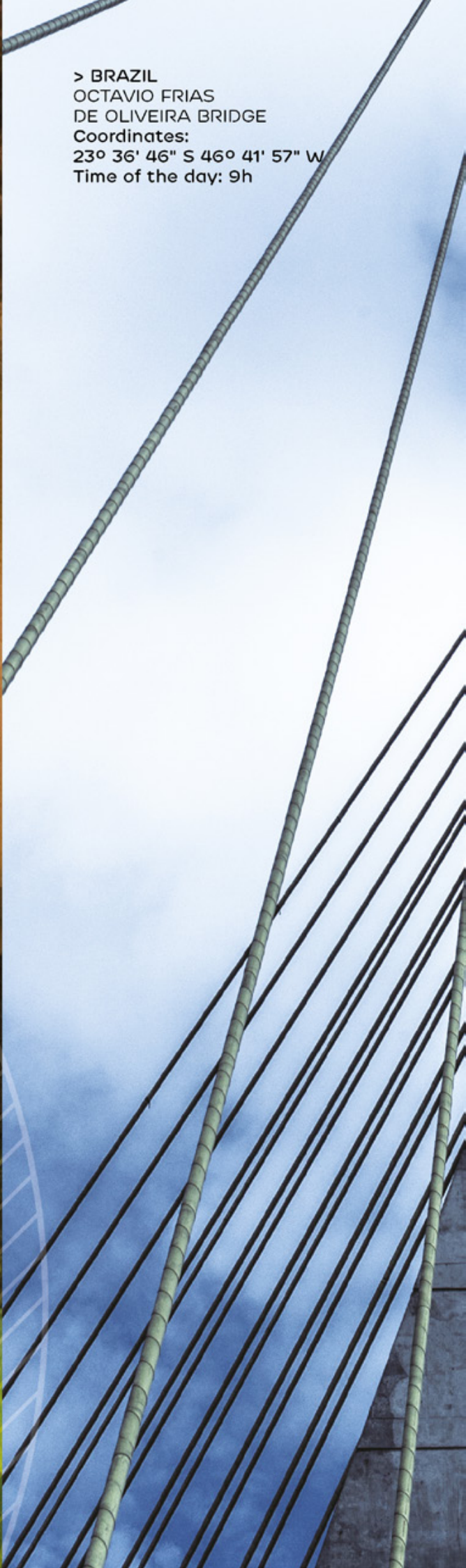
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> BRAZIL  
OCTAVIO FRIAS  
DE OLIVEIRA BRIDGE  
Coordinates:  
23° 36' 46" S 46° 41' 57" W  
Time of the day: 9h



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## ABOUT THE REPORT [GRI 3.1 TO 3.6, 3.8, 3.10 AND 3.13]

EDP Energias do Brasil S.A. reflects, in its annual report 2013, its management strategy in the context of triple bottom line, comprising economic, social and environmental results, as well as promotes an integrated and value-added vision of the business among the public of the Organisation. Similarly to the Annual Report 2012, this practice is aligned with the trends of Integrated Reporting recommended by the International Integrated Reporting Council.

Since 2007, EDP adopts the Global Reporting Initiative (GRI) as a standard for the preparation of its reports, following, this year, still the G3.1 version, maintaining the A+ level of application of these guidelines, attributed through the validation of the GRI itself and independent external verification carried out by KPMG.

The reported information about management and performance are aligned with GRI principles, in the definition of the content as well as in the quality of the Report (see details in annex on page 115). The material topics relevant to the Company and its stakeholders were defined from the application of the principle of materiality, also considering the strategic topics that guided last year's report, and according to the methodology of the Accountability standard AA1000.

EDP's report reflects its adherence to the United Nations Global Compact principles. The Organisation publishes its Social Balance Sheet oriented by the guidelines of Ibase (Brazilian Institute of Economic and Social Analysis) and the economic information of social and environmental nature, in accordance with NBCT-15 (Brazilian Standard of Technical Accounting).

The scope of this Report comprises all the business units of the Group in Brazil, presenting the financial and non-financial results of 2013, of the companies that are operationally controlled by EDP in Brazil.

Having as premise its principle of sustainable development, transparency and dialogue, EDP believes that this Report will contribute to the understanding of the business and the creation of value of the Company for its main stakeholders – shareholders, internal public, customers, suppliers, society, government and investors – and all other interested parties.

More information about the Report in the Company's website ([www.edp.com.br](http://www.edp.com.br)) or by e-mail ([sustentabilidade.edp@edpbr.com.br](mailto:sustentabilidade.edp@edpbr.com.br)). Information about GRI and the Accountability Standard AA1000 are available in the respective e-mails: [www.theiirc.org/](http://www.theiirc.org/), [www.globalreporting.org/e](http://www.globalreporting.org/e) [www.accountability.org/](http://www.accountability.org/).

## MESSAGE FROM THE BOARD [GRI 1.1]

In 2013, we had a challenging year, marked by our ability to adapt to the needs and changes of the market. More than simply establishing goals, we work to include all in a single project, sharing responsibilities and achievements with all the levels of the Organisation.

The entry into commercial operation of Thermoelectric Plant Pecém I (UTE Pecém I) and the progress of the works of the hydroelectric plants Jari and Cachoeira Caldeirão were major achievements this year and prove the rigor and dedication of our team. The achievement of the hydroelectric plant São Manoel (700 MW) in A-5 Auction, in association with Furnas S.A., reinforced our strategy of growth in generation assets, now the Company being focused on the execution of the projects under construction within the established term and budget.

Year 2013 was also marked by some uncertainty in the electric sector. In order to deal with the volatile environment, the Company adopted prudent solutions and remained persistent in front of the challenges, with the aim of reinforcing its credibility in the market and ensuring the pursued results.

From the point of view of the Distribution segment, the 3rd tariff revision cycle of EDP Escelsa and the annual tariff adjustment of EDP Bandeirante emphasized our focus on costs, efficiency and productivity, in order to optimize them. Both companies registered positive evolutions, from an economic-financial point of view as well as the commercial and technical quality.

Moreover, we work taking advantage of the synergy among the business units of the group, seeking to balance the relationship between the regulated and the free market, with the aim of retaining the maximum amount of customers in our portfolio and, once more, providing an environment where our Commercialization segment may attain positive results.

In 2013, we had a challenging year, marked by our ability to adapt to the needs and changes of the market. More than simply establishing goals, we work to include all in a single project, sharing responsibilities and achievements with all the levels of the Organisation.

### INNOVATION TO KEEP PACE WITH CHANGES AND DELIVER VALUE

Innovation and sustainability also played major roles. Getting reinvented over time to keep pace with changes and needs of customers and all other interested publics is one of the most important requirements for the success of a company. In EDP, innovation is more than a technological point of view, it is a way of doing business, working the present and projecting the future. The smart grid project implemented in the city of Aparecida, in São Paulo, reflects our technological pioneering nature. This initiative became a model of good practices and it will be reproduced in the municipalities of Domingos Martins and Marechal Floriano, both in Espírito Santo.

ANA MARIA FERNANDES  
President of the  
Administration Board



MIGUEL SETAS  
Director-President





The implementation of an increasingly higher number of projects in the energetic efficiency field and the expansion of the presence of Instituto EDP (IEDP) in the locations where the company operates are examples of the Company's determination. Examples of the result of these actions were the recognition of EDP Escelsa as finalist of the National Quality Award (Prêmio Nacional de Qualidade) and the one granted to EDP Bandeirante as highlight in the "Customers" category, for the second consecutive year.

We also invest in the main asset of the Company, people. Aspects like health, safety and the promotion of development and professional engagement are considered strategic points by our management policy and they are at the heart of our business model. In this sense, actions to enhance the efficiency and productivity of the companies of the Group were implemented, namely the primarization of some areas and the moving of the headquarters with the concept of Open Space.

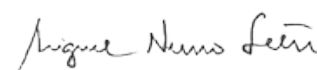
We aim at being on the cutting edge of knowledge, assuming business management practices that preserve the relationship with all the stakeholders. Balance and transparent dialogue are the essence of our sustainable performance, based on corporate policies and business practices that promote fundamental internationally-accepted values in the areas of human rights, labour relationships, environment, ethics and fight against corruption, reinforcing our continuous commitment with the principles established in the Global Compact of the United Nations Organization (UN).

#### SPECIAL THANKS

These results are the merit of the previous board, to which we give our thanks and congratulate for such results. We also thank our customers and business partners for the lasting relationship, the shareholders for the trust in our management, and our employees for their dedication and professionalism.



Ana Maria Fernandes  
*President of the  
Administration Board*



Miguel Setas  
*Director-President*

# 02

EDP

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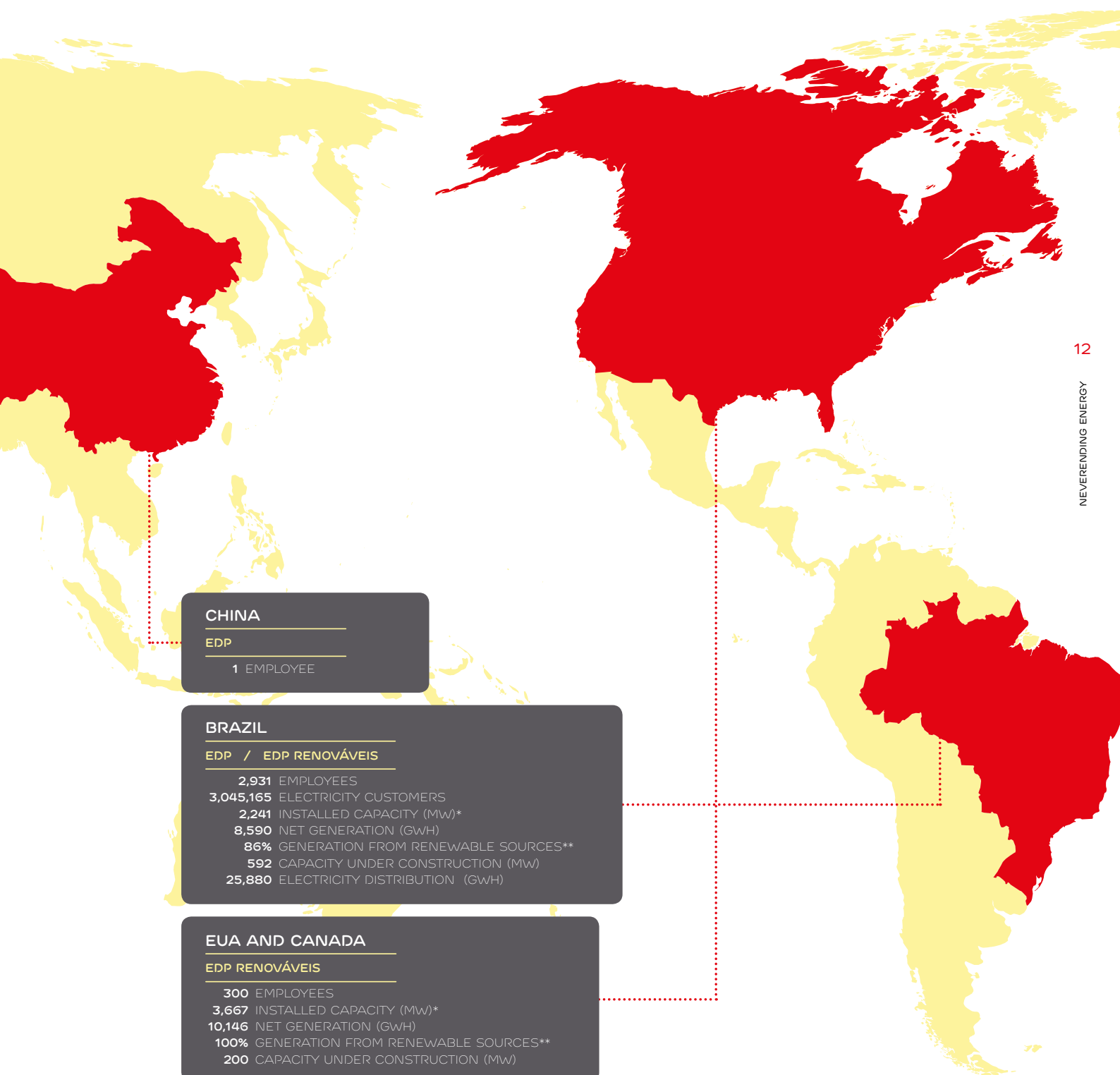




> BRAZIL  
HYDROELECTRIC PLANT  
MASCARENHAS - ENERGEST  
Coordinates:  
19° 30' S 41° 00' W  
Time of the day: 9h



## EDP

EDP IN THE WORLD [GRI 2.5 AND 2.6]**CHINA**

EDP

1 EMPLOYEE

**BRAZIL**

EDP / EDP RENOVÁVEIS

2,931 EMPLOYEES  
 3,045,165 ELECTRICITY CUSTOMERS  
 2,241 INSTALLED CAPACITY (MW)\*  
 8,590 NET GENERATION (GWH)  
 86% GENERATION FROM RENEWABLE SOURCES\*\*  
 592 CAPACITY UNDER CONSTRUCTION (MW)  
 25,880 ELECTRICITY DISTRIBUTION (GWH)

**EUA AND CANADA**

EDP RENOVÁVEIS

300 EMPLOYEES  
 3,667 INSTALLED CAPACITY (MW)\*  
 10,146 NET GENERATION (GWH)  
 100% GENERATION FROM RENEWABLE SOURCES\*\*  
 200 CAPACITY UNDER CONSTRUCTION (MW)

\*MW EBITDA / \*\* Includes hydro, solar, wind and biomass

**PORTUGAL****EDP / EDP RENOVÁVEIS**

**6,892** EMPLOYEES  
**5,717,678** ELECTRICITY CUSTOMERS  
**374,988** GAS CUSTOMERS  
**9,530** INSTALLED CAPACITY (MW)\*  
**24,317** NET GENERATION (GWH)  
**62%** GENERATION FROM RENEWABLE SOURCES\*\*  
**1,468** CAPACITY UNDER CONSTRUCTION (MW)  
**43,858** ELECTRICITY DISTRIBUTION (GWH)  
**6,938** GAS DISTRIBUTION (GWH)

**UNITED KINGDOM****EDP RENOVÁVEIS**

**31** EMPLOYEES

**SPAIN****EDP / EDP RENOVÁVEIS**

**1,935** EMPLOYEES  
**1,118,056** ELECTRICITY CUSTOMERS  
**796,196** GAS CUSTOMERS  
**6,163** INSTALLED CAPACITY (MW)\*  
**15,763** NET GENERATION (GWH)  
**44%** GENERATION FROM RENEWABLE SOURCES\*\*  
**9,147** ELECTRICITY DISTRIBUTION (GWH)  
**51,535** GAS DISTRIBUTION (GWH)

**FRANCE AND BELGIUM****EDP RENOVÁVEIS**

**36** EMPLOYEES  
**392** INSTALLED CAPACITY (MW)\*  
**806** NET GENERATION (GWH)  
**100%** GENERATION FROM RENEWABLE SOURCES\*\*  
**12** CAPACITY UNDER CONSTRUCTION (MW)

**ITALY****EDP RENOVÁVEIS**

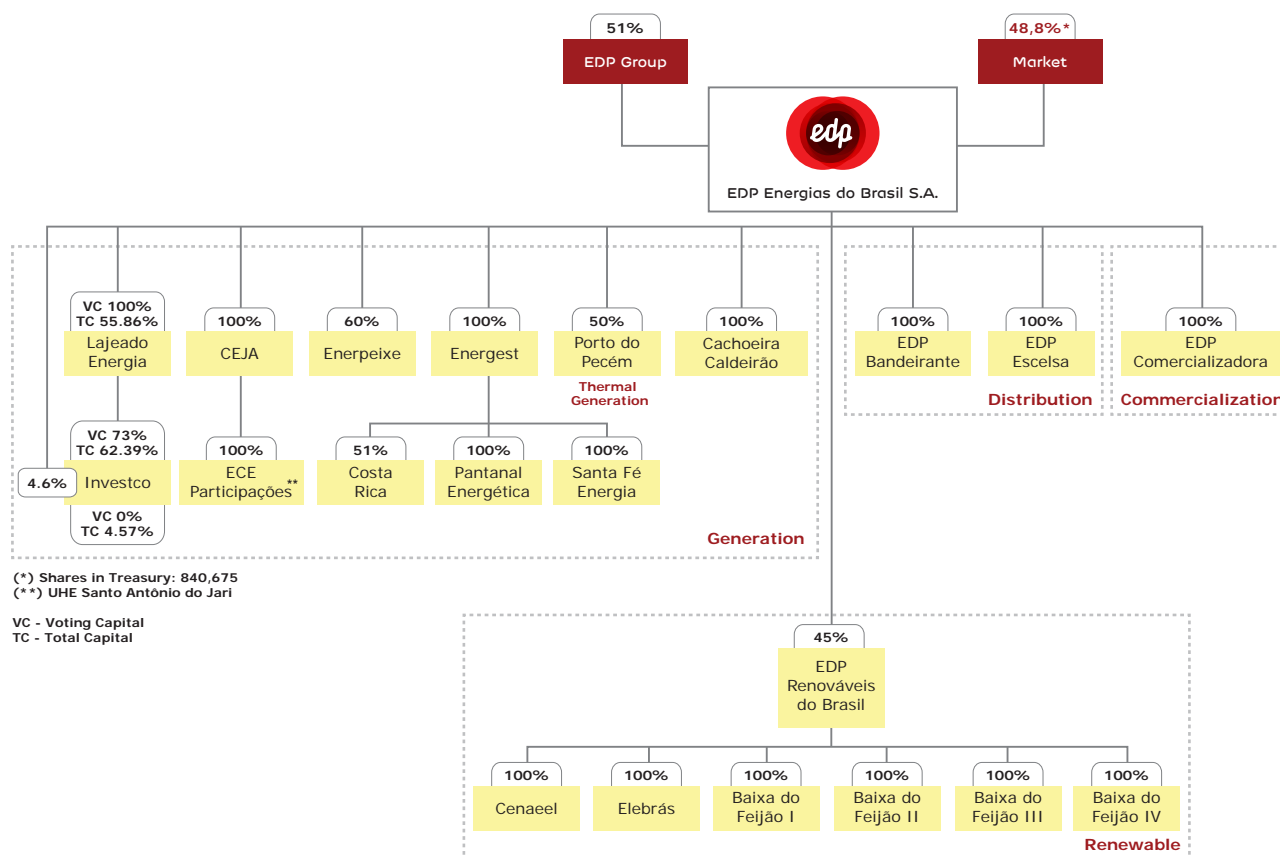
**22** EMPLOYEES  
**70** INSTALLED CAPACITY (MW)\*  
**83** NET GENERATION (GWH)  
**100%** GENERATION FROM RENEWABLE SOURCES\*\*

**POLAND AND ROMANIA****EDP RENOVÁVEIS**

**73** EMPLOYEES  
**891** INSTALLED CAPACITY (MW)\*  
**1,243** NET GENERATION (GWH)  
**100%** GENERATION FROM RENEWABLE SOURCES\*\*  
**10** CAPACITY UNDER CONSTRUCTION (MW)



## CORPORATE STRUCTURE [GRI 2.3]



## ALTERATIONS OF A CORPORATE NATURE [GRI 2.9]

Modifications in the generation portfolio and the establishment of new partnerships are some of the main corporate changes that took place in EDP, in 2013. Among them, we can highlight:

## CHANGES IN THE GENERATION PORTFOLIO

Enercoutho filed with the National Electric Energy Agency (ANEEL) the rescission of the Concession Contract with UHE Couto Magalhães on 19 July 2013. The contract, conditional on the existence of legal provision, was officially terminated on 5 September 2013, by ANEEL's board. The process continued to the Ministry of Mines and Energy, when the Concessionaires were convened to sign the termination. The Concessionaires were exempted from the tax on Public Property Use (PPU), and return of the guarantee of faithful compliance and compensation for expenses incurred in the development of the studies were requested.

The indirectly-controlled Pantanal Energética Ltda. transferred the assets of Hydro-Generator Plants São João I and II and Coxim to two Special Purpose Companies (SPC) on 1 August 2013. Pantanal signed with YU – Empreendimentos Imobiliários e Participações Ltda. a "Contract for the Sale of Shares and other Agreements" of the assets related to the aforementioned plants. Both SPCs transferred their control to YU on 1 September 2013.

EDP obtained the concession of Hydro Power Plant São Manoel (MT/PA) on 16 December 2013, in association with Furnas. The plant will be built in the state of Mato Grosso, with an installed capacity of 700 MW, physical guarantee of 409.5 MW average and expected budget of R\$ 2.7 billion. The sale of energy will last 30 years, beginning in May 2018, at R\$ 83.49/MWh. In the same auction, EDP, through its subsidiary EDP Renováveis Brasil, also sold 45 MW average, by means of four wind generation enterprises located in the state of Rio Grande do Norte, with an installed capacity of 116 MW. The sale of energy will last 20 years, beginning in January 2018, at R\$ 109/MWh.

In the same auction, EDP, through its subsidiary EDP Renováveis Brasil, also sold 45 MW average, by means of four wind generation enterprises located in the state of Rio Grande do Norte, with an installed capacity of 116 MW. The sale of energy will last 20 years, beginning in January 2018, at R\$ 109/MWh.

### NEW PARTNERSHIPS

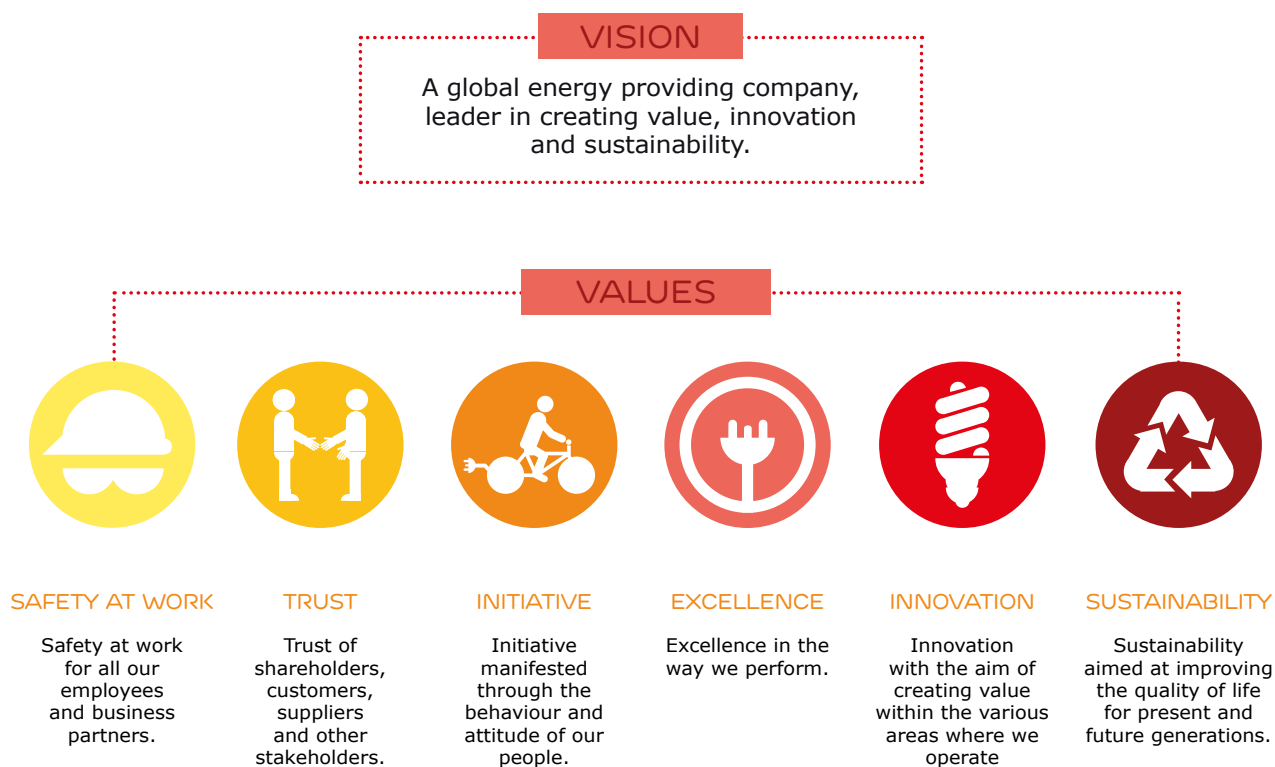
EDP in Brazil established a partnership with CWE Investment Corporation and CWEI Brasil, subsidiaries entirely controlled by China Three Gorges, on 6 December 2013. This new association seeks to carry out joint investments in the Brazilian energy market. The agreement establishes the joint performance of the parties, under a balanced and shared shareholding.

Contracts of sale related to Hydro Power Plants Santo Antônio do Jari (AP/PA) and Cachoeira Caldeirão (AP) were also signed – “Undertakings”, EDP will sell 50% of its shareholding in the undertakings, subject to approval by ANEEL, the Economic and Social Development National Bank (BNDES), Chinese regulatory bodies and other corporate and contractual issues.

Detailed information is available in the Financial Statements of EDP in Brazil, in the EDP Board Report, on [www.edp.com.br](http://www.edp.com.br).

## BUSINESS MODEL

Values that aim at the sustainable development and add global value are EDP’s business basis. <sup>[GRI 4.8]</sup>





## EDP BUSINESS PROFILE [GRI 2.1, 2.2, 2.4, 2.6 AND 2.7]

EDP constitutes a holding of a group of companies with a diversified portfolio that generates, distributes and commercializes electric energy in much of the Brazilian market. With its headquarters located in the city of São Paulo (SP), EDP has assets in eleven states: São Paulo (SP), Espírito Santo (ES), Tocantins (TO), Mato Grosso (MT), Mato Grosso do Sul (MS), Santa Catarina (SC), Rio Grande do Sul (RS), Rio Grande do Norte (RN), Ceará (CE), Pará (PA) and Amapá (AP).

Controlled by EDP Energias de Portugal, one of the major European operators in the energetic sector, EDP Energias do Brasil S.A. went public in the New Market (Novo Mercado) of the São Paulo Stock Exchange in July 2005, thus adhering to the highest standards of corporate governance. In January 2013, the Company entered the IBOVESPA, main index of the stock exchange in America Latina, resulting from the split of its ordinary shares in 2012.

WORKFORCE AT THE  
END OF 2013: 11,243

OWN EMPLOYEES: 2,772

THIRD PARTY EMPLOYEES: 8,286

APPRENTICES: 49

TRAINEES: 136

NET REVENUE: R\$ 7,096.5 MILLION IN  
2013 (INCREASE OF 9.9% IN RELATION  
TO THE PREVIOUS YEAR).

NET PROFIT: R\$ 376 MILLION IN 2013  
(INCREASE OF 9.4% IN RELATION TO  
THE PREVIOUS YEAR).

## GENERATION BUSINESS UNIT

Renewable sources prevail among EDP generation assets. A total installed capacity of 2,195 MW related to the portfolio of hydro, wind and thermal plants.

The increase in relation to 2012, when EDP had an installed capacity of 2,012 MW, is the result of the entry into commercial operation of the second unit of UTE Pecém I (180 MW, proportional to the 50% shareholding of the Company) and the last repowering of UHE Mascarenhas (4.5 MW). [GRI EU1]

EDP ENERGIAS DO BRASIL S.A.	2012		2013	
	Installed Capacity (MW)	Guaranteed Energy (average MW)	Installed Capacity (MW)	Guaranteed Energy (average MW)
<b>Hydraulic</b>				
UHE Peixe Angical (TO)	498.75	280.50	498.75	280.50
UHE Luís Eduardo Magalhães (TO)	902.50	526.60	902.50	526.60
UHE Mascarenhas (ES)	193.50	136.60	198.00	138.50
UHE Suiça (ES)	33.90	18.91	33.90	18.91
PCH Alegre (ES)	2.06	1.16	2.06	1.16
PCH Fruteiras (ES)	8.74	5.56	8.74	4.93
PCH Jucu (ES)	4.84	2.62	4.84	2.62
PCH Francisco Gros (ex-Santa Fé) (ES)	29.00	16.40	29.00	16.40
PCH São João (ES)	25.00	14.35	25.00	13.63
PCH Viçosa (ES)	4.50	2.52	4.50	2.52
PCH Rio Bonito (ES)	22.50	9.40	22.50	9.40
UHE Mimoso (MS)	29.50	20.90	29.50	20.90
PCH Costa Rica (MS)	16.00	11.67	16.00	11.06
PCH Paraíso (MS)	21.60	12.59	21.60	12.59
CGH Coxim (MS) <sup>1</sup>	0.40	0.30	0.40	0.30
CGH São João I (MS) <sup>1</sup>	0.66	0.54	0.66	0.22
CGH São João II (MS) <sup>1</sup>	0.60	0.45	0.60	0.27
<b>Total Hydraulic</b>	<b>1,794.05</b>	<b>1,061.07</b>	<b>1,798.55</b>	<b>1,060.51</b>
<b>Thermal</b>				
Porto de Pecém (CE) <sup>2</sup>	180.00	157.75	360.14	315.50
<b>Total Thermal</b>	<b>180.00</b>	<b>157.75</b>	<b>360.14</b>	<b>315.50</b>
<b>Wind</b>				
Água Doce (SC) <sup>3</sup>	4.10	1.10	4.05	1.06
Horizonte (SC) <sup>3</sup>	2.20	0.50	2.16	0.45
Elebrás Cidreira (RS) <sup>3</sup>	31.50	10.90	31.50	10.86
<b>Total Wind</b>	<b>37.80</b>	<b>12.50</b>	<b>37.71</b>	<b>12.37</b>
<b>TOTAL</b>	<b>2,011.85</b>	<b>1,231.32</b>	<b>2,196.39</b>	<b>1,263.51</b>

(1) CGHs Coxim, São João I and São João II were sold on 09.01.2013.

(2) Values according to 50% shareholding in Porto de Pecém (CE).

(3) Values according to 45% shareholding in EDP Renováveis Brasil.

## GROWTH STRATEGY IN THE GENERATION BUSINESS UNIT

### ACHIEVEMENT

EDP won the auction for the construction and operation of the hydroelectric plant of São Manoel (MT/PA) in 2013, with the start of operation scheduled for 2018 and an expected capacity of 700 MW.

### START OF OPERATIONS

[2015] UHE Santo Antônio do Jari (AP/PA) – 373.4 MW of installed capacity;

[2016] Wind farms Baixa do Feijão – I, II, III and IV (RN) 120 MW of installed capacity<sup>1</sup>;

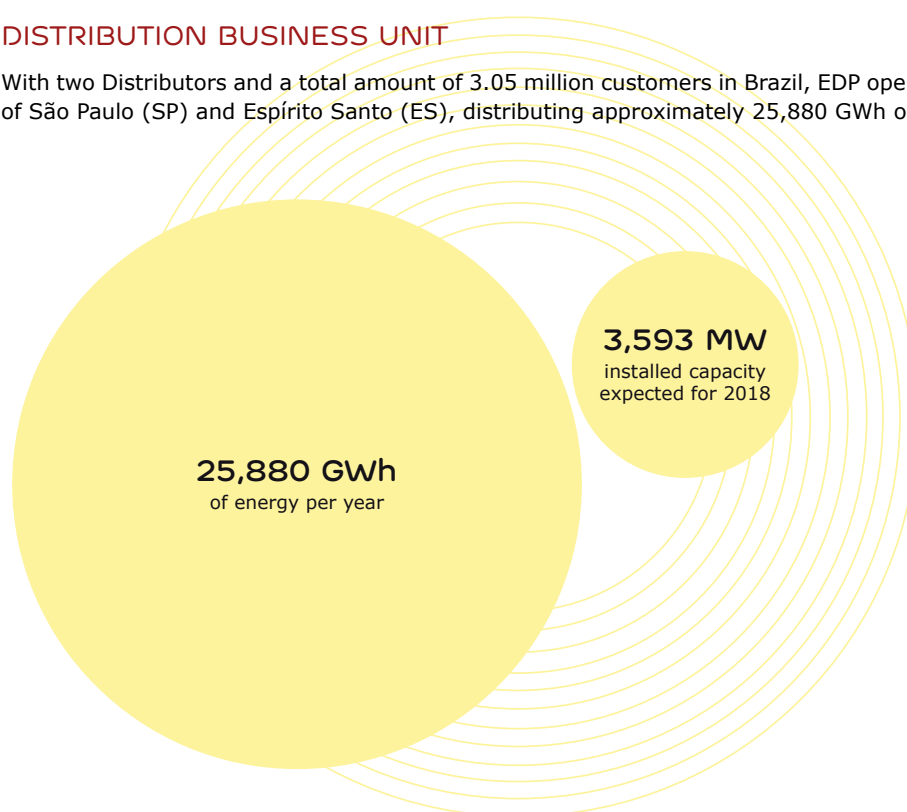
[2017] UHE Cachoeira Caldeirão (AP) – 219 MW of installed capacity;

[2018] UHE São Manoel (MT/PA) – 700 MW of installed capacity and wind farms Aroeira, Jericó, Umbuzeiros and Aventura I (RN) 116 MW of installed capacity<sup>1</sup>.

(1) EDP holds 45% shareholding.

## DISTRIBUTION BUSINESS UNIT

With two Distributors and a total amount of 3.05 million customers in Brazil, EDP operates in the states of São Paulo (SP) and Espírito Santo (ES), distributing approximately 25,880 GWh of energy per year.



### EDP BANDEIRANTE

EDP Bandeirante is a publicly held company (Sociedade anônima de capital aberto) aimed at providing public services of electric energy, during 30 years, as of 23 October 1998, when the concession contract was signed. Since April 2005, the Company became an entire subsidiary of EDP.

EDP Bandeirante operates in 28 municipalities of the State of São Paulo, in the regions of Alto do Tietê and Vale do Paraíba. In 2013, the Company served around 1.67 million customers and supplied 15,335 GWh, 3.7% more than in 2012.

### HIGHLIGHT OF EDP BANDEIRANTE

- Around 1.67 million customers served in 2013;
- 15,335 GWh supplied, 3.7% more than in 2012.

## EDP ESCELSA

It is a publicly held company that operates since 1968 in the field of electric energy distribution. It is entirely controlled by EDP Energias do Brasil S.A. since April 2005. With its headquarters in Vitória, in the State of Espírito Santo, it serves 70 of the 78 municipalities of the state. In 2013, EDP Escelsa supplied 10,545 GWh to 1.38 million billed customers, an increase of 4.1% compared to 2012. Its concession is valid up to 16 July 2025.

### HIGHLIGHT OF EDP ESCELSA

- Around 1.38 million billed customers;
- 10,545 GWh supplied, 4.1% more than in 2012;

PROFILE OF THE CONCESSIONS	EDP BANDEIRANTE		EDP ESCELSA	
	2012	2013	2012	2013
<b>STATE</b>	<b>SP</b>	<b>SP</b>	<b>ES</b>	<b>ES</b>
Municipalities served (n°)	28	28	70	70
Residents (Million)	4.5	4.5	3.3	3.3
Billed customers (Million)	1.60	1.67	1.33	1.38
Area of the concession (km2)	9,644	9,644	41,241	41,241
Energy supplied (GWh)	14,792.95	15,334.78	10,129.86	10,545.27
Energy sold to end customers – captive (GWh)	9,393.44	9,393.18	5,655.94	5,993.44
Number of Employees:	1,181	1,221	957	986
Productivity (customers/employee)	1,353.71	1,364.57	1,392.35	1,398.52
Productivity (MWh distributed/employee)	12,504.61	12,559.20	10,585.01	10,695.00

### COMMERCIALIZATION BUSINESS UNIT

EDP's Commercialization business unit, created in 2001, is responsible for the administration of the portfolio of energy contracts of the companies included in EDP Group in Brazil and of end customers with an intensive electricity consumption. At present, it is the third most important energy supplier of the country.

The reduction of energy costs through the supply in the free energy market and the provision of technical and consultancy services is its focus.

Providing consulting services, the Commercialization business unit serves customers that wish to optimize their purchases in the competitive electric energy environment. Its technical services include the construction of substations and transmission lines. In 2013, the Commercialization unit reached a net profit of R\$ 43.20 million and a EBITDA 28.2% higher in comparison with 2012.

BILLING OF CUSTOMIZED SERVICES OF EDP'S COMMERCIALIZATION UNIT (R\$ THOUSAND)	2012	2013
	Billing with technical support	898.53
Billing with provision of service, consultancy and management for free customers	1,481.82	1,373.88

### HIGHLIGHT OF THE COMMERCIALIZATION UNIT

- 12,390 GWh supplied: growth of 10.1% in relation to 2012.
- Serves 223 customers.

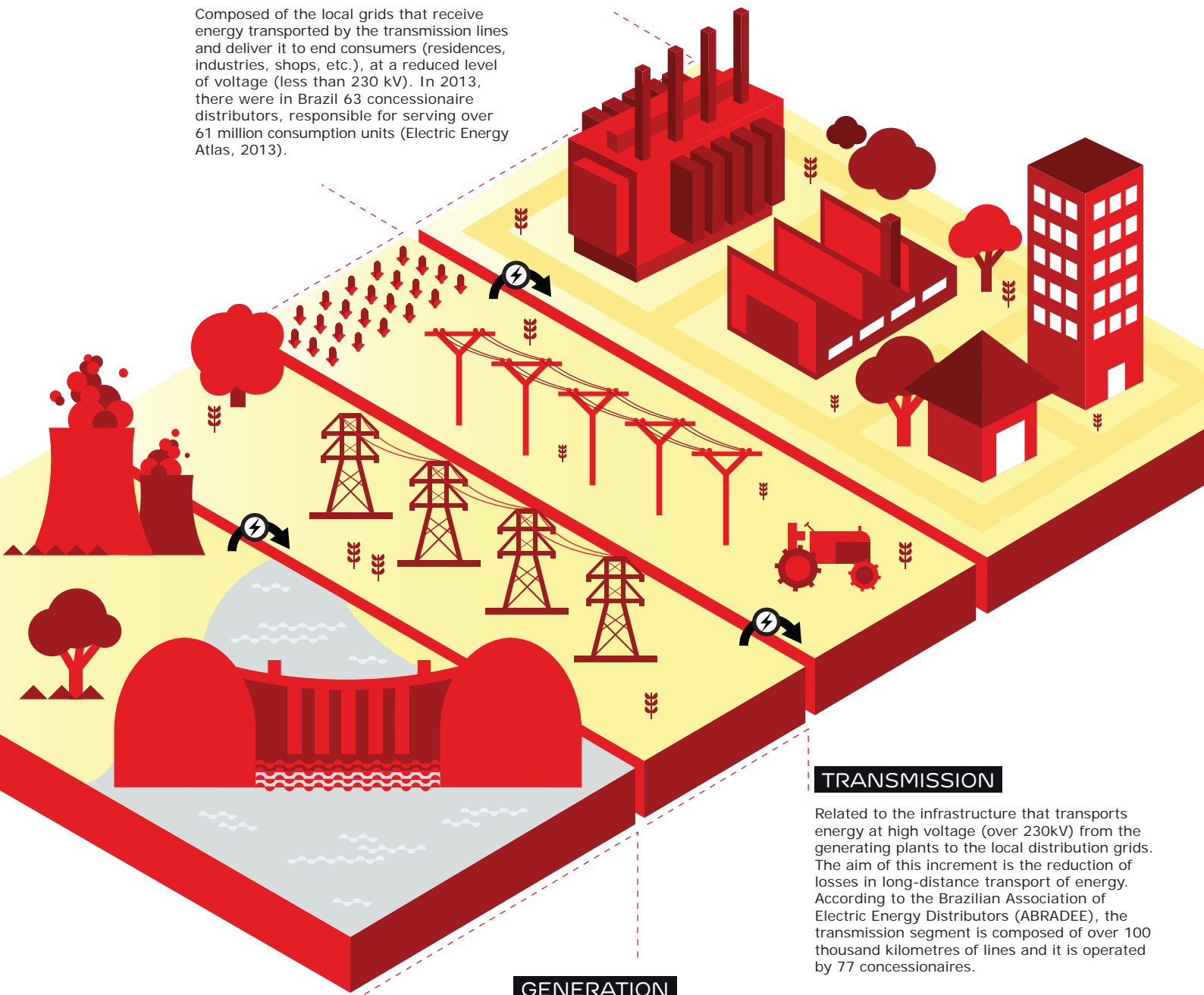
## ELECTRICAL ENERGY SUPPLY CHAIN

### COMMERCIALIZATION

Even though the Commercializer is not directly involved in the activities of the production chain, their function is to study the market in search of the best options for the purchase and sale of energy, acting as an intermediary in the negotiations between generators and free customers (intensive energy consumption units, who opt for a generator or commercializer to acquire energy). According to the Electric Energy Commercialization Chamber, in 2013 there were 151 Commercializers in Brazil.

### DISTRIBUTION

Composed of the local grids that receive energy transported by the transmission lines and deliver it to end consumers (residences, industries, shops, etc.), at a reduced level of voltage (less than 230 kV). In 2013, there were in Brazil 63 concessionaire distributors, responsible for serving over 61 million consumption units (Electric Energy Atlas, 2013).



### TRANSMISSION

Related to the infrastructure that transports energy at high voltage (over 230kV) from the generating plants to the local distribution grids. The aim of this increment is the reduction of losses in long-distance transport of energy. According to the Brazilian Association of Electric Energy Distributors (ABRADEE), the transmission segment is composed of over 100 thousand kilometres of lines and it is operated by 77 concessionaires.

### GENERATION

Initial link of the chain, where electric energy is produced from the conversion of other ways of energy into electricity. These ways may come from renewable sources, such as hydro, wind, solar, or non-renewable, like coal, petroleum, or gas. In 2012, Brazil presented an electrical generation matrix of a predominantly renewable origin, hydraulic generation being of 76.9% (BEN, 2013).

## RECOGNITION [GRI 2.10]

### AWARDS AND RECOGNITIONS IN 2013

#### NATIONAL QUALITY

The National Quality Award 2013 Cycle (**Prêmio Nacional de Qualidade Ciclo 2013**) recognised both Distributors of the Company, **EDP Bandeirante** in the category "Customers", for the second consecutive year, and **EDP Escelsa** as the single company that attained levels of management excellence within the evaluation criteria carried out, receiving the Espírito Santo Quality Trophy (**Troféu Prêmio Qualidade Espírito Santo**). It was granted by the National Foundation of Quality (Fundação Nacional da Qualidade, FNQ).

#### CORPORATE COMMUNICATION

The edPON Brasil magazine obtained the 1st place in the category '**Corporate Communication**' for its cover feature article "Energia do Bem" (Energy for Good), on the 7th issue of the **Allianz Seguros Journalism Award**, whose objective is to promote and appreciate the work of the press.

#### INNOVATION

EDP's **Innovation Mentors Program** was one of the 24 finalists among over 140 programs that participated in the contest **Innovating Innovation Challenge** – promoted by the Management Innovation Exchange (MIX) project –, which shares innovation initiatives in business administration all over the world.

EDP in Brazil, through EDP Renováveis Brasil, owner of Ceneael Wind Farm in Santa Catarina, is included in the **Champions of Innovation** ranking for another year, and it is among the 50 most innovating companies of the South of the country, according to a study carried out by **Amanhã Magazine**.

#### ELECTRIC MOBILITY

The study "Avaliação dos possíveis cenários, experimentação e mensuração dos impactos dos veículos elétricos nos sistemas de distribuição da EDP Bandeirante e da EDP Escelsa" (Assessment of possible scenarios, experimentation and measurement of the impacts of electric vehicles in the distribution systems of EDP Bandeirante and EDP Escelsa) received an **honour mention in the 9º Latin American Showroom of Electric Vehicles, Components and New Technologies**, among other ten works selected on electric mobility in the country.

#### ENVIRONMENTAL STRATEGY

For the fifth time, EDP received the Green Company Época Award (**Prêmio Época Empresa Verde**), which recognises companies and their practices in the environmental strategy field.

EDP was recognised for its participation with Gold seal inventory in all the editions of the Greenhouse Gas Protocol (**GHG Protocol Brazilian Program**), whose goal is to promote corporate culture for the preparation and publication of greenhouse gas emissions (GEE) inventories.

#### SUSTAINABLE ENERGY

UHE Peixe Angical (TO) was certified with Gold seal of the Sustainable Energy Seal Program (**Selo de Energia Sustentável**) of the Acende Brasil Institute, analysis carried out by PricewaterhouseCoopers (PwC). It was among the first three of the 1,350 electric energy generation enterprises located in Brazil.

#### FINANCIAL STATEMENTS

DP Group was awarded the 2nd place for its financial statements by the **Brazilian Association of Energy Sector Accountants (Abraconee)**.

#### PEOPLE MANAGEMENT AND TRAINING

For the second consecutive year, EDP was recognised as one of the companies with the best people management practices and a reference in the Human Capital Management field for the certification **Top Employers Brasil**.

The **Electricians' School** initiative won with the project 'Improving Lives and Preparing the Future', in the category of People Development and Training of the COGE Foundation Award (**Prêmio Fundação COGE**). The award disclosures successful projects executed by companies of the Brazilian Electric Sector.

EDP is among the **100 best companies in Organisational Human Development Indicator (IDHo)** and the **50 best companies in Corporate Citizenship**, being able to use the seals in its publications.

#### CREATION OF VALUE

EDP is in the **best place within the electric sector** and it is in the 22nd position among the 50 Brazilian companies with best value production indicators. **Dom Strategy Partners** published the research that assesses aspects like corporate results, reputation, competitiveness and risk.

EDP Escelsa is among the companies considered "**value brands**" in Espírito Santo, a result of a research carried out by the Futura Institute for the **newspaper A GAZETA**.

#### CONSUMER SATISFACTION

EDP Escelsa won the 2nd place in the ANEEL Index of Consumer Satisfaction Award (**Prêmio Índice ANEEL de Satisfação do Consumidor, IASC**) of 2013, granted every year to promote the improvement in the distribution service in the country.

#### SOCIAL SPHERE

EDP won the seal **Empresa Amiga da Criança** ('Friend of Children Company') of Abrinq Foundation, for the 9th consecutive year, for its performance in education, health and leisure for children and adolescents of both Distributors of the group (EDP Bandeirante and EDP Escelsa), of UHE Peixe Angical (TO) and IEDP.

The Ministry of Sport granted UHE Luis Eduardo Magalhães (TO) and UHE Peixe Angical (TO) the Entrepreneur Friend of Sports Award (**Prêmio Empresário Amigo do Esporte**), in the category Sport's Best Friend, for investment in the project 'Learning to Grow – Social Inclusion through Football Society', executed in the communities of Palmas (TO) and Peixe (TO).

#### ENERGETIC EFFICIENCY

The **Brazilian Association of Energy Conservation Services Companies (Abesco)** certified EDP Bandeirante for its performance in the Good Energy in the Community Program, during the 10th Brazilian Congress of Energy Efficiency (COBEE), main event of the sector focused on the efficiency in the use of energy as well as water and fuels.

KEY PERFORMANCE [GRI 2.8]

HIGHLIGHTED INDICATORS	EDP			
RESULTS (R\$ MILLION) <sup>1</sup>	2011	2012	2013	Variation 2013/2012
Gross revenue	8,872.80	10,123.70	10,496.50	3.7%
Net revenue	5,705.40	6,454.50	7,096.50	9.9%
Manageable and non-manageable expenditure	(4,504.20)	(5,371.50)	(5,843.40)	8.8%
Service result (EBIT)	1,201.20	1,083.00	1,253.10	15.7%
EBITDA <sup>2</sup>	1,537.60	1,420.60	1,655.70	16.6%
Financial result	(235.90)	(197.40)	(299.10)	51.5%
Profit before minority interests	691.70	535.40	554.10	3.5%
Net profit	490.70	343.50	375.80	9.4%
<b>MARGINS %</b>				
EBITDA Margin (EBITDA/net revenue)	28.50	22.80	24.50	7.50%
Net margin (net profit/net revenue)	0.12	0.08	0.08	-5.9%
<b>FINANCIAL</b>				
Total Assets (R\$ million)	13,615.95	12,729.45	14,141.49	11.1%
Net Equity (R\$ million)	6,527.99	6,332.39	6,253.17	-1.3%
Minority Interest (R\$ million)	181.39	174.10	161.00	-7.5%
Net Debt (R\$ million) <sup>3</sup>	2,717.72	1,895.00	2,335.30	23.2%
Net Debt/Net Equity (times)	0.40	0.30	0.40	24.8%
Net Debt/EBITDA (times)	1.77	1.30	1.40	5.7%
Investments (R\$ million)	796.73	976.79	1,141.28	16.8%
<b>SHARES</b>				
Total No of shares (thousand)	158,805	476,416	476,416	0.0%
Total No of shares in treasury (thousand)	280,225	840,675	840,675	0.0%
Dividends per share (R\$/share)	2.34	0.78	0.78	0.0%
Share closing price – ON (R\$) <sup>4</sup>	13.83	12.49	11.35	-9.1%
Appreciation per year (%)	7.20%	-9.71%	-9.13%	-6.0%
Market capitalization (R\$ million)	6,217.22	5,950.43	5,407.32	-9.1%
<b>OPERATIONAL</b>				
<b>Distribution</b>				
Energy distributed (GWh)	24,544	24,923	25,880	3.8%
Energy sold to end customers (GWh)	14,624	15,049	15,386	2.2%
Conventional supply (GWh)	42	44	48	8.7%
Supply	450	509	533	4.6%
Energy in transit (GWh)	9,414	9,305	9,897	6.4%
Own consumption (GWh)	13	14	15	7.2%
Average price of energy sold to end customers (R\$/MWh) <sup>5</sup>	296	297	353	18.9%
Energy Purchased (GWh)	19,938	19,955	13,821	-30.7%
Commercial and technical losses (GWh)	3,127	3,290	1,678	-49.0%
Commercial and technical losses (GWh)	11.30	11.70	11.20	-3.6%
Number of Customers (thousand)	2,832	2,934	3,045	3.8%
Energy distributed per customer (MWh)	9	8	8	0.1%
Productivity (MWh distributed/employee)	11,749	11,545	11,643	0.9%
No of Customers/employee	1,355	1,111	1,099	-1.1%
		<b>EDP BANDEIRANTE</b>	<b>EDP ESCELSA</b>	
<b>QUALITY OF SERVICES RENDERED</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>
Duração Equivalente de Continuidade (DEC)	9.42	8.08	9.88	9.67
Frequência Equivalente de Continuidade (FEC)	6.03	5.51	5.37	5.78
				<b>Variation 2013/2012</b>
<b>Generation</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	
Energy generated (GWh) <sup>6</sup>	7,949	8,321	10,906	31.1%
Installed Capacity (MW)	1,828	2,012	2,196	9.2%
Average price of energy sold (R\$/MWh) <sup>7</sup>	133	144	161	12.1%
<b>Commercialization</b>				
Number of Customers	137	210	223	6.2%
Sale of energy (GWh)	9,895	11,254	12,378	10.0%
<b>SOCIAL</b>				
Number of own employees	2,600	2,641	2,772	5.0%
Number of third party employees <sup>8</sup>	7,485	8,772	8,286	-5.5%
Accidents with population	17	30	16	-46.7%
Accidents with internal public and employees	101	119	85	-28.6%
Internal social investments (R\$ million)	161	164	162	-1.1%
External social investments (R\$ million)	3.6	5.2	4.6	-12.3%
Taxes paid (R\$ million)	3,255	2,937	2,650	-9.7%
<b>ENVIRONMENTAL</b>				
Investments in environment (R\$ million)	22.5	41.0	59.6	45.3%
Direct energy consumption (GJ)	32,241.20	63,310.20	81,337.6	28.5%
Indirect energy consumption (GJ)	98,362.00	128,860.80	163,735.6	27.1%
Greenhouse gas emissions (tCO <sub>2</sub> e)	58,647.00	157,682.35	2,842,242.60	1,702.5%

(1) The accounting standard used in the financial statements is the International Financial Reporting Standard (IFRS).

(2) EBITDA: profit before taxes, interest, depreciation, amortization and non-operational result.

(3) Net Debt = Gross Debt – Cash and Securities – Regulatory Assets Net Balance

(4) Value of the share in December, excluding dividends paid.

(5) Average price of the energy sold to end customers = billed revenue from end customers (excluding supply and TUSD)/volume of energy sold to end customers. In 2013, gross revenue began to be considered.

(6) Energy generated includes hydro, wind and thermal plants (in capital shareholding held by EDP in Brazil).

(7) Average price of the energy sold = energy supply revenue/volume of energy sold from the generation.

(8) The 2012 figures include employees involved in Pecém (CE) works – 50% of workforce – and in Jari (AP/PA).

# 03

## STRATEGIC AND MARKET CONTEXT

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# STRATEGIC AND MARKET CONTEXT

## CONTEXT, MARKET TRENDS AND ENERGY SECTOR <sup>[GRI 1.2]</sup>

With a population of almost 200 million and a Gross Domestic Product (GDP) that, in 2012, reached around US\$ 2.5 trillion – data from the International Monetary Fund (IMF)/ Ministry of Mines and Energy (MME) –, Brazil is considered one of the major markets in the world. Another characteristic of the country is its great concentration in urban areas, 84% of the population being concentrated in the states of the Northeast, Southeast and South, regions that have received significant volumes of investments.

This trend of investments must be kept in the next years, specially due to two factors that provide diversified opportunities of development: worldwide sport events, such as the Fifa World Cup, in 2014, and the Olympic Games in Rio de Janeiro, in 2016, and the potential for petroleum exploitation of the pre-salt in the Brazilian coast, estimated in around 1.6 trillion cubic metres of gas and oil. All this will demand expansion of the logistic infrastructure and will, consequently, influence the electric energy consumption behaviour, which reflects the economy.

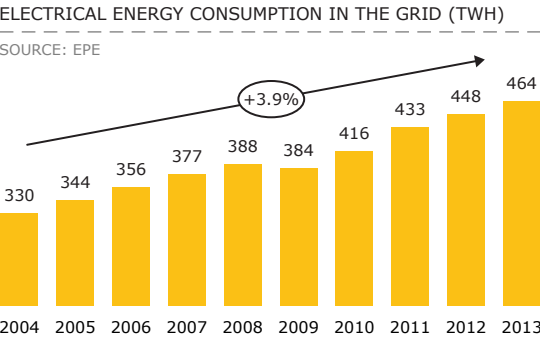
According to data from the Geography and Statistics Brazilian Institute (IBGE), Brazil’s GDP grew 2.3% compared to the previous year, reflected in the increases in the agricultural and livestock activities (7.0%), industry (1.3%) and services (2.0%). IBGE also observed an increment in the consumption of families 2.3% higher than 2012, presenting a positive rate for the 10th consecutive year. This was the result of favourable conditions of employment, income and credit to the consumer.

The employment rate ended the year at 5.4%, lowest figure in history. The average annual rate includes the period from January to December 2013 and considers the metropolitan regions of Recife, Salvador, Belo Horizonte, Rio de Janeiro, São Paulo and Porto Alegre. Moreover, in 2013, the workers’ real average income increased by 1.8%. This was the annual variation, considering the monthly average income received by workers in the metropolitan regions of Recife, Salvador, Belo Horizonte, Rio de Janeiro, São Paulo and Porto Alegre. These factors also contributed to a growth of 4.3% in retail sales in Brazil, according to IBGE.

Another significant piece of information was the industrial activity, which grew by 1.2% in 2013, resulting mainly from the production of capital goods, recovering the production of trucks and buses after the 2012 fall. It is also highlighted the production of automobiles and domestic appliances, which got incentives from the government over the year.

In the monetary policy field, the year was marked by an open cycle, with a increase of 2.75 p.p. in the basic interest rate (Selic), ending the year at 10.0% a.a. (compared to 7.25% in January 2013). This increment was aimed at inflation control and currency stability.

Such economic activity warm-up was reflected in the electrical sector. Total energy consumption reached 463,740 GWh, 3.5% more than the previous year, according to the Energy Research Company (Empresa de Pesquisa Energética, EPE). It is highlighted the performance of the residential and commercial classes, with a growth of 6.1% and 5.7% respectively compared to 2012. In the last 10 years, the electrical energy consumption average growth is 3.9% per year.



In the last 10 years, the electrical energy consumption average growth is 3.9% per year.

### THE ELECTRIC ENERGY MARKET IN BRAZIL

In 2013, the electrical sector's joint effort generated 129GW of electric energy. This result was achieved with 69% of energy produced by hydroelectric plants, 15% by thermal plants, 14% by renewable energies, and 2% from nuclear sources.

Energy generated forms part of the National Interconnected System (SIN), which covers 98% of Brazilian market. The SIN is characterized specially for the existence of large reservoirs, hydroelectric undertakings and long transmission lines.

#### NATIONAL INTERCONNECTED SYSTEM

SOURCE: ELECTRIC SYSTEM NATIONAL OPERATOR (ONS) AND BIG ANEEL

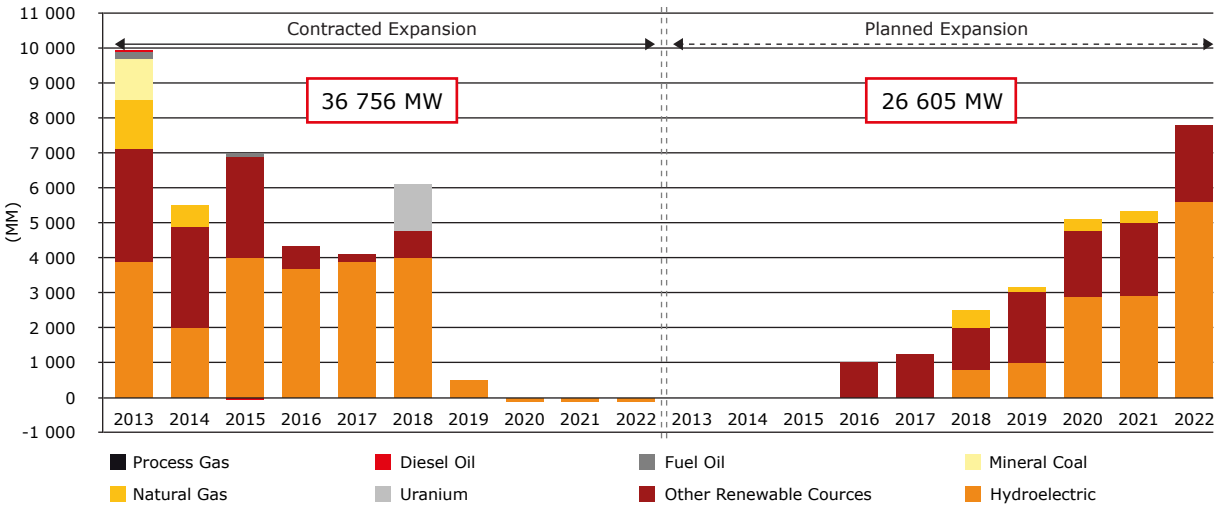


According to the previsions of the Decennial Plan of Energy Expansion 2022 (PDE 2022), the demand for electrical energy will grow by 4% per year, in the next two decades, reaching a demand exceeding 93GW in 2023. In order for this rate not to affect the country’s economic activity, the sector would need to invest in the expansion of 52GW of current installed capacity until 2022.

The extension project would be based on the diversification of the energy matrix with different sources. Among the measures, it is expected an auction of over 26GW in generation undertakings in the next years, 13GW in renewable sources and small hydroelectric plants (PCHs), 10GW in hydroelectric undertakings, and 3GW for gas-fired thermoelectric plants.

