





a better energy, a better future, a better world.

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1. Tramandaí Wind Farm - RS

about this report GRI 3.1 to 3.11, 3.13

This edition of the Annual Sustainability Report of EDP Energias do Brasil, S.A. covers the 2011 activities and it is the sixth one based on the Global Reporting Initiative (GRI) guidelines. The previous edition, concerning 2010, was published in July 2011. The report follows the theme internationally set for the EDP companies' reports (better energy, better future, better world) and it is structured in accordance with the EDP Group's Sustainable Development Principles: Economic and social value; Eco-efficiency and environmental protection; Innovation; Integrity and good governance; Transparency and dialogue; Human Capital and diversity; Access to energy and Social Development and Citizenship (further details on page 87).

The document comprises social, environmental and economic indicators controlled by EDP in Brazil in generation businesses (Energest, Investco and Enerpeixe), in distribution (EDP Bandeirante and EDP Escelsa) and in energy trading. As for Porto do Pecém I (CE) Thermal Power Plant, it only includes investment data for facilities construction and socio environmental aspects in the proportion of 50%, since the project is developed in partnership with MPX. For the Santo Antonio do Jari Hydroelectric Power Plant (AC-PA), which is also under construction, investment and people management data are taking into account. Regarding economic-financial performance, the data concerning EDP Renováveis is consolidated as the 45% stake of the company's share capital and 60% of Enerpeixe's.

For the writing of this document, EDP has consulted targeted audience in various regions of the country, including employees, shareholders, customers, suppliers, regulatory/governmental institutions and communities. The process, promoted by an external consulting company, has included stakeholders' panels in Peixe (TO) and Vitória (ES), a panel with experts in sustainability held in São Paulo (SP) and e-mail consult by means of a questionnaire to rank the relevance of various sustainability issues related to EDP. The results of that interaction have been analyzed by those appointed by the Board and EDP managers. Also, the EDP Portugal materiality matrix has been taken into account to identify relevant themes raised by the main shareholder.

edp's sustainable development principles



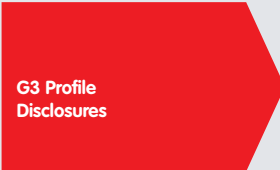
The checking of the indicators has followed international accounting regulations which, as of 2010, IFRS (International Financial Reporting Standards) has been standing out and used in financial statements. Other references are quality certifications (ISO 9000, ISO 14001 and OHSAS 18001), GHG Protocol Gas Emission Measurement Model and Brazilian regulations applied to labor relations. The economic-financial and socio environmental data have been audited by KPMG.

During the year, the structural changes at EDP Energias do Brasil refer to the partial re-powering of Santo Antonio do Jari Hydroelectric Power Plant. Occasional changes on data base, due to information adjustment, are justified throughout this document.

By complying with the GRI guidelines, this report is in accordance with the G3.1 profile items, with description of management approaches and all essential and sector indicators and according to external checking and auditing, the indicators have reached A level for applying G3.1 guidelines as shown in the table below.

For more information on this report go to (www.edpbr.com.br) or send an email to (sustentabilidade.edp@edpbr.com.br).

GRI APPLICATION LEVELS

REPORT APPLICATION LEVEL		C	C+	B	B+	A	A+
 G3 Profile Disclosures	Output	Report on: 1.1; 2.1 to 2.10; 3.1 to 3.8; 3.10 to 3.12; 4.1 to 4.4; 4.14 to 4.15	Report Externally Assured	Report on all criteria listed for level C, plus: 1.2; 3.9, 3.13; 4.5 to 4.13; 4.16 to 4.17	Report Externally Assured	Same as required for level B	
	Output	Not required		Management Approach Disclosures for each Indicator Category		Management Approach disclosed for each Indicator Category	
	Output	Report on a minimum of 10 Performance Indicators, including at least one from each of: social, economic, and environment.		Report on a minimum of 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product and responsibility.		Respond on each core G3 and Sector Supplement* Indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	

*Sector supplement in final version



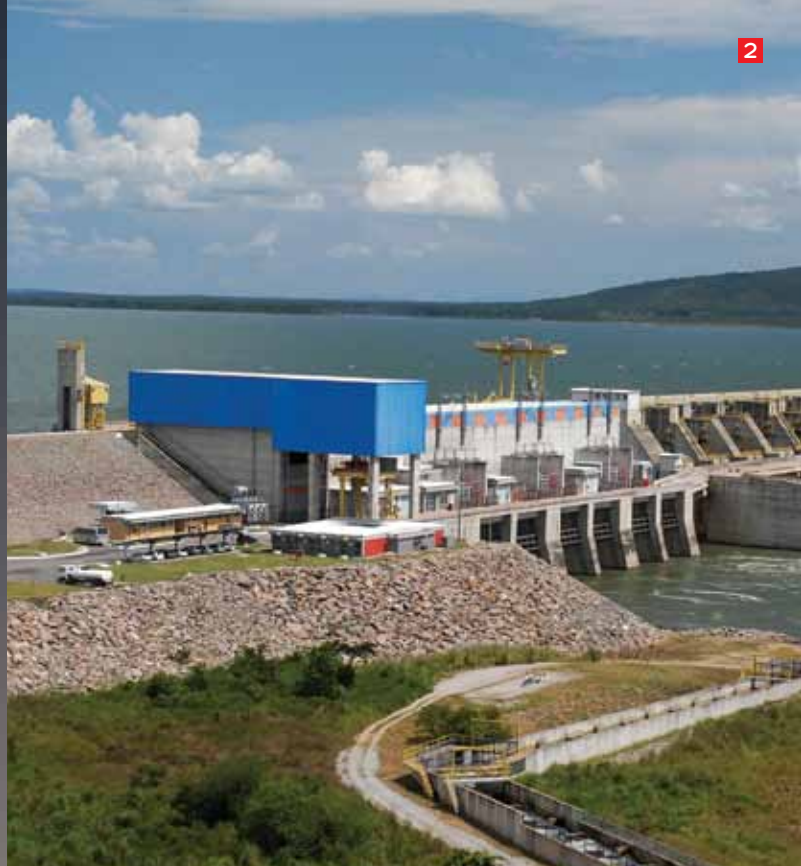
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1



2



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1. Tramandaí Wind Farm - RS
2. Peixe Angical HPP - ES
3. Porto do Pecém TPP - CE

presentation

the edp | GRI 2.1 a 2.9 |

EDP- Energias do Brasil S.A. is a holding of a group of companies with diverse portfolio that generate, supply and trade electric energy in the market. Its headquarter is in São Paulo, and it has assets in ten states (São Paulo, Espírito Santo, Tocantins, Mato Grosso do Sul, Santa Catarina, Rio Grande do Sul, Rio Grande do Norte, Ceará, Pará and Amapá). It is controlled by EDP - Energias de Portugal, one of the major European operators of the electric energy sector. In a secondary shares public offering held in July 2011, the EDP group reduced its stake in EDP Energias do Brasil from 64% to 51%. In the end of 2011 the company had 10,271 employees, being 2,600 its direct employees, 7,485 subcontractors and 186 interns. It recorded R\$ 5,402 million net revenue in 2011 and R\$ 491 million net income.

In energy Generation, the installed capacity in hydroelectric power plants and wind farms is 1,828 MW. They supply energy to distributors, traders and free customers all over the country. The generation assets are gathered in four companies: the subsidiary Energest, with power plants and small central hydroelectric installed in the states of Espírito Santo and Mato Grosso do Sul; 60% shareholding in Enerpeixe that operates the Peixe Angical hydroelectric power plant in Tocantins; 73% of Investco capital with Lajeado hydroelectric power plant, also in Tocantins; and 45% of EDP Renováveis Brasil, with Horizonte and Água Doce wind farms (Santa Catarina), Elebrás Cidreira I (Tramandaí Rio Grande do Sul), that started operating in May 2011 and Baixa do Feijão (Rio Grande do Norte) that will be built from 2012 on.

In 2011, through its indirect controller ECE Participações S.A., EDP acquired 100% rights to explore Santo Antonio do Jari hydroelectric power plant, being built on the border of Pará and Amapá states. The Porto do Pecém I thermal power plant, under construction in Ceará, a 50% partnership with MPX Energia and with installed capacity of 720MW, will start operating in 2012.

In distribution, EDP operates through EDP Bandeirante and EDP Escelsa, that have supplied energy to 2.8 million residential, commercial, industrial and rural customers, apart from the public sector with supply of 24,543,706 MWh in 2011. EDP Bandeirante is present in 28 São Paulo state municipalities in Alto do Tiête, Vale do Paraíba and North Coast of São Paulo. Responsible for the energy distribution in 70 municipalities, EDP Escelsa covers more than 90% of Espírito Santo state.

Considered as one of the most important players in the Brazilian market, EDP Trader broke energy sales record since it started in 2011. 9,895 GWh were traded in 2011 from conventional energy to other sources with an increase of 20% compared to the previous year. The company manages the portfolio of energy contracts among EDP Group's companies and provides energy solutions to generators, traders and free customers throughout the country.

MAIN RESULTS IN 2011

R\$ 13.7 billion
total assets

R\$ 4.6 billion
shareholders' equity

R\$ 5.4 billion
net operating revenue

R\$ 1.5 billion
EBITDA

R\$ 491 million
net income

R\$ 6.6 billion
market capitalization

1,828 MW
installed generation capacity

7,873 GWh
energy generated

24,544 GWh
energy distributed

9,895 GWh
traded energy

2.832 million
total number of customers

2,600
total number of employees

edp in the world

USA/Canada

260 Employees
 3,422 Power installed (MW)*
 9,330 Net energy output (GWh)
 100% Energy generation from renewable sources**



France/Belgium

34 Employees
 363 Power installed (MW)*
 705 Net energy output (GWh)
 100% Energy generation from renewable sources **



United Kingdom

21 Employees



Poland/Romania

51 Employees
 475 Power installed (MW)*
 621 Net energy output (GWh)
 100% Energy generation from renewable sources **



Brazil***

2,635 Employees
 2,831,651 Energy customers****
 1,874 Power installed (MW)*
 8,043 Net energy output (GWh)
 100% Energy generation from renewable sources **
 24,544 Energy distribution (GWh)



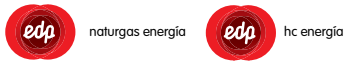
Portugal

7,252 Employees
 6,035,509 Energy customers
 271,576 Gas customers
 10,992 Power installed (MW)*
 24,364 Net energy output (GWh)
 51% Energy generation from renewable sources**
 46,508 Energy distribution (GWh)
 7,138 Gas distribution (GWh)



Spain

2,038 Employees
 1,015,543 Energy customers
 787,860 Gas customers
 6,087 Power installed (MW)*
 15,331 Net energy output (GWh)
 37% Energy generation from renewable sources**
 9,517 Energy distribution (GWh)
 48,447 Gas distribution (GWh)



Italy

14 Employees



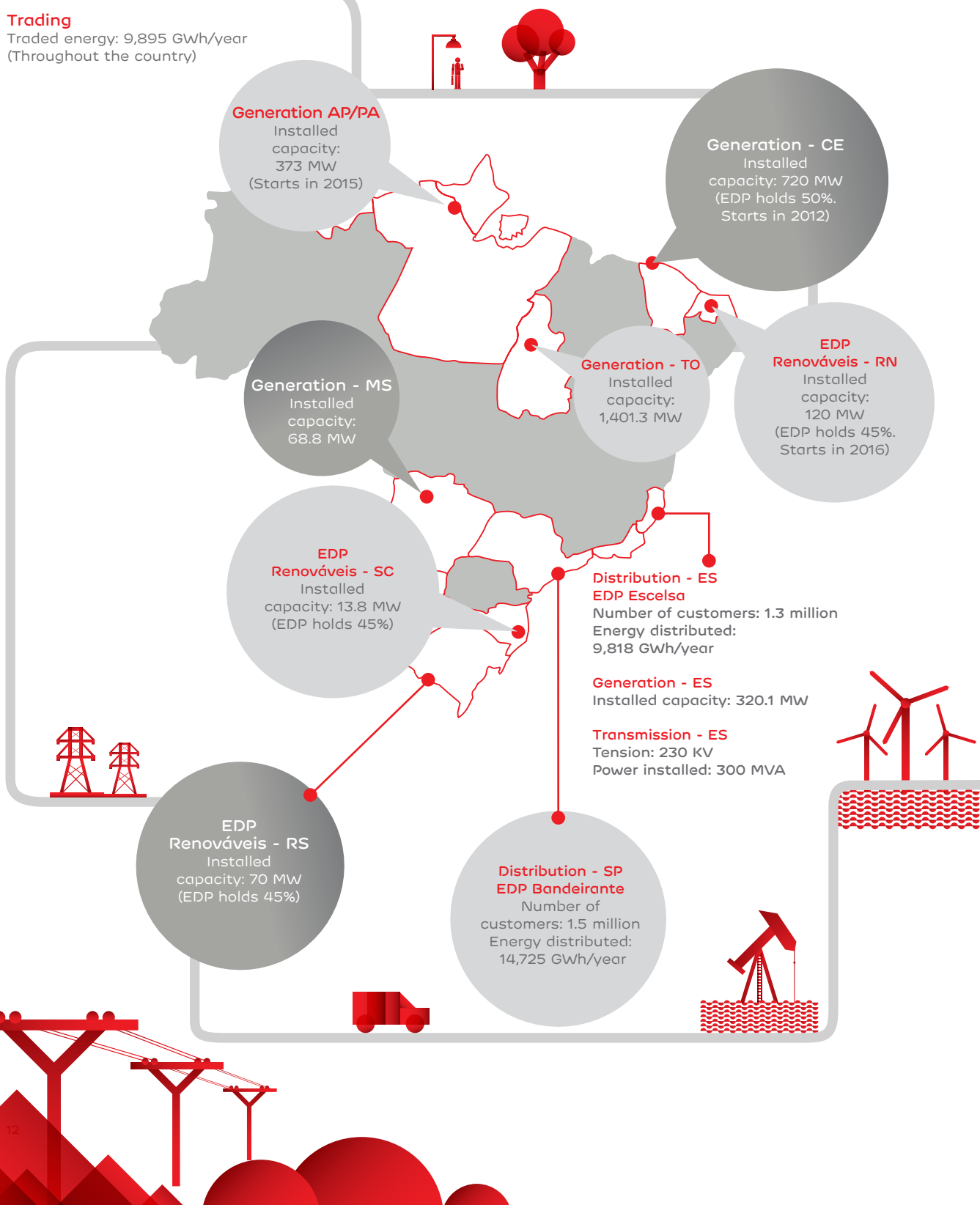
* MW EBITDA
 ** Including hydic, eolic, biomass and residues
 *** including EDP Energias do Brasil and EDP Renováveis Brasil
 **** including 137 customers of EDP Energias do Brasil's trader

presentation

edp in brazil

Trading

Traded energy: 9,895 GWh/year
(Throughout the country)

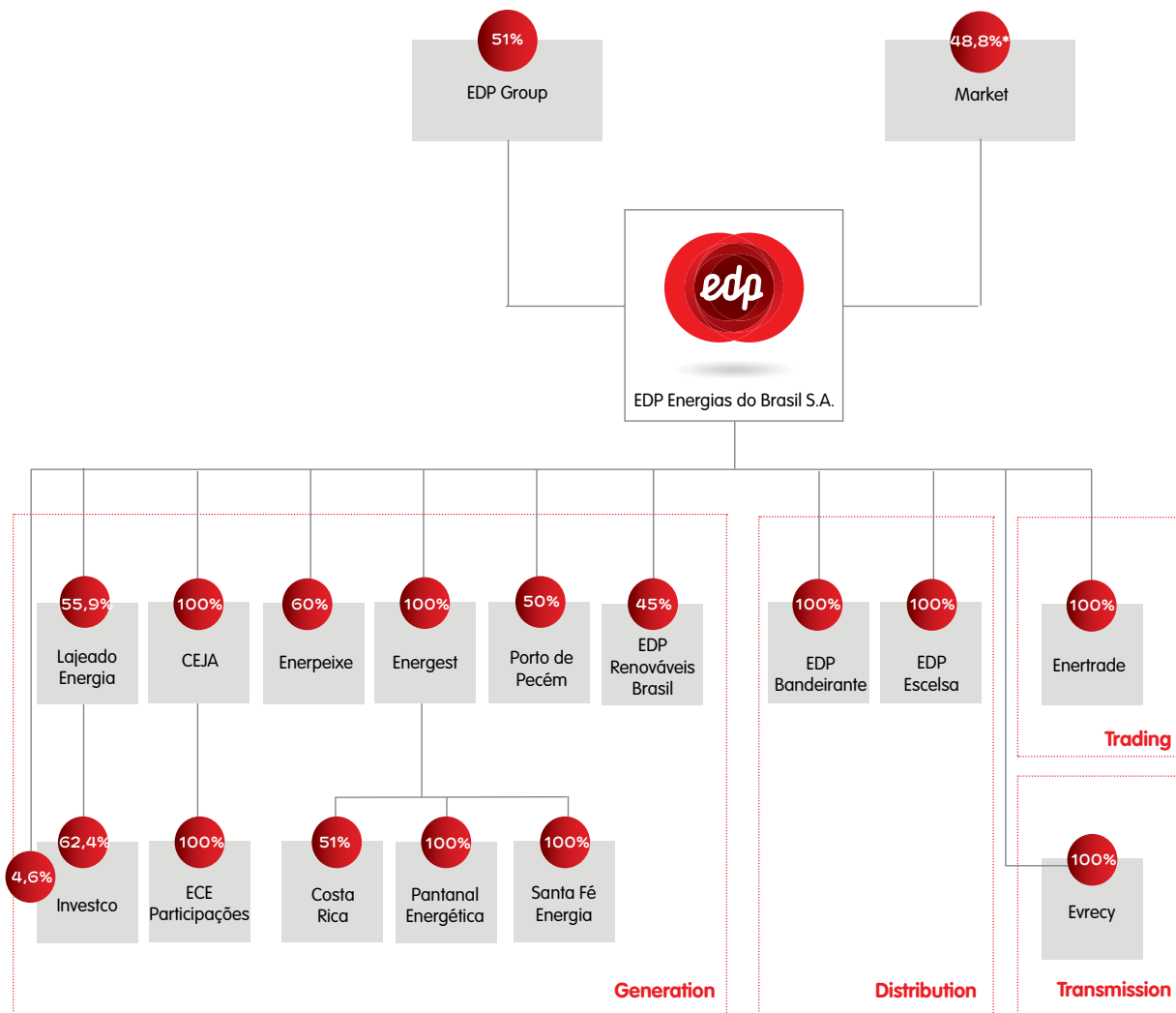




Mascarenhas HPP - ES

presentation

corporate structure



(*) Treasury Shares: 280,225 (0.26%)

the year in pictures

01



Jari:

EDP Energias do Brasil has acquired the rights to explore the Santo Antonio do Jarí Hydroelectric Power Plant, on the border of Pará and Amapá states. The Power plant has 373 MW of installed capacity and an average of 196.1 MW of assured energy. The beginning of the operations is planned for 2015.

02

Tramandaí:

Elebrás Cidreira I Wind Farm has started operating in May. Owned by EDP Renováveis Brasil, with 70 MW installed capacity, it includes initiatives of socio environmental responsibility at the local community.

03



Inovcity:

The Project will turn Aparecida into the first city with smart energy grid in São Paulo state. There will be electronic energy meters, efficient public lighting, energy generation from renewable sources, electric mobility and other energy efficiency and social actions.

04

Trading:

Holding a leading position in the Brazilian market, EDP Trader increase its businesses in 2011, by breaking energy sales records.

05



Inovability:

By recognizing that innovation and sustainability have strong interdependence, the company launched the concept of inovability, which brought an integrated vision for both areas, highlighting projects such as Inovcity and EDP 2020 – Entrepreneurship and Innovation Award.

06



University:

EDP Energias do Brasil has started a cooperation agreement with São Paulo University (USP) to develop technology for energy distribution smart grids. The company has donated electric bicycles and six supply points to the institution in order to improve studies on electric mobility.

07

Continuous improvement:

Actions of continuous improvement and revenue increase have promoted more operational efficiency and advance in the EDP Bandeirante and EDP Escelsa results in 2011.



“I’m glad to participate in one more EDP sustainability meeting on the grounds that it shows concerns about the local community. I feel happy for taking part of this group, even indirectly, because I know your commitment to the local community and to your suppliers.”

(Rosilene Pereira da Silva Souza, manager of Rosa de Fogo Restaurant, from Peixe, TO)

presentation



awards and recognitions in 2011 | GRI 2.10 |



Guia Exame of Sustainability:

For the fourth year running, EDP Energias do Brasil was acknowledged among the 21 Brazilian companies that are considered models when it comes to sustainability through a guide elaborated by Exame magazine.



Corporate Sustainability Index (ISE):

For the sixth year running, EDP Energias do Brasil has integrated BM&FBovespa Corporate Sustainability Index, which reflects the portfolio performance which comprises companies' shares with high level of commitment to corporate sustainability practices and corporate governance.



Green Company Época Award:

The award, granted by Época magazine along with PriceWaterhouseCoopers, is an update of the Prêmio Época de Mudanças Climáticas (Época Award of Climate Changes) and highlights the 20 most advanced companies in environmental strategy. EDP Energias do Brasil was among them.

Ethical Seal:

EDP Energias do Brasil was one of the four first companies to obtain the Selo Ético (Ethical Seal) created by Controladoria-Geral da União (The Controller General of the Union) in order to recognize businesses with good governance and ethical Standards.



Oekom Research:

EDP Energias do Brasil has been granted by Oekom Research, a German agency of sustainability rating, a distinction "Prime (B)" in the utilities sector that rates the company as the best non-European Electricity Company. Assessed for the first time, the company has gotten 4th place among the 51 companies analysed, being the first to be rated in the electricity sector.



Exame's Best and Greatest:

EDP Energias do Brasil has gotten 64th place among 100 greatest publicly traded companies on market value and the 47th place among the 200 greatest corporate groups in Brazil. EDP Bandeirante (1st place), EDP Escelsa (2nd place), EDP Trader (4th place) and Lajeado Energia (8th place) were among the 10 greatest Portuguese multinationals. EDP Trader has gotten 13th place among the 500 companies that better remunerate their shareholders.

Jaime Câmara Advertising Award:

Investco was acknowledged by the Jaime Câmara Organization as "The best corporate advertising campaign broadcasted on TV in 2010". Jaime Câmara Organization holds 11 channels affiliated to Globo TV.

Latin America 500 greatest:

Research carried out by *América Economia* has ranked EDP Energias do Brasil in 177th place and EDP Bandeirante 401st place among the 500 Latin American businesses with highest revenues in 2010.

The Best according to IstoÉ Dinheiro:

IstoÉ Dinheiro magazine annual award recognized EDP Energias do Brasil among the five best companies at the Electric Sector and among the four best at Quality and Innovation Management.

Corporate Highlight:

EDP Escelsa, EDP Bandeirante and Investco have been acknowledged by Instituto Ambiental Biosfera in Rio de Janeiro as Brazilian Corporate Prominences in Environment and Sustainable Development.



Valor 1000:

EDP Energias do Brasil has gotten 68th place among the thousand greatest in 2010 from Valor Econômico newspaper, being the best ranked Portuguese company. The companies are ranked according to their net revenue and are grouped into 25 sectors.

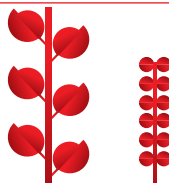
Valued Brands:

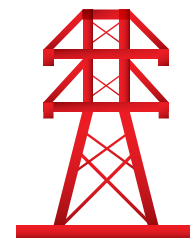
EDP Escelsa has gotten 1st place in Marcas de Valor (Valued Brands), an award given by A Gazeta newspaper. The recognition aims at showing the highlighted brands in Espírito Santo. The company has had best performance in State Development and Services and Products Quality.



Gazeta Corporate Award:

For the sixth year running, EDP Escelsa has been prominent in the segment "Private Company that Delivers Public Service" – an award promoted by TV Gazeta Sul in Cachoeiro do Itapemirim (ES).





Champions of Innovation:

EDP Renováveis Brasil held the title of most innovative company in the South Region in the energy segment, according to the ranking of Champions of Innovation 2010 produced by Amanhã magazine. The choice was due to the Ceneael Wind Farm located in Santa Catarina.

Sustainable Company:



EDP Energias do Brasil was elected The Most Sustainable South American Electric Energy Company by The New Economy Clean Tech & New Energy Awards 2011 – an award organized by the British magazine The New Economy to identify organizations with the best environmental practices in the energy sector.



Paulista Award of Management Quality:

EDP Bandeirante has received gold medal under the category Grandes Empresas do Prêmio Paulista de Qualidade da Gestão (PPQG) (Paulista Award Management Quality of Great Companies), an award annually organized by Instituto Paulista de Excelência da Gestão (IPEG) in order to encourage continuous improvement of state companies.



Aptel Excellence Award (APEX):

The ClimaGrid Project, developed by EDP Energias do Brasil in partnership with Instituto Nacional de Pesquisas Espaciais (INPE) (National Institute for Space Research), has been awarded the Prêmio APEX (APEX Award) (Aptel de Excelência) (Aptel in Excellence), organized by Associação de Empresas Proprietárias de Infraestrutura e Sistemas Privados de Telecomunicações (Association of Companies that own Infrastructure and Private Systems in Telecommunications).



Citenel:

The “Odin: Metodologia para a Otimização do Despacho Interligado Nacional” (Methodology for Optimization of the National Interconnected System) project, sponsored by EDP, has received an award in the VI Congresso de Inovação Tecnológica em Energia Elétrica (Citenel) (VI Congresso of Technology Innovation for Electric Energy), a biennial event organized by Agência Nacional de Energia Elétrica (Aneel) (National Agency for Electric Energy).

Procel Efficient City Award:

The Programa Reluz de Iluminação Pública e Eficiência Energética em Sistemas de Sinalização Semafórica (a program for public lighting and energy efficiency in traffic light systems), developed by EDP Bandeirante in partnership with Mogi das Cruzes City Hall, has received Merit Recognition by Efficient City in Electric Energy Procel Award, promoted by Programa Nacional de Conservação de Energia Elétrica (Procel) (National Program for Electric Energy Conservation).

Highlight in Luz para Todos:

EDP Escelsa was highlighted in Luz Para Todos Program (Light for All Program), organized in partnership with federal and state governments to increase the supply of electric energy in rural areas.

200 greatest companies in Espírito Santo:

EDP Escelsa has gotten seventh place in Anuário IEL ranking from Euvaldo Lodi Institute.



Quality National Award:

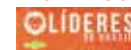
EDP Bandeirante was a highlight in the Quality National Award under the category People that measures

the way the company relates to its employees. It is an annual event that promotes the management quality improvement and the competition among the participant organizations.

Top Employers Brasil 2012:

EDP Energias do Brasil has received the certification Top Employers Brazil 2012, annually granted by CRF Institute, with headquarter in Holland, which evaluates and certifies companies with the best HR policies and practices. The event was held in Brazil for the first time and its evaluation recognized 13 Brazilian companies.

Brazil Leaders:



Antônio Pita de Abreu, EDP Energias do Brasil CEO, was elected as business leader in the energy sector. This award was organized by Líderes de Grupos Empresariais (Lide) (Business Leaders Group) and the Brasil Econômico newspaper. It holds 20 categories among public and private companies.

IT Professional:

The IT publication Hoje has recognized Vanderlei Ferreira, EDP's IT executive manager, as one of the winners under the category Utilities for the relevance of EDP Group IT projects.

Latin America's Best in Investor Relations:

A research conducted by the international magazine Institutional Investor with market analysts (sell side and buy side) ranked Miguel Amaro, Financial Director, and Maytê Albuquerque, Executive Manager, and Analysts Team of EDP Energias do Brasil within the best executives in Investor Relations in Latin America.



presentation

major indicators **| GRI 2.8 |**

	2009	2010 (reclassified)	2011	Variation 2011/2010
RESULTS (R\$ MILLION)				
Gross Revenue	7,013.6	6,367.0	6,892.9	8.3%
Net Operating Revenue	4,621.7	5,034.3	5,401.7	7.3%
Manageable and non-manageable expenditures	3,459.5	3,849.4	4,209.7	9.4%
Service Result (EBIT)	1,162.2	1,184.9	1,192.0	0.6%
EBITDA ⁽²⁾	1,496.2	1,510.8	1,537.6	1.8%
Financial Result				
Net income before minority interests	-82.0	-197.4	-283.4	43.6%
Net income	858.3	736.6	691.7	-6.1%
Net income	695.7	582.6	490.7	-15.8%
MARGINS (%)				
EBITDA Margin (EBITDA/net revenue)	32.4	30.0	28.5	1.5 p.p.
Net margin (net income/ net revenue)	15.0	11.6	9.1	2.5 p.p.
FINANCIAL				
Total asset (R\$ million)	11,916.4	12,810.1	13,662.3	6.7%
Shareholders' Equity (R\$ million)	4,362.9	4,554.5	4,605.0	1.1%
Minority shareholding (R\$ million)	1,858.9	1,900.6	1,942.6	2.2%
Net debt (R\$ million) (3)	2,091.2	2,259.4	2,718.0	20.2%
Net debt/Shareholders' equity (times)	0.5	0.5	0.6	20.0%
Net debt/EBITDA (times)	1.0	1.5	1.8	20.0%
Investments (R\$ million)	785.8	1,054.7	807.7	23.4%
SHARES				
Total number of shares (thousand)	158,805	158,805	158,805	0.0%
Total number of treasury shares (thousand)	280.2	280.2	280.2	0.0%
Net income per share (R\$)	4.38	3.71	3.10	-16.4%
Closing Price of Share – ON (R\$) (4)	31.15	38.71	41.50	7.2%
Appreciation in the year (%)	60.2	23.9	7.2	-8.2 p.p.
Market capitalization (R\$ million)	5,327.9	6,147.3	6,590.4	7.2%
OPERATIONAL				
DISTRIBUTION				
Energy distributed (GWh)	21,313	23,749	24,544	3.3%
Residential	4,704	4,894	5,128	4.78%
Industrial	3,906	4,291	4,290	-0.02%
Commercial	2,781	2,898	3,044	5.05%
Rural	609	661	666	0.75%
Others ⁽⁵⁾	1,439	1,482	1,510	1.85%
Conventional supply	417	451	450	-116%
Supply	33	34	42	23.58%
Traded energy with final customers	13,890	14,715	15,130	2.82%
Energy in transit (USD)	7,423	9,034	9,414	4.21%
Average price of energy sold to final customers (R\$/MWh) (6)	278.92	283.80	295.99	4.30%
Energy purchased (GWh)	17,731	19,323	19,938	3.18%
Technical and commercial losses (GWh)	3,149	3,323	3,127	-5.9%
Technical and commercial losses (%)	12.9	12.3	11.3	+1.0 p.p.
Number of customers (thousand)	2,668	2,740	2,832	3.4%
Energy distributed per customer (MWh)	8.0	8.7	8.7	0.0%
Productivity (MWh supplied /employee)	10,614	11,687	11,749	0.53%
Number of customers/employees	1,329	1,343	1,355	0.89%
GENERATION				
Generated energy (GWh)	6,892	7,263	7,873	8.4%
Installed capacity (MW)	1,738.6	1,741.1	1,827.9	5.0%
Average price of the energy sold (R\$/MWh) (7)	119.76	122.19	133.01	8.9%

	2009	2010 (reclassified)	2011	Variation 2011/2010
TRADING				
Energy sale (GWh)	8,715	8,263	9,895	19.8%
SOCIAL				
Number of employees	2,331	2,378	2,600	9.3%
Number of third party employees (8)	3,259	3,886	7,485	92.6%
Internal Social Investments (R\$ million)	156.5	131.9	161.0	22.1%
External Social Investments (R\$ million)	8.5	4.0	4.4	10.0%
Taxes Paid (R\$ million)	2,606.7	3,006.1	3,254.8	8.3%
ENVIRONMENTAL				
Investments in environment (R\$ million)	29.2	28.8	29.4	2.1%
Direct Energy Consumption (GJ)	55,833	57,479	60,819	5.8%
Indirect Energy Consumption (GJ)	68,335	71,678	98,362	37.2%
Water Consumption (m3)	91,247	116,190	95,591	-17.7%
Greenhouse Gas Emissions (tCO2e)	45,807	97,054	62,697	-35.4%

(1) The 2008 results follow the BR GAAP standards. Those referring to 2009, 2010 and 2011 follow the IFRS standards in their financial statements.

(2) EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization.

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

(4) Value of the share in 2008 excludes dividends paid.

(5) Others: Public Power, public lighting, public service and own consumption.

(6) Average price of the energy sold to final customers = final customers billed revenue/volume of energy sold to final customers. The 2009 and 2010 values have been recalculated since they referred to the 4Q of the year.

(7) Average price of the energy sold = energy supply revenue/volume of the energy sold from the generation. The 2009 and 2010 values have been calculated since they referred to the 4Q of the year.

(8) The 2011 figures included the workers involved in Pecém site (50% of the work force) and also in Jari.
The information presented here is in accordance with the Brazilian Corporate Legislation criteria.



From left to right: Miguel Amaro, Luiz Otavio Assis Henriques, António Manuel Barreto Pita de Abreu and Miguel Nuno Simões Nunes Ferreira Setas



António Mexia
Chairman of the Board

presentation

message from the board **IGRI 1.1**

A planned growth is the safest way to companies' survival. Coordinating and preventing risks mean protecting people, places and operations to guarantee businesses' sustainability. Promoting efficiency, at all levels, with waste reduction and better use of resources, is an essential requirement to keep the balance in search of prosperity. By executing a strategy based on the pillars "Oriented Growth", "Controlled Risk" and "Outstanding Efficiency", we work everyday at EDP Energias do Brasil to promote "better energy, a better future and a better world".

Those were guidelines that have characterized our actions in 2011, a period in which we promoted the spread of the United Nations Organizations (UNO) Global Pact principles. We valued aspects concerning human rights, labor relations, environment and corruption combat by assuring that progress and the creation of sustained wealth are only present as long as they are inserted in an ethically healthy and developed scenario.

The worsening of the international microeconomic conditions and the growing shortage of resources have turned the attention and attempts of companies and individuals. Our strategic policies of oriented growth, controlled risk and outstanding efficiency, defined years ago, fairly continue sticking to global needs.

Organic growth

The decrease in losses and distribution defaults, along with the structures and processes reorganization in all the group's companies have led to a focused action on quality, operational efficiency and better results. Such measures have become particularly necessary on the grounds that there will be the third cycle of tariff review at EDP Bandeirante in 2012, which will probably have a significant impact on the generation of cash.

In 2011 we reached outstanding results by expanding the energy generation portfolio. Elebrás Cidreira I (Tramandaí) Wind Farm started operating and it supplies 70 MW of clean and renewable energy to the national electric system. We attended meetings at the regulatory institution to show that our Mascarenhas and Angical power plants' operational conditions guaranteed generation above the one set in +9.5 MW and +46.8 MW, respectively. Thus, 55.3 MW were added to our generation capacity without the need to expand the plant.

The biggest step taken in 2011 was the acquisition of the rights to explore the Santo Antônio do Jari (373 MW) Hydroelectric Power Plant, located on the border of Pará and Amapá states, which will be concluded in 2015. That transaction clearly shows the accomplishment of our guidelines to increase generation with controlled risk. Totally licensed, the project uses a renewable source and already has a long term contract to trade its energy.

Although there were non-manageable facts that have negatively affected the construction of the Porto de Pecém I thermal power plant (delay in granting, strikes, severe weather conditions), the power plant is supposed to start operating in 2012.

The growing decrease, in the last three months of 2011, in electric energy consumption at EDP Escelsa concession area and also among the industrial customers at EDP Bandeirante concession area, along with the work market "warming", caused negative impact on the gross margin as well as on the operational results that, compared to the previous year, rose less than expected.



António Pita de Abreu
Chief Executive Officer

presentation

The stock market has recognized we are a company with a consistent delivery history, which reflected a rise of 13.9% in the titles in 2011. In 2011, our net revenue amounted to R\$5,401.7 with a rise of 7.3% compared to 2010, and the EBITDA reached R\$1,537.6 million (an increase of 1.8%).

The public offering of shares, in July 2011, allowed EDP Energias de Portugal to income R\$810.7 million with the sale of share capital, besides increasing the liquidity of EDP Energias do Brasil titles. On December 11, 2011 our controller announced an agreement to sell 21.35% of its share capital to China Three Gorges International, a China Three Gorges (CTG) subsidiary – a Popular Republic of China state company.

Looking ahead

In 2011, we consolidated the concept of innovability into our businesses, by launching the first smart city project in Aparecida, São Paulo state. The initiative called Inovcity not only comprises cutting-edge technology for smart grids, but also prioritizes the community awareness of efficiency issues on energy consumption. Five pillars give support to the project: supplied microgeneration, electric mobility, public lighting, energy efficiency and social inclusion.

The improvement of the population's life quality and the optimization of energy resources are the main drivers of EDP Energias do Brasil actions. The capability of reinventing is a fundamental attribute to think about the future. Due to the development of a new energy model, it is of utmost importance to keep the focus on innovation in order to sustainably meet the growing needs of supplying energy to all the society.

An environmental and social unbalanced society is not prone to have incomeable businesses. We will keep our path to increase generation and improve distribution performance, with respect to people and the environment. We will develop business models related to the electric sector new paradigms without neglecting the quality and security of the service delivered.

We follow the Global Pact Principles in our actions. This way, we value aspects related to human rights, labor relations, environment and corruption combat certain that it is only possible to reach sustainable growth by acting ethically.

As of the financial year 2012 on, EDP Energias do Brasil will start being run by Ana Maria Fernandes who was the chief-executive (CEO) of EDP Renováveis S.A. and has great experience in the energy sector, finance and investments areas.

We wish the new CEO all the best. We are sure that she will lead our team and raise our corporate governance standards.

With a fulfilling sensation of having accomplished our task to place EDP Energias do Brasil at higher levels of efficiency and growth we thank all –counsellors, directors, employees, customers, suppliers and other entities – for their extremely important participation in our results.

António Mexia – Chairman of the Management Board

António Pita de Abreu – Chief Executive Officer

social and economic value

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EDP Energias do Brasil promotes social and economic value by committing to:

Continuously create value for the shareholder

Increase efficiency in the use of resources and reduce risk exposure

Provide services of excellence and anticipate the customers' needs and expectations

Integrate environmental and social aspects in the planning processes and decision making

Contribute to improve the populations' quality of life





1. Jari River - Construction of Santo Antônio do Jari HPP - AP/PA
2. Luís Eduardo Magalhães HPP - Investco - TO
3. Electrician

social and economic value

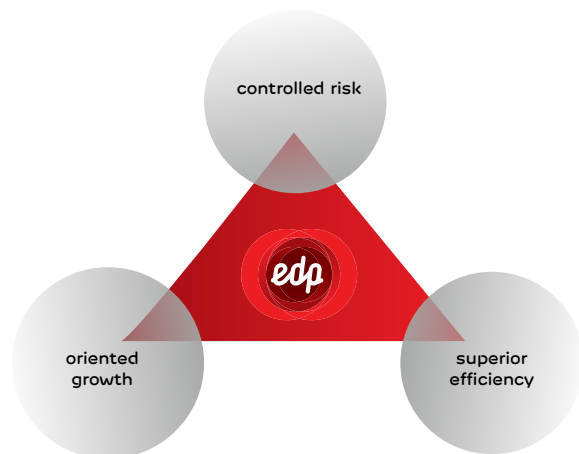
strategy and management

The long term strategic guidelines were redefined in 2011 by means of a strategic reflection process that involved all EDP Energias do Brasil board aiming at investigating the main achievements reached in the last three years and, by taking into account the foundations created in the period, formulating the necessary strategies to overcome the challenges proposed by the next year scenario.

That analysis of the strategic guidelines has strengthened the concept that the company's strategy must necessarily align the EDP group Sustainable Development Principles in the world with the strategic pillars set for the organization: oriented growth, controlled risk and outstanding efficiency.

In order to comply with those guidelines, the company turned its attention towards profitability controls, operational efficiency and risk, by making use of innovation and management tools.

Consolidating the oriented growth, EDP Energias do Brasil focuses on results and seeks to refine all its value chain, through synergies among business areas. The risk management goes through the analysis of all the events that impact on the organization and which actions are necessary to its management, as well as through the assurance of the business feedback, by prioritizing local financing and controlling the debts in such a way not to risk the company's



financial health. When it comes to the outstanding efficiency pillar, it is reached by means of the use of management tools aiming at continuously improve all Business Units that must meet the needs of all stakeholders at the lowest cost possible.

The activities were also carried out in accordance with the Vencer Program – a platform of organizational transformation launched in 2009 and based on ten strategic projects.

management tools

The Balanced Scorecard (BSC) – strategic management tool that has been used by EDP since 2005 and it is annually reviewed – guides the employees' actions.

Additionally, Kaizen and Lean approaches along with the ISO and OHSAS certifications support the execution of the corporate strategy. Investco and Enerpeixe have obtained, for the first time, the certification of their processes with the ISO 9001, which adds to the ISO 14001 (environment) and the OHSAS 18001 (health and occupational safety) and have kept the other certifications previously obtained by the group. EDP Bandeirante and EDP Escelsa have obtained the ISO 9001 certification concerning the dealing of commercial complaints.

At the Distribution Business Unit, the respective strategic map was extrapolated due to the ten strategies defined in the previous year. Those priorities were announced on intranet for all the employees to highlight, through a list of proposed by the board, the Unit priorities actions. Based on voting, the 2010 and 2011 strategic priorities were set containing defined action plans and activities constant monitoring.

The strategies control take place in strategic control meetings held quarterly aiming at the integration and the spread of objectives and goals. Open to all the company's employees, the biannual roadshows present the strategic planning with objectives, priorities and the main results of management indicators. Moreover, monthly operational-strategic meetings are held to monitor the commercial, technical and financial indicators. All employees receive follow up emails on the strategy, as well as the complementary results through other information channels (newsletter ON, intranet information, etc.).

The Energy Management and Generation Units have monthly meetings to analyse the main results of objectives

and indicators proposed on the strategic maps and evaluate the progress of the actions implemented at the Units.

By completing the Business Units structure, the Corporate Center and the Shared Services Unit improve their internal structures throughout the year. Besides gathering the Innovation and Sustainability activities through shared management, both the commercial and communications areas have been working together to increase market actions. The Supply area and the Suppliers Relations area have been revised which led to the improvement of processes and resources. The Generation kept the Process Redesign Project by identifying gaps and by setting an improvement plan to standardization and monitoring.

The Finance, Accounting, Information Technology, Law and Supplies areas now have specific portals on EDP Energias do Brasil intranet with the aim at facilitating the follow up of activities at real time, besides promoting transparency and interaction. Initiatives to recover revenue, customer relation and the organization of the commercial cycle have brought instant results to the operations.