ANNUAL INSTALLED CAPACITY INCREASE BY SOURCE

SOURCE: PDE 2022

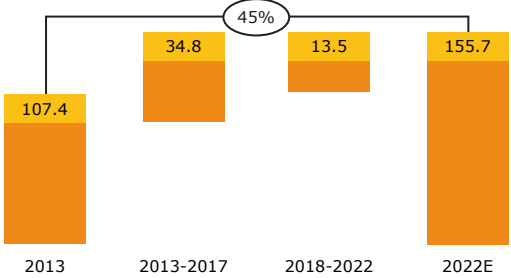


After UHE São Manuel auction carried out in 2013, won by EDP, the planned expansion of the above graphic decreased to 25,905MW and the contracted increased to 37,456MW.

However, the expansion of the generation assets still entails an effort from the sector in investments to multiply the transmission lines. Until 2022, it is expected an increase of 48.3 thousand kilometres of new lines, which will represent a grid 45% longer than the current structure in 2013.

GROWTH OF THE TRANSMISSION EXPANSION (KM)

SOURCE: PDE 2022



According to PDE 2022, the energy efficiency and the distributed generation penetration by end consumers will contribute to the reduction of the need to expand the generation now concentrated in the SIN. Large reservoirs and long transmission lines will coexist with distributed generation, composed of self-production and photovoltaic generation, thus lowering the demand of energy from the grid by around 117TWh in 2022. It is estimated that 98% of that energy will be generated in large-sized systems, installed in industries, such as metallurgical production, cellulose and paper, chemical, refine, sugar and alcohol production, as well as the commercial sector. The remaining, around 1.9TWh, will derive from the integration of photovoltaic solar generation systems in the residential and commercial classes until 2022.

## SIGNIFICANT ALTERATIONS IN THE REGULATORY ENVIRONMENT

The regulatory scenario of the Brazilian energy sector suffered profound alterations during the last year. The Provisional Measure No 579, of 9 November 2012, enacted by the Federal Government, which established criteria for an average reduction of 20% in electric energy tariff in all Brazilian regions, implied changes in the regulatory framework of the sector. The reason for this was that the tariff reduction resulted from a combination of measures.

The measure with the highest impact was the early renovation of the electrical energy generation and transmission concessions, with expiration between 2015 and 2017. Many generators did not adhere to the extension of the concessions. Another measure with a high impact was the reduction or extinction of taxes in the sector, which led to, for example, the extinction of the Account for Fuel Consumption (Conta de Consumo de Combustíveis, CCC) and the Global Reserve of Reversion (Reserva Global de Reversão, RGR). And the Account for Energy Development (Conta de Desenvolvimento Energético, CDE) was reduced.

As a result of these measures and the deep frustration in 2013 Auctions (A-1 Auction and Adjustment Auctions), the contracts with the distributors were terminated, leading to an involuntary exposition to the short-term energy purchase market.

Adverse climate conditions, with reduced rainfall, was an additional factor that contributed to the unstable scenario faced by the energy sector in 2013. The lack of rain led to an increase in the Difference Settlement Price (PLD) and the out-of-merit dispatch of thermoelectric plants. This context determined cash restrictions for distributors, which required an extraordinary contribution of resources by CDE and the Treasury.

### UNDERSTANDING THE OUT-OF-MERIT DISPATCH OF PLANTS\*

The Electric System National Operator (ONS) determines how energy is generated in Brazil. Energy with the lowest cost is always given priority, in the following order:

- 1) energy generation by hydroelectric plants;
- 2) energy generation by thermal plants with lower costs – providing there are fuel and technical conditions.

In periods of rain shortage, or as a measure to prevent a possible lack of fuel in the future, thermoelectric plants are authorized to produce electric energy instead of hydroelectric plants. This measure also contributes to allowing hydroelectric plants' reservoirs more time to accumulate water during rainfall.

By allowing thermoelectric plants to generate energy in advance, ANEEL seeks to increase the energy generation offer of this segment and provide more safety to the National Interconnected System.

The out-of-merit dispatch of plants does not have an impact on the tariff for the consumer, but it normally increases the energy price negotiated in the short-term market.

\* Source: ANEEL

## TARIFF REVIEWS AND TARIFF READJUSTMENTS

ANEEL approved the results of the sixth tariff review of EDP Escelsa, through Resolution No 1,576, of 30 July 2013. The tariff repositioning was 4.12%, out of which 1.32% derived from the economic recovery for the period, and 2.80% referred to other financial components. The electricity bill tariff paid by consumers, in terms of average perceived effect and compared to the previous one, decreased by 1.05% overall. From this percentage, +2.17% was the average perceived effect for consumers served in high and medium voltage, and -3.14% for consumers served in low voltage.

The main financial adjustment recognised by ANEEL in that tariff process for EDP Escelsa was the balance of the Variation Account for Parcel A Items (CVA), for an amount of R\$ 34.4 million. The value referred to the difference between the officially recognised costs and the costs effectively incurred by the Company during the period May 2012 - April 2013. Apart from that sum, EDP Escelsa also received R\$ 90.7 million through the transfer of CDE funds in order to reduce the impact on the tariff to be applied to end consumers.

In turn, the average annual tariff readjustment granted to EDP Bandeirante was 10.36%, repositioning the tariff for the period 23 October 2013 - 22 October 2014. From these percentage, 9.92% refer to the economic readjustments of the period, and 0.44% relate to financial components.

The Tariff Readjustment Index (IRT) approved includes the amortization of the second of the three instalments of the balance of the regulatory liabilities, which derived from the postponement of the application date of the Third Periodic Tariff Review (3RTP) results, for an amount of R\$ 28 million, the last instalment remaining for the 2014 tariff readjustment.

For EDP Bandeirante, ANEEL recognised as main financial adjustment, in that tariff process, the CVA balance for an amount of R\$ 288 million, related to the difference between the recognised costs and the costs effectively incurred by the Company in the period August 2012 - July 2013. From this amount, EDP Bandeirante will receive R\$ 50 million through tariff, and R\$ 238 million were already received through the transfer of CDE funds, reducing the impact on the tariff to be applied to end consumers, according to Order No 7,891, of 23 January 2013, text given by Order No 7,945, of 7 March 2013.

**PUBLIC MEETINGS OF ANEEL'S BOARD****Process: 48500.004830/2012-43**

Request for reconsideration presented by the company Porto do Pecém Geração de Energia S.A. against Resolution No 643, of 5 March 2013. Such resolution established the consideration, in the ballast recomposition performed by the Company, for the effect of transferring to the original contracts, the lower value between the energy of the ballast recomposition contract and the cost-benefit index (ICB) of Thermal Plant (UTE) Pecém I. Updated in the terms of Resolution No 1,203, of 23 June 2009, issued by the Superintendency of Market Research (SEM)/ Superintendency of Generation Services Regulation (SRG).

**Result:** Request accepted and ANEEL Normative Resolution No 165, of 19 September 2005, was altered based on the rule defended by EDP Group.

**Process: 48500.005778/2000-00**

Termination of the concession of Hydroelectric Plant Couto Magalhães, granted to companies that constitute the association Ener-Rede Couto Magalhães, located in the municipalities of Santa Rita do Araguaia, in the State of Goiás, and Alto Araguaia, in the State of Mato Grosso.

**Result:** Plea accepted on the basis of the amendment of Law No 9,074, on 7 June 1995, proposed by EDP Group, for the inclusion of articles defining a term for request of rescission of the Concession Contract.

**ANEEL HEARINGS AND PUBLIC CONSULTANCY****RELEVANT CONTRIBUTIONS AND PARTICIPATIONS OF EDP GROUP IN 2013** [GRI 505]

- I. Improvement of the tariff review methodologies which will take place as of 2015.
- II. Improvement of Normative Resolution No 547, of 16 April 2013, which establishes the commercial procedures for the application of the tariff flag system.
- III. Improvement of EDP Escelsa tariff review, related to the 3rd Cycle of Tariff Reviews of Electric Energy Distribution Concessionaires for the period 2014 - 2016.
- IV. Definition of the regulatory parameters associated with the approval of basic projects of hydroelectric plants not dispatched in a centralised way by ONS.
- V. Utilization of the new Use Tariff calculation process of the Transmission System (TUST).
- VI. Improvement of the priority order of energy sale contracts for the purposes of assessment of the non-technical loss gloss.
- VII. Improvement of the methodology of transfer of CDE costs derived from the non-adherence to the quota system by generation concessionaires.

**RISK MANAGEMENT** [GRI 1.2]**RISK MANAGEMENT SYSTEM**

EDP launched its Risk Management Policy in 2006 and, since 2011, it has been updating such policy every year, considering its principles and parameters in front of the best practices of the market. By means of an integrated management, it is possible to assure the monitoring of various risks inherent to each of the areas of the Company, allowing their identification, classification and assessment, as well as to execute mitigation and control measures. The risks inherent to each area are managed by the person in charge and reported periodically to the Company's Board.

In 2013, actions for the management of corporate risks were included in the Energy Risk Planning and Management Committee, more specifically in the area of Energy Research and Risk Management. This unification allowed to empower the synergy and integration between the risk management activities of the Company.

The risk governance structure includes the Risk Committee, which, in turn, is composed of the EDP Board. When necessary, the directors of the areas involved also take part. The Risk Committee is also informed about the status of additional action plans, created in the stage of risk assessment and treatment.

With the implementation of a methodology based on recognised structures and standards, like COSO ERM and ISSO 31.000, potential risks are identified, classified, analysed and managed, according to the following description:

**DEFINITION** – To define criteria and elements that support risk management, such as the risk dictionary, impact and vulnerability scales for assessment, risk owners and key-users.

**IDENTIFICATION** – To review and update annually the risk map, in order to identify new categories and their factors together with their risk owners, that is, the responsible for each of them.

**CLASSIFICATION** – To divide the risks in four groups – Strategic, Financial, Operational and Regulatory – which give rise to 14 subgroups, where pertinent risk categories are allocated (see risk map on page 30).

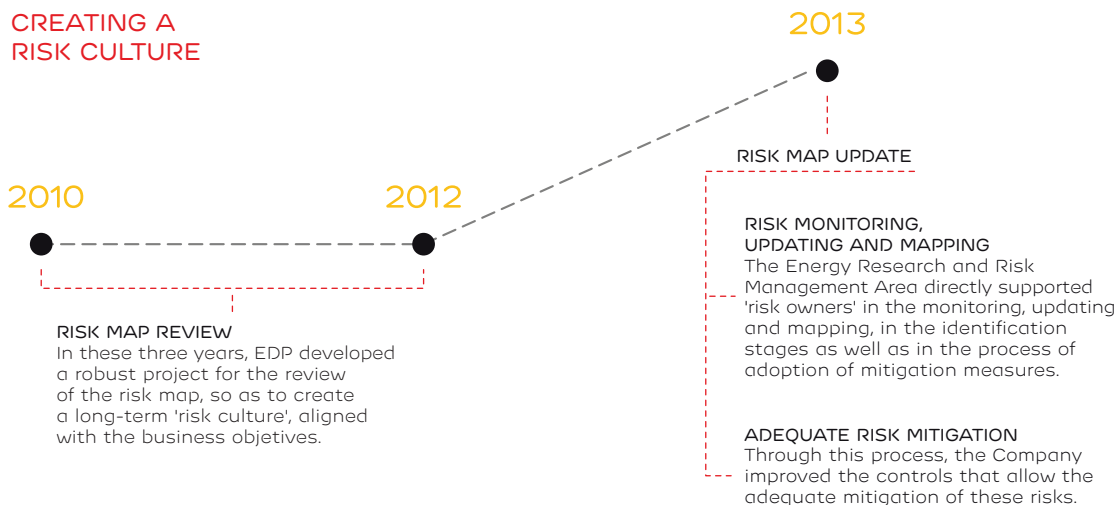
**ASSESSMENT AND TREATMENT** – To split these categories by 'risk factors'. For each one, there is a specific sheet, where the risk impact and vulnerability are assessed and documented. Based on scales and drivers, the evolution of the factors is obtained, as well as the speed of the possible risk materialization. Each risk has its own treatment guideline, either by already existing controls or by action plans. This follow-up is performed by the area of Energy Research and Risk Management.

**MONITORING AND REPORTING** – To register the risk assessment process and its residual level of severity – risk assessed considering its treatment – in the risk map, which is composed of reports and graphics. The Company maintains, since 2006, a Risk Portal where the main risks and their sheets are registered.

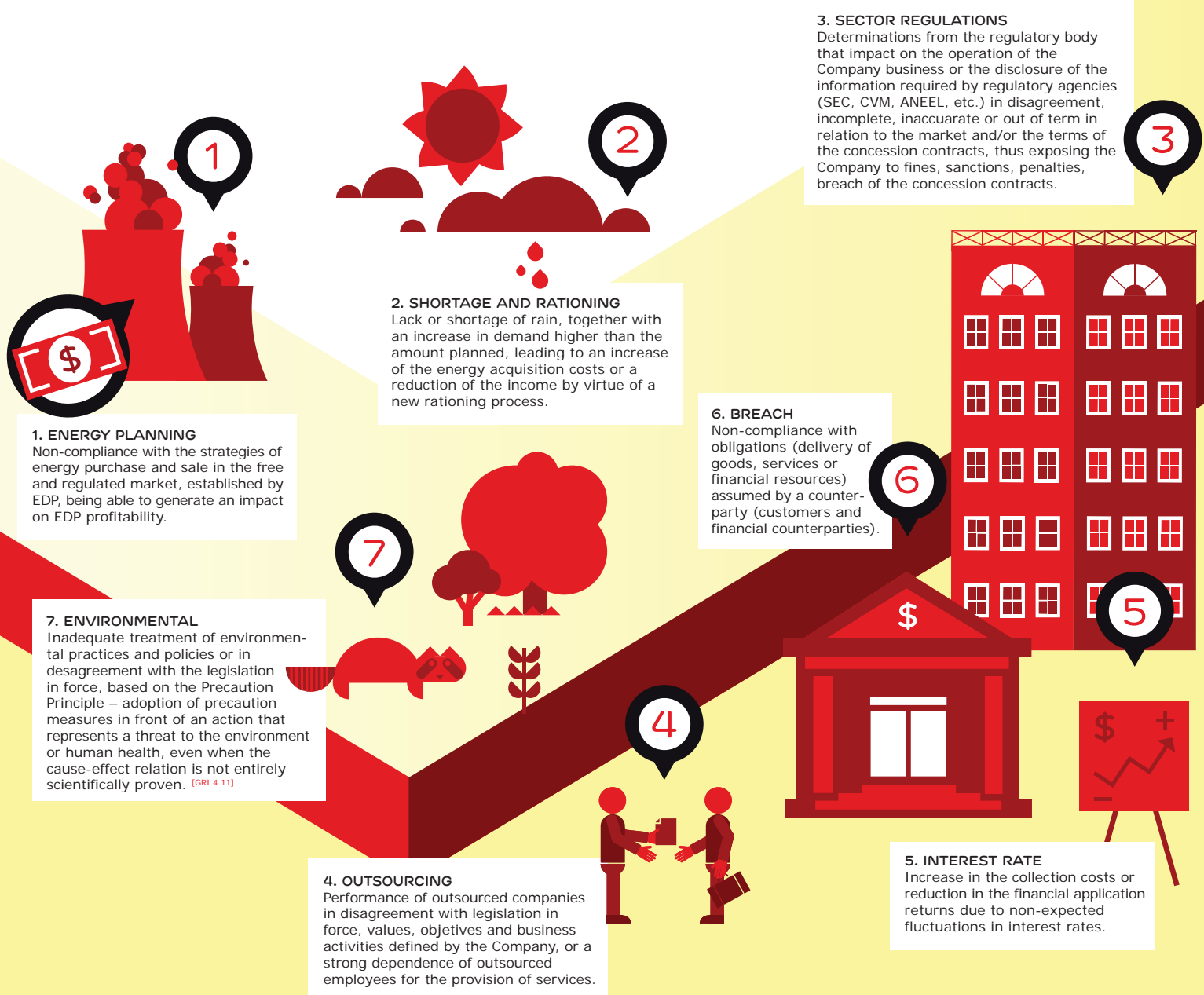
Additionally, the area of Energy Research and Risk Management actively participates in risk forums of the electric sector. In these events, experiences are exchanged, and the best risk control and governance practices are shared.

## RISK MAP

### CREATING A RISK CULTURE



### EDP MAIN RISKS



The risk map presented in the chart below includes the holding and its Business Units.

		EDP	EDP Bandeirante	EDP Escelsa	Energy commercialization and services	Generation <sup>1</sup>
<b>Strategic</b>						
<b>MARKET STRATEGY</b>	Technological Innovation	✓	✓	✓	✓	✓
	Energy Planning	✓	✓	✓	✓	✓
	Energy Rationing/Shortage	✓	✓	✓	✓	✓
<b>MANAGEMENT</b>	Continuity of the Business	✓	✓	✓	✓	✓
	Organisational Structure/Structure Dimensioning	✓	✓	✓	✓	✓
	Project Management/Follow-up	•	✓	✓	•	✓
	Partner Interests and Management	✓	•	•	•	✓
<b>GOVERNANCE</b>	Communication and Disclosure	✓	✓	✓	✓	✓
	Non-ethical Conduct /Fraud	✓	✓	✓	✓	✓
	Delegation of Responsibility	✓	✓	✓	✓	✓
	Formalized Internal Policies	✓	✓	✓	✓	✓
	Relationship with Shareholders	✓	•	•	•	•
	Reputation and Image	✓	✓	✓	✓	✓
	Employees Turnover and Dependence	✓	✓	✓	✓	✓
	Sustainability/Social Responsibility	✓	✓	✓	✓	✓
<b>Operational</b>						
<b>INFRASTRUCTURE</b>	Operational Efficiency/Capacity	•	✓	✓	•	✓
	Technical Losses and Energy Efficiency	•	✓	✓	•	✓
	Asset Safety	✓	✓	✓	✓	✓
<b>PROCESS</b>	Contractual Obligation Management	✓	✓	✓	✓	✓
	Non-technical Losses	•	✓	✓	•	•
	Quality in Service Provision	•	✓	✓	•	•
	Material Supply and Services	✓	✓	✓	✓	✓
	Outsourcing	✓	✓	✓	•	✓
<b>INFORMATION TECHNOLOGY</b>	Availability (IT)	✓	✓	✓	✓	✓
	Information Integrity	✓	✓	✓	✓	✓
	Secrecy and Segregation of Access to Information	✓	✓	✓	✓	✓
<b>PERSONNEL</b>	Training	✓	✓	✓	✓	✓
	Relationship with Trade Unions	✓	✓	✓	✓	✓
	Talent Retention	✓	✓	✓	✓	✓
	Health and Safety	✓	✓	✓	•	✓
<b>Financial</b>						
<b>ACTUARIAL</b>	Pension Fund	✓	✓	✓	✓	✓
<b>CREDIT</b>	Credit Concentration/Portfolio	•	•	•	✓	•
	Granting of Credit	•	•	•	✓	•
	Financial Profits	✓	✓	✓	✓	✓
	Non-compliance	•	✓	✓	•	•
<b>LIQUIDITY</b>	Insurance	✓	✓	✓	✓	✓
	Acceleration of Debt	✓	✓	✓	✓	✓
	Access to Capital	✓	✓	✓	✓	✓
	Commodities(energy price)	•	•	•	✓	•
	Cash Flow	✓	✓	✓	✓	✓
<b>MARKET</b>	Change	✓	✓	✓	✓	✓
	Derivatives	✓	✓	✓	✓	✓
	Interest Rate	✓	✓	✓	✓	✓
<b>Regulatory</b>						
<b>LEGAL</b>	Civil (Contentious)	✓	✓	✓	✓	✓
	Labour	✓	✓	✓	✓	✓
	Tax	✓	✓	✓	✓	✓
<b>REGULATORY</b>	Environmental	•	✓	✓	•	✓
	Accounting Practices	✓	✓	✓	✓	✓
	Renovation of Concessions	•	✓	✓	✓	✓
	Regulations for the Sector	✓	✓	✓	✓	✓
	Tariff Review	•	✓	✓	•	•

(1) Includes all the companies of the generation sector, like Energest, UHE Luis Eduardo Magalhães, UHE Peixe Angical.

✓ = risk is applicable  
• = risk is not applicable

# DEVELOPMENT STRATEGY <sup>[GRI 1.2]</sup>

## STRATEGIC MANAGEMENT

The review of the long-term strategy, based on EDP vision of being the best global energy company, leader in innovation and sustainability, is a remarkable fact of last year. Engaged in this realization, EDP created programs aimed at achieving the goals established up to 2020.

The strategy, which highlights the importance of innovation and sustainability for the Group, is based on the demand of the main stakeholders that form part of the value chain of the company, such as shareholders, customers, employees and the environment where they are involved.



### WE SERVE OUR CUSTOMERS WITH EXCELLENCE

Our customers represent the essential bond for the business continuity in EDP's life cycle. Recognising this value, the Company projects for the next seven years an operational innovation, managerial and technological performance, which strengthens its traditional services and establishes a new range of services through smart grids, microgeneration, electric mobility and energy efficiency. As a result, we intend to establish in the Company levels of reference services, innovative positioning, making it appreciated by customers.

### WE EXCEED INVESTORS' EXPECTATIONS

EDP believes that the creation of value for its shareholders depends on an administration that creates value in a sustainable and balanced way, through the combination of know-how and high-performing team skills. In this sense, EDP seeks to expand its generation plant, increase its presence in the energy commercialization free market and remain as a relevant distribution operator. In this way, integrated risk management is guaranteed, providing EDP with a different positioning within the market.

### WE WORK WITH PASSION

The execution of the Company's strategy depends on motivated, engaged employees, who also enjoy safe working conditions.

In this sense, we promote actions for a creative and non-limited working environment that provides a progressive and lasting evolution within the Company, balanced with personal life, and which considers safety – personal, information and asset – the most important value for all of us.

### WE CARE ABOUT EVERYTHING AROUND US

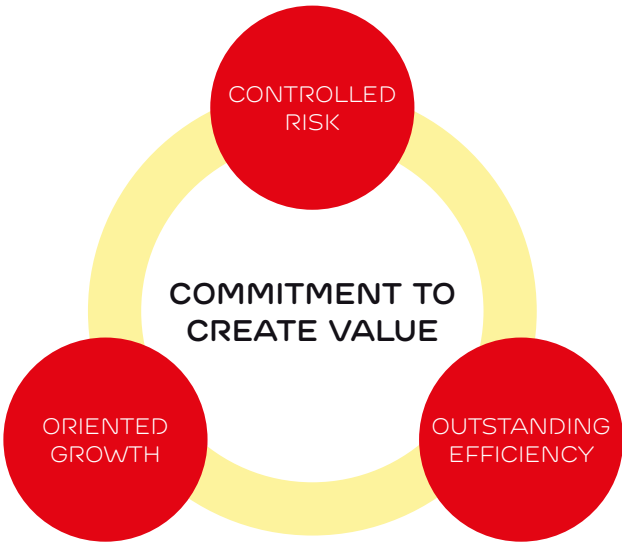
Our business entirely depends on the environment where the company operates and the relationship with stakeholders. In this manner, the way of doing business for the next years reinforces the company's social responsibility with communities and civil society, and the environmental responsibility, from a rigorous and reference performance before the regulatory body, with the purpose of remaining as a reference model in sustainability.



THREE STRATEGIC PILLARS

EDP bases its performance on guidelines, called strategic pillars, whose purpose is to adapt the Company to its strategy for 2020. The Oriented Growth, Outstanding Efficiency and Controlled Risk pillars are manifested in the increase in energy generation and commercialization and a higher efficiency in distribution, maintaining the focus on innovation and quality in the services rendered to customers.

To accompany the implementation of its strategy, the Balanced Scorecard(BSC) continues being the management tool used in EDP, since 2005, which is reviewed every year. Together with it, the company also uses the kaizen andlean methodology and ISO and OHSAS certifications, which support the execution of the corporate strategy.



**CONTROLLED RISK**  
 In order to guarantee the creation of value, EDP in Brazil aims at supporting high sustainability and corporate governance standards, which implies maintaining market, financial and regulatory risks under control. To that end, the Company makes use of management systems aligned with the strategy and empowered internal and external communication processes.

**ORIENTED GROWTH**  
 In the market perspective, the Company aims at becoming one of the strongest and more balanced operators of Brazil. To that end, it seeks to increase the business portfolio, mainly in energy generation. It also intends to increase the sale of energy and energy services, and serve the market growth in the distribution field.

**OUTSTANDING EFFICIENCY**  
 With the purpose of increasing operational quality and efficiency, the Company follows a strong investment discipline in its programs and seeks to maximize its operational efficiency and assure a continuous improvement in management. The fulfilment of this pillar also involves the strengthening of the brand of both individual companies and the Group as a whole, so as to encourage a culture oriented to value.

INNOVABILITY

Technological advances and the prominent position gained by socioeconomic and environmental issues in the electric sector during the last decade attracted the attention of the Company’s Top Management about the increasing importance of the alignment between two fundamental concepts to achieve its vision of becoming a global energy company: Innovation and R&D.

EDP recognises that market challenges must be faced with a perspective of complete reinvention, in order to allow the company to adapt to changes in the socioeconomic contexts where it is involved.

Neither are these challenges limited to EDP. Solutions for social and environmental issues are crucial for the development of the electric sector as a whole. Therefore, sustainable growth is fundamental for the success in the strategy fulfilment, so that the Company’s vision can be achieved.

With the consolidation of the Innovability area, in 2013, the Company reinforced its commitment of conducting its business in a sustainable and innovative way, following international parameters and references about such management mode.

It is the application of Innovation, so as to assure the development of the business through shared value generation and stakeholders’ satisfaction.

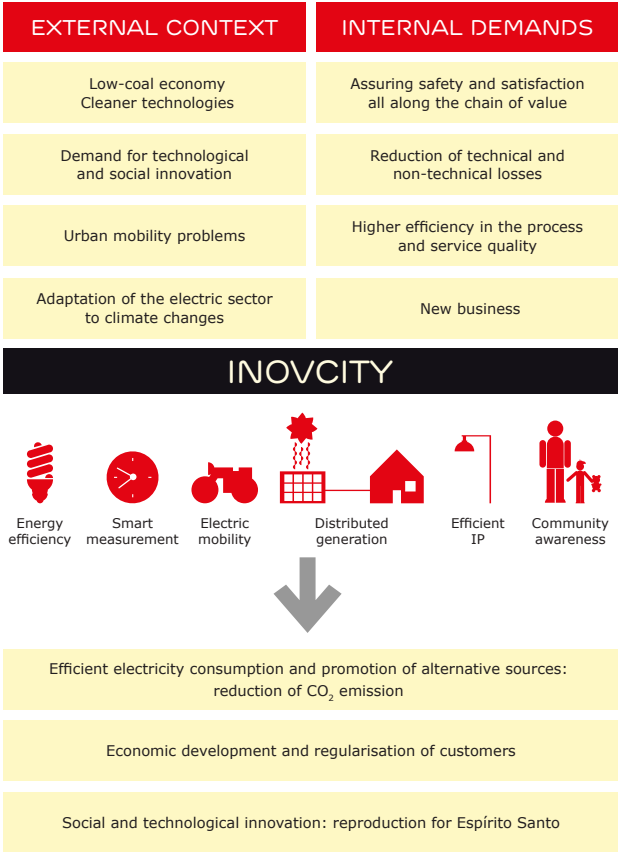
THE CONCEPT OF INNOVABILITY FOR EDP



**INNOVABILITY APPLIED TO THE BUSINESS**

Together with the Top Management, the Innovability area is responsible for the definition of EDP’s Innovation and Sustainability strategy, as well as the preparation and follow-up of action plans and improvements with the business areas for the implementation and improvement of its processes. Its performance always takes place in the light of innovability, aiming at the alignment between the Company’s management and its vision and strategy.

Grounded on its Sustainable Development Principles – which, since 2004, are a reference for EDP Group’s companies when approaching the strategy of sustainability and shared value generation for their stakeholders–, EDP formalises its performance guidelines in the Code of Ethics and Corporate Policies. EDP’s Sustainable Development Principles, Code of Ethics and Corporate Policies are available in the Organisation’s website: *www.edp.com.br*.



**PROJECT WITH INNOVABILITY CONCEPT: INOVACITY**

The development aspects of the InovCity project, which was launched in Aparecida (SP) and at present is reproduced in two municipalities of the State of Espírito Santo, reflect EDP’s concept of Innovability put into practice.

**OBJECTIVES AND GOALS** [GRI 1.2]

With the definition of the development strategy towards 2020, the aspiration of creating shared value based on innovation and sustainability becomes evident in the relationship between the objectives for 2020 and materially relevant topics.

Most of the goals outlined for 2013 were achieved, and the challenges for 2014 show EDP’s commitment towards its evolution in excellence.

OBJECTIVES FOR 2020	MATERIAL TOPICS	OBJECTIVES FOR 2013	ACCOMPLISHED 2013	OBJECTIVES 2014
<b>WE SERVE CUSTOMERS WITH EXCELLENCE</b>	Excellence in the management and provision of services	To assess the scope feasibility of the mobile channel for sending SMS messages to inform about lack of energy and approval of the implementation project, if feasible.	Execution of the feasibility study and postponement of its implementation.	Implementation of Phase 1 of the R&D of Computational Intelligence Technique Development and Adaptation for the Monitoring and Optimization of the Process of Reading and Electric Energy Account Billing in both distributors.
	Excellence in the management and provision of services	To reduce to around 86 thousand records the number of claims made to the Company, ANEEL, PROCON and the Justice.	Non-fulfilment of the goal in 2013, due to an increase in total claims, which amounted to 104,220.	Reduction in the number of claims to less than 29 for every one thousand customers.
	Supplier development	To approve and start the implementation of the improvement plan established for the period 2013-2015.	Approval of the Supplier + EDP Project and start of the process review stages, review of the performance index of suppliers (IDF) of materials and expansion to service suppliers.	Approval of the rules and procedures related to supply management. Application of IDF to 100% of suppliers of materials and all continuous contractors.
<b>WE EXCEED INVESTORS' EXPECTATIONS</b>	Economic performance Innovation and R&D	To execute the ClimaGrid Project: Vegetation Condition Assessment Tool on Electric Grid; Converter Exposure Assessment Tool in front of cloud-ground discharge.	Development of tools in 2013. Use will start in 2014.	Installation of 15 new meteorological stations (6 in EDP Bandeirante and 9 in EDP Escelsa) which will allow an increase from 24 to 72 hours in weather condition forecast.
	Economic-financial strategy Excellence in the Management and Supply of Services Innovation and R&D	To continue the development of smart grid solutions, energy efficiency and distributed microgeneration.	Start of the expansion of the InovCity project, in 2013, for two municipalities of Espírito Santo, and continuation of the Distributors' Energy Efficiency Program and implementation of the microgeneration project in Ilha Escura.	Implementation of Phase 1 of R&D of the Observatory of customer behaviour for new solutions in the electricity distribution services, and P&D pilot project for the assessment of the consumers' reaction to the pre-payment system and differentiated tariffs in lowvoltage in smart grid environment in the scope of the InovCity Escelsa project.
	Economic development Governance	To maintain the same absolute value of dividends paid in 2012.	Determination, for 2013, of the payment of the same absolute value of dividends as the one paid in 2012.	Market price of Energias do Brasil higher than IEE performance.
<b>WE WORK WITH PASSION</b>	Corporate Ethics	To reinforce the actions to assure that 100% of new employees receive e-learning training on ethics.	Performing of e-learning on ethics for only 2.6% of new employees in 2013.	Disclosure of the new code of ethics for EDP employees and assurance that 100% of new employees receive training on ethics.
	Appreciation of our Employees Health and Safety	To carry out a benchmarking study based on the results of the Census and identification of action plan.	The analysis of the results of the Census was concluded, but benchmarking study was not carried out and action plan was not completed.	Implementation of the policy of home office. Institution of the zero rate of accident with employees and third parties.
<b>WE CARE ABOUT EVERYTHING AROUND US</b>	All the topics	To achieve a performance equivalent to the benchmark in four dimensions of the ISE.	Improvement in EDP performance in five dimensions, but the performance equals the best of the portfolio in three dimensions.	Performance achievement equal to the best performance of ISE portfolio in four dimensions of the questionnaire.
	Biodiversity and Environmental Protection	To restructure and launch the Econosco Program.	Restructuring of the Program on the basis of the pillars of Waste, Emissions, Mobility, Water, and launch carried out together with the campaign of Coal Collection of employees 2013.	Restructuring of the manual of building standardisation (non-technical) of building typologies and preventive maintenance, considering technical logistic and environmental aspects (book of works of Espaço Horizonte).
	Biodiversity and Environmental Protection	To implement the water reuse system in one of EDP Group's facilities.	Execution of the feasibility analysis of the implementation of a project for the reuse of grey water in EDP Escelsa, but not implemented for being financially non-viable.	Implementation of the system that assures that all biofuel vehicles are provided with ethanol.
	Social Impact and Community Engagement	To organize a collective space for creation and development of Aparecida (InovCity) – Social innovation hub.	Start of Social Hub's restructuring, but its implementation was postponed.	Promotion of voluntary work to increase, to 45, the number of active volunteers in the Volunteering Program at the end of 2014.
	Social Impact and Community Engagement	To prioritize and implement external social investments integrated to commercial losses reduction and electric energy projects.	Implementation of partnership with Community Banks to receive accounts in underprivileged neighbourhoods of ES.	

# 04

## PERFORMANCE

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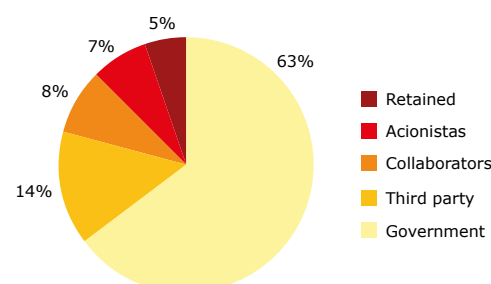
# PERFORMANCE

## ECONOMIC PERFORMANCE [GRI EC1]

EDP's economic and financial balance is based on three strategic pillars – oriented growth, outstanding efficiency and controlled risk –, which contribute to the Company's vision of creating shared value.

The results of the Distributed Added Value (DVA), of R\$ 3,924 million, show this apportionment among the main stakeholders:

DISTRIBUTED ADDED VALUE



Generated and distributed direct economic value, including incomes, operational costs, employees' remuneration, donations and other investments in the community, accumulated profits and payments to capital suppliers and governments [GRI EC1]	EDP		
	2011	2012	2013
Fiscal years ended 31 December (R\$ thousand)			
<b>ADDED VALUE GENERATION</b>	<b>8,872,848</b>	<b>10,123,668</b>	<b>10,496,510</b>
Operational Gross Revenue	8,872,848	10,123,668	10,496,510
Provision for credits of doubtful settlement and net losses	(37,256)	(9,640)	(52,437)
Other incomes	0	0	0
<b>(-) THIRD PARTY INPUTS</b>			
Purchased energy costs	(2,687,367)	(3,749,015)	(4,176,839)
Taxes on the use of transmission and distribution systems	(619,231)	(666,582)	(307,850)
Taxes on the use of the grid and taxes on the system services	0	0	(32,661)
Resources	(62,534)	(88,557)	(369,134)
Third party services	(489,548)	(699,570)	(765,725)
Other operational costs	(506,833)	(437,186)	(569,221)
<b>GROSS ADDED VALUE</b>			
Depreciations and amortizations	(374,903)	(349,015)	(410,624)
<b>NET ADDED VALUE PRODUCED</b>	<b>4,132,432</b>	<b>4,133,743</b>	<b>3,864,456</b>
Financial incomes	208,232	209,137	199,783
Minority Interests	181,392	174,116	160,983
Equity equivalence result	(3,687)	(106,724)	(140,427)
<b>TOTAL ADDED VALUE TO BE DISTRIBUTED</b>	<b>4,336,977</b>	<b>4,236,156</b>	<b>3,923,812</b>
<b>OPERATIONAL COSTS</b>			
<b>PERSONNEL</b>			
Direct remuneration	171,699	199,670	239,162
Benefits	53,603	59,846	71,368
FGTS (Service Time Guarantee Fund)	16,585	23,911	22,261
<b>TAXES, CHARGES AND CONTRIBUTIONS</b>			
Federal	725,978	659,530	762,379
State	1,485,720	1,587,106	1,522,561
Municipal	5,329	6,075	7,210
<b>THIRD PARTY CAPITAL REMUNERATION</b>			
Interests	446,093	415,080	526,472
Rents	24,422	31,437	21,411
<b>OWN CAPITAL REMUNERATION</b>			
Interests on own capital	131,000	130,422	29,190
Dividends and interests on own capital	(78,983)	0	60,239
Beneficiaries	19,611	17,784	17,339
<b>RETAINED PROFITS</b>	<b>476,179</b>	<b>213,041</b>	<b>286,339</b>

## OPERATIONAL NET REVENUE

In 2013, net operational revenue amounted to R\$ 7,096.5 million, 9,9% higher than the previous year. Excluding the construction revenue, the operations revenue totaled R\$ 6,770.8 million, 8,9% higher than 2012. The main factors that contributed to net revenue evolution were:

- increase of 2.2% in the volume of energy sold to end customers;
- increase of 6.4% in the volume of energy in transit in the distribution system (USD);
- increase in other operational incomes, reflection of the Account for Energy Development subsidies (CDE) to distributors, providing resources to compensate the discounts in low-income, rural activity, water treatment, sewage, sanitation and irrigating tariffs;
- reduction of distributors' energy tariffs (Law No 12,783, of 11 January 2013) and reduction of tariffs applied in tariff reviews and readjustments;
- readjustment of generators' tariffs and increase in energy sales in short-term contracts with higher prices. In 2013, tariffs were 17.3% average higher than in 2012;
- increase of 10.1% in the volume of energy sales in the free market.

## OPERATIONAL EXPENSES

- Operational Expenses R\$ 5,517.7 million, 7.4% more than the previous year. The value does not consider the construction cost.
- Non-manageable expenses: R\$ 4,157.3 million, 1.5% more than the previous year. These expenses refer to costs with energy purchases to be resold, taxes on the use of the grid, control charges, among others.
- Non-manageable expenses: in 2013, R\$ 594 million were neutralized by CDE contributions to distributors.
- In the generation unit: there was an impact of the Short-Term Operative Procedure (POCP) in the first semester of the year, partially mitigated by the seasonalization strategy.
- Manageable expenses (PMSO): R\$ 957.8 million, 36.6% more than the previous year. The sum does not include the construction, depreciation and amortization costs. The increase was largely caused by the non-recurring effect of the accounting in the 4T12 retroactive to the 1T12 of the New Replacement Value (VNR), with an impact of R\$ 102.4 million in distributors.
- Depreciation and amortization: totalized R\$ 402.6 million, 19.3% higher than the previous year. The value derives from the provision for inventory adjustment, a consequence of the physical stock taking carried out to comply with ANEEL's Resolution No 367/2009 (+R\$ 33.5 million in EDP Bandeirante and +R\$ 26.2 million in EDP Escelsa).

## EBITDA AND EBITDA MARGIN

EBITDA reached R\$ 1,655.7 million in 2013, 16.6% more than the previous year. The sum refers to the profit accounted before the income tax contribution, financial results, depreciation and amortization. In 2013, the EBITDA margin presented an increase of 1.7 p.p., 24.5% more compared to the same period of the previous year.

## FINANCIAL RESULT

- Net financial result of R\$ 299.1 million, 51.5% higher than the previous year.
- Total financial revenue of R\$ 182.1 million, 7.5% higher in relation to 2012. The decrease resulted from the reduction in the remuneration on social compensable taxes and contributions.
- Financial expenses 22.4% higher. Causes: increase of indebtedness of R\$ 803.4 million and consequent increase of taxes on the debt of R\$ 86.1 million, increase of R\$ 22.8 million in post-employment benefits by virtue of the updating of actuarial premises.

## NET PROFIT

- Net profit of R\$ 375.8 million, 9.4% higher than the previous year.

Apart from the already mentioned effects, the net profit was impacted by the Corporate Interest Result, by virtue of the accounting of UTE Pecém I's negative result in equity equivalence (-R\$ 141.2 million), according to adoption of IFRS 11, CPC 19 (R2).

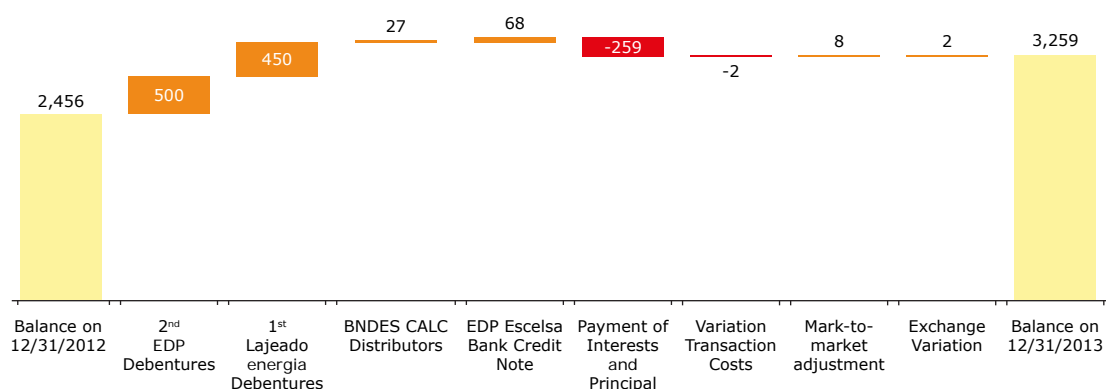
## INDEBTEDNESS

- Consolidated gross debt of R\$ 3,259.4 million in December 2013, 32.7% higher compared to the same period of the previous year, whose net debt was R\$ 2,455.6 million. In both periods, the debts of UHEs Cachoeira Caldeirão and Santo Antônio do Jari were not considered.
- Average term of debt for December 2013: 2.45 years, compared to 2.73 in December 2012.

Causes of the variations of gross indebtedness and average term in 2013:

- second issuance of debentures of the Controlling company for an amount of R\$ 500.0 million;
- release of R\$ 26.8 million of the BNDES CALC line of distributors;
- collection of R\$ 68 million in EDP Escelsa through Rural and Agribusiness Credit;
- first issuance of debentures of Lajeado Energia for an amount of R\$ 450.0 million;
- amortization of the first instalment of the second issuance of debentures of EDP Escelsa for an amount of R\$ 83.3 million.
- remaining amortization of long-term debts in generation and distribution companies.

## DEBT EVOLUTION (R\$ MILLION)



## AVERAGE COST

In December 2013, the average cost of the Group's debt was 8.62% a.a., compared to 9.78% a.a. at the end of 2012. The value considers capitalized interests of the debts and taxes incurred in the last 12 months.

## REDUCTION OF AVERAGE COST

It is the consequence of the reduction of the average Selic and Long-Term Interest Rate (TJLP) in 2013, in relation to 2012, apart from the assumption of new debts indexed to CDI.

## CONSOLIDATED NET DEBT

- Consolidated net debt amounted to R\$ 2,335.3 million in 2013, 23% higher than the result of the previous year (R\$ 1,895.0 million).
- The increase of this debt was caused by the growth of 32.7% in the consolidated gross debt and the growth of availabilities of R\$ 363.5 million in 2013.
- The relation net debt/EBITDA ended the year in 1.41 times, compared to 1.34 times in December 2012.

## DETAILS OF FINANCING PAID-OUT DURING 2013

## HOLDING

- On 22 February 2013, R\$ 201 million were collected as short-term credit in EDP. The value was paid-out with the second issuance of simple debentures.
- On 11 April 2013, EDP concluded the process of the second issuance of simple debentures, for an amount of R\$ 500 million. The value includes CDI Interests + 0.55% a.a., with semi-annual interest payments and payment of principal in two equal instalments, the first one expiring in April 2015; and the second, in April 2016.

## DISTRIBUTION

- EDP Escelsa entered into a loan contract with Banco do Brasil in the modality Rural and Agribusiness Credit, for an amount of R\$ 68 million. The loan has interests of 102.5% of the CDI, average, with principal and interests expiring in one single instalment in February 2015. The contract was executed on 15 February 2013.
- EDP Escelsa and EDP Bandeirante received release of BNDES for R\$ 7 million and R\$ 19.8 million, respectively. TJLP interests are applied to these values with spread varying between 3.21% and 1.81% a.a., with monthly payments of interests and principal as of July 2013 up to July 2019. The amount was released on 26 April 2013.



## GENERATION

- Lajeado Energia entered into a contract with Banco Bradesco and Banco do Brasil for an amount of R\$ 450 million in the modality Promissory Notes on 19 August 2013. Interests apply to the Promissory Notes, at a ratio of 0.47% a.a. higher than CDI, principal and interests in one single instalment expiring on 14 February 2014. Through the capital reduction approved by its shareholders and the regulatory body (ANEEL), resources were distributed among shareholders proportionally to their shareholding in the Company. The Promissory Notes were paid out through the 1st Simple Debenture Issuance by the Controlling company on 6 December 2013.
- Lajeado Energia also performed its first simple debenture issuance for R\$ 450 million, with CDI Interests + 1.20% a.a. due on a semi-annual basis and amortization in equal instalments in November 2017, 2018 and 2019. The issuance was carried out with Banco Bradesco and Banco do Brasil for a term of six years. The resources were used for the total discharge of the Promissory Notes previously issued by the Company, making the debt profile longer. The contract was executed on 06 December 2013.

## RATINGS OF EDP AND ITS DISTRIBUTORS

	MOODY'S		S&P	
	National 2013	Global 2013	National 2013	Global 2013
<b>EDP - Energias do Brasil</b>	Aa2.br Stable	Ba1 Stable	- -	- -
<b>EDP Bandeirante</b>	Aa2.br Stable	Ba a3 Stable	brAA+ Negative	- -
<b>EDP Escelsa</b>	Aa2.br Stable	Ba a3 Stable	brAA+ Negative	Ba+ Negative
<b>Lajeado Energia</b>	Aa2.br Stable	Ba a3 Stable	- -	- -
<b>Energest</b>	Aa2.br Stable	Ba a3 Stable	- -	- -

### Moody's Rating Scale

Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	Ca	C	WR
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*Investment Grade*

### S&P Scale

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

## INVESTMENTS

The generation projects in construction provided an increase in EDP's investments in 2013. Overall, R\$ 1,140.4 million were invested, such value being 62.7% higher in comparison with the resources allocated to the business areas in the previous year.

INVESTMENTS (R\$ THOUSAND)	2013	WEIGHT %	2012	WEIGHT %	% ANUAL
<b>DISTRIBUTION</b>	<b>334,653</b>	<b>29.3%</b>	<b>242,676</b>	<b>34.6%</b>	<b>37.9%</b>
EDP Bandeirante	153,219	13.4%	101,043	14.4%	51.6%
EDP Escelsa	181,434	15.9%	141,633	20.2%	28.1%
<b>GENERATION</b>	<b>785,271</b>	<b>68.9%</b>	<b>454,027</b>	<b>64.8%</b>	<b>73.0%</b>
Enerpeixe	6,736	0.6%	3,462	0.5%	94.6%
Energest Consolidado	47,928	4.2%	75,640	10.8%	-36.6%
Lajeado/Investco	7,160	0.6%	6,848	0.9%	10.4%
Santo Antonio do Jari	487,436	42.7%	368,441	52.6%	32.3%
Cachoeira Calderão	236,011	20.7%	-	-	-
<b>OTHER</b>	<b>20,440</b>	<b>1.8%</b>	<b>4,296</b>	<b>0.6%</b>	<b>375.8%</b>
<b>TOTAL</b>	<b>1,140,364</b>	<b>100%</b>	<b>700,999</b>	<b>100%</b>	<b>62.7%</b>

## CAPITAL MARKET

EDP's shares were priced at R\$ 11.35 on 31 December 2013, ending the year with a devaluation of 4.9%, exceeding the Electric Energy Index (IEE) and the Bovespa Index (Ibovespa), which presented a devaluation of 8.8% and 15.5%, respectively. The Company was assessed, at market value, at R\$ 5.4 billion, on the last day of the year.

The Company shares were negotiated in all 2013 biddings, totalizing 491.1 million. The daily average was 1,980.3 thousand shares. The financial volume totalized R\$ 5,841.7 million, with a daily average of R\$ 23.6 million.

As of 7 January 2013, the shares of the Company entered Ibovespa.

## SHAREHOLDING COMPOSITION

The Company's social capital, on the last day of 2013, was accounted at 476,415,612 nominative ordinary shares. From the total number of shares, 232,602,924 were outstanding, according to the Listing Regulation of BM&FBOVESPA New Market, and 840,675 shares were kept in treasury.

CAPITAL, SHARES AND REMUNERATION	EDP		
	2011	2012	2013
<b>VALOR DA AÇÃO (R\$)</b>			
Market Value	13.83	12.49	11.35
Equity Value	9.67	9.60	9.35
Liquidity Evolution (Daily Average - R\$ Million)	20.15	23.64	23.55
Market capitalization (R\$ million)	6,590.00	5,950.00	5,407.00

## EXCELLENCE IN THE MANAGEMENT AND PROVISION OF SERVICES

With the aim of becoming the best global energy company, EDP seeks to continuously improve the quality of its operations. With a focus on serving market demands and its stakeholders with high standards of quality, safety and efficiency, the Company creates value specially for its customers, business partners and communities.

## EXCELLENCE IN ENERGY GENERATION OPERATIONS

EDP'S objective is to increase the current energy availability index to 95% until 2020.

## PREVENTIVE MAINTENANCE AND INNOVATION ASSURE A HIGHER AVAILABILITY OF PLANTS <sup>[GRI EU6]</sup>

In order to assure energy generation availability in the plants, EDP has an Asset Management team, which performs in hydraulic plant operation and maintenance, with higher availability and lower cost.

From a regulatory point of view, there exists a specific indicator to measure energy generation availability: FID or plant average availability factor. In order to assure FID's accordance with the legislation, EDP must maintain its plants in ideal status for operation. The goals to increase energy generation availability go beyond the compliance with sector regulations: for EDP, maintaining a high availability is a strategic question, since apart from having an impact on the Company's revenue, this contributes to the satisfaction of the energy demand of the country, thus assuring efficiency of the generation from renewable sources and positive socioeconomic results.

In order to reduce at the maximum the risks of unavailability of its plants, EDP has a Predictive and Preventive Maintenance Plan, which contains routine actions for the monitoring of the equipment. The Plan allows the development of specific improvement projects for each case. The last three years were marked by the Company's investment in process innovation projects.

After the implementation of the telecommand, tool that allows the automated management of plants at a long distance, in all the small hydroelectric plants (PCHs), in 2013 the same process was started in UHE Luis Eduardo Magalhães, large-sized hydroelectric plant. Apart from new technologies, the initiative success also derived from the qualification and hiring of workforce. Since March 2014, the plant has been operated from the Generation Operation Centre in Vitória (ES).

Another important goal of the Company is to put UHE Santo Antônio do Jari, currently in the construction stage, into operation. During 2014, all working equipment and machines of the plant will be analysed. The objective is to assure Jari's entry into operation in an exceptional way. In order to increase the efficiency in the maintenance of the plant, our goal is also to operate it by telecommand.

EDP invests in new equipment, in the hiring of qualified workforce and the training of its employees to make these improvements viable. All the new technology invested to improve the maintenance and operation of the plant will only have an effect with well-trained employees.

The amount of hours of scheduled interruptions (maintenance scheduled at least two weeks in advance) and of non-scheduled maintenance are contained in the table below, divided by energy source and regulatory system: <sup>[GRI EU30]</sup>

	PLANNED STOP (HOURS)	NON-PLANNED STOP (HOURS)	AVERAGE AVAILABILITY
<b>HYDROELECTRIC</b>	<b>16,441.83</b>	<b>4,327.85</b>	<b>92.80%</b>
ES and MS Plants	11,464.68	4,069.38	94.01%
UHE Peixe Angical (TO)	2,317.55	33.20	90.97%
UHE Luís Eduardo Magalhães (TO)	2,659.60	225.27	93.42%
<b>THERMOELECTRIC</b>	<b>1,149.52</b>	<b>3,232.58</b>	<b>59.99%</b>
Porto de Pecém	1,149.52	3,232.58	59.99%
<b>WIND</b>	<b>3,857.63</b>	<b>4,842.30</b>	<b>98.40%</b>
Agua Doce	303.36	620.25	99.30%
Horizonte	265.03	951.41	98.30%
Elebrás Cidreira	3,289.24	3,270.64	97.60%

The correct operation of the assets, in its general context of analysis and determination of the root-causes, contributed to prevent the reoccurrence of failures, which can be verified by the equipment failure rate. For this reason, the Generation School trains EDP's employees to expand their knowledge about the assets, plan and execute the operation and maintenance with more quality and efficiency. In the 2012-2013 cycle, a retention of 87.5% of trained employees and a satisfaction of 87.4% were observed.

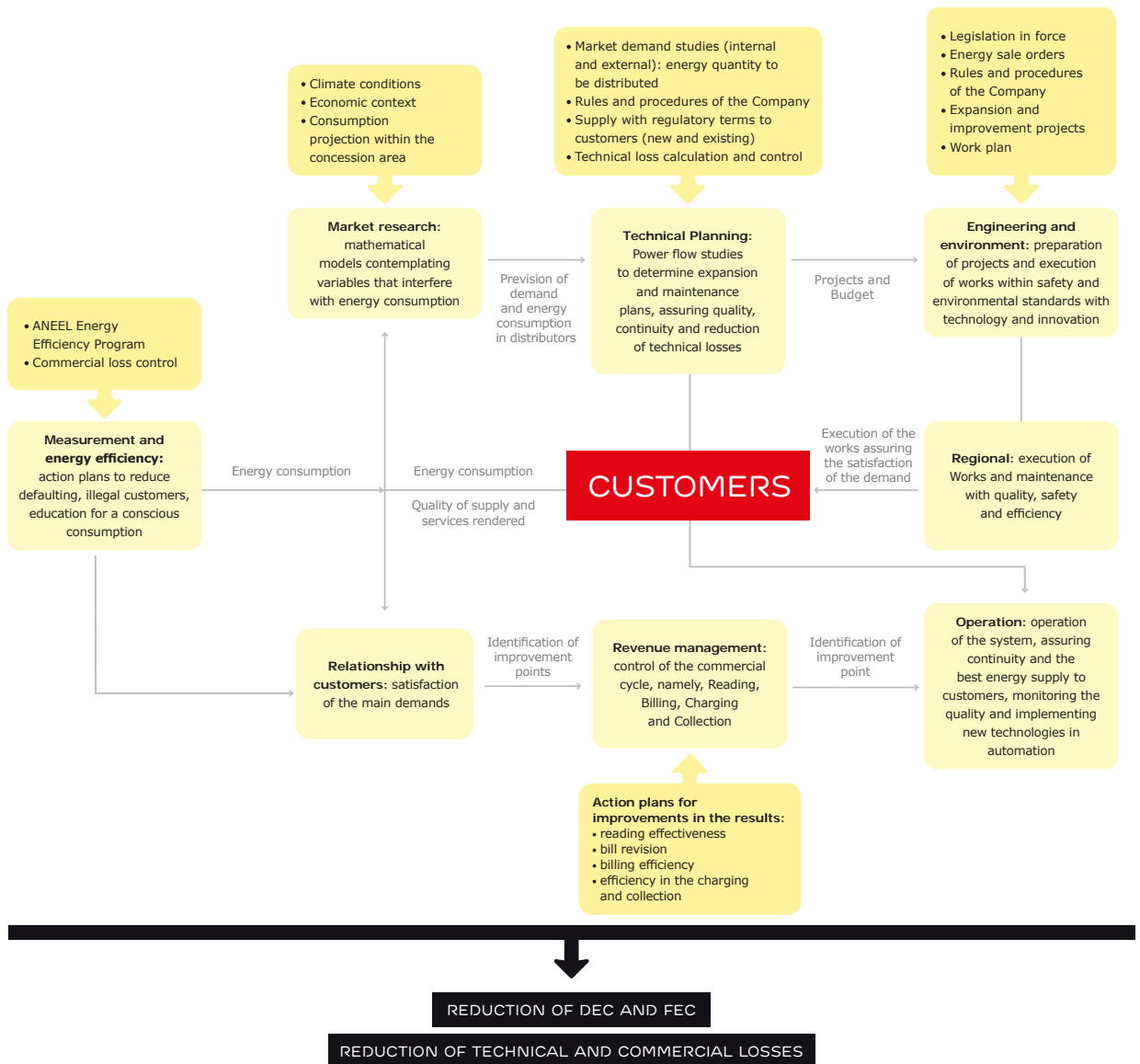
## EXCELLENCE IN ENERGY GENERATION OPERATIONS <sup>[GRI EU23]</sup>

The energy distribution operation management involves some challenges, such as:

- assurance of the indicators of Interruption Duration by Consumer (DEC) and Interruption Equivalent Frequency by Consumer (FEC) among the standards of the regulatory body;
- anticipation of energy consumption and distributor system demands;
- assurance of access to the information contained in the Municipal Director Plan and the expansion schedule. Entry of new customers with enough time for the Distributor to plan the expansions and include them in its Investment Plan, complying with socioeconomic and environmental management standards;
- assurance of energy supply, regardless of climate changes that could affect the grid operation and customer consumption;
- extension of electric energy distribution, considering new regulatory standards of ANEEL and environmental bodies of the region in question.

EDP has various specialised teams, performing transversally and in parallel to assure energy supply availability.

**SUMMARY OF THE MANAGEMENT OPERATIONS OF DISTRIBUTORS TO OBTAIN THE BEST QUALITY INDEXES AND REDUCE COMMERCIAL AND TECHNICAL LOSSES** <sup>[GRIEU23]</sup>



EDP’s energy planning consolidated model is intended to identify future demands of energy. Previsions consider the consumption behaviour records, economic development expectations and the observation of consumption migration movements. From this information, the scheduling and control of the energy contracted by distributors is carried out. The model also provides guidelines for subsequent energy purchases in auctions.

In the distribution units, the management procedures to assure availability and reliability of energy supply, to the short and long term, are defined according to the criteria established for the preparation of asset maintenance plans, as well as through the strategy of investment and planning for the system expansion. The great attention granted in the last years to projects to reduce commercial and technical losses, apart from the efforts in search of the best service to the customer, brought important efficiency gains for EDP.

## ENERGY PLANNING

Anticipating the demands of consumers and regulatory bodies, with the aim of subsidizing the decisions of energy purchase and the process of expansion of the Company's electric system, is the main challenge of energy planning. To assure that challenges are approached in the best way, the economic scenario, climate conditions and customer consumption profile are followed on a daily basis. Apart from this, econometric techniques are used to simulate future consumption scenarios in order to plan in an efficient and effective way distributors' supply and demand.

Peak charge (or maximum charge) – calculated on the basis of energy consumption during peak hours – is the amount of energy assured by distributors to guarantee that customers will not lack electricity. The management of this charge does not contemplate scheduled interruptions, and this peak is assured by existing contracts between the Distributor and ONS. To define these charge peaks and the amounts, the following actions are carried out: <sup>[GRI EU23]</sup>

- market research to project maximum coincident demand;
- information of the contracted demands that will be used monthly by large customers during the civil year, during peak hours and non-peak hours;
- monthly follow-up of maximum demands reached by contracting point;
- consolidation of this information, aligning the rules and procedures in force, as well as negotiation of the terms of the contract with ONS.

The business management must assure the expansion of the electric system so as to serve the market growth and regulatory obligations, optimizing investments for different publics.

## MARKET AND CUSTOMER

- To assure service to 100% of the market.
- To keep balance between demand and firm power.
- To assure a prudent tariff impact.

## REGULATOR

- To comply with regulatory rules.
- To empower the Substation Exploitation Index (IAS) with no increases in expansion costs and no impact on the limit of availability.

## INVESTOR

- To search for the lowest global cost (lowest total cost of the Company's operations).
- To seek balance between investment and depreciation.
- To substitute assets completely depreciated or with high maintenance costs.
- To assure the stabilisation of technical losses.

## EXPANSION PLANNING

In order to serve the electric energy market growth within the distributors' concession areas, EDP manages expansion planning, always paying attention to optimization and reliability of the electric system. For this reason, it complies with the rules and technical criteria, specially those related to environmental and people's safety. The Company also defines the expansion works or service to customers with creativity and innovation, providing shareholders with a higher capital return. Among the main rules, the following criteria are highlighted.

## TECHNICAL PLANNING CRITERIA

- To establish the procedures of the studies of distribution system expansion planning.
- To detail the criteria that must be observed in the definition of the need for implementation of works in the electric system.

## INVESTMENT DECISION CRITERIA

- To assure compliance with the procedures (preparation, assessment, approval and execution) of each investment project.
- To assure the scope of expected profitability and the fulfilment of business expectations included in the projects.

The Expansion Planning is also focused on assuring that the expansion and optimization of the electric system meet the market growth and regulatory obligations, maximizing the recognition of investments. Within the main procedures we find:

- control and follow-up of Capital Expenditure (CAPEX) (investments in capital goods) of the Technical Board;
- control and follow-up of the expansion work plan, planning and electric system expansion studies;
- follow-up and definition of strategies for technical loss control;
- generation connection studies and their impacts;
- participation in study groups coordinated by the Energy Research Company (EPE), whose objectives are the identification and definition of necessary structural works in the basic grid.

R\$ 339 million invested in the concession areas of both EDP distributors

In parallel with the actions, long-term study groups coordinated by the EPE, and short-term, performed in association with ONS, involve distributors and transmitters with the aim of planning the necessary expansions in the basic grid to meet the demands projected by distributors. <sup>[GRI EU23]</sup>

The concession areas of both EDP's distributors received over R\$ 339 million in investments in 2013. This amount is used for the construction and expansion of substations, apart from other projects that could assure quality and availability in energy distribution.

INVESTMENTES IN THE CONCESSION	UND	EDP BANDEIRANTE			EDP ESCELSA		
		2011	2012	2013	2011	2012	2013
Expansion of the distribution grid/ transmission (reinforcement expansion)	R\$ thousand	130,184.00	68,912.00	97,321.91	96,650.00	101,377.00	122,617.39
Renovation of distribution grid/ transmission	R\$ thousand	48,831.00	44,558.00	61,894.32	33,754.00	34,653.00	40,623.39
Universalization (rural + urban)	R\$ thousand	4,421.00	10,630.00	13,857.38	2,441.00	26,927.00	-
Telecommunications, computing and other	R\$ thousand	26,686.00	30,956.00	33,506.86	24,680.00	-	36,675.32
<b>Subtotal</b>	<b>R\$ thousand</b>	<b>210,122.00</b>	<b>155,056.00</b>	<b>206,580.47</b>	<b>157,705.00</b>	<b>162,957.00</b>	<b>199,916.09</b>
Incomes overrun	R\$ thousand	-	42,845.00	(37,798.81)	-	-	-
Special obligations	<b>R\$ thousand</b>	<b>25,296.00</b>	<b>11,167.00</b>	<b>(15,562.65)</b>	<b>18,924.00</b>	<b>21,325.00</b>	<b>13,821.86</b>
<b>Net investment</b>	R\$ thousand	184,826.00	101,043.00	153,219.01	138,781.00	141,633.00	186,094.23

## MAINTENANCE PLANNING <sup>[GRI EU6]</sup>

Maintenance Planning creates, modifies and accompanies the annual maintenance plan according to technical rules, standards, procedures and technical indicators of quality, respecting the outlined budgetary values. To make the planning viable, the predictive maintenance plan is complied with – from the visual and instrumental inspection (thermovision, physical chemical trial in isolating mineral oil, etc.) – as well as the preventive maintenance plan – from the realization of services in the assets identified in distribution grids (up to 34.5kV), lines (between 34.5kV and 138kV) and substations (up to 138kV). The follow-up of this process is carried out from standardised periodical reports, retired from SAP, aiming at the isonomy of the process and allowing the adoption of previous measurements when an attention point is identified.

EDP, in the light of its strategy for 2020 – of serving customers with excellence, exceeding investors' expectations, working with passion and caring about everything around us –, seeks excellence in electric energy distribution. There is a special effort to achieve good results through new technologies and continuous improvement in maintenance.

Apart from the equipment maintenance processes, strip cleaning and tree pruning are also carried out, according to established agreements between distributors, municipal authorities and environmental defense bodies.

As an important maintenance requirement for distribution grids, lines and substations, currently the main equipment of grids and all equipment of lines and substations are registered in the SAP system. Each equipment has a maintenance cycle that works from maintenance service orders generated annually. During the year, we perform thermovision on equipment in general, inspections and trials in isolating oil in transformers, all of them followed up on a monthly basis.

**INVESTIMENTOS DE MANUTENÇÃO NA EDP ESCELSA**

Around R\$ 12.5 million were invested, in 2013, in the distribution grid segment, in the replacement of street lights, compact grid (Spacer), multiplexed grid, overloaded transformers, station equipment and distribution lines of EDP Escelsa. In distribution lines and substations, the expenditure for maintenance and recomposition was around R\$ 9.1 million in investments and R\$ 38 million in operational expenses.

Preventive and scheduled maintenance actions, such as the collection and analysis of isolating oil for transformers and prioritized selection of transformers to be replaced during the year, allow significant savings in the Company's budget and contribute to the improvement of DEC\* and FEC\*\* indexes.

Seeking to achieve the objective of serving the customer with excellence and modernize the services of maintenance planning, EDP Escelsa started a monitoring project in power transformers. The project consists of a system that stores and processes the measurements of the voltage and current variables, after communicating the data collected by installed equipment, allowing the access to the information through the internet.

The monitoring generates diagnosis and prediction of potential problems or failures that could cause interruptions in energy supply. It is even possible to plan the replacement or complementation of power for each monitored point of the system. With the installation of the server already at the beginning of 2014, six substations will be monitored. The first stage will contemplate the transformers of the main grid and those operating in full load special regime.

\* Equivalent Duration of Interruption by Consumption Unit: indicates the number of hours that, in average, consumption units of a certain group remained with no electric energy during a certain period.

\*\* Equivalent Frequency of Interruption by Consumption Unit: indicates how many times, in average, consumption units of a certain group suffered an interruption.

**LOSS REDUCTION PROGRAMS**

With an integrated performance between multidisciplinary areas – Engineering, Operation, Planning and Environment –, which give support to each other, EDP has been working on the implementation of programs to improve energy consumption management from demand, and the reduction of technical and non-technical losses.

Technical loss calculation considers the energy flow (MWh) that passes through each segment: transmission grid, power transformer, distribution grid, distribution transformer, secondary grid, mains connection and gauge.

EDP calculates losses based on billed energy and the estimation of technical losses (calculated by standard, assessing the gauge, transformer, for example). The remaining value is considered non-technical loss. In that case, the following are considered: illegal connections, frauds (gauge manipulations to avoid payment of a portion of energy), theft, internal losses related to reading failures, technical failures of the gauge, among others.

Commercial, or non-technical, losses represented a reduction of 0.38 p.p. in EDP Bandeirante and a reduction of 0.65 p.p. in EDP Escelsa in relation to 2012. In assessing the percentage of transmission and distribution loss, a reduction in the indicator of EDP Bandeirante and EDP Escelsa was observed, as shown in the table below: [\[GRI EU12\]](#)

	EDP BANDEIRANTE			EDP ESCELSA		
	2011	2012	2013	2011	2012	2013
Transmission losses*(%)	2.12	2.19	1.69	1.55	1.53	1.37
Distribution losses*(%)	10.28	10.22	9.86	12.80	13.68	13.17
Technical(%)	5.54	5.50	5.53	7.40	7.67	7.81
Commercial (%)	4.74	4.72	4.34	5.40	6.01	5.36

\*The value refers to the average monthly losses, quantified by the division of gross loss of the grid extracted from CCEE by own load (Supply, Storage and Losses of the Distribution).

In 2013, R\$ 28.9 million were invested in the Program created by EDP Bandeirante of Fight against Non-technical Losses. Highlight of actions performed:

- 37,966 fraud inspections;
- installation of tele-measurement in 5,984 low-voltage customers;
- replacement of 43,903 old gauges;
- regularization of 10,021 illegal connections.

Actions carried out in EDP Escelsa in 2013:

- regularization of 13,700 consumption units;
- initiatives combine efficient electric equipment with social tariff in low-income consumption units. Actions are aimed at 100% of medium-voltage customers.

Highlight of the Integrated Measurement Centre:

- monitoring of 12,313 consumption units tele-measured in EDP Bandeirante and 4,870 in EDP Escelsa. The Integrated Measurement Centre is an innovative project of the electric distribution sector that is becoming a reference in the Brazilian electric sector, visited by national and international distributors' representatives;

- the Program of Actions for the Fight against Losses with Prioritisation of Large Load Smart Monitoring received the Metering Latin America Award 2013 in the category Metering. The award recognised projects of energy, water and/or gas measurement.

These actions contributed to a reduction of global commercial losses at 12.1% for EDP Escelsa and 8.8% for EDP Bandeirante, compared to the same period of the previous year. This information represents electricity savings of around 152 thousand MWh for EDP Escelsa and 41 thousand MWh for EDP Bandeirante.

Losses indicators in distributors in Brazil, which since 1998 have always been higher than 10%, fell to 9.86% in 2013 in EDP Bandeirante. The results made the distributor become a reference among concessionaires in the Southeast region.

### MAIN ACTIONS PERFORMED IN 2013 TO REDUCE TECHNICAL LOSSES

- Improvement of the ClimaGrid R&D Project, which allowed a more efficient management of grid operations, from the prevision of the impacts of severe climate events, such as lightnings and strong rain.
- Use of SCADA software, an algorithm to analyse and execute the automatic transfer of load, considering the electric parameters of the Medium Voltage (MT) grid involved.
- Advances in the Automatic Transfer Program:
  - 100% of substations are tele-supervised and tele-controlled through the System Operation Centre (COS), allowing the monitoring, in real time, of electric greatnesses, as well as the automatic transfers that are executed by programmed automatism in the automation system of each substation;
  - refinement of the methodology of protection and monitoring of medium-voltage circuits (Medium-voltage Distribution Grid), allowing the execution of transfers via Self Healing, through three reclosers tele-supervised by SCADA software of the COS. This system has smart mechanisms that calculate the loads and times to execute the unidirectional and bidirectional transfer in an automatic way.

EDP is a pioneer in the national market in the use of automatic transfer technology, which allows a reduction of the energy supply interruption time. In 2008, only 2% of customers were contemplated; today the number is 20 times higher.

EDP notifies 100% of scheduled disconnections through a personalized letter. From a system that tracks the letter delivery, via GPS and optical reading, it is possible to prove that the customer received the letter. This is an association between the commercial, quality and maintenance areas.

#### QUALITY PROJECTS IN EDP BANDEIRANTE IN 2013

##### MORE QUALITY SERVICES

The DEC DOWN Project, developed with the aim of obtaining an improvement in the quality of services, is supported by three aspects:

- reduction of the number of occurrences, with higher investment in maintenance and preventive technology;
- limitation of the impact of interruptions sectioning the grid with equipment like reclosers, disconnecter switches, among others (new equipment);
- quick re-establishment of electric energy, maximizing resources and teams, using equipment to spot lack of energy in order to act more quickly.

##### LOGISTIC IMPROVEMENT

The reformulation of the Process of Compensation Request for Electric Damages (PIDE) – which occurs when there is a loss or damage to electrical equipment in customers' residences – assured practicality to the compensation occurrences associated with climate events and which justifies the customer's request.

When the equipment loss is total, the distributor may collect it from the customer's residence; however, logistic problems made that action difficult. The partnership with Ecobraz, local NGO, solved this issue. Performing in the disposal of electronic waste, today this NGO collects the equipment and takes it to the appropriate location.

The reformulation increased the number of inspections. In order to improve and refine the process, it was established a partnership with the commercial and legal areas, with the aim of being benchmarking in distributors. The implementation of the accreditation of the authorized technical support network is the next goal.

In 2013, R\$ 59.7 million were invested in the programs for the fight against losses in EDP Bandeirante and EDP Escelsa. From that amount, R\$ 30.6 million were used for operational investments (replacement of gauges, installation of special grid and tele-measurement) and R\$ 29.1 million went to manageable expenses (inspections and removal of irregular connections).

PROGRAM FOR THE FIGHT AGAINST LOSSES (R\$ MILLION)	2011	2012	2013
Operational investments	12.2	20.2	30.6
Manageable expenditure	24.2	20.3	29.1
<b>Total</b>	<b>36.4</b>	<b>40.5</b>	<b>59.7</b>



## INDICATORS OF QUALITY IN DISTRIBUTION <sup>[GRI EU28, EU29]</sup>

Indicators of quality in the service supplied by EDP are in accordance with the standards established by the regulatory body. The maintenance of these indicators reflects the results of the investments in grid expansion and modernization, the integration and automation of operational centres.

In 2013, the indicators of the quality of service presented advances, achieving values lower than the maximum limits established by ANEEL, both for the Equivalent Duration of Interruption by Consumer (DEC), and the Equivalent Frequency of Interruption by Consumer (FEC) indicators. The result is the consequence of the performed investments, the solidity of preventive maintenance practices, the synergy between the areas and the complete dedication of employees. <sup>[GRI EU28, EU29]</sup>

EXCELLENCE IN SERVICE	UNIT	EDP BANDEIRANTE			EDP ESCELSA		
		2011	2012	2013	2011	2012	2013
DEC - Calculated value	qty	9.67	9.42	8.08	10.40	9.88	9.67
DEC - Limit (ANEEL goal)	qty	9.70	9.57	9.36	11.18	10.78	10.42
FEC - Calculated value	qty	6.29	6.03	5.51	6.34	6.37	5.78
FEC - Limit (ANEEL goal)	qty	8.42	8.37	8.07	8.98	8.51	8.14

Other quality indicators monitored by ANEEL:

- Duration of Individual Interruption by Consumption Unit (DIC)
- Frequency of Individual Interruption by Consumption Unit (FIC)
- Maximum Duration of Continuous Interruption by Consumption Unit (DMIC)
- Duration of Interruption Occurred on Critical Day by Consumption Unit Connection Point (DICRI)

These indicators reflect compensations paid by distributors derived from non-compliance of the established goals in 2013, according to the table below. <sup>[GRI PR9]</sup>

COMPENSAÇÕES PAGAS (R\$ MIL)	EDP BANDEIRANTE			EDP ESCELSA		
	2011	2012	2013	2011	2012	2013
<b>Indicators</b>						
DIC	2,003.94	1,512.97	925.26	1,167.95	1,474.35	1,545.76
FIC	547.38	470.94	396.53	173.59	319.57	324.23
DMIC	1,479.51	1,264.67	756.90	979.94	1,095.20	1,027.24
DICRI*	-	69.06	41.19	-	110.55	285.54
Other compensations paid	NA	NA	58.48	NA	NA	60.11
<b>Total</b>	<b>4,030.83</b>	<b>3,317.64</b>	<b>2,178.36</b>	<b>2,321.48</b>	<b>2,999.67</b>	<b>3,242.88</b>

\*In force as of 2012.

## EXCELLENCE IN INTERNAL MANAGEMENT

The application of the lean methodology in the technical and commercial areas of EDP's distributors showed a distinctive characteristic in relation to other areas. Lean manufacturing is also a management philosophy focused on the reduction of the seven types of waste: overproduction, lead time, transport, processing excess, inventory, movement and defects.

When removing these wastes, quality is improved and there is a reduction of production time and cost. Lean tools include continuous analysis processes (kaizen), pull production (in the kanban sense) and fail-safe elements/processes (Poka-Yoke).

There is also a vision of dissemination and execution of the process based on lean, which seeks its self-sustainability over time. The objective is to attain the level of maturity that is necessary for the process to occur within a system of continuous improvement.

In 2013, the objective was to consolidate the initiatives of previous years and integrate the practices between the companies of the distribution business unit. Projects previously developed separately by each company, like the Claim Management Project, were integrated in the action plan area.

Some initiatives resulted in larger projects of change in the processes of suppliers who support the distribution activities, such as the New Connection Project, the Stock Reduction Project, and the Standardisation of Operational Vehicles Project. Therefore, all projects optimized in 2010, 2011 and 2012 were revisited to assure the unification of the methods and sustain the improvement initiatives.

EDP used internationally-accepted certifications to seek optimization of the processes and management bodies. They enable a continuous improvement in the management of quality, environment and health and safety.

In terms of quality, the distributors maintained a certification for the following processes:

- claim management (ISO 9001:2008);
- collection of information and calculation of the individual and collective indicators of continuity (ISO 9001:2008);
- preparation, execution, measurement and verification of the Energy Efficiency Program (ISO 9001:2008);
- ISO 9001:2008 certification in the scopes of technical assessment of measurement equipment and collection of data from customer service standards.

## EMERGENCY AND CONTINGENCY PLANS <sup>[GRI EU21]</sup>

In front of an emergency situation, the procedures in the distributors follow the instructions described in the Emergency and Contingency Plans (PAE), structured by the Crisis Management Committee. These plans describe the specific procedures for each type of situation.

Apart from adverse climate conditions (atmospheric discharges, storms and wind), which directly affect the quality of energy supply, other hypotheses and potential risks are considered, such as failure in the distribution line tower, burning of transformers, short-cut in equipment and overload in electric equipment.

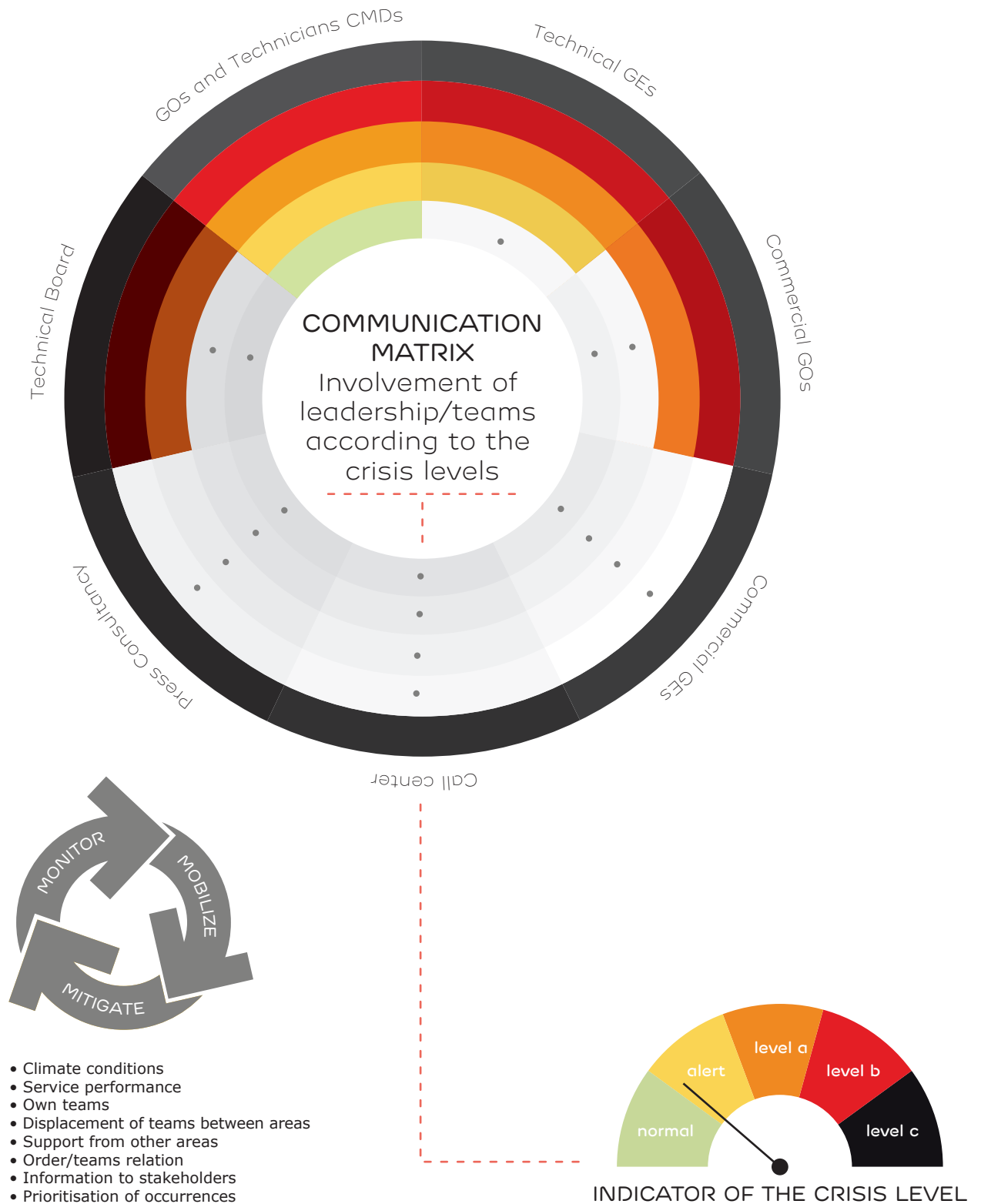
Other occurrences generated by the inadequate behaviour of employees and/or third parties and failure in the preventive maintenance of equipment were also considered in the preparation of the PAE.

The monitoring and operation of the system, in real time, by the COS and COD of the distributors, as well as a structured plan of preventive maintenance of the system, assure the reliability and prevention of these risks.

The quick energy re-establishment to customers after energy failure events is essential to assure the quality of the service rendered by the distributors. Through the joint performance of the maintenance and commercial areas, EDP's distributors established a new procedure for the Contingency Plan, aiming at optimizing the allocation of operational readiness teams and assuring a quick response in these situations.

## CONTINGENCY PLAN

The Distribution Contingency Plan is a set of working instructions that establish the conditions and rules to be observed by the Operation Centre, Maintenance Centres, Grid Constructions and Commercial Management during atypical days in regard of the determination of the crisis levels, as well as the actuation of resources for a quick response to the occurrences.



In the Generation unit, a list of potential risks was prepared, ranging from the rupture of a barrage and the operation house to fires and invasions. For each of these possible risks, emergency procedures were established for the regularization and resumption of the operation in the least time possible.

The review of the Contingency Plans is carried out periodically, evaluating the affected area and the involvement of operational resources. The management of short-term and long-term responses is verified in the emergency procedures. The Company counts upon communication and legal consultancy for support in case of disasters.

The Company also performs emergency drills, partial and complete, in the facility or workplace, with the participation of all the members. The periodicity of the drills is defined considering the risk of fire of the facility according to NBR14726/06 and the amount of accidental hypotheses identified. Immediately after the drill, the labour safety engineer and/or the Environment engineer performs an assessment of the exercise, for the purpose of correcting the failures.

Local authorities are previously informed and invited to participate in the emergency drills. Civil Defence, the Fire Brigade and the Environment Body participate and contribute critically in the stages of preparation, updating and verification of the Plans.

All EDP's facilities have Fire Department Inspection Certificate (AVCB), document that certifies the existence of all safety mechanisms against a fire. Each employee and partner receives training to comply with the initiatives established in the plans, which also define guidelines for the disclosure of the occurrences to society. The requirements are established in the Manual of Management System in Health and Labour Safety, certified by OHSAS 18001. Contingency planning follows the applicable rules (environmental, labour safety, ONS), according to the activities and facilities of distribution and generation companies.

The procedures for the normalization of the operations comply with ONS instructions and operations rules and are simulated on a periodical basis. ANEEL regulates terms for the re-establishment of electric energy in case of contingencies in the distributors. If necessary, the Fire Brigade and Civil Defence are called for joint performance. In case of loss of the Operation Centres (CO), COS and COD may be operated remotely from an infrastructure located in Carapina – Carapina (ES) substation or by Bandeirante (SP) COS, for situations of loss of the communication system, fire in the facility, endemic disease or strike.

## CUSTOMER SATISFACTION

EDP is continuously searching for the improvement of already existing technical-commercial processes. To learn from its own experiences and to take advantage of what already brought market results, always under renovation, are EDP's goals. In this sense, since 2012, an intense work has been performed involving the distributors' operation areas, with the purpose of reducing customer claims. To make this goal viable, multidisciplinary work teams were created for the continuous improvement of the processes, with the purpose of identifying the causes of the main difficulties in current procedures of the Organisation.

These actions reduced registered claims in the existing channels, specifically in call centers, customer service centres, the Distributors and ANEEL's ombudsmen and in PROCON. The purpose is to increase customer satisfaction indexes.

Improvement initiatives expected in the Relationship with Customers for 2014:

- development of URA – automatic and interactive service – humanized in call center;
- institution of the lean Project in face-to-face customer service centres;
- implementation of the integrated service management system – Attendance (EDP Bandeirante);
- extension of self-service channels – totems, SMS, mobile;
- institution of the new customer service channel via social networks.

[GRI PR5] CUSTOMER SATISFACTION	EDP BANDEIRANTE			EDP ESCELSA		
	2011	2012	2013	2011	2012	2013
Satisfaction index obtained by Pesquisa IASC – ANEEL <sup>1</sup>	-	59.30	60.04	-	55.30	64.14
Satisfaction Index of Perceived Quality (ABRADEE)	-	85.90	79.80	78.20	83.30	85.80

(1) IASC Survey (ANEEL's Customer Satisfaction Index) was not performed in 2011.

CUSTOMER CLAIMS	EDP BANDEIRANTE			EDP ESCELSA		
	2011	2012	2013	2011	2012	2013
<b>Number of claims conducted</b>						
To the Company	74,360	33,397	47,258	88,330	52,990	36,789
To ANEEL	2,307	2,171	8,028	1,732	1,624	1,649
To the Justice <sup>1</sup>	1,157	3,744	3,571	1,826	2,990	2,600
To Procon	1,836	1,664	1,850	3,444	3,167	2,477
<b>Total</b>	<b>79,660</b>	<b>40,976</b>	<b>60,707</b>	<b>95,332</b>	<b>60,771</b>	<b>43,515</b>

(1) The number of claims filed with the Justice in 2013 refer to the total claims accumulated in the records.

In the field of customer satisfaction assessment, EDP uses ABRADÉE’s Satisfaction Survey and the Satisfaction Survey for Large Customers and Public Power (PSGCPP). Both are used as a reference for the monitoring of good practices related to the satisfaction of customers in the concession areas of energy distributors. <sup>[GRI PR5]</sup>

ABRADÉE’s Satisfaction Survey is performed annually. It is divided into three blocks:

- **Perceived Quality** – Energy Supply; Information and Communication; Energy Billing; Customer Services; Company Image.
- **Perceived Value** – price itself; price versus benefit.
- **Other aspects** – Social Responsibility; Public Illumination.

PSGCPP occurs every two years and assesses customer satisfaction through the selection of attributes, divided into groups. In EDP Escelsa, 30 attributes were selected, which were divided into five groups:

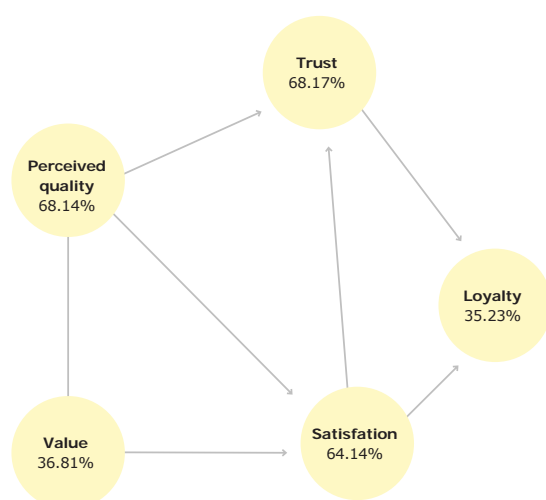
- energy billing;
- energy supply;
- customer service;
- company image;
- information and communication.

In EDP Bandeirante, 27 attributes were selected, which were divided into seven groups:

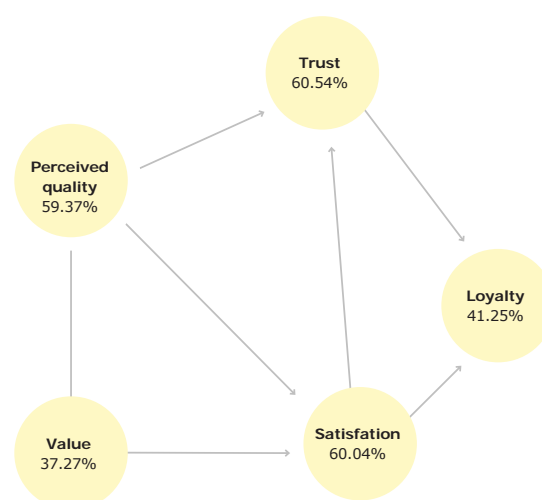
- energy supply;
- interaction with customer manager;
- customer service centre;
- information and communication.
- billing;
- service execution;
- corporate image.

The mechanisms to get feedback from customers are obtained through the surveys themselves, from the interaction channels: call center, Customer Service Centres, Virtual Agency, Self-Service, Talk to Us (Fale Conosco) and Mobile Service Units (UVA); apart from this, this information is also received from meetings of the Consumer Council, which gathers on a monthly basis in both distributors.

EDP ESCELSA – IASC 2013



EDP BANDEIRANTE – IASC 2013



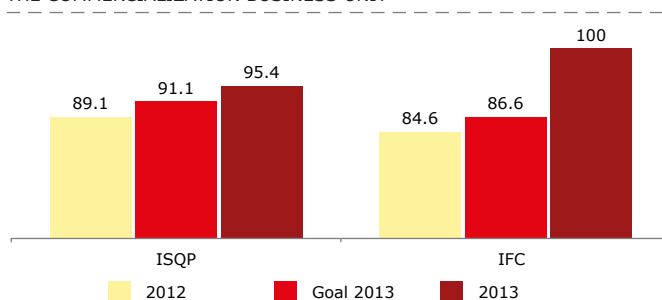
The continuous improvement in customer service quality is the focus of projects that have been developed in the distributors, as shown in the following table.

PROJECT	OBJECTIVES	ACHIEVED RESULTS 2013
<b>Collection via mobile phone</b> (under implementation in both distributors; start with a pilot project in EDP Bandeirante)	To create a new collection channel through technological innovation and bill issuance and the possibility of payment by any type of mobile device.	Under implementation.
<b>Collection from Electronic Card Project</b> (under implementation in EDP Bandeirante)	To implement a pilot for the receipt of bills in customer service centres and cut-off teams through electronic card, thus improving the efficiency in the collection and customer satisfaction.	Under implementation.
<b>Reading and Delivery Management System Project (SGle)</b> (under implementation in EDP Bandeirante; already implemented in EDP Escelsa)	To improve the service of bill reading and delivery. To mitigate risks of breach of contract by the implementation of a system of bill reading and delivery management and software development for the collection of GPS coordinate reading and capture through bar code readers.	EDP Escelsa achieved a reading efficiency of 98.3% and on-site efficiency (simultaneous reading and delivery) of 93.1%. EDP Bandeirante achieved an efficiency of 97.8%.
<b>TaD-e Project - Data Automatic Transmission</b> (already implemented in EDP Bandeirante and EDP Escelsa)	To install equipment for the automatic transmission of reading, in plants with impossibility of access to the measurement centre.	6,955 TAD equipment installed in EDP Escelsa and EDP Bandeirante, which will prevent commercial losses in the order of 15 GWh/year.
<b>Electronic Bill Project</b>	To provide customers with more practicality, preserve the environment and reduce the costs of printing and delivery of bills.	5,124 registered customers in EDP Escelsa and EDP Bandeirante.
<b>Billing Shielding Project</b>	To implement 'Business Intelligence' software for billing quality management.	The Distributors' Income was assured, and there was a reduction of billing error, which impacted on customer satisfaction.
<b>R&amp;D in EDP Bandeirante and EDP Escelsa to improve reading quality</b>	To promote software aimed at failures in gauges' reading (process management in field). It also involves the issuance of daily reports so that small errors can be identified in bills.	Start scheduled for 1st quarter 2014.

Since 2012, the Commercialization area counts upon a post-sale structure oriented to customers. In 2013, this new structure, integrated into the remaining areas, already presented relevant results. Workshops with new customers were organised, spreading information about the operation of the energy free market. For the remaining customers, a consistent visit plan allowed a close interaction, enabling new business and increasing the possibility of maintaining those customers during the next years.

In 2013, the results of its customers' satisfaction exceeded the goals established for this year, accompanying the economic-financial successful results of EDP's Commercialization unit, according to Satisfaction with Perceived Quality Index (ISQP) and Customer Loyalty index (IFC), which attained the values of 95.4 and 100, respectively.

SATISFACTION INDEXES OF CUSTOMERS OF THE COMMERCIALIZATION BUSINESS UNIT



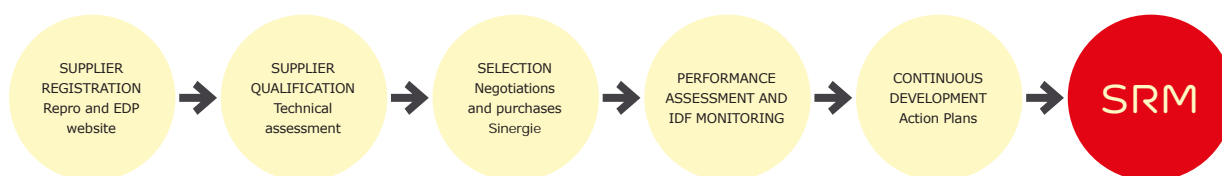
## SUPPLIER DEVELOPMENT

The supply chain development and management are fundamental topics in EDP in order to minimize the risks associated with the supply of goods and services. The strategy is based on the creation of a channel to increasingly narrow the interaction with critical suppliers, so as to understand their needs in relation to EDP and address them internally. Simultaneously, the Company seeks to increase synergies that encourage the development of joint actions, in view of the risk management and the generation of opportunities in the supply chain.

In order to assure the improvement in suppliers' performance and development, in 2013, the Supplier +EDP Program was consolidated in the light of EDP's strategy for 2020, having as main objectives:

- To reduce the risk of legal non-compliance in the supply chain;
- To know and follow up the economic, social and environmental impacts of EDP's supply chain;
- To support Suppliers' development based on good practices and/or action plans for continuous improvement;
- To establish with suppliers critical for the business, long-term partnerships and beneficial for all the parties involved.

### RELATIONSHIP STAGES GROUNDED ON A PROCESS OF SUPPLIER RELATIONSHIP MANAGEMENT



#### SUPPLIER REGISTRATION

Registration of material and service suppliers in the Company takes place in the Repro system, which allows to register and share information in the whole EDP Group among other companies of the sector and remaining segments, in several countries. Repro, managed by the company Achilles, validates suppliers commercial and financially, being the main source to identify potential suppliers. One of the supplier registration stages consists of the filling-out of questions related to socio-environmental responsibility, apart from information about the supplier's financial and tax situation.

Additionally, EDP's purchase area performs a direct prospecting in the market and of new suppliers in guides, catalogues, contacts with congenerous companies, business fairs, or the contact occurs in the reverse way, when companies search for EDP.

In 2013, EDP maintained a commercial relationship with 1,247 companies for the supply of materials, equipment and services, to meet technical, operational and administrative needs of the Company.

#### SUPPLIER QUALIFICATION

Internally, suppliers are assessed by the process of Qualification and Assessment of Suppliers of Materials and Services, together with the legal, tax and economic-financial assessments in the scope of Repro, supplier registration system.

Supplier may consult the registration process and qualification criteria on EDP's website. In the case of hiring, suppliers are informed about the assessment along the process.

The nature of the products or services is assessed in the previous technical qualification of the supplier. Additionally, manufacturers of materials and equipment for the electric system are subject to industrial selection and qualification, apart from inspection of the materials on the basis of technical specification criteria.

Regarding the industrial assessment of suppliers of materials, the Company applies a self-filling out report, which is subsequently used, during the visits to the supplier's facilities, to verify the truthfulness of the information and conclude the qualification. However, after approval of the supplier, the materials and equipment still remain subject to prototype approval, which is the product certification within the company's technical criteria.

## SELECTION, NEGOTIATION AND PURCHASES

The process of quotation and negotiation is carried out through EDP Group's global system, Sinergie, which is integrated with Repro platform, so that any purchaser of EDP may start a purchase process only with suppliers who are registered and whose information is updated. During the hiring phase, several methodologies may be adopted from face-to-face negotiations to electronic bidding.

As a way of assuring supply availability to EDP, since 2010 the Purchase Plan is defined to establish contracts for the supply of materials for 36 months, and of services, for 24 months. In this way, the Company provides suppliers with higher trust and assurance of the realization of the services.

EDP, in all its operational units, gives priority to local suppliers against national and global in case of a commercial tie, following its policies and practices with local suppliers.

Local/regional suppliers represent 70% of total purchases, while national, 25% and global, 5%. Local suppliers are considered to be those located in the states where there are business units of EDP in Brazil. In this way, with the purpose of promoting the economic development of its region, the Company prioritises the hiring of local suppliers, helping to foster sustainability also by means of the reduction of environmental impacts derived from logistics, merchandise transport and the displacement of service suppliers. [GRI EC6]

[GRI EC6] POLICIES, PRACTICES AND PROPORTION OF EXPENSES WITH SUPPLIERS	UNIT	EDP		
		2011	2012	2013
Percentage of purchase budget allocated for 'local/regional' suppliers	%	81%	78%	70%
Percentage of purchase budget allocated for 'national suppliers'	%	18%	21%	25%
Percentage of purchase budget allocated for 'global suppliers'	%	1%	1%	5%

All contracts for the supply of materials and services include terms related to human rights compliance, reinforcing the prohibition of using children, slave or degrading labour, as well as the strict compliance with the legal obligations and the Company's values and principles. This practice is spread to all suppliers. [GRI HR1]

EDP ended the year with 1,119 significant investment contracts. This is for being executed at the corporate level, dealing with materials and services that represent a constant volume and being linked to the added value for hiring. [GRI HR1]

[GRI HR2] HUMAN RIGHTS IN SUPPLY CONTRACTS	EDP		
	2011	2012	2013
No of registered suppliers	8,896	9,618	9,228
No of hired suppliers	1,080	1,002	1,247
Value of the purchases of goods and services (R\$ million)	785.8	576.4	1,355.4
% of contracts with terms related to human rights	100%	100%	100%
% of contracts refused as a result of human right assessment	0%	0%	0%

## PERFORMANCE ASSESSMENT AND MONITORING

EDP assesses its suppliers in quality, logistics, environmental responsibility, certifications and innovation

During the management of the contracts, there is a verification of compliance with contractual conditions. From the information related to the inspections, performance and delivery, the IDF is determined, with a score of 0 to 100, to assess, monitor and recognise suppliers' performance, as well as to identify those that require follow-up.

The IDF, applicable to all qualified suppliers, forms a ranking from five weighed indicators:

- quality (45%);
- logistics (40%);
- socio-environmental responsibility (10%);
- certifications (5%);
- innovation (10%);



Innovation is an extra score attributed in the month in which an innovation is implemented in relation to procedures or products, suggested by the supplier. The IDF is informed on a monthly basis to suppliers, to demonstrate the Company's criteria and the image it has of the supplier. Meetings with suppliers are also held to inform them about the results achieved in the IDF, with an analysis of its factors. [GRI HR5, HR6, HR7, HR10]

Additionally, other analyses are executed to identify the root cause of problems in field and the receipt inspections. From the identification, action plans are created for the suppliers' improvement. The meetings for the discussion and disclosure of the results of IDF indicators are opportunities to exchange information and search for the continuous improvement of the supply chain.

The results of the IDF assessment become a reference for subsequent hirings, helping the decision making process and supplier's development. In 2013, IDF's application to suppliers of materials was extended to suppliers of services and applied to the main contractors of the distributors. At the end of the year, the IDF of suppliers of materials reached 86, and the one of service suppliers began to be consolidated for new contracts of these contractors.

Suppliers considered critical, that is, those whose processes are directly linked to the supply of services or the offering of products of EDP, which may cause significant environmental impacts and/or social risks, are visited in order to prevent irregularities in relation to child or forced labour and contribute to the verification of an irregularity in the supply chain.

EDP monitors suppliers' ethical conduct to assure its alignment with the pertinent corporate policies. In the year, 28 suppliers of materials were audited, through the application of the corporate process of monitoring of critical suppliers in relation to socio-environmental aspects.

In 2013, neither in EDP's operations nor in its suppliers were identified significant cases of risk or violation situations related to Human Rights – such as violation or restriction to the right to exercise freedom of association and collective bargaining, existence of forced labour, or slave labour, or child labour, among other aspects related to sustainability. [GRI HR5, HR6, HR7, HR10]

The safety of its employees and service suppliers is one of EDP's most important pillars, integrated in its development strategy for 2020. For this reason, the Company has a Safety for Service Suppliers Program (PSP), with a focus on the anticipation of risks derived from the labour activities and the due preventive measures. PSP dictates the minimum guidelines that suppliers must follow to meet the requirements of the Labour Health and Safety Management System (SGSST).

As an improvement in the relationship and encouragement to supplier development, in 2013 the Operational Management of Supplier Management of the Administrative and Asset Management Committee was instituted in the Distribution business unit. The objectives are to promote mutual development and the exchange of information among the various areas and the main service suppliers, as well as to encourage the creation of associations. The area of Supplier Management is responsible for performing in the development of processes and indicators and the monitoring and development of new suppliers, with a focus on operational performance, relationship with employees and financial situation.

## CONTINUOUS DEVELOPMENT

The promotion of continuous development and sustainability, through innovation, has characterised EDP's performance, namely together with its suppliers, seeking to encourage the search for more lasting associations.

In order to foster this continuous development on the part of suppliers, EDP has a set of initiatives:

- monthly feedback meetings, related to IDF's results;
- application of the 8 Disciplines Report, filled-out by suppliers with a low performance in the IDF, with the aim of identifying the root causes of the problems (processes and/or product) and implementing action plans for improvement;
- meetings of relationship and identification of associations, which may result in innovations of processes, products and ways of service supply;
- annual meeting with Suppliers, promoted by EDP, with the aim of updating suppliers about the Company's processes and development plans, apart from its commitments.

With the intention of stimulating and recognising suppliers with an outstanding performance, EDP:

- enables the extension of 24-month contracts to 12 months more;
- trains supplier's employees;
- identifies suppliers with certificate of guaranteed quality;
- influences purchase decisions;
- remunerates by performance.

The bonus system of remuneration by performance is in practice since 2010 and was refined in 2011. It is specially applicable in the Distribution unit, in case of supply of reading and charging services. The supplier's two best employees receive awards for performance at the end of each month, in monthly meetings with the participation of all supplier's employees.

In 2014, the annual meeting will be carried out with the objective of transmitting suppliers EDP's expectations for the 2014-2016 business plan and the procedural alterations defined in the scope of the Supplier +EDP Program. In the annual meetings carried out by EDP with its potential and current suppliers, apart from the topics on the agenda, suppliers are reminded of EDP's commitments with sustainability, through the Code of Ethics, Vision, Values and Commitments, as well as Sustainable Development Principles of the Group.

Apart from its practices of relationship with suppliers, at the end of 2013, EDP performed a satisfaction survey with the main suppliers of materials and services. The objectives were to identify and analyse real expectations, needs and, consequently, point to improvements in internal processes. The survey was executed via e-mail, with the filling-out of a questionnaire. The results obtained were very positive: 8.49 of satisfaction level and 8.46 of importance level, in a maximum scale of 10. Based on these results and the suggestions obtained, action plans will be defined for the improvement of internal practices and processes.

#### PRODFOR – SUPPLIER DEVELOPMENT (ES)

EDP Escelsa participates in the Suppliers' Integrated Development and Qualification Program of Espírito Santo that, together with the Espírito Santo Federation of Industries (Findes) and Euvado Lodi (IEL-ES) Institute, has the purpose of promoting the improvement of supply companies' management.

- 11 important companies of the State + Sebrae + FIESS maintain the Program.
- 569 companies of Espírito Santo certified by the Program up to 2013.



## ENERGY EFFICIENCY AND UNIVERSAL ACCESS TO ENERGY <sup>[GRI EN5 AND EN6]</sup>

### ACTIONS OF SOCIO-ECONOMIC BENEFIT THROUGH ENERGY EFFICIENCY PROJECTS <sup>[GRI SO1, EU7 AND EU23]</sup>

EDP distributors invest 0.5% of their net operational income in Energy Efficiency Programs, according to criteria established by ANEEL. Investments in energy preservation are aimed, essentially, at low-income customers, projects involving public power and service, development of educational and industrial projects. These investments have the purpose of demonstrating the importance of actions against electric energy waste, safe use of grids and replacement of inefficient equipment by others with higher energy efficiency. Simultaneously, these projects contribute to reduce non-compliance, making costs more affordable for consumers.

In 2013, investments in the Energy Efficiency Program reached R\$ 27.916 million, with an energy saving of 27,561MWh/year (corresponds to average consumption of 11,485 residences per year) and a reduction of 16,981kW in end demand. Apart from this, the avoided cost, with the energy saved, was R\$ 9.537 million.

## GOOD ENERGY IN COMMUNITIES AND GOOD ENERGY AGENTS

These projects were aimed at the legalization of irregular consumption units through social actions, which include guidance for the social tariff registration, apart from the replacement of inefficient refrigerators by others with A classification, Procel/Inmetro, of conventional electric showers by smart showers, incandescent lamps by fluorescent compact lamps of 15W and repairs of internal electric connections in residences. As results, we can highlight:

- 61,406 customers benefited;
- investment of R\$ 16.599 million;
- energy saving of 21,163MWh/year;
- demand reduction of 12,489kW;
- 324,463 replaced lamps;
- 6,132 refrigerators replaced;
- 598 smart showers installed.

## GOOD SOLAR ENERGY

With the purpose of serving low-income customers and generating awareness of energy efficient and safe use, this project promotes actions for the replacement of incandescent lamps by fluorescent compact lamps and the replacement of conventional electric showers by solar heating system (collector and reservoirs), as well as the installation of smart showers. Results of the project:

- 2,480 customers benefited;
- investment of R\$ 6.180 million;
- energy saving of 1,646.163MWh/year;
- demand reduction of 3,36278kW;
- 797 smart showers installed.
- 14,153 lamps distributed;
- 2,480 solar collectors and reservoirs installed.

## GOOD ENERGY IN SCHOOLS

This project promotes the involvement of educators and students regarding the correct use of electric energy. The intention is to train teachers on the basis of the PROCEL Educação methodology disseminating information to fight against energy waste, promote the awareness of the school community, train students as multiplying agents of energy efficient and safe use, and spread basic information and concepts about energy through face-to-face actions, playful and interactive experiences through the 'Good Energy Truck'.

### KNOWING THE GOOD ENERGY TRUCK

Medium-sized, customised and adapted for a mobile education unit, the truck is equipped with an interactive model that simulates a residence's energy consumption, from tools, such as the energy generating bicycle and other experiments about electric energy, apart from games and comic books.

Children who visit the unit are accompanied by teams of monitors trained to reproduce basic information about electric energy and its course up to residences. Monitors also teach the public how to use electricity in the best way: with safety and with no waste.

At the end of the visit, all schools and students receive a comic book with a tale about the topic and a book with activities and pastimes, apart from stickers related to the processes of electric energy generation, transmission and distribution, as well as conscious energy consumption. Results obtained:

- investment of R\$ 3.390 million;
- 122,282 students benefited;
- 1,550 teachers trained;
- 21 municipalities served;
- 286 schools benefited.

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

The Energy Efficiency in Public Buildings Project promoted actions for the improvement of the illumination and refrigeration systems in public buildings. Low-energy performance equipment were replaced by more economical and efficient ones. In this way, energy saving is promoted and users are provided with more safety and comfort, as well as better labour conditions are provided to employees. Results obtained:

- 28 institutions benefited (public buildings and charitable entities);
- investment of R\$ 1.126 million;
- energy saving of 1,363.163MWh/year;
- demand reduction of 504.32kW;
- 22,010 lamps replaced;
- 187 air conditioners replaced.

[GRI EN6, EU7] ENERGY EFFICIENCY PROJECTS/ EDP BANDEIRANTE AND EDP ESCELSA					
Categories covered	Projects	Investment 2013 (R\$)	Reduction of end demand 2013 (kW)	Energy saving 2013 (MWh)	Costs avoided with energy saved (R\$)
LOW-INCOME RESIDENTIAL	Good Energy in Community Good Energy Agents	16,598,993.72	12,489.12	21,163.06	7,466,886.53
PUBLIC SERVICES	Good Energy in Schools Energy Efficiency in Hospitals and Charitable Institutions Energy Efficiency in Water Supply and Sewage System Project	4,529,262.47	680.00	2,902.67	738,872.27
PUBLIC POWER	Energy Efficiency in Public Buildings	427,083.46	243.89	628.94	216,234.26
SOLAR HEATING	Good Solar Energy	6,179,965.65	3,362.78	1,646.02	830,210.60
INDUSTRIAL	Energy Efficiency in Simoldes Project	181,535.76	205.00	1,220.53	285,267.58
<b>TOTAL</b>		<b>27,916,841.06</b>	<b>16,980.88</b>	<b>27,561.22</b>	<b>9,537,471.24</b>

## PARTNERSHIPS THAT STRENGTHEN THE PERFORMANCE IN VULNERABLE COMMUNITIES [GRI SO1 AND EU23]

EDP's both distributors execute programs in association with local entities, seeking to improve and maintain the access to electricity and consumer support services, particularly to low-income customers and vulnerable communities, the following being highlighted:

- special tariffs – The Electric Energy Social Tariff is a discount in the energy tariff, created by Law No 10,438/02, granted to the first 220kWh of the families registered in the Federal Government's Single Registry of Social Programmes (Cadastro Único dos Programas Sociais do Governo Federal). The discounts vary from 10 to 65%, according to the consumption;
- agreements in payment modalities with flexible payment – All customers who have a social tariff may negotiate their debts in up to 50 instalments without interests. The charging is carried out in the electric energy bill itself;
- energy saving to reduce the value of the bill – Energy efficiency projects contribute to a reduction in energy bills in hospitals, charitable institutions and industries, in the modalities of Performance Contract (for-profit organisations) and Donation Contract (non-profit organisations);
- agreements with municipal authorities for the registration of CadÚnico – EDP entered into agreements with the municipalities covered by the Good Energy Agents Project, with the interest of providing resources for the registration of families in the Federal Government's CadÚnico and thus granting access to electric energy social tariff for those who have this right and are in a vulnerable situation with EDP.

## ENERGY ACCESS FOR REMOTE POPULATIONS

Energy supplied to remote populations within the EDP's concession area

In compliance with its commitment of being a socially responsible company, EDP promotes the access to energy with reliability, safety and quality. For this reason, it assures equality in the access to energy and energy systems, apart from having projects in progress that enable remote communities' access to energy.

In its Energy Efficiency Program, EDP implemented the Ilha Escura Project ("Dark Island"), providing access to electricity to a community on an island located in an area not contemplated by the Federal Government's Light for All Program, aimed at bringing light to 2 million rural residences in Brazil.

The island, included in EDP's concession area, is located in an environmental protection area, with a community of 15 residencies. EDP searched for distributed microgeneration initiatives to bring energy to the locality and installed solar panels with photovoltaic system for electric energy generation and solar heating of water.

The Project will be improved in 2014, but families already have 52,000Wh/month, amount of energy that allows to serve a house with a lamp, a refrigerator, a television device with parabolic receptor, apart from a radio and a DVD player.

## Cutting-Edge Technology in Energy Supply to Remote Communities of Amazônia

EDP gave continuity to the Brazil Portable Light Project in 2013. The aim is to bring cutting-edge technology in energy supply to remote communities of Amazônia. The initiative was established from a partnership between EDP, IEDP, Inter-American Development Bank (BID), The Portable Light Project (PLP), Health and Joy Project (PSA) and Institute for the Development of Alternative Energies and Self-Sustainability (IDEAAS). The initiative is supported by professionals from the Massachusetts Institute of Technology (MIT) and Harvard University.

The Brazil Portable Light Project is focused on the development of portable light technology supplied by solar energy. The resource benefits isolated communities of Amazônia, with no access to electricity. The Project already contemplated the delivery of solar energy and LED illumination kits for 300 families, contemplating 1,650 inhabitants of the Arapiuns River, in the region of the city of Santarém, located in the State of Pará.

The Brazil Portable Light Project was presented as case in the 4th Latin American Seminar and Exhibition on Distributed Microgeneration. Photographer João Pina registered the use of the solar energy and illumination kits in the riverside communities and organised an exhibition of the photographic material in Tomie Ohtake Institute.

In 2013, the results of the Project and the possible developments that it will provide were presented in an event for potential partners and stakeholders in general.

Socio-environmental impact on the life of these families, after the introduction of portable illumination structures into their daily activities, was analysed during 2013. Alternatives of technical maintenance of these structures were also assessed, and a research for potential partners and suppliers was developed.

The objective for 2014 is to make Brazil Portable Light project a scalable, commercial and available product for the population still living in the pre-electrification.

## INNOVATION AND R&D <sup>[GRI EU8]</sup>

### Projects of research and development for improvements in energy generation and distribution processes

Technological development activities are focused on ANEEL's R&D Program as well as on the development of applied technology. The research and development projects are established to obtain improvements in energy generation and distribution processes, from criteria related to operation efficiency, reduction of risks and income optimization.

The resources for investments in the R&D Programs of EDP's distributors and generators derive from an obligation contained in the concession contract, which determines that electric energy distributors must allocate 0.2% of its net operational income for research and development projects; generators, 0.4% of the respective income.

### R&D PROJECTS FOCUSED ON DISTRIBUTION

EDP Bandeirante and EDP Escelsa invested R\$ 7.515 million in R&D in 2013. The main development projects focused on distribution are presented below.

## ELECTRIC MOBILITY

Its main objective was to prepare the Company for electric mobility trends. The project was divided into three blocks: in the first one, the goal was to understand the electric mobility business in the global context, so as to consider possible migrations of technology to Brazil, able to impact on EDP's concession areas; the second, in association with Institute of Energy and Environment of the University of São Paulo (IEE-USP), included the installation of two slow-load and one quick-load eletroposts, both with load measurements for the collection of data of the system in operation; the third block aimed at the development of a planning tool able to produce studies and models about the impact of the incorporation of electric vehicles in the country. The tool is interconnected with the Company's grid, generating a model to predict scenarios of penetration of the electric vehicles, which determines, for example, in which localities a reinforcement of the distribution grid will be necessary in order to support this new demand of electricity.

The project was concluded in 2013. The result, considering the 2020 scenario, is that EDP is prepared to receive this new technology that enables the inclusion of electric vehicles in EDP's real grids, apart from allowing the concessionaires to study the necessary infrastructure to meet the demand. As recognition, the Project received an Honour Mention in the 9th Latin American Showroom of Electric Vehicle, Component and New Technology (SP).

## CLIMAGRID

It is the project aimed at the development of a system containing innovative technologies that include environmental, meteorological data and information about electric system occurrences, for EDP Group's distributors, using the concept of smart grids.

The technology allows to assess the level of exposition of transformers to atmospheric discharges in order to conduct preventive maintenance activities, diagnose automatically the degree of severity of the meteorological conditions associated with system disconnection events, allowing to subsidize actions together with the regulatory agency or customers, and enabling the prediction of discharge occurrences in the Company's concession area by municipality, some hours in advance, in order to subsidize maintenance actions.

The work performed in 2013 was aimed at improving the quality and precision of the results through the implementation of an additional grid of 15 high-performing automatic meteorological stations in EDP Bandeirante and EDP Escelsa's concession areas. The data obtained from these stations assures some benefits for EDP, such as the monitoring with a higher availability and precision of the following parameters: Wind Speed and Direction, Air Temperature, Relative Humidity of the Air, Pluviometric Precipitation and Atmospheric Pressure; visualization of the data in the system in real time and in a historical module.

## SMART CITIES

After the implementation of the InovCity Project in the city of Aparecida (SP) and its launching in two municipalities of Espírito Santo, EDP highlights the start of other two projects interconnected with the concept of smart cities.

With a focus on the incorporation of new solutions in the electric energy distribution system, the Observatory of the Behaviour of Electric Energy Customers Project will enable the verification of the impact of new solutions, legitimating the commercial and technological decision-making process. Apart from this, it will provide an understanding and a continuous monitoring of consumption behaviour, measuring the receptivity and aspirations in front of new solutions. It is also highlighted the Pilot Project of Assessment of Consumers' Reaction to the Pre-Payment System and Low-Voltage Differentiated Tariffs in an environment of smart grids.

Apart from the R&D projects, there are other related to applied technology, such as the Field Service Automation (FSA), which is focused on distribution.

## FIELD SERVICE AUTOMATION

The FSA is a tool that performs external team management, with the purpose of improving the workforce operational efficiency. It operates from a system based on algorithms that is able to determine the sequence of work of each team, with an extremely low human interference. In 2013, a multidisciplinary team carried out, together with suppliers, concept trials that tested the main functionalities and portable devices to be used in field, defining the suppliers that will participate in the competition for the supply and implementation of the FSA system. FSA's implementation will bring benefits, like the reduction of the service time to EDP's customers, reduction in paper and toner consumption and the improvement of operational efficiency.

## R&D PROJECTS FOCUSED ON GENERATION

EDP's generation companies invested R\$ 5.134 million in R&D projects, in 2013. Twelve projects were developed, of which 11 are in progress and one was concluded in 2013.

### HIGHLIGHT OF THREE IMPORTANT PROJECTS FOR THE GENERATION R&D

- Development of an on-line smart system of assessment of the loss of service life of hydrogenerators' components, due to stressors and alterations of the operational regime: the objective is to develop an on-line system to record stressors, new data analysis algorithms, selection of fundamental instruments and sensors, apart from software for the diagnosis of the status and remaining service life of hydrogenerators' components due to cavitation and regime alterations.
- Project of Mini-grids with intermittent sources to serve isolated areas: it seeks to develop a mini-grid system composed of solar panels to serve isolated areas. This project will also contemplate the monitoring of the system performance through remote measurement.
- Development of the system for the diagnosis of power transformers with maintenance techniques based on computational intelligence and condition: specification and installation of a system of remote monitoring using maintenance techniques based on condition with computational intelligence to predict and anticipate possible problems due to previously established defects. The focus is on the development of a Computational Intelligence system, based on modern numerical techniques to: i) continuously assess the operational status; ii) increase reliability; iii) help in the maintenance planning; iv) reduce costs; v) avoid catastrophic failures.

The results obtained in the R&D projects were widely disclosed to the scientific community, through the participation in national and international seminars and the publication of articles in specialised magazines.