Pecém Thermal Energy - CE

social and economic value

objectives IGRI 1.2

In order to reach its strategic goals to create shared value for the society, EDP Energias do Brasil defined objectives to each group of stakeholders based on the main issues and concerns raised in consultation processes. The table below summarizes those challenges:

PILLARS	2011 OBJECTIVES	ACCOMPLISHED IN 2011	2012 OBJECTIVES
	SHAREHOLDER	<p>Development of ClimaGrid Project – a platform that integrates smart grids with climate variables</p> <p>Implementation of the "Green Condominiums" Project in Tremembé, SP</p> <p>Maintenance on BM&FBovespa ISE portfolio</p>	<p>100% accomplished</p> <p>Implementation of the Tremembé City Hall Project (installation of 153 lighting points)</p> <p>Kept for the last six years</p>
CUSTOMERS	<p>Diagnosis of sustainable concept implementation at service points in São José dos Campos.</p> <p>12% decrease of complaints (155,848)</p>	<p>Diagnosis and implementation accomplished</p> <p>174,890 complaints were registered which was above the number expected.</p>	<p>Boa Energia nas Escolas Project (Good Energy at Schools Project) – To enable teachers to transmit the concepts of rational use of energy to state school students, prospect customers, besides turning them into multipliers at home.</p> <p>To reduce 6% of complaints, for 164,586 records.</p>
EMPLOYEES	<p>E-learning training about ethics for 90% of employees.</p> <p>Launch of EDP Diversity Program</p>	<p>The training was offered to 80% of employees.</p> <p>The launch took place with lecture and videoconference and the participation of employees from all regions.</p>	<p>E-learning training about ethics to 100% of new hires.</p> <p>Consolidation of EDP Diversity Program with: *Diversity census *Corporate Integration Review to discuss the diversity issue. *Diversity Policy</p>
SUPPLIERS	<p>Implementation of EDP Sustainable Supplier</p>	<p>The program was implemented.</p>	<p>To diagnose supporting activities to the Sustainable Supplier Program.</p>
ENVIRONMENT	<p>Development of a research project on the business chain life cycle.</p> <p>Mapping, awareness and announcement of the employees carbon footprint</p>	<p>The Project was extended to 2013, because there was no answer from Aneel.</p> <p>Accomplish as part of the Econosco Program</p>	<p>Neutralization of the greenhouse effects gas emissions of major EDP events</p> <p>To start the development of the Project to obtain carbon credits – as an effect of the substitution of part of the mineral coal for biomass at Pecém power plant.</p>
SOCIETY	<p>Restructuring of EDP Energias do Brasil sustainability website.</p> <p>Implementation of the Portable Light Project at Tapajós Extracting Reserve (PA)</p>	<p>50% accomplished: beginning of the project with content analysis to be considered</p> <p>75% accomplished</p>	<p>Integration of the sustainability website on EDP platform and development of a different website for the Institute aiming at getting closer to the communities where EDP operates.</p> <p>Continuation of the Project and delivery of kits.</p>

Note: In compliance with the internal policy, EDP does not disclose quantitative objectives / or goals for medium and long term growth.

operational performance

steady growth

The energy consumption in the Brazilian electric system rose by 3.6% in 2011, with a total of 430.1 GWh (gigawatts-hour) according to information from Energy Research Company (EPE). All classes presented increase, mainly the commercial (+6.3%) and residential (+4.6%) sectors. The industry grew less (+2.3%) in performance characterized by a differentiated dynamic among the country's regions.

The commercial class consumption rates remained high, on average throughout the year, on the grounds that the sales were triggered by factors such as growing lower unemployment rates and families' income. The commerce and services segments may continue growing above the other sectors – a trend that may remain in the next years due to the modernization of service sector and the good sales in retail business.

According to EPE, the lowest growth in the residential segment is justified mainly by climate issues such as low temperatures and early rain seasons. On top of that, even with the good scenario for the work market, with historically low unemployment rates and the growing amount of earnings, the consumer took a cautious attitude.

The industrial segment has different performance in different regions of the country. The greatest growth occurred in the Center-west region, consequence of the beginning of eletrointensive industry (iron-nickel) operation and rewarming of cold chambers' activities and also the beginning of iron-nickel industry activities in the North of the country. In the Southwest, the expansion was limited to 1.9%. In the Northeast, there was a 2.9% retraction – consequence of the closing down of an aluminium unit and the interruption of energy supply in the region in the beginning of the year.

Three auctions took place in 2011. In August, the 12th New Energy Auction (A-3 of 2011) and the 4th Reserve Energy Auction took place, both of them will start supplying in 2014. On December 20th, the 13th New Energy Auction (A-5 of 2011) took place in order to deliver energy in 2016. On that occasion, EDP negotiated the sale of 55,6 average MW from four wind farms located in Rio Grande do Norte.

regulatory challenges

2011 was marked by significant changes in the regulations applied to the electric energy distribution sector. The main challenges are highlighted below:

- a) Necessary changes to comply with Normative Resolution #367/2009, which has approved the Electric Sector Equity Control Manual;
- b) Necessary changes to comply with the Normative Resolution #395/2009, which approved the Electric Energy Distribution Procedures for the National Electric System (Prodist);
- c) Necessary changes to comply with the Normative Resolution #396/2009, which established the Regulatory Accounting and approved the changes in the Electric Sector Accounting Manual, established by Aneel Resolution #444/2001.
- d) Compliance with the Normative Resolution #414/2010, which establishes the general conditions of electric energy supply, by changing commercial processes, besides the installation of new service points, changes in billing procedures, communication and customer service.

The EDP Energias do Brasil's distribution companies operate with regulated tariffs and its results partly depend on regulatory actions. Its respective concession contracts define the annual adjustments, periodic tariff revision and the possibility of extraordinary tariff revision.

During the periodic tariff revision, Aneel determines the income demanded by the distributors so as to cover the Installments A and B. The costs of energy purchase for its consumer market, the costs of energy transport and sector charges are part of Installment A. Installment B is composed of capital costs (the remuneration, reintegration quota and operational costs).

The periodic tariff revision occurs every three years for EDP Escelsa and every four years for EDP Bandeirante. However, the income of those distributors may be impacted by inflation. Therefore, the annual tariff adjustment intends to offer the distributors the possibility of not having that inflation impact during the revision period.

In 2012, EDP Bandeirante will pass through its third tariff revision cycle, because on October 23rd, 2011 (date of the contract) there were not methodology and definite procedures published by Aneel. The tariffs were extended until the subsequent tariff

social and economic value

adjustment, approved by the publication of the Normative Resolution #433/2011 and the tariff revision process will happen according to the publication of the Normative Resolution #471/2011.

The new methodology impacts on Installment B, which represents around 25% of the energy bill, refer to operational costs and the distributors' investments. Among the changes there is the extinction of the reference company (model of efficiency and productivity) and the application of operational costs, reduction of weighted average cost of capital (regulatory WACC) and expansion of the items classified as other revenues which are used for low tariffs. During the Public Hearing #040/2010, EDP Energias do Brasil actively participated in the discussions of new methodologies, in order to contribute for the improvement of tariff revision methodology. At the same time, the company structured internal actions to keep the economic stability of its distributors with efficiency in revenues and costs. EDP Escelsa will pass through its third cycle in 2013.

In generation, the Administrative Rule MME #861/10 approved the physical guarantee revision calculation methodology for hydroelectric plants. Based on that new methodology, the Administrative Rule MME # 11 from May 19th of 2011 defined the increase of the Physical Guarantee of Peixe Angical Hydroelectric plant in 9.5 MW average and of Mascarenhas Hydroelectric plant in 11.5 MW average. That additional energy may be traded by the generators both in the free and regulated markets. EDP Energias do Brasil actively participated, along with the Associação Brasileira dos Produtores Independentes de Energia Elétrica (Apine) (Brazilian Association of Electric Energy Independent Producers) in the discussions concerning the new methodology regulated by the Ministry of Mines and Energy.

new businesses in generation

The volume of sold energy in 2011 amounted to 8,388.1 GWh, an increase of 1% compared to 2010. The net revenue of the generation business amounted to R\$1,096.4 – an 9.2% increase compared to 2010 with R\$ 801 million EBITDA (increase of 11%)

The beginning of the operation of Elebrás Cidreira I Wind

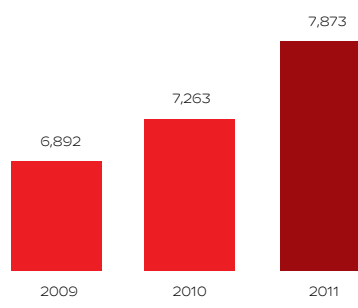
Farm (Tramandaí) in Rio Grande do Sul aggregated 31.5 MW to the EDP Energias do Brasil generation portfolio (45% of the wind farm's installed capacity). The recognition of the additional installed capacity of Peixe Angical Hydroelectric Plant and the repowering of the third Mascarenhas Plant's generator unit in June added, respectively, 46.8 MW and 8.5 MW to the generator farm and enabled EDP to end 2011 with 1,827.9 MW of installed capacity.

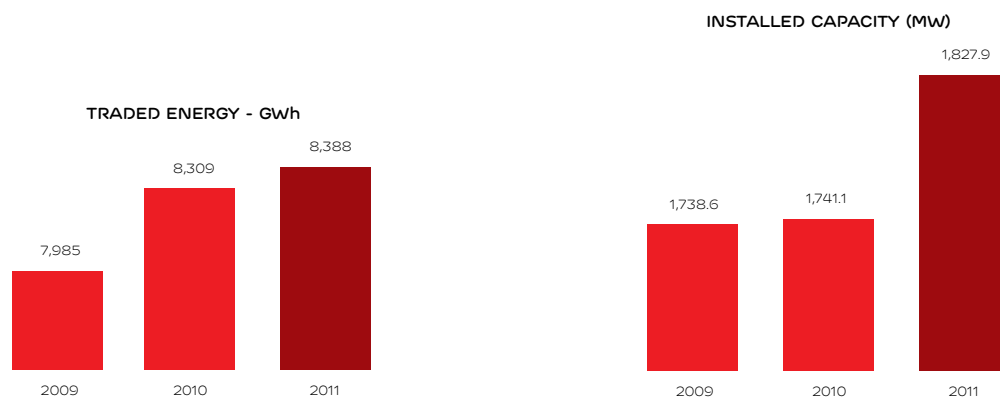
In 2011, the company acquired the rights to explore the Santo Antônio do Jari Hydroelectric Power Plant, located on the border of Pará and Amapá states, and, from 2015 on, will add more 373 MW of installed capacity to the EDP Energias do Brasil generator farm. However, the purchase of the Cabeça de Boi and Fazenda small hydroelectric power plants announced in 2010 was not concluded, due to the lack of compliance with the transaction preceding conditions and the construction of Couto de Magalhães Hydroelectric Power Plant, located between Mato Grosso and Goiás states, is still under evaluation.

The net energy generated from hydropower in 2011 reached 7,873 GWh, an increase of 8% compared to the previous year, and the energy generated at the wind farms has reached 75.5 GWh this year. **| GRI EU2 |**

In 2012, Porto do Pecém I Thermal Power Plant will start operating; in 2015, the generation of the last machine at Santo Antônio do Jari Hydroelectric Power Plant will start and the Baixa do Feijão Wind Farm will be built in Rio Grande do Norte state. Therefore, the installed capacity forecasted is 2,624.3 MW for 2016 – the average of renewable sources will be 86%.

GENERATED ENERGY - GWh **| GRI EU2 |**





ELECTRIC ENERGY GENERATION SOURCES – 2011

	EDP IN BRAZIL	BRAZIL ⁽¹⁾	WORLD ⁽²⁾
Renewable energy (hydraulic and electricity, wind, fuel wood and charcoal, sugar cane by-products and others).	100%	86%	19%
Non-renewable energy (oil and by-products, natural gas, mineral coal and uranium)	0	14%	81%

(1) Energy Research Company (EPE): National Energy Balance 2011- (base year 2010)
 (2) Ministry of Mines and Energy: Brazilian Energy Review – running year 2010 (May 2011)

EDP businesses in generation comprise the following ventures:

Investco – Owner of 100% of Luis Eduardo Magalhães Hydroelectric Power Plant (Lajeado Power Plant), in Tocantins state. An incident involving the excitation transformer from one of the machines at Lajeado plant led to temporary unavailability. Even so, the plant, operating since 2001, recorded generation record in 2011, ending the year with 5,138,556 MWh.

Enerpeixe – EDP Energias do Brasil has 60% stake of Peixe Angical Hydroelectric Power Plant, located on Tocantins River and built in partnership with Furnas Centrais Elétricas. The plant had its physical guarantee increased from 271 MW to 280.5 MW in 2011 by the regulatory institution.

Energest – With 100% capital retained by EDP Energias do Brasil, Energest controls direct and indirectly 15 power plants located in Espírito Santo and Mato Grosso do Sul states. In 2011, the Generation Operation Center (COG) was consolidated – an infrastructure developed in 2010 that centralizes the power plant controls by providing the integration of procedures and more command security. There was repowering of 3 machines from

Mascarenhas Hydroelectric Power Plant – two more units will be repowered until 2013. The Francisco Gros small hydroelectric power plant (ES) and the Assis Chateaubriand Hydroelectric Power Plant (MT) had their powerhouses expanded in 2011, due to heavy rains. All necessary measures were taken to restart the operation safely at the shortest deadline. At Assis Chateaubriand Hydroelectric Power Plant, the recovery actions included improvements in the unit.

EDP Renováveis Brasil – EDP Energias do Brasil owns 45% of the company’s capital and has two Wind Farms in Santa Catarina (Horizonte and Água Doce) and the Elebrás Cidreira I Wind Farm (Tramandaí) that started operating in December 2011. The company sold 55.6 MW average of new energy at the A-5 auction held on December 20th, 2011 through four wind generation projects: Baixa do Feijão I, II, III and IV, located in Rio Grande do Norte, Northeast of Brazil. Together, the projects have installed capacity of 120 MW (54 MW referring to EDP Energias do Brasil) and have average capacity factor of 48%. The sale of energy in the regulated market happened for 20 years, with its beginning in January 2016 at R\$ 97/MWh. The ventures already

social and economic value

have leased land and defined connection spots around 13km from the sites. The overall investment in the projects amounted to between R\$ 350 million and R\$ 400 million. The structure of the projects financing lies on an estimate leverage of 60%.

Porto do Pecém – The Porto do Pecém I Thermal Power Plant is being built by EDP Energias do Brasil in partnership with MPX Energia; each company holds 50% of the venture. By diversifying the energy matrix, the plant assures reliability in energy supply in the country. The beginning of the operation is planned for 2012. Despite the delays provoked by non-manageable facts, such as the granting delay, employees strike and climate issues, the plant will be the first to be concluded among the projects approved at the A-5 energy auction held by Aneel in 2007. In the end of 2011, the equipment was already installed and is in test phase. At first,

all employees had technical training and then they were offered, by the manufacturers, specific training to use the machinery and participated in tests to predict demands and doubts.

ECE Participações – In 2011, EDP Energias do Brasil bought, through ECE Participações, 100% of Consórcio Amapá Energia (an energy consortium) that has the rights to explore the Santo Antônio do Jari Hydroelectric Power Plant, being built on the border of Amapá and Pará states (Almeirim and Laranjal do Jari). The acquisition happened into two phases (90% in July and 10% in December.) The plant, with 373 Mw installed capacity, has estimate investment of R\$ 1.4 billion and it is planned to be concluded in 2015 and will produce energy enough to serve 3 million inhabitants. With complete environment license, the construction started in August of 2011. The venture is part of the Growth Acceleration Plan (PAC), from the Brazilian federal government.

INSTALLED CAPACITY | GRI EU1

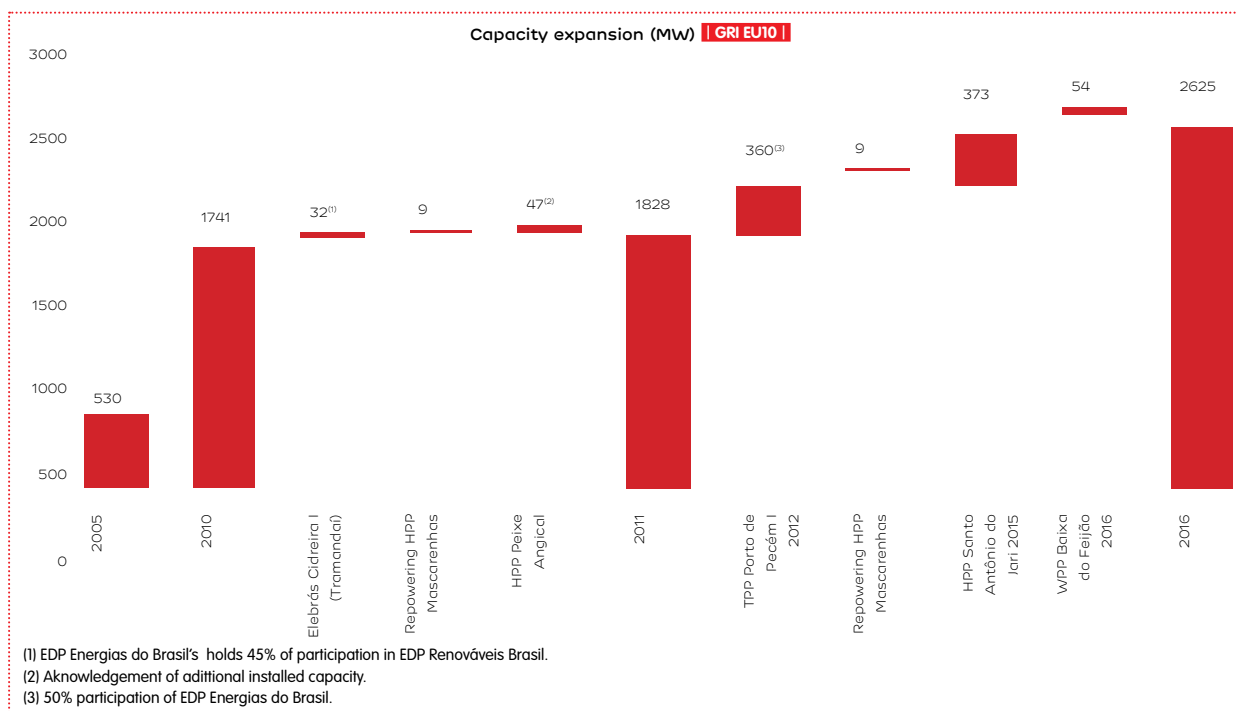
PLANTS	INSTALLED CAPACITY (MW)	PHYSICAL GUARANTEE (AVERAGE MW)
TOCANTINS – HYDRAULIC	1,401.3	807.1
HPP Peixe Angical	498.8	280.5
HPP Lajeado	902.5	526.6
ESPÍRITO SANTO – HYDRAULIC	320.1	205.7
HPP Mascarenhas I	189.0	134.7
HPP Suíça	34.5	18.9
SHP Alegre	2.1	1.2
SHP Fruteiras	8.7	5.6
SHP Jucu	4.8	2.6
SHP Francisco Gros (ex-Santa Fé)	29.0	16.4
SHP São João	25.0	14.4
SHP Viçosa	4.5	2.5
SHP Rio Bonito	22.5	9.4
MATO GROSSO DO SUL – HYDRAULIC	68.8	47.1
HPP Assis Chateaubriand (Mimoso)	29.5	20.9
SHP Costa Rica	16.0	12.3
SHP Paraíso	21.6	12.6
HGU Vitor A. de Brito (Coxim)	0.4	0.3
HGU São João I	0.7	0.5
HGU São João II	0.6	0.5
SANTA CATARINA – WIND	6.3	1.5
Água Doce ²	4.1	1.1
Horizonte ²	2.2	0.5
RIO GRANDE DO SUL – WIND	31.5	10.9
Elebrás Cidreira I (Tramandaí) 2	31.5	10.9
TOTAL	1,828.0	1,072.3

(1) The installed power and physical guarantee will increase at the end of its generating units repowering for 198 MW and 138.5 MWm, respectively.

(2) Figures corresponding to 45% stake in EDP Renováveis Brasil.

"If it is possible, there should be meetings concerning those issues (engagement panels) in districts and villages, since due to the geography of the city, the distance is very long, to have those kinds of events to promote interaction among Enerpeixe and the communities to consolidate projects and programs."

(José Maria Loiola Rêgis, Fundraising Director, Peixe – TO)



EVOLUTION OF THE INSTALLED CAPACITY

MW	2009	2010	2011
HYDRO SOURCE			
Energest ⁽¹⁾	377.9	380.4	388.3
Lajeado	902.5	902.5	902.5
Enerpeixe	452	452	498.8
WIND SOURCE⁽²⁾			
EDP Renováveis	6.2	6.2	37.8
TOTAL	1,738.6	1,741.1	1,828.0

- (1) Energest consolidates all generators assets: Cesa, Pantanal Energética, Santa Fé and Costa Rica
 (2) Values corresponding to 45% stake in EDP Renováveis Brasil.

GENERATION AVAILABILITY⁽¹⁾ | GRI EU30 |

% OF PERIOD AVAILABLE DURING THE YEAR	2009	2010	2011
Energest ⁽²⁾	94.98	92.66	89.00
Enerpeixe	92.48	94.30	93.82
EDP Lajeado	93.78	94.87	93.47
Horizonte e Água Doce Wind Farms ⁽³⁾	99.17	99.31	99.33
Elebrás Cidreira I Wind Farm (Tramandaí) ⁽⁴⁾	-	-	93.76

- (1) Percentage of the period of time during the year the unit was available to generate energy, excluding the planned and non planned stops at the plants.
 (2) Energest consolidates the generators assets: Cesa, Pantanal Energética, Santa Fé and Costa Rica
 (3) Information not specified in 2010 report.
 (4) It started operating in 2011.

distribution growth

Two distribution companies are part of EDP Energias do Brasil: EDP Bandeirante and EDP Escelsa. The consolidated net revenue reached R\$3,928.7, with positive variation of 4.4% compared to the preceding year. The EBITDA reached R\$754.9, decrease of 9.6%. The energy distribution reached 24,544 GWh in 2010, with an increase of 3.3% compared to the preceding year.

EDP Bandeirante: It serves 28 municipalities in São Paulo state, especially in Alto do Tietê, Vale do Paraíba and North Coast of São Paulo. It serves 1.5 million customers and supplies energy to a region with 4.5 million inhabitants.

EDP Escelsa: Main energy distributor in Espírito Santo, EDP Escelsa serves 70 out of 78 of the state municipalities, with 1.3 million customers and population of 3.3 million inhabitants. It was the first electric energy company to become private in 1995.

social and economic value

CONCESSIONS PROFILE

STATE	EDP BANDEIRANTE	EDP ESCELSA
	SÃO PAULO	ESPÍRITO SANTO
Municipalities served	28	70
Inhabitants (millions)	4.5	3.5
Billed customers (millions)	1,545	1,286
Concession area (km ²)	9,644	41,372
Energy distributed (GWh)	14,726	9,818
Energy sold to final customers – captive (GWh)	9,313	5,817
Number of employees	1,102	987
Productivity(customers/employee)	1,402	1,303
Productivity (MWh distributed / employee)	13,363	9,947

ELECTRIC SYSTEM PROFILE IGRU EU4I

	EDP BANDEIRANTE		EDP ESCELSA	
	2010	2011	2010	2011
Number of substations	59	63	83	85
Installed capacity(MVA)	3,261	3,535	3,112	3,232
DISTRIBUTION GRID (KM)	26,631	26,893	57,870	58,724
High voltage – higher or equal to 69 kV	923	884(1)	2,211	2,215
Medium voltage –higher than 1kV and lower than 69 kV	13,482	13,686	47,073	47,740
Low voltage– lower than 1kv	12,226	12,323	8,586	8,769
NUMBER OF DISTRIBUTION TRANSFORMERS	56,797	58,252	84,853	88,542
Urban	41,354	42,427	21,094	23,059
Rural	15,393	15,776	63,759	65,483
Underground	50	47	-	-
Power installed (MVA) – own	2,968	3,093	2,343	2,508
Lampposts in distribution grid	521,228	527,637	584,511	599,927

(1) In comparison with 2010, the reduced extension of HV grid is due to a new adjustment made on the assets registration base, after assessment conducted in 2011, besides the elimination of 30 km of São José dos Campos / Taubaté Line (Lines 3 and 4)

system performance

The total of electric energy demanded by the distribution system amounted to 27,670 GWh in 2011, with variation of 2.2% compared to the preceding year. The supply to final customers, own consumption and supplies amounted to 24,544 GWh, an increase of 3.4% compared to 2010. The energy in transit, distributed to free customers and energy concessionaires, reached 9,414 GWh, an increase of 4.2%.

ENERGY BALANCE (MWH) – CONSOLIDATED | GRI EU10 AND EU12 |

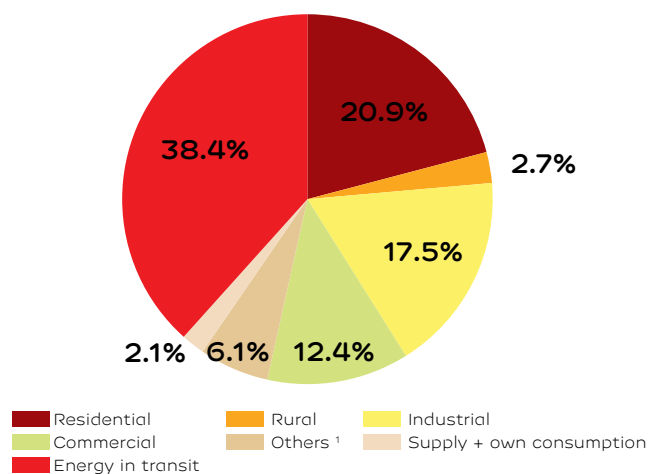
Itaipu + Proinfa 4,751,460	16.2%	-	Itaipu losses 211,150	=	Energy demanded 27,670,926	=	Distribution 14,637,348	52.9%
Billaterals 3,174,052	10.8%		Basic grid losses 355,59				Supply 492,422	1.8%
Auctions 11,949,559	40.7%		Short term adjustments 34,345				Distribution losses 3,127,221	11.3%
Short term purchase 62,732	0.2%		Short term sales 1,080,158				Energy in transit 9,413,935	34.0%
Energy in transit 9,413,935	32.1%							

MARKET EVOLUTION | GRI EU3 |

			NUMBER OF CUSTOMERS VARIATION 2011/2010			VOLUME (MWH) VARIATION 2011/2010
	2010	2011		2010	2011	
DISTRIBUTION						
Residential	2,342,008	2,412,585	3.0%	4,893,569	5,127,530	4.8%
Industrial	21,941	22,777	3.8%	4,290,504	4,289,840	0.0%
Commercial	193,808	209,260	8.0%	2,897,925	3,044,384	5.1%
Rural	160,201	163,608	2.1%	660,799	665,734	0.7%
Others ⁽¹⁾	22,387	22,975	2.6%	1,468,587	1,496,922	1.9%
ENERGY SOLD TO FINAL CUSTOMERS	2,740,345	2,831,205	3.3%	14,211,384	14,624,411	2.9%
Conventional supply	1	1	0.0%	455,667	450,398	-1.2%
Supply	2	2	0.0%	34,005	42,024	23.6%
Energy in transit (USD) ⁽²⁾	120	145	20.8%	9,034,008	9,413,935	4.2%
Own consumption	261	306	17.2%	13,836	12,937	-6.5%
TOTAL ENERGY DISTRIBUTED	2,740,729	2,831,659	3.3%	23,748,900	24,543,705	3.3%

(1) Others: Public Power, public lighting, public service.

(2) USD – Use of Distribution System

CONSUMPTION PER CLASS


(1) Others: Public Power, public lighting, public service.

Residential and commercial customers presented a consumption increase of 4.8% and 5.1% respectively, compared to the preceding year. The expansion of the customer basis, the increase of 2.5% of the average residential consumption per capita and the fall of the average unemployment rate to 6%, the lowest historical rate since 2002, (beginning of the IBGE history series – Brazilian Institute for Geography and Statistics) contributed to the rise in consumption verified in those segments.

On the other hand, the industrial segment has remained stable (-0.02%), an effect of customers migrating to free market and the

cooling of the national industrial production, mainly in São Paulo state. In Espírito Santo, where EDP Escelsa serves, the industrial consumption rose 2.9%, comparatively to the retraction of 1% recorded in EDP Bandeirante region.

In the rural segment, the short increase of 0.7% reflects, especially, the impact of the high volume of rains recorded in Espírito Santo that reduced energy consumption for irrigation. The precipitation volume in the north of the state, predominantly rural, was above 253.6 mm in 2011 compared to 2010.

social and economic value

In the free market, the energy in transit consolidated in the distribution system (USD) rose 4.2% in the accumulated from 2011, with positive impact on migrations of 23 captive customers to the free market, from which 21 have energy supplied by EDP trader.

combating losses

The Project Revenue Assurance that started in September 2010 aims at assuring incomes results by decreasing commercial losses and defaults. The initiative starts with the evaluation and redesign of charging strategies and frauds prevention. Due to the project, in 2011, the distributors recovered R\$ 18.9 million in revenues.

The Revenue Assurance led to the improvement of installation and charging internal processes with the optimization of resources. At EDP Escelsa there was a relation improvement of high voltage and medium voltage customers with the installation of telemetry in 100% of consumers with that profile – therefore there was more consumption monitoring, less field inspections and reduction of time to spot a fraud. That measure led EDP Escelsa to be recognized among its counterparts as a model in the sector because it used a logical report – without the need of in site inspection – to check irregularities from accumulated information about the customers in the system, with parameter settings of consuming habits.

At EDP Bandeirante, the combat of non technical losses was intensified through the Enhancement of the Revenue Assurance Program which resulted in R\$ 11.5 million total investment.

With the aim at prioritizing actions for major consumers, in order to guarantee 70% of the company's incomes, 513 monitoring and controlling of medium voltage remote units were installed and the inspections were intensified at the customers with low voltage and heavy loads.

As part of the program, there was the inauguration of the Measuring Integrated Center, a new spot that gathers the company's investments in innovation, technology and planning, by consolidating the measuring data collection applications and contributing to the reduction of non technical losses.

Another initiative involved workshops at EDP Bandeirante to improve the measuring techniques and identification of irregularities at medium voltage facilities as well as the actions to combat non technical losses of energy. The employees were updated on the new technologies and will be able to promptly identify occasional irregularities in the equipment, by assuring a correct and safe measuring to customers and the company.

In order to prevent frauds among low income consumers, the actions of regulation and energy efficiency were intensified.

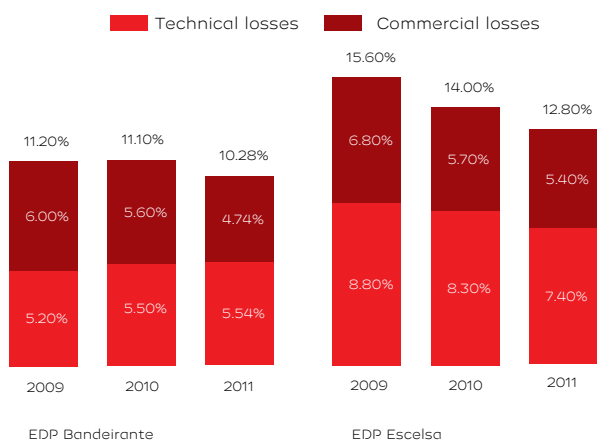
At EDP Escelsa, employees and service providers were encouraged to act as multipliers and agents of change when it comes to irregular connections. Moreover, the cooperation with the Delegacia Patrimonial (police district for preserving properties) to arrest transgressors also contributed to prevent frauds. Therefore, the commercial losses decreased from 5.7% in 2010 to 5.4% in 2011. At EDP Bandeirante, the losses decreased from 5.6% to 4.7%.

Preventive maintenance and grid improvements, which happened from 2009 and 2011, caused sharp falls in the number of technical losses at EDP Escelsa, decreasing from 8.3% to 7.4%, while At EDP Bandeirante they remained stable (from 5.5% to 5.6%).

The distribution companies invested R\$ 36.5 million in programs to combat losses and around 264,000 inspections took place, 10,700 clandestine connections were regulated and 117,000 irregular connections were removed.

"Excellent initiative from EDP (stakeholders' engagement panels), ahead of its time, by anticipating doubts and issues concerning sustainability to its stakeholders." (Alcino Vilela Ramos Junior, manager Ernst&Young)

LOSSES AND VARIATIONS | GRI EU12 |



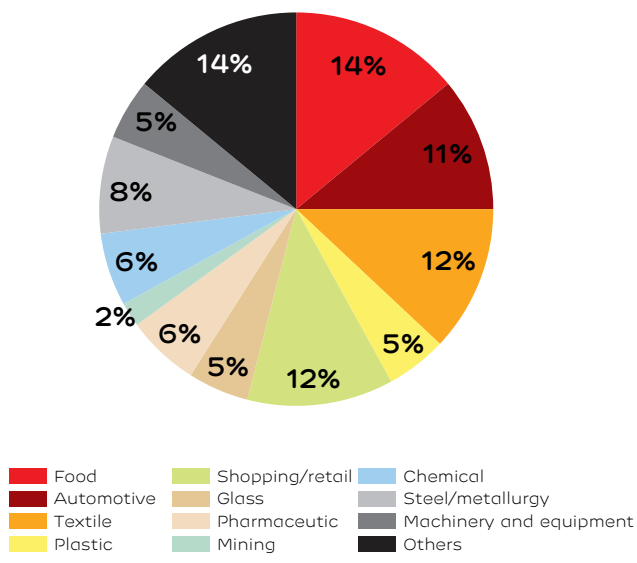
leadership in trading

In third place in the national ranking market, in 2011, EDP Trader took the role of national leader in the sector. With distinguished planning for energy sales and purchase, the company gained strategies to the business. Its actions comprehend feasibility analysis for energy procurement in a competitive environment, its own energy procurement, risk management and identification of opportunities to reduce energy cost.

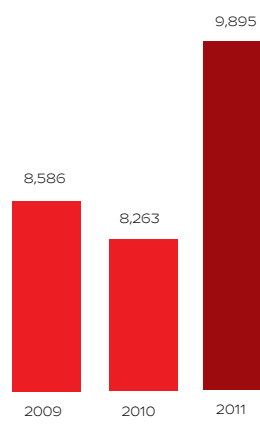
The amount of traded energy hit record in 2011 and reached 9,895 GWh, an increase of 19.7% compared to 2010. The net revenue amounted to R\$ 921.7 million, an increase of 24.3% compared to 2010. The EBITDA reached R\$ 32.7 million with an increase of 32.8% compared to the preceding year. In 2011, the company prospected 51 new long term contract customers, among which 21 belonged to the group's distributors.

In order to meet customers' demand, the Trader built primary switchgears, substations and transmission lines, started charging through insurance account, provided medical insurance and others. In 2012, besides consolidating new business models, energy efficiency services will be expanded based on the medium and major customers' needs to fit their ventures to more sustainable energy alternatives.

CUSTOMER'S ACTIVITY SECTOR



TRADED ENERGY - GWh



social and economic value

economic-financial performance

growing results

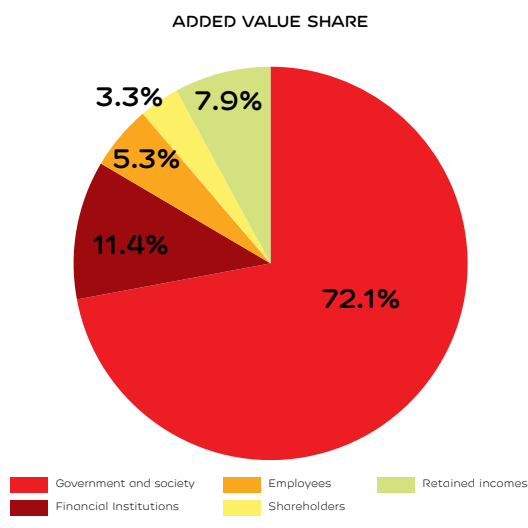
The added value shows the company's capability of generating wealth and the social effects that stem from the distribution of those resources among shareholders, employees, financial institutions, government and society. It is calculated from the difference between the revenue that comes from the products and services trading and the expenditure resulting from the payment of goods and services acquired from third parties and the costs of depreciation and amortization.

In 2011, the value added by EDP Energias do Brasil amounted to R\$ 4,546 million (increase of 6.1% compared to 2010), being 3.3% to shareholders, 7.9% in retained incomes, 72.1% to the government and society (taxes), 11.4% to financial institutions (interests and rents) and 5.3% to employees.

CONSOLIDATED ADDED VALUE STATEMENT | GRI EC1 |

FISCAL YEAR ENDED ON DECEMBER 31ST (R\$ THOUSAND)	2009	2010	2011
ADDED VALUE GENERATION	7,032,375	7,674,460	8,360,040
Operating revenue	7,013,608	7,738,064	8,372,894
Provision for loan losses and net losses	-36,682	-76,076	-37,256
Other revenues	55,449	12,472	24,402
(-) INPUTS ACQUIRED FROM THIRD PARTIES	-2,747,599	-3,190,975	-3,527,676
Costs of purchased energy	-1,787,275	-2,083,074	-2,302,822
Charges for use of transmission and distribution system	-468,841	-615,146	-651,398
Charges for use of electric grid and charges of system services	-	-	-
Materials	-29,636	-23,447	-26,566
Third party services	-284,653	-322,322	-346,569
Other operating costs	-177,194	-146,986	-200,321
GROSS ADDED VALUE	4,284,776	4,483,485	4,832,364
Depreciation and amortization	-334,106	-317,835	-345,590
NET ADDED VALUE PRODUCED	3,950,670	4,165,650	4,486,774
Financial revenues	270,927	258,123	244,061
Minority interests	-146,850	-136,926	-181,392
Results of equity method	-407	-1,837	-3,482
TOTAL ADDED VALUE TO BE DISTRIBUTED	4,074,340	4,285,010	4,545,961
Distribution of added value			
PERSONNEL	205,160	209,182	240,692
Direct remuneration	139,919	139,758	169,709
Benefits	44,280	51,397	54,260
FGTS (Government Severance Indemnity Fund)	20,961	18,027	16,723
TAXES, FEES AND CONTRIBUTIONS	2,793,890	3,026,536	3,276,070
Federal	1,565,760	1,647,519	1,785,022
State	1,223,443	1,373,320	1,485,691
Municipal	4,687	5,697	5,357
THIRD PARTY REMUNERATION	363,824	449,577	518,875
Interests	354,993	436,022	508,755
Rents	8,831	13,555	10,120
RETURN ON COMPANY'S OWN CAPITAL	312,089	131,098	150,610
Interests over own capital	-	-	-
Dividends and interests over own capital	296,317	113,941	131,000
Founder's shares	15,772	17,157	19,610
RETAINED EARNINGS⁽¹⁾	399,377	468,617	359,714

(1) In 2009 and 2010, the figures referring to the return on company's own capital, which comprises dividends indicators, interests over own capital and founder's shares were deducted from the retained earnings.



consumption of residential and commercial classes; (ii) a 4.2% expansion of the energy volume distributed to free customers, resulting from the migration of captive customers to the free market (23 in 2011 and 13 in 2010); (iii) average annual tariff adjustment of 6.89% at EDP Escelsa from August 7th, 2011 on, including the financial adjustments of 2.97% resulting from the average effect perceived by the captive consumers; (iv) impact from the new rules for tariff revision related to the fines for exceeding demand and the consumption of exceeding reactive energy (PRORET 2.7) that started being accounted as Ongoing Special Obligations, from the contractual date of the tariff revision 3rd Revision Cycle on. On this basis, EDP Bandeirante provisioned the non-recurring amount of R\$ 7.3 million referring to the period between October 23rd, 2011 and December 31st, 2011, thereby reducing the operational revenue. In case the provision was not allocated the net revenue in 2011 would have increased 7.4%.

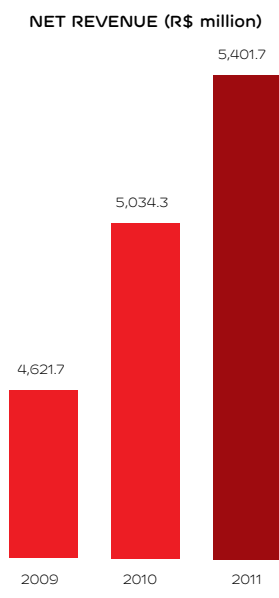
Trading –The net revenue amounted to R\$ 921,7 million, an increase of 24.3% compared to 2010, mainly, due to the 18% increase of the traded volume, reflection of the intensification of short and medium term negotiations.

consolidated revenue

In 2011, the net operating revenue amounted to R\$ 5,401.7 million, an increase of 7.3% compared to the preceding year. The main determinants of the net revenue evolution were:

Generation - The generation consolidated net revenue amounted to R\$ 1,096.4 million, an increase of 9.2% in 2011 due to: (i) rise of the energy purchase and sale price at Lajeado Energia to obtain commercial margin compared to the preceding year. Those operations comprehend around 10% of the volume and were responsible for the sale average price variation above the IGP-M and IPCA; (ii) increase of the traded volume at Energest, which stem from the Mascarenhas Hydroelectric Power Plant physical guarantee increase and from the higher level of the generator procurement; (iii) higher average price of energy sale at Enerpeixe, which stems from the variation of IGP-M associated to the contractual adjustments throughout the year.

Distribution – EDP Bandeirante and EDP Escelsa consolidated net revenue amounted to R\$ 3,928.7 million, an increase of 4.4% in 2011. The main factors were: (i) a 2.9% increase of the energy volume sold to final customers triggered, mainly, by the higher



social and economic value

OPERATING REVENUE (R\$ THOUSAND)

	2009	2010	2011	VARIATION (%) 2011/2010
GROSS OPERATING REVENUE	5,791,222	6,367,005	6,892,899	8.26%
Electric energy distribution	2,635,603	2,716,106	3,061,978	12.73%
Electric energy supply	925,980	615,683	651,949	5.89%
Provision of distribution and transmission system	2,052,464	2,670,983	2,872,194	7.53%
Other operating revenues	177,175	364,233	306,778	-15.77%
OPERATING REVENUE DEDUCTIONS	-1,169,520	-1,332,689	-1,491,237	11.90%
Subsidy - CCC e CDE	-367,144	-415,653	-522,188	25.63%
Research and development	-42,653	-45,922	-48,558	5.74%
Quota for global reversion reserve	-41,890	-43,595	-41,244	-5.39%
Charges of emergency capacity	0	0	0	
Other charges	-34,270	-44,634	-48,821	9.38%
Taxes and contributions over revenue	-683,563	-782,885	-830,426	6.07%
NET OPERATING REVENUE	4,621,702	5,034,316	5,401,662	7.30%

consolidated operating expenditures

The operating expenditures amounted to R\$ 4,209.7 million in 2011, which represented a 9.4% increase compared to the preceding year.

The non manageable expenditures are related to the purchase of energy, costs of electric grid use and the Aneel supervision fee and amounted to R\$ 3,002.9 million in 2011, 9.5% higher than in 2010.

The value of purchased electric energy to be resold amounted R\$ 2,302.8 million, 10.5% higher than in 2010, especially, due to: (i) beginning of energy supply of three new products in 2011; (ii) increase of the energy sale average price, readjusted by the IPCA variation; and (iii) decrease of Itaipu compared energy

value in 2011, due to the reduction of quotas allocated to the Group Distributors compared to 2010.

In 2011, the expenditures with charges for use and connection showed a balance of R\$ 651.4 million, 5.9% higher than in 2010, mainly, due to the tariffs increase and the alterations of rules and procurement premises of the amount of use in transmission resulting from the application of Aneel Resolution #399/2010.

The 9.2% variation of the supervision fee stems from the new regulation that increased the cost. The financial compensations increased 14.4% due to the generation increase in the period -the calculation basis of that cost - besides the annual tariff increase used to determine the value.