RESEARCH LINE	COMPANIES	INVESTMENT 2013 (R\$)	GOAL (EXPECTED INVESTMENT (R\$))
Development of technology for the fight against fraud and	EDP Escelsa and EDP Bandeirante	R\$ 442,576.17	R\$ 3,936,332.58
Energy distribution	EDP Escelsa and EDP Bandeirante	R\$ 330,983.51	R\$ 6,767,431.42
Energy efficiency	EDP Escelsa and EDP Bandeirante	R\$ 429,396.05	R\$ 1,457,030.00
Renewable or alternative source	Energest, Lajeado Energia, Pantanal, Companhia Energética de Jari	R\$ 2,639,162.63	R\$ 10,171,449.00
Measurement	EDP Escelsa and EDP Bandeirante	R\$ 3,291,212.55	R\$ 17,448,378.49
Environment	Enerpeixe, Energest, Investco, Lajeado Energia and Pantanal	R\$ 999,245.31	R\$ 4,041,040.85
Planning and operation	EDP Escelsa and EDP Bandeirante	R\$ 1,917,811.10	R\$ 6,303,506.80
Quality and reliability	Energest, Lajeado Energia, EDP Bandeirante e EDP Escelsa	R\$ 697,828.68	R\$ 7,653,345.35
Supervision, control and protection	Energest, Enerpeixe, Investco, Lajeado Energia, Pantanal, EDP Bandeirante e EDP Escelsa	R\$ 1,900,741.03	R\$ 10,510,165.71
<b>TOTAL</b>		<b>R\$ 12,648,957.03</b>	<b>R\$ 68,288,680.19</b>

## INNOVATION TO GENERATE STRATEGIC TRANSFORMATION

R\$ 3.061 million were invested in innovation projects in 2013

Innovation is able to generate competitive advantages to the medium and long term, since there exists search for new market opportunities and process improvement, thus becoming essential for EDP's future and sustainability.

Among the various innovation projects developed by EDP, it is highlighted the continuity and expansion of the InovCity project, the new phase of the iMentors Program, the restructuring of EDP Innovation Award 2020 and the continuity of the Innovation Pool Project. The sums invested amounted to R\$ 3.061 million in 2013.

## INOVACITY

In the city of Aparecida (SP), EDP developed the InovCity Project, whose objective is to test various technologies that enable the creation of a more efficient city in terms of energy.

The Project is composed of six large work fronts: smart measurement, energy efficiency, electric mobility, efficient public illumination, distributed generations and energy education.

The initiative promotes the reduction of energy consumption and the environmental impact resulting from energy distribution and consumption. It also provides a higher efficiency in the service supplied by the Company, deriving from the rationalization of energy and operational management.

Started in 2010, InovCity already implemented most of the expected initiatives. It will be finished in 2014, with the conclusion of the installation of the smart gauges, the conclusion of the communication grid and the commissioning of the gauges.

In 2013, over 2 thousand gauges were put in communication with the system of telemetric management (SMM). By the end of the year, 98% of customers already had the new energy gauge installed.

Main results obtained with the Project in Aparecida (SP):

- smart measurement – over 13,400 smart gauges installed;
- public illumination – installation of 208 LED public lights;
- electric mobility – provision of five recharge points for electric vehicles and donation of 17 Scooters, of which 12 Scooters were for Aparecida's municipal authorities and 5 Scooters for the National Sanctuary;
- IEDP – 374 teachers were trained on the topic Human Energy, Transforming Energy, and 5,100 students were benefited.

Still in 2013, actions were started for the expansion of this project to two municipalities of Espírito Santo: Domingos Martins and Marechal Floriano – mountain region of the state, covering around 6 thousand consumption units in EDP Escelsa's concession area, where the six development aspects and the technology will be reproduced. The Project in Espírito Santo is in research preliminary stage, and the installation of the equipment is scheduled for 2014.

In the scope of smart cities, a P&D project on observatory is also being developed, which will study the electric energy consumption behaviour in front of the incorporation of new solutions in the distribution services, orienting EDP in future investments, apart from helping the regulatory agency (ANEEL) in the decision-making processes. The Observatory proposes the performance of tests in groups of customers exposed and not exposed to technologies, such as smart gauges, energy efficiency, hour-seasonal tariff system, pre-payment of electric energy and telecommunication services.

## INNOVABILITY MENTORS (I MENTORS)

The EDP's Mentor Program won a new format in 2013. With the consolidation of the integration of Innovation with Sustainability in the area of Innovability, it was considered as relevant the extension of this integrated concept to the Organisation from the spreading of this culture. In this year, the Program came to be called Innovability Mentors with the essential objectives of dissemination of the innovability culture in EDP's business units and the generation of business and management opportunities based on the principles of sustainable development and the innovation pillars of the Company.

The Program went under a restructuring that defines an action plan and goals to be accomplished in the next three years, grounded on essentially three pillars: to disseminate innovability, multiply and retain the network of mentors and generate value for EDP.

In the year 2013, there were 15 active iMentors in the Organisation. During this year, a selective process was also opened to form a new group. From the more than 50 people registered from various areas and localities of EDP, 28 employees were selected, who will receive a training cycle, with the purpose of learning and applying methodologies and tools of innovation and identification of sustainability variables, in order to generate value proposals to respond to the main challenges experienced by EDP in the short and medium term.

The trainings will take place in the first semester of 2014 and they search for the engagement of employees, awareness for the topics of Innovation and Sustainability and the creation of value proposals that become cases of success for EDP.



## EDP INNOVATION AWARD 2020

The EDP Innovation Award 2020 (Prêmio EDP Inovação 2020) is an initiative created in 2010 by EDP to encourage innovation, sustainability and entrepreneurship in Brazil.

The fourth edition of the award presented significant changes in relation to the previous edition; among others: change of the central topic from CleanTech to Smart Cities; spreading carried out mainly through digital channels and by means of partners; introduction of on-line and presence trainings along the process; award in cash to finance the project, a trip to Silicon Valley and hours of support by a mentor for the development of the project after the award.

As a result, 250 projects were registered – a significant increase in comparison with the 43 registrations in 2012 –, of which 30 were selected for the second stage. In that phase, participants received on-line training about entrepreneurship, offered by Luxr and Endeavor, to create the business model of the Project.

The best ten business models continued to the final stage, which took place in January 2014, during an event in the city of São Paulo and it included presence training with Bel Pesce and Yuri Gitahy, apart from the presentation for the final board. During this event, the three winning teams were announced.

More information about the award is available in the electronic mail: [www.premioedp2020.ning.com](http://www.premioedp2020.ning.com).

## INNOVATION POOL

Tool for the collective generation and assessment of ideas, the Innovation Pool Program was developed to encourage employees' creativity and create an open channel for the discovery of value proposals, grounded on the concept of wisdom of the crowds.

In 2013, workshops and presentations were carried out to spread the innovation culture and the Innovation Pool tool, in association with the areas of Regulatory Strategy, Information Technology, Business Excellence and Human Resources.

The result was the creation of specific challenges for these areas in the Platform, one of them being exclusive of trainees of the ON TOP Program (read more on page 67). Since its launching, 866 ideas were received, some of them already executed and some others still under assessment process for joint implementation with the areas involved.

The revision of the structure of the Project and the operationalization model is scheduled for 2014. Improving the platform and increasing the participation of employees in the Innovation Pool, going through a revision of the strategy of engagement with employees, simplification of the portal and the reformulation of the award and recognition plan is what the Company aims for.

## APPRECIATION OF OUR EMPLOYEES

EDP's own personnel amounted to 2,772 employees at the end of 2013, considering the top management in statutory regime. There was an increase of 4.9% in comparison with the previous year. The growth derived mainly from the process of insourcing of the Distributors' Technical Board, which took place at the beginning of the year, when 41 professionals were incorporated to the personnel. <sup>[GRI LA1]</sup>

EDP also counted upon the collaboration of 18 advisers, 136 trainees and 49 apprentices. This group is mostly composed of operational professionals (50.6%), who work directly in the delivery EDP's product for the population. This feature highlights the male concentration in the workforce, representing 76.3% of employees.

In 2013, the Diversity census was compiled. There is a sensitive alteration in personnel segmentation: 30.28% of EDP's population declare themselves to be mixed-race ('pardos') or black; 2.47%, yellow-skinned; 0.2%, indigenous. Foreigners totalize 24, and they work in various regions of the country. People with disabilities (PCDs), including non-quota deficient people, compose 2.73% of personnel, forming a group of 75 people. <sup>[GRI LA13]</sup>

Turnover, indicator of people movement in EDP (hired plus lost employees), was 12.5% in 2013. The indicator remains at 8% when it refers only to insourced employees. <sup>[GRI LA2]</sup>

EDP's public is distributed in five different Brazilian states, with a higher concentration in the state of São Paulo, in which there are 1,593 employees, followed by Espírito Santo with 969; Tocantins with 101; Amapá with 62; Mato Grosso do Sul, 26 employees. <sup>[GRI LA1 AND LA2]</sup>

Once more, certified as Top Employer by the CRF Institute, EDP participated with a highlight in initiatives related to the attraction of young talents as the Youth Forum – Exec Brazil. The Company also counted upon the presence of the top leadership in actions to promote the labour brand in reference Universities.

From vacancies filled during the year, 41% were filled by the internal public, 188 being filled by way of internal career development opportunities and 26 from internal recruitment. Only nine managers were hired in local communities. <sup>[GRI EC7]</sup>

Additionally, 408 new professionals were incorporated to EDP's personnel, and 100% of them went through the Welcome and Integration Program, presence training performed on the new employee's first day in the Company, in which, apart from the main information about EDP's culture, the Code of Ethics is also presented, thus assuring that the employee has science and agrees with the compliance of its guidelines. As a complement to the employee's welcome, the Company also offers on-line training on welcome, integration and ethics.

In the year 2013, 2,497 employees went through the process of Performance Assessment, reaching 100% of employees hired up to 31 July that were active in the assessment period, that is, departed employees did not participate in the assessment. The assessment process occurs in two fields: i) assessment of competencies (qualitative) and ii) assessment of goals (quantitative). The assessment of the competencies follows the 360° model, composed of self-assessment, assessment by the manager, peers and subordinated, divided into two sections: Strategic and Technical Competencies. These assessments are performed in the EDPessoa system, global tool with available access in intranet or internet. The assessment of the goals follow four sets of goals: i) Group goals, ii) Business goals, iii) Area goals, and iv) Individual goals. Each set has a weight according to the hierarchical level, and the assessment of competencies has a weight of 10% as a whole. <sup>[GRI LA12]</sup>

The final result of the technical competencies is considered for the preparation of the individual development and training plan, as well as for the concession of scholarships. In total, 2,559 employees participated in the formation programs, totalizing 169,713 hours in courses, in which there was an investment of R\$ 5.163 million. <sup>[GRI LA10]</sup>

## INDIVIDUAL TRAINING AND DEVELOPMENT ACTIONS

### Pole of EDP Portugal University will be implemented in Brazil

EDP develops several initiatives for the individual training and development of employees, trainees, the community where the Organisation is present, among other publics. In April 2013, the implementation in Brazil of a pole of EDP Portugal University was decided upon. Along the year, efforts were aimed at diagnosing local strategic needs, counting upon a manager engaged in the Project, and the implementation of four schools was decided upon during 2014.

Among the Projects developed by EDP in the area of individual training and development, we can highlight:

- **Electricians' School:** Formed in partnership with SENAI, aims at the qualification of workers so that they serve as electricians in the labour market. Apart from meeting the demand of qualified professionals, it also provides a solid qualification to the participants who will have more opportunities of entering the labour market. The course on Air Distribution Grid Maintenance and Construction – with a duration of 480 hours (4 months divided into theory and practice) – is offered to participants for free. After the conclusion, participants have the possibility of being hired by the company as distribution grid electricians. In 2013, the course trained 58 unemployed professionals from the communities where EDP is included; among them, 63.8% were absorbed by the Company itself. <sup>[GRI EU14]</sup>
- **Career Path:** This is a tool where employees may simulate paths and career alternatives and consult the necessary competencies to be prepared for the desired job. Apart from this simulator, there is a development guide that offers subsidies so that the employee reflects about their career, ambitions and desires; to know how their professional image is; to know their motivations and, finally, together with the desired career path, establish their development plan.
- **EDP's Succession Planning:** The initiative maps the strategic positions in the business and the positions and functions that could make the critical processes of each area vulnerable, as well as the positions where there are no people available for succession. In this way, it is possible to develop formation programs to prepare other employees, so as to mitigate that weakness. As part of the succession and personnel planning, people are developed under three perspectives: short, medium, and long term.

INDIVIDUAL DEVELOPMENT INITIATIVES	
<b>LONG-TERM</b>	With 35 active trainees, the On Top Trainee Program had 25.7% of effectuation rate in 2013, higher than the average practised by the public services market, of 13%. Its distinctive feature is the level of formation and development, specific for this group. They are 40 hours of training on topics like New Scenarios and Challenges, Workshop on Chain of Value, Project Management, lean Concepts, Interpersonal Relationship and Presentation Techniques. Being an important stage of the Trainee Program, the On Top Match Point encourages the competitiveness profile of the new generation, providing trainees with a higher engagement and motivation. The Project is structured in a way so as to add value and collaborate with the accomplishment of the goals of the areas and the Company.
<b>MEDIUM-TERM</b>	Oriented to young employees who go through a rigorous selection process and receive distinctive formation, the Energizing Development Program prepare them to quickly assume a management position. The Development Program was organised from the modules 'I', 'Processes' and 'People'. It is worth mentioning that 66% of participants trained in 2013 received some promotion even during the Program.
<b>SHORT-TERM</b>	The Executive Development Program performs actions with the aim of increasing the managers' repertoire in regard of new ways of thinking, presenting tools to assist them in team management. It is also aimed at allowing participants to get updated on topics related to the sector and the market. It is based on 5 pillars: Leadership, Strategy, Negotiation, Communication and Innovability. In the program, there is a highlight of the trainings on Re-signification of Innovability, developed in association with Dom Cabral Foundation and which will give rise to the alignment of its interpretation in the different business units; Coach Leader (Executive Coaching and Coach Leader), and the coaching process, whose proposal is to support the development of executives and the formation in the "seven habits of high-performing people".

- **Program to appreciate experience:** aimed at knowledge management. EDP is a high-technicality company, with an average in-house time of 11 years and average employees' ages above 38 years. In a competitive market, like the electric sector, technical competence is an asset that must be appreciated. In this way, critical knowledges of the business value chain were mapped and they were added to the Program 40 multipliers, holders of critical knowledge of all the business areas, who received the necessary training to structure the allocation of this knowledge. This can occur in various ways, such as trainings in room, preparation of manuals, on-the-job trainings, etc. The Program counted upon the guidance of Paulo Sabbag, PhD in Administration from Fundação Getúlio Vargas.

#### OBJECTIVES OF THE TRAINING ON RE-SIGNIFICATION OF INNOVABILITY:

- to create a common language about the concepts of Innovability (Innovation and Sustainability);
- to propose an internal dialogue about how to better empower the concept and how to apply it to EDP's business context;
- to encourage a learning based on practical experiences of the professionals themselves.

- **Conciliar Program:** aimed at balancing personal and professional life, the Program is based on three pillars: health and welfare; support to families; citizenship and culture. In health and welfare, all the business units participate in the Labour Gym Program.
  - The promotion of sport activities occurs in actions like the Running Club, court rent sponsorship to practise collective sports and sponsorship of employees in the participation of the Sesi Games and the Sport Festival in Tocantins.
  - It is also understood that pregnant employees need to be prepared to receive their children, for this reason the Company offers a 15-day leave before delivery.
  - Families are encouraged to participate in the Electricians' Rodeo (read more on page 70); the summer camp, which, in January of 2013, received 280 children; the Count on Me, which provides employees with psychological and legal assistance; associations with various establishments, in order to promote discounts for EDP's employees; and the payroll-linked loan, in association with Caixa Econômica Federal, to promote financial support. IEDP is the main partner in the initiatives to promote Citizenship and Culture. In order to give even more support to its initiatives, each employee is provided with up to four hours per month in the working period to perform voluntary tasks. <sup>[GRI LA3]</sup>

## REMUNERATION AND PENSION FUND

The strategy of remuneration is assured through the remuneration analysis of EDP Group in relation to the market. The Company has a wide benefit program for its employees and dependants, such as complementary pension fund, medical and odontological assistance, meal allowance, group life insurance, transportation allowance, sickness benefits/ accident allowance, allowance for medicines, day care centre and dependants' pension. The same benefits are granted to temporary workers, except for the retirement fund.

EnerPrev administers complementary pension plans sponsored by companies of EDP Group. In the benefit plans in the modality of defined contribution (CD), offered to employees, the participant opts for a basic contribution of up to 5% of monthly salary, and the Company contributes 100% of this value as an ordinary contribution. The participant may opt for a voluntary contribution of up to 5% of monthly salary, and the Company may opt to carry out extraordinary contributions at any time. Apart from this, Bradesco Vida e Previdência administers a free benefit generator plan (PGBL), in which the participant opts for a basic contribution of up to 2% of monthly salary, and the Company contributes 100% of this value as an ordinary contribution. The participant may also opt for the voluntary contribution of up to 2% of monthly salary, and the Company may opt to carry out extraordinary contributions at any time.

The Company pays for the contributions to cover disability income insurance and death pension. The plans offer early or old-age retirement, disability insurance and death pension. The adherence is not mandatory and it depends on the employee's formal expression, who must fill out and sign the proposal. Other plans administered by EnerPrev are PSAP/EDP Bandeirante and I and II Escelsos Plans, which presented a superávit in 2013 without the need to cover insufficiencies. [GRI EC3]

PENSION PLANS (R\$ MILLION)	EDP BANDEIRANTE			EDP ESCELSA			ENERGEST		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
Current value of actuarial obligations, totally or partially covered, of defined benefits plans	-586.9	-742.5	545.3	-159.9	-191.1	180.3	-1.2	-1.5	1.2
Asset fair value	492.8	588.0	550.0	258.4	281.2	284.9	2.6	2.8	2.5
<b>Deficit/Superavit</b>	<b>-94.1</b>	<b>-54.5</b>	<b>4.7</b>	<b>98.5</b>	<b>90.1</b>	<b>104.6</b>	<b>1.4</b>	<b>1.3</b>	<b>1.3</b>

## CLIMATE AND CULTURE

Conducted every two years, the Climate survey was applied in 2013, mobilizing 2,842 people, counting upon 102 climate guardians, divided into different businesses, with diverse subcultures of acquired companies, distributed in eight Brazilian states. The survey lasted 19 calendar days, mobilizing employees from the largest to the smallest locality. As a result of this mobilization, 89.5% respondents were registered, the highest index among the last four editions.

## OPEN SPACE AND MOVING OF HEADQUARTERS

The concept of Open Space was implemented in four offices in the state of São Paulo (Aparecida, Itaquaquecetuba, Cachoeiro Paulista and Mogi das Cruzes), in 2013, apart from the new EDP offices in Tocantins and São Paulo. In total, over 6,000 m<sup>2</sup> were refurbished. The movement to the new concept also implied less accumulation of physical documents, generating the disposal of 50 tonnes of documents and the start of the project of external storage, with a specialized company, and the digitalization of those documents (30% of the total up to the end of 2013).

In the moving to the Sky Corporate building, with certification Leadership in Energy and Environmental Design (LEED), issued by U. S. Green Building Council, the challenge was to organize the transfer of 600 employees, with their respective machines and belongings, apart from the implementation of the telecommunication infrastructure in some days, during a long holiday, with no interruption of the Company's activities. In order to accomplish this, 200 people were involved in the process, apart from EDP internal teams. They were 15 supply companies, apart from 30 subcontracting companies. The execution of the work was carried out in record time: three months.

In the work involving almost 5,000 m<sup>2</sup>, no labour accident was registered with the more than 200 employees, confirming EDP's priority, both in its employees and third parties' activities, of assuring people's safety.

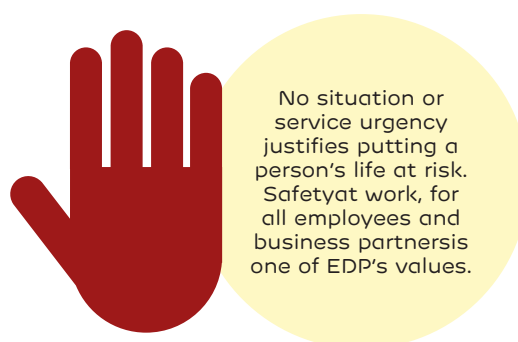
In all the process, it is highlighted the synergy and union among the areas involved. For this action to be successful, the movers, 56 facilitators of the areas that supported the mobilization and communication process, were essential. They are the main contributors in the preparation of Frequently-Asked Questions (FAQ) about the moving. In total, 84 hours of training were provided to all movers (1h30 each day) about 5S – sense of utilization, sense of orderliness, sense of cleaning, sense of health and hygiene, and sense of self-discipline –, activities that, when practised by everyone with determination and method, enable a pleasant and safe environment.

## RELATIONSHIP WITH TRADE UNIONS

In a relationship with seven different trade unions, EDP communicated all the leaderships about each stage of the negotiations, and it also scheduled adequate terms for all employees to clarify doubts. Based on the open relationship with trade unions, any extraordinary situation that could have a significant impact on employees are previously informed to their representatives. <sup>[GRI LA5]</sup>

## HEALTH AND SAFETY

EDP's health and safety management strategy is focus on three pillars: People, Labour Safety and Health (SST) and Processes. When implemented jointly, they contribute to the generation of value in the business. With its search for zero Accident, the Company has integrated actions aimed at reflecting its efforts to achieve excellence in the topic both with employees as well as contractors. <sup>[GRI EU16]</sup>



## BEHAVIOURAL MANAGEMENT FOR EXCELLENCE IN HEALTH AND SAFETY <sup>[GRI LA8 E GRI EU16]</sup>

Actions carried out in the People pillar in 2013:

- life Quality programs through the Conciliar Program;
- implementation of the Strategic and Operational Committees of Labour Safety and Health in Distribution;
- Accident Prevention Fund for contractors of the Generation business unit, assuring investments in trainings on safety and management of the area.

The D Day, action conducted in the Distribution business unit, took directors and managers to field to inspect safety and provide employees, including contractors, with guidance on preventive practices of labour safety.

Over the year, the Strategic Committees and Operational Committees of Health and Safety held meetings, both with the participation of directors and managers, to assure that the Company's strategy in Health and Safety is revised and worked upon in all hierarchical levels. In the Generation unit, the topic of Labour Safety is discussed upon every week with the Vice-President, at the beginning of the strategic meetings with the Directors and Executive Managers of the business unit. Additionally, 100% of employees were represented in the Internal Commissions of Accident Prevention (CIPA). <sup>[GRI LA6]</sup>

In order to strengthen the SST culture and assure operational discipline in the execution of the works in the safest way, the mapping of the opportunities of improvement of the current process was given continuity. In this line, it is worth mentioning that EDP has training programs for own employees and third parties in the technical/ operational activities, with the intention of meeting legal demands and developing the ability to perform tasks in a safer way. In order for associated companies to execute activities under the management of EDP, the legal requirements that are relevant for each activity are demanded. These actions are aimed at assuring the protection of all- employees and partners -, mainly in activities that represent great risks. <sup>[GRI EU18]</sup>

## IN SEARCH FOR THE ZERO ACCIDENT

A work to reassess the legislation and the best practices developed in the market about workers' safety was conducted in the Generation business unit. The objective was to identify current scenarios and establish guidelines to attain Zero Accident. Periodical events are carried out, with the participation of various managers, specialists and informal leaders.

In order to make EDP Distributors' teams increasingly more aware and careful of safety, the Electricians' Rodeo contest was created. It consists of an action of constructive competition used to reinforce the concepts of safety and health. Divided into teams, they perform tests involving daily tasks with the objective of accomplishing all the stages in a safe way, with technical quality and in the least time as possible. The event, which is a preparation for the Electricians' National Rodeo, is also aimed at narrowing the bonds among families, employees and companies. Around 550 people, including employees, relatives and friends, gave prestige to the EDP Electricians' Rodeo 2013.

### ACCIDENT PREVENTION FUND

The work of UHE Santo Antônio do Jari, of the Generation business unit, received the implementation of the first Accident Prevention Fund Program. The Program assures investments to support accident assistance, establishing a financial fund.

The fund is composed of donations from each company that performs activities in the UHE works. At the end of each month, the absence of accidents having been verified, the total amount collected is donated to non-profit entities located in the region where the work is performed. In the months where accidents occur, the money of the fund is used for providing training to the team impacted by the occurrence. The weekly Labour Safety Committee of the work validates indications from entities to be benefited and assures the correct use of the money.

### SST MANAGEMENT INTEGRATED INTO PROCESSES

The Integrated System of Labour Safety and Health Management (SIGSST) provides the mechanisms to give support to the commitments established in the Integrated Policy of Environment, and Labour Safety and Health and assure that they are executed integrally, in all EDP's facilities and processes. In 2012, the implementation of the NEXO software was initiated, which is a tool that assists the management of Occupational Medicine information. In 2013, the resource was expanded to Safety management.

PERFORMANCE SUMMARY OF EDP'S HEALTH AND SAFETY PROGRAM IN BRAZIL

Phase	Inputs	Outputs
PLANNING	Labour Legislation and Public Policies	Identification of danger and assessment of risks for SSO
	Occupational Health and Safety Policies (SSO) EDP	SSO Legal requirements mapping
	SSO EDP Rules and Protocols	Engineering risk analysis
CONSTRUCTION	Labour Legislation	Operational control management
	SSO EDP Policies	Preparation and responses to emergencies
	SSO EDP Rules and Protocols	SSO monitoring and audits
		Critical analyses and correction of irregularities
OPERATIONS	Labour Legislation and Public Policies	Operational control management
	SSO EDP Policies	Preparation and responses to emergencies
	SSO EDP Rules and Protocols	SSO monitoring and audits
		Critical analyses and correction of irregularities

With the purpose of achieving excellence, in health and safety, the application of the SIGSST has the following objectives:

- To reinforce the Policy of Environment, and Labour Safety and Health, in search for continuous improvement;
- To structure the activities oriented to occupational health and safety management (SSO), seeking to improve workers' life quality;
- To enforce the applicable SSO legislation and rules;
- To promote awareness and formation actions on SSO, training the professionals involved on the execution of the Company's services.

EDP's Policy of Environment, and Labour Safety and Health evidences the commitment with the topic through the Safety Programme for Employees (PSC). It is based on the firm belief that labour development, in a safe and healthy environment, constitutes a determining factor for the improvement of employees' life quality and the success of the results.

The responsibility for the control of labour risks corresponds to the top management of the business units and it is integrated into the hierarchical chain. The Policy was updated in 2013, when the intention was to expand its spreading in all business units. <sup>[GRI EU16]</sup>

Apart from being applied to all EDP's employees, the policy is also a guideline for its service suppliers through the Safety Program for Service Suppliers (PSP). The Program is focused on the anticipation of risks derived from labour activities and the adoption of preventive measurements. The minimum guidelines that service suppliers must observe to comply with safety rules applicable to EDP distributors are reinforced in periodical meetings conducted by the Safety areas and with the presence of managers of EDP and the contractors. The Program recognises contractors with the best performance in the compliance of legal and contractual obligations, apart from the development of best safety practices demanded by EDP.

From auditing processes, EDP searches for methodology of suppliers' guidance and monitoring in relation to the compliance of safety and operation procedures. The companies, if approved, receive a Safety Certificate with the purpose of appreciate those committed with continuous improvements in the labour safety of their own workers, EDP's employees, and the community. This certification classifies service supply companies in the categories gold, silver and bronze, according to scoring criteria, accident frequency rate and seriousness, the manager's assessment and fulfilment of the annual work plan.

Positive points achieved with the PSP:

- increase of labour safety control (safety assessment, pre-lessons, training);
- reduction in the seriousness and frequency rate of accidents with service suppliers.

All the equipment for individual protection (EPIs) that are necessary to develop tasks in safety are provided to EDP's employees that participate in the trainings on EPI use and conservation. The delivery of this equipment is also verified, according to the legislation. For partners, compliance of this rule is demanded. <sup>[GRI EU16]</sup>

EDP also develops programs for the promotion of health and the prevention of serious diseases, as the following, which were conducted in 2013: <sup>[GRI LA8]</sup>

- Internal Week of Accident Prevention (SIPAT) – execution of the awareness campaign about the topic of safety behaviour in local reality;
- Program of Vaccination against the Flu;
- Labour Gym Program – tutors, three times a week, apply labour gym, focusing on important stretching points and providing information about the correct posture for employees;
- health programs oriented to hypertension – blood pressure gauging and control diabetes and triglyceride, with the monitoring and transmission of information about the topics for local population.

Among employees, both in Generation and Distribution, electricians, electrician assistant and electrician technicians, who develop activities in contact with the Power Electric System, are subject to the development of diseases originated by incorrect ergonomics, auditory and respiratory problems. These conditions are assessed in the work points, and programs of correction and control of these risks are conducted for the welfare of employees and partners. <sup>[GRI LA8]</sup>

## PREVENTION

Periodically, Safety Inspections are conducted in the facilities of the companies of EDP group and in service suppliers, with the aim of identifying, preventively, opportunities of improvement and adequacy of facilities and equipment. In 2013, approximately 5 thousand inspections were conducted in the activities, with a focus on outsourced workers.

In the Generation business unit, the PCH Francisco Gros (ES) plant was audited by the certifying company BVQI and it obtained the certification of the management system OSHAS 18001. In 2013, EDP had four plants certified by this standard: PCH São João (ES), PCH Paraíso (MS), UHE Mimoso (MS), UHE Peixe Angical (TO) and UHE Luis Eduardo Magalhães (TO). In the Distributors, the following substations were certified: ETD Dutra, ETD Maresias e ETD Vale do Sol (SP), ETD Goiabeiras and ETD Manguinhos (ES).

## SST INDICATORS

Among the main indicators of health and safety in the period, six accidents with temporary absence of the worker are highlighted (one more than in 2012): two fatal accidents with employees of the Company and three with outsourced workers.

The table below presents some health and safety indicators of EDP in 2013. The accounting rules follow national regulations for the calculation and remaining applicable indexes according to NBR 14280, FUNCOGE, ABRADDEE and ANEEL Indicators. They also observe direct requests contained in the International Labour Organization (ILO) guidelines. <sup>[GRI LA7]</sup>

INJURY RATE (FREQUENCY RATE) BY REGION AND GENDER	2012				2013		
	EMPLOYEES		THIRD PARTIES		EMPLOYEES		THIRD PARTIES
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	TOTAL
EDP	0	0	0	10.49	0	8.44	0
EDP Bandeirante	2.56	0	2.12	0	3.16	0	2.2
EDP Escelsa	0.58	0	3.5	0	0	0	2.7
Energest	0	0	9.31	0	0	0	7.5
UHE Luis Eduardo Magalhães	0	0	8.56	0	0	0	0
UHE Peixe Angical	0	0	19.86	0	0	0	9.3
UHE Santo Antônio do Jari	0	0	1.46	0	0	0	6.6

LOST DAYS RATE BY REGION AND GENDER	2012				2013		
	EMPLOYEES		THIRD PARTIES		EMPLOYEES		THIRD PARTIES
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	TOTAL
EDP	0	0	0	472	0	75.92	0
EDP Bandeirante	85.41	0	99.77	0	6,049.63	0	1,581.63
EDP Escelsa	8.7	0	5,075	0	0	0	1,678.18
Energest	0	0	86	0	0	0	50.21
UHE Luis Eduardo Magalhães	0	0	34	0	0	0	0
UHE Peixe Angical	0	0	139.05	0	0	0	250.06
UHE Santo Antônio do Jari	0	0	16	0	0	0	878.07

(1) Accidents with no absence were not considered.

The Company's standard procedure, when an accident occurs, is the analysis of the fact to identify its basic causes. From the identification of these factors, preventive or corrective measures and actions are conducted in order to solve such problems and irregularities, thus avoiding the recurrence of new accidents. In EDP, the main causes of accidents registered among employees are electric shocks and transit accidents due to electricians' displacement.

The table below shows the amount of accidents and deaths of users of services involving Company's assets and lists pending decisions, agreements and judicial cases related to health and safety. [GRI EU25]

	ACCIDENT CAUSES AND ACTIONS ADOPTED	EDP BANDEIRANTE		EDP ESCELSA	
		2012	2013	2012	2013
		Nº	Nº	Nº	Nº
<b>INJURIES</b>	<b>CAUSES:</b> Electric shock from current of illegal connections. <b>ACTIONS:</b> Campaigns in community and fiscalization of illegal works.	13	4	17	5
<b>DEATHS</b>		5	3	8	5
	<b>POTENTIAL RISKS</b>	Nº	Nº	Nº	Nº
<b>PROCESSES SOLVED</b>	Há riscos financeiros aos pagamentos de indenizações às vítimas de acidentes, bem como risco de imagem da Empresa perante a comunidade, o que afeta a confiabilidade e segurança do serviço prestado.	12	11	8	11
<b>PENDING PROCESSES</b>		60	59	95	97

## SOCIAL IMPACT AND COMMUNITY ENGAGEMENT

### CLOSE RELATIONSHIP IN THE IMPLANTATION OF EDP ASSETS

The actions developed by EDP in environmentally sensitive areas and the mitigation of the impacts resulting from the Company's operation in those areas are conducted through constant dialogue and partnerships with interest groups, particularly the community and the public power at the federal, state and municipal level.

The installation of new undertakings of Generation or Distribution is aimed at meeting the increasingly growing demand of electric energy in the country, contributing to provide an adequate basis for socio-economic development. In this way, the Company's operations generate direct and indirect benefits for the regional community, as they contribute to the improvement of the population's life quality and increase economic development.

Stakeholders involved in EDP's projects are periodically consulted, before the start or during the Company's operations, to assure the conformity with local expectations. Assets under construction in the Generations and Distributor Business Units have initiatives to approach the community, such as visits to the facilities and information and communication channels about the works, apart from the execution of Social Communication Programmes devoted to each project. Environmental aspects and impacts are also considered in relation to any new asset or initiatives of operation of the business areas. [GRI EU19]

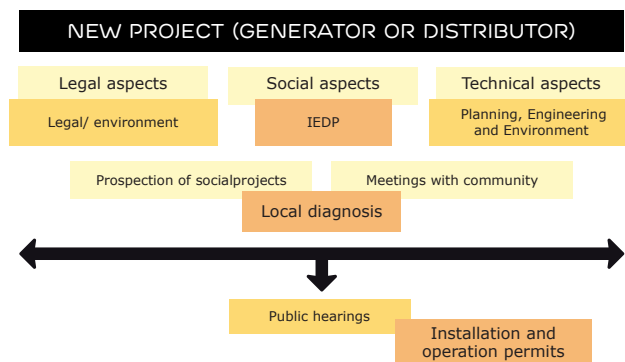


EDP’s activities have methods of impact assessment and verification of the needs of the population involved. The community engagement in the installation processes is sought, through public hearings and consultation channels, where topics relevant to the served areas are collected and discussed upon, thus enabling the exchange of experiences and information, which will be the basis for the assessment and selection of fundamental activities of the companies’ social programs. <sup>[GRI EC9]</sup>

In the process of preparation of the environmental impact studies, EIA/RIMA, EDP conducts public meetings with interested parties of the region in question to present the characteristics and impacts of the new undertakings, and listen to the needs and demands of each of these parties.

In the following stage, during the implementation of the actions to minimize the impacts, local leaderships and organizations are consulted and invited to participate in the discussion of the executive plan. <sup>[GRI SO1]</sup>

## WORK ASPECTS AND MAIN ACTIONS CONDUCTED IN THE NEW PROJECTS <sup>[GRI SO1]</sup>



The main socio-economic impacts, positive and negative, identified during the studies for the construction of the plants are listed below. <sup>[GRI EC9]</sup>

**Positive:** increase in the salary mass, tax collection, energy supply, employment supply, giving dynamism to social and economic relationships and empowering the touristic activity. Example: in UHE Santo Antônio do Jari, the course on Continued Formation in Environmental Education conducted for teachers of Vale do Jari, in November 2013, with the topic “Vale do Jari’s Nature: Knowing in order to preserve”. In total, 61 teachers of the municipalities of Laranjal do Jari, Vitória do Jari and Almeirim participating in the training, and their assessments were highly positive.

Moreover, in the area of Distribution, positive socio-economic results were identified. Example: In Mareasias substation, the qualification and hiring of local workers was encouraged, involving the community in the construction of the substation, generating economic development in the region.

**Negative:** Loss of Housing Areas and Symbolic Value (houses and cemetery) and Reduction of Vegetal Biomass.

EDP also adopts measures to manage the impacts of the displacement of families and communities reached by the undertakings. The Company always gives priority to the best tracing for future lines and the best construction methods, with the objective of causing the least social and environmental impact as possible. <sup>[GRI EU20]</sup>

In EDP Bandeirante, the project of construction of Itapeti São José (SP) Air Distribution Line had continuity, and the reallocation of the 18 families identified in the environmental study of the project occurred in association with the municipal authorities of Mogi das Cruzes (SP), specifically with the Housing Coordinator. These families will be reallocated in the housing undertaking constructed by the municipal authorities of Mogi das Cruzes (SP), and EDP Bandeirante is responsible for making social rent and electric infrastructure feasible, from the construction of the secondary grid and connection branches up to the standard posts, necessary to allow energy connection in the new residences. <sup>[GRI EU22]</sup>

In the construction of the hydroelectric exploitation of Jari (AP/PA), in the municipality of Santo Antônio do Jari, the construction of the new Vila de São Francisco do Iratapuru is under way, where future housing for 34 families resident and registered in Vila Iratapuru will be erected. In this process, 21 more are benefited, apart from those directly affected by the reservoir. The new space will have basic sanitation, health, safety and leisure equipment and energy. <sup>[GRI EU20]</sup>

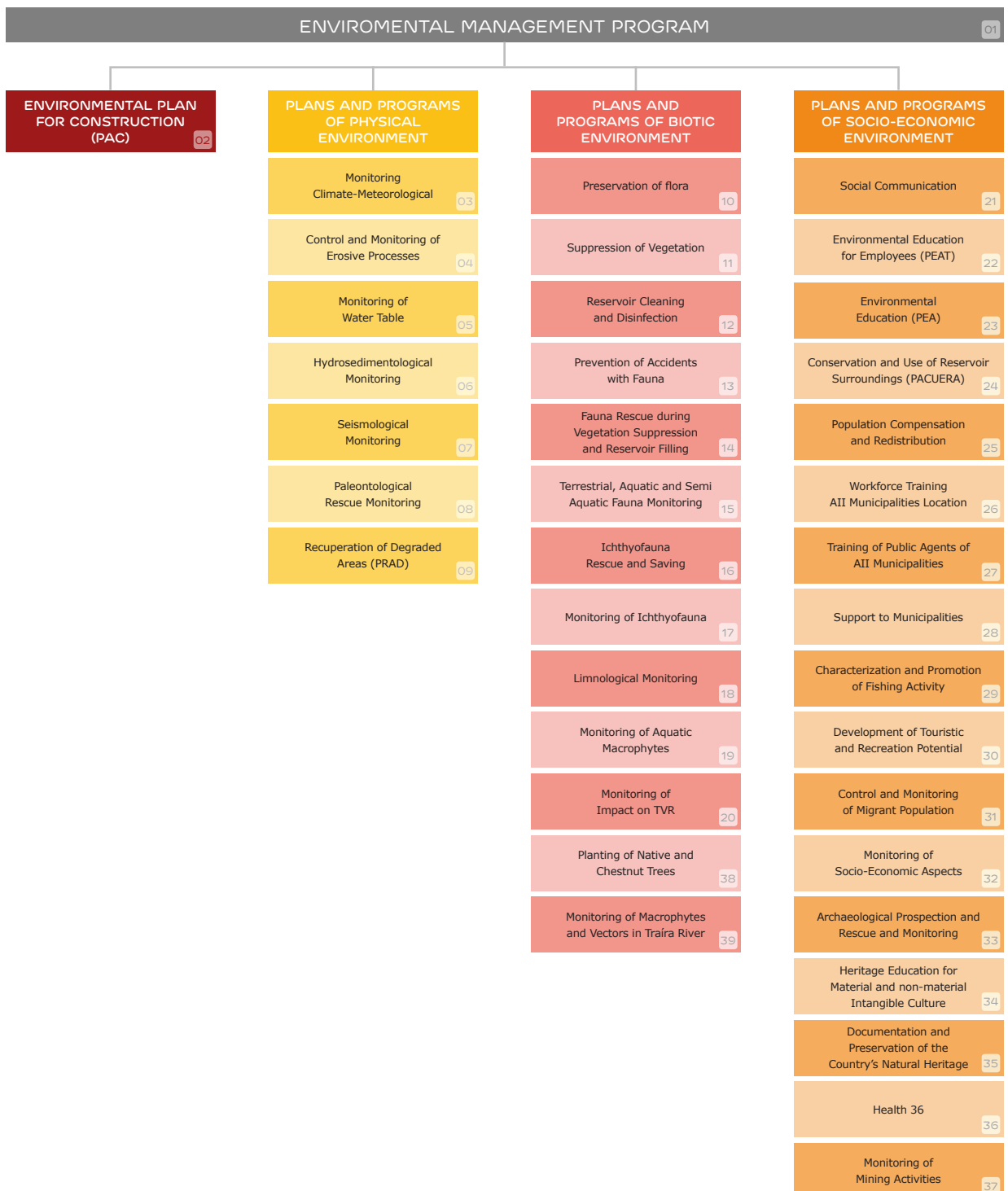
All the decisions about the construction were approved in the meetings with the residents of Vila de Iratapuru.

**POINTS DECIDED UPON IN THE MEETING WITH THE RESIDENTS OF VILA DE IRATAPURU** [GRI EU20]

- Model of the houses: in the meetings two plants were presented. From a ballot, the community approved the option of house with entire porch on the front and backyard, whose bathrooms have access to the porch of the backyard.
- Construction material: the community questioned about the possibility of constructing the foundations of houses with brickwork instead of joist structure – foundations with wooden small pillars and floor elevated from the ground. It was decided upon the construction of houses with foundations in brickwork at the ground level, with cemented floor, bathroom and kitchen in brickwork, with the remaining rooms in hardwood and lining accompanying the roof.
- Bedroom size: the community questioned about the possibility of constructing larger rooms than the one previously established of 9m2. Therooms will have 12m<sup>2</sup>.
- Football Field: the construction of a football field was approved upon in a locality near the current field.
- Holy field: the community opted for the transfer of the cemetery to a region of extension of streets layout of plots 23/24 and 25/26, according to definite layout.
- Leisure area: a leisure are will be built for the community with a sand court and two kiosks near the Community Centre. [GRI EU20]

In Amapá, the Cachoeira Caldeirão (AP) Hydroelectric exploitation, the formation of the reservoir will flood in nearly 2,600ha of land (estimated in the scope of EIA), including approximately 10ha of the urban land the municipality of Porto Grande. The Environmental Basic Plan (PBA) establishes the execution of 56 socio-environmental programmes and studies. In this context, the displacement of 244 families was established, 102 in the rural area and 142 in the urban area of Porto Grande, value to be confirmed upon conclusion of the socio-economic register. These families will have a dedicated treatment program. [GRI EC9 AND GRI EU20]

Example of Social and Environmental Monitoring Program already implemented in Santo Antônio do Jari:



Apart from the engagement actions conducted in the Generation business unit, other programs are executed together with communities in the environment of the distributors' assets.

#### SOCIAL INNOVATION IN APARECIDA (SP)

EDP conducts efforts and investments to the municipality of Aparecida (SP), in the region of Vale do Paraíba, and promotes projects and actions, since 2012, strengthening the community understanding about the implemented technological innovations. These investments are the result of social research diagnosis executed in the communities, with the purpose of contributing to local development.

There is an emphasis on the creation of extracurricular materials focused on tourism for primary school students and the inclusion of the discipline Education for Tourism in curriculum frameworks. Social strengthening also occurred by means of social projects support, such as the Kid (Guri) Project and Educational Musical Band, which promote inclusion through music, and the Small Cinema in Schools and Squares Project, proving experiences in the production and access to national films.

In order to support local micro-entrepreneurs, EDP sponsored the Community Entrepreneurship EDP Alliance Project, which also contributed to the formalization of a Cooperative of Recyclable Material Pickers.

Also in Aparecida (SP), 13 municipal public schools were involved in the EDP in Schools Program and 374 teachers were trained for the topic Human Energy, Transforming Energy, these actions being developed through the IEDP. The Program benefited 5,100 thousand primary school students, who received school kits. Students also had the opportunity to participate in the Contest Art with Energy and the Theatres in Schools Program, work that finished with the montage and staging of the show "Humanergia Cirandeira".

#### SOCIAL INTERVENTION ON IÚNA (ES)

In Iúna (ES), after having identified situations of risks of accidents by invasions in the patio of the local substation, IEDP was actioned to develop a safety program with the community. The objective is to minimize the risk of accidents with electricity in the community and assure service quality. This Program complements preventive works that EDP carries out in the city, with the support of local leaderships and the public power. They are: awareness meeting of the community involved, talks in schools, Good Energy Truck in schools, Cinema in the community, among others.

#### COMMUNITY BANKS OF ESPÍRITO SANTO

EDP supported the strengthening of Community Banks of Capixaba and increased the banks' service portfolio with the creation of housing line of credit and the provision of specialized technical support for housing construction and renovation. The Project promoted social and housing protection with the credit and technical support, as well as the reduction of insalubrity and social and personal risks of benefited families. These banks became collectors in the communities and favoured the Company's customers, bringing more comfort, safety and service quality.

## EXTERNAL SOCIAL INVESTMENT <sup>[GRI EC8]</sup>

### External social investment continually strengthens the local development

EDP investments in 2013 strengthened citizenship practices alongside its partners, motivating the autonomy of individuals who gained from it and generating a larger social impact in its business. Focused in the EDP outlined strategy for 2020, which encourages volunteering programs in the Company, IEDP has promoted educational activities, professional training, local development, community solidification and volunteer activities. In regards to culture and sports, it has supported projects aimed at human and social development and offering access to artistic expressions and to sports practice. <sup>[GRI S01]</sup>

#### THE EDP INSTITUTE

The IEDP Institute (IEDP) strategy is to act in communities impacted in the geographical borders, both in concession areas and surrounding reservoirs where the EDP properties are located.

In the Distribution unit, the activities performed are related to the production of revenue and education, although, in the latest years, a strategy capable of correlating social impacts also with the business, was explored. An example is the IEDP undertaking in the business losses and noncompliance projects.

In the Generation unit, IEDP's main function is to contribute for a good relationship with the communities that live in the vicinity of the reservoirs. For example, in UHE Mascarenhas (ES), in regards to the revenue production developed with the fishermen's wives, who had commitment difficulties but after a social-economic diagnosis, the Institute qualified them. The women bought sewing machines in order to manufacture the uniforms for the regional workers, thus producing their own income.

With the internal people, IEDP develops the social role of the collaborator as a volunteer. The Program has been diversified and expanded throughout the years. Has gained importance by its integration in the IEDP development strategy for 2020. In 2013, one of the highlights was the partnership with the Pró-Mundo Citizen NGO, which employs English teachers for public school students. Still, IEDP has large ambitions with this Program. In the future, it believes in the possibility of also adding suppliers.

Nowadays, IEDP hopes to attach the Company business to its activity, in a clear fashion, creating, simultaneously, social value and adding value to the Company. For 2014, the Institute main focus is to increase project making that is strategically related to the business.

Since 2009, EDP has made donations to IEDP. They ensure its administrative and logistic functioning; contribute to the operationalization of social programs and to the management of social investments of the EDP companies in Brazil. In 2013, according to the table below, the foreign social investment totaled R\$4.770 millions, of which R\$2.989 million refer to investment incentives. [GRI SO1, EC1 AND EC4]

IEDP EXTERNAL SOCIAL INVESTMENT (R\$ THOUSAND)	2011	2012	2013
Education	1,110.00	995.00	822.00
Culture	1,886.00	2,733.00	2,498.00
Health and Sanitation	40.00	139.00	-
Sports	534.00	1,131.00	954.00
Others	-	241.00	496.00
<b>Total</b>	<b>3,570.00</b>	<b>5,239.00</b>	<b>4,770.00</b>
IEDP EXTERNAL SOCIAL INVESTMENT (R\$ THOUSAND)	2011	2012	2013
Investment to culture/ Rounet Law (R\$ thousand)	1,738.00	1,337.00	1,750.00
Sports incentive (R\$ thousand)	409.00	233.00	291.00
Childhood and Youth Fund (R\$ thousand)	323.00	233.00	270.00
Cultural Action Plan (R\$ thousand)	148.00	843.00	678.00
<b>Total</b>	<b>2,618.00</b>	<b>2,646.00</b>	<b>2,989.00</b>

In 2013, the IEDP main programs continued to show consistent and robust results, as presented in the following table. The projects selected by the 2012 Public Selection of Projects Notice initiated its implementation, and IEDP has monitored the stages already completed. [GRI SO1]

PROGRAM	PERFORMANCE
<b>SOLIDARY EDP</b>	The EDP Solidary Program, in its 7th year of work, has financed 12 social-environmental projects in the states of SP, ES, MS and TO, focusing on education, community development and environment conservation. Aiming to strengthen the Social Organisations partner management and align them to the execution in community network, EDP and IEDP promote, since 2010, the event EDP Solidarity Dialogues, encompassing debates with specialists, on topics related to energy, education and creative economy in the base of the pyramid.
<b>SPORTS AND CULTURE</b>	Aiming to contribute to the human and social development of the communities where EDP is present, 11 cultural and sporting projects have received the support of the Group companies and promoted the experience and the access to artistic manifestations, recovery of the local culture and citizenship practice through art and sports.
<b>EDP IN SCHOOLS</b>	The EDP Program in Schools has completed 12 years in 2013, strengthening the students' quality of life in public schools in the surrounding communities. The Program encompasses, among other actions, the distribution of school packages, and improvement of the education environment as well as the promotion of cultural affairs. In 2013, the Program has benefited 9.8 million students in 33 public educational institutions. The Art with Energy contest, that is part of the Program, has stimulated the discussion of the Human Values theme (bullying), with the motto Human Energy: Transforming Energy.
<b>GOODWILL DENTISTS</b>	The Goodwill Dentist Project, promoted by the NGO Turma do Bem, that offers free dental treatment to low-income youths, ages between 11 and 17, through volunteer work, has reached the mark of 42 thousand beneficiaries and 15 thousand dental surgeons.
<b>VOLUNTEERING</b>	With a worldwide volunteering policy, EDP has intensified the incentive to the cooperative practice among its contributors. All Group employees hold the right to use 4 monthly hours, from within their regular working day hours, for volunteer activities. The Volunteering Site ( <a href="http://www.volunariadoefp.com.br">www.volunariadoefp.com.br</a> ) introduces the several projects of the Institute and there is a space for the result of projects already completed. The volunteer projects that stood out in the year include: Desafio do Bem, Parte de Nós Ambiente, Parte de Nós Natal. The EDP Volunteer Program has assembled more than 200 contributors with the commitment of about 5 thousand hours of cooperative work.
<b>EDP IN THE ARTS</b>	The EDP Award in Arts is a partnership with the Tomie Ohtake Institute, and encourages the art creation among young viewers. An expo of the 2012 contest winning jobs took place in 2013.

The public notice of socio-environmental projects has made possible, in 2013, the implementation of several initiatives in the states covered by EDP actions.

EDP SOLIDARY				
PROJECT*	ORGANISATION	PROJECT SPECIFICS	BENEFICIARIES	STATE
<b>EDP ALLIANCE OF COMMUNITY ENTREPRENEURSHIP – VALE DO PARAIBA</b>	Entrepreneurial Alliance Association	Identification and support to individual entrepreneurs in the town of Guarulhos and to a productive low-income group in the town of Aparecida, focusing in management improvement, production and commercialization.	112	São Paulo
<b>GACC GOES TO SCHOOL</b>	Assistance Group to Children with Cancer	Inclusion and reinsertion of children and adolescents with cancer in school, promoting quality educational development, with effective learning progress and real possibility for the job market competition.	200	São Paulo
<b>SCHOOL RESIGNIFICATION AND LIFE</b>	SECRI- Voluntary Inclusion Services	Support and development of actions for the defense, elevation and maintenance of human beings' quality of life through social and educational assistance services as well as and professional training.	100	Espírito Santo
<b>PADDLING TO CITIZENSHIP</b>	Canoeing Association of Porto Nacional - Tocantins	Children and Adolescents Citizenship promotion with social vulnerability or in risk situation, through canoeing practice, utilizing the kayak and vast potential of Tocantins Lake.	100	Tocantins
<b>II CULTURAL CONTEST WORLD ENERGIES</b>	Casa Redonda Cultural Productions Ltd	Visual artwork contest for public school students of the Primary School. The project encourages the artistic expression in the educational environment, using an environmental theme as an educational transversal axis with ample relevance currently: the energies that move the civilization and their paths towards the future.	700	Tocantins
<b>ANIMATION PROJECT</b>	Institute of Social Development and Management of Cultural, Artistic and Audiovisual Production – Marlin Azul	It offers Primary School students the use of cinema as learning instrument, as creativity development and as oral and written expression as well as a critical sense conception. The initiative develops within the axis of foundation, production and diffusion.	1.300	Espírito Santo
<b>RISES OF RIVERS AND STREETS - MOVEMENT</b>	Libertarian Alliance – Environment – Collective ALMA	Incentive to the reflection about changes in the landscape, emphasizing the eye over network of waterways. The audiovisual and theatrical languages were utilized to introduce the community history versions, highlighting a collection of reports from Alto Tietê dwellers.	7.500	São Paulo
<b>VOLLEY LIFE PROJECT</b>	Guaranhuns Community Residents Association	Promotion of Volleyball classes to public school students, aiming to reduce the social vulnerability, integrating citizenship actions.	150	Espírito Santo
<b>SOCIAL INCLUSION THROUGH FOOTBALL SOCIETY</b>	Atenas Athletic Association	Training of society football schools to Palmas communities, with public schools interfaces, for performance and grading follow-up, so that they can obtain better educational results and better quality of life. It searches the integral development of its associates in all its aspects (cognitive, motor and socio-affective) besides the social inclusion that the sport can offer.	300	Tocantins

\* In 2013, EDP has developed 30 projects that rewarded almost 18 thousand people directly, in Tocantins, Mato Grosso do Sul, Espírito Santo and São Paulo.

## BIODIVERSITY AND ENVIRONMENTAL PROTECTION

### ENVIRONMENTAL AND BIODIVERSITY MANAGEMENT STRATEGIES <sup>[GRI EN14]</sup>

EDP bases its business in values that aim the sustainable development and aggregate value to the business. For this reason, it has taken over principles like Eco-efficiency and Environmental Protection. To protect the environment is an extremely relevant pillar to the Company, because its operations depend on the natural resources and impact the environment.

As leader of management of the environment and biodiversity themes, EDP has established and follows the Environment, Health and Safety Unified Policy, as well as the Biodiversity Policy, both revised in 2013. These policies determine the guidelines of the Group companies about the management of environmental impacts concerning its activities and help in the development of procedures that will allow better practices in regards to the environment.

**HEALTH, ENVIRONMENT AND SAFETY UNIFIED POLICY****Pledge:**

- to consider a social-environmental component in the Company's activities, in investment decisions and chain of value;
- to utilize social-environmental criteria that minimize local and regional impacts;
- to manage risks aiming their elimination, reduction and anticipated control, preventing incidents and accidents;
- to monitor environmental impacts and the use and manipulation of natural resources;
- to promote and support initiatives for the conservation of nature and appreciation of biodiversity of the Company's natural resources;
- to promote formal communication processes, and the participation of the involved parties;
- to support research and new technology projects that ensure the reduction of the impact caused by its operations.

**BIODIVERSITY POLICY [GRI EN14]****Pledge:**

- to spread its performance regularly and with transparency in regards to biodiversity;
- to integrate the evaluation of impacts in the biodiversity, both in the Distribution and Generation areas, in its activities' phases – planning, construction and exploration;
- to minimize the negative impact in the biodiversity resulting from its activities and to reinforce the positive. When the first can't be minimized, the Company commits itself to compensate them in other areas;
- to contribute to deepen the scientific knowledge about different aspects of the biodiversity;
- to reinforce the communication and partnerships with public or private entities in regards to biodiversity;
- to promote regular consultation to the different involved parties about the Company performance in regards to biodiversity.

In addition to the Policies specified, EDP uses study impact tools and maintains an open communication with the operation surrounding community during the implementation and follow-up stages. The Company always respects the environmental legislation in force and its requirements in regards to the mitigation and compensation programs established in the environmental licenses. These programs are monitored regularly in order to carefully follow the determination established by the competent environmental agencies.

The water quality and ichthyofauna – as the sets of fish species are called – are monitored in the plants in Mato Grosso do Sul, just so the impact in the biodiversity is followed.

The 2013 results correspond to the expected. Currently in UHE Luis Eduardo Magalhães, specialized companies and universities are employed and supervised by Naturins environmental agency, which monitors the local biodiversity. There are several monitoring points, involving fish and mollusk groups and water quality. Added to the environmental monitoring of the recovered reforested areas, and the protection units, which is vital to improve and preserve the existing biodiversity.

In view of the biodiversity risk management, EDP Bandeirante has consolidated, in 2013, the launch of a convention with the city hall about its concession area to preserve the local fauna and flora. This partnership consists of the assistance to towns with the supplying of seeds, molts and branch grinders; in its turn, the town effectively allocates the pruning wastegenerated by the Company.

Another strategy is the institution of the Environmental Management System in the EDP business areas, based on the ISO14001 standard.

In the Distribution unit, in 2013, maintenance of certification was carried out in five substations (three substations of EDP Bandeirante – Maresias, Dutra and Vale do Sol – and two of EDP Escelsa – Goiabeiras and Manguinhos) and two in the Generation unit (HE Peixe Angical and HE Luis Eduardo Magalhães). All of them hold ISO 14001, OHSAS 18001 and ISO9001 certifications (whose scope includes management, operation and maintenance). The PCHs São João and Paraíso hold ISO 14001 and OHSAS 18001 standards, and, in 2013, the PCH Francisco Gros (ES) and the HE Mimoso (MS) were certified with ISO14001 standards.

The environmental management at EDP goes beyond the fulfillment of the environmental legislation and follows the environmental management system standards. The Company recognizes that the matrix of environmental impacts and aspects, the procedures and work instructions of management norms are control methods and impact mitigations.

**ABOUT THE PROTECTED AREAS THAT SUFFER THE IMPACT [GRI EN11]**

EDP's Generation and Distribution companies currently possess assets –distribution lines and grids, substations, hydric plants (UHEs, PCHs and CGHs) in environmentally-protected areas, in accordance with the existing legislation in Brazil.

The assets in the concession areas of the Distribution Plants are located in the Mata Atlantica Biome (in the states of São Paulo and Espírito Santo), which are ecosystems with high indexes of biodiversity and with high endemism degrees, that is, both its fauna and flora display species exclusive to this region. The generators are located in the Amazon, Mata Atlantica and Cerrado, biomes with high endemism degrees and some endangered species in new exploitation areas.

Some of EDP's operations occupy zones entitled biodiversity hot spots, which is a term referring to 34 areas of high biological wealth worldwide, classified by Conservation International. Among the operations, we can point out the Mato Grosso do Sul plant, located in the transitional strip between two hot spots, Cerrado and Mata Atlantica. Hence, a high endemism degree is expected in this area.

The EDP Bandeirante maintains approximately 4,771.52km of lines and seven substations partially located in protected areas in its concession regions. These areas are considered protected since they incorporate Federal, State and Municipal Conservation Units, besides Protection and Recovery of River Sources of Alto do Tiete Basin. [GRI EN11]

With one substation and 865.4km of distribution air lines in Conservation Unit areas, the EDP Escelsa is located in a state that holds 11% of the original Mata Atlantica in its territory, which makes the conservation of the remaining percentage extremely important. The distribution operation is inserted, therefore, in this conservation context. [GRI EN11]

In the Generation unit, the UHE Peixe Angical operation is located in the town of Peixe (TO) within 333.5km<sup>2</sup> of permanent preservation area (PPA), in accordance with the Federal Law nº 12,651/2012, designated to the fresh water reservoir, and 0.052km<sup>2</sup> in an area adjacent to the protected one, where a substation is installed. They are both considered hot spots since they are located within the Cerrado biome.