MANAGEABLE EXPENDITURES (R\$ THOUSAND)

	2009	2010	2011	VARIATION (%) 2011/2010
Personnel	261,586	251,925	287,618	14.2%
Material	24,236	23,478	26,566	13.2%
Third party services	284,653	322,615	346,570	7.4%
Provisions	71,540	83,432	82,816	-0.7%
Others	103,680	102,734	117,624	14.5%
Total of personnel, material, third party services and other expenses	745,695	784,194	861,194	9.8%
Depreciation and amortization	334,106	323,858	345,589	6.7%
TOTAL OF NON MANAGEABLE EXPENDITURES	1,079,801	1,108,042	1,206,783	8.9%
IGP-M (LAST 12 MONTHS) *				5.1%

*Source: FGV

The manageable expenditures, excluding depreciation and amortization, amounted to R\$ 861.2 million (+9.8%) compared to R\$ 784.2 million in 2010.

The personnel costs has a R\$ 35.7 million increase (+14.2%) resulting, mainly, from: (i) 7.3% average wage adjustment in compliance with collective agreement, besides the increase of the number of employees due to the in sourcing of the work force at the distributors' commercial areas (+R\$417.6 million); (ii) increase of the expenditures with perks resulting from the index readjustment application and the higher number of employees (+R\$ 6.8 million) and medical insurance (+R\$ 5.4 million).

The material costs had a R\$ 3.1 million increase (+13.2%) due to higher costs of conservation and repairing of the electric system, resulting from the Plano Verão (Summer Plan) and the Plano Adicional de Manutenção Preventiva de Redes (Additional Plan for Grids Preventive Maintenance) to guarantee the indicators of services quality.

As for the third party services, the increase of R\$ 24 million stems, mainly, from: (i) expenditures with electric system conservation and repairing (+R\$ 19.9 million); (ii) increase of systems and information technology services at the distributors (+R\$ 10.4 million); and (iii) decrease of expenditures with corporate, legal and human resources consulting companies (- R\$ 7.5 million).

Concerning others, the R\$ 14.9 million increase (+14.5%) stems from three main effects: (i) deactivation, machinery and equipment at the distributors (+R\$ 36.7 million); (iii) non recurring effect related to the gain from the acquisition of ECE Participações S.A (Santo Antônio do Jari Hydroelectric Plant) based on the market evaluation report in compliance with international practices – CPC 15 and CPC 18 (-R\$ 10.2 million), (iii) impairment on assets at Terra Verde (reduction of the recoverable value) that led to the partial reversion of the amount provisioned throughout 2010 amounting to R\$ 12 million related to the project losses at EDP Energias Brasil (-R\$10.5 million).

Depreciation and amortization amounted to R\$ 345.6 million with a 6.7% increase compared to 2010, due to: (i) compliance with the criteria used to the amortization of goodwill (linear method instead of future profitability curve); (ii) higher level of stops of ongoing works at EDP Bandeirante; (iii) acknowledgement of Terra Verde Project impairment (loss of assets recoverable value).

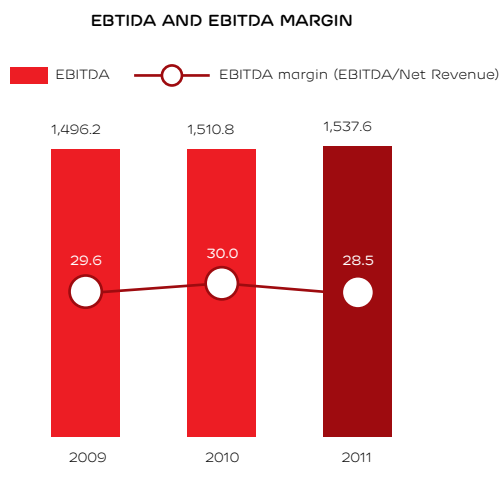
EBITDA and EBITDA margin

In 2011, the consolidated EBITDA (earnings before income tax financial results, depreciation and amortization) amounted to R\$1,537.6 million, representing an increase of 1.9% compared to the preceding year. The EBITDA consolidated margin fell by 1.5% reaching 28.5%.

The generation EBITDA, excluding eliminations, amounted to R\$ 801 million, an increase of 11% compared to 2010, a reflection of the readjustments of the contracts according to inflation and the increase of sold volume.

At EDP Bandeirante and EDP Escelsa, the EBITDA amounted to R\$ 754.9 million in 2011, a decrease of 9.6% compared to 2010, a reflection of the cooling of economic and market growth as well as the increase of the costs in the period.

In trading, the EBITDA was R\$ 32.7 million and the increase was 32.8% compared to 2010 mainly due to the intensification of short and medium term negotiations as well as to the portfolio management strategy.



"EDP is an outstanding partner that always helps our children concerning health and education. It's a very important partner in the development of our jobs." (Patricia de Souza Negre, School Principal Peixe-TO)

social and economic value

financial result

The consolidated net financial expense in 2011 was R\$ 283.4 million, higher than the one from 2010 (R\$ 197.4 million). The contributing factors were: (i) non recurring expense at EDP Bandeirante, resulting from the liability monetary update related to the ongoing legal dispute with White Martins S.A.; (ii) adjustments of mark-to-market rules and the current value of the indebtedness; (iii) rerating, in 2010 and 2011, of the Personnel imprint actuarial financial charges for Financial Expense. (IAS 19/CPC 33 – post-employment benefits); (iv) rerating of charges related to bank guarantees concerning Others for Financial Expense (CPC 26 – standardization of accounting statements).

net income

Due to the effects analysed above, the consolidated net income reached R\$ 490.7 million in 2011, 15.8% lower than in 2010. Moreover, between 2010 and 2011, there was an increase of the value distributed to the minority shareholders and to participation certificates, thereby, reducing the net income of 2011.

debt

The consolidated gross debt amounted to R\$ 3,613.6 million in December 2011, an increase of 6.7% compared to 2010. The variation occurred, mainly, due to: (i) disbursement of R\$ 55 million referring to the ECE Participações S.A bridge loan with Banco do Brasil to

build the Santo Antônio do Jari Hydroelectric Plant; (ii) the issue of CEJA (Companhia Elétrica do Jari) debentures amounting to R\$ 300 million to be settled in October 2013; (iii) borrowings that amounted to R\$ 129 million between CALC-BNDES and Crédito Agrícola at the distributors; (iv) disbursement of R\$ 108 million from BID and BNDES to build Pecém I Thermal Plant; deducted from (v) amortization of EDP Bandeirante debentures amounting to R\$ 136 million; (iv) amortization of EDP Escelsa debentures amounting to R\$ 123 million; (vii) amortization of long term debts at the generation companies. With the new borrowings throughout the year, the average deadline of the consolidated debt fell from 5.1 years to 4.5 years in December 2011.

Out of the total of the Gross debt, on December 31st 2011, 8.1% were denominated in foreign currency, 99.9% of which protected against exchange variance by means of hedge instruments resulting in net exposure of 0.1%. The average cost of the debt was 10.3% a year, compared to 9.1% in the end of 2010. The increase of the average cost was a result from the average Selic (higher in 2011) and debt contraction linked to IDC (interbank deposit certificate).

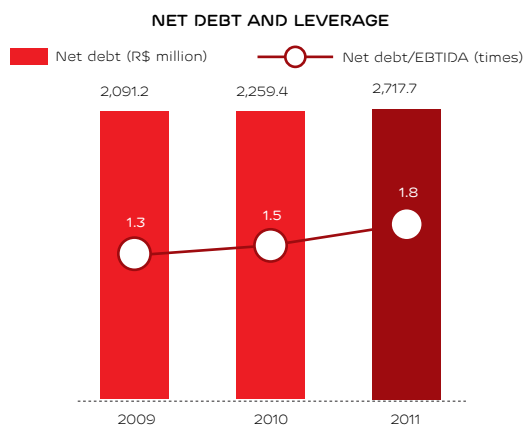
The net debt, considering the value of cash and cash at calls, reached R\$ 2,717.7 million on December 31st, 2011, with an increase of 20.3% compared to December 2010, due to the 20.5% fall (R\$ 230.6 million) in cash and cash at calls in the end of 2011, resulting from the distributors amortization of debentures amounting to R\$ 259 million.

The net debt/EBITDA ratio ended the year increased from 1.5 times in December 2010 to 1.8 times in the end of 2011.

ratings

In May 2011, Standard & Poors raised the EDP Escelsa ratings from "BB" to "BB+" on a global scale and from "AA" to "AA+" on a national scale, with stable perspectives. EDP Bandeirante ratings remained "AA+" on a national scale, with perspective alteration from stable to positive.

Moreover, in May 2011, Moody's kept the EDP Bandeirante and EDP Escelsa issuer ratings "Baa3" on a global scale and "Aa1.br" on a national scale. Thus, the EDP Energias do Brasil distributors remain with the investment grade rating on a global scale. The risk rating agency also kept the issuer ratings on local currency of EDP Energias do Brasil in "ba1" on a global scale and "Aa2.br" on a national scale.

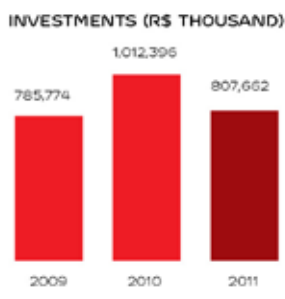


energy in investments

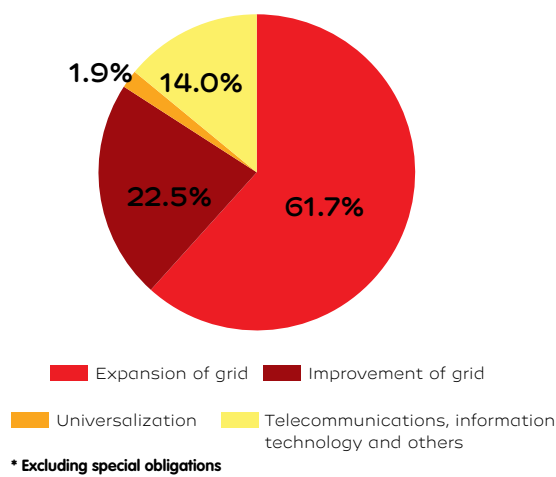
The investments of EDP Energias do Brasil aim at a consistent growth and profitability assurance. In 2011, the construction of Porto do Pecém I Thermal Plant and Santo Antônio do Jari Hydroelectric Plant was in the spotlight as well as the expansion and maintenance of grids at the group's distributors. In 2011, the investments amounted to R\$ 807.7 million, with a decrease of 20.2% compared to the resources targeted to business areas in the previous year.

The investments in distribution amounted to R\$ 367.8 million (including special obligations), with reduction of 12.2% compared to 2010. Out of the total, R\$ 223.7 million (60.8%) were used in the expansion of lines, substations and distribution grids to connect new customers and install measuring systems; R\$ 81.2 million (13.3%) were used to improve the grids and replace the equipment, the obsolete and depreciated meters and reconditioning the grids with end of service life; R\$ 6.9 million (1.9%) were applied in the rural and urban universalization and in the Luz Para Todos Program (Light for All), by providing the connection and the access of consumers to energy services; and R\$ 51.5 million were invested in telecommunications, information technology and other activities.

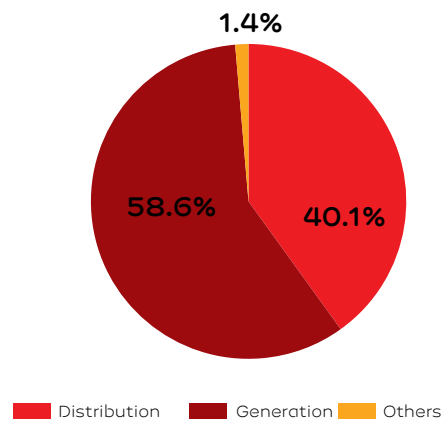
The investments in generation amounted to R\$ 473.1 million, 24% less than in 2010. The resources applied in the construction of Pecém I Thermal Plant and Santo Antônio do Jari hydroelectric Plant stand out.



INVESTMENTS IN DISTRIBUTION*



INVESTMENTS RANKING



INVESTMENTS IN DISTRIBUTION (R\$ THOUSAND)

	TOTAL 2009	TOTAL 2010	EDP BANDEIRANTE	EDP ESCELSA	2011 TOTAL
Expansion of grid	159,545	220,991	130,184	96,650	226,834
Improvement of grid	98,438	81,177	48,831	33,754	82,585
Universalization (rural+urban)	43,446	30,690	4,421	2,441	6,862
Telecommunications, information technology and others.	67,567	86,176	26,868	24,860	51,546
SUBTOTAL	368,996	419,034	210,122	157,705	367,827
(-) Special obligations	-47,880	-42,261	-25,296	-18,924	-44,220
NET INVESTMENT	321,116	376,773	184,826	138,781	323,607

social and economic value

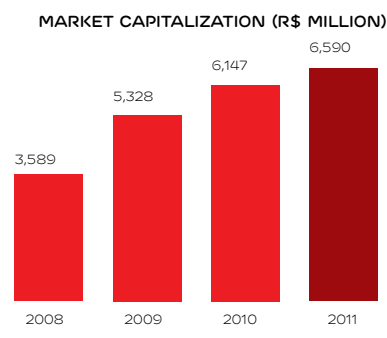
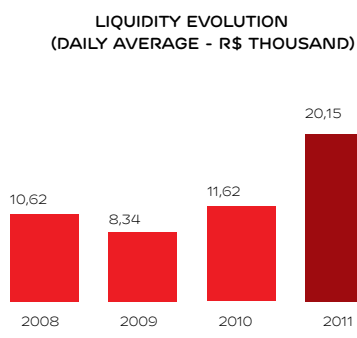
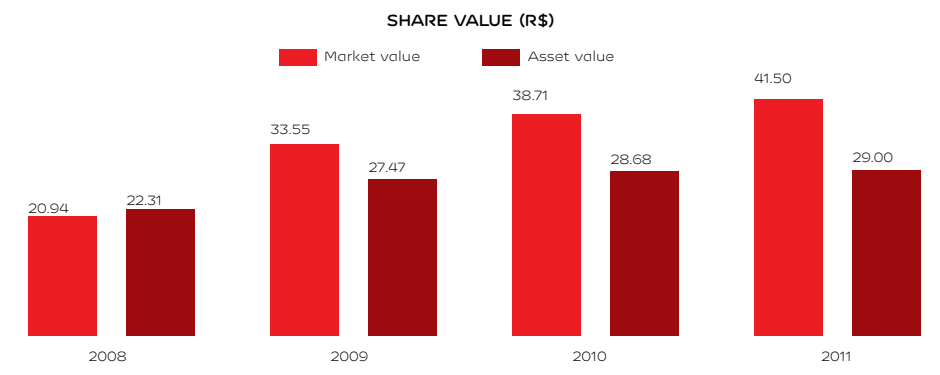
INVESTMENTS (R\$ THOUSAND)

	2009	2010	2011	VARIATION 2011/2010
DISTRIBUTION	368,996	376,773	323,607	-14.1%
EDP Bandeirante	147,565	188,948	184,825	-2.2%
EDP Escelsa	221,431	187,825	138,782	-26.1%
GENERATION	409,307	622,610	473,122	-24.0%
Enerpeixe	21,080	13,631	5,727	-58.0%
Energest	67,348	60,788	61,587	1.3%
Lajeado/Investco	12,368	30,794	23,155	-24.8%
Francisco Gros (Santa Fé)	41,758	12,620	16,752	32.7%
Pecém	266,753	504,777	295,894	-41.4%
Jarí	-	-	70,007	-
OTHERS	7,471	13,013	10,933	-16.0%
TOTAL	785,774	1,012,396	807,662	-20.2%

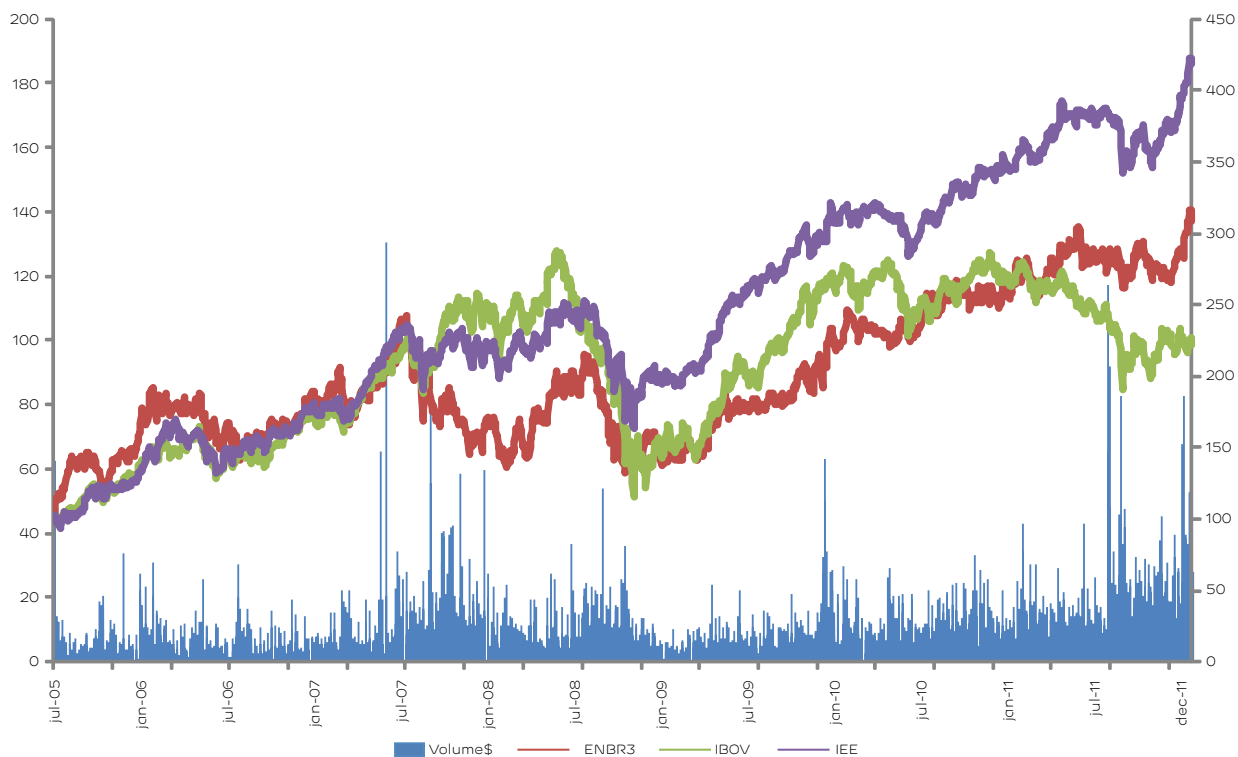
capital, shares and remuneration

On December 31st, 2011, EDP Energias do Brasil's shares were listed at R\$ 41,50, ending the year with a 13.9% appreciation, compared to the fall by 18.1% from Ibovespa and the 19.7% variation Electric Energy Index. The company's market value in the closing of the year reached R\$ 6.6 billion.

The titles were traded in the BM&FBovespa stock Exchange, with a daily average of R\$ 20.2 million in transactions. The financial volume amounted to R\$ 5 billion in the period, in 453,000 operations and 132,8 million titles, which represent evolution of 74.8%, 83% and 63.2%, respectively. That increase partly reflects the public offering of shares by EDP-Energia de Portugal, concluded in July and raised the company's free float from 35% to 48.8%.



ENBR3 X INDEX PERFORMANCE – BASIS 100-07/12/2005



SHARES MOVEMENT

MONTH	NUMBER OF BUSINESSES	AMOUNT TRADED (THOUSAND SHARES)	FINANCIAL VOLUME (R\$ THOUSAND)	CLOSING PRICE R\$/SHARE	IBOVESPA (POINTS)	IEE (POINTS)
Total 2008	124,262	98,159	2,645,149	20	37,550	15,291
Total 2009	188,051	73,623	2,050,815	31	68,588	24,327
Total 2010	247,546	81,361	2,870,700	39	69,304	27,242
Total 2011	453,064	132,819	5,018,200	42	56,754	32,613
VARIATION 2011/2010 (%)	83.0%	63.2%	74.8%	7.2%	-18.1%	19.7%
January	24,578	8,907	339,335	37	66,574	27,394
February	27,932	7,748	282,861	37	67,383	28,124
March	25,847	7,471	287,336	40	68,586	29,892
April	28,934	6,736	264,799	39	66,132	29,581
May	31,576	8,573	331,557	38	64,620	29,795
June	25,194	6,540	249,545	38	62,403	30,073
July	42,618	17,863	676,392	39	58,823	29,463
August	56,852	16,295	592,357	38	56,495	28,195
September	43,767	11,486	439,344	38	52,324	27,810
October	48,245	13,159	482,956	37	58,338	28,857
November	43,950	11,513	422,860	39	56,874	29,793
December	53,571	16,526	648,860	42	56,754	32,613

Source: Economatica

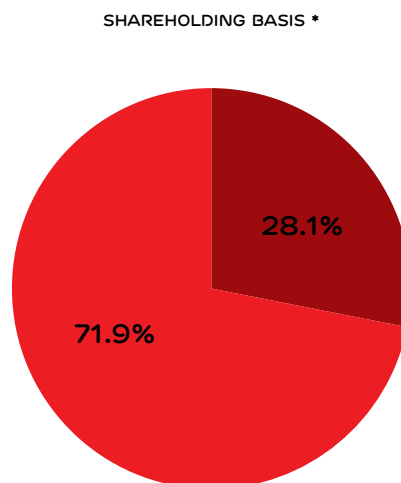
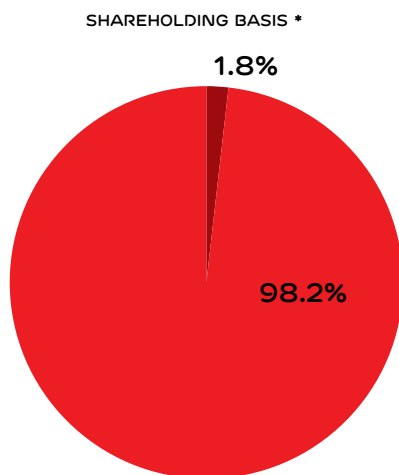
social and economic value

social capital

On December, 31st, 2011, the company's social capital was represented, as a whole, by 158,805,204 nominative common shares. Out of the total of shares, 77,534,267 were in circulation in accordance with the BM&FBovespa New Market Listing Regulation and 280,225 shares would remain in treasury.

SHAREHOLDING STRUCTURE

	2010		2011	
	AMOUNT OF SHARES	PARTICIPATION	AMOUNT OF SHARES	PARTICIPATION
EDP – Energias de Portugal (controller)	102,902,115	64.80%	80,990,655	51.00%
Shares in circulation	55,622,847	35.03%	77,534,267	48.82%
Shares in treasury	280,225	0.18%	280,225	0.18%
Advisors and directors	17	0.00%	57	0.00%
TOTAL	158,805,204	100.00%	158,805,204	100%



Legend: Legal entities (dark red), Natural persons (red)

Legend: International (dark red), National (red)

(* shares in circulation on 12/31/2011)

shareholders remuneration

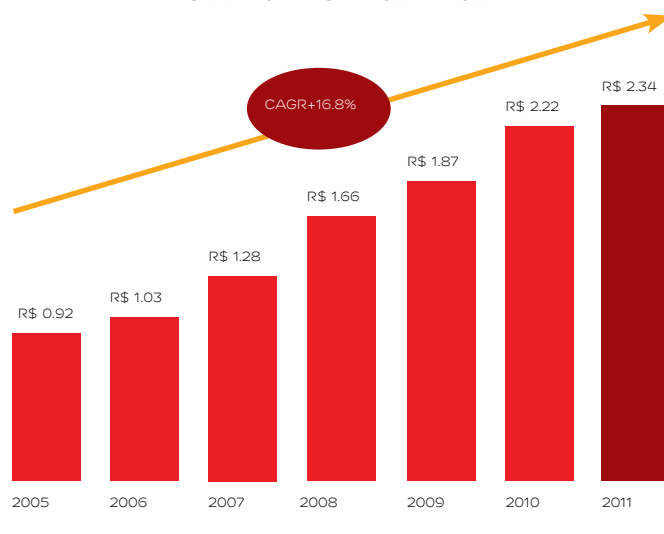
According to the EDP – Energias do Brasil Corporate Bylaws, the distribution of dividends to shareholders is compulsory and cannot be under 25% of the Company's net income under the terms of the corporate law.

Notwithstanding the compliance with that policy, the company may distribute the dividends and/or interests over its own capital in an amount below 50% of its net incomes adjusted in any running year, when it is required by legal or regulatory provision or, still,

when recommendable in view of the financial situation and/or the future perspectives of the company, the macroeconomic conditions, revisions and tariff adjustments, regulatory changes, growth strategy, contractual limitations and other factors considered relevant by the Executive Board or by the EDP Energias do Brasil shareholders.

On April 10th, 2012, the Executive Board deliberated in an Ordinary General Meeting about the payment of dividends that amounts to R\$ 370.2 million referring to R\$ 2.34 per share. That remuneration to shareholders in 2011 was 5% higher than the one from the

SHAREHOLDERS REMUNERATION



previous year. The company has been distributing growing dividends through absolute value as well as through shares for the six consecutive years.

public share offering

EDP Energias do Brasil concluded, in July 2011, a secondary public offering of ordinary shares owned by its controller EDP Energias de

Portugal. The operation involved the offering of 21,911,460 shares at R\$ 37.00/share, with earnings of R\$ 810.7 million. Such operation reduced the EDP Energias de Portugal stake of EDP Energias do Brasil's capital from 64.8% to 51% without, however, changing the shareholding control or the EDP Energias do Brasil board structure and caused higher liquidity of the company's shares. Between the beginning of the negotiation of its shares at Mercado Novo, in July 2005, and the closing of 2011, the titles registered appreciation of 131% and caused a total return to shareholders of 216%, including dividends.

DISTRIBUTION OF SHARES OFFERINGS

KIND OF INVESTOR	NUMBER OF SHARES ACQUIRED	NUMBER OF SHARES ACQUIRED
Natural persons	1,278	2,028,175
Investment clubs	44	300,249
Investment funds	275	6,002,194
Pension plan entities	8	213,040
Insurance companies	0	0
Foreign investors	187	13,103,786 ⁽¹⁾
Intermediate companies that participate in the distribution consortium	0	0
Financial institutions connected to the company and/or to the distribution consortium	0	0
Other financial institutions	3	205,000
Other legal entities connected to the company and/or to the distribution consortium	0	0
Other legal entities	21	59,016
Partners, managers, employees, representative and other people connected to the company and/or to the distribution consortium	0	0
Others	0	0
TOTAL OF OFFERINGS	1,816	21,911,460

(1) It includes 2,535,961 shares subscribed by Morgan Stanley or societies of its economic conglomerate, acting according to its customers' demands as a way to protect (hedge) the operations with shares derivatives which happened overseas, and stem from total return swaps contracts and/or other financial instruments agreed overseas.

social and economic value

sustainability index

EDP Energias do Brasil's shares remained in the Corporate Sustainability Index, a theoretical portfolio of titles traded at the São Paulo Stock Market that only gathers companies that prove to keep sustainability best practices. The portfolio is valid from January 2nd, to December 31st, 2012 and comprises 51 shares of 38 companies, amounting to R\$ 961 million in market value, equivalent to 43.72% of the companies' value which have shares traded at the stock market on November 23rd, 2011.

intangible assets

With their own corporate laws, the intangible assets indicate EDP Energias do Brasil growth potential and are rated under: human capital, organizational capital, information capital and market capital.

INTANGIBLE ASSET	HOW IT IS DEVELOPED	ACTIONS IN 2011
HUMAN CAPITAL Professionals' competences, abilities, talents and knowledge.	Investment in human capital to keep people permanently aligned with strategy and to make them expand their knowledge of production and management technology. It happens both by means of internal production and by partnerships with suppliers, individual qualification, partnerships with universities, contracts of technology transfer, benchmarking structured processes and management consulting actions.	Activities involving technical and strategy qualification for employees from various hiring levels.
INFORMATION CAPITAL Infrastructure, system and information technology, such as knowledge management applications to support strategy.	Investment portfolios in technology that prioritize allocation of financing and other resources.	Initiatives that involve the capital information at the company include the Bolsa de Inovação (innovation exchange market) and the development of knowledge systems processes, such as the launch of the Knowledge Book for generation. The information processes receive constant follow up and improvement, both on the systems qualification and the improvement of the facilities.
ORGANIZATIONAL CAPITAL It includes aspects such as organizational culture, qualified leadership, goals alignment, remuneration variable to strategy and team work.	Motivation initiatives, efforts alignment and commitment to the organizational guidelines.	The Vencer Program, created in 2009, is an ongoing project to consolidate the corporate culture. That aspect is also covered by the Succession Plan for leadership posts. The strategic aspects were reinforced in the Distribution through an organizational transformation process, roadshows and strategic control meetings.
MARKET CAPITAL Trademarks and EDP's reputation in Brazil.	The protection of the trademark integrates EDP global policy – Energias de Portugal, committed to sustainability and to a close relationship with all publics: customers, employees, suppliers, shareholders, government and society. The reputation involves those publics' awareness of the company's image.	EDP Group's trademark was redesigned on 2011. The new trademark consolidates the strategy to internationalize and help standardize the presence of the company where it serves. The company's performance received public recognition, among which the participation in the ISE Ibovespa portfolio, the presence among the 21 model-companies in sustainability from Exame magazine and the outstanding position in corporate rankings in Brazil and Latin America. Besides the annual customer satisfaction survey carried out by Abradee and Aneel, it was also created a survey for the trading area.

risk management GRI 1.2, 4.9

The EDP Energias do Brasil risk management activities continue its evolution process which started in the previous year. In 2011, efforts were joined to detail 50% of the company's risk matrix by analyzing factors that could have their impacts and vulnerabilities measured in an analytical and standardizing way. During the period, indicators were suggested in order to follow up the evolution of those aspects.

That integrated risk management is much linked to the company's business areas and in order to be more effective, one element is essential: risk culture. Therefore, during 2011 activities, the spread of risk culture as well as the risk concepts were key elements.

The Auditing and Corporate Risk areas are responsible for organizing, identifying and managing the business risks. Apart from that, those areas promote and disseminate a management culture that assures the continuous risk monitoring.

sector's risks

Energy risks – The Company has energy planning consolidated model to identify future energy demands. The estimates are set based on the consumption behaviour history and on the expectations of economic growth, as well as on the observation of consumption migration movement. Based on that information, the program and energy control are set by the distributors that will decide on the guidelines for purchase in auctions. The availability and reliability of the supply, as well as the revenues are assured by the anticipation of potential impacts with the help of softwares and statistics model developed by EDP to follow up the distribution generation and trading areas. GRI EU6

Hydrological – The greatest risk in this area refers to the climate and rainfall conditions, since the company has its main energy generation source from hydroelectric plants. Nevertheless, that hydrological risk is compensated by the Mechanism of Energy Relocation

that minimizes and shares, among generators, the risk of long term energy sale, associated, mainly, to the centralized dispatch and to the optimization of the hydrothermal system by the Electric System National Operator.

Regulatory – Involved in activities regulated by the Electric Energy National Agency (Aneel), EDP Energias do Brasil Group follows up all the discussions referring to the sector regulations. There is evaluation and mitigation of risks by means of monitoring the bills at the National Congress, negotiations with regulatory and governmental institutions and participation in discussions at representative entities.

company's risks

Operational – A Crisis Management Plan, in implementation phase, comprises various scenarios, such as the interruption of electric energy supply, accidents at work, strikes, natural disasters, information technology and communication breakdown, pandemics, besides a communication plan and a governance model for crisis management. The plan was developed by the Security and Crisis Management Committee, created in 2008, in order to manage the issues related to the company global security in an integrated basis. Its responsibilities include, among others, to transmit the security strategic view, to evaluate the compliance of the security requirements, to assure the awareness of the people and to analyse incidents. At the distributors, the System Operation Centers may be remotely operated from any unit, in a way that minimizes the operational risks. In 2009, an Emergency Response Plan (ERP) was elaborated at EDP Bandeirante, containing measures to prevent fires, as well as measures to mitigate impacts on people security and on the integrity of machinery and equipment and also on environmental protection. As for the ongoing ERP, at Enerpeixe there were simulations to combat fires in the transformer, one of the 20 scenarios defined as significant. At Energest, there was the elaboration of a Contingency and Emergency Plan at Suíça and Mascarenhas Hydroelectric Plants and at São João and Rio Bonito Small Hydroelectric Plants. GRI EU21

social and economic value

Financial – The decisions about financial assets and liabilities are oriented by a Financial Risks Management Policy that establishes conditions and limits of market risk exposure, liquidity and credit. The policy determines levels of concentration of investments at financial institutions according to the rating assigned to the bank by risks agency and to the total amount of EDP Energias do Brasil's investments in order to keep a balanced ratio and less subjected to losses. It also defines that the company does not negotiate derivatives contracts above the values related to the debt hedge in foreign currency to block the risk of high exchange rate fluctuations. On December 31st, 2011, the financial obligations in foreign currency referred to two operations (long term financing for the construction of Pecém Thermal Plant with BID acquired by EDP Bandeirante) and represented 8.1% of EDP Energias do Brasil debt, being 99.9% protected by exchange hedge. That policy also establishes deadlines for maturity dates and liquidity of the financial obligations, thereby, preventing the concentration of the debt in the same period of time. A report is weekly presented to the Board about cash position and financial investments, by listing the operations according to the risks policy and the counterparts. Tools such as Risk Control (to register the monitoring of all positions) and VaR – Value at Risk (to quantify the risk exposure) are used to manage risks.

Market – The actions to combat commercial losses at the group's distributors stand out in 2011, with prevention of frauds and improvement of charging processes. The market risks are also related to the Settlement of the Differences Price and to the variation in energy price - in order to do so, EDP participates in the public discussions referring to energy and tariff issues.

Environmental – These risks comprise the risk of not complying with the constraints of environmental licensing and the exposure to natural disasters. All ventures and activities concerning generation and distribution are carried out in accordance with the EDP conglomerate Sustainability Policy and with the Integrated Policy for the Environment, Health and Security that regulate the commitment to the environment preservation. The company follows the Precautionary Principle established by Eco92, according to which, when an action represents threats of damage to the environment or to human health, precautionary measures must be taken, even if some cause and effect relations are not scientifically proved. **! GRI 4.11 !**

Information Technology and Communication – The maintenance of the information technology and communication systems is fundamental for the continuity of operations. The communication lines are monitored at real time to detect immediate problems. For critical places, there is redundancy of different operators' links, which leads to nonstop connections with the data centers. There is a backup of all information received in the servers. The information is then filed in two different places as a way to prevent disasters. In 2012, the information security mechanisms will be improved.

Reputation/image – The Brand and Communication area is responsible for the company's image management. The credibility, soundness and reliability image is structured on the basis of governance practices and transparency, as well as on the basis of rules of conduct for the company's employees. Among the principles considered there are ethics, legality, respect to the human being and to the environment and repudiation of any sort of discrimination.

customer service

Defined as the main strategic priority in distribution, EDP Energias do Brasil customers have access to differentiated services. The channels of customers relations at the distributors involve internet, telephone and in person service.

In 2011, 25 new service points were inaugurated at the group's distribution companies, by intensifying the direct contact with the consumer. Also, a new call center started operating at EDP Bandeirante (SP) and at EDP Escelsa (ES), with modern technological infrastructure. More than 400 operators, distributed into various shifts according to the demand of calls, participated in direct training provided by the distributors' professionals, by assuring command and compliance with the services delivered by the distributors. At both distributors, the Ombudsman incorporated a toll free call number. The activities at this channel aim at receiving and responding to not solved complaints and suggestions – priorities of actions and corrections, besides identifying new consumers' needs.

On internet, main access channel, the Virtual Agency was launched in which the customers may have access to self-

ACCESS CHANNELS – NUMBER OF SERVICES (THOUSAND)

	EDP BANDEIRANTE			EDP ESCELSA			EDP CONSOLIDATED		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
Call center	2,427.9	2,336.3	2,137.6	2,126.7	2,135.9	1,519.1	4,554.6	4,472.2	3,656.9
Audible Response Unit (ARU)	733.0	694.7	345.2	438.2	429.6	228.4	1,171.2	1,124.3	573.6
Stores/agents ⁽¹⁾	1,108.1	1,257.4	1,144.6	912.1	1,217.7	1,115.1	2,843.8	2,475.1	2,259.7
Internet (consultations and services)	4,134.5	7,119.1	6,033.1	1,320.6	2,128.7	2,200.4	5,455.1	9,247.8	8,233.5
TOTAL	8,403.5	11,407.5	9,660.5	5,621.2	5,911.9	5,063.2	14,024.7	17,319.4	14,723.7

(1) Own and third party stores

CALL CENTER PERFORMANCE

	EDP BANDEIRANTE			EDP ESCELSA		
	2009	2010	2011	2009	2010	2011
ANEEL GOAL	UNTIL JUNE >95.0% AFTER JULY >85.0%	>85.0%	>85.0%	UNTIL JUNE >95.0% AFTER JULY >85.0%	85.0%	85.0%
Basic Service Level Index	86.7%	95.9%	88.0%	97.0%	96.0%	91.6%
ANEEL GOAL	<4.0%	<4%	<4%	<4.0%	<4.0%	<4.0%
Drop out Index	2.4%	0.5%	2.3%	0.4%	1.0%	1.5%

NUMBER OF POINTS OF SERVICE

	EDP BANDEIRANTE			EDP ESCELSA		
	2009	2010	2011	2009	2010	2011
Own points	6	6	0	8	6	6
Third party points	11	12	18	38	41	64
Poupatempo (saving time points)	1	1	1	0	0	0
Third party kiosks	7	9	11	0	0	0
Agent bank ⁽¹⁾	811	811	1,084	2,214	3,037	2,923
TOTAL	836	839	1,114	2,260	3,084	2,993

(1) At EDP Escelsa – collection points: agencies, Banks, ATMs, and their equivalents.

service totems without the need of dislocation. EDP Bandeirante and EDP Escelsa's agencies, which may be improved by July 2011, integrate internet services and self-service totems, by reducing the volume of service at points of service and call centers.

satisfaciton in numbers GRI PR5

The perception low voltage residential customers have about the distributors' services is evaluated by the Satisfaction Index with Perceived Quality proposed by the Brazilian Association of Electric Energy Distributors (Abradee) in the first semester of each year and by the Aneel Index of Customer Satisfaction analysed in the

second semester and considered during the tariff revision process. The medium and high voltage customers are part of the Major Customers Satisfaction Index, promoted by EDP every two years.

A new survey carried out involving the Trader's consumers started in 2011 to introduce the CRM tool. After its end, predicted for the first semester of 2012, the consultation will allow us to evaluate the satisfaction, fidelity and profile of the company's customers. The results will serve as a support to define the sales strategy of energy trading.

In the end of the year, the total number of complaints, considering all service channels, the regulatory and consumer protection institutions as well as the law, reached 174,890, with decrease of 1.1% compared to 2010.

social and economic value

With the application of Lean methodology at call centers for technical occurrences concerning distribution and the introduction of the automatic recognition of failed calls, which returns the call to customers and reduce the dislocation, the number of complaints is expected to be reduced.

socio-environmental integration

The publics involved in the EDP Energias do Brasil projects are regularly consulted before the beginning and during the company's operations in order to assure the company meets local demands. The assets that have been built in generation

SATISFACTION INDEX WITH PERCEIVED QUALITY (ISQP) – %

	2009	2010	2011	REFERENCE ⁽¹⁾
EDP Bandeirante	80.6	76.8	73.4	88.4
EDP Escelsa	79.1	74.6	78.2	

(1) Better performance in 2011 among the companies that have more than 400 thousand customers – Source: Abradee

ANEEL INDEX OF CUSTOMER SATISFACTION (IASC) – %

	2009	2010
EDP Bandeirante	69.6	67.5
EDP Escelsa	60.9	61.3

Note: The 2011 data has not been divulged yet so far

MAJOR CUSTOMERS SATISFACTION INDEX (ISGC) – %

	2007	2009
EDP Bandeirante	67	70
EDP Escelsa	69	77.6

Note: The survey refers to 2011 and will be carried out in 2012.

CUSTOMERS COMPLAINTS

	2010			2011				GOAL 2012		
	EDP BANDEIRANTE	EDP ESCELSA	EDP CONSOLIDATED	EDP BANDEIRANTE	EDP ESCELSA	EDP CONSOLIDATED	GOAL 2011	EDP BANDEIRANTE	EDP ESCELSA	EDP CONSOLIDATED
Company ⁽¹⁾	77,023	83,531	160,554	74,258	88,330	162,588	140,800	69,803	83,030	152,833
Aneel ⁽²⁾	2,013	2,107	4,120	2,307	1,732	4,039	3,826	2,182	1,638	3,820
Justice	1,393	2,419	3,812	1,157	1,826	2,983	3,528	1,111	1,753	2,864
Procon	2,191	6,106	8,297	1,836	3,444	5,280	7,694	1,763	3,306	5,069
TOTAL	82,620	94,163	176,783	79,588	95,332	174,890	155,848	74,859	89,727	164,586

(1) Ombudsman, call centers and commercial service points.

(2) Through Aneel inspection agencies.

for the last two years (Tramandaí Wind Farm, Porto do Pecém I Thermal Plant and Santo Antônio do Jari Hydroelectric Plant) are closely connected to complementary initiatives to promote the relationship with the local community, such as visits at the plant facilities and information channels to inform about the constructions. *(More information in the section Social Development and Citizenship, from page 120 on)*

The environmental aspects are taken into account for the establishment of any new unit and also in the business areas daily routine. In addition to actions planned by the conditions set by the operation licenses, the company promotes volunteer activities of awareness about the environment preservation. Due to the regulatory institutional demands and the study process of environmental impacts (when applicable), the company promotes

public meetings with the presence of all stakeholders from the impacted region in order to present them new ventures already approved and listen to their needs and demands. Subsequently, aiming at implementing actions to minimize impacts, local leaders and organizations are invited to participate in the discussion about the action plan. **| GRI EU19 |**

participation in public policies **| GRI S05 |**

The public policies concerning electric energy in Brazil are set by the National Council for Energy Policy (CNPE), a federal government agency chaired by the Minister of Mines and Energy. The Electric Energy National Agency (Aneel), and entity from the Ministry of Mines and Energy, is in charge of regulating and inspecting the generation, transmission, distribution and trading of electric energy in Brazil. The Electric Energy Chamber of Trading (CCEE) is responsible for promoting the electric energy trading in the National Interconnected System in Regulated and Free Procurement Environments, besides accounting and paying off short term financial operations.

EDP Energias do Brasil actively participates in the discussions of the electric energy sector along with the representative entities: Brazilian Association of Electric Energy Distributors (Abradee), Association of Electric Energy Independent Producers (Apine), Brazilian Association of Energy Traders (Abraceel), Brazilian Association of Thermal Plants Generators (Abraget) and Acende Institute Brazil.

The most relevant issues concerning distribution in 2011, object of public hearing include: (i) definition of tariff revision methodology to be applied in the third cycle, approved by the publication of Normative Resolution #457/2011 and altered by the Normative Resolution #463/2011; (ii) new tariff structure, approved by the publication of the Normative Resolution #464/2011 that includes the “white hour tariff mode”, optional to the residential customers, except for the ones designated as Low Income and Public Lighting; (iii) inclusion of tariff flags, a new economic indicator that substitutes the current periods: “dry” and “wet”; and (iv) procedures to be followed

by the concessionaires, licensees and authorized service and electric energy installation providers to obtain the consent of shareholding control transfer.

In generation, the most relevant issues discussed in 2011, object of public hearing were: (i) improvement of the way of application and settings of the methodology to calculate the Distribution System Use Tariff (TUSDg), specific to generation; (ii) requirements and criteria to modify the way concessionaires explore the hydroelectric use to generate electric energy targeted to the public service; (iii) procedures to be followed concerning serious occurrences and not programmed prolonged stops, as well as the occasional suspension of electric energy operations; and (iv) procedures to be followed by the concessionaires, licensees and authorized service and electric energy installation providers to obtain the consent of shareholding control transfer.

On top of that, there were discussions with the Ministry of Mines and Energy to publish the new methodology to calculate the revision of Physical Guarantee for hydroelectric plants. During those discussions, EDP Energias do Brasil participated and positively influenced the regulator.

EDP Energias do Brasil has been acting in a transparent way during the discussions concerning the electric energy sector by proposing improvements and guaranteeing the sustainability of its businesses and keeping the reliability and excellence of the services provided to customers. *(For more information refer to the section Regulatory Challenges, page 29).*

ecoefficiency and environmental protection

56	climate changes
60	energy efficiency
63	use of resources
70	biodiversity
74	relations with suppliers

EDP Energias do Brasil promotes eco-efficiency and environment protection by committing to:

Promote the use of renewable energy sources and technologies that deliver cleaner, more efficient energy.

Promote improvement of energy consumption efficiency.

Manage impacts generated by the activities, aiming at a positive environment balance.

Actively contribute to the preservation of both environment and biodiversity.

Promote improvement of environment management practices of the value chain.





ecoefficiency and environmental protection

climate changes **I GRI 1.2 and EC2 I**

EDP Energias do Brasil is a founding-member of GHG Protocol Brazilian Program and voluntarily manages its greenhouse effect gas emissions. Besides driving efforts to the production of renewable energies, the company annually prepares its emission inventory in line with international quality standards. The 2009 and 2010 inventories received Golden Seal from the GHG Protocol. EDP also participates in the Companies for the Climate platform, which advocates low carbon economy and public policies concerning climate issues.

The aspects concerning climate changes are evaluated by means of the Carbon Disclosure Project (CDP), an initiative of the financial sector that proposed the evaluation of business opportunities as a result of the global warming and the policies on climate changes followed by companies. The physical and regulatory opportunities for EDP mainly refer to the progressive substitution of fossil fuel energies for renewable energies – focus of the group's international development – which opens competitive advantages in the sector.

Among the physical risks faced are climate severities and alterations of the hydrological cycle which may cause reduction of the energy production and interruptions in the distribution. When it comes to generation, the plants have operational emergency plans to prevent interruptions in the operations. As for distribution, besides the ongoing preventive maintenance and contingency plans, the ClimaGrid project is being developed, which will allow the company to predict the impacts of climate events on the grids.

Pioneer in the electric sector for the elaboration of carbon credit projects, EDP has five Clean Development Mechanism projects registered in the United Nations Climate Changes Executive Board: repowering of the fourth generation unit of the Mascarenhas (ES) Hydroelectric Plant; São João (ES) and Paraíso (MS) Small Hydroelectric Plants; Água Doce and Horizonte (SC) wind farms. In 2011, the United Nations issued 40,426 Certified Emission Reductions (CERs), already traded by EDP. With the acquisition of the Santo Antônio do Jari Plant's project the company continued the elaboration of the Project Conception Document (PCD) of that venture for future

validation. The resources obtained from the negotiation of carbon credits will be totally applied in socio environmental projects supported or developed by EDP Institute. **I GRI EU5 I**

On top of that, the Econnosco program, created in 2009, with the objective of stimulating the conscious use of natural resources by EDP employees, made available in 2011 the "Carbon Footprint" tool, aiming to measure the amount of greenhouse gases in the daily commute of each employee.

gas emissions

The total of EDP Energias do Brasil greenhouse gas emissions in 2011 decreased 35% compared to 2010, although there was an increase of direct and indirect consumption which is being shown by EN3 and EN4 indicators (see pages 59 and 60). That decrease occurred due to the reduction of the National Interconnected System emission factor from 0.0512 tCO₂/MWh in 2010 to 0.0292 tCO₂/MWh in 2011 (MCT, 2012) which shows the indirect energy sources of the Brazilian energy matrix. Such fact caused the reduction of scope 2 emissions that shows the amount of indirect energy consumed at all the group's companies and the energy technical losses in distribution of EDP Bandeirante and EDP Escelsa.

The scope 1 emissions comprehend direct emissions controlled by the company and originating from the use of fleet's fuel and SF₆ gas (insulating gas used in electric equipment). There was a rise by 7.8% of the fuels use mainly due to the creation of maintenance centers that increased the displacement of employees to those places.

An increase of 223% was also observed in the SF₆ gas emissions at EDP Bandeirante. The leakage, originating from circuit breakers, happens at random and because the SF₆ potential to global warming is quite high, small variations represent high emissions of greenhouse gas. For those reasons, although they rarely occur, variations from one year to another may occur. In 2011, the use of fossil fuels prevailed compared to the use of ethanol and biodiesel due to the analysis of the fuels price and on their operational efficiency.

In order to further enhance transparency, EDP Energias do

Brasil included in the Sustainability Report information about the indirect emissions already reported on the GHG Protocol Program. In 2011, the employees' commuting carbon footprint was incorporated – an initiative that is part of the Econosco 2011 project. A tool was made available with an online questionnaire for the employees and around 800 people to respond voluntarily to the survey, approximately 30% of EDP employees.

For that reason, in relation to 2010, the scope 3 emissions, and biomass emissions as well, increased due to incomplete combustion of fuel consumption regarding employees' commuting. In 2012, the aim is that more employees join the project and inform their carbon footprint on their home-work-home way.

EDP has been calculating the emissions occurred in business trips since 2010, nevertheless the company only reported that in 2011, by showing an increase of 11% in the number of emissions, which also motivated the implementation of more rooms with infrastructure for videoconferences.

Modern equipment to control the environmental impacts will be installed at Porto do Pecém I Thermal Plant including desulphurization systems, low NOx burners and bag filters (to neutralize pollutant compounds) to monitor emissions. EDP is committed to the International Development Bank to compensate part of the CO2 emissions with investment in renewable energies.

In 2011, EDP started daily measurements of the black smoke from around 190 vehicles belonging to the EDP Bandeirante Maintenance Center in order to monitor and send to revision the cars with calorimetric density higher than Ringelmann Scale's level 2. In the first six months of monitoring, around three vehicles per month were sent to revision. At EDP Escelsa region, 900 seedlings from the Brazilian wild fauna were distributed among employees in order to promote environmental preservation and the importance to keep biodiversity of healthy ecosystems. The 2011 initiatives do not allow us to identify direct reduction of emissions associated to the company's activities.

I GRI EN18



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TOTAL OF DIRECT AND INDIRECT GAS EMISSIONS (tCO₂e)⁽¹⁾ | GRI EN16 AND EN17 |

	EDP CONSOLIDATED			EDP BANDEIRANTE			EDP ESCELSA		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
BIOMASS EMISSIONS	720	885	962	446	591	478	142	170	142
Alcohol (ethanol)	637	743	555	411	528	411	102	101	72
Biodiesel	83	143	148	35	63	67	40	69	70
Renewable share of employees' commuting			259						
SCOPE 1 EMISSIONS	5,166	4,227	5,521	2,231	1,754	2,956	2,576	2,170	2,254
Gasoline	833	726	651	238	152	149	469	493	413
Diesel	2,844	2,927	3,018	1,223	1,291	1,373	1,388	1,414	1,423
VNG	5	0	0.1	5	0	0.1	-	-	0
SF6	1,484	574	1,852	765	311	1,434	719	263	418
SCOPE 2 EMISSIONS	39,921	91,941	51,552	19,143	45,026	26,722	20,694	46,793	24,451
Electric energy	464	894	798	153	310	171	227	462	249
Technical losses (2)	39,457	91,048	50,754	18,990	44,717	26,552	20,467	46,331	24,202
SCOPE 3 EMISSIONS	0	1,557	4,662	-	-	-	-	-	-
Displacement of employees (home-work-home)	-	-	2,935	-	-	-	-	-	-
Business trips	-	1,557	1,727	-	-	-	-	-	-
TOTAL EMISSIONS	45,807	98,610	62,697	21,820	47,371	30,157	23,412	49,133	26,846
VARIATION COMPARED TO THE PREVIOUS YEAR	-1%	115%	-35%	-6%	117%	-36%	-8%	110%	-45%
	ENERGEST (3)			ENERPEIXE			INVESTCO (4)		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
BIOMASS EMISSIONS	22	16	10	16	12	11	94	97	63
Alcohol (ethanol)	19	11	4	14	9	9	91	93	59
Biodiesel	3	5	5	2	2	2	3	4	4
SCOPE 1 EMISSIONS	99	105	126	117	96	93	143	102	92
Gasoline	11	7	20	68	47	53	47	27	16
Diesel	88	98	106	49	49	40	96	75	76
VNG	-	-	0	-	-	0	-	-	0
SF6	-	-	0	-	-	0	-	-	0
SCOPE 2 EMISSIONS	75	97	162	4	13	7	5	11	209
Electric energy	75	97	162	4	13	7	5	11	209
Technical losses (1)	-	-	0	-	-	0	-	-	0
SCOPE 3 EMISSIONS	-	-	-	-	-	-	-	-	-
Displacement of employees (home-work-home)	-	-	-	-	-	-	-	-	-
Business trips	-	-	-	-	-	-	-	-	-
TOTAL EMISSIONS	196	218	298	137	121	111	242	210	364
VARIATION COMPARED TO THE PREVIOUS YEAR	-1%	11%	36%	1%	-12%	-8%	-4%	-13%	73%

(1) The emission calculations were based on the GHG Protocol Brazilian Program 2011 tool (Source: FGV), namely the calculation of employees' commuting considered the type of vehicle, total of kilometers covered and the premise that all cars were manufactured in 2010

(2) The distribution technical losses started being taken into account by the EDP emissions inventory as of 2009 and in its 2010 Annual Report of Sustainability.

(3) At Energest, the equipment containing SF6 are armoured without the risk of gas leakage or the need of replacement.

(4) The calculation considers electric energy own consumption at Lajeado Hydroelectric Plant.

(5) The increase of the values concerning the Scope 3 emissions are due to the incorporation, in 2011, of the carbon footprint of the employees' displacement to their workplace – an initiative from the Econosco Project that has the voluntary participation of 800 employees.

Note: EDP Energias do Brasil generator farm is 100% renewable, which makes the emissions associated to that generation insignificant.

energy consumption

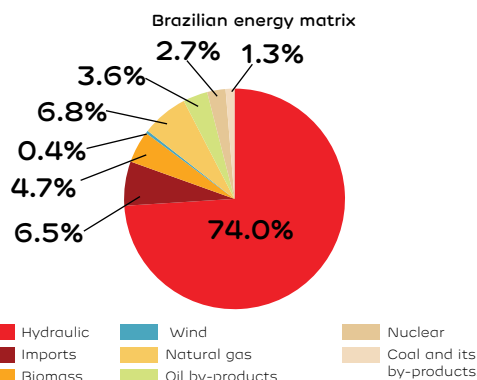
In general the consolidated energy consumption has increased 37% in consumed energy and 6% in primary energy. Only at EDP Escelsa there was a reduction of primary energy consumption. On the other hand, at EDP Bandeirante, EDP

Escelsa and Enerpeixe there were average reductions of 5% in electric consumption. The main initiative to reduce the energy consumption is part of the Econosco program that aims at making all employees aware of the efficient use of natural resources, in particular, electric energy. | GRI EN7 |

At EDP Bandeirante, the direct energy consumption was 28,502 GJ, 11.4% higher than in the previous year, a reflection of the greater distance run by the fleet vehicles (14.8% higher than in 2010) which increased the fuels consumption due to the company's activity enhancement.

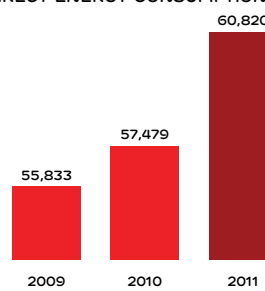
The indirect energy consumption basically related to lighting and cooling systems at the offices, increased 37% in 2011. At Investco, for instance, the 3,143% increase was a result of the improvements of the indicators collection which started accounting for the own consumption at the plant facilities. Moreover, 2011 was a year of records in generation at Lajeado Plant, which, therefore, also expanded the consumption in all the systems. At Energest, the full functioning of the Generation Operations Center allowed us to collect data about electric energy consumption of all assets, which explains the increase.

The indirect energy sources comply with the composition of the Brazilian electric matrix, integrated, predominantly, of renewable sources (86%), among which hydraulic energy (74%) and biomass (4.7%), according to the data from the 2011 National Energy Balance elaborated by the Energy Research Company (EPE). **| GRI EN4 |**



Source: 2011 National Energy Balance - data from 2010

DIRECT ENERGY CONSUMPTION (GJ)



DIRECT ENERGY CONSUMPTION⁽¹⁾ **| GRI EN3 |**

	EDP CONSOLIDATED			EDP BANDEIRANTE			EDP ESCELSA		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
RENEWABLE (GJ)	11,309.00	12,472.00	11,965.33	6,201.00	7,469.00	8,290.90	3,209.00	3,326	2,230.64
Alcohol (ethanol)	5,426.00	7,044.00	8,085.48	4,235.00	5,852.00	6,959.18	41	46	89.51
Share of renewables (in gasoline and diesel)	5,883.00	5,428.00	3,879.85	1,965.00	1,617.00	1,331.72	3,168.00	3,280	2,141.13
NON RENEWABLE (GJ)	44,523.00	45,006.00	48,854.39	17,930.00	18,106.00	20,211.04	22,356.00	23,215	24,473.70
Gasoline	11,726.00	10,060.00	8,862.61	3,347.00	2,105.00	2,025.84	6,611.00	6,832	5,622.99
Diesel	37,518.00	39,425.00	39,991.78	16,141.00	17,389.00	18,195.20	18,313.00	19,043	18,850.70
Vehicular Natural Gas (VNG)	86	7	0	86	7	0.002	0	0	0
TOTAL CONSUMPTION (GJ)	55,833.00	57,479.00	60,819.72	24,131.00	25,575.00	28,501.94	25,565.00	26,540	26,704.34
↑ Increase/ ↓ Decrease in consumption	↓ 2.7%	↑ 2.9%	↑ 5.8%	↓ 13.4%	↑ 6.0%	↑ 11.4%	↑ 8.5%	↑ 3.8%	↑ 0.6%
	ENERGEST			ENERPEIXE			INVESTCO		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
RENEWABLE (GJ)	309.00	217.00	149.93	353.00	253.00	182.20	1,238.00	1,207	1,111.67
Alcohol (ethanol)	197.00	116.00	22.45	0.00	0.00	0.00	952	1,030	1014.36
Share Of renewables (in gasoline and in diesel)	112.00	101.00	127.48	353.00	253.00	182.20	286.00	177	97.32
NON RENEWABLE (GJ)	1,216.00	1,329.00	1,674.72	1,330.00	1,117.00	1,255.96	1,691.00	1,240	1,228.97
Gasoline	152.00	95.00	270.74	956.00	656.00	721.80	659.00	371	221.24
Diesel	1,160.00	1,323.00	1,403.99	645.00	657.00	534.16	1,259.00	1,012	1,007.73
Vehicular natural Gas (VNG)	0	0	0	0	0	0	0	0	0
TOTAL CONSUMPTION (GJ)	1,525.00	1,546.00	1,824.65	1,683.00	1,370.00	1,438.16	2,929.00	2,447	2,340.64
↑ Increase/ ↓ Decrease in consumption	↑ 14.6%	↑ 1.4%	↑ 18.04%	↓ 57.1%	↓ 18.6%	↑ 5.0%	↑ 326%	↓ 16.5%	↓ 4.3%

(1) The conversion to GJ took into account the conversion factors presented in the 2011 National Energy Balance and in the INPA studies.

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INDIRECT ENERGY CONSUMPTION | GRI EN4 |

	EDP CONSOLIDATED			EDP BANDEIRANTE			EDP ESCELSA		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
Electric energy consumption (MWh)	18,982	19,911	27,323	6,242	6,080	5,846	9,289	9,074	8,513
Electric energy consumption (GJ) (2)	68,335	71,678	98,362	22,471	21,888	21,047	33,440	32,666	30,648
Increase ↑/ Decrease in consumption ↓	↑ 28.1%	↑ 4.9%	↑ 37.2%	↓ 5.7%	↓ 2.6%	↑ 3.8%	↑ 16.9%	↓ 2.3%	↓ 6.2%
	ENERGEST (1)			ENERPEIXE			INVESTCO(3)		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
Electric energy consumption (MWh)	3,080	4,273	5,550	164	263	252	207	221	7,161
Electric energy consumption (GJ) (2)	11,611	15,382	19,980	590	946	908	745	795	25,781
Increase ↑/ Decrease in consumption ↓	0	↑ 32.5%	↑ 29.9%	↓ 15.3%	↑ 60.3%	↓ 4.0%	↑ 250.8%	↑ 6.7%	↑ 3,142.9%

(1) Energest electric energy consumption started accounting for the demand at Mato Grosso do Sul Plants (Pantanal and Costa Rica) from the 4Q of 2010.

(2) 1 kW = 3.6 MJ = 0.0000036 TJ = 0.0036 GJ

(3) The increase in consumption was due to the inclusion of accounting of own consumption at the plant and its supporting systems from 2011 on.

energy efficiency

| GRI EU7 and EN6 |

In compliance with legal resolution, the Brazilian energy distributors are supposed to invest 0.5% of their net operating revenue in the Energy Efficiency Program, drawn up to the rationalization of energy consumption. EDP's priority for those investments is driven to low income residential customers and non income organizations.

In 2011, there was record investment in the area, reaching R\$ 35.7 million. 52 energy efficiency projects were concluded in 2011, with savings of 20,925 MWh/year and reduction of 14,069 KW in peak demand. Besides promoting savings and security in electricity use, the initiatives driven to low income customers tend to decrease default, by making costs more accessible to customers. Therefore, there was an increase of 7,991 customers on the basis (who were previously clandestine), with an R\$ 4.3 million increase in gross revenue.

EDP Bandeirante was the first distributor in Brazil to substitute all the semaphore system at its concession area for LED bulbs – 21.1 thousand bulbs were substituted in 15 municipalities.

EDP Escelsa started an unprecedented partnership with Espírito Santo government for efficiency projects (Smart Building) at public buildings and application of Bairro Solar concept (Solar Neighbourhood) in three neighbourhoods of Serra municipality. An advertising campaign on TV divulged the company's energy efficiency projects aiming at raising the population awareness of the rational use of electric energy.

Traffic Light Efficiency – the use of high energy efficient LED lighting in traffic light system, by substituting incandescent bulbs, commonly used. During the development phase of the project (4 years), there was a decrease of 90% in the electric energy costs.

Good Solar Energy – In partnership with the Companhia de Desenvolvimento Habitacional Urbano do Estado de São Paulo (CDHU – São Paulo Urban Housing Development Company), EDP Bandeirante substitutes incandescent bulbs for fluorescent ones and installs water solar warming systems to substitute electric showers.

Good Energy in the Community – Actions in poor communities to prevent electric energy waste. Regulation and reform of

"May the sustainability projects grow along with the companies that have social and environmental responsibility"
 (Magnólia Santos Barbosa, Education Secretary, Peixe-TO)

internal facilities, by providing more security and reducing losses, substituting incandescent bulbs for low consumption compact fluorescent bulbs, substituting old coolers for more energy efficient ones that use ecologic gas, installing smart showers and orienting the population concerning the efficient and safe use of electric energy.

Hospitals and non income organizations – Improvement of the air conditioning and cooling systems, lighting at institutions, by substituting low energy performance equipment for more economical and efficient ones.

Good Energy at Schools – To qualify educators as multiplier agents of the concepts of efficient and safe use of electric energy, as well as to promote changes and positive habits related to electric energy conservation. It is targeted at municipal schools located in EDP Bandeirante and EDP Escelsa's areas. It seeks to create conditions and to inform the school public and their families about the rational use of electric energy so that the learning is multiplied in their homes on a daily basis. The goal is to benefit 277 municipal schools, an average of 1,441 educators and around 140,000 students. Secondly, it will have the support of a mobile unit with customized and adapted vehicle to receive all necessary infrastructures to spread the concepts of rational and safe use of electric energy. That unit will be a support for workshops and other educational activities.

Solar Neighbourhood – As EDP Escelsa pioneer initiative, solar panels started being installed for water warming at around 4,000 residential units in Serra Dourada I, II and II neighbourhoods in Serra (ES) and 240 apartments in a housing

complex with 15 buildings in Itanguá, Cariacica (ES), to substitute electric showers.

Public buildings – EDP Escelsa actions in partnership with governmental institutions to make Espírito Santo government consuming units more efficient, such as the Palácio Anchieta, Palácio da Fonte Grande and Residência Oficial do Governo (governor's official residence) in Vila Velha, with improvements of lighting and water warming through solar energy usage.

Tremembé City Hall – Efficiency program implemented in Tremembé (SP) that involved the installation of 153 more efficient lighting points at rooms, kitchens, office rooms, corridors, restrooms and other facilities at the unit, as well as the external areas. The total power installed in the previous system was 14.63 KW while the current power is 8.05 KW which causes the reduction of 6,58kW of total installed power and the reduction of 5.13 KW at peak demand.

Portable Light – The partnership among EDP, Inter-American Development Bank, Ideeas NGO and Kennedy & Violich Architecture is developing the Portable Light Kit. Flexible photovoltaic panels equipped with a control circuit run with battery (3-hour solar charge) attached to a LED (4W) light and a reflector fabric file solar source energy to light and recharge small devices via USB port. The project will benefit low income communities or isolated communities in Pará state, amid the Amazon Forest.

ENERGY SAVING

	REDUCTION AT PEAK DEMAND (KW)			SAVING (MWH/YEAR)		
	2009	2010	2011	2009	2010	2011
Hospitals SP	282	55.5	241.25	1092	377.7	733.37
Hospitals ES	140.5	72	0	452.7	108.3	0
Traffic lights SP	312.1	301.2	123.3	2665.3	2,607.30	1,085.97
Energy efficiency in tunnels SP	-	-	5.45	-	-	25.89
Public buildings SP	-	-	285.82	-	-	1,017.33
Housing complex SP	876.70	0.00	2,943.02	3,075.70	0.00	827.79
Communities SP	6188	5,409.00	3,541.49	9195	8,672.00	5,309.78
Communities ES (1)	7711	6,695.00	6,929.00	11176.4	10,593.00	11,925.19
TOTAL	15,510.30	12,532.70	14,069.33	27,657.10	22,358.30	20,925.31

(1) Total forecasted for 2011 in projects that started in 2010 and concluded in 2011.

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INVESTMENTS IN ENERGY SAVING

PROJECTS CONCLUDED IN 2011	Investment (R\$ thousand)	Company
Boa Energia na Comunidade (Good Energy in the Community) - 2009/2011	R\$ 10,357.00	EDP Escelsa
Boa Energia na Comunidade (Good Energy in the Community)- 2010/2011	R\$ 1,304.00	EDP Escelsa
Boa Energia Solar (Good Solar Energy)	R\$ 7,992.00	EDP Bandeirante
Public Buildings- SP	R\$ 1,147.00	EDP Bandeirante
Caçapava Tunnel	R\$ 45.59	EDP Bandeirante
Traffic Light System Efficiency Project	R\$ 1,091.37	EDP Bandeirante
Hospitals and non income organizations	R\$ 925.14	EDP Bandeirante
TOTAL	R\$ 22,862.09	
ONGOING PROJECTS (CONCLUSION IN 2012)	Investment (R\$ thousand)	Company
Boa Energia Solar – (Good Solar Energy) 5/2011/2012	16,307.00	EDP Escelsa
Boa Energia na Comunidade (Good Energy in the Community)- 2010/2012	13,240.00	EDP Escelsa
Boa Energia nas Escolas (Good Energy at Schools)- 2011/2012	2,053.00	EDP Escelsa
Cesan energy efficiency – efficient pumps	1,836.00	EDP Escelsa
Energy efficiency at 26 non income and public institutions	2,018.00	EDP Escelsa
Boa Energia Solar – (Good Solar Energy) 2011/2012	13,825.00	EDP Bandeirante
Boa Energia na Comunidade (Good Energy in the Community)- 2012/2013	15,577.00	EDP Bandeirante
Boa Energia nas Escolas (Good Energy at Schools)- 2011/2012	2,500.00	EDP Bandeirante
InovCity Project in Aparecida (SP) - 2011/2012	1,448.00	EDP Bandeirante
Energy efficiency at SAAE in Jacareí/SP - 2011/2012	1,200.00	EDP Bandeirante
TOTAL	R\$ 70,004.00	

ENERGY EFFICIENCY PROJECTS

PROJECT	DIRECT BENEFITS	Reduction at peak demand (kW) ⁽¹⁾	Energy saving (MW/year)
EDP BANDEIRANTE			
Boa Energia na Comunidade (Good Energy in the Community). Services to low buying power communities – 2011-2012 (Alto do Tietê regions)	<ul style="list-style-type: none"> 18,280 consumer units were benefitted with the substitutions of incandescent bulbs for compact fluorescent ones. Guidelines on the efficient use of energy; 92,364 inefficient bulbs were substituted for compact fluorescent ones; Adaptations and regulations of irregular and clandestine installations; 2,375 internal installation kits were donated to consumer units; 3,519 standards were donated and installed; 	3,541.49 ⁽¹⁾	5,309.77 ⁽¹⁾
Boa Energia Solar (Good Solar Energy)	<ul style="list-style-type: none"> Substitution of 1,458 electric showers for solar warming system; Substitution of 10,291 incandescent bulbs for fluorescent compact ones; Education-driven community events. 	2,943.02 ⁽¹⁾	827.78 ⁽¹⁾
Public Buildings - SP	<ul style="list-style-type: none"> Substitution of inefficient bulbs and lamps as well as electromagnetic reactors for more energy efficient equipment at 27 public buildings. 	285.82	1,017.33
Caçapava Tunnel	<ul style="list-style-type: none"> 12 sodium steam bulbs 400 W were substituted at 15 lighting points and 3 mercury steam bulbs 40 0W were substituted for efficient technologies with 50 W LED lighting. 	5.45	25.89
Traffic Light System Efficiency	<ul style="list-style-type: none"> Substitution of 3,495 100 W incandescent bulbs for 10W LED bulbs. 	123.3 ⁽¹⁾	1,085.97 ⁽¹⁾
Hospitals and non income organizations	<ul style="list-style-type: none"> Substitution of inefficient bulbs and lamps as well as electromagnetic reactors for more energy efficient equipment at hospitals and non income organizations; Substitution of electric showers for solar warming systems at four hospitals and non income organizations. 	241.25 ⁽¹⁾	733.37 ⁽¹⁾
SUBTOTAL		7,140.33	9,000.12

PROJECT	DIRECT BENEFITS	Reduction at peak demand (kW) (1)	Energy saving (MW/year)
EDP ESCELSA			
Boa Energia na Comunidade (Good Energy in the Community) Services to the low buying power communities – 2009/2011 (Great Vitória region and North and South regions of the state) *Estimated value	<ul style="list-style-type: none"> 78,273 consumer units benefitted with compact fluorescent bulbs and guidelines about the efficient use of energy. 243,216 inefficient bulbs were substituted for compact fluorescent ones; 12,693 clandestine and irregular installations were adapted and regulated; 314 education- driven community events; 10,943 internal installation Kits were donated to consumer units; 16,350 standards were donated and installed; Substitution of 500 inefficient fridges for others with Procel saving Seal. 	6,695.00 ⁽¹⁾	10,593 ⁽¹⁾
Boa Energia na Comunidade (Good Energy in the Community) Services to low buying Power communities – 2010/2011 (Great Vitória region)	<ul style="list-style-type: none"> 1,342 consumer units were benefitted with compact fluorescent bulbs and guidelines about the efficient use of energy; 4,238 inefficient bulbs were substituted for compact fluorescent ones; 1 education-drive community event; Substitution of 1,342 inefficient fridges for others with Procel saving Seal. 	234.00 ⁽¹⁾	1,332.19 ⁽¹⁾
SUBTOTAL		6,929.00	11,925.19
TOTAL		14,069.33	20,925.31

(1) Estimated value

use of resources

Targeted at the internal public, Econosco Program started in 2009 aiming at stimulating water, electric energy, fuels, waste and paper rational consumption. The initiative encourages recycling and the use of the ecologic footprint concept that calculates the environmental impact of individuals, organizations and populations. A monthly newsletter called EconoscoNews provides information about employees' actions and other improvements implemented at EDP Energias do Brasil, and presents the evolution of six issues covered by the program: water, energy, paper, fuels, residues and emissions. Apart from that, during the Environment Week, EDP showed its employees the film A Árvore da Música (The Tree of Music) a Brazilian documentary that highlights the importance of preserving Pau-brasil, a regional tree.

materials

The outsourcing printing program, called Green Printing, was introduced in 2011. Around 170 printers were substituted at the company in São Paulo state, with reduction of wastes, technology update, improvement of the support and services level and proactive action to detect and solve problems. The initial gains of the project, which reduced the volume of printings by almost 70%, reached paper saving equivalent to 98 trees, 14 MW of electric energy and 284 thousand of liters of water. With

added benefit, the initiative promotes more information security. The extension of the program to Espírito Santo and Tocantins units started in 2011.

In order to acquire all the materials used at the office and operational units, EDP follows legal criteria and the sustainable development principles of the Group. Recycled paper or containing FSC (Forest Stewardship Council) certification is used at the offices of all EDP's companies in Brazil, as well as in all electric energy monthly bills and in all corporate mailing issued by EDP Bandeirante. At EDP Escelsa, the energy bills are printed at the time of their reading process, by using non recycled paper.

Among the actions concerning the origin, reuse and recycling of the materials are:

- Batteries and cell phones collectors for proper disposal
- Recycling of burnt or damaged meters and transformers
- Eucalyptus treated lampposts from reforestation
- Crosspieces with Document of Forest Origin (DOF)
- Selection and cleaning of crosspieces to be reused in distribution grids
- Toilet paper produced with wood pulp from reforestation areas
- Reload of printers toners
- Use of sustainable construction materials

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MATERIALS USED – EDP DISTRIBUTORS | GRI EN1 |

MATERIALS	AMOUNT	EDP BANDEIRANTE		EDP ESCELSA	
		2010	2011	2010	2011
NON RENEWABLE					
Metal hardware	Part	-	1,285,587	862,090	1,475,008
Metal hardware	Kg	2,546	3,562	-	400
Aluminium and copper cables with or without steel core	Kg	137,640	933,429	323,173	409,456
Cables coated with aluminium and copper	Meter	2,491,869	2,590,436	3,982,083	2,022,122
Various cables	Meter	125,495	208,970	1,782,131	767,763
Special sites (Luz para Todos (Light for all) and regulation of installations)	Part	47,915	-	-	418,260
Switches and connections	Part	1,113,086	1,198,571	902,099	13,108
Fuse links	Part	71,313	68,049	118,066	162,855
Insulators	Part	117,677	157,533	130,960	143,132
Meters	Part	151,418	137,850	187,008	-
Sealing	Part	-	1,050,050	919,681	10,737
Lightning rods	Part	13,193	20,131	13,109	4,185
Transformers	Part	8,329	8,934	9,778	149
Steel crosspieces	Part	2,550	5,754	173	15,490
Concrete lamppost	Part	-	14,037	16,191	10
Luminaries arms and luminaries	Part	21,064	13,358	-	26,261
Bulbs	Part	111,702	112,853	-	277
Reactors, relays and igniters	Part	75,267	74,011	-	-
RENEWABLE					
Wood crosspieces	Part	16,140	19,912	19,707	23,651
Wood lamppost	Part	1,372	467	1,738	10,749

(1) In 2010, the EDP Escelsa's accounting has been conducted in the unit "parts".

Note: The 2011 inventory presented 24 thousand kilos of capacitors and components contaminated with askarel (PCB), which will be dully disposed in 2012.

MATERIALS FROM RECYCLING | GRI EN2 |

MATERIALS	AMOUNT	EDP BANDEIRANTE		EDP ESCELSA			
		2010	2011	2009	2010	2011	
METERS							
Removed	Part	134,911	107,075	92,455	124,046	57,998	145,549
Recovered	Part	39,400	54,231	39,683	85,898	19,016	33,539
% RECOVERED		29.2	50.6	42.9	69.3	32.8	23.0
CONVERTER							
Removed	Part	4,291	1,334	2,588	811	1,555	1,354
Recovered	Part	1,286	1,299	664	325	1,407	1,057
% RECOVERED		29.9	97.3	25.7	40.1	90.4	78.1

(1) The amount of recovered materials refers to the sum of both recovered and revised ones.

USE OF RECYCLED MATERIAL

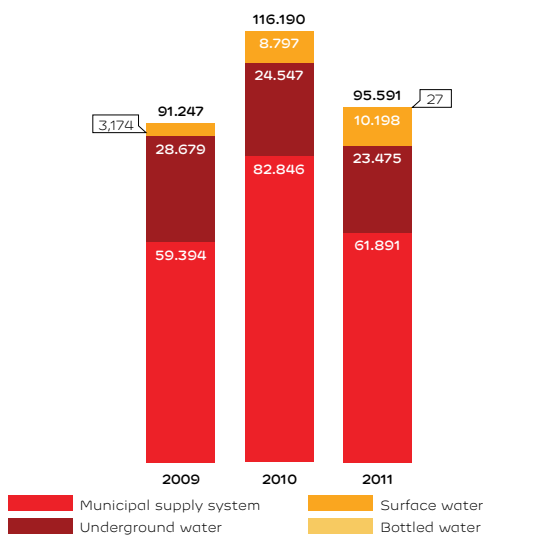
MATERIALS	USE
Recycled paper	Paper for printing
Reloaded ink cartridges	The ink cartridges are sold to recycling companies
Certified wood	Crosspieces
Wood form reforestation	Eucalyptus lampposts
Reloaded ink cartridges	Contract with company to reload the printers' toners.
Construction materials	Ecologic ink, sensor taps, etc.

water

The water consumption at the EDP Energias do Brasil Group companies amounted to 95,591 cubic meters, a reduction of 17.7% compared to 2010. In the toilets taps at EDP headquarter building, for instance, low-flow devices were installed which reduced 53% of the annual consumption. Most of the water consumption is provided by the municipal supply system. In the cases of EDP Escelsa and Enerpeixe the license for water abstraction (underground and surface) are not significant.

EDP Bandeirante water consumption comes from the municipal water supply and amounted to 32,622 cubic meters, a negative variation of 26% compared to 2010. Around 3,000 liters were saved due to the implementation of the reuse of rainwater and water from the air conditioning system in Mogi das Cruzes and São José dos Campos, respectively. Those were pioneer projects and the water abstracted is used to irrigate gardens and to clean floors and other points of collection and reuse are planned.

Water consumption- consolidated (in m³)



WATER CONSUMPTION (M³) | GRI EN8 AND EN10 |

	EDP CONSOLIDATED ⁽¹⁾			EDP BANDEIRANTE			EDP ESCELSA		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
Municipal supply system	59,394	82,846	61,891	41,785	44,097	32,622	16,777	17,700	16,365
Underground water	28,679	24,547	23,475	-	-	-	27,918	24,547	23,475
Surface water	3,174	8,797	10,198	-	-	-	-	-	-
Bottled water	-	-	27	-	-	-	-	-	-
TOTAL	91,247	116,190	95,591	41,785	44,097	32,622	44,695	42,247	39,840
Consumption/collaborator	94	78	38	47	39	30	47	39	40
Recycled and reused water(2)	316	316	319	-	-	3	316	316	316
Water reuse (%) ⁽³⁾	0.30%	0.30%	0.30%	0	0	0.01%	0.70%	0.70%	0.8%
	ENERGEST			ENERPEIXE					
	2009	2010	2011	2009	2010	2011			
Municipal supply system	164	20,272	12,301	668	777	603			
Underground water	-	-	-	761	-	-			
Surface water	-	-	-	3,174	8,797	10,198			
Bottled water	-	-	-	-	-	27			
TOTAL	164	20,272	12,301	4,603	9,574	10,828			
Consumption/collaborator	-	-	88	-	-	336			
Recycled and reused water	-	-	-	-	-	-			
Water reuse (%)	0	0	0	0	0	0			

(1) 2009 did not include Investco and Energest; 2010 and 2011 did not include Investco

(2) EDP Escelsa's figure is estimated

(3) EDP Bandeirante uses reuse water, but in 2009 and 2010 the volume was not accounted.

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effluents and waste

The initiatives for waste reduction and disposal are present at all the group's companies. The disposal of electronic and infrastructure devices unsuitable for donation is made by means of specialized companies with follow up of the disposal and the levels of contamination found. Recycled metal waste and concrete lampposts are generally reinserted in the distributors' system. Conversely, the office waste is sent to collectors cooperatives, except for the material collected at Enerpeixe that does not have recycling local initiatives.

In 2011, EDP Bandeirante disposed of 4,824 tons of waste, out of which, 20.9 tons were kept at the stations maintenance centers for three years, containing gravel and material contaminated by insulating oil, materials contaminated by inks, solvents and silica gel, being later disposed in November. The final disposal method used was co-processing with thermal destruction in waste incinerators.

In 2011, EDP Energias do Brasil finished the deactivation process of a Capacitors Bank Station to eliminate all the askarel found

in the equipment. The inventory showed 24 thousand kilos of capacitors and components contaminated with askarel (PCB). A specialized company will be responsible for the proper disposal of that oil in 2012. The capacitors containing contaminated oil such as askarel are properly stored, protected with tarpaulin to prevent leakage.

The effluents are identified as domestic type, collected via public sanitation or, in the case of EDP Escelsa, via septic tanks built according to technical requirements with no significant impacts. A modern Effluent Treatment Station will be built at Porto do Pecém I Hydroelectric Plant. **| GRI EN21 |**

Two significant insulating oil leakages happened in Espírito Santo, which amounted to 3.9 tons. The first (2.21 tons), on a state road, was caused by a circuit breaker which was being transported by a specialized team of workers for the installation of Santa Teresa substation. The second (1.66 tons), happened at a railway crossroad on the way to Mascarenhas Hydroelectric Plant when a transformer was hit by a train. In both accidents, a company specialized in cleaning was called to decontaminate and dispose of the waste. **| GRI EN23 |**

ENVIRONMENTAL INCIDENTS⁽¹⁾ | GRI EN23 |

	EDP BANDEIRANTE			EDP ESCELSA (2)			EDP CONSOLIDATED		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
Number of leakages	0	1	0	4	6	9	4	7	9
Oil volume	0	600 liters	0	2,690 kg	2,070 kg	6,850 kg	2,690 kg ²	2,070 kg ES 600 liters SP	6,850 kg

(1) There were no leakages at the generators.

(2) At EDP Escelsa, due to the method applied by the company responsible for the cleaning (use of rock powder to absorb the oil spilled).

We get things done when we have, at a company, people committed to the development and to the concern to grow. I see all that in this group. I am an admirer of this company." **(Maria José Vilagelim Beleza, Municipal Secretary, Peixe-TO)**

WASTE HANDLING – EDP GENERATORS (TONS) | GRI EN22 |

HAZARDOUS WASTE	AMOUNT	ENERPEIXE		ENERGEST (1)		INVESTCO	
		2010	2011	2010	2011	2010	2011
Contaminated waste (oil, paint, glue)	Tons	5.2	-	1.245.0	-	-	5.66 (1)
Bulbs	Unit	806.0	142.0	1.119.0	-	-	752.0
Silica gel	Unit	-	-	-	-	-	-
Batteries	Unit	40.0	-	58.0	-	-	-
Transformers and capacitors	Unit	2.0	-	-	-	-	-
Generators	Unit	1.0	-	-	-	-	-
Used and/or contaminated lubricating oil	Ton	-	-	0.6	-	-	5.33(2)
Lead-acid battery	Unit	-	-	1.0	-	-	-
Toner and cartridges for printers and photocopiers.	Units	-	-	18.0	-	-	-
NON-HAZARDOUS WASTE		2010	2011	2010	2011	2010	2011
Reservoir waste (litter, macrophytes, sediments from silting)	m3	388.0	-	-	-	-	-
Scrap metal	Tons	6.185.7	-	-	-	-	-
Wood	Tons	1.1	-	-	-	-	-
Plastics	Tons	4.2	-	-	-	-	-
Paper and cardboard	Tons	0.2	-	-	1.0	-	-
Glass	Tons	-	-	-	-	-	-
Ferrous and non-ferrous metal	Tons	-	-	0.7	-	-	-
Information technology materials	Tons	-	-	0.2	-	-	0.6

Note: The figures of waste reported refer to the amount sent to final disposal and left the company's facilities.

(1) The figures refer to the waste generated and disposed (the amount generated in 2011 was 0.271 ton)

(2) The amount of oil refers to an estimate based on the pure oil density.

WASTE HANDLING – EDP DISTRIBUTORS (TONS) | GRI EN22 |

HAZARDOUS WASTE	EDP BANDEIRANTE		EDP ESCELSA		EDP CONSOLIDATED		METHOD OF DISPOSAL
	2010	2011	2010	2011	2010	2011	
Used oils (1)	-	-	-	91.12	-	91.12	Refining
Bulbs with Mercury	29	43.5	-	1.1	29	44.6	Decontamination
Waste and gravel contaminated by oil (2)	8	27.3	-	8.29	8	35.59	Co-processing
Oil and wastes containing PCBs	17	-	-	-	17	-	Storage
Batteries	4	2.2	-	-	4	2.2	Recycling
Silica gel (3)	-	0.71	-	-	-	0.71	Co-processing
Paints and solvents (4)	-	0.8	-	-	-	0.8	Co-processing
Infectious wastes	-	0.027	-	-	-	0.02725	Incineration
NON-HAZARDOUS WASTE							
Scrap (transformers and capacitors)	3	0.34	-	-	3	0.34	Recycling
Aluminium	103	170	-	192.9	103	362.91	Recycling
Insulators and reactors	55	113	-	-	55	113	Recycling
Iron and steel	250	334	9	43.04	259	377.04	Recycling
Non-hazardous cables	105	124	-	-	105	124	Recycling
Concrete lampposts	1,914	3,913	2,813	396.08	4,727	4309.08	Recycling
Wood	-	-	610	82.9	610	-	Recycling
Paper and cardboard	35	15.085	18	22.482	52	37.567	Recycling
Plastics	3	2.994	1	0.762	4	3.756	Recycling
Metals	28	63.9	2	28.24	30	92.09	Recycling
Copper, bronze and brass	3	11.4	-	-	3	11.4	Recycling
Glass	-	0.03	-	-	-	0.03	Recycling
Mix (paper, cardboard, plastic, aluminium and glass waste)	4	1.6	-	-	4	1.6	Recycling
Electric and electronic waste (5)	-	-	-	88	-	88	Recycling

Note: The figures of waste reported refer to the amount sent to final disposal and left the company's facilities.

(1) The amount of oil refers to an estimation which is based on the density of pure oil.

(2) Total disposed, out of which only 7.2 tons were generated in 2011. The remaining was stored for later disposal.

(3) Total disposed, out of which only 0.4 ton was generated in 2011. The remaining was stored for later disposal.

(4) Total disposed, out of which only 0.3 ton was generated in 2011. The remaining was stored for later disposal.

(5) It was only possible to present that indicator in units due to the unavailability of a conversion factor. These residues refer to air-conditioning equipments.