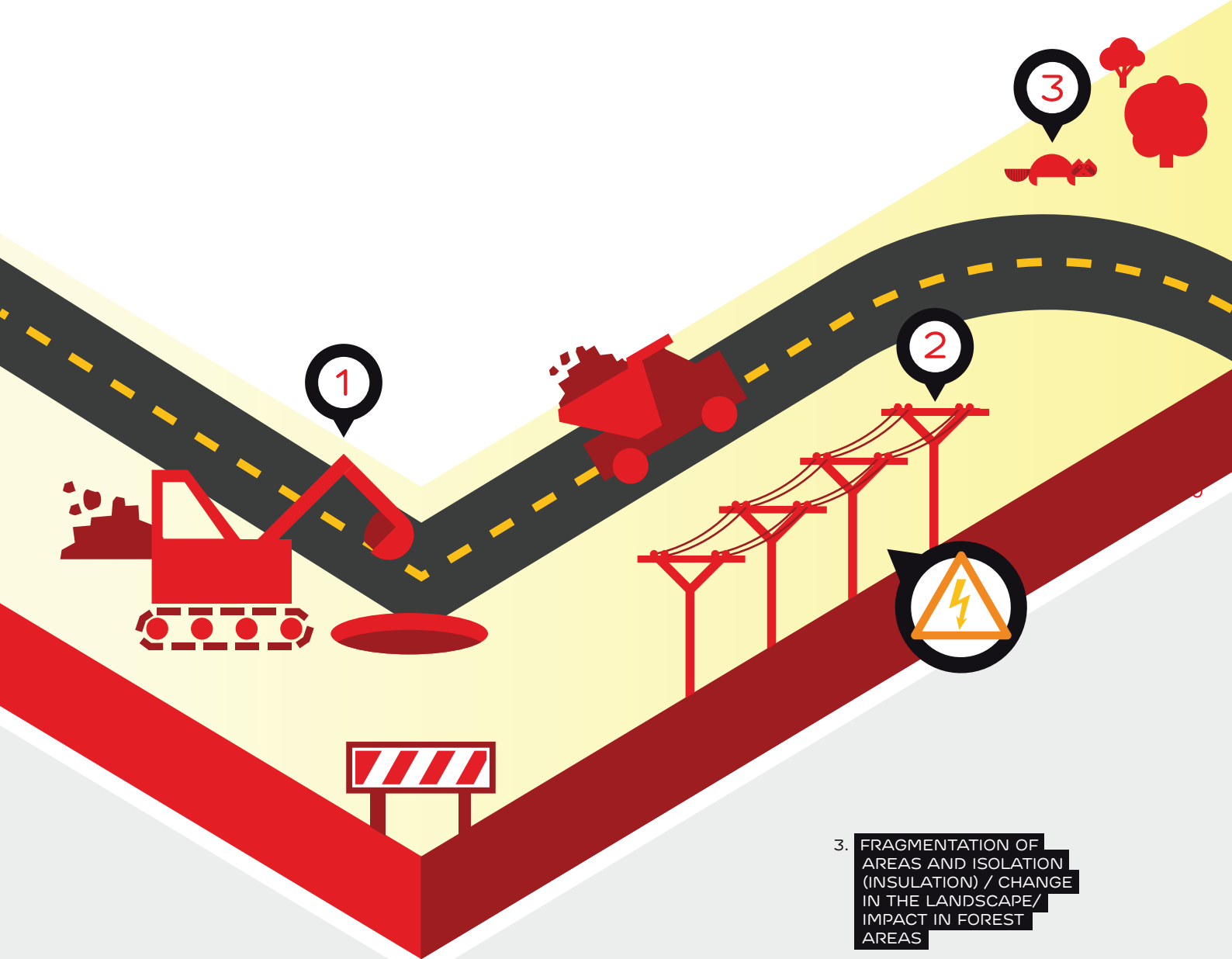
The UHE Luis Eduardo Magalhães influence areas encompass the towns of Miracema do Tocantins, Lajeado, Palmas, Porto Nacional, Brejinho de Nazaré and Ipueiras (they are all located in the Tocantins State), within 850.15km<sup>2</sup> of protection, of which 732.08km<sup>2</sup> are reservoirs, 62.46km<sup>2</sup> of PPA of the reservoir, 53.17km<sup>2</sup> of PPA in environmental reservations and 2.44km<sup>2</sup> of area in PPA of the plant, substation and transmission line. The PPA areas are in accordance with the old 1965 forest code, but they will still be calculated and probably reduced when they become in accordance with the new legislation. In areas adjacent to the protected ones, the HE Luis Eduardo Magalhães possesses a total of 3.87km<sup>2</sup>, which corresponds to the plant (2.1km<sup>2</sup>) and to the transmission line (1.77km<sup>2</sup>). [GRI EN11]

The plants UHD Mascarenhas (Baixo Guandú-ES), UHE Suíça (Santa Leopoldina-ES), PCH São João (Castelo-ES), F. Gros (Alegre-ES), Rio Bonito (Santa Maria de Jetibá-ES), Jucu (Domingos Martins-ES), Viçosa (Conceição do Castelo-ES), Fruteiras (Cachoeiro de Itapemirim-ES), Alegre (Alegre-ES), UHE Mimoso (Ribas do Rio Pardo-MS), PCH Paraíso (Costa Rica-MS), PCH Costa Rica (Costa Rica-MS), CGH São João I (Ponta Porã-MS), CGH São João II (Ponta Porã-MS), CGH Coxim (Coxim-MS) are installed in places of high biodiversity index, mainly because there are located in transition strips of Mata Atlantica and Cerrado Biomes. A high degree of species endemism is expected; in addition, these biomes are recognized as hot spots and, added to the plants, they occupy 41.97km<sup>2</sup> of area of high biodiversity index. [GRI EN11]

The plants in construction, UHE Santo Antonio do Jari and UHE Cachoeira Caldeirão, both located in Amapá state, possess 79.69km<sup>2</sup> of area with high index of biodiversity, with 47.99km<sup>2</sup> and 32.7km<sup>2</sup>, respectively. These areas are depicted like that for being located in the Amazon region, considered the richest biodiversity area in the world. The UHE Cachoeira Caldeirão also possesses 3.02km<sup>2</sup> within Amapá State Forest. [GRI EN11]

## IMPACT IN THE BIODIVERSITY AND IMPACT MANAGEMENT [GRI EN12, EN14 AND EN26]

Description of substantial impacts in the biodiversity of activities, products and services in protected areas and in areas of high biodiversity index outside of protected areas and minimization actions.



### 1. CONSTRUCTION OR UTILIZATION OF EDIFICATIONS AND TRANSPORT INFRASTRUCTURE

#### INDIRECT IMPACT

The volume of waste generated by the construction site activities and by the operating Company's own activity can burden the local waste disposal services.

#### IMPACT MANAGEMENT

Working instructions about waste management guide the contributors about proper procedures, in order to prevent larger impacts.

### 2. MAINTENANCE OF TRANSMISSION/DISTRIBUTION LINE CORRIDORS

#### DIRECT IMPACT

Suppression vegetation in the easement area: loss of forest habitats.

#### INDIRECT IMPACTS

- Erosion process induction.
- Accident risk and death of fauna.
- **Electrical accident risk.**

### 3. FRAGMENTATION OF AREAS AND ISOLATION (INSULATION) / CHANGE IN THE LANDSCAPE/ IMPACT IN FOREST AREAS

#### DIRECT IMPACT

Suppression vegetation in the easement area: loss of forest habitats.

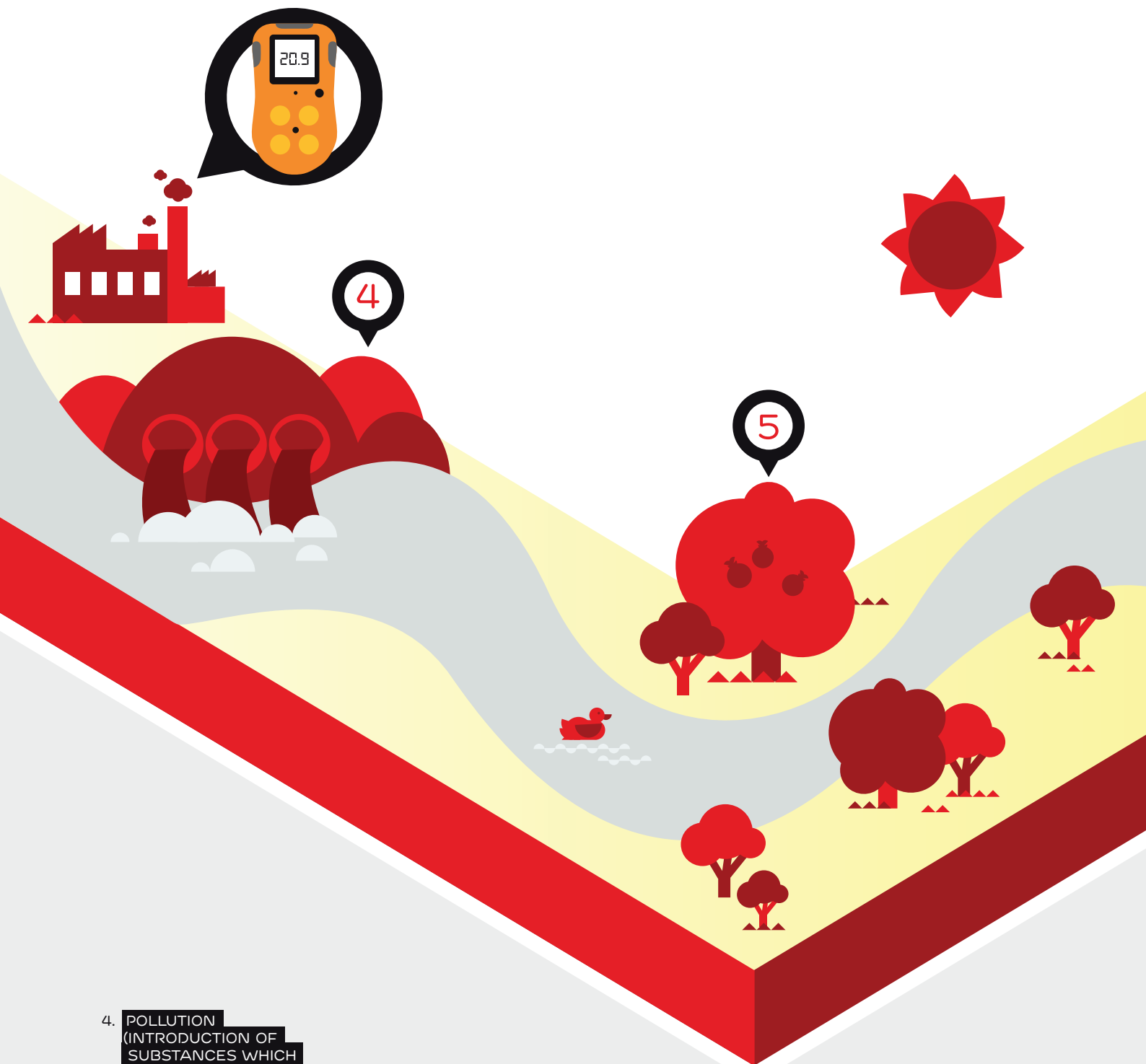
#### INDIRECT IMPACT

Dispersion barrier of species and border effects.

#### IMPACTS MANAGEMENT (2 e 3)

The plants fulfill the licensing conditionals related to the themes, and during the plant construction process, whenever possible, the suppression is avoided, so the impact is reduced. Other measures, such as forest replacement, germoplasma conservation programs, biomass utilization and Plan for the Restoration of a Degraded Area (PRDA) are also applied, aiming impact mitigation in forest areas.





**4. POLLUTION (INTRODUCTION OF SUBSTANCES WHICH DO NOT OCCUR NATURALLY IN THE HABITAT)**

**DIRECT IMPACTS**

The probable ground, water and air pollution impacts are considered meaningful, and they arise from the following environmental aspects:

- metallic vapor lamp waste production;
- metallic waste production;
- discarded glass production;
- wood waste production;
- plastic and paper waste production;
- liquid effluents' production;
- organic solid waste production;
- solvent ink can production;
- CPE's and IPE's contaminated with hazardous products;
- cleaning product packaging production;

- emission of gases;
- oil/ grease /gasoline contaminated waste production.

**INDIRECT IMPACT**

Biodiversity loss and ecosystem balance alterations.

**IMPACT MANAGEMENT**

- Working instructions about waste management guide the contributors about proper procedures, in order to prevent major impacts.
- Monitoring of gases from the greenhouse effect (GEG).
- Black smokes monitoring.
- Design of Emergency Service Plans.

**5. CHANGES THAT EXTRAPOLATE THE VARIATION NATURAL LEVEL (EX. SALINITY, WATER TABLE LEVEL)**

**DIRECT IMPACTS**

Increase of the riverbed and water table due to the reservoir creation. It causes alterations in the nutritional composition and the radical fixation; such alterations have a tendency to promote a new species chain, which intend to reach a new adapted stability to new conditions.

**IMPACT MANAGEMENT**

Water and sediment quality monitoring.



## 6. BIOMASS WASTE PRODUCTION

### DIRECT IMPACTS

- Organic waste production, caused by pruning and vegetation suppression.
- Impact in flora and landscape.

### INDIRECT IMPACT

Habitat loss.

### IMPACT MANAGEMENT

The plants fulfill licensing conditionals related to the themes and during the plant construction process the suppression is avoided, whenever possible, therefore the impact is reduced. During the plant construction, the options are weighed in, in order to give the best destination to the wood produced.

## 7. REDUCTION OF SPECIES

### DIRECT IMPACTS

- The opening of the construction site and the cleaning of the reservoir's inundation area cause a significant impact, since a considerable portion of the native vegetation is removed. It triggers a biologic wealth reduction and loss of specific habitats, such as the riparian forests.
- Death of ichthyofauna specimens can occur, due to maneuvers in the dam.

### INDIRECT IMPACTS

- Erosion processes induction.
- Accident risks and death of fauna.
- Local fauna evasion, due to machines' noise.

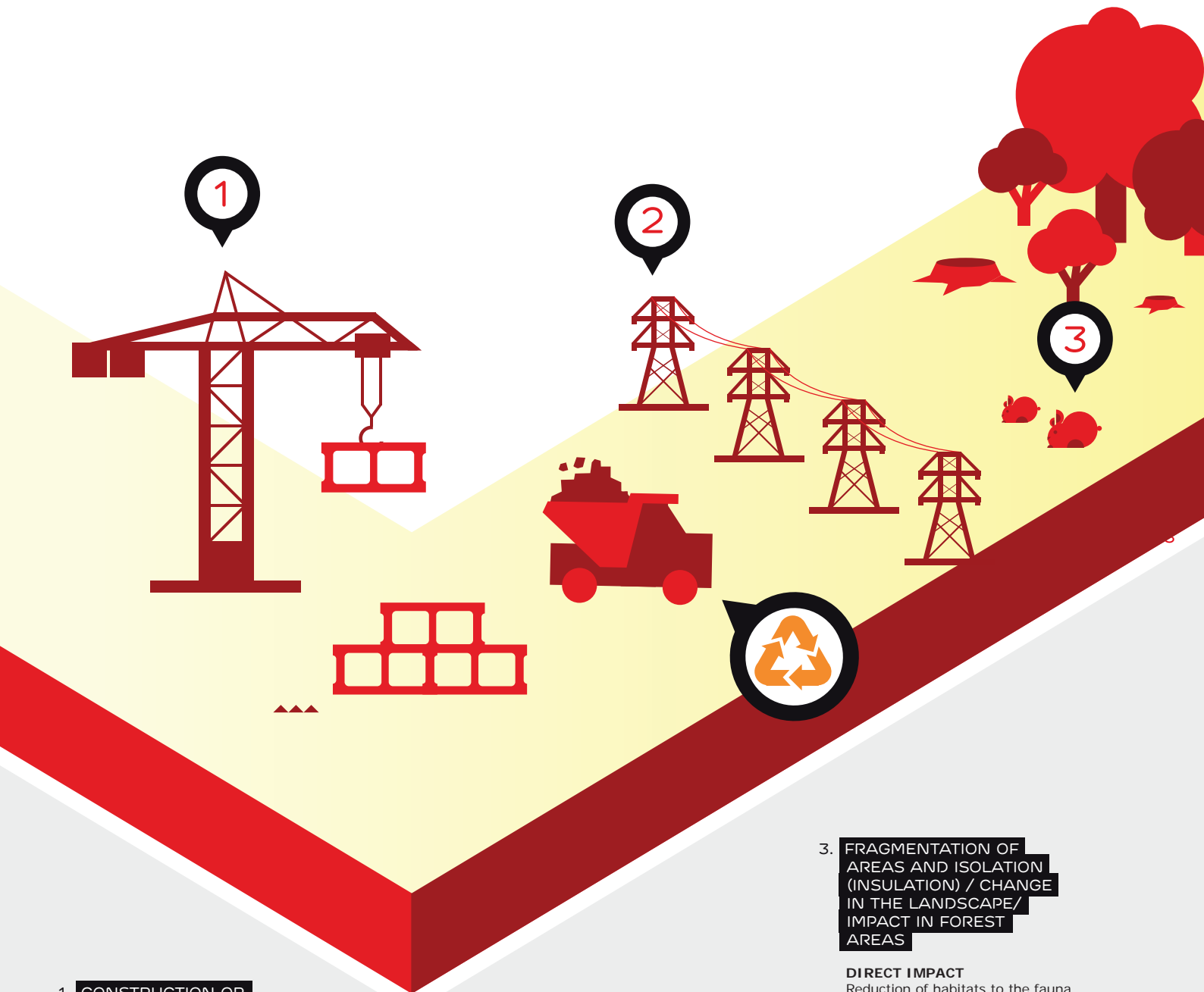
## 8. HABITAT CONVERSION

### DIRECT IMPACT

Deforestation and increase of the riverbed in the reservoir area causes alteration in specific habitats.

### IMPACTS MANAGEMENT (7 E 8)

- Fauna, ichthyofauna and flora monitoring.
- **Release of juvenile fish.**
- Design of turbine handling procedures in order to reduce fish mortality.
- Fauna rescues occur during construction phases.
- PRDAs.



**1. CONSTRUCTION OR UTILIZATION OF EDIFICATIONS AND TRANSPORT INFRASTRUCTURE**

**DIRECT IMPACT**

Civil construction waste production, water consumption, electrical energy and fuels.

**INDIRECT IMPACT**

Soil and water pollution, decrease of renewable natural resources, atmospheric pollution and waste production.

**IMPACT MANAGEMENT**

Guidance to contributors about **waste management**, deriving from proper procedures in order to avoid major impacts.

**2. MAINTENANCE OF TRANSMISSION/DISTRIBUTION LINE CORRIDORS**

**DIRECT IMPACTS**

- Soil contamination, water, materials, and the effects of agro-toxic handling.
- Impact in the fauna and flora by vegetation suppression, removal of native vegetation shield.
- Erosive processes, silting up of waterways through the construction and maintenance of accesses.

**INDIRECT IMPACTS**

Dispersion barrier of some species and border effects by alteration and disruption in the boundary between forested and non-forested areas.

**3. FRAGMENTATION OF AREAS AND ISOLATION (INSULATION) / CHANGE IN THE LANDSCAPE/ IMPACT IN FOREST AREAS**

**DIRECT IMPACT**

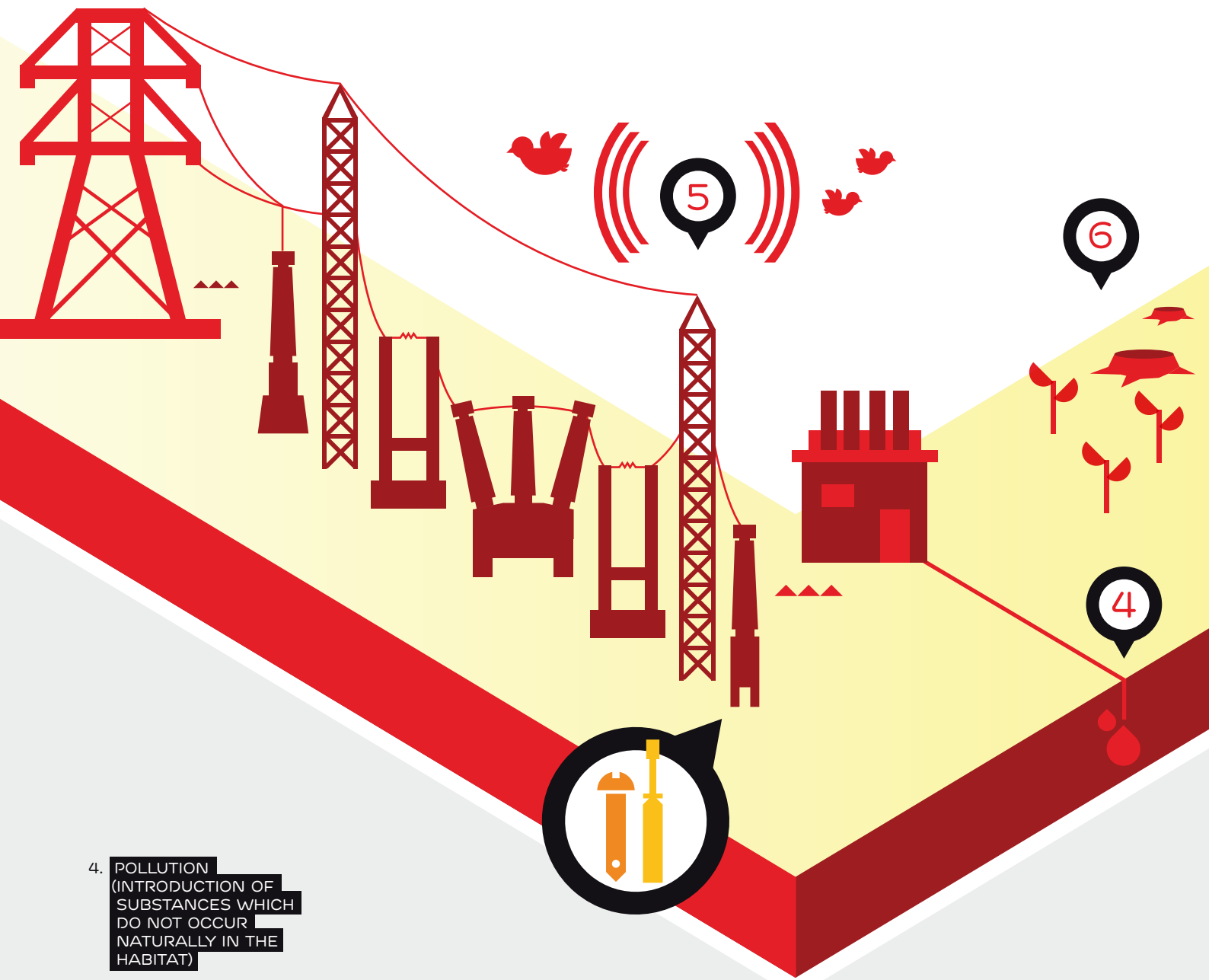
Reduction of habitats to the fauna as vegetation suppression effect.

**INDIRECT IMPACT**

Dispersion barrier of some species and border effects.

**IMPACTS MANAGEMENT (2 E 3)**

- Selecting the best delimitation expecting suppression reduction.
- Guidance to the contributors in regards to waste management, deriving from proper procedures in order to avoid major impacts.
- Strictly controlled suppression.
- Selective cut through individual delineation.
- Tree falling within the open pathway and immediate trunk piling up.
- Compensatory reforestation production.
- Erosion control caused by soil exposure.
- Adoption of landscape reconfiguration measures in the structure areas.



4. **POLLUTION (INTRODUCTION OF SUBSTANCES WHICH DO NOT OCCUR NATURALLY IN THE HABITAT)**

**DIRECT IMPACTS**

Water and soil pollution due to equipment installation and maintenance that contain insulating oil, PCBs, liquid, lead-acid batteries, gas emission from the greenhouse effect such as SF6.

**INDIRECT IMPACTS**

Biodiversity loss and ecosystem balance alteration.

**IMPACT MANAGEMENT**

- Preventive maintenance of equipment with leaking danger.
- Use of absorbent covers to avoid leaking.
- Design of Emergency Service Plans.
- Use of proper storage equipment and subsequent reutilization of SF6 gas, when there is circuit breaker maintenance in the electrical energy substation.

5. **NOISES**

**DIRECT IMPACT**

Noise production.

**INDIRECT IMPACT**

Impact on the fauna.

**IMPACT MANAGEMENT**

Noise monitoring and preventive maintenance of substations.

6. **BIOMASS WASTE PRODUCTION**

**DIRECT IMPACTS**

- Organic waste production, deriving from pruning and vegetable suppression.
- Impact on flora and landscape.

**INDIRECT IMPACT**

Habitat loss.

**IMPACT MANAGEMENT**

- Pruning training with contributors and advertising of the Forestry Guide.
- Covenant launching with local city halls in order to improve waste destination.

Still having in mind the impact reduction from EDP activities in the biodiversity, whenever possible, EDP Escelsa installs protected and/ or isolated cables in a few locations, in order to avoid the drastic vegetation pruning and electric shocks in animals, such as the white-headed marmoset, a recurring species in the EDP Espírito Santo active area.

EDP Escelsa has achieved another very important undertaking in 2013: the construction of a Biological Treatment and Sewage Station (ETE), whose objective is to reduce the impact of domestic effluents produced in the Operation Center (COC) located in Carapina (ES). <sup>[GRI EN26]</sup>

The landscape alterations that occurred in EDP Bandeirante, due to the implementation of the Mogi-Suzano Transmission Line, ETD Alex Petrasoli and ETD Technological Park, resulted in the tree removal of approximately 12,398km<sup>2</sup>. To mitigate the environmental impacts, some specific actions took place, particularly the location erosion control, besides the environmental compensation resultant from suppressions. In order to preserve the fauna, there were monitoring and evasion actions and species rescues that were properly treated and reintroduced to their habitats.

In the Generation unit, the major impacts occurred during the plant construction periods, and because of that, there is a preventive follow-up program. At UHE Cachoeira Caldeirão, whose construction is just beginning, several programs are being developed. The most relevant are related to hydric resources, with the monitoring of sediments and water quality. One of the programs is intended for the rescue of fauna and ichthyofauna which can be encased in the puddles which are formed in the cofferdams – temporary structures – and in parts of the reduced outflow of Araguari River, impacted by the plant.

During the construction of UHE Santo Antonio do Jari the monitoring was continuous with fauna rescue actions, such as the germoplasme collection for forest restoration with natives of around 0.05km<sup>2</sup>. EDP has committed itself to develop the relocated community environment similar to the previous one, and has planted in Nova Vila de São Francisco da Iratapuru 236 fructiferous region trees, such as cashew, myrtle and mango. The community families also received 270 seed packages to plant in their properties, being responsible for planting and irrigating them. <sup>[GRI EN13]</sup>

The operating plants also work on reduction programs for their impacts. During 2013, UHE Peixe Angical has started a rescue program for the material and non-material historical landmark, present in the reservoir area. To avoid the erosion process of the reservoir border, a Reservoir Protection Strip handling plan was implanted, in order to make it compatible the use of hydric resources to produce energy and make the environment conservation feasible, disciplining soil utilizations in the reservoir vicinity.

The size of restored areas by production operating plants totals 96.99ha in the towns of Alegre (ES), Paranã reservoir Border, Miracema do Tocantins, Palmas, Porto Nacional, Brejinho de Nazaré and Ipueiras (all in Tocantins State). The restoration measures and their results are approved by the state environmental agencies, and by the Environmental and Renewable Natural Resources Brazilian Institute (IBAMA), depending on the case. In addition to these acts, UHE Luis Eduard Magalhães has signed an agreement with Naturatins, an environmental state organisation, for which the amount of 38.6 minimum wage salaries for the Lajeado State Park (PEL) maintenance is allocated monthly. UHE Luis Eduard Magalhães has also provided the maintenance of the 6.32ha of restored area located in the town of Lajeado, in 2013.

The projects accounted for in Espírito Santo and Mato Grosso do Sul plants, are recovered areas by PRDA being implemented. It was not possible to account for the exact percentage recovered, since these areas are still in maintenance and monitoring stages. In regards to 2013, UHE Luis Eduardo Magalhães has reported PRDA, still being implemented, and the recovery completed in a marginal area.

In the distribution plants, the restored areas approved by the competent environmental agencies have totaled 4ha, of which 0.3ha are related to EDP Bandeirante in the town of Guarulhos in São Paulo and 3.7ha regarding EDP Escelsa in the towns of Cachoeiro de Itapemirim, Guarapari, Nova Venécia and Vila Pavão, all of them in Espírito Santo State.

To mitigate the environmental impacts and create the environmental management of its properties, EDP has invested about R\$59 million in environment projects, programs and activities in 2013. <sup>[GRI EN30]</sup>

[EN30] INVESTMENTS AND ENVIRONMENTAL EXPENSES (R\$ MILLIONS)	EDP		
	2011	2012	2013
Wasteelimination	0.44	0.00	0.04
Emissions treatment	0.00	0.42	0.12
Remediation expenses	2.11	5.04	4.26
Prevention costs	13.54	22.24	25.62
Environmental management expenses	6.53	13.32	59.62
<b>Total</b>	<b>22.53</b>	<b>41.02</b>	<b>59.62</b>

For 2014, there are activities planned aiming the continuous improvement of the Company Environmental Management, according to the following table:

2014 GOALS	
<b>EDP BANDEIRANTE</b>	To increase the number of agreements with City Hall for the Biodiversity conservation.
<b>EDP ESCELSA</b>	To certify 3 more substations (SD Itapoã, SD Serra-Sede and SD Xuri). To make feasible an agreement with IEMA (ES State) for the Biodiversity conservation – State Reforesting Program (aiming to expand Mata Atlantica area in Espírito Santo in about 30 thousand hectares until 2014).
<b>MS AND ES PLANTS</b>	To certify UHE Suíça (ES).
<b>UHE LUIS EDUARDO MAGALHÃES</b>	To implement a Geographical Information System (GIS), focusing on Agrarian Regularization.
<b>UHE PEIXE ANGICAL</b>	ISO 14001 maintenance.

## WASTE

The Environmental, Health and Safety Unified Policy from EDP establish the application of the Sustainability Unified Management System (SGIS) whose directives guide the environment management of the Company, including wastemanagement.

To include the directives regarding the fulfillment of the Solid Waste National Policy, which will come into force in its totality as of August 2014, the Environmental, Health and Safety Unified Policy was amended in 2013.

At EDP, wastemanagement is related to the material utilization and is based upon the directives of the Solid Waste National Policy, considering the following priority order in its management: non-production, reduction, reutilization, recycling and environmentally correct final disposal. <sup>[GRI EN26]</sup>

## EFFECTIVE MANAGEMENT OF MATERIALS FOR OPTIMIZED WASTEMANAGING

The reduction in the consumption of materials is encouraged at EDP. This practice directly contributes to the management efficiency, from the purchasing rationalization and inputs utilization, reducing manageable expense costs. It is related to a posture that minimizes the impact on the environment from the conservation of natural resources.

The EDP distribution plants use a large variety of materials to develop its activities, and the industrialization of, for example, copper, aluminum and steel materials, causes impact to the environment. In 2013, the consumption of hardware, steel and wood crossbeams was drastically reduced in regards to the previous year. <sup>[GRI EN1]</sup>

MATERIALS UTILIZED	EDP BANDEIRANTE			EDP ESCELSA		
	2011	2012	2013	2011	2012	2013
<b>Non-renewable</b>						
Hardware (kg)	1,285,587	1,037,081	1,003,044	1,475,008	1,041,053	815,576
Aluminum and copper cables (meter)	2,590,426	2,280,891	2,831,578	409,456	451,504	3,474,014
Aluminum and copper covered cables (meter)	933,429	104,747	161,905	409,456	471,504	262,099
Various cables (meter)	2,590,436	2,280,891	2,514,137	2,022,122	2,253,824	2,526,665
Special pieces (unit)	418,260	ND	ND	418,260	ND	ND
Keys and connections (unit)	1,198,571	1,264,899	1,254,257	13,108	1,237,570	1,741,121
Fuse links (unit)	68,049	72,203	96,035	162,855	125,089	147,195
Tapes (unit)	157,533	141,186	136,404	143,132	151,894	117,636
Meters (unit)	137,850	171,818	166,833	ND	124,982	114,114
Security seal (unit)	1,050,050	477,849	1,055,078	10,737	1,102,067	766,693
Lightning rods (unit)	20,131	16,749	18,195	4,185	15,322	14,258
Converters (unit)	8,934	3,892	3,940	149	6,806	6,280
Copper crossbeams (unit)	5,754	3,837	4,915	15,490	1,096	420
Concrete posts (unit)	14,037	14,269	13,620	10	29,682	18,037
Lantern and Lantern handles (unit)	13,358	20,438	8,950	26,261	23	11
Lights (unit)	112,853	103,053	94,570	277	68	24
Reactors, relays and igniters (unit)	74,011	76,740	64,206	ND	501	68
<b>Renewable</b>						
Wood crossbeams (unit)	19,912	16,189	18,533	23,651	30,121	26,222
Wood posts (unit)	467	88	30	10,749	1,749	2,488

## RECOVERY AND REUTILIZATION OF MATERIALS

In order to minimize the impact caused by the use of main materials utilized at EDP and reduce costs, the recovery and/ or reutilization of these materials are performed, whenever possible. If it is impossible to reutilize them, they are sent to the recycling. The rejected materials are disposed in landfills. Among the recovered ones, converters stand out, which have obtained a recovery rate of 77% at EDP Bandeirante and of 71% at EDP Escelsa, and the meters, whose recovery rates are 24% at EDP Bandeirante and 40% at EDP Escelsa. [GRI EN2 AND EN26]

MATERIALS ORIGINATING FROM RECYCLING	EDP BANDEIRANTE			EDP ESCELSA		
	2011	2012	2013	2011	2012 <sup>1</sup>	2013
<b>Meters</b>						
Removed (unit)	92,455	112,159	102,983	145,549	70,953	65,957
Recovered (unit)	39,683	38,328	24,720	33,539	99,091	26,518
Recovered %	49.92%	34.17%	24.00%	23.04%	139.66%	40.00%
<b>Converters</b>						
Removed (unit)	2,588	1,236	1,591	1,354	801	2,479
Recovered (unit)	664	1,087	1,223	1,057	1,727	1,768
Recovered %	25.66%	87.94%	77.00%	78.06%	215.61%	71.00%

(1) The percentage is calculated based on values from the recovered grid materials, which is kept in storage and recovered according to the demand. For this reason, in the year 2012, a larger number of recovered components were computed in comparison with the ones recovered from the grid.

## ONE MILLION LITERS OF OIL REGENERATED

The volume of oil use in the operation and maintenance activities from the gridequipment and assets is substantial. In order to reduce the environmental impact and the material purchasing costs, whenever possible, the restoration of insulating oils is performed – a practice developed in both EDP distribution plants. In 2013, the restoration volume has reached over one million oil liters.

## R\$26.1 MILLION SAVINGS

With the reverse logistic initiatives from EDP distribution plants, meter, equipment and converter recovery processes, oil and suppliers' warranty assurance, the added value to the Company since 2012 has jumped to R\$26.1 million.

The ongoing stock reduction in the Distribution Maintenance Centers has also accounted for positive results since 2012. In 2013, a more effective stock management has brought a cost decrease of R\$21 million to the Company and prevented expenses of R\$12 million due to the recovery of materials, totaling R\$32 million. This fact has allowed reaching a Logistic SLA of 95.4%. These gains resulted from united management initiatives among the Tech, Logistics and Accounting areas, namely the reevaluation of slow moving items, logistic operative cost reduction and equipment recovery.

## NATURAL RESOURCES UTILIZATION REDUCTION PRACTICE

The installation of wood crossbeams and posts is difficult in hard access locations for EDP's maintenance trucks. When reaching these areas with the truck is impossible, it is up to the electrician to transport the structures. To solve this problem, EDP, in partnership with a supplier, has developed polymeric posts and crossbeams.

The lighter material makes the transportation of the structure easier. Besides, it is produced with recycled and recyclable material, and prevents wood extraction and deforestation. Its material also prevents the occurrence of fungi and bacteria. Benefiting from the productive process, jobs are created, depending on the work of waste collectors. These benefits add value to the posts and crossbeams, since they work with the same quality standards as those produced with traditional materials.

## MATERIAL REUTILIZATION IN ADMINISTRATIVE BUILDINGS

A task force to collect magnetic cards such as nametags, food tickets, credit cards, thrown away by the contributors, took place at EDP headquarters in São Paulo (SP). 2,920 PVC cards were collected. They were sent to RS de Paula, the only company that recycles and reutilizes this material, where they were transformed into raw materials that are used to produce key chains, and were delivered as giveaways to the branch contributors.

## WASTEMANAGEMENT IN THE DISTRIBUTION UNIT

A large amount of the group companies already possess a Solid Waste Management Plan (PGRS) required by PNRS. PGRS is a document that contains the business description, residual production and management. As of 2014, it must also contain reduction goals and waste production. The companies that still don't have a PGRS should start obtaining one in 2013. [GRI EN26]

EDP Distribution areas periodically promote a waste inventory, in order to get acquainted with the type and quantity of waste that are produced in their operations. This is how it is possible to plan its reduction and treatment.

Distribution produces dangerous waste, which require major attention, especially in regards to storage and transportation. The most critical dangerous waste are insulating oils, originating from maintenance operations. These materials are stored in containment basins, as determined in the NBR 12235 and are transported by means of a Waste Transport Manifest (MTR), which is a document issued by companies that issue the Environmental Awareness Waste Distribution Certificate (CADRI), demonstrating the existence of environmentally correct conditions for the transportation of these wastes, and assuring the health and safety of the workers handling the process. [GRI EN26]

All waste produced and collected during the Company's activities receive proper treatment and discard. Lamp wastes, which were 76,070 units accounted for in 2013, are sent for sanitization and later recycling. On the other hand, scrap metal wastes, whenever possible, are reutilized internally, and later on are sold to companies that recycle these materials. <sup>[GRI EN26]</sup> Oil, scrap metal and wood were the most important wastes produced in the Distribution business unit in 2013. <sup>[GRI EN22]</sup>

[EN22] WASTEMANAGEMENT DISTRIBUTORS		EDP (CONSOLIDATED)			
DANGEROUS WASTE (CLASS I)	UNIT	2011	2012	2013	DESTINATION
NON-CHLORINATED INSULATING OILS AND MINERALS	Tonne	56	0.53	49.01	Refining
NON-CHLORINATED MINERAL AND SYNTHETIC MOTOR OILS, TRANSMISSION AND LUBRICATION (NON-CHLORINATED LUBRICANTS)	Tonne	0	62.11	0	Refining
PAINTS AND SOLVENT WASTE (CONTAMINATED CANS, PAINTS, SOLVENTS)	Tonne	0	0	0.68	Processing
CONVERTERS AND CAPACITORS CONTAINING PCB	Tonne	0	25.95	0	Co-processing
PACKAGES AND ABSORBENT MATERIALS, FILTRATING MATERIALS, CLEANING TOWELS AND PROTECTIVE CLOTHING, CONTAMINATED BY HAZARDOUS SUBSTANCES AND/ OR OIL	Tonne	7.42	1.27	0.20	Co-processing
CRUSHED STONE WASTE CONTAMINATED WITH OIL	Tonne	0	0	5.30	Processing
COPPER, BRONZE	Tonne	11.43	53.95	27.72	Recycling
HALOGEN LAMPS, FLUORESCENT LAMPS AND OTHER WASTES CONTAINING MERCURY	Tonne	44.5	25.39	53.25	Decontamination
BATTERIES AND ACCUMULATORS	Tonne	0	0.18	0	Decontamination
ELECTRIC AND ELECTRONIC EQUIPMENT	Tonne	88.35	0	0.23	Recycling
SILICA GEL WASTE	Tonne	0	0.40	0.74	Co-processing
BEARINGS	Tonne	0	1.02	0.96	Decontamination
INFECTING WASTE	Tonne	0	0.02	0.20	Incineration
<b>Non-Hazardous Waste (Classes II A and II B)</b>	<b>UNIT</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>DESTINATION</b>
WOOD REELS	Tonne	0	8.85	147.50	Recycling
CROSSBEAMS	Tonne	0	65.84	205.15	Recycling
WOOD POSTS	Tonne	0	4005.30	3953.95	Recycling
PAPER AND CARDBOARD	Tonne	9.13	27.13	25.61	Recycling
PLASTIC	Tonne	3.15	8.36	8.48	Recycling
BRASS	Tonne	11.43	0	0.11	Recycling
INSULATORS AND REACTORS	Tonne	0	70,30	201.70	Recycling
WOOD (EXCLUDING WOOD POSTS, CROSSBEAMS AND WOOD REELS)	Tonne	55.00	528,30	0	Recycling
GLASS	Tonne	0.03	0.43	2.19	Recycling
CONSTRUCTION AND DEMOLITION WASTE	Tonne	0	142.54	0	Recycling
ALUMINUM METAL WASTE	Tonne	340.79	705.23	701.84	Recycling
IRON AND STEEL METAL WASTE	Tonne	376.84	751.44	560.64	Recycling
OTHER SCRAP METALS	Tonne	0	0	3.17	Recycling
METAL MIXTURE	Tonne	85.57	131.86	0	Recycling
NON-HAZARDOUS METAL CABLE WASTE	Tonne	124.30	166.00	0	Recycling
CONCRETE POSTS (CONCRETE)	Tonne	3914.00	6568.76	9736.00	Recycling
DISTRIBUTION CONVERTERS	Tonne	0	0	599.90	Recycling
CURRENT OR POTENCY TRANSFORMER OR MEASURING INSTRUMENTS BT/MT	Tonne	0	0	33.25	Recycling
PUBLIC LIGHTING RELAY	Tonne	0	0	2.17	Recycling
FUSE SWITCH, SECTIONAL SWITCH, KNIFE SWITCH, LIGHTNING ROD	Tonne	0	0	126.74	Recycling
ENERGY METERS	Tonne	0	0	1225.06	Recycling
ELECTRICAL QUANTITY MEASUREMENT INSTRUMENT	Tonne	0	0	23.32	Recycling
REGULATOR, RECLOSER, OIL KEY, TC/TP AT, POTENCY CAPACITOR	Tonne	0	0	78.77	Recycling



## WASTEMANAGEMENT IN GENERATION UNIT

The operations in the generation unit produce less hazardous waste and in smaller quantity. However, the topic is very relevant in the generators, mainly in the construction phase of the plants, in which the waste production can be very expressive.

There was no meaningful alteration in the composition and quantity of waste produced in 2013 if compared to 2012, according to the table below. [\[GRI EN22\]](#)

At EDP, hazardous wastes are accompanied by an identification card containing all its features and are transported by companies that issue the documentation required by the environmental agencies. Wastes are given an environmentally correct destination.

[EN22] WASTE MANAGEMENT – GENERATORS		EDP (CONSOLIDATED)			
HAZARDOUS WASTE (CLASS I)	UNIT	2011	2012	2013	DESTINATION
NON-CHLORINATED HYDRAULIC OILS AND SYNTHETIC OILS	Tonne	0	0	2.95	Refining
NON-CHLORINATED INSULATING OILS AND MINERALS	Tonne	54.80	0	0.97	Refining
NON-CHLORINATED MOTOR MINERAL AND SYNTHETIC OILS, TRANSMISSION AND LUBRICATION (NON-CHLORINATED LUBRICANTS)	Tonne	5.57	53.03	14.51	Land fill/ refining
PAINT AND SOLVENT WASTE (CONTAMINATED CANS, PAINTS, SOLVENTS)	Tonne	0	0	136.16	Decontamination
TONER WASTE	Unit	0.02	0	6.00	Recycling/ decontamination
ABSORBENT MATERIALS AND PACKAGES, FILTERING MATERIALS, CLEANING CLOTHS AND PROTECTIVE CLOTHING, CONTAMINATED BY HAZARDOUS SUBSTANCES AND/OR OIL	Tonne	8.86	3.20	17.13	Land fill/ decontamination
HALOGEN LAMPS, FLUORESCENT LAMPS AND OTHER WASTES CONTAINING MERCURY	Unit	339.00	1,061.00	1,642.00	Decontamination/ Recycling
BATTERIES AND ACCUMULATORS	Tonne	0.01	0.01	115.00	Land fill
BATTERIES	Tonne	0	60.00	0	Decontamination
ELECTRICAL AND ELECTRONIC EQUIPMENT	Tonne	326.32	0.32	0.08	Land fill
SILICA GEL WASTE	Tonne	0.02	0.02	0.08	Land fill/ decontamination
RESERVOIR WASTE (GARBAGE, MACROPHYTE, AGGRADATION SEDIMENTS)	M <sup>3</sup>	0	10.00	0	Distribution in green areas
ASBESTOS ROOFING WASTE	Tonne	0	0	0.68	Land fill
DIMENSION: CLASS II WASTE (INERT AND NON-INERT)	UNIT	2011	2012	2013	DESTINATION
ABSORBENT MATERIALS AND PACKAGES, FILTERING MATERIALS, CLEANING CLOTHS AND PROTECTIVE CLOTHING, CONTAMINATED BY HAZARDOUS SUBSTANCES AND/ OR OIL	Tonne	21.43	21.43	0.09	Land fill
PAPER AND CARDBOARD	Tonne	0.06	3.75	12.46	Recycling/ Land fill
PLASTIC	Tonne	0.03	3.34	3.75	Recycling
BRASS	Tonne	0.001	0	0.10	Recycling
WOOD (TO INCLUDE THE QUANTITY OF WOOD WASTE, EXCLUDING WOOD POSTS, CROSSBEAMS AND WOOD REELS)	Tonne	0	0	0.44	Recycling/ Land fill
GLASS	Tonne	0.01	0.01	0.01	Recycling
CONSTRUCTION AND DEMOLITION WASTE	Tonne	3.00	0	7.71	Recycling/ Land fill
IRON AND STEEL METAL WASTE	Tonne	0.15	0.05	11.85	Recycling
IT MATERIALS	Tonne	0	0.01	0.27	Land fill

## UTILIZATION OF COMPOST SEPARATOR AND RETURNABLE MATERIALS

Compost separators were built at UHE Peixe Angical, in order to turn fish collected in the turbines into organic fertilizer, during the maintenance stop period. Others were also built for the ichthyofauna monitoring campaigns. They were built after the conclusion of a study prepared by the UHE Peixe Angical crew, who recognized in the compost separators a more environment-prone solution as an alternative to the construction of a landfill.

This action was approved by IBAMA, which authorized the installation and implementation. The material derived from the fish compost is being tested as fertilizer in the region grassland. Still, at UHE Peixe Angical, there was a 120kg reduction of contaminated cloths each month in 2013. At EDP, in partnership with the returnable cloth supplier, the wasteproduction and landfill disposal were reduced, due to the cloth decontamination, making it possible for its reutilization.

## ENVIRONMENTAL EDUCATION

Celebrating June as the environment month, several lectures and activities were offered in order to promote the theme and encourage the contributors' awareness. At UHE Mascarenhas, the theme Wastewas the action's focus. Films, speeches and a play talked about the sustainable consumption, the destination challenge and treatment of solid waste.

PCH Viçosa also possesses an environmental education project for educators and students from the educational system in Conceição do Castelo (ES). They learn several concepts in regards to environment management and promote several activities about the theme. Among the 2013 activities, the toy-making workshop with wastestands out. The students have learned, in theory and practice, the importance of reutilizing and recycling materials.

### SOLID WASTE MANAGEMENT PLAN (PGRS) RESULTS IN ENVIRONMENTAL AND SOCIAL ADVANTAGES AT UHE PEIXE ANGICAL

Aiming to improve its wastemanagement and apply the reverse chain concept in possible waste, the plant crew has created a new PGRS. It shows the wasteinventory, and how its management should be done and the responsible people to do it.

In order to store metallic and glass waste (bipartite bay) paper, plastic and non-recyclable, a waste-recycling centre was built in 2013, to include four closed bays and waterproof soil. Materials will be separated by the cleaning crew, which was trained to execute this task, and stored until the bay reaches full capacity.

Selective collection containers were installed in all plant areas. For 2014, it is planned to strengthen the awareness activities and the contributors' training. Wastewill be donated to Gurupi WasteAssociation.

## SPILLS

EDP works daily with hazardous waste, and the most important are insulating oils, which characterizes the potential risk for environment accidents. To prevent the occurrence of spills from this substance, EDP strictly controls the use of these materials, the storage of the equipment that holds this liquid, as well as the storage and discarding of these wastes.

[EN23] ENVIRONMENT INCIDENTS	EDP BANDEIRANTE			EDP ESCELSA <sup>1</sup>			USINAS MS E ES			UHE LUIS EDUARDO MAGALHÃES			UHE PEIXE ANGICAL		
	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
Spill number	0	0	2	9	6	6	0	0	1	ND	0	0	0	0	0
Oil Volume (liters)	0	0	200	6,850 <sup>1</sup>	ND	3,320 <sup>1</sup>	0	0	0	ND	0	0	0	0	0

(1) At EDP Escelsa, the spills were not computed by spilled oil volume, but by the quantity of material utilized to absorb the spilled oil. The quantity is computed in kg.

There was a spill with no meaningful volume in one of the generation plants in 2013. There were 8 spills in the Distribution plant, and three of them were considered significant due to the quantity of spilled oil and/ or the quantity of waste produced.

At EDP Escelsa, there was a significant spill reported, deriving from the overturning of one of the Company's truck in the town of Rio Bananal (ES). The spill was contained and 3,130kg of contaminated wastewater removed and sent to an industrial landfill.

At EDP Bandeirante, two significant spills were reported, totaling 200 liters of spilled oil: the first one occurred because an atmospheric discharge had hit the high voltage plug of one of the converters at EDP Manoel Areias; the second one was caused by an internal fault in a converter. Both were immediately contained and the contaminated soil and equipment were sent for incineration. <sup>[GRI EN23]</sup>

## CLIMATIC CHANGES MANAGEMENT

Changes in climate are more and more evident, and they increase the pressure of society to reduce greenhouse effect gas emissions (GEE), with the use of renewable energy source. Although energy production in Brazil is predominantly based on these sources - especially hydroelectric - the trend is that the National Integrated System (SIN) is depending on thermal sources increasingly.

The possible progressive reduction of water storage in the reservoirs in new hydroelectric initiatives is also taken in consideration. During the drought periods, the lack of water risk increases - a situation that tends to be intensified by climate changes.

Having in mind worldwide climate change scenarios, EDP has defined policies and directives related to climate changes, approved by the Administration Board as well as other policies and directives related to sustainability. The topic is administered by the innovation team area, responsible for the emissions' accountability and reporting activities in relation to the topic. The area has a strategic vision about the subject, since it follows regulation and marketing trends to its regard.

To EDP, the climatic changes management goes much beyond the GEE accountability in its emission inventory. The importance of the topic is recognized from the strategic planning and control of risks and opportunities until emissions reduction in the Company operations and in the value chain. For this reason, one of EDP's goals is to launch the Change Management Plan until 2015, which presents, as one of the purposes, the improvement of the topic management from within the Company.

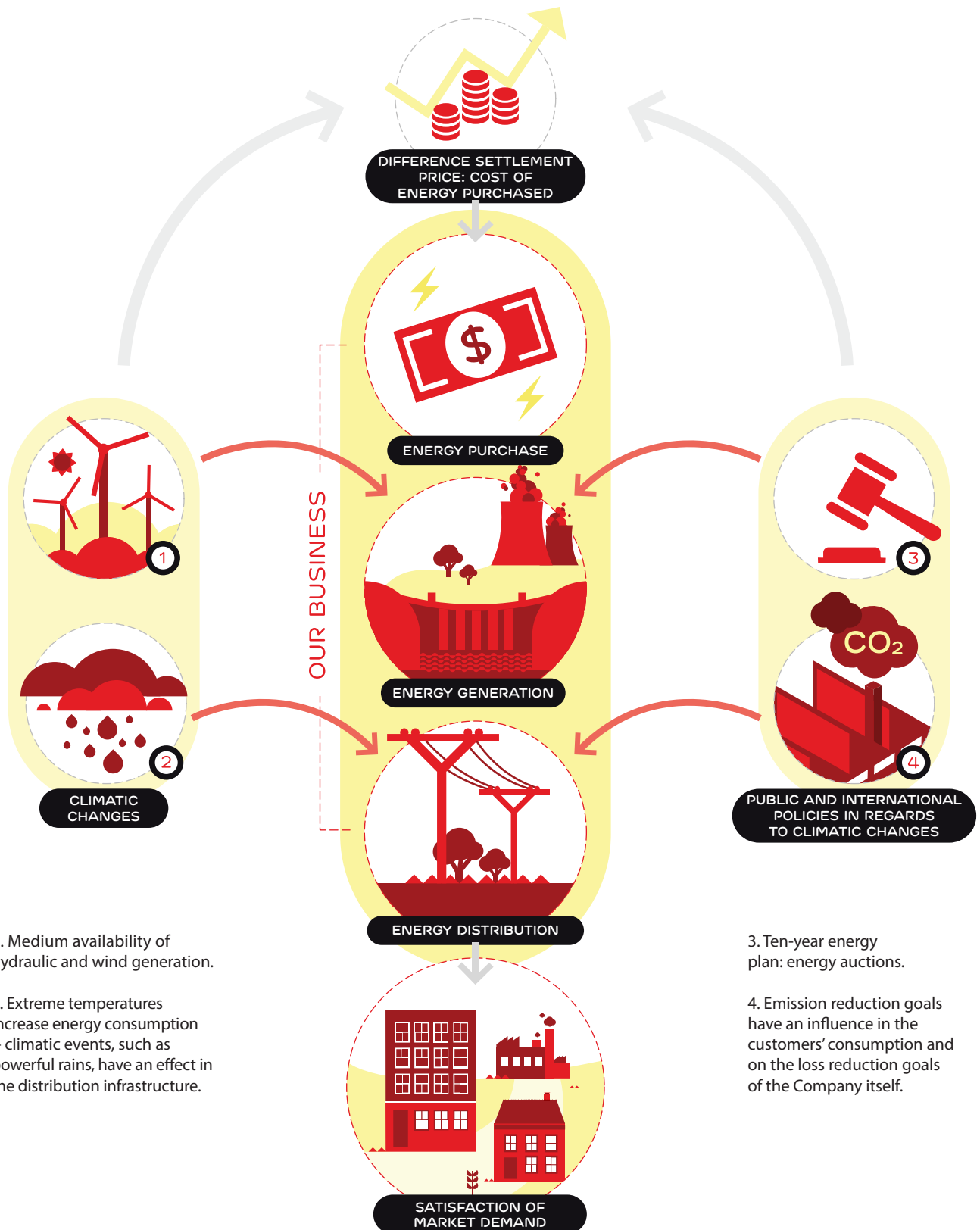
### Climatic changes cause a direct impact in EDP results <sup>[GRI EC2]</sup>

For a company that is focused in investing in energy production through renewable sources and electricity distribution, climate variation is an essential analysis parameter in order to ensure good results.

Therefore, it is reasonable to say that these changes hold financial implications at EDP' business operation units:

- climate variables and public policies related to climate alterations have an influence both for the availability and capability of energy production from renewable sources and less operational expenses in regards to difference settlement price (PLD). Because the PLD values the energy in the short term market, its calculation seeks to find a balance point - the benefit presented by the water usage and the future benefit of its storage (ensuring more supply reliability), measured in terms of the expected savings from thermo-electrical plant fuels;
- severe climatic episodes that can affect the distribution operation grid, possibly causing interruption the service supply;
- extreme climate feelings - very cold or very hot - influence customers' energy consumption behaviour;
- clauses related to GEE emissions start being considered in national and international agreements, in financing evaluations, among others.

# FINANCIAL IMPLICATION DUE TO REGULATORY IMPACTS FROM CLIMATIC CHANGES TO THE BUSINESS



1. Medium availability of hydraulic and wind generation.

2. Extreme temperatures increase energy consumption + climatic events, such as powerful rains, have an effect in the distribution infrastructure.

3. Ten-year energy plan: energy auctions.

4. Emission reduction goals have an influence in the customers' consumption and on the loss reduction goals of the Company itself.

EDP is always seeking to innovate while managing these aspects, ensuring the best arbitration for the rigorous climatic events, to which the Company's operation are susceptible. Among the activities performed to warrant the adaptation to climatic changes, the Company has as strategic focus: [\[GRI EC2\]](#)

- to diversify the energy sources investing in cleaner and more efficient technologies, in addition to in P&D to develop projects in the solar energy field, distributed production and smart grids;
- to improve, at the most, math models in short, medium and long term to estimate climatic alteration costs in the energy price;
- to invest in P&D in the Distribution for climatic scenario studies and its influences in the energy consumption profile, aiming the accuracy in the market model projections;
- to invest in R&D in the Generation for the study of new technologies for energy microgeneration, assuring a higher effectiveness in demand control.
- to participate in multi-sector work groups, which would contribute to the development of new low carbon technologies, as well as influencing regulatory framework correlated to the topic;
- to promote energetic efficiency programs and loss reduction, which allow emission reduction in other value chain connections, as customers and communities. Read more details about Excellence in Management and Provision of Services (pg.42), Energy Efficiency and Universal Access to Energy (pg. 58) and Innovation and P&D (pg.61).