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HAZARDOUS WASTE TRANSPORTED (TONS) | GRI EN24 |

	AMOUNT (TONS)						% TREATED INTERNALLY			% TREATED BY EXTERNAL SUPPLIER		
	EDP BANDEIRANTE		EDP ESCELSA		2010	EDP ESCELSA		EDP BANDEIRANTE		EDP ESCELSA		
	2010	2011	2010	2011		2010	2011	2010	2011	2010	2011	
Lubricating oil	0	0	0	0	0	0	0	0	0	0	0	0
Oils and waste with PCB	17	0	0	17	0	0	0	0	0	0	0	0
Mineral oil	0	0	91.12	0	0	91.12	0	0	0	0	0	100
Bulbs	1.4	0.5	0	1.4	0.5	0	0	0	0	100	100	0
Infective	28.8	43	1.1	28.8	43	1.1	0	0	0	100	100	100
Grave with oil	0.03	0.03	ND	0.03	0.03	ND	0	0	ND	100	100	ND
Waste contaminated by oil	6.2	22.7	ND	Stored	22.7	ND	0	0	ND	0	100	ND
Batteries	1.5	4.6	8.3	Stored	4.6	8.3	0	0	0	0	100	100
Silica gel	3.8	2.2	0	3.8	2.2	0	0	0	0	0	100	0
Paints and solvents	0.3	0.7	0	Stored	0.7	0	0	0	0	0	100	0
Total	0.4	0.8	0	Stored	0.8	0	0	0	0	0	100	0
TOTAL	59.4	101.7	100.52	51	101.7	100.52	0	0	0	100	100	100

(1) The amount of oil refers to an estimate based on the pure oil density.

ENVIRONMENTAL IMPACTS MANAGEMENT | GRI EN26 |

INITIATIVE	ACTIONS IN 2011
<p>ASPECT: NOISE POLLUTION</p> <p>Monitoring and controlling of noise levels at substations to assure comfort to the population that lives in the surrounding areas.</p>	<ul style="list-style-type: none"> • Actions to reduce the noise levels at four EDP Bandeirante facilities, such as maintenance of the ventilation system, verification of the ventilation automatic command and change of transformers. • Sixth noise monitoring campaign at EDP Bandeirante substations. • Periodic inspections at EDP Escelsa to assure the noise levels are kept within the limits required by law.
<p>ASPECT: WASTE</p> <p>Selective collection system at EDP Energias do Brasil Group's companies.</p>	<ul style="list-style-type: none"> • Continuity and monitoring of the selective collection system at the facilities. In 2011, there was the collection of 19.7 tons of waste at EDP Bandeirante office and 23.2 tons at EDP Escelsa. • A set of adaptation works is being developed in order to improve waste handling at the plants with the construction of sheds for temporary storage. • During the environmental licensing process at Santo Antônio do Jari Hydroelectric Plant specific environmental programs were set in order to handle waste from the construction with EDP inspection.
<p>ASPECT: USED OIL</p> <p>Lube filtration systems (dialysis) in power transformers from the substations.</p>	<ul style="list-style-type: none"> • 316,788 liters of oil were treated in the transformers at EDP Bandeirante substations. • At EDP Escelsa, five new filters were installed, amounting to 77 liters of insulating oil.
<p>ASPECT: PRUNING</p> <p>Minimizing the effect of the transmission lines on the landscape, vegetation and local fauna.</p>	<ul style="list-style-type: none"> • Launch of Guia de Arborização Viária e Áreas Verdes Públicas (EDP Guidelines for Street Arborisation and Public Green Areas), setting the proper handling of trees. • Prunings and urban trees handling trainings for employees and third parties. • Escelsa-IDAF/ES Technical Cooperation Partnership allowed the acquisition of 100% of the cuts/pruning permits requested.

INITIATIVE	ACTIONS IN 2011
ASPECT: CONTAMINATION OF SOIL AND UNDERGROUND WATER Underground Water and Soil Quality Management Program.	<ul style="list-style-type: none"> • Detailed investigation at facilities of ETD Jacareí and São Sebastião Section. • An investigation of the potential liability in a machinery area used at the time of the facilities construction at São João Small Plant did not identify contamination by oil waste from equipment. • Monitoring of the water quality from the artesian well located at the Carapina Operations Center at EDP Escelsa. • Analysis of the soil and underground water in 2005 resulted in the identification of contamination by diesel oil at one of the facilities. In 2012, remediation actions will be taken.
ASPECT: ICHTHYOFAUNA IN HYDROELECTRIC DAMS Studies and instructions for rescuing fish during the stops at generation units	<ul style="list-style-type: none"> • Specific instructions were elaborated, approved and implemented at each plant. In 2011, eight fish rescue operations happened with satisfactory results and a 98% rate of rescuing of live species that returned to nature.
ASPECT: WATER RESOURCES Hydrogeological and Qualiquantitative Monitoring Programs.	<ul style="list-style-type: none"> • Energest continued its field campaign to monitor the quality of water where its generation ventures are located. • EDP Energias do Brasil Group's generation companies keep 168 point of monitoring inserted in water resources management programs.
Reduction of water consumption at office buildings	<ul style="list-style-type: none"> • In the taps of the toilets at EDP headquarter office low-flow devices were installed resulting in reduction of 53% of the annual consumption.
ASPECT: EFFLUENTS GENERATION Periodic inspections on water-oil separators (SAO) and septic tanks.	<ul style="list-style-type: none"> • Inspections in the water-oil separators according to internal procedure. • With the implementation of the integrated management system, the generation companies enhanced their control of effluents handling, by periodically inspecting the water-oil separators and septic tanks.
ASPECT: ELETROCUSSION OF ANIMALS Monitoring of the presence of animals on lines, grids and substations, with or without turning off.	<ul style="list-style-type: none"> • Use of grids with fully insulated and protected cable at EDP Escelsa. In 2011, there were new grids extension and improvements projects.
ASPECT: EMERGENCY SITUATIONS Implementation of Emergency and Contingency Plans at the plants.	<ul style="list-style-type: none"> • The EDP plants are enhancing the risk management by means of their Emergency Plans. In 2011, there were simulations at Paraíso (MS) Small Plant, Peixe Angical Hydroelectric Plant (TO) and São João Small Plant (ES) as well as at the buildings. All identified improvement opportunities are recorded and discussed.

environmental investments

In 2011, the environmental investments amounted to R\$29.4 million, especially driven to preventive activities (47.8% of the resources). The environmental issues management at EDP Energias do Brasil aims at mitigating and compensating the impacts of the company's operations on the environment, by complying with the EDP Group sustainable development principles.

At EDP Bandeirante, the environmental investments reached R\$ 5 million, driven to the environmental management system activities, proper waste handling and socio environmental diagnosis that aims at, among other aspects, identifying

occasional liabilities resulting from soil contamination or noise above the limits permitted at substations employees. The distributor also invested in biodiversity preservation programs, in the launch of the Guia de Arborização Viária e Áreas Verdes (Guidelines for Street Arborisation and Public Green Areas) and in the pruning and handling of trees.

In 2011, EDP Escelsa introduced the Environmental Management System Manual aiming at formalizing and communicating the planning, the development and the demonstration of an optimal environmental performance by means of controlling the impacts on the environment. Employees and service providers were trained in order to disseminate environmental education principles and adapt the procedures taken, according to the Manual.

ecoefficiency and environmental protection

ENVIRONMENTAL INVESTMENTS AND EXPENDITURES (R\$ MILLION) | GRI EN30 |

	2010	2011								
		EDP CONSOLIDATED	EDP BANDEIRANTE	EDP ESCELSA	ENERGEST	ENERPEIXE	INVESTCO	PECÉM	SANTA FÉ	PANTANAL
Elimination of waste	0.55	0.46	0.44	-	-	-	-	0.00058	-	0.02
Treatment of the emissions	0.11	0.6	0	-	-	-	-	0.6	-	-
Remediation expenses	-	2.71	0.03	0.01	0.45	0.36	1.26	0.05	0.16	0.38
Costs of prevention	21.89	14.07	4.03	7.09	0.42	1.58	0.41	0.09	0.16	0.29
Environmental management expenditures	6.26	11.56	0.49	0.13	0.44	1.48	4.11	4.71	0.06	0.14
TOTAL	28.81	29.41	4.99	7.22	1.31	3.42	5.78	5.46	0.38	0.83

Despite the monitoring and follow up of the risks inherent to its activities, the group ended 2011 with 10 ongoing lawsuits and 24 administrative proceedings which arising from environmental demands. At EDP Bandeirante, the legal processes are particularly due to pruning, besides issues regarding environmental

compensation related to the construction and maintenance of small electric grids in São Sebastião municipality. At EDP Escelsa, the main legal dispute refers to the cutting of native trees in state park areas.

LEGAL AND ADMINISTRATIVE LAWSUITS | GRI EN28 |

COMPANIES OF EDP ENERGIAS DO BRASIL	LAWSUITS INITIATED IN 2011		LAWSUITS IN PORTFOLIO IN THE END OF 2011		TOTAL VALUE IN 2011 (R\$ MILLION)	
	ADMINISTRATIVE	LEGAL	ADMINISTRATIVE	LEGAL	ADMINISTRATIVE	LEGAL
EDP Bandeirante	16	0	15	0	9	0
EDP Escelsa	1	0	6	3	0	0
Energest	0	0	3	0	0	0
Enerpeixe	0	0	0	3	0	0
Investco	0	0	0	4	32.4	0
CONSOLIDATED EDP	17	0	24	10	41.4	0

biodiversity

Various actions marked the valuation of biodiversity by EDP in 2011. In Espírito Santo, the company participated in the state environmental development and strategic planning conducted by the State Secretary of Environment and Water Resources and by the State Institute for the Environment and Water Resources. Among other actions, reforestation activities and environmental education are planned

EDP Escelsa sponsored the Praia Limpa Project (Clean Beach Project), a campaign for the preservation of the beaches and for raising the local population awareness of the importance of their contribution. The company also contributed to the

preservation of white saguis (a local species of monkey) with the installation of nets at Reserva Ecológica da Pedra dos Dois Olhos (natural reserve), besides helping the Vila Velha city hall reform the Manteigueira Park that is used to disseminate the environmental education.

The Guidelines for Street Arborisation and Public Green Areas, launched in May by EDP Bandeirante, brings information on the importance and effects of trees in urban areas as well as the relevant legislation, the planning and the planting and handling techniques for street arborisation. The manual proposes proper urban arborisation and sets correct practices for pruning of trees.

By means of partnerships, EDP Bandeirante made available to

Guaratinguetá, Caçapava and Guararema city halls equipment for bird enclosures and seeds used to produce seedlings of native trees, by collaborating to enhance the biodiversity in those municipalities.

With the theme Biodiversity and Sustainable Development, the 17th Environment Week in Tocantins and the 6th Environment Week in Palmas were sponsored by Investco. The event involved educational actions in Palmas (TO), environmental films festival, lectures, seminars and an ecological walk to Cesamar Park.

monitoring GRI EN14

EDP Energias do Brasil holds a specific biodiversity policy that includes the evaluation of impacts of all its initiatives and the protection of natural ecosystems. In the implementation and the follow up of projects, impact study tools are used and dialogues with the community are kept. The environmental licenses determine the actions to mitigate and compensate the impacts by showing regular monitoring indicators that are strictly followed by the company.

There is the follow up of fauna and flora at the generation units in order to identify possible impacts on terrestrial and aquatic ecosystems.

- Mata Atlântica (native forest), that involves generation and distribution areas, has approximately 60% of its species in danger of extinction in the country;
- In the Cerrado biome, Investco and Enerpeixe monitor blue macaws, turtles and harbour porpoises, among other animals. However, there is no loss to any species resulting from EDP activities; therefore ecosystems recovery and compensation are not necessary. There was the identification of eight species in extinction in that area, but any of them was directly impacted by EDP actions or assets.
- In the region of Jarí Hydroelectric Plant construction site, the endangered species identified, so far, in the reports of monitoring and rescuing of fauna were: *Allobates femoralis*, *Sotalia fluviatilis*, *Inia geoffrensis*, *Podocnemis*

unifilis, *Bradypus tridactylus* and *Choloepus didactylus*.

The fauna species found were *Bertholletia excelsa* and *Virola surinamensis*. The species integrate the list of the International Union for Conservation of Nature and Water Resources (IUCN) and of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) GRI EN15

The construction works of Santo Antônio do Jarí Hydroelectric Plant started in 2011 and are monitored by measures to prevent impacts, such as:

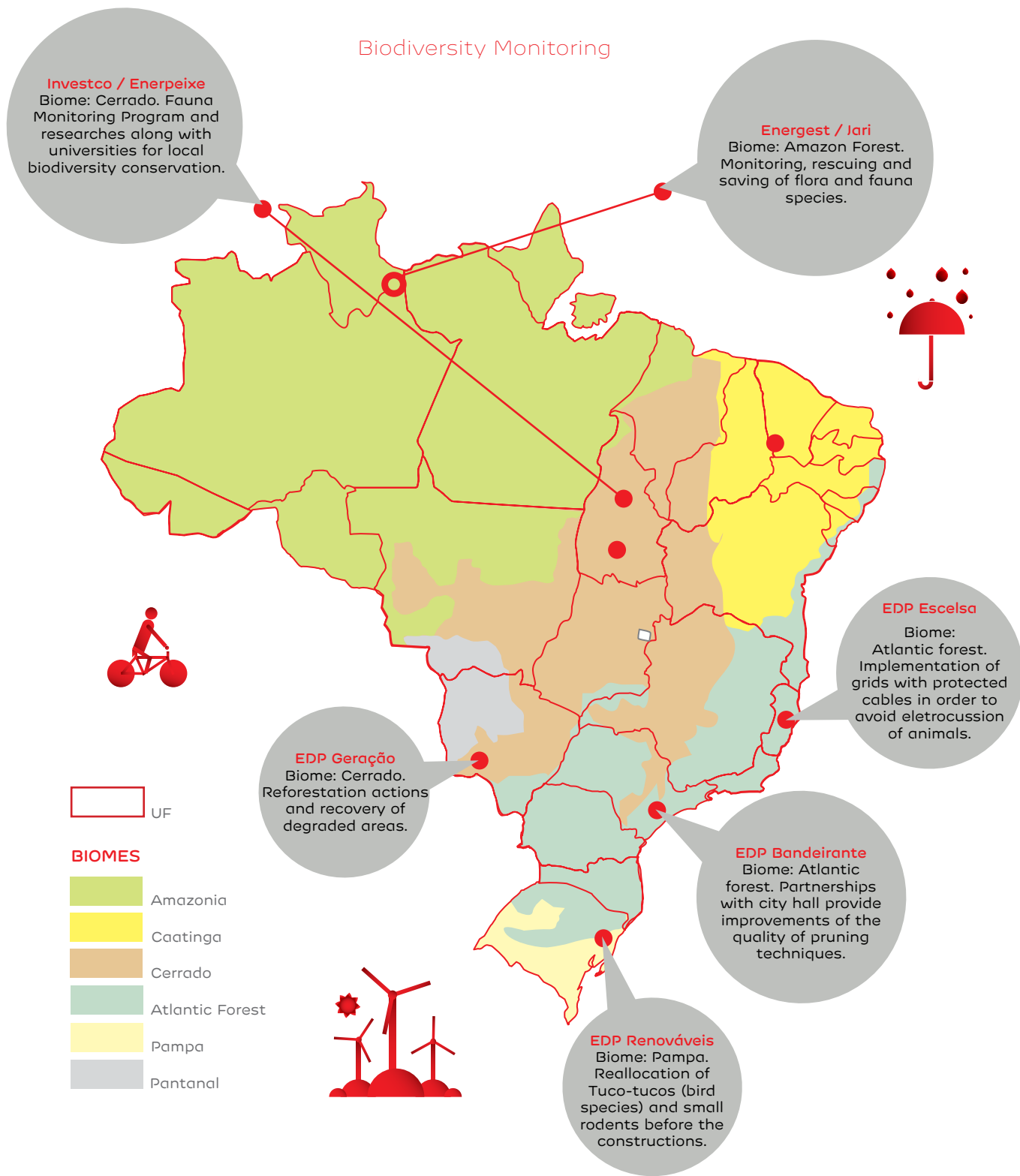
- Plant germplasm rescue program and monitoring of flora that provides guidelines about the mitigation, identification and prevention of negative impacts and environmental interference resulting from the plants' activities concerning installation and operation.
- Fauna monitoring program to measure the possible impacts resulting from the implementation and operation of the power plant on the fauna of terrestrial vertebrates and flying animals.
- Ichthyofauna rescue program to avoid or mitigate the death of fish that are confined in the construction site areas as well as to rescue fish during the different phases of the plant implementation and operation.
- Macrophytes monitoring program aiming at measuring the changes in the aquatic macroflora in the plant's area which stem from the environment transformations due to the venture implementation and operation. Apart from that, the program aims at supporting control measures in case there are problems of excessive proliferation of undesirable species.

PEIXE ANGICAL HYDROELECTRIC PLANT'S FAUNA

	NUMBER	2011 % OF THE TOTAL
Amphibians	1,250	10.2
Reptiles	922	7.5
Birds	9,280	75.7
Mammals	803	6.6
TOTAL	12,255	100

ecoefficiency and environmental protection

Biodiversity Monitoring



protected areas | GRI EN11 |

EDP Bandeirante has 28 square kilometers of grids located in protected areas in its concession region, covering state parks, ecologic stations, Environmental Protection Areas and Areas of Protection and Restoration of Watersheds in Alto Tietê region, responsible for part of the water supply in São Paulo. At EDP Escelsa, there are 7.4 square kilometers of grids in areas of protection, being nine environmental protection areas, natural reserves, forests, state parks and biological reserves.

The energy connections requested for areas of protection or

restricted use are automatically identified by the distributors' Geographical Information System by indicating the need of an authorization from the environmental institutions.

In 2011, EDP Escelsa reformed the office of the Morro da Manteigueira Municipal Park, located in Vela Velha (ES). The place is used to conduct environmental education programs to state and municipal students, which contributed to awareness raising about conservation for future generations. The Manteigueira Park is a conservation unit located in an urban area, therefore, important to the biodiversity conservation and serves as a corridor used by fauna to reach greater fragments.

ELECTRIC GRIDS IN PROTECTED AREAS | GRI EN11 |

	2010		EDP BANDEIRANTE		EDP ESCELSA	
	(KM)	(KM ²)	2011 (KM)	2011 (KM ²)	2010 (KM ²)	2011 (KM ²)
Overhead HV lines inside protected areas	51.6	0.62 ⁽¹⁾	57.2	0.68 ⁽¹⁾	-	-
MV lines inside protected areas	3,548	28.4 ⁽²⁾	3,405 ⁽³⁾	27.3	-	-
Underground MV lines inside protected areas	10.3	ND	10.3	ND	-	-
Total lines inside protected areas	-	-	-	-	3.5	7.4
Number of substations in rated areas	11	0.041	11	0.041	-	-

(1) The value of 12m was considered as the average width of the HV line

(2) The value of 8m was considered as the average width of the MV line. (Ex: Strip of the Serra da Limeira Project – São Sebastião)

(3) The decrease of the values from 2010 to 2011 is due to a higher assertiveness of the MV lines effective area located in an area of environmental Protection.

Note: The 2011 data refer to the 1Q.

REFORESTATION AREAS (ha) | GRI EN13 |

	HPP PEIXE ANGICAL		EDP ESCELSA	
	2010	2011	2010	2011
Area of conventional reforestation	90.84	27 ⁽¹⁾	3.73	3.73
Area of enrichment	11.26	11.5	0	0
Area of regeneration	145.33	144.9	0	0

(1) The handling of 30 hectares was necessary, in a total of 90.84 hectares.

RESTORATION AREAS (ha) | GRI EN13 |

	ENERGEST	
	2010	2011
HPP Mimoso	19.39	-
SHP Paraíso	75.91	-
HGU São João II	10.85	-
HGU São João I	7.23	-
HGU Coxim	2	-
HPP Mascarenhas – 44,57 ha	-	44.57
HPP Suiça – 1,50 ha	-	1.5
SHP Rio Bonito – 3,76 ha	-	3.76
SHP Alegre – 6,23 ha	-	6.23
SHP Francisco Gros – 6,79 ha	-	8.99

In 2011, the aim was to enhance actions concerning biodiversity in cities – distributors' main areas of operation. The initiative had its first results in 2010, with a photography contest about urban biodiversity with the participation of the company's employees. The best images illustrate the EDP Institute 2011 calendar.

ecoefficiency and environmental protection

IMPACTS ON BIODIVERSITY | GRI EN12 |

ASPECT: MAINTENANCE OF TRANSMISSION LINES AND DISTRIBUTION CORRIDORS

DIRECT IMPACT

- Soil, water, materials and waste contamination and effect of the handling of agricultural pesticides.
- Impact on fauna and flora due to cutting of trees, removal of native vegetation and generation of wood waste.
- Erosive processes, silting of waterways due to the construction and maintenance of accesses.

INDIRECT IMPACT

Barriers to the dispersion of some species and edge effects due to alterations and disturbance between forest and non forest areas.

ACTIONS TO MINIMIZE

- Instruction of hazardous waste management, proposing proper procedures.
- Technical specification of environmental aspects when managing the construction services of transmission lines and distribution substations.
- Environmental licensing procedure conciliating the economical development with the environment conservation.
- Partnerships with municipalities to create gardens in the range of distribution lines by inhibiting the accumulation and disposal of waste in these areas

ASPECT: FRAGMENTATION AND ISOLATION OF AREAS

DIRECT IMPACT

Reduction of ecosystem for fauna as a result of the cutting of trees.

INDIRECT IMPACT

Barriers to the dispersion of some species and edge effects

ACTIONS TO MINIMIZE

- Environmental licensing procedure conciliating the economical development with the environment conservation.

ASPECT: POLLUTION

DIRECT IMPACT

- Pollution of soil and water due to the installation and maintenance of equipment containing insulating oil, PCB, lead-acid liquid – batteries.
- Air pollution (SF6 leakage)

INDIRECT IMPACT

Impact on fauna and flora

ACTIONS TO MINIMIZE

- Periodic inspection of equipment and use of absorbent material to prevent leakages.
- Instruction of hazardous waste management, proposing proper procedures
- Preventive maintenance of equipment to avoid leakages of SF6. During the process, the gas is stored in cylinders.
- Instruction on the Greenhouse Gases Monitoring is used to orient about proper procedures.
- Specific programs in the construction of Santo Antônio do Jari Hydroelectric Plant were conducted with the licensing entities aiming at decreasing the impact and improving constructive practices.

ASPECT: CONSERVATION OF ICTHYOFAUNA AT DAMS

DIRECT IMPACT

- Death of species of ichthyofauna in rivers.

INDIRECT IMPACT

Impact on fauna and flora

ACTIONS TO MINIMIZE

- In 2011, there was intense work to follow up the rescue of fish during the stop of operations at the generation units. By adding all rescue operations, an index of 98% of rescue of species was reached.
- During the works of Santo Antônio do Jari Hydroelectric Plant rescue activities are carried out in the cofferdams where species can be caught. The preventive actions aim at improving the rescue index.

relations with suppliers | GRI EC6 |

EDP Energias do Brasil keeps ethical and transparent relations with its suppliers, by promoting frequent forums where the company presents its needs and expectations and disseminate sustainable practices. In order to monitor and reward the performance of its partners, the group set new practices for 2011 with the creation of EDP Program for Sustainable Supplier

Part of that program involves meetings with suppliers. In 2011, two events were held in mid June. The first focused on quality processes through which suppliers that presented good levels of quality were evaluated and previously approved under categories related to productions processes. They received a certificate that nullifies the need of periodic technical inspections of the material supplied, therefore, encouraging operational control and continuous improvement.

In the second event, EDP Energias do Brasil received suppliers to reinforce the theme concerning Innovation and Sustainability by promoting the discussions of issues concerning innovation and conscious use. Also, there was the presentation of suppliers who stand out for good practices and presented their initiatives to disseminate those actions.

EDP Energias do Brasil created the Suppliers Performance Index which aggregated quality to the selection criteria that already involved tax and labor laws, corporate policies, occupational health and safety, environment and social responsibility. That Index works as a ranking that takes five issues into account: 1) the number of certificates the supplier owns; 2) level of innovation of supplied materials; 3) delivery deadlines; 4) quality index in the period; 5) the supplier's level of sustainability. This way, it is possible to focus on the development of the supply chain. The best suppliers ranked will be eligible to participate in an award ceremony held by EDP

PROCUREMENT DISTRIBUTION | GRI EC6 |

TYPE OF SUPPLIER	PARTICIPATION IN TOTAL PROCUREMENT (%)			
	2008	2009	2010 ⁽¹⁾	2011
Local suppliers(2)	44.32	39.01	82.87	80.86
National suppliers	55.08	60.52	16.85	18.42
Global suppliers	0.6	0.47	0.28	0.71

(1) Values hired in the period, different from the ones reported in 2009 that referred to the values of items delivered.

(2) States where EDP Energias do Brasil has operations.

Energias do Brasil in which one of them will be chosen to receive an award.

For the Distribution service providers, the new remuneration model allows rewards for services quality. The suppliers selected for energy consumption reading at the units as well as the employees (meter readers) started receiving a bonus for the quality of the services provided.

In 2011, 1,080 suppliers of goods and services were hired by EDP Energias do Brasil with investment of R\$ 759,777 thousands. Around 30 are considered critical suppliers on the grounds that they represent 53.1% of the procurement value in the year, with significant impact on operations. Local suppliers take priorities because it is a way to develop the communities with which the company works. In 2011, the acquisitions of suppliers amounted to R\$614.3 million, corresponding to 80.9% of the total value of hires.

risks in the supply chain

The identification of risks for the sustainable development present in the supply chain started in 2010 and enhanced in 2011, with analysis of incidences of various risks in different supply categories relevant to the company. It included the evaluation of respective significance as well as the identification of monitoring/mitigation practices. The project is also being developed in Portugal and Spain.

RISKS FOR THE SUSTAINABLE DEVELOPMENT AND SUPPLY CATEGORIES ANALYSED	SUPPLY CATEGORIES
<p>WORKING CONDITIONS</p> <ul style="list-style-type: none"> Hiring of illegal or undocumented workers. Non compliance with the legislation on working hours. Illegal/unfair wage practices. Unpunctual pay Hiring of minors Non recognition of union rights Refusal of collective hiring Discrimination Unhealthy housing 	<ul style="list-style-type: none"> Transformers, electric engines, alternators and equipment Counters and optical equipment Information technology services and telecommunications (except for consulting) Transport, storage and related services Corporate and administrative services Works, installations, engineering services and other related services Services related to electric lines and underground cabling Generation services.
<p>OCCUPATIONAL HEALTH AND SAFETY</p> <ul style="list-style-type: none"> Falls from high places Eletrocussion Inhaling of toxic substances Burns Deafness Musculoskeletal pathologies Silicosis 	
<p>ENVIRONMENT</p> <ul style="list-style-type: none"> Deterioration of energy resources and materials Greenhouse gas emissions Other air emissions Hydric stress Emission of pollutant liquid effluents Production, storage, transport and final disposal of hazardous solid waste Leakages of hazardous substances Biodiversity loss 	
<p>INTEGRITY AND ETHICS</p> <ul style="list-style-type: none"> Corruption and bribery Moral and psychological coercion Sexual harassment Non legal compliance Breach of contractual secrecy Economic, social and environmental dumping practices 	

innovation

- 78 change of paradigms
- 81 research and development

EDP Energias do Brasil promotes innovation by committing to:

Promote innovation and creativity, aiming at new market opportunities and processes improvement.

Promote collaborative practices in all phases of project production and delivery.





1



2



3

1. Outstanding led lightening in Santuário de Aparecida - SP
2. Intelligent measuring device
3. Solar plates

innovation

change of paradigms

Created in 2010, EDP 2020 program has as main purpose the preparation of the company to the change paradigms faced by the sector, is the main guide of innovation activities at EDP Energias do Brasil.

The program is based on five Innovation pillars: management, business models, operational, processes and technology. When it comes to technology the program focuses on development of cities and energy distribution intelligent grids, new system for renewable energy generation, energy efficiency solutions, electric mobility and distributed generation systems.

In that way, there were various initiatives in 2011 that fitted the program such as the innovability concept, the launch of intelligent grids pilot-project in São Paulo state (InovCity Project) and the development of ClimaGrid project. The company continued initiatives such as Bolsa de Inovação (Innovation Exchange Market), electric mobility, EDP 2020 Award and EDP 2020 conference cycles.

As part of the Innovation and Sustainability governance model, the Innovation Team is a group of executives that quarterly meet in order to define Innovation and Sustainability strategies, approve of projects to be developed and follow up their execution. Cases of Innovation and Sustainability from other companies and sectors are also periodically analysed in those meetings.

In May, the second edition of EDP2020 Innovation Forum was held, an event promoted by EDP with the goal of being one of the main events of Innovation in Brazil. In this edition, there was the presence of more than 200 external and internal EDP participants. In the event, Wagner Brenner (responsible for Update or Die blog), Marcos Bicudo (CEO of Phillips in Brazil), Antônio Vidigal (CEO of EDP Innovation) and Fábio Rosa (founder and director of Ideas) took part as presenters.

Released in 2010, the EDP2020 Award - Innovation and Entrepreneurship Award stimulates innovative projects in the energy sector, expanding technologies and clean energy solutions, intelligent networks, electric mobility, sustainable cities, among other aspects. The winner of each edition receives an R\$100,000 prize to put their idea into practice.

Altogether, EDP will invest R\$1million in innovative projects between 2011/2020.

In the 2011 edition, 53 projects applied and 20 were selected to the second phase, in which the participants receive training in entrepreneurship to prepare their business plan. At the end of this stage, 10 projects were selected and presented to the Board and Chairman of the Group in Brazil and the CEO will select the winner in the first quarter of 2012.

innovability

2011 was also characterized by the adoption of the Innovability concept, resulting from the fusion of Innovation with Sustainability. To EDP, Innovation has to be sustainable and Sustainability has to be innovative to strengthen the leadership in these areas.

The implementation of this concept resulted in the creation of the first area of shared management of the company in the areas of Innovation and Sustainability, inaugurating a new organizational model in the company. The shared management model is based on the joint management of activities, budgets and resources, allowing not only ensuring the strategic alignment between the two areas but also strengthen the position and commitment of EDP in terms of Innovation and Sustainability.

inovcity

The development of intelligent energy distribution networks is one of EDP Energias do Brasil priorities in terms of innovation. Thereby, in 2011 EDP Energias do Brasil launched the Inovcity project in the municipality of Aparecida, a pioneering initiative in the State of São Paulo and aligned with the EDP Group's initiatives in this field in Portugal.

Aparecida city was chosen because it presents the ideal features for the implementation of a pilot project like this one. In technical terms, the city has all the necessary conditions to an easy energetic balance control, extremely important information for the project. In terms of scale, Aparecida has approximately 15 thousand customers,



a compatible size with research and regulatory criteria that also allows the implementation of a robust and comprehensive test, given the number of customers.

In order to test various technologies to create a more energy efficient city, the project is structured in many different stages of implementation. The first stage, which should be completed by December 2012, includes initiatives such as smart metering, energetic efficiency, efficient street lighting, electric mobility, distributed generation and actions to raise awareness of the local community.

As for smart metering, all low-voltage meters in the city will be replaced by smart meters, developed by EDP Bandeirante along with Ecil Informática. These new meters

will be able to transmit permissions to perform services at distance, for instance, cutting and reconnection of power supply as well as reading for billing.

The energy efficiency will be organized through the donation of efficient bulbs to all low-voltage customers and the donation of 460 efficient refrigerators and 570 efficient showers to low-income customers who meet the criteria for classifying by the regulatory agency, the National Agency of Electric Energy (Aneel). In the same way, more than 200 public lamps using LED technology will be installed in order to evaluate performance and quality. Through such actions, it will be possible to reduce energy consumption and its consequent environmental impact.

As regards electric mobility, 5 recharge spots for electric vehicles will also be installed and 19 electric vehicles (17 scooters and 2 bicycles) will be donated to be used by the Municipality, by the National Sanctuary and by the local Archdiocese. Thus, it will be possible to replace the use of combustion engine vehicles and eliminate the corresponding emission of the greenhouse gases.

Anticipating another industry trend, photovoltaic solar panels will be also installed in selected places for testing the distributed generation and evaluate their impact on the energy distribution network.

At last, there is a set of social actions, of environmental education and of professional training in order to present the project and spread the concepts of energetic efficiency and sustainability. These actions will be developed at elementary schools in the city as part of the EDP at Schools Project, receiving study sets, teaching material and training support material for the dissemination of energetic efficiency.

In the future, the Inovcity project will keep advancing, focusing on the development of power consumption management tools and the reduction of the environmental impact caused by the generation and distribution of energy. The initiative is a partnership between São Paulo's Energy Secretariat and the municipality of Aparecida and it is aligned with the EDP global strategy of investing in innovation, which has the development of intelligent networks as one of its strategic pillars.

innovation

climagrid

The ClimaGrid project, which integrates the study of intelligent networks and meteorological variables, is a partnership with Instituto Nacional de Pesquisas Espaciais (Inpe-National Institute for Space Research). Variables such as wind speed and direction, temperature, humidity, rain, high definition vegetation maps, intra-cloud atmospheric discharges (unprecedented in the country) and ground-cloud will be part of the georeferencing system of the EDP Energias do Brasil Distribution companies, with information in three levels: historical data, which will gradually be stored in the system; real time and near real time follow up of the climate variations; and daily forecast in mesoscale of the probability of occurrences of lightning (atmospheric discharges) and quarterly forecasts of the lightning densities in the EDP's distributors' areas of concession.

The system also allows the monitoring of severe storms, by identifying extension, severity, direction and speed of dislocation and time of impact on the areas of concession or on a particular selected area, using algorithms that consider plenty of climate information, with special emphasis to intra-cloud lightning data.

This information has been gradually introduced at EDP Bandeirante and EDP Escelsa operation centers since December, 2010. The study should be extended until 2013 and it also includes systematic training of the employees from the various areas of the company in the use of the information and the available tools.

ClimaGrid aims at bringing a "3D" view to intelligent networks, considering the effect of the climate variables in the electricity grids. This concept will also be tested and evaluated by the Inovcity project.

electric mobility

The studies on electric mobility are not new at EDP Energias do Brasil - the first company in Brazil to install a dedicated network of electric vehicles supply, having ten recharge spots in Espírito Santo and ten in São Paulo. There was the donation of 90 electric bicycles to policing and public security organizations.



In 2011, the company started a partnership with Universidade de São Paulo (USP) in order to deepen the studies about the impact of electric vehicles on the Brazilian electrical grid. USP received a donation of 15 electric scooters and the implementation of six refuelling spots, one being hybrid: it will be able to charge vehicle batteries either from the energy generated locally from a solar source or provided by the distribution grid.

Because they are electric, the vehicles are ecologically correct; they do not emit carbon dioxide and are used for patrolling and security maintenance of three USP units.

innovation exchange market

The activities of the Innovation Exchange Market, an internal system of ideas evaluation, were consolidated in 2011. The project releases periodic challenges, by collecting employees' ideas that go through a system similar to the real state stock market, in which colleagues can invest in the suggestions. In 2011, 28% of the group's employees were active participants and interacted with ideas, comments or investments. All of them receive, as an incentive for participating, credits that can be redeemed for prizes at the end of each cycle. Accession is voluntary and anonymous and the ideas go through collective evaluation. In 2011, challenges were about

cost-cutting, process optimization and retention of the new generation of professionals. From all the solutions proposed since the beginning of the program, 88 were approved to be adopted and 27 were implemented.

The company also keeps the Click Idea, an EDP Group corporate tool intended to collect ideas with voluntary participation of the employees, and the EDP University Challenge, an award aimed at college students, with presentation of business, marketing or communication plans in the activity areas of EDP in Brazil.

other initiatives

In 2011, there was the creation of a network of Innovation Mentors whose objective is to disseminate and promote an Innovation culture in the organization. In order to do so, we started training a group of selected employees that, besides the possibility to train other employees in the future, will be responsible for identifying improvement opportunities, for supporting the structuring of ideas into projects and for their "internal sale".

In 2011, three editions of the initiative EDP 2020 Conference Cycles - Knowledge in Focus took place, having Antônio Vidigal, EDP Innovation Chairman, the economist Ricardo Amorim and the actor Tony Correia. This is a free initiative and it is open to all EDP's employees, customers and suppliers.

research and development | GRI EU8 |

The research and development projects are designed to achieve improvement in the production and distribution of energy processes based on criteria related to operational efficiency, risks reduction and revenue optimization. As determined by regulation, electricity distributors should allocate 0.2% of their net operating revenue to research and development and 0.5% to energetic efficiency; the generators invest 0.4% in research and development.

The researches results have contributed to the technical training of the involved professionals and researchers, the elaboration of master dissertations and PhD thesis and the publication of technical papers in national and international seminars and congresses. The results have also contributed to the recognition of participant institutions as centers of excellence. The achieved knowledge and results are being incorporated to undergraduate and post-graduation courses, aiming at the formation of the students and meeting market requirements.

Most of those R&D results were reported to the scientific community and to the other concessionaires by means of participation in national and international seminars and congresses and by publishing articles in specialized journals. Internally, the knowledge from internal seminars, training courses to the employees, technical workshops and seminars with the actual participation of the professionals were spread. The results are being incorporated to policies and project guidelines, operation, maintenance and planning, as well as the company's rules and procedures.

INVESTMENTS IN RESEARCH AND DEVELOPMENT

	EDP BANDEIRANTE	EDP ESCELSA	ENERGEST	INVESTCO (CONSORTIUM LAJEADO)	ENERPEIXE
Number of completed projects in 2011	15	5	2	0	0
Number of initiated projects in 2011	5	4	1	0	2
Number of ongoing projects	41	26	7	11	9
Invested amount in 2011 (R\$ thousand)	8,249.78	4,573.89	1,530.00	3,078.00	2,376.00

innovation

MAIN RESEARCH PROJECTS IN 2011

PROJECT	COMPANY	EXPECTED VALUE (R\$ THOUSANDS)	EXPECTED DURATION (MONTHS)
RESEARCH AREA: SOCIAL			
Development of a vibrating platform of low frequency and low amplitude for preventing osteoporosis in postmenopausal women to evaluate safety and efficacy.	EDP Bandeirante	278.62	24
RESEARCH AREA: ENERGY EFFICIENCY			
Line of products for the optimization and control of residential energy use according to the Smart Grid concept (intelligent network).	EDP Bandeirante EDP Escelsa	213.58	12
RESEARCH AREA: ENVIRONMENT			
Development of methodology and environmental diagnosis of electric power substations.	EDP Bandeirante	711.42	24
Development of technology for bioremediation through biostimulation and bioaugmentation of contaminated sites by mineral insulating oil associated with polychlorinated biphenyls (PCBs).	EDP Bandeirante	790.28	24
Diagnosing and monitoring bivalves bioinvasion at Peixe Angical HPP as well as development of solutions through the use of ultrasound to avoid or minimize the accumulation formed by identified molluscs.	Enerpeixe	385	24
Database with information on geology, geomorphology, pedology, surface hydrology, groundwater and land use that can generate knowledge about erosion processes in each region and watershed.	Enerpeixe	335	24
Designing and building a prototype to be installed in replica, built in scale, of the hydraulic turbine suction pipe that will work as a fish barrier or as a promoter of demise of fish from this environment for testing with living specimen.	Enerpeixe	420	24
Variability of the incidence of extreme precipitation in the region of the plant in order to support decision making to minimize major natural disasters.	Enerpeixe	250	24
RESEARCH AREA: RENEWABLE OR ALTERNATIVE SOURCE			
Production of biodiesel made of microalgae that are found in hydroelectric reservoirs with the use of the residual biomass as an energy source.	EDP Bandeirante	1,000.30	30
RESEARCH AREA: QUALITY AND RELIABILITY			
Development of the second generation of the voltage regulator with TAP electronic switcher (Recet II)	EDP Bandeirante EDP Escelsa	1,705.90	36
Development of a universal pay-corrected SDVV .	EDP Bandeirante EDP Escelsa	1,343.17	36
Proposal of benchmarks for indicators of momentary voltage sags in distribution systems	EDP Bandeirante EDP Escelsa	1,416.46	30
RESEARCH AREA: PLANNING AND OPERATION			
Optimization model of the hydrothermal dispatch (Aneel strategic project - Proposer: EDP Bandeirante)	EDP Bandeirante EDP Escelsa	6,210.85	24
Optimization model of the hydrothermal dispatch - PDE and TSA (equivalent systems), division model of hydraulic block through nonlinear programming and synthetic scenarios generation of flow and energy (Aneel strategic project - Proposer: Duke Energy)	EDP Bandeirante EDP Escelsa	4,520.85	24
Brazilian Program of Intelligent Electric Grids (Aneel strategic project - Proposer: Cemig)	EDP Bandeirante EDP Escelsa	8,575.20	24
Grid analysis with paraconsistent logic noted for uncertainty modelling of charging in not monitored spots.	EDP Escelsa	2,143.80	24

PROJECT	COMPANY	EXPECTED VALUE (R\$ THOUSANDS)	EXPECTED DURATION (MONTHS)
Dispatch optimization of hydroelectric plants of EDP Energias do Brasil group.	EDP Bandeirante Energest EDP Escelsa	462.12	12
Optimized operation of hydroelectric generator groups	EDP Bandeirante Energest EDP Escelsa	971.37	22
Development of new technologies for intelligent grid to face new climate changes – ClimaGrid	EDP Bandeirante EDP Escelsa	1,974.81	36
Evaluation of possible scenarios, testing and measuring of the impact of electric vehicles on the distribution systems at EDP Bandeirante and EDP Escelsa	EDP Bandeirante EDP Escelsa	2,138.61	24
RESEARCH AREA: SUPERVISION, CONTROL AND PROTECTION			
Automated intelligent system for identification and location of shortages in electricity distribution lines.	EDP Bandeirante EDP Escelsa	1,216.88	36
Development of alarm filters in real time	EDP Bandeirante EDP Escelsa	589.71	24
Critical alarms management system that guides the operator to act on the most important events, especially during an unusual operation state, with or without an avalanche of alarms. The system will allow the operator to focus on the critical aspects in order to mitigate the occurrence of an unusual situation.	Enerpeixe	350	24
RESEARCH AREA: METERING AND BILLING			
Development of an electronic metering module with PQ parameters according to module 8 of Prodist	EDP Bandeirante EDP Escelsa	598.12	18
Methodology for allocating costs of the transmission system (Aneel strategic project- Proposer: Duke Energy)	EDP Bandeirante	1,109.30	18
Methodology for establishing pricing structure for the power distribution service (Aneel strategic project - Proposer: Elektro)	EDP Bandeirante EDP Escelsa	4,578.54	24
Electronic measuring module pioneer lot - InovCity Aparecida	EDP Bandeirante	8,687.28	18
RESEARCH AREA: RESERVOIR ANALYSIS			
Development of a system for monitoring the distribution of flow rates, pressure, voltage, vibration, length of the main spots of the dam and a computer program based on artificial intelligence to treat data concerning the actual conditions of the dam safety.	Enerpeixe	280	24
RESEARCH AREA: DEVELOPMENT OF TECHNOLOGY TO FIGHT FRAUD AND THEFT			
Development of a new process of management and charging customers, innovative for the Brazilian power system, from other industries practices and algorithms, and based on segmentation and increasing knowledge of EDP's customer base's profile and features.	EDP Bandeirante EDP Escelsa	2,223.68	18
Optimization of investments in actions to reduce non-technical losses	EDP Bandeirante EDP Escelsa	896.32	24
Computational methodology and electronic device for collecting data to help the detection of energy losses in street lighting	EDP Bandeirante EDP Escelsa	995.42	24

Further information about R&D projects may be requested by email: ped@edpbr.com.br

integrity and good governance

- 86 business survival
- 88 ethical conduct
- 89 corporate governance

EDP Energias do Brasil promotes integrity and good governance by committing to:

Comply with law and ethical and deontological standards.

Respect and promote the human right respect, within our areas of influence.

Assure participative, competent and ethical business governance.





integrity and good governance

business survival

EDP Energias do Brasil Vision, Values and Commitments present fundamental aspects for the business survival and direct the company's performance in all areas and the relations with their public. The Sustainable Development Principles are also reference for the EDP Group's companies, featuring commitments and objectives. Those are the principles that guide the organization of this report. **| GRI 4.8 |**



vision



commitments

customers

- We place ourselves in our customers' position every time we make a decision.
- We listen to our customers and answer in a simple and transparent way.
- We surprise our customers, anticipating their needs.

people

- We combine ethical practice and professional rigor with enthusiasm and initiative, favouring teamwork.
- We promote skills development and merit.
- We believe the balance between personal and professional life is essential for us to be successful.

sustainability

- We assume the economical, social and environmental responsibilities that result from our work, contributing to the development of the regions where we are present and ensuring the sustainable growth of the company.
- We reduced, in a sustainable way, specific greenhouse effect gases emissions from the energy we produce.
- We actively promote energy efficiency.

results

- We fulfil our commitments towards our shareholders.
- We lead through the ability of anticipation and execution.
- We demand excellence in everything we do.

sustainable development principals



1. Economical and Social Value

- To continuously create value for the shareholder
- To increase efficiency in the use of resources and reduce risk exposure
- To provide services of excellence and anticipate the customers' needs and expectations
- To integrate environmental and social aspects in the planning processes and decision making
- To contribute to improve the populations' quality of life

2. Ecoefficiency and environmental protection

- To promote the use of renewable energy sources and cleaner and more efficient energetic technologies
- To promote the improvement of energy efficiency in consumption
- To manage the activities impacts in search for a positive environmental balance
- To actively contribute to environment and biodiversity preservation
- To promote the improvement of environmental management practices in the value chain

3. Innovation

- To promote innovation and creativity in search for new market opportunities and in the processes improvement
- To promote collaborative practices at all stages of design, production and delivery of services
- To promote investigation and technological development and knowledge management in the field of energy

4. Integrity and good governance

- To comply with the laws, ethical standards and the established code of ethics

- To respect and promote respect for the human rights in our sphere of influence

- To ensure a participative, competent and fair governance of the business

5. Transparency and dialogue

- To ensure open and trustworthy relations with all the stakeholders
- To promote consulting and communication channels with the stakeholders and take into consideration their contributions and expectations
- To report, in a transparent and objective way, the economical, environmental and social performances

6. Human capital and diversity

- To promote integrity, accuracy, individual responsibility and teamwork, favouring diversity
- To promote the development of the employees' competences and acknowledge excellence and merit
- To improve employees' health conditions, safety and welfare
- To reject abusive and discriminatory practices by providing equal opportunities
- To promote employees satisfaction and motivation

7. Access to energy

- To promote access to energy in a reliable and safe way with quality
- To adapt trade policies to the social peculiarities of the market
- To ensure equity in the access to energy and energy system

8. Social development and citizenship

- To promote social innovation, maximizing the positive social impact of the activity
- To support social and cultural initiatives, based on transparent criteria of evaluation of the social return of invested resources
- To cooperate with the sustainable development of societies

integrity and good governance

ethical conduct

The ethical conduct is the basic premise for all employees, suppliers and EDP Energias do Brasil partners' performance in Brazil. The principles that rule the ethical behaviour are established in its Code of Ethics, available on the company's institutional website, and they are reinforced during training to employees and in educational lectures to suppliers for behaviour alignment. **| GRI 4.8 |**

The commitment with ethics is expressed in the group's Sustainable Development Principles, in corporate policies and in the adherence to initiatives such as the Business Pact for Integrity and Against Corruption. Communication corporate policy, for instance, guarantees transparency in the activities with quick publication of information to internal and external public, also by promoting the dialogue with the company.

| GRI PR6 |

EDP's respect for laws, people and environment was acknowledged, in 2011, by the National Register of Companies Committed to Ethics and Integrity (Pro-Ethics Company Registration), organized by the Controller General of the Union and by Ethos Institute. EDP Energias do Brasil was one of the first four Brazilian companies to receive the ethical seal, which considers social responsibility, accusations monitoring, ethics manual and donations destined to political parties, among other aspects. Adherence to the Register implies public and voluntary commitment of prevention and fight against corruption in the company.

formation and monitoring

The companies comprising EDP's group in Brazil have their business risks periodically mapped, representing 100% of business units. Regarding this mapping, the aspects concerning corruption are considered, as well as the impact and vulnerability to risk, besides the existence of mitigating internal controls. **| GRI SO2 |**

Apart from that, in order to carry out the monitoring of ethical issues, there is the EDP's Ethics Channel, an instrument by which any fraud or misconduct can be reported. This channel

can be used anonymously, by mail or the EDP Energias do Brasil's website (including the corporate intranet) and confidentiality of information is guaranteed in both cases.

All communication on the Ethics Channel is followed by the Ethics Committee which meets monthly. This committee is permanent and has specific rules that determine its composition and its assignments. In addition to this, every three months, the ethical issues are reported to the Ethical Provider in Portugal, a professional responsible for registering all complaints concerning ethics of all EDP's group and for monitoring them.

Lastly, the Ethics Management training via e-learning, released in 2010, involved 1,893 employees in 2011, 137 managers (121 managers and 16 directors) the equivalent to 85% of the total managers and 1,756 non-managers (75% of the experts, analysts, engineers, technical and administrative workforce). The training, which lasts 4 hours, is accessed by intranet and presents ethical dilemmas to be analyzed by the participants. **| GRI SO3 |**

conformity

In 2011, the implementation of Legal EDP had its beginning, a new system to monitor legal proceedings. Through this tool, it is possible to monitor the progress of the company's lawsuits and the work of the hired law firms. This measure reduces risks, favours the information register and gives investors transparency. In the future, this tool should be integrated to the SAP.

EDP Bandeirante made a deposit of R\$ 77.4 million as a guarantee in the lawsuit by White Martins, which deals with the existence of possible reflections in the energy rate because of ordinances issued by the regulator, in 1986. At that time, Cruzado Plan froze prices, including energy prices, but the regulator published ordinances authorizing a 30% increase in tariffs – a few days later, new rules removed 10% from the adjustment set before. This contradiction led to legal disputes in the sector, which have been extended for more two decades. EDP will continue to seek all legal remedies to the higher instances.

human rights

Besides integrating the EDP's Sustainable Development Principles, the respect for the human rights is present in corporate policies, especially the ones of Diversity Valorisation, Fighting Abuse and Exploitation of Children and Teenagers, Against Discrimination and Harassment and Against Child and Slave Labor.

Amongst the criteria for hiring suppliers is the respect for the human rights, with contractual arrangements concerned the absence of child or forced labor, among other aspects related to sustainability. The same conditions apply to contracts regarding new construction projects or expansion and improvement of the power grid. There are no signs of operations with significant impact in relation to the human rights or with the risk of degrading labor or the use of child labor. **| GRI HR1, HR6, HR7, HR10 |**

HUMAN RIGHTS IN INVESTMENT CONTRACTS **| GRI HR1 |**

	2008	2009	2010	2011
Total number of contracts	653	548	622	610
% of contracts with human rights clauses	100	100	100	100

Note: Significant investment contracts are those executed in a corporate level, related to material and services, which present constant volume tied to an aggregate value for hiring.

HUMAN RIGHTS IN SUPPLY CONTRACTS **| GRI HR2 |**

	2010	2011
Number of registered suppliers	1,409	8,896
Number of hired suppliers ^{(1) (2)}	1,003	1,080
Amount of purchases of goods and services (R\$ million)	871.3	795.8
% of contracts with human rights clauses	100	100
% of contracts rejected as a result of the human rights evaluation	0	0

(1) From 2011 on, all suppliers present on the basis of the Repro system, partner in the register/financial evaluation, are considered.

(2) The criterion considers only the centered suppliers, managed by the Supplies area. The amount of purchases refers to the amount hired in the period.

All employees and contractors have the right of free union association guaranteed. The Essential Services Law (7.783/89) guides the positions in case of strike related to energy supply. In 2011, the strikes that occurred were exclusively associated to subcontracted workers by the consortium in charge of the construction of Porto do Pecém I TPP. The movements were closed through negotiations after, approximately, 20 days in the first interruption and 24 hours later in the case of the second one. **| GRI HR5 |**

corporate governance

EDP's governance structure comprises the Shareholders Meeting, Board of Directors, with Support Committees, and Management. The company is part of the New Market of São Paulo Stock Exchange (BM&F Bovespa) and follows the recommendations of the Brazilian Institute of Corporate Governance (IBGC) in its governance model. Amongst the used measures are the exclusive issue of common shares, the prohibition of certain benefits through access to inside information and arbitration as a more agile and specialized way for the solution of conflicts of interest. The Sustainability and Corporate Governance Committee of the Board of Directors also acts as an instrument for the solution of disagreements among shareholders. **| GRI 4.1; 4.6 |**

The economic, environmental and social performance of the company is weekly evaluated by the Board and quarterly by the Management Board. The financial results follow Brazilian and international principles of accounting, given the procedures of the Internal Control System of Financial Reporting (SCIRF), based on the Sarbanes-Oxley Law (SOX). Among the external indicators that guide the company's evaluation are the Social Balance, from the Brazilian Institute of Social and Economic Analysis (Ibase); Global Reporting Initiative (GRI), partner with the UN Program for the Environment (Pnuma); Ethos Questionnaire, prepared by Ethos Institute of Companies and Social Responsibility; Excellence Criteria of the National Quality Award; and the principles of the Global Pact, practice proposed by the UN. **| GRI 4.9 |**

integrity and good governance

To ensure the gain of qualified professionals in the board of directors and stimulate them to surpass goals, the remuneration system for directors or executive officers is supported by market research and the amount is defined annually by the General Meeting of Shareholders, from a suggestion of the Remuneration Committee. The council receives a fixed remuneration, not related to the company's performance. For the executive officers, there is a fixed portion, which comprises "pro-labore", direct and indirect benefits and bonuses compensation mechanisms according to the economical – financial, environmental and social performance evaluation. The Ordinary General Meeting of 2011 approved an amount of up to R\$ 860,000 for the board of directors' remuneration between April 2011 and March 2012. **| GRI 4.5 |**

shareholders meeting

Ordinary general meetings occur in April; the extraordinary meetings take place at any time. They are the most important space for the shareholders to exercise their right to vote. In 2011, the company joined the "Online Meetings" system, which facilitates and stimulates the shareholders participation on the internet, with no costs. To use this tool, the shareholder has to register in order to get a digital certificate and forward the documentary evidence of representativeness. Thus, they will be able to vote beforehand in the ordinary meetings, no matter their geographic location. Among the meetings tasks is the election of the members of the Audit Board, which is not permanent, and is installed only as requested by shareholders.

The shareholders can also make recommendations or resolve doubts through the Investors Relations area and through the advisory committees to the Board of Directors. The EDP's Ethics Channel is available on the company's website and it is open to all. The teleconferences to disseminate quarterly results are also online access free.

| GRI 4.4 |

board of directors

The Board of Directors meets regularly every three months and, extraordinarily, whenever it is necessary, to evaluate the general policies of business and the long term strategy, besides supervising the management. In the end of 2011, it consisted of seven members who were elected in a General Meeting following exclusively criteria of background information and professional experience to meet broad and specific tasks, such as committees' coordination; there is no discrimination by gender or other diversity factors. Since 2010, the Board has been passing through an annual self-evaluation process by its members by means of individual and confidential questionnaires.

| GRI 4.7 e 4.10 |

The current president of the Board is EDP's CEO in Portugal, but he does not have an executive role. All members are white, there are six men and one woman, one of them is between 30 and 50 years old and six of them are more than 50, which is the equivalent to 14% and 86%, respectively. **| GRI 4.2, LA13 |**

The members of the Board are shareholders, three of them being considered as independent ones, according to the terms of the Listing Rules of the New Market by BM&FBovespa and the recommendations of the Brazilian Corporate Governance Institute (IBGC), which include, among other requirements, not having any connection with partnership, except for a possible stake of capital share of less than 5%. Only the Board of Directors vice-president has, additionally, an executive position as CEO at EDP Energias do Brasil. **| GRI 4.3 |**

Three support committees are part of the Board of Directors, all of them having a one-year mandate and re-election is allowed. The Sustainability and Corporate Governance Committee cares for the continuity of the organization, with a long term sustainable vision and considering possible social and environmental changes; it also ensures the adoption of better corporate governance practices and the respect to ethical principles. The Audit Committee monitors the compliance with the accounting standards, financial statements, the auditors' performance and the Communication and Denunciation Channel. The Remuneration Committee assists the Board in decisions about remuneration policies of EDP Energias do Brasil and its subsidiaries.

board of directors' members **| GRI 4.1 |**

- António Luis Guerra Nunes Mexia – Chairman of the Board and of the Remuneration Committee
- António Manuel Barreto Pita de Abreu – Board Member and Chief Executive Officer of EDP Energias do Brasil
- Nuno Maria Pestana de Almeida Alves – Board Member appointed by the controller shareholder and member of the Audit and Remuneration Committees
- Ana Maria Machado Fernandes – Board Member appointed by the controller shareholder and member of the Sustainability and Corporate Governance Committee
- Modesto Souza Barros Carvalhosa – Independent Board member appointed by the Minority Shareholders and member of the Sustainability and Corporate Governance Committee
- Pedro Sampaio Malan – Independent Board Member and Chairman of the Sustainability and Corporate Governance Committee and member of the Audit and Remuneration Committees
- Francisco Carlos Coutinho Pitella – Independent Board Member and Chairman of the Audit Committee

Sustainability and Corporate Governance Committee

- Pedro Sampaio Malan (Chairman)
- Ana Maria Machado Fernandes
- Modesto Souza Barros Carvalhosa

Audit Committee

- Francisco Carlos Coutinho Pitella (Chairman)
- Nuno Maria Pestana de Almeida Alves
- Pedro Sampaio Malan

Remuneration Committee

- António Luis Guerra Nunes Mexia (Chairman)
- Nuno Maria Pestana de Almeida Alves
- Pedro Sampaio Malan

board of executive officers

The Board of Executive Officers administrates all the company's businesses, following the deliberations of the Board of Directors. It is periodically evaluated according to the achievements of goals and objectives of EDP group and the businesses in Brazil. Among the criteria are Bovespa's performance, expenditure control, investments and results.

In 2011, the four members of the Board of Executive Officers were re-elected to a three-year mandate (allowing re-election). They are all white men, two of them are between 30 and 50 years old and the other two are more than 50 years old.

| GRI LA13 |

Board of Executive Officers' Members

- Chief Executive Officer: António Manuel Barreto Pita de Abreu
- Executive Vice-President of Generation and Trading: Luiz Otavio Assis Henriques
- Executive Vice-President of Finance and Investor Relations and Management Control: Miguel Dias Amaro
- Executive Vice-President of Distribution: Miguel Nuno Simões Nunes Ferreira Setas

innovability

As presented in "innovation" chapter, EDP' sustainability management in Brazil adopted, as of 2011, a new organizational strategy model in order to drive its both sustainability and innovation activities. In this shared management model the area quarterly reports to the Innovation Team on its performance and projects development.

"Effective, cooperative and productive." (João S. Furtado, Jatobás Institute)

transparency and dialogue

94 relations with the stakeholders

96 engagement

EDP Energias do Brasil promotes transparency and dialogue by committing to:

Assure open and trusty relationship with all stakeholders.

Promote consultation channels and communication with stakeholders taking into consideration their contributions and expectations.

Clearly and objectively report the economic, environment and social performances.





1. Ana Raquel de Oliveira Boa Sorte, EDP's employee
2. Cristiele Aparecida Sales Pereira, assistant at EDP Bandeirante's shop

transparency and dialogue

relations with the stakeholders

Communication with stakeholders is a priority that EDP Energias do Brasil puts into practice through different means of communication – which act as a two-way street for dissemination of information and for listening to interlocutors. Dialogue allows transparency and assertiveness when allowing the incorporation of different visions and solutions to strategies of the business. Communication actions are dealt with in an articulated way, maintaining coherence and seriousness of the information.

Web Sites: All business units of the Group are represented on internet websites, including an area reserved to the relationship with investors. By the end of 2011, the reshaping of the distributors virtual agencies began, with the objective of intensifying the communication with consumers and offer more online services.

Social Media: Profiles of the companies of EDP group in Brazil and EDP Institute on YouTube, Twitter and Facebook promote a closer and more dynamic relationship with the stakeholders. In 2011, it was created a manual of good practices on social media for the internal public. This material offers recommendations in the interaction through social networks of the companies as well as personal/private social networks. Thus, the reputation and image of the company, as well as of the employees, can be preserved.

Intranet: A new intranet system, with faster and internal updating by using the SharePoint program, started being installed by the end of 2011. This communication channel is available to all employees and is used to spread news and videos, besides counting on initiatives as Innovation Exchange and training and service platform. The videos produced to TV ON can be followed on the intranet.

TV ON: A system with 41 TV sets located at EDP units in São Paulo, Espírito Santo, Tocantins and Mato Grosso do Sul. EDP's activities in Brazil occupy more than 30% of the content of the corporate television, whose control is in Portugal, transmitting to all group's companies.

Digital Mural: Electronic panel installed at EDP units in Brazil, which conveys useful information and allows the use of moving images, turning the communication processes more agile. There are 70 digital murals at customer care shops in São Paulo and Espírito Santo and 27 more units at the headquarters and at the regional offices for the employees.

ON Magazine and ON Brazil: Bimonthly magazine to the internal public and coordinated in Portugal, this publication highlights global actions and has 24 pages dedicated to the activities in Brazil.

ON Newsletter: Monthly printed newsletter, distributed to employees and third parties of all locations where EDP Energias do Brasil is present.

Sustainability Channel: One of the main tools used in the interaction with the public. It searches for contributions, doubts, criticisms and suggestions for the improvement of the actions and it also features accessibility to the visual impairs. Throughout the year, the Sustainability Channel recorded 82 contacts.

new brand

Reassuring the internationalization strategy of EDP group, the company released its new brand in July, 2011, in order to unify its presence in all the markets where it is present. As a dynamic brand, consisting of alternate different symbols, it shows EDP constant growth and transformation.

Despite the change, the concept of the brand remains connected to the company's commitment to humanity, sustainability and innovation. Moreover, the new brand celebrates the 35th anniversary of EDP in Portugal.

It is four simple geometric figures (square, triangle, circle and semicircle) that make up the seven main versions of the brand. The name EDP remains, but the symbol behind it can be used alternatively.

"The experts' meeting to expand EDP sustainability proposals was highly constructive."

(Thiago Tadeu Guedes da Silva, environment manager, Iniciativa Verde)

collective development GRI 4.12 e 4.13

The company believes in the power of collectiveness to conquer common assets. Thus, it integrates representative entities and corporate organizations, besides being voluntarily part of external commitments concerning egalitarian, conscious and sustainable development.

Amongst the entities are: Brazilian Association of Electric Power Distributors (Abradee-EDP in Brazil is part of the Board of Directors), Association of the Independent Electric Power Producers (Apine), Brazilian Association of Energy Traders (Abraceel-EDP in Brazil assumes the Presidency of the Board), Acende Brasil Institute, Brazilian Business Council for Sustainable Development (CEBDS), Ethos Institute, Citizenship Business Council of the Industry Federation of Espírito Santo (Findes) and Conference of Parties (COP) – attending the conferences in Copenhagen (COP15, in 2009), Cancun (COP16, in 2010) and Durban (COP17, in 2011).

Global Pact – United Nations (UN) initiative, establishing ten universal principles concerning corporate attitudes on human rights, work, environment and corruption fight. EDP adhered to the Pact in 2007.

Millennium Development Objectives – Adhering to the Global Pact, EDP Energias do Brasil also committed to the Eight Objectives of the Millennium, which include 18 goals and more than 40 indicators elaborated by the UN to reduce poverty and reach sustainable development until 2015.

Business Pact for Integrity and against Corruption – Pact with suggestions, guidelines and procedures for the relationship with the public power, elaborated from discussions promoted by Ethos Institute of Companies and Social Responsibility. EDP adhered to the Pact in 2007 and is part of the Work Group which coordinates this initiative.

National Pact for Eradication of Slave Labor in Brazil – EDP's adherence to this Agreement, in 2009, marked the public commitment to avoid the risk of forced labor or slavery related in the production chain.

The Brazilian GHG Protocol – The GHG Protocol (from Greenhouse Gases) is a tool to understand, quantify and manage atmospheric emissions. EDP has been a participant since 2008.

Carbon Disclosure Project (CDP) – The largest global database on greenhouse effect gases emissions, formed by international investors, which analyzes the corporate behaviour concerning climate changes. EDP in Brazil has reported its information since 2008 through the EDP Portugal report.

Companies for the Climate (EPC) – Program headed by Getulio Vargas Foundation which brings together companies willing to operate in a low carbon economy, helping the establishment of regulations for this issue. EDP adhered in 2009. EDP actively participates in work groups and contributes with case studies.

Business Council for Sustainable Development (CEBDS) – A global network that brings together the largest business groups in the world to promote consensus on economic, social and environmental issues. EDP has been part of the Brazilian initiative since 2007 and chairs the Ethics Committee.

Ethos Institute – Globally recognized nongovernmental organization which works for the sustainable development. EDP has been associated with Ethos since 2000.

Acende Brasil Institute – Observer of the electric sector, it has had EDP's participation since 2000 and nowadays EDP is part of the Board of the institute. The company is signatory of Acende Institute Code of Social-environmental Ethics, with principles and commitments that provide guidance on how power plants under their responsibility should be constructed and operated.

Abrinq Foundation – EDP in Brazil has been part of this Foundation, which defends children and teenagers' rights, since 2004. Its companies (EDP Bandeirantes, EDP Escelsa, Enerpeixe and Investco) have the Child Friendly Company award for its significant performance in this area.

GRI OS Team – Since 2010, EDP in Brazil has been the Organizational Stakeholder of Global Reporting Initiative (GRI), an organization that develops globally accepted guidelines for sustainability reporting.

transparency and dialogue

engagement | GRI 4.14, 4.15 e 4.16 |

Communication tools and dialogue enhance the company's interaction with all its public, as well as identify improvements during the process, enabling the exchange of ideas and partnership developments. The relationship includes permanent actions and different channels, adapted to each specific public.

Identification of interest public and the definition of others to engage were the results of an internal process of considerations of EDP Energias do Brasil. Since 2007, more specifically for the sustainability report, the practice of querying about concerns and topics of interest has been adopted, always with the support of specialized consultants, hired for the implementation of the process.

stakeholders' engagement

STAKEHOLDER GRI 4.14 	RELATIONSHIP CHANNELS	ACTIONS	KEY TOPICS AND CONCERNS RAISED IN ENGAGEMENT GRI 4.17
SHAREHOLDERS <ul style="list-style-type: none"> Shareholders (controlling and minority) São Paulo Stock Exchange (BM&FBovespa) 	General meetings Investor Relations Area Quarterly meetings with analysts and investors Press releases Internet Annual Report of Sustainability	Dissemination of information and results in regular meetings Quarterly report to the majority shareholder (EDP Energias de Portugal), monitoring economic, environmental and social indicators for the group companies in Brazil.	Transparency and dissemination of results Economic-financial sustainability Research and development and investments in new technologies
INTERNAL PUBLIC <ul style="list-style-type: none"> Employees Employees' families Trade unions 	Intranet ON Magazine ON TV Sustainability Channel Communication and Reporting Channel Word of Mouth Talk to the Board Internet Annual Sustainability Report	Training and awareness of social responsibility, citizenship and environment, ensuring alignment with the principles of sustainability in daily activities Satisfaction survey Cooperation and ethics in relations with Trade Unions	Managing health and safety in the work place Economic-financial sustainability People management and attractiveness as employer
CUSTOMERS <ul style="list-style-type: none"> Distribution customers (residential, industrial, commercial e public sector) Generator customers (distributors, traders) Trading customers (free market) Consumer Council Competitors (traders and generators) Electrical Energy Commercialization Committee (CCEE) 	Energy bills Call center Customer service stores Internet Media campaigns Information folders and posters Annual Sustainability Report	Periodic customer satisfaction surveys on services provided Social projects and interaction with communities Visits to customer protection institutions Meetings with corporate customers Simplification of energy bill	Energy efficiency Assistance and customer satisfaction Increased access to electricity
SUPPLIERS <ul style="list-style-type: none"> Energy, services, materials and outsourced personnel suppliers 	Supply area Vendors forum Internet Annual Sustainability Report.	Contractual terms with socio-environmental and human rights criteria for contracting services and products Incentives for adopting the Group's sustainability principles, Code of Ethics, corporate policies and for promoting sustainability Training in safety and accident prevention.	Local development and relationship with communities within the company's operation area Economic-financial sustainability Suppliers management and development
SOCIETY <ul style="list-style-type: none"> Neighbour communities at our sites NGOs and social entities Sector entities (Abradee, Abracel, Abrage, Acende Brasil, Apimec) Education and research institutions Cultural institutions Media 	Meetings with community organizations, NGOs, research and education institutions Participation in sector organizations ON Magazine Press interviews Press releases Internet Annual Sustainability Report.	Social, cultural and environmental programs aimed at communities in operational areas Public consultations on projects Proactive and ethical relationship with the media and local press and national or regional representation Partnerships in R&D projects	Local development and relationships with communities in operational areas Respect to the human rights Environmental management

STAKEHOLDER GRI 4.14	RELATIONSHIP CHANNELS	ACTIONS	KEY TOPICS AND CONCERNS RAISED IN ENGAGEMENT GRI 4.17
GOVERNMENT <ul style="list-style-type: none"> Regulatory agencies (Ministry of Mines and Energy, National Energy Agency (ANEEL), National Water Agency (ANA), State agencies) Development entities (public policy) Environmental protection agencies, Ministry of the Environment, IBAMA Public Prosecutors, Internal Revenue Federal, State and Municipal organs 	Regulatory Area Meetings between company managers and government representatives Quarterly Financial Reports Internet Annual Sustainability Report.	Compliance with standards set by relevant government agencies Projects in partnership with Municipal, State and Federal governments to promote sustainable community development Representation in working groups and forums for development of policies in the public interest	Energy supply guarantee Extension of electric power access Social and environmental impacts of the plants
FINANCIAL INSTITUTIONS <ul style="list-style-type: none"> Inter-American Development Bank (IDB), Banco Nacional de Desenvolvimento (BNDES), World Bank and others 	Quarterly financial reports Internet Press Releases Annual Sustainability	Dissemination of information and results through quarterly conferences	Transparency and dissemination of results Economic-financial sustainability Social and environmental impacts of the plants

relevant issues

The consultation process with the stakeholders who interface with EDP Energias do Brasil identified the issues considered to be the most relevant to the company' sustainability management and in its reporting process (see chart above). This initiative counted with the participation of 95 external public representatives (customers, suppliers, community leaders, media, governments, non-governmental organizations, among others) and 72 members of the company, among managers and leaders.

The process, conducted by BSD Consulting, consisted of a panel with sustainability experts, held in São Paulo, where the headquarter is; two stakeholders panels in the cities of Peixe (TO) and Vitória (ES); online consulting, through a questionnaire for rating sustainability issues related to EDP as to its relevance in three levels (important, very important, essential) and analysis of EDP Energias de Portugal's materiality matrix for issue identification by the major shareholder of the company. The internal public consulting occurred through interviews with the senior management team and sending questionnaires to managers and the senior management team.

São Paulo's panel counted with the participation of 10 sustainability experts and it was elaborated in order to get to know these people's perception about the company; identify critical issues for EDP Energias do Brasil and the sector by considering the sustainability context and

establishing a dialogue channel between the company and the experts.

In Peixe (TO), 36 governmental office, society and suppliers representatives took part and, in Vitória (ES), 20 governmental office, society, internal public and suppliers representatives. Both panels had the objective of obtaining the perception about the company; knowing the relevant issues in the relationship of the company with its stakeholders and establishing a closer relationship between the company and its local publics of interest.

To comply with those objectives and make the dialogue more open and responsive, the methodology used was the World Café. The participants were organized in groups which took turns in the discussion about sustainability in the electric energy sector (experts) and EDP Energias do Brasil influence in the community (other participants). There were three rounds in which the participants changed tables and groups, while the host remained at the table in charge of updating the others about the previous round discussion. In the third round, each group listed the most relevant issues. The experts' panel also counted with a graphic facilitation work, in which two people registered the conversations in a graphic way during the event.

transparency and dialogue

materiality

The materiality concept in the context of this process took into account the identification and prioritization of essential issues for the sustainability report, reflecting the relevant economic, social and environmental impacts for the organization or the ones that may influence significantly the stakeholders' evaluations and decisions.

This work resulted in the classification of 20 themes, which formed the materiality matrix, an instrument that graphically demonstrates the relevance of each aspect. The matrix consists of two axes: one representing the relevant issues in the internal public point of view (company) and another one taking into consideration the issues highlighted by the external public. The identification of priority issues was developed by assigning relevance degrees of EDP Energias do Brasil's themes for sustainability.

The issues placed in the larger quadrant were considered the most relevant for EDP's sustainability, taking into account the two axes of the matrix (stakeholder's perspective and company's perspective). To integrate the view of the main shareholder of EDP in Brazil in the process, it was considered the materiality matrix of EDP Portugal. Those issues were added to the ones identified in the consulting process and were the basis for the materiality matrix elaboration.

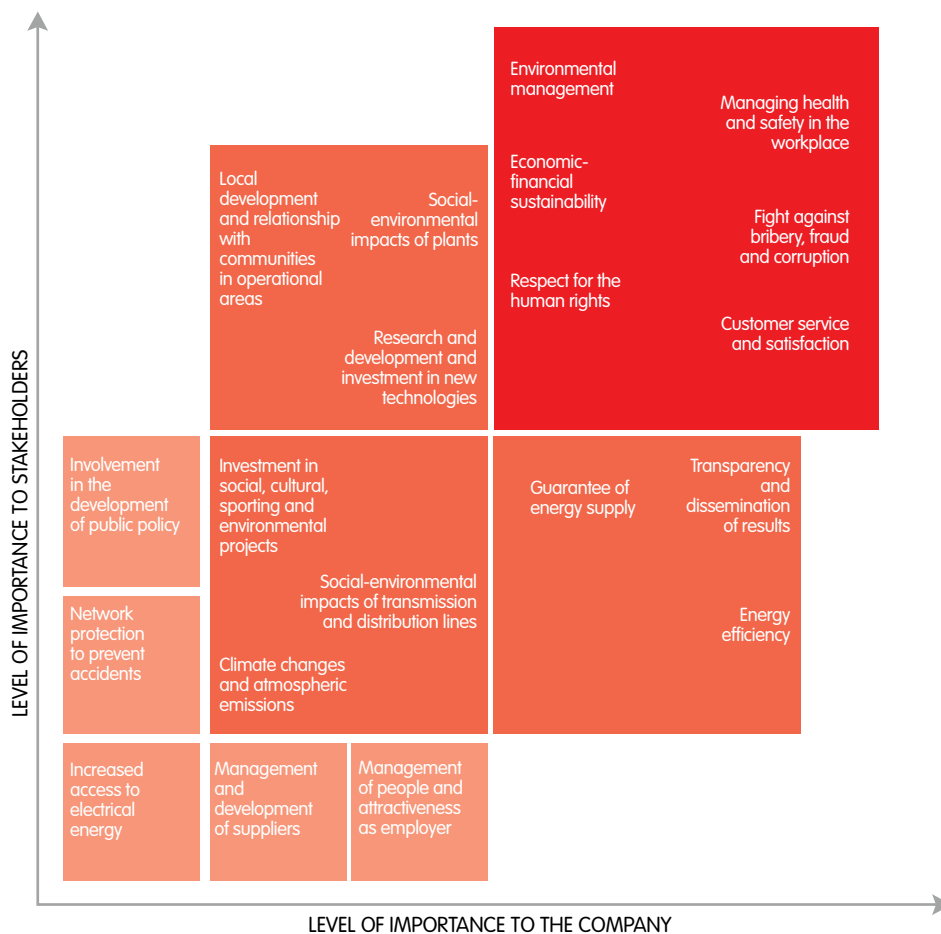
It is noticeable in the consolidated materiality matrix that the most relevant issues for EDP are related to the following themes: environmental management, employees' safety, fight against corruption, customer service, financial sustainability and human rights related aspects.

The identification of relevant themes subsidizes the company while elaborating strategic plans, considering the different publics' expectations and the impact for sustainability of EDP Energias do Brasil

DEGREE OF RELEVANCE | GRI 4.17 |

ISSUES	GRI ASPECT	INDICATOR / ASSOCIATED I GRI ITEM
HIGH RELEVANCE		
Managing health and safety in the workplace	Health and safety in the workplace, employment	LA7, EU16
Fight against bribery, frauds and corruption	Corruption	SO2, SO3, SO4
Environmental management	Water; Biodiversity; Emissions, effluents and waste	EN8 to EN15, EN16 to EN25
Respect for the human rights	Child labor; Forced labor or slave related; Society/community	HR6, HR7, SO1, EU19
Customer service and satisfaction	Labelling of products and services	PR5
Economic-financial sustainability	Economic performance; Market presence	EC2, EC5, EC6, EC9
MEDIUM RELEVANCE		
Investment in social, cultural, sporting and environmental projects	Products and services; Customer's health and safety; Research and development; Access	EN26, PR1, EU8, EU23
Climate changes and atmospheric emissions	Society; Access	SO1, EU29
Social-environmental impacts of plants	Community; Emergency and disaster planning	SO1, EU20, EU21, EU22
Research and development and investment in new technologies	Products and services; Customer's health and safety; Research and development; Access	EN26, PR1, EU8, EU23
Social-environmental impacts of transmission and distribution lines	Society; Access	SO1, EU29
Energy efficiency	Organization's profile; Research and development	EU1, EU2, EU8
Transparency and dissemination of results	Governance; Commitments and engagement; Economic performance	4.1 to 4.10, EC1, EC4
Local development and relationship with communities in operational areas	Stakeholders engagement; Society/community	4.14 to 4.17, SO1, EU19
Guarantee of energy supply	Availability and reliability; Search management; Access	EU6, EU7, EU28, EU29
LOW RELEVANCE		
Involvement in public policy development	Public policy	SO5, SO6
People management and attractiveness as employer	Employment; Training and education	LA1, LA2, LA3, LA10, EU14, EU17, EU18
Suppliers management and development	Water; Biodiversity; Emissions, effluents and waste	EN8 to EN15, EN16 to EN25
Increased access to electric energy	Community; Emergency and disaster planning	SO1, EU20, EU21, EU22
Network protection for accident prevention	Customer's health and safety	PR1, EU25

materiality matrix



MOST RELEVANT ISSUES BY DIMENSION | GRI 4.17 |

DIMENSION	ISSUES
Economic	<ul style="list-style-type: none"> Economic-financial sustainability
Environmental	<ul style="list-style-type: none"> Environmental management Management of health and safety in the workplace
Social	<ul style="list-style-type: none"> Fight against bribery, frauds and corruption Respect for the human rights Customer service and satisfaction

human capital and diversity

102 people recognition

EDP Energias do Brasil promotes human capital and diversity by committing to:

Promote integrity, strictness, individual responsibility and team work, enabling biodiversity.

Promote development of competencies and to recognize excellence and merits.

Improve employees' health, safety and well-being.

Refuse abusive and discriminatory practices guaranteeing equal opportunities.

Promote satisfaction and encouragement in employees.





1. Joselmo Peruzzo Tomazini, EDP's employee
2. Luis Cunha, EDP's employee
3. Sandra Regina Drago, EDP's employee

human capital and diversity

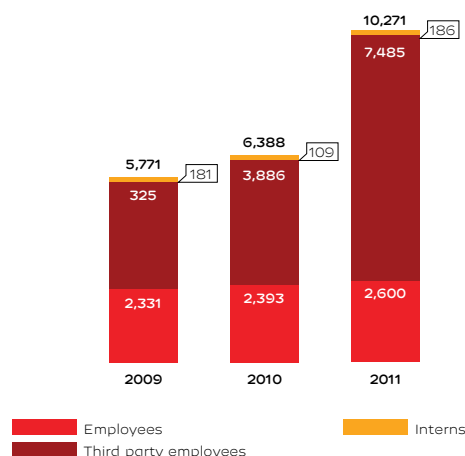
people recognition

People are the most important part of any business because the results depend on them. Thus, human capital management is in the center of EDP strategy, as a part of the Sustainable Development Principles globally established.

In December 2011, EDP Energias do Brasil had 2,600 employees, 7,485 third party's employees and 186 interns. Throughout the year, 364 employees were hired and 243 dismissed, which resulted in a turnover rate of 12.1%. With the booming market, turnover has been a challenge for the companies and EDP works continuously to create mechanisms of talent retention.

Of all workers, 57% worked in the State of São Paulo, where the company operates in energy distribution (with EDP Bandeirante) and trading (Enertrade). Besides that, most of the corporate areas are in São Paulo.

NUMBER OF WORKERS



WORKERS BY TYPE OF CONTRACT | GRI LA1 |

	2009	2010	HOMENS	MULHERES	2011 ^{(3) (4)} TOTAL
EMPLOYEES (1)	2,331	2,393	1,931	586	2,600
For indefinite term or permanent	2,331	2,378	1,928	582	2,593
Fixed-term or temporary	0	15	3	4	7
THIRD PARTY EMPLOYEES (2)	3,259	3,886	-	-	7,485
For indefinite term or permanent	-	-	-	-	7,485
Fixed term or temporary	-	-	-	-	-
INTERN	181	109	115	71	186
TOTAL	5,771	6,388	2,046	657	10,271

1. Statutory officers are considered in the employees chart
2. The total does not match with the number of women and men, because it considers 83 employees who work in Pecém, and there is no information about gender
3. Third party employees control is not done by gender
4. From 2011 on, Pecém data were included (in 50% portion) in the total of employees and outsourced employees, but it is not possible to obtain data by gender and the number of trainees yet.

WORKERS BY REGION | GRI LA1 |

	2009		2010		2011		2011 ⁽³⁾ OUTSOURCED EMPLOYEES
	EMPLOYEES	THIRD PARTY EMPLOYEES	EMPLOYEES	THIRD PARTY EMPLOYEES	MEN	EMPLOYEES (1) WOMEN	
São Paulo	1,281	1,528	1,326	1,588	1,082	357	1,696
Espírito Santo	923	1,679	933	2,111	739	212	2,648
Mato Grosso do Sul	20	0	23	117	20	1	164
Tocantins	107	52	96	70	77	11	102
Amapá	-	-	-	-	13	5	372
Ceará	-	-	-	-	-	83	2,503
TOTAL	2,331	3,259	2,378	3,886	1,931	586	7,485

1. Consolidated data by gender do not include Pecém company, for it is not possible to classify by gender

TURNOVER | GRI LA2 |

	2009	2010			2011
PERSONNEL VARIATION					
Number admitted	193	256			364
Number dismissed	182	210			243
Turnover rate– total (%)	8.0%	15.1%			12.1%
			NUMBER OF ADMITTED	NUMBER OF DISMISSED	TURNOVER RATE
TURNOVER BY GENDER (%)					
Men	81%	14%	270	159	11.2%
Women	19%	20%	94	84	15.2%
TURNOVER BY AGE (%)					
Up to 30	14%	40%	220	62	20.7%
30 to 50	49%	9%	141	128	9.2%
Over 50	37%	7%	3	53	8.1%
TURNOVER BY REGION (%)					
São Paulo	74%	18%	275	164	15.1%
Espírito Santo	21%	11%	72	52	6.5%
Mato Grosso do Sul	1%	24%	3	5	19.0%
Tocantins	4%	3%	14	22	20.5%

Note 1: Turnover = ((hires + dismissals)/2)/total of employees

Note 2: 2010 data have been recalculated based on the applied formula for 2011.

AVERAGE OPERATION TIME OF EMPLOYEES DISMISSED DURING THE YEAR | GRI LA2 |

AGE GROUP	MEN	WOMEN
Up to 30	3 years	2 years
30 to 50	10 years	9 years
Over 50	23 years	24 years

EMPLOYEES WHO ARE ENTITLED TO RETIREMENT IN 5 TO 10 YEARS | GRI EU15 |

	CONSOLIDATED EDP		SÃO PAULO		ESPÍRITO SANTO		MATO GROSSO DO SUL		TOCANTINS	
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
Director	0	5	0	3	0	2	0	0	0	0
Manager	8	7	8	7	0	0	0	0	0	0
Experts, analysts, engineers and consultants	53	70	17	23	34	42	1	2	1	3
Operational, technical and administrative	96	100	25	27	65	68	1	1	5	4
TOTAL	157	182	50	60	99	112	2	3	6	7
% OF TOTAL	7%	7%	4%	4%	11%	12%	9%	14%	6%	8%

Note: The criteria used was the employee's age: men who would turn 65 and women who would turn 60 in the period.

human capital and diversity

DAYS WORKED BY THIRD PARTY EMPLOYEES IN 2011 | GRI EU17 |

	THIRD PARTY EMPLOYEES	TOTAL OF WORKING DAYS OF THIRD PARTY EMPLOYEES(1)
Construction (works at power generation plants)	2,875	664,125
Operation (reading and delivery of bills, service in agencies, telemarketing, administrative, transport, office bikers, reprography, logistics, information technology, janitorial –cleaning and structure, photocopying, asset security and legal services, power cut and reconnection, preventive and corrective maintenance of distribution lines, new connection, network expansion projects, tree pruning and removal of trash and rubble in the assets grounds of the distributors – transmission lines and substations) (2)	4,274	987,294
Maintenance (inspection, preventive and corrective maintenance, tree pruning, removal of trash and rubble)	336	77,616
TOTAL	7,485	1,729,035

(1) Values estimated considering that third party employees worked 231 days (365 a year – paid time off – vacation)

(2) Due to data unavailability, third party employees who work for the two distribution companies and for the holding were accounted in this category.

During vacant posts openings, internal utilization and recruitment are prioritized. In 2011, the internal rate of utilization (identification of employees with appropriate profile for filling specific vacant posts, without internal dissemination about them) was 23.9% and internal recruitment (dissemination of vacant posts for employees to take part in the selective process), 10.4%. The remaining vacant posts were destined to external recruitment, given the need of external work force and the lack of internal candidates. In those cases, local selection is prioritized.

As an example, in 2011, Enerpeixe started a program in partnership with Senai in the city of Peixe (TO) to train technicians who may work in the company. The distribution area put into practice a similar initiative, with the Electrician School, also a partnership with Senai, in order to train people from the community for future use. Professionals from other areas are searched when there isn't local availability or training options. From 11 managers hired, 6 came from operational areas, corresponding to 55% of the local hiring in the year. | GRI EC7 |

The satisfaction survey between employees is held every two years and aims at evaluating the degree of satisfaction of the employees concerning EDP Energias do Brasil. It is an extremely important tool to evolve continuously on improvements for people who work for the company. Working conditions and opportunities for professional development, among other issues, are evaluated by the employees and the results are used to elaborate action plans implemented throughout the following year.

An important figure in this process, the "Work Environment Guardians" represent the issue in each area and support the implementation of the action plan. In 2011, the survey was anticipated to ensure the comparability with other geographies of the group. The global satisfaction rate in 2011 reached 74.7% (one percentage point above 2010's, 73.3%), with a record in the survey adherence (83.1% of employees participation, faced with 81.4% in 2010).