## Energy production through renewable sources is the company's main focus

EDP installed capacity in Brazil is mainly composed of renewable sources, most of them hydraulic. In 2013, the Company has won the auction for the construction of another hydroelectric plant, the UHE São Manoel, in the State of Mato Grosso. The acquisition of new wind farms by EDP Renováveis Brasil, of UHE Cachoeira Caldeirão (AP) along with the consolidation of the construction of UHE Santo Antonio do Jari (AP/ PA) confirm the strategy of the Group to grow producing energy from cleaner sources, according to projected capacity and demand, as presented in the table below. [\[GRI EU10\]](#)

### [EU10] PLANNED CAPACITY (MW), IN COMPARISON WITH THE LONG TERM ENERGY DEMAND PROJECTION, DIFFERENTIATED BY ENERGY SOURCE AND REGULATORY SYSTEM

	2012			2013		
	Hydraulic	Thermal	Wind	Hydraulic	Thermal	Wind
Installed capacity (MW)	1,794.05	180.00	37.80	1,798.55	360.14	37.71
Capacity in construction (MW)	377.90	180.00	-	592.40	-	-
Planned capacity (MW)	219.00	-	54.00	700.00	-	126.00
Expected data to the capacity increase (month/year)	-	-	-	January 2018	No prediction	No prediction
Projected demand (MW)	2,390.95	360.00	91.80	3,090.95	360.14	163.71

In 2013, primary energy net production was 9,717.16GWh, essentially produced from hydraulic and wind sources. [\[GRI EU2\]](#)

### NET ENERGY PRODUCTION, DIFFERENTIATED BY PRIMARY ENERGY SOURCE AND REGULATORY SYSTEM (GWH)

	EDP		
	2011	2012	2013
Hydraulic	7,873.00	8,190.39	8,424.55
Gas	NA	NA	NA
Coal	NA	27.00	1,189.21
Wind	76.31	104.07	103.41
Biomass	NA	NA	NA
Solar	NA	NA	NA
<b>Total</b>	<b>7,949.31</b>	<b>8,321.46</b>	<b>9,717.16</b>

The EDP emissions profile has a large weight in the Distribution unit. In 2013, total emissions (direct and indirect) of GEE from EDP totaled 2,842,242.62tCO<sub>2</sub>e, which represents a significant increase in regards to last year, due to the improvement in inventory methodology, in which non-technical losses were included and the energy distributed in scope 3. Another relevant factor was the increase of the SIN emission factor this year, due to the reduction of water volume in the plant reservoirs in the entire country and the consequent increase of thermal plants moved by fossil combustion. [GRI EN16 AND EN17]

[EN16/ EN17] DIRECT AND INDIRECT GREENHOUSE EFFECT GAS EMISSIONS	EDP CONSOLIDATED		
	2011	2012	2013
<b>Biomass Emissions</b>	440.91	707.21	844.86
Renewable portion in gasoline and biodiesel (ethanol) (3)	148.09	264.17	338.36
Alcohol (ethanol)	292.82	443.04	506.50
Renewable portion of the generator fuel	-	-	1.61
<b>Direct Emissions – Scope 1 (in tCO<sub>2</sub>e)</b>	<b>5,368.39</b>	<b>5,255.06</b>	<b>6,202.41</b>
Electricity, heat and vapor production	0	27.62	17.06
Fugitive emissions	1697	1,001.41	1,088.96
<b>Fleet emissions</b>	<b>3,671.39</b>	<b>4,226.03</b>	<b>5,096.40</b>
Gasoline	650.76	701.16	851.63
Alcohol (ethanol) (non-renewable fraction)	2.65	3.03	4.13
Diesel	3,017.98	3,521.83	4,240.64
<b>Indirect emissions – Scope 2</b>	<b>51,551.51</b>	<b>149,971.13</b>	<b>345,284.35</b>
Electric energy (tCO <sub>2</sub> e)	797.83	1,224.60	1,790.54
Technical losses (tCO <sub>2</sub> e)	50,753.68	123,862.84	161,922.22
Non-technical losses (tCO <sub>2</sub> e)	0	0	152,820.01
Transmission losses (tCO <sub>2</sub> e)	0	24,883.69	28,751.58
Emissions resulting from electricity, heat or vapor production purchases (tCO <sub>2</sub> e)	0	0	0
<b>Other emissions – Scope 3</b>	<b>1,727.10</b>	<b>2,456.16</b>	<b>2,490,755.86</b>
Renewable shares for workers' relocation	0	163.43	318.49
Employees' transport (tCO <sub>2</sub> e)	619.47	520.08	693.99
Business trips (tCO <sub>2</sub> e)	1,727.10	1,851.17	1,939.16
Other emissions1	0	84.91	0
Distributed energy emissions	0	0	2,483,862.71
Emissions from outsourced companies' activities	0	0	4,260

(1) Other emissions in the year 2012 refer to the biannual event that took place in 2012 called "encontro". These emissions are from this event and from the contributors' transportation in general to the location.

Production plant emissions have totaled 1,892.80tCO<sub>2</sub>e, an increase of more than 70% explained by the refinement of the quantification methodology in regards to emission inventory, with the inclusion of new data, such as the diesel emissions from plant generators and from the ongoing construction projects.

[EN16/ EN17] DIRECT AND INDIRECT EMISSIONS OF GREENHOUSE EFFECT GASES	ES PLANT			UHE LUIS EDUARDO MAGALHÃES		
	2011	2012	2013	2011	2012	2013
<b>Biomass Emissions</b>	<b>2.57</b>	<b>10.20</b>	<b>13.86</b>	<b>62.73</b>	<b>63.10</b>	<b>53.78</b>
Renewable portion in gasoline and biodiesel (ethanol)	2.57	5.38	8.84	3.73	4.73	1.34
Alcohol (ethanol)	-	4.83	5.02	59.00	58.37	52.44
Renewable portion of generator fuel	-	4.72	0.81	-	-	0.70
<b>Direct Emissions – Scope 1 (tCO<sub>2</sub>e)</b>	<b>23.51</b>	<b>156.57</b>	<b>115.13</b>	<b>92.31</b>	<b>75.37</b>	<b>33.75</b>
Electricity, heat or vapor1 production	-	19.03	-	-	-	15.06
Fugitive emissions	-	-	17.36	-	-	-
<b>Fleet emissions</b>	<b>23.51</b>	<b>137.54</b>	<b>97.78</b>	<b>92.31</b>	<b>75.37</b>	<b>18.69</b>
Gasoline	13.01	41.27	37.26	16.25	12.92	18.27
Alcohol (ethanol) (non-renewable fraction)	-	0.03	0.04	0.02	0.40	0.43
Diesel	10.50	96.24	60.48	76.05	62.05	-
<b>Indirect Emissions Scope 2 (tCO<sub>2</sub>e)</b>	<b>1.63</b>	<b>109.18</b>	<b>212.32</b>	<b>209.11</b>	<b>13.65</b>	<b>19.72</b>
Electrical Energy (tCO <sub>2</sub> e)	1.63	109.18	212.32	209.11	13.65	19.72
<b>Other Emissions Scope 3 (tCO<sub>2</sub>e)</b>	<b>92.83</b>	<b>399.22</b>	<b>423.21</b>	<b>-</b>	<b>81.98</b>	<b>77.78</b>
Renewable share for workers' relocation	0.41	12.99	18.31	0	7.12	31.57
Employee transportation (tCO <sub>2</sub> e)	15.37	49.97	30.53	0	11.82	21.46
Business trips (tCO <sub>2</sub> e)	77.46	349.25	392.68	0	70.16	56.32
<b>Total</b>	<b>117.98</b>	<b>664.97</b>	<b>750.66</b>	<b>301.42</b>	<b>171.00</b>	<b>131.35</b>

(1) In 2012, for the fleet emissions, the employees' transportation boat in the plant was taken in consideration.

[EN16/ EN17] DIRECT AND INDIRECT EMISSIONS OF GREENHOUSE EFFECT GASES	UHE PEIXE ANGICAL			MS PLANTS		
	2011	2012	2013	2011	2012	2013
<b>Biomass Emissions</b>	<b>10.58</b>	<b>12.22</b>	<b>13.40</b>	<b>0</b>	<b>-</b>	<b>3.67</b>
Renewable portion in gasoline and biodiesel (ethanol)	1.98	12.22	13.40	0	-	3.67
Alcohol (ethanol)	8.60	-	-	0	-	-
Renewable portion of generator fuel	-	-	-	0	1.57	-
<b>Direct Emissions – Scope 1 (tCO<sub>2</sub>e)</b>	<b>93.31</b>	<b>120.02</b>	<b>119.54</b>	<b>0</b>	<b>94.65</b>	<b>251.24</b>
Electricity, heat or vapor1 production	-	-	-	0	2.86	-
Fugitive emissions	-	-	-	0	59.75	175.56
<b>Fleet emissions</b>	<b>93.31</b>	<b>120.02</b>	<b>119.54</b>	<b>0</b>	<b>32.04</b>	<b>75.68</b>
Gasoline	53.00	77.89	73.95	0	-	-
Alcohol (ethanol) (non-renewable fraction)	-	-	-	0	-	-
Diesel	40.31	42.13	45.60	0	32.04	75.68
<b>Indirect Emissions Scope 2 (tCO<sub>2</sub>e)</b>	<b>7.36</b>	<b>11.44</b>	<b>13.56</b>	<b>0</b>	<b>4.85</b>	<b>8.37</b>
Electrical Energy (tCO <sub>2</sub> e)	7.36	11.44	13.56	0	4.85	8.37
<b>Other Emissions Scope 3 (tCO<sub>2</sub>e)</b>	<b>0</b>	<b>46.09</b>	<b>35.38</b>	<b>0</b>	<b>11.11</b>	<b>12.04</b>
Renewable share for workers' relocation	0	0.62	-	0	0.62	0.44
Employee transportation (tCO <sub>2</sub> e)	0	7.02	-	0	8.50	7.05
Business trips (tCO <sub>2</sub> e)	0	39.08	35.38	0	2.61	4.99
<b>Total</b>	<b>100.67</b>	<b>177.55</b>	<b>168.49</b>	<b>0</b>	<b>110.61</b>	<b>271.64</b>

(1) In 2012, for the fleet emissions, the employee transportation boat in the plant was taken in consideration.

[EN16/ EN17] DIRECT AND INDIRECT EMISSIONS OF GREENHOUSE EFFECT GASES	UHE SANTO ANTÔNIO DO JARI	UHE CACHOEIRA CALDEIRÃO
	2013	2013
<b>Biomass Emissions</b>	<b>10.03</b>	<b>2.57</b>
Renewable portion in gasoline and biodiesel (ethanol)	10.03	2.57
Alcohol (ethanol)	-	-
Renewable portion of generator fuel	-	-
<b>Direct Emissions – Scope 1 (tCO<sub>2</sub>e)</b>	<b>91.96</b>	<b>23.51</b>
Electricity, heat or vapor1 production	-	-
Fugitive emissions	-	-
<b>Fleet emissions</b>	<b>91.96</b>	<b>23.51</b>
Gasoline	50.63	13.01
Alcohol (ethanol) (non-renewable fraction)	7.36	-
Diesel	41.33	10.50
<b>Indirect Emissions Scope 2 (tCO<sub>2</sub>e)</b>	<b>4.47</b>	<b>1.63</b>
Electrical Energy (tCO <sub>2</sub> e)	4.47	1.63
<b>Other Emissions Scope 3 (tCO<sub>2</sub>e)</b>	<b>361.40</b>	<b>87.79</b>
Renewable share for workers' relocation	7.19	1.63
Employee transportation (tCO <sub>2</sub> e)	21.56	10.33
Business trips (tCO <sub>2</sub> e)	339.84	77.46
<b>Total</b>	<b>457.83</b>	<b>112.94</b>

(1) In 2012, for the fleet emissions, the employee transportation boat in the plant was taken in consideration

At distribution plants, GEE emissions leaped from 315,726.86tCO<sub>2</sub>e to 2,839,575.25tCO<sub>2</sub>e in 2013, due to the increase of the SIN emission factor, motivated by a larger action of thermal plants, which impacted the emissions related to technical losses. In 2013, the inventory quantification methodology was improved, with the inclusion, for instance, of emissions from EDP Escelsa's service providers.

[EN16/ EN17] DIRECT AND INDIRECT EMISSIONS OF GREENHOUSE EFFECT GASES	EDP BANDEIRANTE			EDP ESCELSA		
	2011	2012	2013	2011	2012	2013
<b>Biomass Emissions</b>	<b>216.13</b>	<b>472.12</b>	<b>557.65</b>	<b>141.80</b>	<b>123.54</b>	<b>161.11</b>
Renewable portion in gasoline and biodiesel (ethanol)	67.38	108.42	130.79	69.80	121.67	158.16
Alcohol (ethanol)	148.75	363.71	426.86	72.00	1.87	2.94
Renewable portion of generator fuel	-	-	-	-	-	0.09
<b>Direct Emissions – scope 1 (tCO<sub>2</sub>e)</b>	<b>2,958.48</b>	<b>2,588.32</b>	<b>1,887.14</b>	<b>2,098.45</b>	<b>2,172.32</b>	<b>2,169.70</b>
Electricity, heat or vapor1 production	0	-	-	-	-	2.00
Fugitive emissions	1,434.00	573.60	433.20	263.00	368.06	462.84
<b>Fleet emissions</b>	<b>1,524.48</b>	<b>2,014.72</b>	<b>2,453.94</b>	<b>1,835.45</b>	<b>1,804.26</b>	<b>2,154.86</b>
Gasoline	148.75	119.15	109.92	412.88	407.95	488.32
Alcohol (ethanol) (non-renewable fraction)	2.63	2.49	3.48	0.00	0.01	0.02
Diesel	1,373.10	1,893.08	2,340.54	1,422.57	1,396.29	1,666.52
<b>Indirect Emissions Scope 2 (tCO<sub>2</sub>e)</b>	<b>26,772.29</b>	<b>75,539.31</b>	<b>179,787.62</b>	<b>24,450.69</b>	<b>67,135.35</b>	<b>165,177.93</b>
Electrical Energy (tCO <sub>2</sub> e)	170.71	401.19	581.44	248.59	557.63	890.29
Technical Losses (tCO <sub>2</sub> e)	26,551.58	59,212.56	70,874.23	24,202.10	58,795.75	91,047.99
Non-technical losses (tCO <sub>2</sub> e)	-	-	90,298.63	-	-	62,521.38
Transmission losses (tCO <sub>2</sub> e)	0	15,925.56	18,033.31	0	7,781.97	10,718.27
<b>Other Emissions Scope 3 (tCO<sub>2</sub>e)</b>	<b>-</b>	<b>388.47</b>	<b>1,472,515.14</b>	<b>-</b>	<b>414.86</b>	<b>1,016,587.74</b>
Renewable share for workers' relocation	0	93.40	138.38	0	21.41	40.05
Employee transportation (tCO <sub>2</sub> e)	0	201.18	259.42	0	171.31	221.43
Business trips (tCO <sub>2</sub> e)	-	187.29	196.44	0	243.55	302.87
Distributed energy emissions	-	-	1,472,059.28	-	-	1,011,803.44
Third party activities' emissions	-	-	-	-	-	4,260.00
<b>Total</b>	<b>29,680.77</b>	<b>78,516.10</b>	<b>1,655,189.89</b>	<b>26,549.14</b>	<b>69,722.53</b>	<b>1,184,385.36</b>

Several initiatives achieved by EDP have contributed to the Company's GEE emission reduction. This achievement is due to operational modifications as much as carbon sequestration – carbon gas removal process – as well as good external practices. [GRI EN18, EN26, EN7]

#### ACTIONS FOR REDUCTION OF GREENHOUSE EFFECT EMISSION GASES

- Tree planting in ongoing PRDAs
- Distribution of one thousand molts during "Tree Day" to EDP Escelsa contributors
- Tree planting in the town of Linhares (ES) and Mogi das Cruzes (SP) and lectures about environmental awareness – an initiative from the Volunteer Program "Parte de Nós"
- Conditioning services in Verona Nova Venécia (ES) starting with the confection of an almanac, by EDP, in regards to the following topics: EDP Group, Distribution Line 138kV Verona Nova Venécia, Nova Venécia town information, Water and Soils, Recovery of Degraded Areas, EDP Escelsa's Degraded Areas Recovery Program, Mata Atlantica, Property Environmental Planning, Conservation Unit, Environmental Extension Project and Agriculture.
- Use of SF6 recharge machine (one of the gases that causes global warming) aiming to reduce gas loss to the atmosphere during the equipment recharge process.<sup>1</sup>
- Car fleet renewal plan from EDP business units.
- Nursery financing in Jari (AP/PA).
- Implementation of solar panels in all houses built in the new Iratapuru Community (AP) in the hydroelectric vicinity of Santo Antonio do Jari (AP/PA).
- EDP Bandeirante diesel vehicles fleet emission compensation (1,373tCO<sub>2</sub>e) with the volunteer molt planting in an Environmental Protection Area (APA) in the town of Cruzeiro (SP).
- EDP's headquarter moving to a building which was planned and constructed in conformity with the green building concept, in accordance with the American law Leadership in Energy and Environmental Design (LEED) Green Building Rating System for Core & Shell Development (LEED-CS). The building shows high environmental performance features, such as interior quality ambience, integrated choice of construction material and processes, more efficient and less pollutant energy system, water and sewage collection treatment and efficient maintenance and operation, in addition to contributing to the harmonic interrelation with its surroundings.
- Renovation of EDP stores and offices, contributing to a higher environmental and energetic efficiency, such as LEED certification in the Sky building (headquarters) reduction of electrical energy and water consumption in comparison with the old branch building's consumption, selective trash collection in the building, larger public transportation use with CO<sub>2</sub> emissions' reduction, bike parking spot utilization support, Use of the air-conditioning system variable refrigerant flow (VRF) - besides being modern, it is the most efficient in the market - water reutilization, proper discard of construction waste.
- Donation of 200 molts for planting in the concession area, by EDP Bandeirante.
- Reduction of the number of plane trips in 2013. 771 trips were avoided after the implementation of videoconferences between the Group companies and external companies.

(1) It was not possible to estimate the tCO<sub>2</sub>e quantity prevented due to the lack of calculation data.

In the electrical sector, EDP was pioneer in the creation of carbon credit projects. The Company has five projects outlined in the Clean Development Mechanism instrument (MDL), registered in the UN Climatic Changes Executive Council, as follows:

- Repower of the fourth production unit of UHE Mascarenhas (ES).
- PCH São João (ES) and Paraíso (MS).
- Wind farms Agua Doce and Horizonte (SC).

UNO (United Nations Organization) has issued 279,880 Certified Emission Reductions (RCEs) related to Hydraulic Energy until 2013. [GRI EU5] Besides, for the third consecutive year, EDP's contributors' carbon footprint was evaluated, in order to account for the emissions originating from the daily commute. In total, 1,001 people volunteered to answer the survey, accounting for 520.08 tonnes of CO<sub>2</sub>e (value corresponding to more than 2,080 trees).

As well as in 2012, these emissions will be compensated in the volunteer carbon credit system, originating from renewable energy produced in one of EDP's Small Hydroelectric Plants (PCH). The initiative is part of the Econosco Program, which aims to involve the contributors in the search of a more conscientious mobility, not only promoting GEE emission reduction but also creating quality life.

EDP has also optimized the number of rides among its contributors. At the end of 2013, the Solidary Ride Program earned specialized software from the Belgian company Djengo in order to increase the adhesion of people to the collaborative transportation.

## PROJECTS THAT CONTRIBUTE TO RISK MANAGEMENT AND ADAPTATION TO CLIMATIC CHANGES

P&D projects allow the Company to optimize its mechanisms and tactics so as to face present challenges and the ones being delineated for the future.

ClimaGrid platform developed at EDP's Distribution Plants, which belongs to the Company's Technological Plan, is used to monitor climatic variations, allowing correlating them to events in the Distribution Plant's electrical grids. ClimaGrid also allows for the distribution operation center system to detect, beforehand, possible severe climatic event occurrences. This anticipated prediction has allowed improvements in the field crew management; it also causes direct impact in the indicators of electrical energy supply quality and continuity.



The Clima Grid platform was implemented at COS and COD from EDP Bandeirante and EDP Escelsa and uses climatic information storage technology (which occurred in the past and when being measured), enabling weather forecast. Planning, Maintenance and Engineering areas, among others, utilize this resource.

The platform possesses a detection net of intra-cloud and cloud to ground discharges, geographically denoted. Combining the resource to the forecast and monitoring of climatic variables such as precipitation, temperature, pressure, humidity and wind, it allows severe storms' traceability.

In 2013 new functions were added to the tool, such as an algorithm for the evaluation of burning convertor occurrences and a mechanism which will permit to evaluate the vegetation and wind influence over the Company's electrical system.

The project was introduced at Interclima Forum, which was promoted by Peru Government in December 2013 and at the Climatic Changes Adaptation Latin-American Forum I, standing out in the private sector's technological adaptability area. The content is available in the site of the United Nations Framework Convention on Climate Change.

In the Generation unit, the developing R&D projects stand out:

- developing of mini-gridswith intermittent sources, composed of solar panels to servethe isolated areas in Santo Antonio do Jari hydroelectric region;
- developing a system to diagnose potency converters with maintenance techniques based on computational condition and intelligence;
- reservoir georeference supervision smart system through autonomous vehicle;
- developing of an artificial neural gridwith synaptic weight models, with genetic algorithm, to diagnose aggradation in hydroelectric reservoir from hydro-sedimentology high precision observational data and margin erosion from these reservoirs.

## PARTICIPATION IN THEMATIC FORUMS

In each one of the locations where EDP is present, there are structures and internal processes to manage the interaction with regulation agencies in the electrical sector. At the Company, the relationship with regulation agencies is under the care of the Regulatory Strategy area, and the climatic changes subjects' follow-up is under the care of the Innovation area.

EDP is actively participating at the main discussion forums in regards to regulations and taxes in Brazil. The Organisation's presence in these communications seeks a better understanding of the challenges, risks and opportunities that climatic changes represent to the electrical sector, and, from a broader perspective, to the national private sector.

Globally, EDP participates in the Brazilian delegation of the Conferences of the Parties (COP) from the United Nations Framework Convention on Climate Change. During the COP-19 meeting in Poland, where EDP closely followed the negotiation aiming a new climatic agreement for the period post-2020, the Company participated in several meetings with the Brazilian delegation, under the leadership of the Brazilian Ambassador José Antônio Marcondes de Carvalho, Environment, Energy, Science and Technology General Sub-Secretary from the Foreign Relations Ministry (MRE) and by the Environment Brazilian Ministry Izabella Teixeira.

At the same time, EDP has participated in the Climatic Changes Brazilian Forum meeting and was invited by the Brazilian Entrepreneurship Council for the Sustainable Development (CEBDS) aiming to display its practices in the event dealing with the Study on adaptation and vulnerability to climatic variability: Brazilian electrical sector cases.

# 05

## GOVERNANCE

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PLAZA MAYOR  
Coordinates:  
40° 24' 56" N 3° 42' 26" W  
Time of the day: 14h



# GOVERNANCE

## GOOD GOVERNANCE

Transparency and communication as good governance practices

### RELATIONSHIP WITH THE INTERESTED PARTIES FOR MORE PARTICIPATORY GOVERNANCE <sup>[GRI 4.14 A 4.17]</sup>

Value creation at EDP involves diverse interested parties, including the identification and management of stakeholders' expectations. Keeping a tight dialogue, EDP reinforces the trust of its public, deepens the knowledge in the field it operates and insures a larger control and minimization of different business risks. <sup>[GRI 4.16]</sup>

The Company offers consultation and communication channels to its stakeholders, with the objective of keeping them informed about its management, as well as providing support to their suggestions and expectations. The initiative is in regards to the application of the EDP Group Sustainable Development Principle and to the continuing pursuit to transparency and communication. <sup>[GRI 4.16]</sup>

The public that is impacted by involvement activities is identified from an internal reflexive process. Consequently, stakeholders are selected having in mind their relevance to the Company.

The impacts caused by a certain Company activity in the environment and in the society, as well as business risks are taken into consideration in the decision-making of the Organisation. <sup>[GRI 4.15]</sup>

[GRI] 4.14 TO 4.17] RELATIONSHIP CHANNELS AND EDP GROUP DEVELOPED ACTIVITIES		
INTERESTED PARTY	RELATIONSHIP CHANNELS	ACTIVITIES
<b>STOCKHOLDERS</b> <ul style="list-style-type: none"> <li>Stockholders (controlling and minority);</li> <li>BM &amp; BOVESPA;</li> </ul>	<ul style="list-style-type: none"> <li>General assemblies;</li> <li>Investors' relation area;</li> <li>Quarterly meetings with analysts and investors;</li> <li>Press releases;</li> <li>Internet;</li> <li>Sustainability annual report.</li> </ul>	<ul style="list-style-type: none"> <li>Advertisement of information and results in periodic meetings;</li> <li>Sustainability quarterly report developed for the controlling stockholder (EDP Energias de Portugal), with follow-up from the economic, environmental and social indicators from the Group companies in Brazil.</li> </ul>
<b>INTERNAL PUBLIC</b> <ul style="list-style-type: none"> <li>Contributors;</li> <li>Contributors' families;</li> <li>Unions.</li> </ul>	<ul style="list-style-type: none"> <li>Intranet;</li> <li>ON Magazine;</li> <li>ON TV;</li> <li>Sustainability channel;</li> <li>Ethics channel;</li> <li>Boca Livre;</li> <li>Talk with the President;</li> <li>Internet;</li> <li>Sustainability annual report.</li> </ul>	<ul style="list-style-type: none"> <li>Training and awareness about social responsibility, citizenship and environment, insuring the alignment with sustainability principles in daily activities;</li> <li>Climate research;</li> <li>Cooperation and ethics in the relationship with unions.</li> </ul>
<b>CUSTOMERS</b> <ul style="list-style-type: none"> <li>Distributors'customers(residential, industrial, commercial and public organisation);</li> <li>Generators'customers(distribution plants, commercialization plants);</li> <li>Commercializers' customers(free);</li> <li>Consumers' Council;</li> <li>Competitors (commercializer and generators)</li> <li>Electrical Energy Chamber of Commerce (CCEE).</li> </ul>	<ul style="list-style-type: none"> <li>Energy bill;</li> <li>Call center;</li> <li>Customer Services Store;</li> <li>Ombudsman;</li> <li>Consumers Council;</li> <li>Internet;</li> <li>Media Campaign;</li> <li>Folders and Information billboards;</li> <li>Annual sustainability report.</li> </ul>	<ul style="list-style-type: none"> <li>Periodic satisfaction survey about the services provided;</li> <li>Social and relationship projects with community customers;</li> <li>Meetings with consumers' representatives;</li> <li>Meetings with corporate customers;</li> <li>Energy bills simplification.</li> </ul>
<b>SUPPLIERS</b> <ul style="list-style-type: none"> <li>Energy suppliers;</li> <li>Services and material suppliers;</li> <li>Third party employees.</li> </ul>	<ul style="list-style-type: none"> <li>Logistics and Purchasing Area;</li> <li>Meetings with suppliers;</li> <li>Internet;</li> <li>Annual sustainability report.</li> </ul>	<ul style="list-style-type: none"> <li>Contractual clauses with socio-environmental criteria and human rights for the hiring of services and products;</li> <li>Support to the adoption of EDP's sustainability principles, of the Code of Ethics and corporate policies;</li> <li>Prevention and safety training.</li> </ul>
<b>SOCIETY</b> <ul style="list-style-type: none"> <li>Communities surrounding the establishments;</li> <li>NGOs and social entities;</li> <li>Sector entities (Abradee – Brazilian Association of Electric Energy Distributors, Abracel – Brazilian Association of Energy Commercialization, Abrage – Brazilian Association of Electric Energy Production Companies, Acende Brasil – AcendeBrasil Institute, Apimec – Brazilian Association of analysts and investment professionals in the stock market);</li> <li>Educational and research institutions;</li> <li>Cultural institutions;</li> <li>Media.</li> </ul>	<ul style="list-style-type: none"> <li>Meetings with community entities, NGOs, educational and research institutions;</li> <li>Participation in sectorial entities;</li> <li>ON magazine;</li> <li>Interviews for the press;</li> <li>Press releases;</li> <li>Internet</li> <li>Annual sustainability report.</li> </ul>	<ul style="list-style-type: none"> <li>Social, cultural and environmental programs focused on the communities of operation areas;</li> <li>Public consultations about enterprises;</li> <li>Proactive and ethical relationship with communication channels and local, regional and national press;</li> <li>P&amp;D projects partnership.</li> </ul>
<b>GOVERNMENT</b> <ul style="list-style-type: none"> <li>Regulatory organisations (Mines and Energy Ministry, ANEEL (Electric Energy National Agency), National Water Agency [ANA], state agencies);</li> <li>Organisations and development councils (public policies);</li> <li>Environmental protection agencies;</li> <li>Environmental Ministry, IBAMA (Environmental Brazilian Institute);</li> <li>Public Ministry, Federal Revenue;</li> <li>Federal, state and municipal organisations.</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory Area;</li> <li>Meetings with Company management and government representatives;</li> <li>Quarterly finance reports;</li> <li>Internet;</li> <li>Annual sustainability report;</li> <li>ANEEL socio-environmental reports</li> </ul>	<ul style="list-style-type: none"> <li>Conformity with policies established by pertinent governmental agencies;</li> <li>Projects in partnership with municipal, state and federal governments to promote the sustainable development of the communities;</li> <li>Representation in work groups and forums to create sectorial policies and relevant to the public.</li> </ul>
<b>FINANCIAL INSTITUTIONS</b> <ul style="list-style-type: none"> <li>Inter-American Development Bank (BID), National Development Bank (BNDES), World Bank and others.</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly finance reports;</li> <li>Internet;</li> <li>Press releases;</li> <li>Annual Sustainability report.</li> </ul>	<ul style="list-style-type: none"> <li>Advertisement of information and results in quarterly conferences.</li> </ul>

## TRANSPARENT AND ASSERTIVE COMMUNICATION

Communication with target audiences is a priority to EDP Group. Different communication channels utilized both to advertise information as well as to listen counterparts demonstrate the importance of the transparent and assertive communication to the Company.

From dialogues with its public, EDP makes it viable to incorporate different visions and solutions to business strategies. Communication activities are articulated, frequent and coherent due to the seriousness of the information.

### WEBSITES

All EDP Group business units are represented in websites, which introduce specific sections intended to the relationship with investors. The virtual platform offers information exchange tools and clarifies issues related to the Company's Management and Administration Board. [GRI 4.16]

### SOCIAL MEDIA

Intended to form a closer relationship with their audiences, EDP Group companies are present in social media, in order to promote a closer and more dynamic relationship with stakeholders.

YOUTUBE – <http://www.youtube.com/user/EDPnoBrasil>

TWITTER – EDP <https://twitter.com/edpbr>

FACEBOOK – EDP <https://www.facebook.com/edpbr>

### INTRANET

Accessible to all its contributors, the communication channel presents news and videos about projects and initiatives developed in the Company and in the EDP Group. This tool is a service consultation platform available to the contributor, such as human resources, normative systems and internal guidelines.

### ON TV

The system composed of 41 TVs is located in EDP units in São Paulo, Espírito Santo, Tocantins and Mato Grosso do Sul and is managed by EDP Portugal. The corporate TV shows 30% of its contents about EDP Group activities in Brazil. The programming is broadcasted to all group companies.

### DIGITAL MURAL

The electronic panel installed at EDP units broadcasts strategic information to the Company. The technology displays images in movement, speeding up the communication process. There are 70 digital murals, distributed in Call Centers, intended to customers in São Paulo and Espírito Santo, in addition to 27 units in the headquarters and regional branches devoted to contributors.

### ON MAGAZINE AND ON BRASIL

It is a bimonthly magazine guided to the internal audience and their families and it is organized in Portugal. The publication emphasizes global actions and contains 24 pages dedicated to activities in Brazil.

### ON BULLETIN

It is a printed monthly bulletin, distributed to contributors and third parties of all locations where EDP is present. ON Bulletin informs the progress and concretization of projects and initiatives developed at EDP and other highlights.

### SUSTAINABILITY CHANNEL

This is one of the main communication tools utilized to intensify improvements in sustainability actions. The channel makes available the interaction with target audiences, allowing question clarification, contributions, critiques and suggestions. In 2013 the Sustainability Channel reported about 50 inquiries.

## EDP ETHICS CHANNEL

The tool is present in the EDP website and allows stock holders, contributors, customers and suppliers to point behaviours they believe are not in accordance with EDP's Ethics Code. Moreover, the question can be directed to the Administration Council and EDP Brazil Management. [GRI 4.4]

## TALK WITH THE PRESIDENT

It is available to internal audiences and to third parties; the strategy aims to attain suggestions, critiques and doubts. [GRI 4.4]

## PARTICIPATION IN NATIONAL AND INTERNATIONAL VOLUNTEER INITIATIVES [GRI 4.11, 4.12 AND 4.13]

EDP signs external public commitments at its own will and participate in forums and national and international discussions. The initiatives reinforce its purpose to follow the sustainability path, aligning with the best governance and management practices, in addition to contribute to the formulation of public policies and of general interest.

## GLOBAL PACT

EDP has adhered to the Global Pact in 2006; it was an initiative from the United Nations Organization (UNO), which foresees the service of ten universal principles in regards to entrepreneurship approaches about human rights, work, environment and fight against corruption.

## MILLENNIUM DEVELOPMENT OBJECTIVES

When EDP adhered to the 2006 Global Pact, it also committed itself with the Eight Millennium Objectives. These actions include 18 goals and more than 40 indicators prepared by UNO in order to reduce poverty and reach sustainable development until 2015.

## ENTREPRENEURSHIP PACT FOR THE INTEGRITY AND AGAINST CORRUPTION

The Pact, which contains suggestions, guidelines and procedures about the relationship with public government, was prepared based on debates promoted by Ethos Institute of Business and Social Responsibility, and was adopted by EDP in 2007. Since then, the Company participated in activities and projects of the Work Group that coordinates the initiative.

## NATIONAL PACT FOR THE ERRADICATION OF SLAVE WORK IN BRAZIL

When EDP adhered to the Pact in 2009 it committed itself with the public in order to prevent the risk of forced labor or similar to slavery in the productive chain.

## GHG PROTOCOL BRAZILIAN PROGRAM

Since 2008, EDP belongs to the Program that utilizes GHG Protocol (from greenhouse gases). This tool makes it easier to understand, quantify and manage atmospheric emissions. In 2013, the Company has received an honor award from the program for being one of the pioneers in the initiative.

## CARBON DISCLOSURE PROJECT

The Carbon Disclosure Project (CDP) is formed by international investors and is the largest worldwide climatic changes management data bank. Its objective is to analyze the entrepreneur behavior about hazardous gas emissions to the environment. Since 2008, the information regarding the Company's emission in Brazil is reported in the annual sustainability report from EDP Energias de Portugal. In the last two editions, the Institution stood out for being, according to the Project guidelines, among the ten companies with largest transparency in regards to management of climatic changes.

## COMPANIES FOR CLIMATE (EPC) AND INNOVATION AND SUSTAINABILITY IN THE CHAIN OF VALUE (ISCV)

Companies that are willing to operate in low carbon economy, helping to establish a regulatory framework in the topic, participate in the EPC Project. Also looking into the future, the ISCV strategy promotes innovation to the sustainability from small and medium enterprises in the chain of value context of large companies. Fundação Getúlio Vargas (FGV) leads both initiatives. EDP is among EPC companies since 2009 and became a member of ISCV in 2012, participating in the work groups since then.

## ENTERPRISE COUNCIL FOR THE SUSTAINABLE DEVELOPMENT (CEBDS)

The international institution gathers the largest enterprise groups in the world, united to promote the harmony of economic, social and environmental sustainability aspects. EDP participates in the Brazilian initiative since 2007 and presides the Ethical Committee.

## ETHOS INSTITUTE OF BUSINESS AND SOCIAL RESPONSIBILITY

Since 2000, EDP has associated with Ethos Institute, an NGO recognized worldwide by its activities in support to the sustainable development.

## ACENDE BRASIL INSTITUTE

It is an electric sector observatory, and EDP is one of the most recent participants in the entity's council. In 2013, UHE Peixe Angical, an EDP Group plant, has achieved the Institute's Sustainable Energy Golden Stamp; it is an evaluation instrument for the socio-environmental performance from production, transmission and distribution of electric energy enterprises.

## ABRINQ FOUNDATION

Since 2004, EDP has united itself to the cause of childhood and adolescence rights defended by Abrinq Foundation. EDP Bandeirante, EDP Escelsa and UHE Peixe Angical hold the stamp Child's friend Company (Empresa Amiga da Criança) for its significant deed in the area.

## GRI OS TEAM

EDP is considered a Global Reporting Initiative (GRI) Organisational Stakeholder (OS) since 2010. The entity develops guidelines globally accepted for the conception of sustainability reports.

In order to propose advancements, influence the regulatory organisation and warrant the sustainability of its business, EDP has been very clear in the electric sector discussions. The Company's participation seeks the trust and excellence of services offered to consumers. <sup>[GRI 4.13]</sup>

### PARTICIPATION IN ASSOCIATIONS, INSTITUTES, COUNCILS AND CONFERENCES <sup>[GRI 505]</sup>

- Brazilian Association of Electric Energy Distributors (Abradee) EDP belongs to the Administrative Council;
- Brazilian Association of Energy Commercialization (Abraceel) EDP belongs to the Council;
- Brazilian Association of Independent Producers of Electric Energy (Apine) EDP belongs to the Audit Committee;
- Brazilian Association of Thermoelectric Producers (Abraget);
- Industries Federation of Espírito Santo (Findes) EDP belongs to the Citizenship Enterprise Council;
- Conference of the Parties on Climate (COP) EDP participates in the meetings since 2009. <sup>[GRI 505]</sup>

## INTEGRITY AND ETHICS

The integrity is one of the eight Sustainable Development Principles that guide EDP actions. The company's main objectives are:

- to ensure the elevated degree of awareness and ethical requirements at the individual level;
- to minimize the risk of occurrence of anti ethical practices and keep the enterprise culture fair and integral, compatible with the pledges taken by the Company;
- to produce transparency and trust in the enterprise relations and responsibility for the consequences in decision-making and tasks performed.

To spread and monitor the ethical behaviour along with its internal audience and the interaction processes with the target audiences, EDP has established management fluidity in conformity with the four essential components, as follows. [GRI 4.8]

### ETHIC CODE

Created in 2005, the Ethic Code introduces guideline regulations to the Company's relationship and its affiliates with both internal and external audiences; in addition, it establishes transparency, honesty and integrity behaviours, from the respect to the legislation, respect to human rights, non-discrimination, opportunity equality and prohibition of extortion and corruption practices. The code is available on the Company's intranet and on the Internet, at [www.edp.com.br](http://www.edp.com.br). The printed version is also given to each contributor when they are hired and to suppliers and service providers, as an annex, in signed contracts. [GRI 4.8]

### EDP ETHIC CHANNEL

The channel is intended to receive reports about behaviour not in accordance with the Ethic Code principle, or, about information that violates or disrespects the local legislation, regulatory agents or the Company's internal policies. Stockholders, contributors, customers, suppliers and other interested parties have access to this channel.

The report can be done through the link Ethic Code, on the Company's website, available at [www.edp.com.br/conheca-edp/canal\\_etica\\_EDP](http://www.edp.com.br/conheca-edp/canal_etica_EDP). It is not necessary to identify oneself, and the anonymity is guaranteed to whoever decides to preserve it.

When the option to send the report is selected, a form is made available to be filled out. At the end of the process, a protocol number is generated automatically, allowing future consultations about the communication status.

Another alternative is to write a letter, through a postal box, also with guarantee of anonymity. All the communications are directed to the Ethical Committee.

### ETHICAL COMMITTEE

Created in April 2006, the committee is composed of five members who belong to EDP's executive board. Its main objective is to keep the highest ethical conduct standards in the Company; for that, there are monthly meetings in order to analyze and follow up with possible conflict situations introduced by several organisation areas and the messages received through the available channels, in addition to delineate the actions to take.

Every three months the reports about anti ethical behaviours are reported to the Ethical Provider in Portugal, responsible for the registration of complaints of na ethical nature of all EDP Group and affiliates. In 2013, no cases related to corruption involving EDP companies in Brazil were reported, or any legal proceedings in that regard. [GRI SO4]

### ETHICAL MANAGEMENT TRAINING

Aiming to promote ethical behaviour in business, training via e-Learning in Ethical Management was launched in August 2010 targeting contributors from all Company's units, with intranet access. The four-hour duration improvement training offers participants to experience ethical issues and reinforce the corporative policies of the Company. In 2013, 97 new professionals hired during the year were trained. Besides the on-line training, all new contributors participate in the live training, in which the topic and commitment of the Company's Ethical Code are introduced; they also receive a printed legislation. [GRI SO3]



## OTHER TOOLS TO PROMOTE ETHICS

Complementing the ethical management process, EDP makes use of other tools, which allow the promotion and follow-up of the ethical behaviour of its contributors and their business relations with the stakeholders' main groups. Among them, are the Corruption, Extortion and Bribery Combat Policies – revised in 2013 – the adhesion and application of Pro-ethical File questionnaires and the Business Pact Monitoring Platform for the integrity and against corruption. As a result, EDP keeps since 2011 the Ethical Stamp recognition, given by the National Records of Companies committed with Ethics and Integrity (Pro-ethical Database) organized by the Union General-Controller and by Ethos Institute.

All EDP Group companies have their risk mapped periodically, through risk management system. The mechanisms of internal audit and Finance Report Internal Control System (SCIRF) procedures are based in the Sarbanes-Oxley Law (SOX). In general, they also extend to the ethical aspects and related to corruption prevention. The mapping evaluates the impact and vulnerability of each business to risks, as well as the presence of mitigating internal controls. <sup>[GRI SO2]</sup>

During the first trimester in 2014, EDP's Ethical Code in Brazil underwent a reviewing process, due to their Ethical Code being renewed in Portugal at the end of 2013. After this analysis, it is expected, until the end of 2014, initiatives for the advertising and awareness of contributors and parties directly related to the contents published then and in force.

## GOVERNANCE ORGANISATIONS

Stockholders assembly, Administration Board, Support Committee and Management constitute EDP's governance structure. The company belongs to the New Market of Sao Paulo Stock Exchange (BM&FBovespa) and follows the recommendations of the Brazilian Institute of Corporative Governance (IBGC) for its governance model.

Among the adopted measures, there are the exclusive issuance of ordinary shares, not giving any advantage to those who seek access to privileged information and arbitration as a quicker and more specialized way to solve conflict of interests. The solution to divergences among stockholders is also given from the Sustainability Committee and Corporative Governance Administration Board. <sup>[GRI 4.1, 4.4, 4.6]</sup>

The economic, environment and social performance of the Company is evaluated weekly by the Administration, and every three months by the Administration Board. The financial results follow Brazilian and International accounting principles, according to SCIRF procedures, based on SOX. Among the external indicator that guide the Company's evaluation in non-financial terms, are the Social Balance, from the Brazilian Social and Economic Analysis Institute (Ibase); a Global Reporting Initiative (GRI) in partnership with the United Nations Environment Program (Pnuma); Ethos Questionnaire, prepared by Ethos Institute of Business and Social Responsibility; the Excellence Criteria of the National Quality Award and the Global Pact principles, a practice proposed by UNO. <sup>[GRI 4.9, 4.10]</sup>

To insure to acquire the most qualified professionals in the administration bodies and promote goal surpassing, the salary system of counselors and directors is sustained by market research, and the amount is defined annually in General Assembly with stockholders, starting with the proposal from the Remuneration Committee. The counselors receive a fixed remuneration, not related to the Company's performance. Directors enjoy a fixed share composed of monthly salary payment, direct and indirect benefits, as well as compensation mechanisms, such as bonuses, related to the evaluation of economic-financial, environmental and social performance. <sup>[GRI 4.5]</sup>

## ADMINISTRATION BOARD

The Administration Board meets regularly every three months, and extraordinarily, whenever necessary, to evaluate the general business policies and the long-term strategy, in addition to supervise the Company's management. The Administration Board, on 31 December 2013 totaled eight members, including an executive director and four independent members.

The members are elected by General Assembly for one-year mandate, with possibility of reelection.

The extraordinary General Assembly, on 4 February 2014 approved alterations in the composition of the Administration Board, which now is composed of nine members, including two executive directors and four independent counselors.

The election of the Administration Board members follows exclusive criteria in regards to academic education or professional experience to fulfill the ample and specific obligations such as committee organisation. There is no gender or other diversity factor discrimination. Since 2010, the Board is undergoing an annual self-evaluation process realized by its members, with individual and confidential questionnaires. <sup>[GRI 4.7 AND 4.10]</sup>

The body is responsible for establishing the business general policies and guidelines, including long-term strategy, election of members of the Executive Board and its supervision, besides the activities described under the law and the By-Laws of the Company, available at [www.edp.com.br](http://www.edp.com.br), under Investors.

EDP is linked to arbitration in Market Arbitration Chamber, in accordance with the Compromise Clause in its By-Laws.

The Administration Board of the Company met 17 times in 2013, and after the February 2014 Assembly, is composed by the following members: <sup>[GRI 4.3]</sup>

- **Ana Maria Machado Fernandes** – Administration Board President
- **Miguel Nuno Simões Nunes Ferreira Setas** – Board Vice-President and Director-President of EDP Energias do Brasil
- **Miguel Dias Amaro** – Board member, Finance Director-Vice-President and Investor Relations, Director Vice-President of Management Control and Director Vice-President of Distribution
- **Nuno Maria Pestana de Almeida Alves** – Board member referred by the controlling stockholder, Remuneration Committee member and Auditing Committee member
- **Jorge Manuel Pragana da Cruz de Moraes** – Board member referred by the controlling stockholder and member of Sustainability Committee and Corporative Governance
- **Pedro Sampaio Malan** – Independent Board member and Remuneration Committee member
- **Francisco Carlos Coutinho Pitella** – Independent Board member and Auditing Committee President
- **Modesto Souza Barros Carvalhosa** – Independent Board member, Sustainability Committee, Corporative Governance President and Auditing Committee member
- **Paulo Cesar Hartung Gomes** – Independent Board member and Sustainability and Corporative Governance Committee member

The Board members' resumes are available in the EDP website [www.edp.com.br](http://www.edp.com.br) and in the Referral Form, under the chapter "Administrative Structure Description".

The Administration Board possesses three Advisement Committees:

- Auditing Committee
- Remuneration Committee
- Sustainability and Corporative Governance Committee

They are responsible for advising the Administration Board in deliberations about the materials presented. All of them consist of exclusively three board members, who can request information and suggestions from the Executive Board members or members from the Company's management team. <sup>[GRI 4.1]</sup>

## AUDITING COMMITTEE

It is presided by the independent board member Francisco Carlos Coutinho Pitella. The committee counts on the participation of Nuno Maria Pestana de Almeida Alves and Modesto Souza Barros Carvalhosa. There were six meetings in 2013.

The competencies of the auditing committee are:

- to insure the fulfillment and correct application of the principles and accounting rules;
- to issue opinions about the finance presented by administrators and financial statements;
- to evaluate the performance of external and internal auditors;
- to establish procedures for receiving, guarding and handling complaints within the EDP Ethical Channel.

## REMUNERATION COMMITTEE

The Committee provides assistance to the Board on decisions regarding EDP and its subsidiaries' remuneration policies and is formed by two members referred by the Controller, including the President, whose indication is supposed to take place during the Administration Board Meeting, which approves the accounts for the first 2014 trimester. The second member is Mr. Nuno Maria Pestana de Almeida Alves. The third, Pedro Sampaio Malan, is an independent member. There was a Committee meeting in 2013.

## SUSTAINABILITY AND CORPORATIVE GOVERNANCE COMMITTEE

It is presided by the independent member Modesto Souza Barros Carvalhosa, and Paulo Cesar Hartung Gomes and Jorge Manuel Pragana da Cruz de Morais also participate.

The competences for this Committee are:

- to preserve the perpetuity of the Organisation, under a sustainable long-term vision, considering possible environmental and social changes;
- to ensure the adoption of better corporative governance practices and the respect to ethical principles to increase society's value, to enable the access to capital at lower costs, and therefore, contribute to the fortification of the Group;
- to create the self-evaluation process for the Administration Board, introduced in 2010.

## EXECUTIVE BOARD

Four members elected by the Administration Board, for a 3-year term. The Executive Board is in charge of the business administration and the adoption of necessary or convenient actions to execute the strategy, as well as to execute the Administration Board deliberations.

The meetings occur weekly, in the holding, Distribution Plants and organisations in construction and biweekly in the Commercialization unit and in the Generation Plants in operation. The four members of the current Board were reelected for a 3-year term, until December 2016, with the possibility of a reelection.

The Board is composed of the following members:

- Miguel Nuno Simões Nunes Ferreira Setas – Director-President
- Miguel Dias Amaro – Director vice-president of finances and Investors Relations, Director Vice-President of Management Control and Director Vice-President of Distribution
- Luis Otavio Assis Henriques – Director – Vice-President of Generation
- Carlos Emanuel Baptista Andrade – Director – Vice-President of Commercialization

Their resumes are available in the website of EDP in Brazil, in the section Investors. The Company's administration details are described in the By-Laws, also available in the same website.



From left to right:

CARLOS EMANUEL BAPTISTA ANDRADE – Director – Vice-President of Commercialization

MIGUEL NUNO SIMÕES NUNES FERREIRA SETAS – Director-President

LUIZ OTAVIO ASSIS HENRIQUES – Director – Vice-President of Generation

MIGUEL DIAS AMARO – Director Vice-President of Finances and Investors Relations,  
Director Vice-president of Management Control and Director vice-president of Distribution.

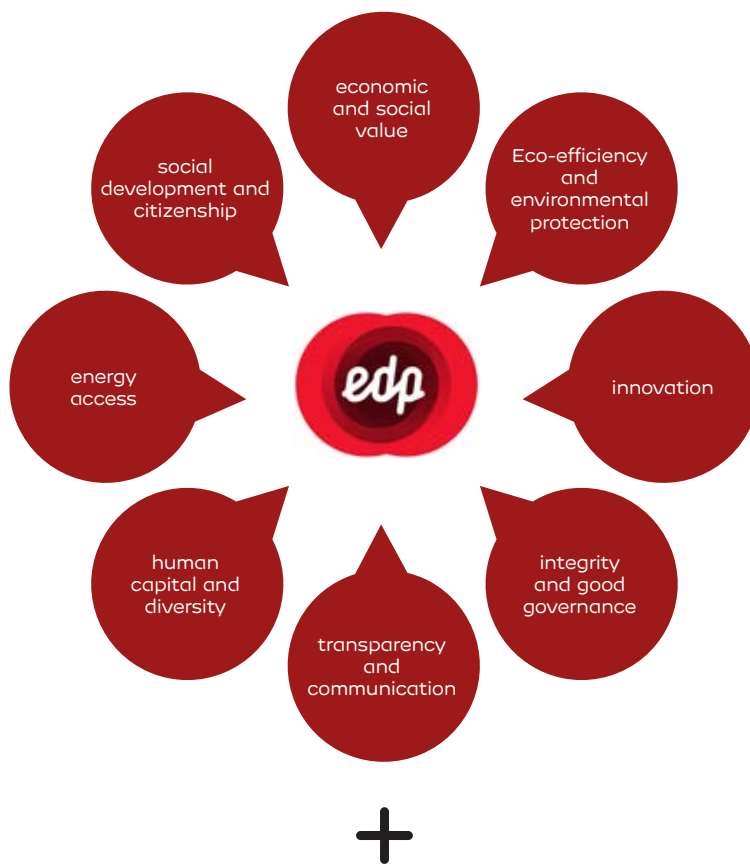
## INNOVABILITY AREA GOVERNANCE

The area answers to EDP's presidency and provides support to the business strategy definition in alliance with the sustainability and innovation concepts. Additionally, it insures the alignment with EDP Portugal for the articulation with the Sustainability management Group and with EDP Innovation in Portugal.

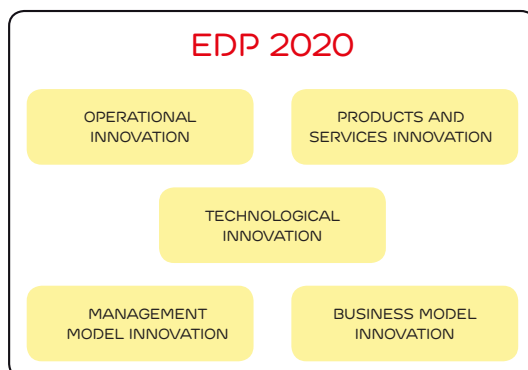
The area also promotes the operationalization of innovability through frequent articulation with other sectors in the EDP Group in Brazil, and through an internal management grid, with multidiscipline cells that seek to define and follow the execution of projects aligned with the development objectives to 2020. <sup>[GRI 4.8]</sup>

This governance is based on EDP's sustainable development principles and on innovation pillars.

## EDP SUSTAINABLE DEVELOPMENT PRINCIPLES



## INNOVATION PILLARS



# 06

## ANNEXES

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> CHINA  
TOKYO SKY TREE  
Coordinates:  
35° 42' 36.5" N 139° 48' 39" E  
Time of the day: 20h



# ANNEXES

## COMMITMENTS WITH GRI

### GRI PRINCIPLES

In the development and definition of the annual report's content, EDP has attempted to follow the principles of content and quality of the report required by GRI, in order to assure the transparency and the assertiveness of the information that interests its stakeholders.

### MATERIALITY <sup>[GRI 3.5]</sup>

In a context in which the emergent topics that shape the sustainable development are diverse, and society and its interest groups are more aware of the role that organisations play in its development, it is crucial that companies identify the material and primary topics in which they must concentrate.

A material topic is the one that influences the decisions, the action and the performance of an organisation and its stakeholders.

At EDP, the definition of material topics is based on the methodology of the AccountAbilityAA1000APS norm, and follows the GRI's guidelines. In 2013, a common methodology to the EDP group has been established worldwide, in order to ensure a stronger process and the convergence in a transversal level, and attempt to meet the demands of the new G4 and GRI guidelines.

The materiality is obtained through the interception of topics identified by society with the importance internally attributed by the business.

The topics identified by society and by the business are prioritized according to the frequency in which they appear in the various analysed categories.

The identification of the topics considered relevant by society was a result of a simple average of the following data:

- PEER BENCHMARKING  
An international benchmark has been carried out in more than 20 energy companies in countries where EDP is, chosen due to the external recognition of their sustainability practices;
- NATIONAL AND INTERNATIONAL STUDIES  
A survey of materially relevant topics has been carried out. The topics have been identified through a study of strategic analysis of sustainability, oriented to the energy sector;
- ESG TENDENCIES INDEXES  
The topics more frequently demanded by the ethical investors have been identified through a research of nationally and internationally recognized market indexes;
- REGULATIONS AND NORMS  
The regulation and the norms have been developed based on the regulatory risk recognized in different areas where EDP operates in Brazil, through the survey of the current and the emergent regulations;
- STAKEHOLDERS DEMANDS (EXISTING CHANNELS AT EDP)  
A survey of the topics identified through the various communication channels with EDP's main internal and external stakeholders has been carried out. These channels include satisfaction surveys and the results of the workshops that took place in the beginning of 2013 with local communities and representatives of the public power, at the moment of preparation of the 2012 annual Report.

In the internal subsector important to the business, the relevant topics have been identified considering the simple average of the following data:

- EDP'S RISKS MAP  
Topics related to EDP's Risks Map have been evaluated, considering the impact and vulnerability levels;
- HORIZON 2020 STRATEGY  
The number of objectives of EDP's Strategy to 2020 in Brazil that relate directly or indirectly to the listed topics has been evaluated;



- PRINCIPLES OF SUSTAINABLE DEVELOPMENT AND CORPORATE POLICIES  
The number of Sustainable Development Principles and Corporate Policies that relate to the listed topics has been identified;

Taking into consideration the crossing of data from the two analysed sectors, the importance of each topic in the materiality matrix has been defined; and the topics that should integrate the annual Report have been included, based on the thematic proximity of each identified topic to the respective position in the matrix.



The obtained result supports the elaboration of the Annual Report, as well as it is reflected on the management strategy of the Company and, particularly, in its sustainability agenda. The most relevant topics are covered by this Report, taking into consideration what characterizes each one of them according to the explanation of the following table.

[GRI 4.17] TOPIC TO BE RELATED AND MANAGED	DESCRIPTION OF THE TOPIC AND RELATION WITH THE SUBTOPICS THAT COMPOSE IT
APPRECIATION OF COLLABORATORS	Relates to the opportunity of professional and career development to collaborators, offered benefits that target the wellbeing, quality of life and recognition, in order to attract and retain the best talents.
HEALTH AND SAFETY	Presents the commitments of the Health and Safety management with collaborators and third parties, as well as preventive measures and monitoring of accident risks in the public areas and in the use of energy.
ENERGETIC EFFICIENCY AND UNIVERSAL ACCESS TO ENERGY	Incorporates EDP's Energetic Efficiency and reduction of commercial losses and social tariffs programs, including its impact on customers and communities. It also covers the universal access to energy projects.
MANAGEMENT OF CLIMATIC CHANGES	Describes risks and opportunities related to the topic in the Group's activities, as well as the Company's adaptation and reduction of emissions based on its emissions profile.
BIODIVERSITY AND ENVIRONMENTAL PROTECTION	Covers the measures taken by EDP in relation to the protection of biodiversity and hydric resources in the implementation of new hydric projects. In operations, it involves the management of the main environmental impacts inherent to the generation and distribution of energy.
WASTE	Characterizes the management of active waste in the Group, from the consumption of materials to the management, collection and destination of produced waste, as well as reuse and recycling measures.
SOCIAL IMPACT AND ENGAGEMENT IN COMMUNITIES	Characterizes the Company's social responsibility programs, such as volunteering and private social investment, as well as actions of engagement with the community during the implementation and the operation of the Group's enterprises.
DEVELOPMENT OF SUPPLIERS	Relates to EDP's Management and Development of Materials and Services Suppliers.
EXCELLENCE IN THE MANAGEMENT AND PROVISION OF SERVICES	Relates to the logistic and operational procedures adopted by EDP in order to assure the quality of energy supply, as well as to the programs to assure both regulated and free customers' satisfaction.
INNOVATION AND P&D	Describes EDP's strategy of investments and innovation and EDP's research and development programs, targeting new technologies, services and business with lower socio-environmental impact and higher economic benefit.
ECONOMIC-FINANCIAL STRATEGY	Respects the context and the tendencies of the market in the energy sector, including the macroeconomic, energetic and regulatory framework that involves the Group's business.
ECONOMIC PERFORMANCE	Relates to the Company's accountability and financial statements in the previous year.
COMMUNICATION AND TRANSPARENCY	Describes EDP's relationships strategies, including existing communication channels that promote transparency and contribute to EDP's reputation and brand positioning.
CORPORATE ETHICS	Covers the Group's and its Governance Organs' guidelines and commitments related to ethics and integrity in EDP's businesses.
GOVERNANCE	Relates to EDP Group's Administration and Executive Board's good governance and structure practices.

## INCLUSION OF STAKEHOLDERS

A stakeholder is each and every agent that directly or indirectly influences or is influenced by the Company. An inclusive company promotes the participation of its main stakeholders in the development of a strategic response to sustainability. EDP recognizes this principle in the continuous processes of participation and communication existing in its Organisation, maintaining a sufficient set of interaction channels with its main groups of stakeholders, according to what has been presented in the "Good Governance" section.

Opposite to what has been done since 2008, EDP has not promoted multistakeholder sessions dedicated to the identification of material aspects by the external stakeholders to the 2013 Report, due to its belief that the vision of the main stakeholders' groups covered by these sessions does not change significantly from year to year. The application of this practice is supposed to become biennial from 2013 on.

The obedience to the AccountAbility AA1000APS (2008)'s principles and the adoption of GRI's guidelines and its principles are tools that contribute to the continuous improvement of the processes and initiatives for the relationship with stakeholders and alignment with their expectations and increasing demands. The strategic importance of relationships with EDP's different stakeholders has been strengthened by the creation of the Institutional and Stakeholders Relations Board, in order to maximize EDP's communication potential and contribute to fluid and systematized information about EDP and its actions. This new Organisation's operationalization will facilitate the alignment of strategic issues with the specificities of the Group's different enterprises.

## SUSTAINABILITY CONTEXT

The Report's content properly covers EDP's understanding in face of the sustainable development and the way in which its business units' activities affect this objective, taking into consideration analysis of tendencies and national and international references related to sustainability aspects and sectors.

## COVERAGE

The Report covers all the companies under EDP's management control in Brazil and presents relevant information with reasonable detail, sufficient to the user's comprehension of the Report about the strategy and management of EDP's business sustainability.

PRINCIPLES TO THE DEFINITION OF THE REPORT'S QUALITY			
BALANCE	CLEARNESS	ACCURACY	FREQUENCY
The Report intends to portray EDP's performance tendency, even if it is unfavourable, in a balanced way due to data's materiality.	The data presented target the clear and intelligible understanding of the management and the performance of the Company to the users of the Report.	The Report has been elaborated targeting the accuracy and the traceability of data and, if data has been estimated, this is informed.	The reported content reflects the status of sustainability in 2013 fiscal year, which is published as soon as possible.
COMPARABILITY		RELIABILITY	
If available, data are reported to, at least, two consecutive years.		The report of data is based on the commitment with transparency and reliability. The assurance of the independent third party aims to testify this commitment.	