Two new initiatives attempted to bring information to the employees about HR practices: HR Answers and HR on Duty. The HR Answers is a relationship channel that can be accessed by telephone or e-mail and it has a specialized team to respond to requests, solve doubts or forward them to the responsible areas. The theme duties have the same objective and are held periodically face to face at EDP's units, dealing with specific issues in each region.

More than 2,600 employees and interns from São Paulo, Espírito Santo, Mato Grosso do Sul and Tocantins took part in the trainings of Sou + EDP, which took place between April and May. EDP group's culture and strategy were presented through a game play, with the support of 85 energizers, who encouraged information exchange and the integration among teams.

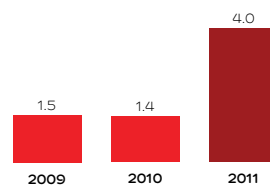
education and training

The Individual Development Plans (PDI) are elaborated after the performance evaluation cycle, which is held annually for all the employees. The evaluation follows the 360th model and it is composed by self-evaluation and evaluation of the manager, peers and subordinates, made in an available system either on intranet or internet. In 2011, the performance evaluation covered 100% of the employees hired until 31st July and who were active during the evaluations (people who were on a leave or vacations did not evaluate). **| GRI LA12 |**

By the end of the evaluation process, there are meetings with all the managers, called People Review. The objective is to do the leadership curve adjustment and, besides that, it allows to identify the internal availability of the employees who are ready for key-positions, promoting the company's continuity through people. This work is done for employees in Y career (experts and consultants) and managers.

Developed in order to help career discussion in the group, the Career Routes has provided to all employees the positions descriptions and the natural and alternative routes at EDP. The

INVESTMENTS IN TRAINING
EDP CONSOLIDATED (R\$ MILLION)



objective is to disseminate the career ways and the alternatives that meet the interests of the employees and the company. In 2011, the system was released on the internet and there was the release of the second stage of the Program. In this new application, called Self-development Guide, there are concepts and tools for the employees to think about career in a more comprehensive way. **| GRI EU14 |**

Training activities amounted to 181,232 hours in 2011, average of 70 hours per employee and total investment of approximately R\$ 4 million, which represents 284% more than in 2010.

TRAINING HOURS PER EMPLOYEE CATEGORY (1) | GRI LA10 |

EMPLOYEE CATEGORY	2009		2010		2011	
	TIME	AVERAGE TIME/ EMPLOYEE	TIME	AVERAGE TIME/ EMPLOYEE	TIME	AVERAGE TIME/ EMPLOYEE
Leadership	7,771	34	1,135	8	15,306	94
Professionals	46,336	85	4,896	69	35,328	46
Technical and administrative professionals	102,967	66	135,674	62	129,258	82
Trainees and apprentices (2)	826	49	736	49	1,340	22
TOTAL	157,900	68	142,441	60	181,232	70

(1) It was not possible to report the data by gender due to difficulties of the information system of the company

(2) Trainees and apprentices are not considered in the total number of the company's employees (headcount).

HOURS OF TRAINING PER DOMAIN | GRI LA10 |

DOMAIN	2009		2010		2011	
	TIME	AVERAGE TIME/ EMPLOYEE	TIME	AVERAGE TIME/ EMPLOYEE	TIME	AVERAGE TIME/ EMPLOYEE
Management	25,506	14	16,727	15	18,425	7
Technical	108,870	59	105,105	27	145,272	58
Behavioural	3,744	2	11,433	22	6,016	2
Organizational	19,780	11	9,176	14	11,520	5
TOTAL	157,900	68	142,441	60	181,232	70

human capital and diversity

Remodelled in June 2011, the Leaderships Development Program, named Executive Development Program includes the empowerment and development of managers and employees in Y career (experts and consultants) between 2011 and 2013, bringing a new perspective: the Innovability concept (Innovation plus Sustainability). The initiative tries to follow the pillars of the School of Directors of EDP University (Strategy, Leadership, Communication, Negotiation, Innovation and Lateral Thinking) and reinforce the innovative competences through unorthodox techniques (such as cities architecture). It also seeks to extend this group of professionals' repertoire, ensuring new solutions

and ways of thinking. The repertoire can be broadened by the participant's interest in an optional way, by choosing which actions they are interested in and adding up credits during the program. In 2011, the program had the participation of 286 leaders and employees in Y career in the company.

By the end of March, there was the launching of the Generation School in Brazil, focused on creating a center of excellence in technical formation in the power generation area for EDP's employees, with classes in the workplace in Tocantins and Espírito Santo via partners.

DEVELOPMENT PROGRAMS | GRI EU14 |

PROJECTS	DESCRIPTION	TARGET AUDIENCE	FREQUENCY	HOME	PARTICIPATIONS IN 2011
Executive Development Program (Dom Cabral Foundation)	Program for a group of executive managers with the objective of developing management, business and leadership competences	Executive managers	Modular	2007	3
HR on Duty – Performance Evaluation	Theme duty about performance evaluation with the objective of solving doubts from the managers about the pillars of People management	Operational managers, executive managers and directors	2 sessions	2010	8
All Team Brain	Implementation of a tool for mapping the brain preferences and workshops to promote self-knowledge and team knowledge.	Employees in Y career, operational managers, executive managers and directors	3 sessions	August 2011	114
Coaching	The main objective is to support the development of the executive, with a view to providing a clearer picture of results and objectives to be achieved and obstacles to overcome.	Operational managers, executive managers and directors.	Monthly	2010	5
Cycle of Lectures	Updating the executives in face of other business realities, thereby developing their capacity for analysis and understanding of the debate.	All employees	Monthly	2010	237
Round Table	The main objective of this program is to strengthen the relationship between the Group's executives and the chairman as well as promote fluid communication and strategic alignment.	High-level executives (including directors and EMs reporting directly to the president), President and VPs.	Quarterly	2010	Average of 22 participants per event.
Time Tunnel	This activity aims to increase the repertoire of the leadership group through the contact with new ways of thinking. The training tours through arts and philosophy history.	Employees in Y career, operational managers, executive managers and directors	2 sessions	2011	31

PROJECTS	DESCRIPTION	TARGET AUDIENCE	FREQUENCY	HOME	PARTICIPATIONS IN 2011
What is Innovation?	It aims to involve managers in the search for Innovation, being evidenced in the company's strategy of innovation with sustainability. It provides the theoretical basis for inserting the issue in daily life.	Employees in Y career, operational managers, executive managers and directors	3 sessions	2011	200
Energizing Development Program	Youth development with potential to progress in EDP Group's structure. Initiatives include development of skills. Objective of retaining talents.	Employees in any position, with university degree	Monthly	2008	14
Scholarship (business administration, engineering, projects and others)	Stimulates the formal education of employees, with incentive for technical, undergraduate, postgraduate and MBA courses.	Employees	Annual	1998	45
Integration Program	Aims to extend a welcome to new employees, with the presentation of the benefits, policies and organizational structure.	Newly-hired	Monthly	2006	328
Sponsorship Languages	Promotion of qualification of employees for appropriate use of language in the exercise of their activities.	Employees	Annual	2007	105
On Top internship program	The program recruits and develops EDP's interns for actual vacancies and leadership positions. Interns have the chance of designing a project in their area monitored by a manager or a tutor.	Interns	Semiannual	2010	186
Communication and Brand Use Workshop	Enabling the target audience about the communication strategy and on how to use the group's brand in different situations.	Employees in Y career, operational managers, executive managers and directors	4 sessions	August 2011	100
Virtual Conversations about Innovation	Virtual forum about innovation, mediated by a hired consulting company and participants from different areas of the group.	Employees in Y career, operational managers, executive managers and directors	1 session	2011	15
Learn More About (SMS)	The aim is to present the areas, boards and/or the companies of the group through open sessions to all employees.	Employees	3 sessions	2011	222
Innovation Mentors	Pilot project of innovation training with a group of selected employees aiming to transfer to EDP the active principles of Innovation and a set of methodologies and innovation tools.	Selected employees	Annual	2011	30

human capital and diversity

health and safety

The Integrated Policy of Environment, Health and Safety adopted by EDP in Brazil contain the guidelines to ensure the preservation of the employees' life and safety and provide a healthy and safe work environment. Many programs are targeted to the company's employees and to the outsourced employees, including awareness campaigns, trainings and technical visits. Every year, there is the Rodeo of Electricians, an integration day with demonstrations of workplace safety techniques, which is already a tradition in the sector. During the tests, the employees must demonstrate speed and ability in routine tasks, ensuring safety during execution. **| GRI EU16 |**

The Services Provider Safety Program (PSP) has the same concepts of the Collaborator Safety Program (PSC). The company maintains programs of preventive medicine, management of the medical occupational exams as well as functional relocation and readaptation. All employees are represented in the Internal Committees for Accident Prevention (Cipas), as required by law, which are jointly formed with members appointed by employees and by the company. **| GRI LA8 e LA6 |**

The total number of accidents with leave in 2011 was 37.8% above the previous year, 11 accidents with employees and 51 with outsourced employees. There were three deaths, two employees and one outsourced collaborator, all by electric shock. In the first case, in a task to straighten a post, the support team turned off a different circuit from the one being fixed and the working team did not do the compulsory test of absence of tension and an electric discharge hit the collaborator. The second one happened due to the contact of the network with the armpit of the electrician who was replacing the connection branches. The third one was the consequence of missing grounding tests and the no use of PPEs, which are mandatory measures. The accidents determined preventive and corrective actions such as training and refresher courses on workplace safety.

By the end of 2011, the "Summer with Safety" was held. The objective was to promote an action of dissemination and awareness of the additional accidents during the summer. In order to do this, there was a collective effort of safety inspections with field teams to bring the message and, at the same time, identify improvement points for the summer.

OCCUPATIONAL ACCIDENTS (1) | GRI LA7 |

NUMBER OF ACCIDENTS WITH LEAVE	2010			2011		
	EMPLOYEES	THIRD PARTY	TOTAL	EMPLOYEES	THIRD PARTY	TOTAL
EDP Energias do Brasil - consolidated	8	37	45	11	51	62
Holding				0	0	0
EDP Bandeirante	3	17	20	4	17	21
EDP Escelsa	3	15	18	7	21	28
Energest	1	4	5	0	8	8
Enertrade				0	0	0
Jari				0	4	4
Investco	1	0	1	0	0	0
Enerpeixe	0	1	1	0	1	1
Men	-	-	-	11	51	62
Women	-	-	-	0	0	0
NUMBER OF ACCIDENTS WITHOUT LEAVE	EMPLOYEES	THIRD PARTY	TOTAL	EMPLOYEES	THIRD PARTY	TOTAL
EDP Energias do Brasil - consolidated	2	0	2	12	27	39
Holding				0	0	0
EDP Bandeirante	1	0	1	6	17	23
EDP Escelsa	0	0	0	5	7	12
Enertrade				0	0	0
Jari				n/a	n/a	n/a
Energest	1	0	1	0	3	3
Investco	0	0	0	1	0	1
Enerpeixe	0	0	0	0	0	0
Men	-	-	-	12	27	39
Women	-	-	-	0	0	0

INJURY RATE (FREQUENCY RATE)	EMPLOYEES	THIRD PARTY	TOTAL 2010	EMPLOYEES	THIRD PARTY	TOTAL 2011
EDP Energias do Brasil - consolidated	13.7	17.5		2.2	5.7	4.5
Holding				0	0	0
Enertrade				0	0	0
Jari				0	13.8	13.2
EDP Bandeirante	1.4	6.5		1.8	5.5	3.9
EDP Escelsa	1.5	3.8		3.4	4.5	4.2
Energest	4.3	7.3		0	15.9	9.9
Investco	6.5	n/a		0	0	0
Enerpeixe	n/a	n/a		0	7.4	5.8
Men	-	-	-	2.2	5.7	4.5
Women	-	-	-	0	0	0
LOST DAY RATE (2)	EMPLOYEES	THIRD PARTY	TOTAL 2010	EMPLOYEES	THIRD PARTY	TOTAL 2011
EDP Energias do Brasil - consolidated	68	6,757		2,434	1,589	1,899
Holding				0	0	0
Enertrade				0	0	0
ECE				0	206	197
EDP Bandeirante	20	6,158		2,707	2,070	2,336
EDP Escelsa	28	574		3,016	1,659	2,072
Energest	5	25		0	68	45
Investco	15	-		0	0	0
Enerpeixe	-	-		0	22	17
Men	-	-	-	2,434	1,598	1,899
Women	-	-	-	0	0	0
ABSENTEE RATE (3)	EMPLOYEES	THIRD PARTY	TOTAL 2010	EMPLOYEES	THIRD PARTY	TOTAL 2011
EDP Energias do Brasil - consolidated	18	n/a	n/a	n/a	n/a	n/a
Holding	-	n/a	n/a	0.4	n/a	0.4
EDP Bandeirante	4	n/a	n/a	2.96	n/a	2.96
EDP Escelsa	6	n/a	n/a	6.21	n/a	6.21
Enertrade	-	n/a	n/a	6.28	n/a	6.28
ECE	-	n/a	n/a	n/a	n/a	n/a
Energest	3.3	n/a	n/a	1.73	n/a	1.73
Investco	-	n/a	n/a	n/a	n/a	n/a
Enerpeixe	3.6	n/a	n/a	n/a	n/a	n/a
Men	-	n/a	n/a	n/a	n/a	n/a
Women	-	n/a	n/a	n/a	n/a	n/a
ABSOLUTE NUMBER OF FATALITIES	EMPLOYEES	THIRD PARTY	TOTAL 2010	EMPLOYEES	THIRD PARTY	TOTAL 2011
EDP Energias do Brasil - consolidated	0	2	2	2	1	3
EDP Bandeirante	0	1	1	1	1	2
Enertrade	0	0	0	0	0	0
ECE	0	0	0	0	0	0
EDP Escelsa	0	1	1	1	0	1
Energest	0	0	0	0	0	0
Investco	0	0	0	0	0	0
Enerpeixe	0	0	0	0	0	0
Men	0	0	0	2	1	3
Women	0	0	0	0	0	0

1. Data do not include Pecém and occupational diseases indicators are not monitored. In 2010 there was no gender control.
2. Lost Day Rate: the calculation is based on NBR 14280 norm, which considers the debt of 6 thousand days per fatality. The counting considers calendar days and it begins on the date of the accident.
3. The absentee rate is still not monitored by gender, not even for the consolidated
n/a – Data Not available

health and safety trainings | GRI EU18 |

	2010	2011
Number of third party employees	3,886	7,485
Number of third party employees who have received training	3,215	7,485
% trained	83%	100%

(1) In Brazil, EDP has no information segmented by functional category of outsourced employees

human capital and diversity

PROGRAMS FOR HEALTH AND SAFETY | GRI LA8 |

PROGRAMS AND ACTIONS	OBJECTIVE	TYPE	AUDIENCE
Health campaigns	Disseminate guidelines and assess, in situ, factors such as blood pressure, body mass index (BMI), ergonomics, stress, vaccinations, among others.	Education, training, advising, prevention and risk control on serious illnesses	Employees, third parties, community
Safety and education with service providers	Conduct safety lectures, conferences, educational Campaigns, safety inspections and guidelines such as the anticipated risk of accidents.	Education, training	Third parties
Safety and education for employees	Conduct safety lectures, with approach on the main risk controls, educational lectures and campaigns.	Education, training	Employees
Safety assessments	Evaluate safety in working processes and facilities for employees and outsourced employees, with dissemination of the safety culture.	Risk of accidents control	Employees, third parties
Preventive medicine	Conduct periodic examinations of employees to control health in a broad way, considering the development of daily tasks and work environments.	Prevention and risk control on serious illnesses	Employees
In-house committees for accident prevention (CIPAs)	Formal and legal committees operating in areas of the Municipalities in concession areas and carrying out education activities.	Education	Employees
In-house Week for Prevention of Accidents (Sipat)	Highlight and reinforce concepts and practices on the risk controls and the quality of work environments.	Education, training, advising, prevention and risk control on serious illnesses	Employees, third parties
Rodeo of electricians	Event lasting one day, in competition pattern, with practical tests and tasks performed in facilities similar to the power grid and transmission lines. It relies on qualified judges to observe the safety and quality of work, highlighting those who perform their tasks in safety standards without risk.	Education, training	Employees, third parties

diversity and equality of opportunities

The Diversity Valorisation Policy of EDP Energias do Brasil considers that this condition goes beyond the simple observance of the law: it ensures the absence of discrimination and creates a culture of recognizing differences and individual potentialities. In 2011, EDP released a diversity program aimed at employees, with the objective of promoting the comprehension of differences and deconstructing preconceptions concerning race, age, sex, sexual orientation, religion, origin, language and social status. The company believes that differences are an opportunity of learning and innovation.

The EDP Energias do Brasil Diversity Program is guided by the sentence "Of all differences, we are all equals", as a way to reflect the broad diversity of employees who work in the different units of the company and the incentive to respect one another, to constant learning with similarities and differences and the promotion of equity.

The release of the program included a lecture of Reinaldo Bulgarelli, professor and expert in Diversity in Brazil and other countries, author of the book "We are all diverse" and partner-director of Txai Consulting and Education. Held at EDP's headquarters in São Paulo, the lecture was transmitted via videoconference to Mogi das Cruzes e São José dos Campos (SP), Campo Grande (MS), Linhares e Carapina (ES) and Palmas (TO).

The actions of dissemination of the program included a pack of stickers about diversity aspects which was distributed internally so that the employee would show adherence to the initiative, posters, e-mail marketing and the revelation of an internal census to map diversity. For 2012, awareness workshops and action plan to eliminate diagnosed gaps have already been planned.

Employees remuneration, as well as the promotion system, does not differentiate gender, race, age or any other aspect of diversity.

| GRI LA14 |

DIVERSITY – COMPOSITION OF THE WORKFORCE (1) | GRI LA13 |

	2009	2010	2011
FUNCTIONAL CATEGORY			
Council (title holders) (2)	16	16	17
Top management	4	4	4
Director (3)	10	18	17
Executive manager	49	44	43
Operational manager	96	88	98
Experts and consultants (4)	72	71	138
Analysts and engineers	541	567	632
Technical and administrative	1,563	1,603	1,585
GENDER			
Men	1,770	1,801	1,931
Women	561	577	586
COLOUR/RACE			
White	1,933	1,975	2,095
Black	359	361	380
Yellow	31	32	33
Indigenous	8	10	9
AGE			
Up to 30	445	512	597
30 to 50	1,542	1,475	1,487
Over 50	344	391	433

(1) Data do not include Pecém, for it is not possible to categorize by functional category, gender, colour/race and age.

(2) Do not compose the workforce

(3) The number of directors in 2010 was altered due to the inclusion of statutory directors in the headcount account.

(4) Reclassified numbers considering consultants in the experts' category

DIVERSITY – FUNCTIONAL CATEGORY BY GENDER | GRI LA13 |

	MEN		WOMEN		WOMEN/TOTAL (%)	
	2010	2011	2010	2011	2010 (2)	2011
Council (title holders) (1)	16	17	0	0	0	0
Top management (1)	4	4	0	0	0	0
Director (3)	16	15	2	2	12	12
Executive managers	34	33	10	10	22	23
Operational managers	71	79	18	19	20	19
Experts and consultants	51	107	20	31	28	22
Analysts and engineers	365	394	202	238	37	38
Technical and administrative	1,277	1,299	325	286	20	18
TOTAL	1,834	1,948	577	586	24%	23%

(1) Do not compose the workforce

(2) Adjusted the percentage published in 2010

(3) The number of directors in 2010 was altered due to the inclusion of statutory directors in the headcount account

human capital and diversity

remuneration and benefits

EDP offers a remuneration policy in line with the best market practices, based on research and market rates; the gross payroll totalled R\$250.8 million in 2011. Each position salary basis is established according to the activities carried out and the contribution for the company's business. The lowest salary paid to men was 44% above the minimum wage in the country (which was R\$545.00 in 2011) and 54% higher in the case of women. **| GRI EC5 |**

Benefits totalled R\$51.2 million in the year and include food vouchers, meal vouchers, transportation voucher, health care (medication, medical and dental assistance), day care center and life insurance. The benefits offered to the effective workforce are also valid to the temporary workers, except for the retirement fund. EnerPrev, complementary pension plan offered to our employees and sponsored by the group's companies up to 7% of the amount of the salary (subject to co-participation), covers planned retirement, disability retirement and pension for death. **| GRI LA3 |**

The participation in incomes and results program (PLR) annually distributes the corresponding value of the variable remuneration of the employees, based on the goals and results achieved during the year.

conciliate quality of life

To promote the balance between work, family, health and

culture in our employees' life: this is the objective of the Conciliate program, a global activity of the group. Amongst the designed actions are sports activities, labor gymnastics and flexible hours. Events and promotions involve the employees' families with holiday home, employees' kids visit to their workplace and Junior Citizenship Prize.

A pilot initiative of feeding started to be offered in 2011: a snack car started to circulate at Bandeira Tower Building, in São Paulo, containing cereal bars, salted snacks, sweets, fruits and drinks. The menu is assessed by a nutritionist and the food can be paid with meal voucher, cash or credit and debit cards.

Another innovation of Conciliate is the Count on Me service, a service channel by phone, for the employees enrolled in the Bradesco Health benefit. The service offers specialized professional support 24 hours a day in different areas such as psychology, law and social service and the attendants are able to give advice and forward to external experts. Every assistance is confidential, safe and provided by a hired company.

On the other hand, the Boca Livre is an EDP Institute initiative in partnership with the Conciliar Program (Conciliate Program), that, since 2008 has been gathering employees who are interested in daily life and contemporary issues. They usually gather at lunchtime. The meetings have the participation of one guest who is specialized in the subject that is discussed through a pleasant interaction of new discoveries. In 2011, the Boca Livre had a new format, accessible to all employees via live transmission by the corporate TV and by the EDP Institute website.

PENSION PLANS – R\$ MILLION (1) | GRI EC3 |

	EDP BANDEIRANTE		EDP ESCELSA		ENERGEST	
	2010	2011	2010	2011	2010	2011
Present value of actuarial liabilities, wholly or partly covered, of defined benefit plans (2)	-486	-587	-143	-160	-0.99	-1.20
Fair value of assets	373.2	492.8	239.1	258.4	2.15	2.60
ENDING BALANCE	-113	-94.1	95.9	98.5	1.2	1.4

(1) The other companies of EDP in Brazil have defined contribution plans
 (2) Liabilities totally or partially covered – 12/31/2011



MATERNITY/PATERNITY LEAVE | GRI LA15 |

	WOMEN	2011 MEN
Had the right to parental leave	34	36
Went on parental leave	34	36
Returned to work by the end of the parental leave	34	36
Were still employed 12 months after returning to work	28	34
Return to work by the end of the parental leave (%)	100%	100%
Retaining 12 months after the end of the parental leave (%)	82.4%	94.4%

BOCA LIVRE PROGRAM

TOPIC	MONTH	NUMBER OF LIVE PARTICIPANTS	ONLINE VISITORS	AVERAGE TIME SPENT VISITING THE WEBSITE
"How is the future of corporations built?", with Márcio Svartman	March	78	217	2h11min
"Health: are you what you eat?", with Drauzio Varella	April	95	263	2h16min
"The text of the New forestry Code and its impacts on the electric sector", with Fabio Feldman	June	80	189	1h35min
"Challenge of the good: the challenge social responsibility practices at corporations", with Rai de Oliveira	December	82	194	1h16min

CONCILIAR PROGRAM

THEME	2011 % OF PARTICIPANTS
SP Race Club	1.4
Christmas Gifts	6.3
Maternity Pack	0.4
Wreath	0
Labor gym	13.5
Various partnerships (fitness centers, beauty parlours, restaurants)	92.3
Count on me	43
Junior Citizen Award	1.6
Children visits	7.7

access to energy

116 energy service assurance

119 inclusion through energy access

EDP Energias do Brasil access to energy by committing to:

Promote access to energy in a reliable, safe and high-quality way.

Adjust commercial policies to market social specific characteristics.

Guarantee equity in access to energy and to energy systems.





1



2



3



4

1. 4. Electrician of EDP in Brazil group
2. Espírito Santo
3. Lightening of Guarulhos Bridge – SP

access to energy

energy service assurance

The maintenance of the supply quality provided by the EDP Energias do Brasil distributors concerns the availability of energy, operation flexibility and quality of services. Among the actions promoted in 2011 there is the expansion of the grid, creation of new substations and interventions in the system in order to provide robustness.

Through an innovative way, the company has been gradually promoting the automatic transfer of loads – a system that alternates the supply source in case of failure in the grid. In the end of 2011, around 30% of the distribution already had this benefit that reduces the time of regularization of the services in case of failures.

Due to more severe climate events for the past few years that impacted on the distributors' quality indicators, the grids maintenance plan was expanded. Different actions have been taken in the municipalities where EDP Energias do Brasil is present. Such actions are adapted to fit the local urban development. Most of times, the distribution activities are affected by actions not concerned to the grid, such as transmission failures among others external actions over which the company does not have control.

Arborisation is among the main issue covered. It received a reference document issued by EDP Bandeirante in 2011. City Halls and associations and non governmental institutions received the Guidelines for Street Arborisation and Public Green Areas aiming at offering instructions on pruning and maintenance. In areas where arborisation is no compatible, the company promotes the substitution of overhead grid for space cables.

In April, EDP Escelsa presented a new model of projects analysis for customers' internal electric installations, elaborated in partnership with professional entities to standardize projects, reduce bureaucracy and enhance safety at work. The plan consists of an open manual, structured based on the requirements of national standards for elaboration of projects, visual evaluation of active (energized) a non active elements of installation and technical report.

In order to assure the demands are met and the quality of the services provided, three new substations were inaugurated in

Espírito Santo – Nova Aimorés (São Mateus), Boa Esperança (Boa Esperança) and Vila Rica (Baixo Guandu) and there was the energizing of Itapoã substation (Vila Velha) that directly benefits 150,000 people. EDP Bandeirante inaugurated 4 substations in Guarulhos region (Satélite, Kida Macedo and Jardim) and in Pindamonhangaba region (Araretama) that supply energy to more than 16,000 and 13,000 customers, respectively. Kida Macedo and Jardim ETDs are part of the new EDP Bandeirante system which has supply voltage of 34,5kV to serve major customers without the need of distribution towers. That fact provides social and environmental contribution to the region on the grounds that there is no need of land expropriation and displacement of families and besides not impacting on the environment.

EDP Escelsa Measuring Integrated Center, located in the Carapina Operations Center, consolidated its activities. The structure integrates more modern technology to monitor, at real and remote time, the remote sensing installations of customers whose units are connected in high, medium and low voltage. With more than 75 kinds of alarms, the unit is able to detect any manipulation of the measuring and generates data for analysis, by increasing the operational efficiency of commercial activities and the recovery of revenue besides enhancing remote and systemized capture of reading meters. At EDP Bandeirante the Measuring Integrated Center is planned to be concluded in 2012.

The application of Lean methodology was concluded in 2011 at all EDP Bandeirante maintenance and distribution centers. The +Lean is part of the Vencer Program and its application at EDP Escelsa centers started in 2011. Since the beginning of the activities, 438 improvement actions have been implemented and 56 centers were redesigned. Among other results, there was a 14% reduction in the warehouse inventory and 55% of the time of materials replacement at EDP Bandeirante, besides the decrease of 33% in the displacement of people and materials at both distributors.

The Lean tool was also used for activities involving customer' service which led to a significant reduction of complaints referring to billing, public lighting, connections and reconnections among other factors, besides decreasing the hearings that stem from disconnection services and complaints about irregularities at Procon (an institution that aims at defending customers rights) and Courts.

QUALITY INDICATORS | GRI EU28 AND EU29 |

	2009				2010				2011			
	DEC (HOURS)	FEC (TIMES)	REF. ANEEL	TMA (MIN.)	DEC (HOURS)	FEC (TIMES)	REF. ANEEL	TMA (MIN.)	DEC (HOURS)	FEC (TIMES)	REF. ANEEL	TMA (MIN.)
EDP Bandeirante	12.8	6.4	DEC 11.9 FEC 9.6	186.0	12.2	7.1	DEC 10.2 FEC 8.82	189.0	9.4	6.2	DEC 9.70 FEC 8.42	180.7
EDP Escelsa	11.4	6.9	DEC 11.7 FEC 9.69	190.0	9.0	6.3	DEC 11.49 FEC 9.12	182.0	10.4	6.3	DEC 11.18 FEC 8.42	226.2

DEC: Duration Equivalent to Interruption per customer | FEC: Frequency equivalent to Interruption per customer | TMA: Average Service Time

In case of transgression of quality indicators limits determined by Electric Energy National Agency (Aneel), the distributors are supposed to financially compensate the customers affected. The credit is automatically shown in the monthly bill within

two months after the interruption of supply. In 2011, that compensation amounted to R\$ 5.8 million at EDP Energias do Brasil distributors. | GRI PR9 |

PAID COMPENSATIONS (R\$ THOUSAND)⁽¹⁾ | GRI PR9 |

INDICATORS	EDP BANDEIRANTE			EDP ESCELSA		
	2009	2010	2011	2009	2010 ⁽²⁾	2011
DIC	325.9	2,065.5	1,665.3	57.9	730.1	1,148.4
FIC	10.8	425.1	371.2	-	160.2	171.5
DMIC	987.9	1,337.0	1,428.3	198.7	650.7	957.7
TOTAL	1,324.5	3,827.7	3,464.8	256.6	1,541.1	2,277.5

DIC – Duration of Consumer Interruption / FIC – Frequency of Consumer Interruption / DMIC – Maximum Duration of Consumer Interruption

(1) The 2010 indicators were processed due to the Aneel determination concerning adjustments at the business zones for the identification of the critical day.

(2) Data is subjected to alterations by Aneel determination.

safety in the use of energy

Prevention campaigns concerning health and safety of the distribution services are regularly promoted. Such campaigns also focus on the rational use of energy. EDP promotes lectures and activities to inform children, adolescents and the community and supports the National Week for Prevention of Accidents involving Electric Energy, held by Abradee, reinforcing the dangers, risks and prevention of accidents near the distribution grid. | GRI EU24 |

In 2011, those actions influenced the reduction of 50% in the accidents involving injury and 36% of deaths resulting from the contact with electric grid. All processes are guided by instructions, laws and better practices concerning the electric sector.

ACCIDENTS INVOLVING THE POPULATION⁽¹⁾ | GRI EU25 |

	2009	EDP BANDEIRANTE		2009	2010	EDP ESCELSA		2009	EDP CONSOLIDATED	
		2010	2011			2011		2010	2011	
Injuries	4	1	4	7	15	4	11	16	8	
Deaths	2	3	5	3	11	4	5	14	9	

(1) Information solely refers to distributors, since generators do not have services users

access to energy

LAWSUITS CONCERNING ACCIDENTS | GRI EU25 |

	2009	2010	2011
Started lawsuits	28	8	12
Solved lawsuits	4	11	0
Pending lawsuits ⁽¹⁾	127	124	136

(1) Ratified data from previous years, taking into account the number of lawsuits involving accidents and deaths of service users (electric energy) and car accidents involving the company's vehicles.

CUSTOMER'S HEALTH AND SAFETY | GRI PR1 |

SERVICES LIFE CYCLE	INITIATIVES
Energy distribution grid planning	<ul style="list-style-type: none"> Brazilian Association of Technical Standards (ABNT) regulations, Anel instructions and resolutions regarding quality, frequency and safety of supply. Protected grids (spacer cable)
Research and Development	<ul style="list-style-type: none"> Investments in energy efficiency and services continuous improvement projects
Certification	<ul style="list-style-type: none"> Employees health and safety (OHSAS 18000) Facilities environmental compliance (3 substations with ISO 14000) Process of verification of technical quality indicators (ISO 9000)
Services supplied and usage	<ul style="list-style-type: none"> Orientation campaigns and spread of information regarding the dangers and risks of electric energy and conscious use. Training on safety standards for employees and service providers (NR10) and safety inspections Safety program for service providers Monitoring of impacts (noise in equipment at substations, electromagnetic fields, soil, water, biodiversity, emissions and waste) Risks management and annual plan for preventive and corrective maintenance of electric grid Follow up of accident indicators involving the population, employees and third parties
Disposal, reuse and recycling	<ul style="list-style-type: none"> Proper place for disposal of transformers removed from electric grid Proper disposal and decontamination of bulbs (Conama) Packing of cooling gases from equipment substituted through energy efficiency projects (fridges)

customer relations

EDP offers quality not only in its own services but also in the services provided to customers. The employees who work in the communication channels are trained in order to provide the most amount of information to assure the customers satisfaction. Accessibility is also a concern: customers with hearing and speech impairments have access to text phone calls with the guidance of trained professionals. | GRI EU24 |

In distribution, the number of cases concerning energy cuts in houses due the lack of payment are held within the legislation. To avoid energy cuts, the company encourages the customers of low income to consume consciously. In 2011, despite global economic crisis, the default remained stable in relation to 2010, reflecting the company's efforts to enhance its relation with its customers, thus assuring the revenues.

POWER CUTS AND RECONNECTIONS | GRI EU27 |

	2010		2011	
	EDP BANDEIRANTE	EDP ESCELSA	EDP BANDEIRANTE	EDP ESCELSA
Cuts	224,659	235,114	212,247	179,771
Reconnections	210,610	207,891	232,208	142,486
TOTAL	435,269	443,005	444,455	322,257
DEADLINE TO RECONNECT AFTER PAYMENT (% OF CUSTOMERS)				
Less than 24 hours	48.0%	97.5%	67.2%	45.3%
Within 24 hours and 1 week	15.1%	1.8%	31.7%	30.4%
More than 1 week	36.9%	0.70%	1.1%	24.3%

CONTROL OF BAD DEBT (R\$ MILLION)*

	2009	2010	2011
EDP Bandeirante	130	101	99
EDP Escelsa	87	78	82
TOTAL	217	179	181

* Refers to due debts in the year, except for losses.

inclusion through energy access | GRI EU23 |

The Luz Para Todos Program (Light for All) consists of a signed agreement between the Ministry of Mines and Energy, the state government and EDP distributors, with intervention from Eletrobrás and Aneel. All municipalities that are part of the concession area were benefitted by the Program, concluded by EDP Bandeirante in 2009 and by EDP Escelsa in 2011.

Since its first signed agreement in 2004, EDP has been taking electric energy to 50,546 houses with R\$ 265 million total investment in the period. Out of this amount, R\$ 2,4 million were invested in 2011. The Luz Para Todos Program (Light for All) ended up being an essential instrument of social inclusion with great contribution to life quality improvement and the settlement of men in the countryside.

The Social Tariff Program aims at offering reductions of up to 65% for the monthly electricity consumption equal or lower than 30 kWh; 40% for consumptions between 30 and 100 kWh; and 10% for consumption between 100 and 220 kWh to low income families. The eligible families to the benefit are those enrolled in the Social Program Register of the Federal Government, with monthly family incomes per capita equal or lower than one national minimum salary and receiving the Continuous Social Aid Benefit (Benefício de Prestação Continuada da Assistência Social -BPC). The Social Tariff Program also benefits families enrolled in the Sole Register (Cadastro Único), with members with diseases or pathologies that require a continuing support of electrical aid equipments or instruments.

LUZ PARA TODOS PROGRAM (LIGHT FOR ALL) ⁽¹⁾

	2010	EDP ESCELSA 2011
Number of services	5,821	924
Goal of services	4,970	924
ORIGIN OF THE RESOURCES INVESTED (R\$ THOUSAND)		
Federal government GRI EC4 	20,074	2,075
Energy Development Account (CDE)	2,597	244
Global Reversion Reserve (RGR)	17,477	1,831
State government GRI EC4	0	0
Own resources	3,542	366
Others	0	0
TOTAL OF RESOURCES APPLIED (R\$ THOUSAND)	23,616	2,441
AVERAGE COST OF SERVICE (R\$ THOUSAND)	4	3

(1) EDP Bandeirante concluded the Luz Para Todos Program (Light for All) in December 31st, 2009.

LOW INCOME TARIFF

	EDP BANDEIRANTE		EDP ESCELSA	
	2010	2011 ⁽¹⁾	2010	2011
Total of benefitted domiciles with low income	121,166	32,802	234,798	73,503
Total low income domiciles of the total of benefitted domiciles (%)	8.80%	2.32%	24.35%	7.37%
Total of revenue of residential subclass with low income (R\$ thousands)	15,419	19,909	31,695	28,935
Total of revenue of residential subclass of low income in relation to the total of revenue of the residential class (%)	1.70%	1.92%	5.60%	4.85%
Received subsidy (Eletrobrás) designed to customers of low income (R\$ thousands) GRI EC4	854	186	22,939	10,451

(1) The reduction of benefitted domiciles in 2011 in comparison to 2010 is due to the new regulation on Low Income Social Tariff amended by Resolution 414/2010, which reflected also in the subsidy granted by Eletrobrás

Social development and citizenship

122 social investment

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EDP Energias do Brasil promotes citizenship and social development by committing to:

Promote social innovation by maximizing the positive social impact of the activity.

Support cultural and social initiatives, based on transparent criteria of the social return assessment of invested resources.

Cooperate with sustainable development of communities.





1. Cintia Tisue Itami Del Manto, EDP's volunteer
2. Adeílza Araújo, EDP's volunteer

Social development and citizenship

social investment GRI EC8

EDP Institute is in charge for the EDP Energias do Brasil social-environmental relation with stakeholders. Concerning to social aspects, the Institute promotes activities driven to education, local development, social aid and volunteering. Concerning culture and sports the Institute carry out projects aiming at human development and access to cultural activities to the communities.

The EDP investment on this regard is mainly directed to supporting educational and development actions in the community, enhancing citizenship and encouraging the autonomy of benefitted public. In 2011 the total investment amount was of R\$ 4.429 million, being R\$ 2.623 million obtained from taxes incentives granted by culture incentive laws. GRI EC1

The cultural and sport projects were selected by means of a public notice in 2011, following the same patterns priority adopted by social initiatives.

EXTERNAL SOCIAL INVESTMENT (R\$ THOUSAND) GRI EC8

	2009	2010	2011
Education	2,213	1,438	1,110
Culture	4,498	1,737	1,886
Health and sanitation	254	80	40
Sport	792	133	534
Fight to hunger and food assurance	0	0	0
Other	797	656	859
TOTAL	8,554	4,044	4,429

INVESTMENTS WITH TAX INCENTIVES (R\$ THOUSAND) GRI EC4

COMPANY/PROJECT	CULTURE INCENTIVE / ROUANET LAW		SPORT INCENTIVE		CHILDREN AND TEENAGERS FUND		CULTURAL ACTION PROGRAM ⁽¹⁾	
	2010	2011	2010	2011	2010	2011	2010	2011
EDP Bandeirante	560	750	0	175	125	139	171	148
EDP Escelsa	295	300	0	77	95	47	-	-
Energest	110	90	0	25	27	25	-	-
Investco	34	200	0	45	36	35	-	-
Lajeado Energia	338	280	0	70	54	60	-	-
Enerpeixe	90	66	0	17	30	17	-	-
EDP trading	50	52	0	0	0	0	0	0
TOTAL	1,477	1,738	0	409	367	323	171	148

(1) Applicable only to companies located in São Paulo

edp solidarity

EDP Solidarity, in its fifth operation year, has financed 20 social programs in the states of São Paulo, Espírito Santo, Mato Grosso do Sul and Tocantins. 148 projects were enrolled, out of them 116 met all criteria established for assessment, with focus in education and local development. The assessment committee is composed by representatives of the civil society, besides being in charge for the projects' technical analysis and impacts. The professionals in the EDP Institute are responsible for the process management and follow-up.

All projects should be related to the company's actives. An external consulting company is in charge for the strict monitoring of activities performance. As of 2011, the maximum duration of projects has been extended to two years, enlarging the possibilities of the community action.

The event, EDP Solidarity Dialogues, had its second edition, and counted with specialists discussing about education and creative economy. The event held in São Paulo divulged the benefitted social programs in 2011 and the winners of the EDP Volunteering 2010.

EDP SOLIDARITY'S PROJECTS 2011

PROJECT	ENTITY	TARGET PUBLIC	BENEFITTED PUBLIC IN 2011
Lumiar	Kolping Community of Jardim Revista	Young people and children	290 young people and children
Music in Schools	Ágape Association for Special Education	Young people and children	61 young people
Producing Art	Ólhos de Águia Association	Young people and children	54 young people
Escola Cieds: local development	CIEDS – Integrated Centre of Studies and Programs for Sustainable Development	Young people	34 young people
Guri Project - Regional Pole in São José dos Campos	Guri Project's Friends Association	Young people and children	570 children
Here comes the history...	Crescer Institute for Citizenship	teachers and students	89 professors Multipliers Teenagers Group (GAM)
Side by Side with Prevention	Nossa Senhora das Graças Social Work	Young people and teenagers	357 young people and teenagers
Bridge Project	Franco Rossetti Communitarian Centre	Young people and children	117 young people and children
Ilumina Project – Action - Environmental Education	Capixaba Institute of Ecotourism	Young people and children	214 young people and children
Caieiras Island Ecobase	Bem Brasil – Social Development Institute	Young people	39 young people
Producing Art Project	Atêliê das Idéias Association	women	27 women
House safety for low income communities: ecoefficient and low cost building technologies	Capaxiba Association against Infant Cancer (ACACCI)	community	10 families
Living with Art	Communitarian Engagement Service (SECR)	women	113 women
Life Projects: buildings and meaning	Defence Centre of Children and Teenagers' Rights	Young people and children	508 young people and children
O world to be called Yours II	Salesiano Dom Bosco Juvenile Centre	Young people and children	300 young people and children
Zig Zag Space	Association of Small Farmers and Resettlement Residents of Luzimangues (TO)	Young people	20 young people
Sport is Citizenship	Defense Centre of Children and Teenagers' Rights	Young people and children	157 young people and children
Candeia	Comsaúde	Young people and children	220 young people and children
Education and Professionalization of Quilombola Community: development by culture and environment conservation	Voz da Natureza Environmental Association	Young people and children	565 young people and children
O Quilombola: desenvolvimento através da cultura e conservação ambiental	Association of Environmental Guides and Monitors of Costa Rica	Quilombola community	80 residents
Art and Environment in Alto do Sucuriú	Environmental Guides and Monitors Association of Costa Rica	Young people	180 young people

edp in schools

EDP in Schools completed ten years in 2011, promoting quality of life for students from municipal public schools in city where the company operates. The program provides, among other activities, distribution of materials kits for the students, improvement of the school environment and culture activities. In 2011, the program benefitted 8 thousand students in 27 public schools. Volunteers gave speeches on conscious consumption, sustainability and biodiversity.

The contest Arte com Energia, that integrates the program, encouraged children and teenagers to be more solidarity and

participative. The discussed theme in the year was "I planted a forest in the heart!" The activity engaged a total of 6,000 students and 500 teachers in the production of 425 amateur videos on the theme. Out of them, 120 were sent to EDP, 54 have been ranked and 17 awarded – two of them have been produced by the children of the company's employees.

edp program in schools

TARGET PUBLIC	2009	2010	2011
Schools	72	28	27
Students	19,760	8,600	8,330
Educators	1,150	420	350
Volunteers	112	140	203
Partners	12	12	7

Social development and citizenship

Dentists of good

The Dentists of Good project, promoted by NGO Turma do Bem, has benefitted more than 22 thousand teenagers in 2011. The initiative provides cost free dental treatment to young people of low income, between 11 and 17 years of age, by means of a volunteered work of dentists and EDP's support. The eligible patients selected in public schools all over the country, and are those with serious oral diseases, very poor, and who are about to get their first job.

volunteering

In the beginning of 2011, EDP Group divulged a new global volunteering policy, encouraging social actions among its employees. Every EDP Group's employee has the right to dedicate four work hours to volunteering actions. The Volunteering Site (www.voluntariadoedp.com.br) informs the projects of the Institute as also results obtained by carried out works.