## OTHER GRI INDICATORS

### OPERATIONAL

[EU3] NUMBER OF RESIDENTIAL, INDUSTRIAL, INSTITUTIONAL AND COMMERCIAL CONSUMER UNITS	EDP					
	NUMBER OF CUSTOMERS			VOLUME (MWH)		
	2012	2013	Variation (%)	2012	2013	Variation (%)
<b>Distribution</b>						
Residential	2,494,001	2,591,756	4%	5,337,634.87	5,598,704.76	5%
Industrial	23,210	23,723	2%	4,084,633.10	3,916,828.58	-4%
Commercial	223,870	230,301	3%	3,328,179.74	3,470,109.46	4%
Rural	168,664	173,716	3%	707,150.37	777,086.15	10%
Other	23,626	24,984	6%	1,591,781.21	1,623,886.29	2%
<b>Energy Sold to Final Customers</b>	<b>2,933,371</b>	<b>3,044,480</b>	<b>4%</b>	<b>15,049,379.29</b>	<b>15,386,615.24</b>	<b>2%</b>
Conventional supply	2	2	0%	44,375.53	48,222.19	9%
Supply	1	1	0%	509,449.35	532,957.36	5%
Energy in transit (USD)	207	239	15%	9,305,187.61	9,896,794.36	6%
Internal use	341	359	5%	14,418.57	15,457.45	7%
<b>Total of distributed energy</b>	<b>2,933,922</b>	<b>3,045,081</b>	<b>4%</b>	<b>24,922,810.34</b>	<b>25,880,046.61</b>	<b>4%</b>

[EU4] LENGTH OF TRANSMISSION AND DISTRIBUTION LINES DISCRIMINATED BY REGULATORY SYSTEM	EDP BANDEIRANTE			
	2012		2013	
	Number of substations	62		63
Installed capacity (MVA)	3,575		3,607.80	
<b>Transmission lines (km)</b>	<b>OVERHEAD</b>	<b>UNDERGROUND</b>	<b>OVERHEAD</b>	<b>UNDERGROUND</b>
Low voltage (127 – 220 v)	-	-	NA	NA
Medium voltage (15 or 25kV)	-	-	NA	NA
High voltage (higher than 69kV)	-	-	NA	NA
<b>Distribution grid (km)</b>	<b>OVERHEAD</b>	<b>UNDERGROUND</b>	<b>OVERHEAD</b>	<b>UNDERGROUND</b>
Low voltage (lower than 1kv)	12,428.00	30.00	12,536.36	35.42
Medium voltage (higher than 1kV and lower than 69kV)	13,772.00	79.00	14,022.08	85.10
Higher voltage (69kV or higher)	895.00	6.00	902.52	6.32
<b>Number of distribution transformers</b>	<b>2012</b>		<b>2013</b>	
Urban	43,870		45,043	
Rural	16,270		16,538	
Underground	49		49	
Installed power (MVA) - own	3,229.00		3,413.90	
Lampposts in distribution grids	533,674		540,665	

[EU4] LENGTH OF TRANSMISSION AND DISTRIBUTION LINES DISCRIMINATED BY REGULATORY SYSTEM	EDP ESCELSA			
	2012		2013	
	Number of substations	85		87
Installed capacity (MVA)	3,277		3,351	
<b>Transmission lines (km)</b>	<b>OVERHEAD</b>	<b>UNDERGROUND</b>	<b>OVERHEAD</b>	<b>UNDERGROUND</b>
Low voltage (127 – 220 v)	0	0	0	NA
Medium voltage (15 or 25kV)	0	0	NA	NA
High voltage (higher than 69kV)	0	0	0	NA
<b>Distribution grid (km)</b>	<b>OVERHEAD</b>	<b>UNDERGROUND</b>	<b>OVERHEAD</b>	<b>UNDERGROUND</b>
Low voltage (lower than 1kv)	8,951.99	-	9,106.83	2.28
Medium voltage (higher than 1kV and lower than 69kV)	48,267.12	-	49,030.19	29.09
Higher voltage (69kV or higher)	2,632.91	-	2,643.98	-
<b>Number of distribution transformers</b>	<b>2012</b>		<b>2013</b>	
Urban	24,046		25,463	
Rural	67,582		70,016	
Underground	-		-	
Installed power (MVA) - own	2,668.00		2,883.80	
Lampposts in distribution grids	617,669		634,477	

## LABOUR PRACTICES AND DECENT WORK

[LA 1] TOTAL OF EMPLOYEES, BY TYPE OF JOB, EMPLOYMENT CONTRACT AND AREA, DIVIDED BY GENDER	EDP					
	2012			2013		
		<b>MEN</b>	<b>WOMEN</b>	<b>TOTAL</b>	<b>MEN</b>	<b>WOMEN</b>
Indefinite period or permanent	2,042	599	2,641	2,119	653	2,772
Full-time (minimum of nine months per year and 30 hours per week)	NA	NA	NA	NA	NA	NA
Half-time (less hours of work per week, month or year than "full-time")	NA	NA	NA	NA	NA	NA
Fixed-term or temporary	NA	NA	NA	NA	NA	NA
<b>Contracted workers/ third parties</b>	<b>MEN</b>	<b>WOMEN</b>	<b>TOTAL</b>	<b>TOTAL</b>		
Indefinite period or permanent	NA	NA	NA	8,286		
Fixed-term or temporary	NA	NA	NA	NA		
<b>Other</b>	<b>MEN</b>	<b>WOMEN</b>	<b>TOTAL</b>	<b>MEN</b>	<b>WOMAN</b>	<b>TOTAL</b>
Trainees	58	61	119	70	66	136
Apprentices	43	24	67	28	21	49
Autonomous or liberal professionals	NA	NA	NA	NA	NA	NA
<b>Total</b>	<b>2,143</b>	<b>684</b>	<b>2,827</b>	<b>2,217</b>	<b>740</b>	<b>2,957</b>
<b>Total labour force, by area, using a geographical distribution based on the Organisation's operations scale</b>	<b>2012</b>			<b>2013</b>		
<b>BY AREA</b>	<b>EMPLOYEES</b>	<b>THIRD PARTY</b>	<b>OTHERS</b>	<b>EMPLOYEES<sup>2</sup></b>	<b>THIRD PARTY</b>	<b>OTHERS</b>
São Paulo	ND	ND	NA	1,593	ND	NA
Espírito Santo	ND	ND	NA	969	ND	NA
Mato Grosso do Sul	ND	ND	NA	26	ND	NA
Tocantins	ND	ND	NA	101	ND	NA
Amapá	ND	ND	NA	62	ND	NA
Ceará	ND	ND	NA	0	ND	NA
Other	ND	ND	NA	0	ND	NA

(1) Includes collaborators and top management in statutory system.  
(2) Number of collaborators.

[LA 2] NUMBER OF WORKERS WHO LEFT THEIR JOBS AND NEW EMPLOYEES HIRED DURING THE PERIOD AND EMPLOYEES TURNOVER RATE BY AGE, GENDER AND AREA	EDP		
	MEN	WOMEN	TOTAL
Number of employees by the end of the period	2,100	651	2,751
<b>Variation of the staff – total</b>	<b>MEN</b>	<b>WOMEN</b>	<b>TOTAL</b>
Total number of employees who left their jobs in the period (by resignation, dismissal, retirement or death)	215	66	281
Total number of new employees hired during the period	287	121	408
Turnover rate (%)	11.95%	14.36%	12.52%
<b>Turnover rate by age</b>			
<b>Younger than 30 years old</b>	<b>MEN</b>	<b>WOMEN</b>	<b>TOTAL</b>
Total number of employees who left their jobs in the period	45	20	65
Total number of new employees hired during the period	144	81	225
Turnover rate (%)	18.49%	24.51%	20.22%
<b>From 30 to 50 years old</b>			
Total number of employees who left their jobs in the period	91	33	124
Total number of new employees hired during the period	126	40	166
Turnover rate (%)	875%	9.95%	9.02%
<b>Older than 50 years old</b>			
Total number of employees who left their jobs in the period	79	13	92
Total number of new employees hired during the period	17	0	17
Turnover rate (%)	13.75%	8.33%	12.76%
<b>Turnover rate by area</b>			
<b>São Paulo</b>	<b>MEN</b>	<b>WOMEN</b>	<b>TOTAL</b>
Total number of employees who left their jobs in the period	136	47	183
Total number of new employees hired during the period	148	81	229
Turnover rate (%)	11.86%	16.16%	12.93%
<b>Espirito Santo</b>			
Total number of employees who left their jobs in the period	58	15	73
Total number of new employees hired during the period	87	26	113
Turnover rate (%)	9.77%	9.03%	9.60%
<b>Mato Grosso do Sul</b>			
Total number of employees who left their jobs in the period	4	0	4
Total number of new employees hired during the period	10	0	10
Turnover rate (%)	28.00%	0.00%	26.92%
<b>Tocantins</b>			
Total number of employees who left their jobs in the period	16	4	20
Total number of new employees hired during the period	9	4	13
Turnover rate (%)	14.20%	30.77%	16.34%
<b>Amapá</b>			
Total number of employees who left their jobs in the period	1	0	1
Total number of new employees hired during the period	33	10	43
Turnover rate (%)	35.42%	35.71%	35.48%
<b>Average time with the Company of employees who left their jobs within the year (in months)</b>	<b>MEN</b>	<b>WOMEN</b>	<b>TOTAL</b>
Younger than 30 years old	23.19	27.00	24.37
From 30 to 50 years old	106.05	106.12	106.07
Older than 50 years old	308.65	362.50	316.26

(1) The turnover rate takes into consideration admissions and dismissals

**[LA7] RATES OF INJURY, OCCUPATIONAL DISEASE, MISSED DAYS AT WORK, ABSENTEEISM AND DEATH RELATED TO WORK, BY AREA AND BY GENDER**

	2012				
	COLLABORATORS		THIRD PARTY		TOTAL
	MEN	WOMEN	MEN	WOMEN	
<b>Number of accidents with temporary leave from work</b>					
São Paulo	6	0	8	1	15
Espírito Santo	1	0	21	0	22
Mato Grosso do Sul	0	0	0	0	0
Tocantins	0	0	3	0	3
Amapá	0	0	5	0	5
<b>TOTAL</b>	<b>7</b>	<b>0</b>	<b>37</b>	<b>1</b>	<b>45</b>
<b>Number of accidents without leave from work</b>					
São Paulo	8	1	21	0	30
Espírito Santo	7	0	12	2	21
Mato Grosso do Sul	0	0	0	0	0
Tocantins	4	1	4	0	9
Amapá	0	0	0	0	0
<b>TOTAL</b>	<b>19</b>	<b>2</b>	<b>37</b>	<b>2</b>	<b>60</b>
<b>Injury rates (Frequency rates)</b>					
São Paulo	1,17	0	0,36	0,04	2,39
Espírito Santo	0,19	0	1,16	0	3,18
Mato Grosso do Sul	0	0	0	0	0
Tocantins	0,19	0	0,13	0	6,66
Amapá	0	0	1,46	0	1,46
<b>Missed days at work rate</b>					
São paulo	39	0	16	2	98
Espírito Santo	3	0	1,362	0	3,586
Mato Grosso do Sul	0	0	0	0	0
Tocantins	3	0	1	0	40
Amapá	0	0	16	0	16
<b>Absenteeism rate</b>					
São Paulo	0,08	0	0	0	0,08
Espírito Santo	0,92	0	0	0	0,92
Mato Grosso do Sul	0	0	0	0	0
Tocantins	0	0	0	0	0
Amapá	ND	ND	ND	ND	ND
<b>Absolute number of deaths</b>					
São Paulo	0	0	0	0	0
Espírito Santo	0	0	5	0	5
Mato Grosso do Sul	0	0	0	0	0
Tocantins	0	0	0	0	0
Amapá	0	0	1	0	1
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>6</b>

(1) Accidents without leave from work have not been considered.  
(2) Data do not consider UHE Peixe Angical.

**[LA 7] RATES OF INJURY, OCCUPATIONAL DISEASE, MISSED DAYS AT WORK, ABSENTEEISM AND DEATH RELATED TO WORK, BY AREA AND BY GENDER**

	2013			
	COLLABORATORS		THIRD PARTY	TOTAL
	MEN	WOMEN	TOTAL	
<b>Number of accidents with temporary leave from work</b>				
São Paulo	4	1	8	13
Espírito Santo	0	0	18	18
Mato Grosso do Sul	0	0	0	0
Tocantins	0	0	1	1
Amapá	1	0	48	49
<b>TOTAL</b>	<b>5</b>	<b>1</b>	<b>75</b>	<b>81</b>
<b>Number of accidents without leave from work</b>				
São Paulo	ND	ND	ND	ND
Espírito Santo	ND	ND	ND	ND
Mato Grosso do Sul	ND	ND	ND	ND
Tocantins	ND	ND	ND	ND
Amapá	ND	ND	ND	ND
<b>TOTAL</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>
<b>Injury rates (Frequency rates)</b>				
São Paulo	2.90	1.78	2.18	NA
Espírito Santo	0	0	3,05	NA
Mato Grosso do Sul	0	0	0	NA
Tocantins	0	0	3.98	NA
Amapá	22.13	0	6.51	NA
<b>Missed days at work rate</b>				
São paulo	5.885,31	16,03	1.581,63	NA
Espírito Santo	0	0	1.574,20	NA
Mato Grosso do Sul	0	0	0	NA
Tocantins	0	0	107,43	NA
Amapá	66,38	0	850,43	NA
<b>Absenteeism rate</b>				
São Paulo	2.45%	2.48%	ND	NA
Espírito Santo	5.22%	5.97%	ND	NA
Mato Grosso do Sul	0.27%	0.00%	ND	NA
Tocantins	6.85%	3.97%	ND	NA
Amapá	0.41%	0.10%	ND	NA
<b>ABSOLUTE NUMBER OF DEATHS</b>				
São Paulo	2	0	1	3
Espírito Santo	0	0	1	1
Mato Grosso do Sul	0	0	0	0
Tocantins	0	0	0	0
Amapá	0	0	1	1
<b>TOTAL</b>	<b>2</b>	<b>0</b>	<b>3</b>	<b>5</b>

(1) Accidents without leave from work have not been considered.

(2) Data do not consider UHE Peixe Angical.

**[LA10] AVERAGE NUMBER OF TRAINING HOURS PER YEAR PER EMPLOYEE, BY CATEGORY**

FUNCTIONAL CATEGORY	Number of employees (2013)	Total number of hours (2013)	Hours per collaborator (2013)
MANAGEMENT	56	1,255	22.41
SPECIALIST	760	35,247	46.38
ADMINISTRATIVE/ OPERATIONAL	1,743	133,211	76.43

**[LA13] DIVERSITY – BOARD OF COLLABORATORS<sup>1</sup>**

	EDP			
	MEN		WOMEN	
EMPLOYEES	Nº	PERCENTUAL	Nº	PERCENTUAL
<b>By category</b>	-	-	-	-
MANAGEMENT	108	5.14%	29	4.45%
SPECIALIST	559	26.62%	257	39.48%
ADMINISTRATIVE	148	7.05%	258	39.63%
OPERATIONAL	1,285	61.19%	107	16.44%
<b>Employees by age</b>				
Younger than 30 years old	511	24.33%	206	31.64%
From 30 to 50 years old	1,240	59.05%	367	56.37%
Older than 50 years old	349	16.62%	78	11.98%
<b>Employees by ethnicity</b>				
White	1,362	64.86%	483	74.19%
Black (or mulatto)	685	32.62%	148	22.73%
Yellow	49	2.33%	19	2.92%
Indigenous	4	0.19%	1	0.15%
<b>Employees by minority groups</b>				
Physically disabled/with special needs	45	2.14%	30	4.61%
Foreigners	20	0.95%	4	0.61%

(1) Data referent to disabled people include disabled people who are not quota holders.

(2) Data consider answers to Census.

[LA14] PROPORTION OF BASE-SALARY AND REMUNERATION OF WOMEN IN RELATION TO MEN, BY CATEGORY AND SIGNIFICANT OPERATION PLACES (ESSENTIAL)	EDP			
	BASE-SALARY PROPORTION (W/M)		REMUNERATION PROPORTION (W/M)	
	2012	2013	2012	2013
<b>BY AREA</b>				
São Paulo	119%	116%	ND	38%
Espírito Santo	89%	121%	ND	30%
Mato Grosso do Sul	68%	106%	ND	33%
Tocantins	74%	95%	ND	13%
Amapá	51%	72%	ND	21%

[LA15] RATES OF RETURN TO WORK AND RETENTION AFTER MATERNITY OR PATERNITY LEAVE, BY GENDER (ESSENTIAL)	EDP		
	2013		
	MEN	WOMEN	TOTAL
a) Number of employees, by gender, that were entitled to take the leave	38	18	56
b) Number of employees, by gender, who took the leave	38	18	56
c) Number of employees, by gender, who went back to work after the end of the leave	38	18	56
d) Number of employees, by gender, who went back to work after the end of the leave and were still employed 12 months after their return	3	9	12
e) Rates of employees who went back to work after the end of the leave, by gender (%)	100%	100%	100%
f) Rates of employees who went back to work after the end of the leave and were still employed 12 months after their return, by gender (%)	94.44%	75.68%	85.06%

[EU15] NUMBER OF EMPLOYEES ENTITLED TO RETIREMENT IN THE NEXT 5 AND 10 YEARS, BY CATEGORY AND AREA	EDP			
	IN THE NEXT 5 YEARS		IN THE NEXT 10 YEARS	
	2012	2013	2012	2013
<b>ESTIMATED NUMBER OF EMPLOYEES ENTITLED TO RETIREMENT</b>				
<b>1) BY CATEGORY</b>				
MANAGEMENT	13	2	18	14
SPECIALIST	9	13	38	71
ADMINISTRATIVE	8	21	30	47
OPERATIONAL	11	16	46	48
<b>2) BY AREA</b>				
2012	2013	2012	2013	
São Paulo	14	15	41	73
Espírito Santo	20	26	78	90
Mato Grosso do Sul	0	0	1	2
Tocantins	6	7	10	8
Amapá	1	4	2	7



## SOCIAL

OPERATIONS AND COMMUNITIES AFFECTED BY (SO9 AND SO10)	POTENTIAL IMPACT	PREVENTION/ MITIGATION	OBJECTIVES OF THE PREVENTION /MITIGATION ACTIONS
<b>DISTRIBUTORS' GEOGRAPHICAL AREA OF CONCESSION</b>	Damage to archaeological heritage during construction works	<ul style="list-style-type: none"> <li>Supervision of the works by specialized professionals and partnership with research places;</li> <li>Rescue of archaeological material;</li> <li>Elaboration of scientific articles aiming at the spread of historical/cultural knowledge by a hired archaeologist.</li> </ul>	To maintain legal compliance
	Noise pollution	<ul style="list-style-type: none"> <li>Monitoring.</li> </ul>	To maintain legal compliance
	Emissions	<ul style="list-style-type: none"> <li>Monitoring and use of filters;</li> <li>Use of equipment for gas storage SF6, avoiding emissions in the atmosphere.</li> </ul>	Beyond legal compliance
	Electromagnetic field	<ul style="list-style-type: none"> <li>Projects include specific calculations and report;</li> <li>Monitoring.</li> </ul>	To maintain legal compliance
	Damage to afforestation and flora	<ul style="list-style-type: none"> <li>Installation of protected and isolated nets;</li> </ul>	Beyond legal compliance
	Effluents	<ul style="list-style-type: none"> <li>Monitoring.</li> </ul>	To maintain legal compliance
	Biodiversity	<ul style="list-style-type: none"> <li>Installation of protected and isolated nets.</li> </ul>	Beyond legal compliance
	Fauna	<ul style="list-style-type: none"> <li>Barriers and protection;</li> <li>Installation of protected and isolated nets.</li> </ul>	Beyond legal compliance
	Soil and water pollution with oil, noise and air pollution caused by fire followed by explosion in high voltage transformers.	<ul style="list-style-type: none"> <li>Preventive maintenance of equipment, implementation of the Integrated Emergency and Contingence Plan and fire fighting trainings.</li> </ul>	To maintain legal compliance
	Soil and water pollution due to leak of the oil which isolates transformers and capacitors in substations	<ul style="list-style-type: none"> <li>Preventive maintenance of equipment, implementation of the Integrated Emergency and Contingence Plan and fire fighting trainings.</li> </ul>	To maintain legal compliance
	Maintenance and cleaning of the pipelines	<ul style="list-style-type: none"> <li>Implementation of the Technical Cooperation Escelsa-Idaf</li> <li>Partnership guidelines.</li> </ul>	Beyond legal compliance
	Expansion of the Electrical System	<ul style="list-style-type: none"> <li>Execution of Social Communication Programs during the implementation of distribution lines and substations.</li> </ul>	To maintain legal compliance
<b>GENERATORS' GEOGRAPHICAL AREA OF CONCESSION</b>	Damage to archaeological heritage during construction works	<ul style="list-style-type: none"> <li>Supervision of the works by specialized professionals and partnership with local research organisations.</li> </ul>	To maintain legal compliance
	Need for economical reorganisation of displaced families  Lack of information about the Company's operations by the community	<ul style="list-style-type: none"> <li>Professional formation and income generation actions;</li> <li>Capacitation of Municipal Public Agents Program;</li> <li>Integration activities and communication channels to discuss the impacts of the works;</li> <li>Social Communication Program.</li> <li>Support to the capacitation of local labour force program;</li> </ul>	To mitigate and compensate potential social and economic impacts caused by the enterprise implementation; Establish channels that assure enlightening and construct a positive relationship of dialogue with the various sectors affected by the enterprise.
	Temporary inflow of workers during construction works Need for economical reorganisationof displaced families	<ul style="list-style-type: none"> <li>Previous articulation with local authorities for preparation of the area;</li> <li>Professional formation and income generation actions.</li> </ul>	To qualify the population to meet the labour force demand for the project; Contribute to increase rates of employment and the local economic dynamics; Empower the admission of local inputs and services suppliers.

## ENVIRONMENT

[EN3] CONSUMPTION OF DIRECT ENERGY (GJ)	CONSOLIDATED EDP		
Sources of bought energy	2011	2012	2013
<b>Renewable</b>	<b>8,745.96</b>	<b>11,216.25</b>	<b>13,853.54</b>
Ethanol	7,128.71	7,702.00	8,827.05
Gasoline's ethanol part	529.25	1,364.28	2,267.59
Diesel's biodiesel part	1,088.00	2,149.97	2,758.91
<b>Non-renewable</b>	<b>23,495.23</b>	<b>52,093.95</b>	<b>67,484.11</b>
Gasoline	3,051.90	7,867.03	10,649.05
Diesel	20,443.33	43,692.95	56,348.58
Natural gas	0.00	0.00	0.00
Diesel used in the plants' generators	0.00	533.98	486.47
<b>Total</b>	<b>32,241.20</b>	<b>63,310.20</b>	<b>81,337.65</b>

[EN3] CONSUMPTION OF DIRECT ENERGY (GJ)	EDP BANDEIRANTE			EDP ESCELSA		
Sources of bought energy	2011	2012	2013	2011	2012	2013
<b>Renewable</b>	<b>8,238.12</b>	<b>8,102.67</b>	<b>9,552.90</b>	<b>0.00</b>	<b>1,906.55</b>	<b>2,528.00</b>
Ethanol	7,041.26	6,588.70	7,732.79	0.00	33.95	53.30
Gasoline's ethanol part	301.73	281.40	315.97	56,809.78	963.49	1,403.73
Diesel's biodiesel part	895.13	1,232.57	1,504.14	0.00	909.12	1,070.88
<b>Non-renewable</b>	<b>19,957.72</b>	<b>26,708.202</b>	<b>32,096.44</b>	<b>0.00</b>	<b>24,058.43</b>	<b>28,764.30</b>
Gasoline	1,739.91	1,622.68	1,483.86	227,239.12	5,555.89	6,592.18
Diesel	18,217.81	25,085.53	30,612.58	566,956.58	18,502.54	21,796.89
Diesel used in the plants' generators	0.00	0.00	0.00	0.00	0.00	27.71
<b>Total</b>	<b>28,195.83</b>	<b>34,810.87</b>	<b>41,649.34</b>	<b>0.00</b>	<b>25,964.99</b>	<b>30,944.78</b>

[EN3] CONSUMPTION OF DIRECT ENERGY (GJ)	ES AND MS PLANTS			UHE LUÍS EDUARDO MAGALHÃES		
Sources of bought energy	2011	2012	2013	2011	2012	2013
<b>Renewable</b>	<b>351.96</b>	<b>47.62</b>	<b>275.82</b>	<b>0.00</b>	<b>1,065.60</b>	<b>1,038.69</b>
Ethanol	87.45	21.86	90.98	0.00	1,057.48	949.98
Gasoline's ethanol part	97.46	19.49	107.10	0.00	6.10	45.28
Diesel's biodiesel part	167.04	6.27	77.74	0.00	2.02	43.43
<b>Non-renewable</b>	<b>2,261.84</b>	<b>432.16</b>	<b>2,529.43</b>	<b>0.00</b>	<b>76.29</b>	<b>1,309.71</b>
Gasoline	562.02	112.40	502.94	0.00	35.18	212.62
Diesel	1,699.82	63.76	1,780.84	0.00	41.11	883.97
Diesel used in the plants' generators	0.00	256.00	245.65	0.00	0.00	213.12
<b>Total</b>	<b>2,613.80</b>	<b>479.79</b>	<b>2,805.25</b>	<b>0.00</b>	<b>1,141.90</b>	<b>2,348.40</b>

[EN3] CONSUMPTION OF DIRECT ENERGY (GJ)	UHE PEIXE ANGICAL			UHE SANTO ANTÔNIO DO JARI	UHE CACHOEIRA CALDEIRÃO
Sources of bought energy	2011	2012	2013	2013	2013
<b>Renewable</b>	<b>155.89</b>	<b>93.80</b>	<b>241.87</b>	<b>145.55</b>	<b>44.16</b>
Ethanol	0.00	0.00	0.00	0.00	0.00
Gasoline's ethanol part	130.06	93.80	212.57	145.55	37.41
Diesel's biodiesel part	25.83	0.00	29.30	0.00	6.75
<b>Non-renewable</b>	<b>1,275.68</b>	<b>818.86</b>	<b>1,647.15</b>	<b>1,224.09</b>	<b>313.04</b>
Gasoline	749.98	540.88	998.26	683.51	175.67
Diesel	525.70	0.00	596.35	540.58	137.37
Diesel used in the plants' generators	0.00	277.98	0.00	0.00	0.00
<b>Total</b>	<b>1,431.57</b>	<b>912.66</b>	<b>1,836.48</b>	<b>1,369.64</b>	<b>357.20</b>

[EN4] CONSUMPTION OF INDIRECT ENERGY IDENTIFIED BY PRIMARY ENERGY SOURCE	EDP (CONSOLIDATED)			EDP BANDEIRANTE		
	2011	2012	2013	2011	2012	2013
<b>1) Non-renewable sources (according to EN3 index)</b>	<b>1,0819.82</b>	<b>7,062.34</b>	<b>15,177.02</b>	<b>2,315.17</b>	<b>2,316.47</b>	<b>3,378.46</b>
Petroleum products	2,459.05	1,605.08	3,231.24	526.18	526.47	719.28
Coal and its products	1,377.07	898.84	1,566.66	294.66	294.82	348.74
Natural gas	4,327.93	2,824.94	7,735.39	926.07	926.59	1,721.92
Nuclear energy	2,655.77	1,733.48	2,643.74	568.27	568.59	588.51
Other sources	0.00	0.00	0.00	0.00	0.00	0.00
<b>2) Renewable sources</b>	<b>87,542.18</b>	<b>121,798.50</b>	<b>148,532.61</b>	<b>1,8731.83</b>	<b>1,8742.35</b>	<b>18,439.83</b>
Hydroelectric	80,558.48	117,240.08	140,993.05	17,237.49	17,247.17	16,761.50
Solar	0.00	0.00	0.00	0.00	0.00	0.00
Eolic	491.81	321.02	881.25	105.24	105.29	196.17
Geothermic	0.00	0.00	0.00	0.00	0.00	0.00
Originated from biomass	6,491.89	4,237.41	6,658.31	1,389.10	1,389.88	1,482.16
Originated from hydrogen	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>98,362.00</b>	<b>128,860.84</b>	<b>163,709.63</b>	<b>21,047.00</b>	<b>21,058.82</b>	<b>21,818.29</b>

[EN4] CONSUMPTION OF INDIRECT ENERGY IDENTIFIED BY PRIMARY ENERGY SOURCE	EDP ESCELSA			SEDE EDP SP	
	2011	2012	2013	2012	2013
<b>1) Non-renewable sources (according to EN3 index)</b>	<b>3,371.28</b>	<b>3,379.51</b>	<b>5,173.03</b>	<b>537.34</b>	<b>341.22</b>
Petroleum products	766.20	768.07	1,101.36	122.12	72.65
Coal and its products	429.07	430.12	533.99	68.39	35.22
Natural gas	1,348.51	1,351.81	2,636.58	214.94	173.91
Nuclear energy	827.50	829.52	901.11	131.89	59.44
Other sources	0.00	0.00	0.00	0.00	0.00
<b>2) Renewable sources</b>	<b>27,276.72</b>	<b>27,343.35</b>	<b>28,234.75</b>	<b>4,347.59</b>	<b>1,862.40</b>
Hydroelectric	25,100.71	25,162.02	25,664.92	4,000.76	1,692.89
Solar	0.00	0.00	0.00	0.00	0.00
Eolic	153.24	153.61	300.37	24.42	19.81
Geothermic	0.00	0.00	0.00	0.00	0.00
Originated from biomass	2,022.77	2,027.71	2,269.46	322.41	149.70
Originated from hydrogen	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>30,648.00</b>	<b>30,722.86</b>	<b>33,407.78</b>	<b>4,884.93</b>	<b>2,203.62</b>

[EN4] CONSUMPTION OF INDIRECT ENERGY IDENTIFIED BY PRIMARY ENERGY SOURCE	ES AND MS PLANTS			UHE LUÍS EDUARDO MAGALHÃES		
	2011	2012	2013	2011	2012	2013
<b>1) Non-renewable sources (according to EN3 index)</b>	<b>2,197.80</b>	<b>691.15</b>	<b>6,064.95</b>	<b>87.45</b>	<b>82.78</b>	<b>114.58</b>
Petroleum products	499.50	157.08	1,291.25	19.88	18.81	24.39
Coal and its products	279.72	87.96	626.06	11.13	10.54	11.83
Natural gas	879.12	276.46	3,091.17	34.98	33.11	58.40
Nuclear energy	539.46	169.65	1,056.48	21.47	20.32	19.96
Other sources	0.00	0.00	0.00	0.00	0.00	0.00
<b>2) Renewable sources</b>	<b>17,782.20</b>	<b>44,282.73</b>	<b>71,174.08</b>	<b>707.55</b>	<b>26,213.92</b>	<b>27,955.44</b>
Hydroelectric	16,363.62	43,836.62	68,161.17	651.11	26,160.49	27,898.52
Solar	0.00	0.00	0.00	0.00	0.00	0.00
Eolic	99.90	31.42	352.16	3.98	3.76	6.65
Geothermic	0.00	0.00	0.00	0.00	0.00	0.00
Originated from biomass	1,318.68	414.69	2,660.75	52.47	49.67	50.27
Originated from hydrogen	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>19,980.00</b>	<b>44,973.88</b>	<b>77,239.03</b>	<b>795.00</b>	<b>26,296.70</b>	<b>28,070.02</b>

[EN4] CONSUMPTION OF INDIRECT ENERGY IDENTIFIED BY PRIMARY ENERGY SOURCE	UHE PEIXE ANGICAL			UHE SANTO ANTÔNIO DO JARI
	2011	2012	2013	2013
<b>1) Non-renewable sources (according to EN3 index)</b>	<b>99.88</b>	<b>55.08</b>	<b>78.82</b>	<b>25.97</b>
Petroleum products	22.70	12.52	16.78	5.53
Coal and its products	12.71	7.01	8.14	2.68
Natural gas	39.95	22.03	40.17	13.23
Nuclear energy	24.52	13.52	13.73	4.52
Other sources	0.00	0.00	0.00	0.00
<b>2) Renewable sources</b>	<b>808.12</b>	<b>868.57</b>	<b>724.37</b>	<b>141.73</b>
Hydroelectric	743.65	833.01	685.22	128.83
Solar	0.00	0.00	0.00	0.00
Eolic	4.54	2.50	4.58	1.51
Geothermic	0.00	0.00	0.00	0.00
Originated from biomass	59.93	33.05	34.58	11.39
Originated from hydrogen	0.00	0.00	0.00	0.00
<b>Total</b>	<b>908.00</b>	<b>923.65</b>	<b>803.19</b>	<b>167.70</b>

[EN8, EN9 AND EN10] WATER	EDP (CONSOLIDATED)			EDP BANDEIRANTE		
Total of water withdrawal per source [GRI EN8]	2011	2012	2013	2011	2012	2013
Underground water (m3)	23,475	44,852	48,041	0	0	0
Water from rain directly collected and stored by the rapporteur Organisation (m3)	319	2	0	3	2	0
Residual water from some other Organisation (m3)	0	0	0	0	0	0
Water from the municipal concessionaire or other public sources (m3)	61,891	58,598	75,908	32,622	36,279	38,040
Water from the surface (m3)	10,198	20,037	25,501	0	0	0
Bottled water (m3)	27	79	94	0	0	0
<b>Total</b>	<b>95,910</b>	<b>123,568</b>	<b>149,544</b>	<b>32,625</b>	<b>36,281</b>	<b>38,040</b>

[EN8, EN9 AND EN10] WATER	EDP ESCELSA <sup>1</sup>			ES AND MS PLANTS		
Total of water withdrawal per source [GRI EN8]	2011	2012	2013	2011	2012	2013
Underground water (m3)	23,475	33,057	38,284	0	11,794	9,757
Water from rain directly collected and stored by the rapporteur Organisation (m3)	316	ND	ND	0	0	0
Residual water from some other organisation (m3)	0	0	0	0	0	0
Water from the municipal concessionaire or other public sources (m3)	16,365	18,786	32,563	12,301	3,533	5,246
Water from the surface (m3)	0	0	0	0	1,466	0
Bottled water (m3)	0	0	0	-	16	22
<b>Total</b>	<b>40,156</b>	<b>51,844</b>	<b>70,847</b>	<b>12,301</b>	<b>16,809</b>	<b>15,025</b>

(1) In 2011, the amount of recycled and reused water at EDP Escelsa was only estimated. In 2012 and 2013, it was not possible to record the total amount of reused water due to lack of data; for this reason, a more efficient control system is now being developed.

[EN8, EN9 AND EN10] WATER	UHE LUÍS EDUARDO MAGALHÃES			UHE PEIXE ANGICAL		
Total of water withdrawal per source [GRI EN8]	2011	2012	2013	2011	2012	2013
Underground water (m3)	ND	0	0	0	0	-
Water from rain directly collected and stored by the rapporteur Organisation (m3)	0	0	ND	0	0	-
Residual water from some other organisation (m3)	ND	0	0	0	0	-
Water from the municipal concessionaire or other public sources (m3)	ND	0	59	603	0	-
Water from the surface (m3)	0	10,509	14,075	10,198	8,063	11,426
Bottled water (m3)	ND	31	33	27	32	39
<b>Total</b>	<b>0</b>	<b>10,540</b>	<b>14,167</b>	<b>10,828</b>	<b>8,095</b>	<b>11,465</b>

[EN8, EN9 AND EN10] WATER	EDP (CONSOLIDATED)			EDP BANDEIRANTE		
Percentage and total volume of recycled and reused water [EN10]	2011	2012	2013	2011	2012	2013
Total volume of recycled and/or reused water by the Organisation per year (m3)	319.00	3.53	5.02	3.00	3.53	5.02
Percentage of recycled and/or reused water in relation to the total of withdrawn water (%)	0.3%	0.0%	0.00%	0%	0%	0.02%

[EN8, EN9 AND EN10] WATER	EDP ESCELSA <sup>1</sup>			USINAS ES E MS		
Percentage and total volume of recycled and reused water [EN10]	2011	2012	2013	2011	2012	2013
Total volume of recycled and/or reused water by the Organisation per year (m3)	316.00	ND	ND	There are no projects of recycling and/or reuse of water.		
Percentage of recycled and/or reused water in relation to the total of withdrawn water (%)	1%	NA	NA	There are no projects of recycling and/or reuse of water.		

(1) In 2011, the amount of recycled and reused water at EDP Escelsa was only estimated. In 2012 and 2013, it was not possible to record the total amount of reused water due to lack of data; for this reason, a more efficient control system is now being developed.

[EN8, EN9 AND EN10] WATER	UHE LUÍS EDUARDO MAGALHÃES			UHE PEIXE ANGICAL		
Percentage and total volume of recycled and reused water [EN10]	2011	2012	2013	2011	2012	2013
Total volume of recycled and/or reused water by the Organisation per year (m3)	There are no projects of recycling and/or reuse of water.			There are no projects of recycling and/or reuse of water.		
Percentage of recycled and/or reused water in relation to the total of withdrawn water (%)	There are no projects of recycling and/or reuse of water.			There are no projects of recycling and/or reuse of water.		

[EN15] NUMBER OF SPECIES IN THE IUCN RED LIST AND IN NATIONAL CONSERVATION LISTS				
POTENTIALLY AFFECTED ANIMALS BY NEW HYDROELECTRIC EXPLOITATION IN BRAZIL				
ENDANGERED FAUNA PRESENT IN THE ES AND MS PLANTS' AREA				
SPECIES		LISTS		ON-GOING MINIMIZATION/ COMPENSATION MEASURES
SCIENTIFIC NAME	COMMON NAME	IBAMA	IUCN	
<i>Xipholena atropurpurea</i>	White-winged Cotinga		Endangered (EN)	These species have been affected during the construction of the plants, and currently do not suffer any kind of risk during the operation of the State plants.
<i>Geobates poecllopterus</i>	Campo Miner		Vulnerable (VU)	
<i>Touit melanonota</i>	Brown-backed Parrotlet		Endangered (EN)	
<i>Anodorhynchus hyacinthinus</i>	Hyacinth Macaw		Endangered (EN)	
<i>Anodorhynchus glaucus</i>	Glaucous Macaw		Critically Endangered (CR)	
<i>Pteronura brasiliensis</i>	Giant Otte		Endangered (EN)	
<i>Caprimulgus candicans</i>	White-winged Nightjar		Endangered (EN)	
<i>Glaucis dohrnii</i>	Hook-billed Hermit		Endangered (EN)	
<i>Dichotomiuschiffleri</i>	"Besouro rola-bosta"		Endangered (EN)	
<i>Oryzoborus maximiliani</i>	Great-billed Seed-finch		Vulnerable (VU)	
<i>Arawacusaethesa</i>	"Borboleta"		Endangered (EN)	
<i>Heliconiusnattereri</i>	Natterer's Longwing		Critically Endangered (CR)	
<i>Eurytidesiphitas</i>	Yellow Kite Swallowtail		Vulnerable (VU)	
<i>Sporophila cinnamomea</i>	Chestnut Seedeater		Vulnerable (VU)	
<i>Sporophila nigrorufa</i>	Black-and-tawny Seedeater		Vulnerable (VU)	
<i>Sporophila palustris</i>	Marsh Seedeater		Endangered (EN)	
<i>Speothosvenaticus</i>	Bush Dog		Near Threatened (NT)	
<i>Phrynopshogei</i>	Hoge's Side-necked Turtle		Endangered (EN)	
<i>Lutjanusnalis</i>	Mutton Snapper		Vulnerable (VU)	
<i>Blastocerusdichotomus</i>	Marsh Deer		Vulnerable (VU)	
<i>Amazona rhodocoryth</i>	Red-browed Amazon		Endangered (EN)	
<i>Myrmotherula urosticta</i>	Band-tailed Antwren		Vulnerable (VU)	
<i>Myrmotherula minor</i>	Salvadori's Antwren		Vulnerable (VU)	
<i>Nothuraminor</i>	Lesser Nothura		Vulnerable (VU)	
<i>Cotinga maculata</i>	Banded Cotinga		Endangered (EN)	
<i>Myrmeciza ruficauda</i>	Scalloped Antbird		Endangered (EN)	
<i>Alectrurus tricolor</i>	Cock-tailed Tyrant		Vulnerable (VU)	
<i>Leopardustigrinus</i>	Oncilla		Vulnerable (VU)	
<i>Leoparduswiedii</i>	Margay		Near Threatened (NT)	
<i>Oncifeliscoloco</i>	Pampas Cat		Near Threatened (NT)	
<i>Crypturellusnoctivagusnoctivagus</i>	Yellow-legged Tinamou		Near Threatened (NT)	
<i>Mecistogasterpronoti</i>	Atlantic Helicopter		Critically Endangered (CR)	
<i>Chrysocyonbrachyurus</i>	Maned Wolf		Near Threatened (NT)	
<i>Cebusrobustus</i>	Robust Tufted Capuchin		Endangered (EN)	
<i>Culicivora caudacuta</i>	Sharp-tailed Tyrant		Vulnerable (VU)	
<i>Brachytelephypoxanthus</i>	Northern Muriqui		Critically Endangered (CR)	
<i>Pantheraonca</i>	Jaguar		Near Threatened (NT)	
<i>Chaetomysubspinosus</i>	Thin-spined Porcupine		Vulnerable (VU)	
<i>Amazona vinacea</i>	Vinaceous-breasted Amazon		Endangered (EN)	
<i>Procellariaospicillata</i>	Spectacled Petrel		Vulnerable (VU)	
<i>Procellariaaequinoctialis</i>	White-chinned Petrel		Vulnerable (VU)	
<i>Bradypustorquatus</i>	Maned Three-toed Sloth		Vulnerable (VU)	
<i>Thoropalutzi</i>	"Rã das pedras"		Vulnerable (VU)	
<i>Thoropapetropolitana</i>	"Rã de Petrópolis"		Vulnerable (VU)	
<i>Thripophaga macroura</i>	Striated Softtail		Vulnerable (VU)	
<i>Columbina cyanopis</i>	Blue-eyed Ground-dove		Critically Endangered (CR)	
<i>Carpornis melanocephalus</i>	Black-headed Berryeater		Vulnerable (VU)	
<i>Nemosia rourei</i>	Cherry-throated Tanager		Critically Endangered (CR)	
<i>Callicebuspersonatus</i>	Northern Masked Titi		Vulnerable (VU)	
<i>Callithrixflaviceps</i>	Buffy-headed Marmoset		Endangered (EN)	
<i>Myrmecophagatridactyla</i>	Giant Anteater		Vulnerable (VU)	
<i>Dermochelyscoariacea</i>	Leatherback		Vulnerable (VU)	
<i>Eretmochelysimbricata</i>	Hawksbill Turtle		Critically Endangered (CR)	
<i>Lepidochelysolivacea</i>	Olive Ridley		Vulnerable (VU)	
<i>Cheloniemydas</i>	Green Turtle		Endangered (EN)	
<i>Priodontesmaximus</i>	Giant Armadillo		Vulnerable (VU)	
<i>Coryphaspiza melanotis</i>	Black-masked Finch		Endangered (EN)	
<i>Pyrrhura leucotis</i>	Maroon-faced Parakeet		Vulnerable (VU)	
<i>Pyrrhura cruentata</i>	Ochre-marked Parakeet		Vulnerable (VU)	
<i>Polystictus pectoralis</i>	Bearded Tachuri		Near Threatened (NT)	

X - species considered endangered according to IBAMA based on the Ordinances N° 1,522 of 19 December, 1989; N° 45 of 27 April, 1992; N° 62 of 17 July, 1997; and the Normative Instruction N° 3 of 27 May, 2003; besides Act 5,197/67.

[EN15] NUMBER OF SPECIES IN THE IUCN RED LIST AND IN NATIONAL CONSERVATION LISTS					
POTENTIALLY AFFECTED ANIMALS BY NEW HYDROELECTRIC EXPLOITATION IN BRAZIL					
ENDANGERED FAUNA PRESENT IN THE UHE PEIXE ANGICAL AND UHE LUÍS EDUARDO MAGALHÃES' AREA					
SPECIES		LISTS		ON-GOING MINIMIZATION/ COMPENSATION MEASURES	
SCIENTIFIC NAME	COMMON NAME	IBAMA	IUCN		
<b>UHE Peixe Angical</b>					
<b>CLASS BIRDS</b>					
<i>Anodorhynchushyacinthinus</i>	Hyacinth Macaw	X	EN A2bcd	Monitoring of the fauna programs.	
<b>CLASS FISH</b>					
<i>Pinirampuspirinampu</i> , <i>Zunganozungaro</i> , <i>Oxydorasniger</i> , <i>Plagioscion</i> , <i>Potamotrygon</i> , etc	"Barbado", "Jaú", "Abotoado", "Corvina", "Arraia" and others	X	VU	Monitoring and conservation of the ichthyofauna in the UHE Peixe Angical area.	
<b>CLASS CHELONIANS</b>					
<i>Testudines</i>	Tortoises, turtles, etc	X	VU	On-going monitoring and conservation of the fauna (chelonians) program in the UHE Peixe Angical area.	
<b>CLASS MAMMALIA</b>					
<i>Iniageoffrensis</i>	Boto	X	VU	On-going monitoring of the fauna (boto) in the UHE Peixe Angical area. All these species have been identified in the scope of environmental programs associated to the hydroelectric exploitation of Peixe Angical. The recovery of degraded areas and the reforestation, as well as the partnership established with the Environmental Military Police Independent Company (CIMPAMA), allows a simultaneous increase of the inspection and the protection of these species.	
<i>Leopardustigrinus</i>	Oncilla	X	VU A3c		
<i>Leoparduspardalis</i>	Ocelot	X	LC		
<i>Pantheraonca</i>	Jaguar	X	NT		
<i>Nasuanasua</i>	South American Coati	X	LC		
<i>Saccopteryxbillineata</i>	Greater Sac-winged Bat				
<i>Chrysocyonbrachyurus</i>	Maned Wolf	X	LC		
<i>Tapirusterrestris</i>	Lowland Tapir	X	NT		
<i>Myrmecophagatridactyla</i>	Giant Anteater	X	VU A2cde+3cde NT		
<b>UHE Luis Eduardo Magalhães</b>					
<b>CLASS BIRDS</b>					
<i>Anodorhynchushyacinthinus</i>	Hyacinth Macaw		EN A2bcd DD	Monitoring of all species was concluded after filling of the reservoir, between 2005 and 2006. Ibama declared the conditions as concluded. Investco monitors Ichthyofauna from the river phase, when the parameters of study of population, spawning, migration, sexual and gonadal maturity, among others, are assessed. Apart from these parameters, the ascending and descending movements of the species in the transposition system for fish (fish ladder) were also assessed.	
<i>Iniageoffrensis</i>	Amazon river dolphin			Considered by Ibama, in 2001, as vulnerable species in the Action Plan for aquatic mammals of Brazil. The IUCN does not have sufficient data. Investco has been carrying out a biannual monitoring of the individuals already before the formation of the reservoir until present time, with the preparation of reports containing the information with the methodology used according to the recommendation of the environmental body.	
POTENTIALLY AFFECTED FAUNA PRESENT IN THE UHE SANTO ANTÔNIO DO JARI AND THE UHE CACHOEIRA CALDEIRÃO AREA					
<i>Aspidospermamegalocarpon</i> <i>Bertholletia excelsa</i>		Threatened, according to the IN no 06 from September 23, 2008	Lower threatened Vulnerable A1acd+2cd		
<i>Couratariquianensis</i> <i>Euxylophoraparaensis</i>		Threatened, according to the IN no 06 from September 23, 2009	Vulnerable A2bcde		
<i>Guareaconvergans</i> <i>Lecythislurida</i>			Vulnerable D2 Lower Risk/ conservation dependent	In the scope of the Installation Permit there is a prevision of 38 environmental programs, namely: Program of Monitoring of Fauna, Rescue of Fauna, Rescue of Ichthyofauna, Monitoring of Ichthyofauna, Limno-Monitoring, Monitoring of Macrophytes; Program of Documentation and Preservation of Natural and Landscape Heritage.	
<i>Manilkaracavalcantei</i> <i>Mezilaurusitaba</i> <i>Miconia tomentosa</i> <i>Minuartiaguianensis</i> <i>Myrciagrandidflora</i> <i>Pouteria franciscana</i> <i>Pouteriakrukovi</i> <i>Pouteriamacocarpa</i> <i>Pouteriaperuviensis</i> <i>Rolliniafendleri</i> <i>Tabebuia impetiginosa</i> <i>Trichiliaecointei</i>			Vulnerable B1+2c Vulnerable A1a Lower Risk/least concern Lower Risk/near threatened Vulnerable B1+2acd Lower Risk/least concern Vulnerable D2 Vulnerable A1a Pouteriaperuviensis Lower Risk/least concern Lower Risk/least concern Lower Risk/conservation dependent		
<i>Virola surinamensis</i> <i>Vouacapoua americana</i>			Endangered A1ad+2cd Critically Endangered A1cd+2cd		
<i>Zanthoxylum panamense</i>			Endangered C2a		
THREATENED FAUNA AFFECTED BY THE UHE JARI/ CACHOEIRA CALDEIRÃO					
<i>Atelespaniscus</i> <i>Tapirusterrestris</i> <i>Chiropotessatanas</i> <i>Patagioenasplumbea</i> <i>Manacusmanacus</i> <i>Podocnemisunifilis</i> <i>Bradypustridactylus</i> <i>Chelonoidisdenticalata</i>	Guiana Spider Monkey Lowland Tapir Black Bearded Saki Plumbeous Pigeon White-bearded Manakin Yellow-spotted River Turtle Pale-throated Three-toed Sloth Yellow-footed Tortoise		Vulnerable (VU) Vulnerable (VU) Endangered (EN) Vulnerable (VU) Endangered (EN) Vulnerable (VU) Vulnerable (VU) Vulnerable (VU)		In the scope of the Installation Permit there is a prevision of 38 environmental programs, namely: - Germinoplasma Rescue Program, conservation of the flora, suppression of the vegetation actions (adequate form); - Program of Documentation and Preservation of the Natural and Landscape Heritage.

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[EN15] NUMBER OF SPECIES IN THE IUCN RED LIST AND IN NATIONAL CONSERVATION LISTS				
ANIMALS AND VEGETABLES POTENTIALLY AFFECTED BY THE DISTRIBUTION ACTIVITY IN BRAZIL				
THREATENED FAUNA AND FLORA PRESENT IN THE EDP BANDEIRANTE AND IN THE EDP ESCELSA AREA				
SPECIES		LISTS		ON-GOING MINIMIZATION/ COMPENSATION MEASURES
SCIENTIFIC NAME	COMMON NAME	IBAMA	IUCN	
<b>EDP Bandeirante</b>				
<i>Araucariaangustifolia</i> <i>Machaeriumvillosum</i>	Parana Pine "Jacarandá-do-cerrado"	Endangered	Endangered	The species have been identified in an environmental survey to the elaboration of the Preliminary Environmental Report with the objective of requesting environmental permits. Once the permits have been issued, the company must obey the environmental Recovery Terms according to Act SMA 08/08. Aiming to improve the biodiversity of the concession area, biodiversity partnerships with municipalities have been established, in which EDP donates seeds of native species of the area to produce seedlings in municipal nurseries. In the scope of the construction of the recent Transmission Line, the Project has undergone several adaptations leading to the decrease of the area used to cable pulling.
<b>EDP Escelsa</b>				
<b>CLASS MAMMALIA</b>				
<i>Callithrixgeoffroyi</i> <i>Cebusrobustus</i>	Geoffroy's Tufted-ear Marmoset Robust Tufted Capuchin	Threatened Threatened	VU	Use of protected and isolated cables in the overhead electrical energy distribution grids; Registration of the environmental interest areas in the Technical Information System (SIT), in order to minimize the impact in habitats and biodiversity as a consequence of the electrical system expansion.
<b>CLASS BIRDS</b>				
<i>Sarcoramphus papa</i> <i>Leucopternispollonota</i> <i>Spizaetustyrannus</i> <i>Harpia harpyja</i> <i>Amazona rhodocorytha</i> <i>Geotrygonviolacea</i>	King Vulture Mantled Hawk Black Hawk-eagle Harpy Eagle Red-browed Amazon Violaceous Quail-dove	Threatened Endangered Endangered Endangered Endangered Endangered		

X - species considered endangered according to IBAMA based on the Ordinances N° 1,522 of 19 December, 1989; N° 45 of 27 April, 1992; N° 62 of 17 July, 1997; and the Normative Instruction N° 3 of 27 May, 2003; besides Act 5,197/67.

MANAGEMENT OF WASTE [EN22] DISTRIBUTORS		EDP BANDEIRANTE			
DANGEROUS WASTE (CLASS I)	UNIT	2011	2012	2013	DESTINATION
NON-CHLORINATED AND MINERAL INSULATING OILS	Tonne	0	0.53	0	Recycling
NON-CHLORINATED MINERAL AND SYNTHETIC OILS OF ENGINES, TRANSMISSION AND LUBRICATION (NON-CHLORINATED LUBRICANTS)	Tonne	0	0	0	-
WASTE OF PAINTS AND SOLVENTS (CONTAMINATED CANS, PAINTS, SOLVENTS)	Tonne	0	0	0	-
TRANSFORMERS AND CONDENSERS CONTAINING PCB	Tonne	0	25.95	0	Co-processing
ABSORBING PACKAGES AND MATERIALS, FILTERING MATERIALS, CLEANING CLOTHS AND PROTECTION OUTFITS CONTAMINATED BY DANGEROUS SUBSTANCES AND/OR OIL	Tonne	7.42	0,57	0	-
BRITA WASTE CONTAMINATED WITH OIL	Tonne	0	0	0	-
COPPER, BRONZE	Tonne	11.43	4.00	20.69	Recycling
HALOGEN LAMPS, FLUORESCENT LAMPS AND OTHER WASTE CONTAINING MERCURY	Tonne	43.50	25.39	53.25	Decontamination and recycling
BATTERIES AND ENERGY ACCUMULATORS	Tonne	0	0,18	0	Decontamination
ELECTRICAL AND ELECTRONIC EQUIPMENT	Tonne	0.35	0	0	Recycling
WASTE OF GEL SILICA	Tonne	0	0	0	-
SOCKETS	Tonne	0	1.02	0.96	Decontamination and recycling
INFECTIOUS WASTE	Tonne	0	0.02	0.02	Incineration
NON-DANGEROUS WASTE (CLASSES IIA AND IIB)	UNIT	2011	2012	2013	DESTINATION
WOOD REELS	Tonne	0	8.85	5.10	Recycling
CROSSHEADS	Tonne	0	65.84	72.84	Recycling
WOOD POSTS	Tonne	0	4,005.30	2,813.20	Recycling
PAPER AND CARDBOARD	Tonne	0.03	13.63	10.76	Recycling
PLASTIC	Tonne	2.99	4.90	5.37	Recycling
BRASS	Tonne	11.43	0	0.11	Recycling
INSULATORS AND REACTORS	Tonne	0	70.30	128.64	Recycling
WOOD (EXCLUDING WOOD POSTS, CROSSHEADS AND WOOD REELS)	Tonne	0	0	0	-
GLASS	Tonne	0.03	0.43	2.19	Recycling
CONSTRUCTION AND DEMOLITION WASTE	Tonne	0	0	-	-
METALLIC ALUMINIUM WASTE	Tonne	170.70	141.00	313.90	Recycling
METALLIC WASTE OF IRON AND STEEL	Tonne	333.80	380.00	391.57	Recycling
OTHER METALLIC SCRAP	Tonne	0	0	0	-
MIXTURES OF METALS	Tonne	64.00	43.00	0	Recycling
METALLIC WASTE OF NON-DANGEROUS CABLES	Tonne	124.30	166.00	Cables were reported according to their type of material	Recycling
CONCRETE POSTS	Tonne	3,914.00	4,188.00	3,104.00	Reuse
DISTRIBUTION TRANSFORMERS	Tonne	0	0	337.45	Recycling
CURRENT OR VOLTAGE TRANSFORMERS OR MEDIATION BT/MT SETS	Tonne	0	0	0	-
PUBLIC LIGHTING RELAYS	Tonne	0	0	2.174	Recycling
FUSES, DISCONNECTING SWITCHES, KNIFE SWITCH, LIGHTNING RODS	Tonne	0	0	53.12	Recycling
POWER METERS	Tonne	0	0	674.001	Recycling
MEASURING INSTRUMENTS	Tonne	0	0	0	-
REGULATORS, RECLOSERS, ISCONNECTORS, TC/TP AT, VOLTAGE CAPACITATORS	Tonne	0	0	17.11	Recycling



MANAGEMENT OF WASTE [EN22] DISTRIBUTORS		EDP ECELSA				
DANGEROUS WASTE (CLASS I)	UND	2011	2012	2013	DESTINATION	
NON-CHLORINATED AND MINERAL INSULATING OILS	Tonne	56.00	0	49.01	Refining	
NON-CHLORINATED MINERAL AND SYNTHETIC OILS OF ENGINES, TRANSMISSION AND LUBRICATION (NON- CHLORINATED LUBRICANTS)	Tonne	0	62.11	0	Refining	
WASTE OF PAINTS AND SOLVENTS (CONTAMINATED CANS, PAINTS, SOLVENTS)	Tonne	0	0	0.68	Preprocessing	
TRANSFORMERS AND CONDENSERS CONTAINING PCB	Tonne	0	0	0	–	
ABSORBING PACKAGES AND MATERIALS, FILTERING MATERIALS, CLEANING CLOTHS AND PROTECTION OUTFITS CONTAMINATED BY DANGEROUS SUBSTANCES AND/OR OIL	Tonne	0	0.7	0.20	Co-processing	
BRITA WASTE CONTAMINATED WITH OIL	Tonne	0	0	5.30	Preprocessing	
COPPER, BRONZE	Tonne	0	49.95	7.03	Recycling	
HALOGEN LAMPS, FLUORESCENT LAMPS AND OTHER WASTE CONTAINING MERCURY	Tonne	1.00	0	-	Decontamination	
BATTERIES AND ENERGY ACCUMULATORS	Tonne	0	0	0	–	
ELECTRICAL AND ELECTRONIC EQUIPMENT	Tonne	88.00	0	0.23	Recycling	
WASTE OF GEL SILICA	Tonne	0	0.40	0.74	Co-processing	
SOCKETS	Tonne	0	0	0	–	
INFECTIOUS WASTE	Tonne	0	0	0	–	
NON-DANGEROUS WASTE (CLASSES IIA AND IIB)	UND	2011	2012	2013	DESTINATION	
WOOD REELS	Tonne	0	0	142.41	Recycling	
CROSSHEADS	Tonne	0	0	132.31	Recycling	
WOOD POSTS	Tonne	0	0	1,140.75	Recycling	
PAPER AND CARDBOARD	Tonne	9.10	13.50	14.85	Recycling	
PLASTIC	Tonne	0.16	3.46	3.11	Recycling	
BRASS	Tonne	0	0	0	–	
INSULATORS AND REACTORS	Tonne	0	0	73.06	Recycling	
WOOD (EXCLUDING WOOD POSTS, CROSSHEADS AND WOOD REELS)	Tonne	55.00	528.30	0	Recycling	
GLASS	Tonne	0	0	0	–	
CONSTRUCTION AND DEMOLITION WASTE	Tonne	0	142.54	-	Recycling	
METALLIC ALUMINIUM WASTE	Tonne	170.09	564.23	387.94	Recycling	
METALLIC WASTE OF IRON AND STEEL	Tonne	43.04	371.44	169.07	Recycling	
OTHER METALLIC SCRAP	Tonne	0	0	3.17	Recycling	
MIXTURES OF METALS	Tonne	21.57	88.86	-	–	
METALLIC WASTE OF NON-DANGEROUS CABLES	Tonne	0	0	-	–	
CONCRETE POSTS	Tonne	0	2,380.76	6,632.00	Recycling	
DISTRIBUTION TRANSFORMERS	Tonne	0	0	262.45	Recycling	
CURRENT OR VOLTAGE TRANSFORMERS OR MEDIATION BT/MT SETS	Tonne	0	0	33.25	Recycling	
PUBLIC LIGHTING RELAYS	Tonne	0	0	0	–	
FUSES, DISCONNECTING SWITCHES, KNIFE SWITCH, LIGHTNING RODS	Tonne	0	0	73.62	Recycling	
POWER METERS	Tonne	0	0	551.05	Recycling	
MEASURING INSTRUMENTS REGULATORS, RECLOSERS, ISCONNECTORS, TC/TP AT, VOLTAGE CAPACITATORS	Tonne	0	0	23.32	Recycling	
	Tonne	0	0	61.66	Recycling	

MANAGEMENT OF WASTE [EN22] DISTRIBUTORS		ES PLANTS			
DANGEROUS WASTE (CLASS I)	UNIT	2011	2012	2013	DESTINATION
NON-CHLORINATED HYDRAULIC AND SYNTHETIC OILS	Tonne	0	0	0	–
NON-CHLORINATED AND MINERAL INSULATING OILS	Tonne	54.80	0	0	Refining
NON-CHLORINATED MINERAL AND SYNTHETIC OILS FROM ENGINES, TRANSMISSION AND LUBRICATION (NON-CHLORINATED LUBRICANTS)	Tonne	0	53.03	10.98	Landfilling
WASTE OF PAINTS AND SOLVENTS (CONTAMINATED CANS, PAINTS, SOLVENTS)	Tonne	0	0	0	–
TONER WASTE	Unit	0.02	0	0	Decontamination
ABSORBING PACKAGES MATERIALS, FILTERING MATERIALS, CLEANING CLOTHS AND PROTECTION OUTFITS CONTAMINATED BY DANGEROUS SUBSTANCES AND/OR OIL	Tonne	3.20	3.20	9.35	Landfilling
HALOGEN LAMPS, FLUORESCENT LAMPS AND OTHER WASTE CONTAINING MERCURY	Unit	142.00	1,061.00	838.00	Decontamination
BATTERIES AND ENERGY ACCUMULATORS	Tonne	0.01	0.01	0	Decontamination
BATTERIES	Tonne	0	60.00	0	Decontamination
ELECTRICAL AND ELECTRONIC EQUIPMENT	Tonne	0.32	0.32	0.08	Landfilling
WASTE OF GEL SILICA	Tonne	0.02	0.02	0	Landfilling
WASTE OF RESERVOIRS (GARBAGE, MACROPHYTE, AGGRADATION SEDIMENTS)	M <sup>3</sup>	0	0	0	–
WASTE OF ASBESTOS TILES	Tonne	0	0	0.68	Landfilling
<b>DIMENSION: CLASS II WASTE (INERT AND NON-INERT)</b>	<b>UNIT</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>DESTINATION</b>
ABSORBING PACKAGES AND MATERIALS, FILTERING MATERIALS, CLEANING CLOTHS AND PROTECTION OUTFITS CONTAMINATED BY DANGEROUS SUBSTANCES AND/OR OIL	Tonne	21.43	21.43	0	–
PAPER AND CARDBOARD	Tonne	0.06	0.02	0.15	Recycling
PLASTIC	Tonne	0.03	0.01	0.55	Recycling
BRASS	Tonne	0.01	0	0	–
WOOD (INCLUDE THE QUANTITY OF WOOD WASTE, EXCLUDING WOOD POSTS, CROSSHEADS AND WOOD REELS)	Tonne	0	0	0.44	Recycling
GLASS	Tonne	0.01	0.01	0.01	Recycling
CONSTRUCTION AND DEMOLITION WASTE	Tonne	3.00	0	7.71	Reuse
METALLIC WASTE OF IRON AND STEEL	Tonne	0.15	0.05	10.40	Recycling
INFORMATICS MATERIAL	Tonne	0	0.01	0	Landfilling

MANAGEMENT OF WASTE [EN22] DISTRIBUTORS		MS PLANTS			
DANGEROUS WASTE (CLASS I)	UNIT	2011	2012	2013	DESTINATION
NON-CHLORINATED HYDRAULIC AND SYNTHETIC OILS	Tonne	0	0	0	–
NON-CHLORINATED AND MINERAL INSULATING OILS	Tonne	0	0	0.97	Recycling
NON-CHLORINATED MINERAL AND SYNTHETIC OILS FROM ENGINES, TRANSMISSION AND LUBRICATION (NON-CHLORINATED LUBRICANTS)	Tonne	0	0	0	–
WASTE OF PAINTS AND SOLVENTS (CONTAMINATED CANS, PAINTS, SOLVENTS)	Tonne	0	0	0	–
TONER WASTE	Unit	0	0	6	Recycling/Decontamination
ABSORBING PACKAGES MATERIALS, FILTERING MATERIALS, CLEANING CLOTHS AND PROTECTION OUTFITS CONTAMINATED BY DANGEROUS SUBSTANCES AND/OR OIL	Tonne	0	0	0.02	Reuse
HALOGEN LAMPS, FLUORESCENT LAMPS AND OTHER WASTE CONTAINING MERCURY	Unit	0	0	0	–
BATTERIES AND ENERGY ACCUMULATORS	Tonne	0	0	0	–
BATTERIES	Tonne	0	0	0	–
ELECTRICAL AND ELECTRONIC EQUIPMENT	Tonne	0	0	0	–
WASTE OF GEL SILICA	Tonne	0	0	0	–
WASTE OF RESERVOIRS (GARBAGE, MACROPHYTE, AGGRADATION SEDIMENTS)	M <sup>3</sup>	0	10	0	Distribution in green areas
WASTE OF ASBESTOS TILES	Tonne	0	0	0	–
DIMENSION: CLASS II WASTE (INERT AND NON-INERT)	UNIT	2011	2012	2013	DESTINATION
ABSORBING PACKAGES AND MATERIALS, FILTERING MATERIALS, CLEANING CLOTHS AND PROTECTION OUTFITS CONTAMINATED BY DANGEROUS SUBSTANCES AND/OR OIL	Tonne	0	0	0	–
PAPER AND CARDBOARD	Tonne	0	0	0.31	Recycling
PLASTIC	Tonne	0	0	0.00	Recycling
BRASS	Tonne	0	0	0.10	Recycling
WOOD (INCLUDE THE QUANTITY OF WOOD WASTE, EXCLUDING WOOD POSTS, CROSSHEADS AND WOOD REELS)	Tonne	0	0	0	–
GLASS	Tonne	0	0	0	–
CONSTRUCTION AND DEMOLITION WASTE	Tonne	0	0	ND	–
METALLIC WASTE OF IRON AND STEEL	Tonne	0	0	0	–
INFORMATICS MATERIAL	Tonne	0	0	0	–

MANAGEMENT OF WASTE [EN22] DISTRIBUTORS		UHE LUIS EDUARDO MAGALHÃES				
DANGEROUS WASTE (CLASS I)	UNIT	2011	2012	2013	DESTINATION	
NON-CHLORINATED HYDRAULIC AND SYNTHETIC OILS	Tonne	ND	0	2.95	Recycling	
NON-CHLORINATED AND MINERAL INSULATING OILS	Tonne	ND	0	0	–	
NON-CHLORINATED MINERAL AND SYNTHETIC OILS FROM ENGINES, TRANSMISSION AND LUBRICATION (NON-CHLORINATED LUBRICANTS)	Tonne	ND	0	0	–	
WASTE OF PAINTS AND SOLVENTS (CONTAMINATED CANS, PAINTS, SOLVENTS)	Tonne	ND	0	0	–	
TONER WASTE	Unit	ND	0	0	–	
ABSORBING PACKAGES MATERIALS, FILTERING MATERIALS, CLEANING CLOTHS AND PROTECTION OUTFITS CONTAMINATED BY DANGEROUS SUBSTANCES AND/OR OIL	Tonne	ND	0	5.52	Landfilling	
HALOGEN LAMPS, FLUORESCENT LAMPS AND OTHER WASTE CONTAINING MERCURY	Unit	ND	0	0	–	
BATTERIES AND ENERGY ACCUMULATORS	Tonne	ND	0	115.00	Landfilling	
BATTERIES	Tonne	ND	0	0	–	
ELECTRICAL AND ELECTRONIC EQUIPMENT	Tonne	ND	0	0	–	
WASTE OF GEL SILICA	Tonne	ND	0	0.06	Landfilling	
WASTE OF RESERVOIRS (GARBAGE, MACROPHYTE, AGGRADATION SEDIMENTS)	M³	ND	0	0	–	
WASTE OF ASBESTOS TILES	Tonne	0	0	0	–	
DIMENSION: CLASS II WASTE (INERT AND NON-INERT)	UNIT	2011	2012	2013	DESTINATION	
ABSORBING PACKAGES AND MATERIALS, FILTERING MATERIALS, CLEANING CLOTHS AND PROTECTION OUTFITS CONTAMINATED BY DANGEROUS SUBSTANCES AND/OR OIL	Tonne	ND	0	0	–	
PAPER AND CARDBOARD	Tonne	ND	3.74	12.00	Recycling	
PLASTIC	Tonne	ND	3.33	3.20	Recycling	
BRASS	Tonne	ND	0	0	–	
WOOD (INCLUDE THE QUANTITY OF WOOD WASTE, EXCLUDING WOOD POSTS, CROSSHEADS AND WOOD REELS)	Tonne	ND	0	0	–	
GLASS	Tonne	ND	0	0	–	
CONSTRUCTION AND DEMOLITION WASTE	Tonne	ND	0	0	–	
METALLIC WASTE OF IRON AND STEEL	Tonne	ND	0	0	–	
INFORMATICS MATERIAL	Tonne	ND	0	0.27	Landfilling	

MANAGEMENT OF WASTE [EN22] DISTRIBUTORS		UHE PEIXE ANGICAL			
DANGEROUS WASTE (CLASS I)	UNIT	2011	2012	2013	DESTINATION
NON-CHLORINATED HYDRAULIC AND SYNTHETIC OILS	Tonne	0	0	0	–
NON-CHLORINATED AND MINERAL INSULATING OILS	Tonne	0	0	0	–
NON-CHLORINATED MINERAL AND SYNTHETIC OILS FROM ENGINES, TRANSMISSION AND LUBRICATION (NON-CHLORINATED LUBRICANTS)	Tonne	5.57	0	3.54	Refining
WASTE OF PAINTS AND SOLVENTS (CONTAMINATED CANS, PAINTS, SOLVENTS)	Tonne	0	0	136.16	Decontamination
TONER WASTE	Unit	0	0	0	–
ABSORBING PACKAGES MATERIALS, FILTERING MATERIALS, CLEANING CLOTHS AND PROTECTION OUTFITS CONTAMINATED BY DANGEROUS SUBSTANCES AND/OR OIL	Tonne	5.66	0	2.24	Decontamination
HALOGEN LAMPS, FLUORESCENT LAMPS AND OTHER WASTE CONTAINING MERCURY	Unit	197.00	0	804	Recycling
BATTERIES AND ENERGY ACCUMULATORS	Tonne	0	0	0	–
BATTERIES	Tonne	0	0	0	–
ELECTRICAL AND ELECTRONIC EQUIPMENT	Tonne	326.00	0	0	–
WASTE OF GEL SILICA	Tonne	0	0	0.02	Decontamination
WASTE OF RESERVOIRS (GARBAGE, MACROPHYTE, AGGRADATION SEDIMENTS)	M³	0	0	0	–
WASTE OF ASBESTOS TILES	Tonne	0	0	0	–
DIMENSION: CLASS II WASTE (INERT AND NON-INERT)	UNIT	2011	2012	2013	DESTINATION
ABSORBING PACKAGES AND MATERIALS, FILTERING MATERIALS, CLEANING CLOTHS AND PROTECTION OUTFITS CONTAMINATED BY DANGEROUS SUBSTANCES AND/OR OIL	Tonne	0	0	0.1	Sanitary landfilling
PAPER AND CARDBOARD	Tonne	0	0	0	–
PLASTIC	Tonne	0	0	0	–
BRASS	Tonne	0	0	0	–
WOOD (INCLUDE THE QUANTITY OF WOOD WASTE, EXCLUDING WOOD POSTS, CROSSHEADS AND WOOD REELS)	Tonne	0	0	0	–
GLASS	Tonne	0	0	0	–
CONSTRUCTION AND DEMOLITION WASTE	Tonne	0	0	0	–
METALLIC WASTE OF IRON AND STEEL	Tonne	0	0	1.45	Recycling
INFORMATICS MATERIAL	Tonne	0	0	0	–

[EN28] ADMINISTRATIVE AND LEGAL COMPLAINTS FOR NONCOMPLIANCE WITH ENVIRONMENTAL LEGISLATIONS	EDP CONSOLIDATED		EDP BANDEIRANTE	
	2013		2013	
	Administrative	Legal	Administrative	Legal
Legal proceedings started in the current year	23	3	3	2
Filed legal proceedings by the end of the current year	6	4	-	-
<b>Costs due to environmental fines (R\$)</b>	846,381.00		-	

[EN28] ADMINISTRATIVE AND LEGAL COMPLAINTS FOR NONCOMPLIANCE WITH ENVIRONMENTAL LEGISLATIONS	EDP ESCELSA		ES AND MS PLANTS	
	2013		2013	
	Administrative	Legal	Administrative	Legal
Legal proceedings started in the current year	14	-	-	-
Filed legal proceedings by the end of the current year	4	2	1	-
<b>Costs due to environmental fines (R\$)</b>	296,381.00		-	

[EN28] ADMINISTRATIVE AND LEGAL COMPLAINTS FOR NONCOMPLIANCE WITH ENVIRONMENTAL LEGISLATIONS	UHE LUIS EDUARDO MAGALHÃES		UHE PEIXE ANGICAL		UHE SANTO ANTÔNIO DO JARI	
	2013		2013		2013	
	Administrative	Legal	Administrative	Legal	Administrative	Legal
Legal proceedings started in the current year	-	-	-	-	3	1
Filed legal proceedings by the end of the current year	-	1	1	1	-	0
<b>Costs due to environmental fines (R\$)</b>	-		-		550,000.00	

[EN30] ENVIRONMENTAL INVESTMENTS AND COSTS (R\$ MILLION)	EDP BANDEIRANTE			EDP ESCELSA			ES AND MS PLANTS			UHE LUÍS EDUARDO MAGALHÃES		
	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
Elimination of waste	0.44	0.00	0.00	0.00	0.00	0.04	0.00	0.00	0.00	0.00	0.00	0.00
Treatment of emissions	0.00	0.31	0.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Remediation expenses	0.03	0.08	0.00	0.01	0.00	0.03	0.45	0.94	1.38	1.26	1.80	0.89
Prevention costs	4.03	3.47	7.97	7.01	7.73	2.85	0.42	0.62	0.48	0.41	0.39	0.31
Environmental management expenses	0.49	0.00	0.00	0.01	0.24	0.04	0.44	0.52	0.27	4.11	4.73	3.54
<b>Total</b>	<b>4.99</b>	<b>3.86</b>	<b>8.09</b>	<b>7.03</b>	<b>7.98</b>	<b>2.96</b>	<b>1.31</b>	<b>2.08</b>	<b>2.12</b>	<b>5.78</b>	<b>6.93</b>	<b>4.75</b>

[EN30] ENVIRONMENTAL INVESTMENTS AND COSTS (R\$ MILLION)	UHE PEIXE ANGICAL			UHE SANTO ANTÔNIO DO JARI		UHE CACHOEIRA CALDEIRÃO
	2011	2012	2013	2012	2013	2013
Elimination of waste	0.00	0.00	0.00	0.00	0.00	0.00
Treatment of emissions	0.00	0.00	0.00	0.11	0.00	0.00
Remediation expenses	0.36	0.73	0.65	1.49	1.07	0.24
Prevention costs	1.58	1.93	0.99	8.09	12.52	0.48
Environmental management expenses	1.48	0.22	0.16	7.61	20.08	5.49
<b>Total</b>	<b>3.42</b>	<b>2.88</b>	<b>1.80</b>	<b>17.30</b>	<b>33.67</b>	<b>6.22</b>

## PRODUCT LIABILITY

[PR1] Phases in products' cycle of life in which impacts in health and safety are assessed, aiming at the improvement, and the percentage of products and services subject to these procedures		
EDP		
	YES/NO	HOW IT HAPPENS
<b>a) Phases</b>		
Planning of energetic resources	YES	Through the constant analysis of dangers and risks associated to the business' activities. The tools existing at the Company are used.
Energy generation	NO	-
Energy transmission	NO	-
Energy distribution	YES	<ul style="list-style-type: none"> <li>• Training in security norms for collaborators and service providers (N10) and security inspection;</li> <li>• Security program to service providers;</li> <li>• Monitoring of impacts (equipment's noise at substations, electromagnetic fields, soil, water, biodiversity, emissions and waste);</li> <li>• Risks management and annual plan of preventive and corrective maintenance of the power grid;</li> <li>• Monitoring of indexes of accidents involving collaborators and third parties.</li> </ul>
Use of Energy	YES	<ul style="list-style-type: none"> <li>• Campaign of guidance and dissemination of information about the dangers, risks and the responsible use of electric power;</li> <li>• Monitoring of the indexes of accident involving population.</li> </ul>
Development of the product and/or service concept	NO	-
Research and development	YES	<ul style="list-style-type: none"> <li>• Investing in energetic efficiency projects and continuous improvement of services</li> </ul>
Certification	YES	<ul style="list-style-type: none"> <li>• Health and safety of collaborators (OHSAS 18000); environmental compliance of facilities (three substations with ISO 14000); measurement of technical quality indexes (ISO 9000).</li> </ul>
Marketing and promotion	NO	-
Disposal, reuse or recycling	YES	<ul style="list-style-type: none"> <li>• Appropriate disposal place to transformers removed from the power grid;</li> <li>• Disposal, decontamination and appropriate destiny of lamps (Conama);</li> <li>• Packaging of refrigerating gases from equipment replaced in energetic efficiency projects (refrigerators)</li> </ul>
<b>b) Percentage of products and services subject to these procedures</b>	100% of procedures oriented by norms and instructions from the electrical sector, legislation in general and better practices.	

**[PR6] PROGRAMS OF COMPLIANCE WITH LAWS, NORMS AND VOLUNTEER CODES RELATED TO MARKETING COMMUNICATION, INCLUDING PUBLICITY PROMOTION AND SPONSORSHIP**

- EDP Bandeirante and EDP Escelsa do not promote commercial publicity to sell electric power; however, in order to assure transparency in the communication between the Company and its internal and external publics, the Communication Corporate Policy is considered the guiding tool in this dialogue.
- When works of new constructing enterprises are started, namely Transforming Stations of Distribution, Transmission Lines and Hydroelectric Plants, some environmental and social impact is caused in the area. The Brand and Communication Executive Committee acts in a partnership with IEDP in order to listen to and meet the expectations of the community in public audiences.

**[EU24] PROCEDURES TO DEAL WITH BARRIERS RELATED TO LANGUAGE, CULTURE, LOW EDUCATION LEVELS AND SPECIAL NEEDS THAT MAY HINDER ACCESS TO ELECTRICITY AND TO CUSTOMER SERVICES, AS WELL AS ITS SAFE USE**

**EDP BANDEIRANTE  
AND EDP ESCELSA**

**PROCEDURES TO AVOID COMMUNICATION BARRIERS**

- Handicap-accessible ramps with signs in Braille at face-to-face service stores, with content of guidance about "economy tips", "safety", "cons and theft", "rights and duties", etc.
- A telephone number for disabled people should be made available in the information leaflet.

**PROCEDURES OF AWARENESS ABOUT SAFE USE OF ELECTRICITY**

- Leaflets: are made available physically at the face-to-face service stores, with content of guidance about "economy tips", "safety", "cons and theft", "rights and duties", etc.
- Posters: are exposed at the face-to-face service stores, with instructions such as "be careful when flying kites next to the power grid", "economy tips" and etc.
- Digital walls: are present at the face-to-face service stores, conveying information that helps users with daily cares, such as: "accumulation of clothes to be ironed", "turn off TV when no one is watching", and other advertisements about habits of consumption and safe use of electricity that may be remotely altered in up to 04 hours.
- Virtual agency: all pieces of information and tips to customers about consumption and safe use of electricity are made available, as well as service providing.

[EU27] NUMBER OF RESIDENTIAL DISCONNECTIONS DUE TO LACK OF PAYMENT, IDENTIFIED BY DURATION OF THE DISCONNECTION AND BY REGULATORY SYSTEM	EDP BANDEIRANTE			EDP ESCELSA		
	2011	2012	2013	2011	2012	2013
<b>a) Report the number of customers, identified by total duration of disconnection and the regularisation of payment according to the following five categories:</b>	<b>NUMBER OF CUSTOMERS</b>			<b>NUMBER OF CUSTOMERS</b>		
Less than 48 hours	ND	130,197	108,477	ND	97,203	64,910
48 hours – 1 week	ND	39,957	17,214	ND	23,229	22,405
1 week – 1 month	ND	25,065	24,368	ND	37,147	16,750
1 month – 1 year	ND	19,687	35,744	ND	42,559	16,884
More than 1 year	ND	NA	34	ND	1,425	4,647
<b>b) Report the number of costumers, identified by the total length of time between regularization of payment and reconnection, according the following three categories:</b>	<b>NUMBER OF CUSTOMERS</b>			<b>NUMBER OF CUSTOMERS</b>		
Less than 24 hours	67.20	92.05	93.96	45.30	40.30	0.43
24 hours – 1 week	31.70	6.77	5.46	30.40	52.70	0.45
More than 1 week	1.10	1.18	0.58	24.30	6.86	0.12
<b>Disconnections and reconnections</b>	<b>NUMBER</b>			<b>NUMBER</b>		
Disconnections	212,247	274,918	226,242	179,771	238,775	168,148
Reconnections	232,208	248,308	209,889	142,486	160,347	105,596



## GRI SUMMARY [GRI 3.12]

		GLOBAL PACT PRINCIPLE	PAGE/ COMMENT	RELEVANCE	INFORMATION LEVEL
<b>STRATEGY AND ANALYSIS</b>					
1.1	Declaration about relevance of sustainability		6	Mandatory	Complete
1.2	Description of main impacts, risks and opportunities		25, 29-35	Mandatory	Complete
<b>ORGANISATIONAL PROFILE</b>					
2.1	Organisation name		17	Mandatory	Complete
2.2	Main brands, products and/or services		17	Mandatory	Complete
2.3	Operational structure		15	Mandatory	Complete
2.4	Headquarters' location		17, 153	Mandatory	Complete
2.5	Number of countries in which the Organisation operates		12	Mandatory	Complete
2.6	Type and legal nature of the property		14 e 17	Mandatory	Complete
2.7	Benefited markets (areas, sectors and type of customers/ beneficiaries)		14, 17-19	Mandatory	Complete
2.8	Size of the organisation		14, 22	Mandatory	Complete
2.9	Main changes during the period covered by the Report related to size, structure, or shareholding participation		15-16	Mandatory	Complete
2.10	Prizes obtained in the period covered by the Report		21	Mandatory	Complete
EU1	Installed capacity (MW), by primary energy source		17	Material	Complete
EU2	Net electricity production, by primary energy source		93	Material	Complete
EU3	Number of residential, industrial, institutional and commercial units		115	Material	Complete
EU4	Length of transmission and distribution lines		116	Material	Complete
EU5	CO <sub>2</sub> equivalents allocation permits		In Brazil, there is no CO <sub>2</sub> equivalents allocation system   96	Not applicable	Complete
<b>REPORT PROFILE</b>					
3.1	Period covered by the Report for the presented information		01/01/2013 a 31/12/2013	Mandatory	Complete
3.2	Date of the most recent previous report		Published in May, 2013	Mandatory	Complete
3.3	Cycle of reports issuing (annual, biennial)		Annual	Mandatory	Complete
3.4	Contact information		5	Mandatory	Complete
<b>Scope and limit of the Report</b>					
3.5	Definition of the content process		112-115	Mandatory	Complete
3.6	Limit of the Report (countries, divisions, subsidiaries, suppliers)		5	Mandatory	Complete
3.7	Declaration about any specific limitations concerning the scope or limit of the Report		There are no specific limits.	Mandatory	Complete
3.8	Base for the elaboration of the Report concerning adjoints, ventures, subsidiaries, etc.		The criteria for consolidation of the information concerning operations and sustainability follow the methods of accounts consolidation of the EDP Group (for further information, see explanatory note 2 of EDP's DFs <a href="http://www.edp.com.br">www.edp.com.br</a> > Investidores > Informações Financeiras > Balanços Anuais Consolidada)	Mandatory	Complete
3.9	Mediation of data and calculus bases techniques		When necessary, these references are indicated in the tables along the text.	Mandatory	Complete
3.10	Consequences of any changes in previous information		Along the text, when there are alterations	Mandatory	Complete
3.11	Significant changes when compared to previous years		137-144	Mandatory	Complete
3.12	Table that locates information in the Report			Mandatory	Complete
<b>Verification</b>					
3.13	Policy and current procedures concerning the seeking of external verification for the Report		5, 145	Mandatory	Complete
<b>GOVERNANCE, COMPROMISE AND ENGAGEMENT</b>					
<b>Governance</b>					
4.1	Governance structure	1 a 10	105-109	Mandatory	Complete
4.2	Indication if the highest organ's President is also the Director	1 a 10	The Administrative Committee President is also IEDP's President-Director.	Mandatory	Complete
4.3	Independent or non-executive members of the highest governance organ	1 a 10	106	Mandatory	Complete
4.4	Mechanisms for shareholders and employees to make recommendations	1 a 10	The Shareholders' General Assembly is the privileged forum for shareholders to make recommendations. For the collaborators, there are, among other channels, the "Talk to the President" and the "Ethics Channel"/ 102 and 104.	Mandatory	Complete
4.5	Relation between remuneration and performance	1 a 10	106	Mandatory	Complete
4.6	On-going procedures to assure the avoidance of interests conflicts	1 a 10	106	Mandatory	Complete
4.7	Procedures to determine counsellors' qualifications and knowledge	1 a 10	106	Mandatory	Complete
4.8	Declarations of mission, Code of Conduct and internal principles relevant to the economic, environmental and social performance, as well as the status of its implementation	1 a 10	16, 104, 109	Mandatory	Complete
4.9	Procedures by the highest governance organ in order to supervise the identification and management (by the Company) of the economic, environmental and social performance, including relevant risks and opportunities, as well as the compliance with the internationally established norms, Codes of Conduct and principles	1 a 10	106	Mandatory	Complete
4.10	Procedures for self-assessment of the highest governance organ's performance, especially regarding economic, environmental and social performance	1 a 10	106	Mandatory	Complete

		GLOBAL PACT PRINCIPLE	PAGE/ COMMENT	RELEVANCE	INFORMATION LEVEL
	<b>Commitment with external initiative</b>				
4.11	Precaution principle	7	30, 102-103	Mandatory	Complete
4.12	Letters, principles and other subscribed or endorsed external initiatives		102-103	Mandatory	Complete
4.13	Participation in associations and/or national/ international organisms		102-103	Mandatory	Complete
	<b>Stakeholders engagement</b>				
4.14	List of stakeholders engaged by the Organisation		100	Mandatory	Complete
4.15	Basis to identify and select which stakeholders to engage with		100	Mandatory	Complete
4.16	Stakeholders engagement approach		100	Mandatory	Complete
4.17	Main topics and worries identified through stakeholders engagement		100, 114	Mandatory	Complete
	<b>MANAGEMENT FORM</b>				
	<b>ECONOMIC PERFORMANCE</b>				
	Economic performance		38-42	Mandatory	Complete
	Presence in the market		14, 17-19	Mandatory	Complete
	Indirect economic impact		72-75	Mandatory	Complete
	Availability and liability		43-44, 46-48	Mandatory	Complete
EU6	Management to assure the supply's availability and liability		46-48	Material	Complete
	Management on the demand's side		58-60	Material	Complete
EU7	Consumption management programs		58-60	Material	Complete
	System efficiency		47-50	Material	Complete
	Research and development		61-65	Material	Complete
EU8	P&D activities and expenses		61-65	Material	Complete
	Decommissioning of plants		There are no plants in a decommissioning situation	Material	Complete
EU9	Provision for decommissioning of nuclear plants		EDP does not operate nuclear plants	Not applicable	Complete
	<b>ENVIRONMENTAL PERFORMANCE</b>				
	Materials		86-90	Mandatory	Complete
	Energy		122-123	Mandatory	Complete
	Water		124	Mandatory	Complete
	Biodiversity		77-86	Mandatory	Complete
	Emissions, effluents and waste		86-97	Mandatory	Complete
	Products and services		80-84	Mandatory	Complete
	Compliance		134	Mandatory	Complete
	Transportation		140	Mandatory	Complete
	General		85, 134	Mandatory	Complete
	<b>LABOUR PRACTICES AND DECENT WORK</b>				
	Employment		65-69	Mandatory	Complete
EU14	Programs and procedures that assure the offer of qualified labour force		66	Material	Complete
EU15	Employees entitled to retirement in the following 5 or 10 years, identified by category and area		120	Non material	Complete
EU16	Policies and demands related to employees, partner workers and third-party's health and safety		69-71	Material	Complete
	Relationship between workers and governance		141	Mandatory	Complete
	Health and safety at work		69-72	Mandatory	Complete
	Training and education		66, 119	Mandatory	Complete
	Diversity and opportunities equality		66, 119	Mandatory	Complete
	Equality in the remuneration of men and women		Remuneration does not depend on gender or ethnicity   119	Mandatory	Complete
	<b>HUMAN RIGHTS</b>				
	Investment and buying processes practices		56, 142	Mandatory	Complete
	Non-discrimination		142	Mandatory	Complete
	Freedom to establish collective association and negotiation		57	Mandatory	Complete
	Child labour		57	Mandatory	Complete
	Forced or slave labour		57	Mandatory	Complete
	Safety practices		142	Mandatory	Complete
	Indigenous rights		142	Mandatory	Complete
	Assessment		57	Mandatory	Complete
	Remediation		142	Mandatory	Complete
	<b>SOCIETY</b>				
	Community		72-77	Mandatory	Complete
EU19	Stakeholders' participation in decision making concerning energetic planning and infrastructure		72	Mandatory	Complete
	Approach to management of commuting impacts		73	Material	Complete
EU20	Corruption		104, 143	Mandatory	Complete
	Public policies		29, 103	Mandatory	Complete
	Disloyal competition		143	Mandatory	Complete
	Compliance		143	Mandatory	Complete
	Prevention of and preparation to emergencies and disasters		51	Mandatory	Complete
EU21	Contingence measures and plans in case of disasters/ emergence		50-52	Mandatory	Complete
	<b>RESPONSIBILITY FOR THE PRODUCT</b>				
	Customer's health and safety		72, 135, 144	Material	Complete
	Labelling of products and services		53,144	Mandatory	Complete
	Marketing communications		135, 144	Mandatory	Complete
	Customer's privacy		144	Mandatory	Complete
	Compliance		49, 144	Mandatory	Complete
	Access		43, 49, 136, 144	Mandatory	Complete
EU23	Programs to improve or keep access to electricity		43-46, 58-61	Mandatory	Complete
	Information report		136	Material	Complete
EU24	Practices to deal with access barriers (education, special needs, etc.)		136	Mandatory	Complete

		PERFORMANCE INDEXES	GLOBAL PACT PRINCIPLE	PAGE/ COMMENT	NÍVEL DE INFORMAÇÃO	INFORMATION LEVEL
<b>ECONOMIC PERFORMANCE</b>						
<b>Economic performance</b>						
ES	EC1	Direct economic value generated and distributed (DVA)	7	38, 76	Material	Complete
ES	EC2	Financial implications, risks and opportunities caused by climatic changes		91-92		
ES	EC3	Coverage of obligations concerning the pension and defined benefit plan		68	Material	Complete
ES	EC4	Significant financial support received from the government		In its 2013 Administration Report, EDP informs the sum of help received from the government on Note 35 (Income Tax and Social Contribution), which amounts to R\$42.3 million concerning SUDENE/ADA. Its distributors also document the subventions in the same Report. EDP Bandeirante has reported on Note 24 (Revenue – Subventions) R\$133.7 million. EDP, through EDP action, has invested resources from tax advantages into social, cultural and sports projects, in compliance with federal, state and municipal tax advantages laws, amounting to R\$3 million (page 76).		
<b>Presence in the market</b>						
AD	EC5	Lower salary if compared to local minimum wage	1	In accordance to the better market practices, EDP's remuneration policy establishes that the base salary of each position must be calculated taking into consideration the activities performed and the contribution to the business; and does not present any gender segregation. The lowest salary at EDP, both for men and women, is 31% higher than the national minimum wage in 2013 (R\$ 678)	Material	Complete
ES	EC6	Policies, practices and cost proportion with local suppliers				
ES	EC7	Procedures for local hiring		66	Material	Complete
<b>Indirect economic impacts</b>						
ES	EC8	Investments in infrastructure and services in the community		75	Material	Complete
AD	EC9	Significant indirect economic impacts		73-75	Material	Complete
<b>Availability and reliability</b>						
SU	EU10	Planned capacity compared to the projection of energy demand	6	93	Material	Complete
<b>System efficiency</b>						
SU	EU11	Average efficiency of thermoelectric plants		Global efficiency – 35.35%	Non material	Complete
SU	EU12	Transmission and distribution losses compared to energy total		Average efficiency – 30.04%	Material	Complete
				47		

		ENVIRONMENTAL PERFORMANCE	GLOBAL PACT PRINCIPLE	PAGE/ COMMENT	RELEVANCE	INFORMATION LEVEL
		<b>Materials</b>				
ES	EN1	Used materials, by weight and volume	8	86	Material	Complete
ES	EN2	Percentage of used materials originated from recycling	8, 9	87	Material	Complete
		<b>Energy</b>				
ES	EN3	Consumption of direct energy, identified by primary source	8	122	Material	Complete
ES	EN4	Consumption of indirect energy, identified by primary source	8	123	Material	Complete
AD	EN5	Saved energy due to conservation and efficiency improvements	8, 9	58	Material	Complete
AD	EN6	Initiatives to provide products and services at low energy consumption		58, 60	Material	Complete
AD	EN7	Initiatives to reduce indirect energy consumption and reached reductions	8, 9	96	Material	Complete
		<b>Water</b>				
ES	EN8	Total of water withdrawal per source	8	124	Material	Complete
AD	EN9	Hydraulic sources significantly affected by water withdrawal		There are no hydric sources significantly affected by water withdrawal	Non material	Complete
AD	EN10	Total percentage and volume of recycled and reused water		124	Non material	Complete
		<b>Biodiversity</b>				
ES	EN11	Location and size of the Company in protected areas or in areas with high biodiversity	8	78-79	Material	Complete
ES	EN12	Description of significant impacts on biodiversity	8	80-84	Material	Complete
AD	EN13	Protected or restored habitats	8	85	Material	Complete
SU	EU13	Biodiversity of substitute habitats	8	It is not possible to compare the original habitats' biodiversity with the restored ones/ 85	Material	Complete
AD	EN14	Management of impacts on biodiversity	8	77-78	Material	Complete
AD	EN15	Number of species in International Union's Conservation of Nature (IUCN) Red List; and in national conservation lists	8	125-127	Material	Complete
		<b>Emissions, effluents and waste</b>				
ES	EN16	Total of direct and indirect greenhouse effect gases emission, by weight	8	94-95	Material	Complete
ES	EN17	Other relevant indirect emissions of greenhouse effect gases, by weight	8	94-95	Material	Complete
ES	EN18	Initiatives to reduce the emission of greenhouse effect gases and obtained reductions	7, 8, 9	96	Material	Complete
ES	EN19	Emissions of damaging substances to the ozone layer, by weight	8	Produced by refrigeration equipment and lowly significant	Non material	Complete
ES	EN20	NOx, SOx and other significant atmospherical emissions, by type and weight	8	There are no significant atmospherical emissions.	Non material	Complete
ES	EN21	Total disposal of water, by quality and destination	8	The consumption of water and the emission of effluents are of domestic type, being collected through the public sanitation system or, in the case of EDP Escelsa, by septic tanks built in accordance to technical norms, without significant impacts.	Non material	Complete
ES	EN22	Total weight of waste, by type and disposal method	8	128-133	Material	Complete
ES	EN23	Total number and volume of significant leaks	8	90	Material	Complete
AD	EN24	Weight of transported, imported, exported or treated dangerous waste		EDP does not import or export dangerous waste. Dangerous wastes are treated and transported by national suppliers that present permits and strict procedures concerning the handling of this type of material.	Not applicable	Complete
AD	EN25	Biodiversity of bodies of water and habitats affected by water disposal and draining		There are no bodies of water and habitats significantly affected by water disposal and draining. EDP follows the legislation and works for the reduction of effluents' volume.	Non material	Complete
		<b>Products and services</b>				
ES	EN26	Initiatives to mitigate environmental impacts of products and services	7, 8, 9	80-84, 85-88, 96	Material	Complete
ES	EN27	Recovered percentage of products and its packages	8, 9	Packages are not used in generation, distribution and commercialization of energy.	Not applicable	Complete
		<b>Compliance</b>				
ES	EN28	Fines and sanctions due to non-compliance with environmental laws and regulations	8	134	Material	Complete
		<b>Transportation</b>				
AD	EN29	Environmental impact caused by the transportation of products, goods, materials and workers.		There is no significant environmental impact caused by the transportation of products, other material goods, or workers.	Non material	Complete
		<b>General</b>				
AD	EN30	Total of investments and expenses in environmental protection, by type	7,8,9	85, 134	Material	Complete

		LABOUR PRACTICES AND DECENT WORK	GLOBAL PACT PRINCIPLE	PAGE/ COMMENT	RELEVANCE	INFORMATION LEVEL
<b>Job</b>						
ES	LA1	Workers by type of job, work contract and area, identified by gender	6	66, 116	Material	Complete
ES	LA2	Total number and turnover rates, by age, gender and area		65, 117	Material	Complete
SU	EU17	Partners' worked days (construction, operation and maintenance activities)		It was not possible to measure it in 2013, because a strong methodology that allows the determination of worked days by third-party, by types of activities, has not been developed. This amount is supposed to be made available in 2015.	Material	Incomplete
SU	EU18	Training in partner workers and third-party's health and safety		69	Material	Complete
AD	LA3	Benefits not offered to temporary or part-time employees		67	Material	Complete
ES	LA15	Rates of return to work and retention after maternity or paternity leaves, by gender		120	Material	Complete
<b>Relations between workers and governance</b>						
ES	LA4	Percentage of employees included in collective negotiation deals	1, 3	The collective work deals cover 95% of EDP's own employees.	Material	Complete
ES	LA5	Minimum deadline for the beforehand notification concerning operational changes	3	Conventions do not include specific clauses about the topic. However, EDP communicates all leaderships about each step of negotiations, as well as foresees a reasonable deadline for all workers to solve their doubts. Based on the open relationship kept with unions, any extraordinary situations that significantly impact collaborators are quickly reported to their representatives/ 69.	Material	Complete
<b>Health and safety at work</b>						
AD	LA6	Percentage of employees represented in formal safety and health committees	1	69	Material	Complete
ES	LA7	Rates of injuries, occupational diseases, missed days, absenteeism and death	1	71, 118, 119	Material	Complete
ES	LA8	Education, training, counselling, prevention and risk control programs	1	69, 71	Material	Complete
AD	LA9	Topics concerning safety and health covered by formal deals with unions	1	There are no specific clauses. Programs follow the regulatory norms and are based on each company' needs.	Material	Complete
<b>Training and education</b>						
ES	LA10	Average of training hours per year, per employee, by category	6	66, 119	Material	Complete
AD	LA11	Programs for the managing of competences and continuous apprenticeship and career end		The Company does not count on specific programs to manage the career end.	Material	Complete
AD	LA12	Percentage of employees who regularly receive performance assessments		66	Material	Complete
<b>Diversity and equality of opportunities</b>						
ES	LA13	Responsible for governance and employees by gender, age, minority groups	1, 6	65, 119	Material	Complete
<b>Equality in remuneration between men and women</b>						
ES	LA14	Proportion of base salary between men and women, by position	1, 6	The base salary does not take into consideration gender or ethnicity, and does not have access to data by position/ 119	Material	Complete

		HUMAN RIGHTS	GLOBAL PACT PRINCIPLE	PAGE/ COMMENT	RELEVANCE	INFORMATION LEVEL
		<b>Practices of investments and buying processes</b>				
ES	HR1	Investment contracts that include clauses concerning human rights	1 a 6	56	Material	Complete
ES	HR2	Suppliers who have undergone assessment concerning human rights	1 a 6	56	Material	Complete
AD	HR3	Training in human rights to employers	1	The training about human rights happens at the time of the e-learning about Ethics at EDP, that all new collaborators must attend to when they enter the Company, since the ethics topic includes respect for human rights.	Material	Complete
		<b>Non discrimination</b>				
ES	HR4	Total number of discrimination cases and taken actions	1, 2, 6	No cases of discrimination have been registered in 2013.		Complete
		<b>Freedom of collective association and negotiation</b>				
ES	HR5	Operations that threaten the association freedom right	1, 2, 3	57	Material	Complete
		<b>Child labour</b>				
ES	HR6	Operations with significant risk of child labour occurrence	1, 2, 5	57	Material	Complete
		<b>Forced or slave labour</b>				
ES	HR7	Operations with risk of forced or slave labour	1, 2, 4	57	Material	Complete
		<b>Safety practices</b>				
AD	HR8	Safety staff trained in human rights	1	In 2013, 100% of the guards and doorkeepers received training aiming at customer service, which included, among other topics, ethical conduct, human rights aspects and discrimination at work.	Material	Complete
		<b>Indigenous rights</b>				
AD	HR9	Cases of violation of indigenous peoples' rights and measures taken	1	The action started in 2010 supporting the maintenance of financial resources' transference established in an agreement between Investco and the National Indigenous Foundation (FUNAI) concerning the Environmental Compensation Program (PROCAMBIX) due to the implementation of the UHE Luíz Eduardo Magalhães was finished on June 06, 2013.	Material (generation)	Complete
		<b>Assessment</b>				
ES	HR10	Operations subject to reviews and/ or assessments of impact in relation to human rights		57	Material	Complete
		<b>Remediation</b>				
ES	HR11	Complaints concerning human rights received, dealt with and resolved through formal complaints' mechanisms		No complaints were registered in 2013	Material	Complete

		SOCIEDADE	GLOBAL PACT PRINCIPLE	PAGE/ COMMENT	RELEVANCE	INFORMATION LEVEL
		<b>Community</b>				
ES	SO1	Nature, scope and efficiency of any programs and practices to assess and manage the impact of operations on communities, including the entrance, operation and exit		58-60, 73, 75, 76	Material	Complete
ES 3.1	SO1	Percentage of operations with actions of engagement of the local community, evaluation of impact and development programs		58-60, 73, 75, 76	Material	Complete
SU	EU22	Number of physically and economically displaced people ; and compensation		73	Material Material	Complete Complete
ES	SO9	Operations with significant potential or real negative impact on local communities		121	Material	Complete
ES	SO10	Measures of prevention and mitigation implemented in operations with significant or real negative impact on local communities		121	Material	Complete
		<b>Corruption</b>				
ES	SO2	Business units subject to evaluation of risks concerning corruption	10	105	Material	Complete
ES	SO3	Employees trained in the anticorruption policies and procedures	10	In 2013, 24% of new collaborators were trained (98 non managers)/ 104	Material	
ES	SO4	Actions taken as a response to corruption cases	10			
		<b>Public policies</b>				
ES	SO5	Positions and participation in the development of public policies and lobbies	1 a 10	29, 103	Material	Complete
AD	SO6	Contributions to political parties, politicians or related institutions	10	The Company does not contribute with political parties, politicians or related institutions.	Material	Complete
		<b>Disloyal competition</b>				
AD	SO7	Legal actions due to disloyal competition trust and monopoly practices.		In 2013, there were no legal actions due to disloyal competition, trust and monopoly practices were registered.	Material	Complete
		<b>Compliance</b>				
ES	SO8	Fines and sanctions due to incompliance with laws and regulations related to the "Society" dimension		In 2013, there were no fines nor non-monetary sanctions.	Material	Complete

		RESPONSIBILITY FOR THE PRODUCT	GLOBAL PACT PRINCIPLE	PAGE/ COMMENT	RELEVANCE	INFORMATION LEVEL
		<b>Customer's health and safety</b>				
ES	PR1	Phases of product's and services' life cycle in which the impacts on health and safety are evaluated	1	135	Material	Complete
AD	PR2	Compliance with regulations and voluntary codes related to health and safety		There is no adherence to regulations and voluntary codes concerning impact caused by products and services to health and safety during their life cycle; however, there are operational units certified by the OHSAS 18001 norm.	Material	Complete
SU	EU25	Accidents and deaths of users involving the Company's goods		72	Material	Complete
		<b>Labelling of products and services</b>				
ES	PR3	Type of information about products and services demanded by labelling procedures	8	There is no labelling in energy services.	Not applicable	Complete
AD	PR4	Cases of in-compliance related to information and labelling		There is no labelling in energy services.	Not applicable	Complete
AD	PR5	Practices related to customer's satisfaction including surveys' results		52-53	Material	Complete
		<b>Marketing communication</b>				
ES	PR6	Compliance with marketing communication laws, norms and volunteer codes		135	Material	Complete
AD	PR7	Cases of non-compliance with marketing communication laws, norms and volunteer codes		No cases were registered in 2013.	Material	Complete
		<b>Customer's privacy</b>				
AD	PR8	Attested complaints concerning violation of privacy and loss of customers' information		Data made available by customers are used to billing and customer relations only. In 2013, no violation of customers' data was detected.	Material	Complete
		<b>Compliance</b>				
ES	PR9	Fines due to non-compliance concerning supply and use of products and services		49	Material	
		<b>Access</b>				
SU	EU26	Population not served in areas with regulated distribution or service (Universalization)		Rural and urban populations are 100% served.	Material	
SU	EU27	Number of residential disconnections due to lack of payment		136	Material	
SU	EU28	Frequency of energy supply interruptions		49	Material	
SU	EU29	Average length of energy supply interruptions		49	Material	
SU	EU30	Index of average availability of generation plants		43	Material	



INDEPENDENT AUDITORS' ASSURANCE REPORT





## GRI'S CHECK STATEMENT

## SOCIAL BALANCE (IBASE)

EDP						
1 – CALCULATION BASIS	2013 AMOUNT (K R\$)			2012 AMOUNT (K R\$)		
Net income (NI)	7,096,492.00			6,454,488.00		
Operating Income (OI)	1,253,095.00			1,082,996.00		
Gross payroll (GP)	305,499.00			247,624.00		
2 – INTERNAL SOCIAL INDICATORS	AMOUNT (K)	% OF GP	% OVER NI	AMOUNT (K)	% OF GP	% OVER NI
Food	30,305.86	9.92%	0.43%	25,865.00	10.45%	0.40%
Mandatory social contributions	72,427.59	23.71%	1.02%	64,085.00	25.88%	0.99%
Private pension	11,260.41	3.69%	0.16%	10,742.00	4.34%	0.17%
Health	40,022.72	13.10%	0.56%	28,139.00	11.36%	0.44%
Occupational safety and health	-	0.00%	0.00%	55.00	0.02%	0.00%
Education	609.16	0.20%	0.01%	632.00	0.26%	0.01%
Culture	-	0.00%	0.00%	0.00	0.00%	0.00%
Training and professional development	4,553.57	1.49%	0.06%	3,723.00	1.50%	0.06%
Daycare and children care assistance	938.32	0.31%	0.01%	600.00	0.24%	0.01%
Participation in profits or results	26,118.31	8.55%	0.37%	27,562.8	11.13%	0.43%
Early Retirement Program – ERP	-	0.00%	0.00%	0.00	0.00%	0.00%
Others	-	0.00%	0.00%	2,596.00	1.05%	0.04%
<b>Total –Internal social indicators</b>	<b>186,235.95</b>	<b>60.96%</b>	<b>2.62%</b>	<b>163,999.88</b>	<b>66.23%</b>	<b>2.54%</b>
3 –EXTERNAL SOCIAL INDICATORS	AMOUNT (K)	% OF GP	% OVER NI	AMOUNT (K)	% OF GP	% OVER NI
Education	822.00	0.07%	0.01%	995.00	0.09%	0.02%
Culture	2,498.00	0.20%	0.04%	2,733.00	0.25%	0.04%
Health and sanitation	0.00	0.00%	0.00%	139.00	0.01%	0.00%
Sport	954.00	0.08%	0.01%	1,131.00	0.10%	0.02%
Fighting hunger and food security	0.00	0.00%	0.00%	0.00	0.00%	0.00%
Others	496.00	0.04%	0.01%	241.00	0.02%	0.00%
<b>Total of contributions to society</b>	<b>4,770.00</b>	<b>0.38%</b>	<b>0.07%</b>	<b>5,239.00</b>	<b>0.48%</b>	<b>0.08%</b>
Taxes (excluding social contributions)	2,650,421.79	211.51%	37.35%	2,936,534.00	271.15%	45.50%
<b>Total – External social indicators</b>	<b>2,655,191.79</b>	<b>211.89%</b>	<b>37.42%</b>	<b>2,941,773.00</b>	<b>271.63%</b>	<b>45.58%</b>
4 - ENVIRONMENTAL INDICATORS	AMOUNT (K)	% OF GP	% OVER NI	AMOUNT (K)	% OF GP	% OVER NI
Investments related to the company´s production/ operation	59,616.25	4.76%	0.84%	44,336.63	4.09%	0.69%
Investments in programs and/or projects	249.03	0.02%	0.00%	406.35	0.04%	0.04%
<b>Total investments in environment</b>	<b>59,865.27</b>	<b>4.78%</b>	<b>0.84%</b>	<b>44,743</b>	<b>4.13%</b>	<b>0.69%</b>
With respect to the establishment of “annual goals” to minimize waste, overall consumption during production/operation and to increase the efficient use of natural resources the company	( X ) has no target ( ) meets 51 to 75% ( ) complies 0 to 50% ( ) complies 76 to 100%			( X ) has no target ( ) meets 51 to 75% ( ) complies 0 to 50% ( ) complies 76 to 100%		
5 – WHOLE-STAFF INDICATORS	2012		2013			
Nº of employees at the end of the period	2,772		2,641			
Nº of hires during the period	408		418			
Nº of outsourced workers	8,286		8,772			
Nº of interns	136		119			
Nº pf employees over 45 years of age	731		747			
Nº of women working in the company	653		599			
% of management positions held by women	21.17%		20.27%			
Nº of Afro descendants working inte company (1)	833		355			
% management positions held by Afro descendants	16.10%		1.41%			
Nº of people with disabilities or special needs	75		70			

EDP						
6 – RELEVANT INFORMATION ON THE EXERCISE OF CORPORATE CITIZEN SHIP	2013			TARGET 2014		
Highest to lowest remuneration ratio in the company (2) Total number of occupational accidents (3)	46.61 90			46.61 0		
The social and environmental projects developed by the company were defined by:	<input type="checkbox"/> directors	<input checked="" type="checkbox"/> directors and managers	<input type="checkbox"/> all employees	<input type="checkbox"/> directors	<input checked="" type="checkbox"/> directors and managers	<input type="checkbox"/> all employees
The occupational safety and health standards were defined by:	<input checked="" type="checkbox"/> directors and managers	<input type="checkbox"/> all employees	<input type="checkbox"/> all + IAPC	<input checked="" type="checkbox"/> directors and managers	<input type="checkbox"/> all employees	<input type="checkbox"/> all + IAPC
With respect to freedom association, the right to collective bargaining and internal representation of the employees, the company:	<input type="checkbox"/> does not get involved	<input checked="" type="checkbox"/> encourages and follows OIT	<input type="checkbox"/> encourages and follows OIT	<input type="checkbox"/> does not get involved	<input checked="" type="checkbox"/> encourages and follows OIT	<input type="checkbox"/> encourages and follows OIT
The private security plan includes:	<input type="checkbox"/> directors	<input checked="" type="checkbox"/> directors and managers	<input checked="" type="checkbox"/> all employees	<input type="checkbox"/> directors	<input checked="" type="checkbox"/> directors and managers	<input checked="" type="checkbox"/> all employees
The participation in profits or results includes:	<input type="checkbox"/> directors	<input checked="" type="checkbox"/> directors and managers	<input checked="" type="checkbox"/> all employees	<input type="checkbox"/> directors	<input checked="" type="checkbox"/> directors and managers	<input checked="" type="checkbox"/> all employees
In selecting suppliers, the same ethical, social and environmental responsibility standards adopted by the company:	<input type="checkbox"/> are not considered	<input type="checkbox"/> are suggested	<input checked="" type="checkbox"/> are required	<input type="checkbox"/> are not considered	<input type="checkbox"/> are suggested	<input checked="" type="checkbox"/> are required
With the respect of participation of employees in voluntary work programs, the company:	<input type="checkbox"/> does not get involved	<input type="checkbox"/> supports them	<input checked="" type="checkbox"/> organizes them and encourages	<input type="checkbox"/> does not get involved	<input type="checkbox"/> supports them	<input checked="" type="checkbox"/> organizes them and encourages
Total number of complains from consumers (in the company, at Procon, in court):	84,047	4,327	6,171	79,845	4,111	5,862
% of complains addressed or resolved:	99.24%	42.75%	47.14%	100%	100%	49.50%
	2013			2012		
Total added value to be distributed (in K R\$):	3,923,812.00			4,236,156.00		
Ad ded Value Distribution (AVD):	Government: 63% Employees: 8% Shareholders: 7% Third parties: 14% Withheld: 7%			Government: 70% Employees: 7% Shareholders: 8% Third parties: 11% Withheld: 5%		
7 – OTHER INFORMATION						
<p>(1) Includes Afro descendentes and ethnicity people who work in the company.</p> <p>(2) The Advisors were not considered for not composing the headcount of the Group.</p> <p>(3) This number includes accidents with and without leave, involving employees and third parties. The company does not use child or slave labor, has no involvement with prostitution or sexual exploitation of children or adolescents and it's not involved in corruption. Group EDP in Brazil is a signatory of the pact against forced and child labor. Our company values and respects diversity both internally and externally. Unaudited information.</p> <p>Parties responsible for the information: Executive Sustainability Management (sustentabilidade.edp@edpbr.com.br).</p>						

## NBCT-15, SOCIAL AND ENVIRONMENTAL, INFORMATION HUMAN CAPITAL MANAGEMENT

EDP				
CAPITAL MANAGEMENT				
GROSS REMUNERATION * (K R\$)	2011	2012	2013	2012/2013
Employees	167,450.09	168,897.70	182,591.84	1.08
Management	11,345.09	15,067.83	10,904.02	NA
Outsourced	-	-	-	-
Autonomous worker	-	-	-	-
<b>Total</b>	<b>178,795.18</b>	<b>183,965.54</b>	<b>193,495.86</b>	<b>0.99</b>
REMUNERATION OF THE ENTITY (R\$)	2011	2012	2013	2012/2013
Highest	-	48,694.28	45,000.00	0.92
Lowest	-	993.58	886.72	0.89
Highest/Lowest ratio	-	49.01	50.75	1.04
EXPENSES (K R\$) WITH EMPLOYEES WITH RESPECT TO	EMPLOYEES	MANAGEMENT	OUTSOURCED	AUTONOMOUS WORKERS
Socail Contributions	72,427.59	-	-	-
Food	30,305.86	-	-	-
Transport	2,087.04	-	-	-
Private pension	11,260.41	-	-	-
Health	40,022.72	-	-	-
Occupational safety and health	-	-	-	-
Education	609.16	-	-	-
Culture	-	-	-	-
Training and professional development	4,553.57	-	-	-
Daycare or childcare allowance	938.32	-	-	-
Voluntary Retirement Program - VRP	-	-	-	-
Profit Sharing Distribution	26,118.31	-	-	-
Others	-	-	-	-
WHOLE STAFF				2013
Hires				408
Dismissals				274
Interns				136
People with special needs				64
Outsourced service providers				8,286
Men occupying management-level positions (%)				78.83%
Women occupying management-level positions (%)				21.17%
BREAKDOWN BY GENDER				2013
Male employees				2,119
Female employees				653
BREAKDOWN BY AGE				2013
Employees under 18 years of age				-
Employees between 18 and years of age				1,329
Employees between 36 and 60 years of age				1,397
Employees between with over 60 years of age				25
BREAKDOWN BY LEVEL OF EDUCATION				2013
Illiterate employees				-
Employees who finished elementary school				221
Employees who finished high school				1,417
Employees who finished technical school				-
Employees who finished higher education				991
Employees who finished (post)graduate school				72
LEGAL				
LABOR CLAIMS				2013
Total of labor claims filed against the company				1,731
Number of cases lost				237
Number of cases won				317
Total amount of indemnities and fines paid due to court rulings (R\$)				<b>13,091,940.00</b>
COMMUNICATION				
COMMUNITIES RELATION				2013
Investments in education (K R\$)				822.00
Investments in culture (K R\$)				2,498.00
Investments in health and sanitation (K R\$)				-
Investments in sport and leisure (K R\$)				954.00
Investments in food (K R\$)				-
<b>Others</b>				<b>496.00</b>

EDP				
COMMERCIAL MANAGEMENT				
CLIENTS RELATION				2013
Number of complains received directly by the entily				84,047
Number of complains received directly by consumer protection agencies				4,327
Number of complains solved – in the Company (%)				99.24%
Number of complains solved – at Procon (%)				42.75%
Number of complains solved – in Court (%)				47%
Somes of fines and customer compensation set by costumer protection agencies or by court rulings (R\$)				6,986,525.00
<b>Actions taken by the entily to remedy or minimize complains</b>	Since 2012, intense work has been performed aimed at reducing customers complains. This work involves several áreas, in order to reduce the number of complains, in a faster way (more informations on page 42)			
ENVIRONMENT				
ENVIRONMENTAL RELATIONS				2013
Investments and maintenance expenditures on environmental improvement (K R\$)				8,339.87
Investments and expenditures on environmental education for employees (K R\$)				-
Investments and expenditures on environmental education for the community (K R\$)				0
Investments and expenditures on other environmental projects (K R\$)				0
Number of environmental, administrative, and judicial proceedings filed against the company				24.00
Sum of the fines and indemnities relating to environmental issues, set administratively and/or judicially (K R\$)				846,381.00
Environmental liabilities and contingencies (K R\$)				0

(1) It is considered as gross remuneration de total earnings of the Board of Directors, Statutory Board and Supervisory Board from Energias do Brasil, EDP Bandeirante, EDP Escelsa e Investco.



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# CORPORATE INFORMATION

## HEADQUARTERS' ADDRESS [GRI 2.4]

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## INDEPENDENT AUDITORS

KPMG (financial and socio-environmental data)

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Executive Managing of Innovation and Sustainability

### WRITING

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ek marketing

### GRAPHIC PROJECT, LAYOUT AND PUBLISHING

ek marketing

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