As part of the EDP Volunteering program, EDP institute has launched *Desafio do Bem*, an action aimed at encouraging the employees to better know the communities located near to their sites. The participants formed groups of 5-10 people which were in charge of carrying out social works in organizations supported by the Institute. The eight selected groups in different regions received an amount of R\$ 2,000 for the planning and execution of actions including social, visual and educational improvements. The three best projects have been awarded, benefiting once again the partners' organizations.

In 2011, the Institute also encouraged the participation of employees in the World Day for Good Actions (28 April) and in the São Paulo Winterwear Campaign. On the National Health Day (5 August) the Institute received donations of drugs for the Red Cross Organization. In September, the blood donation campaign, held in EDP headquarter, counted with the infrastructure support of Blood Bank of Hospital das Clínicas de São Paulo.

The SOS Espírito Santo volunteering activity has been organized to support the victims of flood in impacted cities of the state of Espírito Santo. The campaign has been extended to other regions, through SOS Brasil, collecting donations for the victims all over the country.

EDP sponsored the São Paulo Bike Tour and encouraged the participating employees to donate their bikes to Instituto Criança Cidadã (ICC), in Guarulhos. 83 children and young people, who attend the Circus School, one of the projects attended by ICC, have been benefitted.

impacts control **I GRI S01**

All EDP Energias do Brasil impacts originated by the activities for the generation and distribution of energy are evaluated prior to, during and after the construction of assets, observing all local socio-environment conditions, what corresponds to 66% of holding's activities. This process is not applied in trading, because this activity does directly impact the communities. The continuous monitoring of environment impacts, which meets the sector rules, is provided by the annual report sent to the regulatory agencies and to the public of interest. According to legislation, all units have internal safety committees and safety teams, which count with systematized emergency procedures.

The company pursuits the engagement of communities in the set up processes, providing information on the activities and consultation channels. The projects are followed-up by hearing the beneficiaries and proponents, as also a feedback system to the community. The decision to continue with a certain project depends on its monitoring and on the analysis of indicators.

In parallel, those actions represent positive indirect economical impacts, for attracting workforce and boosting the local economy of impacted regions. On this regard, the company aims at enhancing these impacts by means of programs and systematic activities which may contribute for a better social organization.

"It was an excellent social work with the distribution of school kits, qualification of teachers, recycling and environmental training to students, and programs boosting volunteering. In conclusion, I congratulate EDP for these social actions."

(Paulo Cezar Castro, labor safety engineer – Delta, Vitoria, ES)

The encouragement to the community development is also made by EDP Solidarity's social projects, which aim at benefitting the areas where the company is located. The energy efficiency programs benefit the customers of the distribution companies.

Training activities and income generation actions are directed to the communities suffering with any kind of negative impacts originated by EDP's activities. It is the case of 40 residents of Lajeado (TO), a city impacted by Luís Eduardo de Magalhães Power Plant. Young people took part in sewing course, given by Centro Juvenil Salesiano Dom Bosco, aiming at income generation in a promising regional textile market. In Ceará, in the region of TPP Pecém I, the company, since the beginning of the construction works, has given technical trainings to

350 professionals in civil constructions, industrial welding and industrial mechanics. IGRI EC9I

In 2011, approximately 1.5 thousand people took part in guided tours to the construction site of Pecém power plant. They had the opportunity to understand how the energy generation works, besides information given to 1.6 thousand calls received by the phone service. The HPP Lajeado, in Palmas, received annually 4 thousand visitors. In June, EDP Escelsa provided to 25 Engineering students the opportunity to know the facilities in Espírito Santo. Questions about the performance of the Generation and Distribution unites can be also answered by means of available communication channels between the company and the society.

IMPACTS, PREVENTION AND MITIGATION | GRI SO9 E SO10 |

OPERATIONS AND COMMUNITIES AFFECTED BY	POTENTIAL IMPACTS	PREVENTION/MITIGATION	OBJECTIVES OF PREVENTION/ MITIGATION ACTIONS
EDP Escelsa's concession geographical area	Damage to archaeological assets in construction works	<ul style="list-style-type: none"> • Constructions follow-up by skilled professionals in partnership with local research organizations; • Archaeological material recovery; • Draw-up scientific articles on the historical/cultural know-how made by the archaeologist (hired for that purpose). 	Continue meeting official requirements
	Noise pollution	<ul style="list-style-type: none"> • Monitoring. 	Continue to meet official requirements
	Emissions	<ul style="list-style-type: none"> • Filters and monitoring; • -Use of SF6 gas storage equipment, to avoid • emissions to the atmosphere 	To go beyond legal requirements
	Electromagnetic field	<ul style="list-style-type: none"> • Projects include calculations and specific report • Monitoring. 	Continue to meet official requirements
	Damages to arborisation and flora	<ul style="list-style-type: none"> • Set up of protected nets 	To go beyond legal requirements
	Effluents	<ul style="list-style-type: none"> • Monitoring 	Continue to meet official requirements
	Biodiversity Fauna	<ul style="list-style-type: none"> • Set up of protected and isolated nets. • Shrink barriers and protections; • Set up of isolated and protected nets. 	To go beyond legal requirements
EDP Bandeirante's concession geographical area	Soil and water pollution with oil, noise and atmospheric pollution caused by fires followed by high-voltage transformers explosions	<ul style="list-style-type: none"> • Preventive maintenance of equipments, Implementation of an Integrated Emergency and Contingency Plan of Fire Fighting Training. 	Continue to meet official requirements
	Soil and water pollution due to leaking of converters isolation oil and of capacitors in substations.	<ul style="list-style-type: none"> • Preventive maintenance of equipments, Implementation of an Integrated Emergency and Contingency Plan of Fire Fighting Training. 	Continue to meet official requirements
	Soil and water pollution by ashes, atmospheric pollution and nuisance for the citizens due to occasional fires in administrative buildings	<ul style="list-style-type: none"> • Preventive maintenance of equipments, Implementation of an Integrated Emergency and Contingency Plan of Fire Fighting Training. 	Continue to meet official requirements
HPP Santo Antonio do Jari Region	Damage to archaeological assets in construction works	<ul style="list-style-type: none"> • Constructions follow-up by skilled professionals in partnership with local research organizations 	Continue to meet official requirements

Social development and citizenship

OPERATION AND AFFECTED COMMUNITIES	REAL IMPACTS	PREVENTION/MITIGATION	OBJECTIVES OF PREVENTION/MITIGATION ACTIONS
HPP Santo Antonio do Jari region	Need of economical reorganization of relocated families.	<ul style="list-style-type: none"> • Actions directed to Professional training and income generation • Training Program directed to County Public Agents • Integration activities and communication vehicles to discuss impacts originated by constructions • Social Communication Program: • Integration activities and communication means to discuss impacts originated by constructions. 	To mitigate and make up for potential social and economical impacts originated by the project implementation. Establish means to assure clear information building a positive communicative relation with many sectors affected by the project.
	Lack of information to the community concerning company's local operations Interim rush of workers during the construction Need of economical reorganization of relocated families.	<ul style="list-style-type: none"> • Support Program to local workforce training: • Previous articulation with local authorities to prepare the region • Actions directed to professional formation and income generation 	Qualify population to meet project's workforce demand Contribute to increase job rates and local economic dynamics; Increase contracting of local supplies and services suppliers
EDP Escelsa's concession geographical area	Maintenance and cleaning of right-of-ways	<ul style="list-style-type: none"> • Fulfil requirements of Escelsa-Idaf Technical Cooperation Partnership 	To GO beyond legal requirements
	Expansion of Power System	<ul style="list-style-type: none"> • Implementation of Social Communication Programs during set up works of distribution lines and substations 	Continue to meet official requirements
EDP Bandeirante's concession geographical area	Soil and water pollution due to waste generation	<ul style="list-style-type: none"> • Use of operational procedures and instruction of specific works. • Office's waste and metal scrap are sent for recycling. • Oil, inks, solvents and silica gel residues are sent to co-processing 	Continue to meet official requirements
	Impacts to flora and fauna due to the removal or change of vegetal cover – Cut of vegetation	<ul style="list-style-type: none"> • Launching of Road Arborisation and Public Green Areas Guide, detailing the correct management of trees. • Training on urban tree cut and move for own and third employees. 	Continue to meet official requirements
	Noise pollution and nuisance to the citizens due to transformer's emissions of noise	<ul style="list-style-type: none"> • Annual campaigns for noise monitoring according to Work Procedure for Noise Monitoring in Substations, proposing actions to decrease emission levels, such as maintenance of ventilation system, blockage in the ventilation system, equipment change, etc. 	Continue to meet official requirements
	Damage to archaeological assets in construction works	<ul style="list-style-type: none"> • Constructions follow-up by skilled professionals. • Use of specific operational procedure 	Continue to meet official requirements

Sport and culture

EDP Sponsorship Policy in Brazil, reviewed in 2011, directs the selection of sport and cultural projects made, as of the current year, by means of public bids. Aligned with established objectives for sponsors grantings, the priority of selected projects is training actions which contribute to the whole development of kids and young people of lower social classes and promote cultural contend and aspects of assisted communities as well.

Objectives of Sponsorship Policy

- Contribute to social inclusion, life quality and well being of communities where EDP acts, promoting access and boosting training;
- Give value to diversity and regional cultures;
- To reinforce commitment with innovation and sustainability.

The selected projects received investments in the amount of R\$ 1.4 million, with resources obtained via Federal Laws to Cultural Incentive (Rouanet) and Sports Incentive. Cultural actions value diversity and strengthen Brazilian regional expressions. Sport actions boost social integration and well-being of communities.

The Investco Cultural and Sport Circuit 2011, with environmental focus, carried out several attractions to the neighbouring communities of HPP Luís Eduardo Magalhães. Besides workshops, drama, movies and shows, three sport competitions highlighted the event: the Investco Canyoning Cup, Triathlon Center-West Cup and Corporate Trekking.

In 2011, Investco participated also in the Project “Forças no Esporte – Navegar é Preciso” conducted by the Marine Corps, where 100 teenagers from public schools were taught citizenship, environmental education and sailing, besides receiving food, clothes and transport. The company supported others sport activities in the region, such as the swimming completion “Desafio 8K” and the “4th. Bike Tour of Tocantins”.

Between September 15 and 17, the city of Peixe (TO) hosted the Sport and Music Caravans, an initiative of

SELECTED PROJECTS IN 2011 (TO BE IMPLEMENTED IN 2012)

PROJECTS	STATE	CITY	TARGET PUBLIC
Painting my city	SP	Aparecida Itaquaquecetuba Mogi das Cruzes Suzano Ferraz de Vasconcelos São José dos Campos	Teenagers
		Biritiba Mirim Ferraz de Vasconcelos Guarulhos Itaquaquecetuba Mogi das Cruzes Poá Salesópolis Suzano	
Rites of Rivers and Streets -workshops and presentations	SP	Guarulhos Palmas Paraná Miracema Lajeado Ipueiras Brejinho de Nazaré Peixe	Adults and kids
		Brejinho de Nazaré Ipueiras Lajeado Miracema Palmas Porto Nacional Paraná Peixe São Salvador do Tocantins São Valério	
Drama on board - workshops and presentations	TO	Serra Aracruz Conceição da Barra Jaguaré Linhares Montanha Pedro Canário Pinheiros São Mateus Sooretama	Teenagers
		Brejinho de Nazaré Ipueiras Lajeado Miracema Palmas Porto Nacional	
Minute Festival	TO	Serra Aracruz Conceição da Barra Jaguaré Linhares Montanha Pedro Canário Pinheiros São Mateus Sooretama	Communities
		Brejinho de Nazaré Ipueiras Lajeado Miracema Palmas Porto Nacional	
Ginga Dendê	ES	Brejinho de Nazaré Ipueiras Lajeado Miracema Palmas Porto Nacional	Kids
		Brejinho de Nazaré Ipueiras Lajeado Miracema Palmas Porto Nacional	
SPORT			
Football for Education	SP	Guarulhos São José dos Campos Taubaté	Kids and teenagers
Volleyball	ES	Vila Velha	Teenagers
Social inclusion through football society	TO	Palmas	Kids

Social development and citizenship

ESPN in partnership with Unicef and sponsored by Enerpeixe.

The Caravana's team of teachers and the sports stars Claudinei Quirino (athletics), Ida Alvares (volleyball) and Lars Graef (yachting) provided orientations about their techniques and life experiences to more than 3 thousand kids.

edp in arts

The EDP in Arts is a partnership with Tomie Ohtake Institute to encourage art production among the young people, and is composed of capacitation courses, speeches, seminars, selection notices, awards, exhibition and leaflets publication. In 2011, the project enabled a formation course in contemporaneous art at Universidade do Espírito Santo and at Fundação Cultural de Palmas, with exhibition of works produced during the classes. The decentralized activities encouraged the local art production and exchange among artists.

Support to development

| GRI EU20 |

In order to guarantee the project feasibility, EDP checks with the responsible private and public agencies on areas for the power plants set-up. Land surveyings identify impacted areas and properties, and the occasional need for people reallocation. In the second semester of 2011, all attention was directed to the construction start-up of HPP Santo Antônio do Jari.

With a forecasted investment in the amount of R\$ 1.4 billion and operation start-up in 2015, the Jari works should generate approximately 1.4 thousand jobs in its peak phase. After the conclusion of construction works the power station will hire about 50 operators. The cities of Laranjal do Jari and Almeirim will collect more taxes, boosting their revenues. The regional businesses development will generate another 2 thousand indirect jobs. Part of future generated energy was traded in the A-5 bid held in December 2010. Other 73 MW can be traded in future bids or in free market.

The water collection system of Jari River will form a dam of 31.7 square kilometers. This represents the major environmental impact of the construction. This impact has been studied, analysed and

approved by Brazilian Institute of Environment and Renewable Natural Resources (Ibama - Instituto Brasileiro de Meio Ambiente e de Recursos Naturais), for the issue of the environmental feasibility certificate (Previous License) and further Setting-up Licensing resulting in the authorization for the constructions works start-up.

The setting-up license forecasts 38 programs for environment management, climate monitoring, fauna, flora and environmental education, among others. There is a set of 16 programs aiming at the socioeconomic impact management, including environmental education initiatives, training of workforce, support to fishing activities and monitoring of immigrant population, among others. All activities and project milestones will be disclosed by the Environmental Program of Social Communication, in communication vehicles, itinerant meetings and speeches with the communities.

The Compensation and Resettlement Environmental Program foresees the need to relocate 18 families, out of them 9 are from Vila São Francisco do Itatapuru and another 9 are living individualized on the banks of Jari River. The community pledge is that all existing houses of Vila São Francisco do Itatapuru be rebuilt in a new project, following the same current construction pattern.

| GRI EU22 |

The project foresees a formal socioeconomic registration, containing updated information concerning improvement and life quality of affected families. The resettlement process of families will be carried out with the support of meetings held with the community. A multifunction team, including a social assistant, with experience in other power plant projects, will be responsible for carrying out the environmental programs.

The Compensation and Resettlement Environmental Program settles objectives, methods and schedule approved by Brazilian Institute of Environment and Renewable Natural Resources (Ibama). All these objectives and methods should be followed in order to "minimize negative impacts to the population, providing equal conditions, or, whenever possible, better than those past living condition, respecting the prior relation with the environment, socioeconomic and cultural activities". Furthermore, this Program should consider and maintain all signed agreements in the Understanding Protocol with the Community, signed in 1995 among the investor, impacted communities, Amapá State Authorities, Laranjal do Jari Municipal Authorities and City Council.

The impacted families, who do not accept the resettlement,

will receive a previous cash compensation based on technical analysis of improvements and on agreements executions. Within the Social Communication Program, since the beginning of the project implementation, there is available an ombudsman cost free telephone line (0800) with the aim at establishing a direct communication channel with the community to register and clarify questions, opinions and demands of the public.

pecém integrates the community

The Pecém Power Plant, feed with mineral coal, offers a greater security to the national power supply system, balancing the hydric shortages in dry seasons. The power plant, which will start-up its operations in 2012, is equipped with strict environmental control systems, such as closed mats for coal transportation, desulphurization and filtration systems of gases generated in boilers and a green belt to preserve neighbouring areas. The power plant is being built by EDP in Brazil in partnership with MPX (participation of 50% each company). The EDP's investment is of R\$ 1.3 billion financed by the Inter-American Development Bank (IDB), by BNDES – Brazilian Development Bank and by European Banks.

The investments made on socio-environmental impacts controls carried out during the construction presented significant results in São Gonçalo do Amarante, Ceará state. The power plant spent more than R\$ 7 million with social integration and environmental education activities. In 2011, two events stood out: the Environmental Week, with the participation of 844 people of the community and 5,300 employees of Energia Pecém; and the cultural contest of the "Green Week", which awarded computers to three students of the city and their respective schools, and had the participation of 8,021 individuals.

Since the beginning of construction works, it was a priority to inform the neighbouring citizens on the activities that should be performed. The close relation with the citizens was developed by individual or collective visits held in the communities. The Community Energy Program, with a mobile unit, held technical meetings and video sessions, and handed over printed informative material, evolving more than 2 thousand direct cases. The

interested persons could clarify their questions concerning the project through toll free service phone line. Sponsored improvements made in one hospital and in two schools benefited directly 15 thousand people.

The control of environmental aspects, adopting systems for the mitigation and compensation of environment impacts, included the recovering of degraded areas and monitoring of fauna, noises, air and water quality, among other activities, representing a forecasted investment of R\$ 14.36 million for the setup phase.

income generation

In Espírito Santo state, in compliance with the Conduct Adjustment Declaration proposed in Social Report of Areas of Influence of Mascarenhas, two projects have been introduced to the power plant's neighbouring communities:

- a) Doces Nascentes Capixabas Project, which skilled 25 local producers and aims at recovering the natural ecosystems linked to water springs. The project contributes to the maintenance of water resources of the Queixada River, Pinga Fogo and Bonfim watershed, besides promoting the consciousness of the public directed to the rational use and preservation of water sources.
- b) Talentos de Mascarenhas Project aims at educating and creating formal groups of women, living in Vila de Mascarenhas, who want to develop their productive activities in stitching and embroidery, with the objective of income generation.

In São Paulo, EDP encouraged the youth entrepreneurship by financing the Escola Cieds Project in Guarulhos city. The initiative designed to offer education based on discussions on cross-cutting themes, such as: social roles, participative citizenship, infant and women health, Child and Teenager Statute, social legislation applied to life; and articulation in local service net. The company also technically followed a 17-25 age group with focus on the productive insertion in the society and labor and income generation.

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1. São José dos Campos - SP

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Ibase's Social Balance sheet



1 - CALCULATION BASE		2011 Amount (thousand reais)		2010 Amount (thousand reais)			
Net income (RL)			5,401,662		5,034,316		
Operational result (ROI)			1,191,978		1,192,176		
Gross payroll (FPB)			257,125		229,849		
2 - INTERNAL SOCIAL INDICATORS		Amount (thousand)	% over FPB	% over RL	Amount (thousand)	% over FPB	% over RL
Meal		23,767	9.24%	0.44%	16,655	7.25%	0.33%
Compulsory social contributions		67,224	26.14%	1.24%	56,620	24.63%	1.12%
Private pension plan		10,322	4.01%	0.19%	11,820	5.14%	0.23%
Health		26,711	10.39%	0.49%	17,145	7.46%	0.34%
Safety and Occupational health		2,196	0.85%	0.04%	2,463	1.07%	0.05%
Education		577	0.22%	0.01%	614	0.27%	0.01%
Culture		0	0.00%	0.00%	0	0.00%	0.00%
Training and Professional development		3,339	1.30%	0.06%	3,867	1.68%	0.08%
Nurseries or nursery-allowance		480	0.19%	0.01%	157	0.07%	0.00%
Income or results sharing		23,593	9.18%	0.44%	20,408	8.88%	0.41%
Voluntary Dismissal Program - PDV		0	0.00%	0.00%	0	0.00%	0.00%
Other		2,789	1.08%	0.05%	2,161	0.94%	0.04%
Total - Internal social indicators		160,999	62.62%	2.98%	131,910	57.39%	2.62%
3 - EXTERNAL SOCIAL INDICATORS		Amount (thousand)	% over RO	% over RL	Amount (thousand)	% over RO	% over RL
Education		1,110	0.09%	0.02%	1,356	0.11%	0.03%
Culture		1,886	0.16%	0.03%	1,737	0.15%	0.03%
Health and sanitation		40	0.00%	0.00%	80	0.01%	0.00%
Sport		534	0.04%	0.01%	133	0.01%	0.00%
Combatal to hunger and safe food		0	0.00%	0.00%	0	0.00%	0.00%
Other		859	0.07%	0.02%	656	0.06%	0.01%
Total of contributions to community		4,429	0.37%	0.08%	3,962	0.33%	0.08%
Taxes (excluding social contributions) ¹		3,254,770	273.06%	60.25%	3,006,117	252.15%	59.71%
Total - external social indicators		3,259,204	273.43%	60.34%	3,010,079	252.49%	59.79%
4 - ENVIRONMENTAL INDICATORS		Amount (thousand)	% over RO	% over RL	Amount (thousand)	% over RO	% over RL
Investments related to production/ operation of the Company		29,405	2.47%	0.54%	28,810	2.42%	0.57%
Investments in external programs and/or projects		0	0.00%	0.00%	0	0.00%	0.00%
Total of investments in environment		29,405	2.47%	0.54%	28,810	2.42%	0.57%
As regards to the establishment of "annual goals" to minimize wastes, the consumption in general in production/ operation and to increase effectiveness in the use of natural resources, the Company		() does not have goals () fulfils 51 a 75% () fulfils 0 to 50% (x) fulfils 76 to 100%			() does not have goals () fulfils 51 to 75% () fulfils 0 to 50% (x) fulfils 76 to 100%		
5 - STAFF INDICATORS		2011 ²⁾		2010			
No. of employees at the end of the period			2,600		2,378		
No. of admissions during the period			364		256		
No. of outsourced staff			7,485		3,886		
No. of trainees			186		109		
No. of employees over 45 years of age			849		833		
No. of women working in the Company			586		577		
% of leadership positions held by women			19.10%		24.26%		
No. of black people working in the Company (*)			380		361		
% of leadership positions held by black people			4.30%		5.59%		
No. of people with disability or special needs			80		98		

6 - RELEVANT INFORMATION REGARDING THE EXERCISE OF CORPORATE CITIZENSHIP				2011			GOALS 2012		
Relation between the highest and lowest remuneration in the Company (4)				63.9			63.9		
Total number of accidents in the workplace(5)				101			0		
The social and environmental projects developed by the Company were defined by:				() directors	(x) directors and management	() all employees	() directors	(x) directors and management	() all employees
Safety and healthfulness standards in the working environment were defined by:				(x) directors and management	() all employees	() all + Cipa (Internal Commission for Accident Prevention)	() directors and management	() all employees	(x) all + Cipa
As to the union trade freedom, to the right of collective bargaining and to the internal representation of employees, the Company:				() is not engaged	(x) complies with OIT rules	() encourages and comply with OIT	() is not engaged	(x) complies with OIT rules	() encourages and comply with OIT
Private pension plan includes:				() directors	() directors and management	(x) all employees	() directors	() directors and management	(x) todos(as) empregados(as)
Income or results sharing includes:				() directors	() directors and management	(x) all employees	() directors	() directors and management	(x) todos(as) empregados(as)
In the selection of suppliers, the same ethical and of social and environmental liability standards adopted by the Company:				() are not considered	() are suggested	(x) are required	() are not considered	() are suggested	(x) are required
Regarding the employees' participation in programs of voluntary work, the Company:				() is not engaged	() supports	(x) organizes and encourages	() is not engaged	() supports	(x) organizes and incentive
Total number of consumers complaints and negative comments:				in the company 162,588	at Procon 5,280	in court 2,983	in the company 152,833	at Procon 5,069	in court 2,864
% of complaints and negative comments that were resolved:				in the company 99.3%	at Procon 98.5%	in court 27.5%	in the company 100%	at Procon 100%	in court 35%
Total added value to distribute (in thousand R\$):				IN 2011: 4,545,961			In 2010(1): 4,285,010		
Distribution of the Added Value (DVA):				72% government 5% employees 3% shareholders 11% third parties 8% withheld			71% government 5% employees 3% shareholder 10% third parties 11% withheld		

7 - OTHER INFORMATION

(1) The 2010 Operational Result (OR) has been changed due to the reclassification of Other Results rubric to Other Expenses and Operational Income rubric in the Report of Results. The tax amount (excluding social taxes) and Total Added Value to distribute, concerning 2010, have been changed due to the reclassification of the Taxes and Contributions rubric within Added Value to distribute, to the rubrics originating these credits in Generation of Added Value, of the Added Value of PIS/Confins Credits Report. The result includes Pecém.

The 2010 value concerning Internal Social Indicators and External Social Indicators – Education and Taxes were changed, as they do not include data from EDP Renováveis. 2010 Values do not include Pecém.

(2) The data from Pecém are included only in the number of employees and third parties at the end of the period.

(3) Include Black and mixed race in the company.

(4) Wages of the president and vice-presidents are excluded, because despite the compensation is paid in Brazil, the decision on amounts paid is taken in Portugal, as they are businesses administrators and have relation with the Executive Board. The Directors of the Board have been excluded for not being included in the Group's headcount.

(5) The figure includes accidents with or without time off work, evolving employees and third parties.

This company does not use child labor or slave labor, nor is engaged with prostitution or child or teenager sexual exploration and is not involved with corruption. The EDP Energias do Brasil group is signatory of the agreement against slave and child labor.

Our company values and respects internal and external diversity.

For clarification of information declared: Sustainable Executive Management (sustentabilidade.edp@edpbr.com.br).

annexes

NBCT-15 - norma brasileira de contabilidade (brazilian accounting regulation)

Social and environmental information

					PERIOD 2011
HUMAN CAPITAL MANAGEMENT	GROSS COMPENSATION * (R\$ THOUSANDS)				
	Employees				167.450,09
	Administrators				11.345,09
	Third party employees				-
	Self-employed				-
				Total	178.795,18
	ENTITY'S COMPENSATION (R\$)				
	Major				50.059,00
	Minor				784,00
	Relation major/minor				63,85
EXPENSES (R\$ THOUSAND) WITH EMPLOYEES RELATED TO					
	Employees	Administrators	Third-party employees	Self-employed	
Social contributions	67,224	2,899	-	-	
Meal	23,767	224,40	-	-	
Transport	1,133	-	-	-	
Private pension plan	10,322	-	-	-	
Health	26,711	-	-	-	
Safety & Occupational Health	2,196	-	-	-	
Education	577	-	-	-	
Culture	0	-	-	-	
Training and Professional development	3,339	-	-	-	
Nurseries or nursery-allowance	480	-	-	-	
Voluntary Dismissal Program - PDV	0	-	-	-	
Income or results sharing - PLR	23,593	-	-	-	
Other	1,656	-	-	-	
STAFF STATUS					EDP Total
Admissions					364
Dismissals					243
Interns					186
People with disability or special needs					80
Outsourced staff					7.485
% of leadership positions held by men					80,90
% of leadership positions held by women					19,10
Gender classification					
Male employees					1.931
Female employees					586
Age classification					
Employees under 18 years old					0
Employees from 18 to 35 years old					1073
Employees from 36 to 60 years old					1.432
Employees above 60 years old					12
Educational classification					
Illiterate employees					0
Employees with elementary education degree					331
Employees with high school degree					1184
Employees with technical degree					0
Employees with undergraduate degree complete					934
Employees with master's degree					68
LAW	LABOR SUITS				
	Total of labor suits filed against the entity				312
	Number of suits having grounds				42
	Number of groundless suits				251
	Total amount of severance and penalties paid in court (R\$)				2,925,787,00

COMMUNICATION	RELATIONS WITH THE COMMUNITY	EDP TOTAL
	Investments in education (R\$ thousands)	1,110
	Investments in culture (R\$ thousands)	1,886
	Investments in health and sanitation (R\$ thousands)	40
	Investments in sports and leisure (R\$ thousands)	534
	Investments in meals (R\$ thousands)	0
	Other	859
BUSINESS MANAGEMENT	CUSTOMER RELATION	
	No. of complaints directly driven to the entity	162,588
	No. of complaints received through consumer protection agency	5,280
	No. of complaints handled in the company (%)	99,30
	No. of complaints handled at Procon (%)	98,50
	No. of complaints handled in court (%)	27,50
	Total amount of fines and compensations paid to customers, established by consumer protection agencies and by court (R\$)	2,010,818.00
Actions taken by the entity to resolve and reduce complaints	1) Improvements of customer services systems. 2) Formation of 4 work teams to identify and analyse main root causes of complaints and draw up the correspondent action plan.	
ENVIRONMENT	ENVIRONMENT RELATION	
	Investments and amounts expended with maintenance in benefit to the environment (R\$ thousands)	17,503
	Investments and amounts spent with environmental education of employees (R\$ thousands)	151
	Investments and amounts expended with environmental education of the community (R\$ thousands)	406
	Investments and amount spent with other environmental projects (R\$ thousands)	11,343
	Total of environmental, administrative and legal suits filed against the entity	17
	Amount of fines and compensations paid in relation to environment issues, established by administrative and/or judicial order (R\$)	41,441,000
	Liabilities and contingencies (R\$)	12,879

(*) Gross remuneration = salaries, bonuses, fringe benefits, advance on wages, gratifications, 13th. salary and PLR (Incomes or Result Sharing).

Note: Pecém is included at a rate of 50%, except in relation to staff indicators, due to lack of information.

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GRI summary **GRI 3.12**

		GLOBAL COMPACT PRINCIPLE	PAGE / COMMENTS	INFORMATION LEVEL
STRATEGY AND ANALYSIS				
1.1	Statement from the most senior decision-maker of the organization.		21, 23	Complete
1.2	Description of key impacts, risks and opportunities		28, 49, 50, 56	Complete
ORGANIZATIONAL PROFILE				
2.1	Name of reporting organization.		10	Complete
2.2	Primary brands, products and/or services		10	Complete
2.3	Operational structure		10	Complete
2.4	Location of organization's headquarters		10, 148	Complete
2.5	Number of countries where the company operates		10	Complete
2.6	Nature of ownership and legal form		10	Complete
2.7	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries).		10	Complete
2.8	Scale of the reporting organization		10, 12, 18, 19	Complete
2.9	Significant changes during the reporting period regarding size, structure or ownership		10	Complete
2.10	Awards received in the reporting period.		16, 17	Complete
EU1	Installed capacity, broken down by primary energy source and by regulatory regime.		32	Complete
EU2	Net energy output broken down by primary energy source and by regulatory regime.		30	Complete
EU3	Number of residential, industrial, institutional and commercial customer accounts.		35	Complete
EU4	Length of above and underground transmission and distribution lines by regulatory regime		34	Complete
EU5	Allocation of CO2e emissions allowances or equivalent, broken down by carbon trading		56	Complete
REPORT PARAMETERS				
3.1	Reporting period for information provided		6	Complete
3.2	Date of most recent previous report		6	Complete
3.3	Reporting cycle (annual, biennial)		6	Complete
3.4	Contact point for questions regarding the report or its contents		6	Complete
SCOPE AND BOUNDARY OF THE REPORT				
3.5	Process for defining report content.		6	Complete
3.6	Boundary of the report (countries, divisions, subsidiaries, suppliers)		6	Complete
3.7	Statement of any specific limitations on the scope or boundary of the report.		6	Complete
3.8	Basis for reporting on joint ventures, subsidiaries, etc.		6	Complete
3.9	Data measurement techniques and the bases of calculations		6	Complete
3.10	Consequences of any re-statements of information provided in earlier reports		6	Complete
3.11	Significant changes from previous reporting periods		6	Complete
3.12	Table identifying the location of the Standard disclosures in the report.		136-143	Complete
ASSURANCE				
3.13	Policy and current practice with regard to seeking external assurance for the report.		6, 144, 145	Complete
GOVERNANCE, COMMITMENTS AND ENGAGEMENT				
GOVERNANCE				
4.1	Governance structure of the organization	1 to 10	89, 91	Complete
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	1 to 10	90	Complete
4.3	Members of the highest governance body that are independent and/or nonexecutive members.	1 to 10	90	Complete
4.4	Mechanisms for shareholders and employees to provide recommendations	1 to 10	90	Complete
4.5	Linkage between compensation and performance	1 to 10	90	Complete
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	1 to 10	89	Complete
4.7	Process for determining the qualifications and expertise of the members of the highest governance body	1 to 10	90	Complete
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental and social performance, and the status of their implementation	1 to 10	86, 87, 88	Complete
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	1 to 10	49, 50, 89	Complete
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	1 to 10	90	Complete

	GLOBAL COMPACT PRINCIPLE	PAGE / COMMENTS	INFORMATION LEVEL	
COMMITMENTS TO EXTERNAL INITIATIVES				
4.11	Precautionary approach or principle	7	50	Complete
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.		95	Complete
4.13	Members in associations and/or national/international organizations		95	Complete
STAKEHOLDER ENGAGEMENT				
4.14	List of stakeholder groups engaged by the organization		96, 97	Complete
4.15	Basis for identification and selection of stakeholders with whom to engage		96	Complete
4.16	Approaches to stakeholder engagement		96, 97	Complete
4.17	Key topics and concerns that have been raised through stakeholder engagement		96-99	Complete
MANAGEMENT APPROACH				
ECONOMIC PERFORMANCE				
	Economic Performance		26, 27, 38-44, 49-50	Complete
	Market presence		26, 27, 74, 104, 112	Complete
	Indirect economic impacts		26, 27, 122, 125	Complete
	Availability and reliability		49, 50	Complete
EU6	Management approach to ensure short and long-term electricity availability and reliability		49	Complete
	Demand-side management		60-63	Complete
EU7	Demand-side management programs including residential, commercial, institutional and industrial programs		60-63	Complete
	System efficiency		60-63	Complete
	Research & Development		81-83	Complete
EU8	R&D activities and expenditures		81-83	Complete
	Plant decommissioning	EDP Energias do Brasil does not operate nuclear Power plants		Complete
EU9	Provision for decommissioning of nuclear power plants	EDP Energias do Brasil does not operate nuclear Power plants		Complete
ENVIRONMENTAL PERFORMANCE				
	Materials		26, 50, 63, 64	Complete
	Energy		26, 50, 58-60	Complete
	Water		26, 50, 65	Complete
	Biodiversity		26, 70-74	Complete
	Emission effluents and waste		26, 56-58, 66-68	Complete
	Products and services		26, 68, 69	Complete
	Compliance		26, 70	Complete
	Transport		26, 68	Complete
	Overall		26, 50, 69, 70	Complete
LABOR PRACTICES AND DECENT WORK				
	Employment		26, 27, 102-104, 110, 111	Complete
EU14	Programs and processes to assure skilled workforce offer		105-107	Complete
EU15	Percentage of employees to retire within 5 to 10 years by function and region		103	Complete
EU16	Policies and requirements in relation to health and safety of employees, contractors and subcontractors		108	Complete
	Labor/governance relations		26, 27	Complete
	Occupational health and safety		26, 27, 108-110	Complete
	Training and education		26, 27, 105	Complete
	Diversity and equal opportunity		26, 27, 90, 91, 110, 111	Complete
	Equal remuneration to men and women		26, 27, 110, 111	Complete

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	TYPE OF MANAGEMENT	PAGE / COMMENTS	INFORMATION LEVEL
	HUMAN RIGHTS		
	Investment and procurement activities	26, 27, 89	Complete
	Non- discrimination	26, 27, 89	Complete
	Freedom of Association and Collective bargaining	26, 27, 89	Complete
	Child Labor	26, 27, 89	Complete
	Forced and compulsory labor	26, 27, 89	Complete
	Security practices	26, 27, 89	Complete
	Indigenous rights	26, 27	Complete
	Assessment	26, 27, 89	Complete
	Remediation	26, 27, 89	Complete
	SOCIETY		
	Local Communities	26, 27, 53, 124-126	Complete
EU19	Participation of stakeholders in decisions concerning energy planning and infrastructure	53	Complete
EU20	Approach to managing the impacts of displacement	128	Complete
	Corruption	26, 27, 88	Complete
	Public policies	26, 27, 53	Complete
	Unfair competitiveness	26, 27	Complete
	Compliance	26, 27, 88	Complete
	Disaster/Emergency planning and response	49, 50	Complete
EU21	Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans.	49	Complete
	PRODUCT RESPONSIBILITY		
	Customer Health and safety	26, 27, 118	Complete
	Product and service labelling	26, 27, 51, 52	Complete
	Marketing communications	26, 27, 88	Complete
	Customer privacy	26, 27, 88	Complete
	Compliance	26, 27, 88	Complete
	Access	119	Complete
EU23	Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services.	119	Complete
	Provision of information	117, 118	Complete
EU24	Practices to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support services	117, 118	Complete

	PERFORMANCE INDICATORS	GLOBAL COMPACT PRINCIPLE	PAGE / COMMENTS	INFORMATION LEVEL
	ECONOMIC PERFORMANCE			
ES	EC1	Direct economic value generated and distributed (DVA)	38, 122	Complete
ES	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	7 46 (It was not possible to estimate the quantitative financial impacts of climate changes, due to the lack of tools/studies enabling a financial assessments of this impact. An estimated is expected for 2014).	Partial
ES	EC3	Coverage of the organization's defined benefit plan obligations.	112	Complete
ES	EC4	Significant financial assistance received from government.	119, 122	Complete

PERFORMANCE INDICATORS		GLOBAL COMPACT PRINCIPLE	PAGE / COMMENTS	INFORMATION LEVEL	
MARKET PRESENCE					
AD	EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	1	112	Complete
ES	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.		74, 75	Complete
ES	EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	6	104 (Due to lack of historical data of employees residence, it was possible only to apply this indicator to employees hired in 2011)	Complete
INDIRECT ECONOMIC IMPACTS					
ES	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.		122	Complete
AD	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.		125	Complete
AVAILABILITY AND CONFIDENCE					
SU	EU10	Planned capacity against projected electricity demand over the long term		33, 34	Complete
SYSTEM EFFICIENCY					
SU	EU11	Average generation efficiency of thermoelectric power plants		EDP in 2011 did not operate thermoelectric Power plants	Complete
SU	EU12	Transmission and distribution losses in relation to total energy		34, 37	Complete

ENVIRONMENTAL PERFORMANCE					
MATERIALS					
ES	EN1	Materials used by weight or volume	8	64	Complete
ES	EN2	Percentage of used recycled materials	8, 9	64	Complete
ENERGY					
ES	EN3	Direct energy consumption by primary energy source.	8	59	Complete
ES	EN4	Indirect energy consumption by primary source.	8	59, 60	Complete
AD	EN5	Energy saved due to conservation and efficiency improvements.	8, 9	No savings in 2011	Complete
AD	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.		60-63	Complete
AD	EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	8, 9	58	Complete
WATER					
ES	EN8	Total of water withdrawal by source	8	65	Complete
AD	EN9	Water sources significantly affected by withdrawal of water.		There is no water source hardly affected by water withdraw	Complete
AD	EN10	Percentage and total volume of recycled and reused water		65	Complete
BIODIVERSITY					
ES	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	8	73	Complete
ES	EN12	Description of significant impacts over biodiversity	8	74	Complete
AD	EN13	Protected or restored habitats	8	73	Complete
SU	EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas	8	There was no updating of areas in 2011	Complete
AD	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	8	71, 72	Complete
AD	EN15	Number of species in the IUCN Red List and in national lists of conservation	8	71	Complete

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PERFORMANCE INDICATORS		GLOBAL COMPACT PRINCIPLE	PAGE / COMMENTS	INFORMATION LEVEL	
ENVIRONMENTAL PERFORMANCE					
EMISSIONS, EFFLUENTS AND WASTE					
ES	EN16	Total of direct and indirect greenhouse gases emissions by weight	8	58	Complete
ES	EN17	Other relevant indirect greenhouse gases emissions by weight	8	58	Complete
ES	EN18	Initiatives to reduce greenhouse gases emissions and reductions achieved	7, 8, 9	57	Complete
ES	EN19	Emissions of ozone-depleting substances by weight.	8	They are produced by refrigeration equipments with low significance.	Complete
ES	EN20	NOx, SOx and other significant atmospheric emissions by type and weight	8	There is no emission, because the generating site, in 2011, was composed by hydroelectric and eolic Power plants.	Complete
ES	EN21	Total water discharge, by quality and destination	8	66	Complete
ES	EN22	Total weight of waste, by type and discharge method	8	67	Complete
ES	EN23	Total number and volume of significant spills	8	66	Complete
AD	EN24	Weight of transported, imported, exported or treated dangerous residues		68	Complete
AD	EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.		There are no water bodies and habitats hardly affected by water discharge or drainage. EDP follows legal legislation and works towards the reduction of effluent volumes. A modern Effluent Treatment Station will be built in the TPP of Pecém I Port.	Complete
PRODUCTS AND SERVICES					
ES	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact	7, 8, 9	68-69	Complete
ES	EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	8, 9	There is no use of packages in generation, distribution and trade of energy.	Complete
COMPLIANCE					
ES	EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	8	70	Complete
TRANSPORTATION					
AD	EN29	Environmental impacts generated by the transportation of products, assets and materials, and workers.		There is no significant environmental impact due to the transportation of products and other assets and materials, or workers	Complete
OVERALL					
AD	EN30	Total environmental protection expenditures and investments by type	7, 8, 9	70	Complete
LABOR PRACTICES AND DECENT WORK					
EMPLOYMENT					
ES	LA1	Total workforce by employment type, employment contract and region, and by gender		102	Complete
ES	LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region	6	103	Complete
SU	EU17	Days worked by contractor and subcontractor employees involved in construction, operation and maintenance activities		104	Complete
SU	EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training		109	Complete
AD	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees		112	Complete
ES	LA15	Rates of return to work or retention after parental leave, by gender		113	Complete

PERFORMANCE INDICATORS		GLOBAL COMPACT PRINCIPLE	PAGE / COMMENTS	INFORMATION LEVEL	
LABOR/GOVERNANCE RELATIONS					
ES	LA4	Percentage of employees covered by collective bargaining agreements.	1, 3	The collective bargaining agreements cover 100% of own employees and approximately 80% of employees contracted by third parties.	Complete
ES	LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	3	The collective agreements do not foresee specific clauses on the issue. However, EDP communicates all leaderships on each negotiation step, as well as foresees a period designed to clarify all employees' questions. Based on an open relation with unions, any kind of extraordinary situation, which may strongly impact the employees, is priority informed to the union's representative.	Complete
OCCUPATIONAL HEALTH AND SAFETY					
AD	LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees	1	108	Complete
ES	LA7	Rates of injury, occupational diseases, lost days, absenteeism, and number of work related fatalities, by region and by gender	1	108, 109	Complete
ES	LA8	Education, training, counselling, prevention, and risk-control programs.	1	110	Complete
AD	LA9	Health and safety topics covered in formal agreements with trade unions.	1	There is no specific clauses. The programs are aligned with the regulatory standards and are developed according to each company needs.	Complete
TRAINING AND EDUCATION					
ES	LA10	Average hours of training per year per employee by employee category.	6	105	Complete
AD	LA11	Programs for skills management and lifelong learning that assist employees in managing the end of their careers.		The company has no specific end of career plans.	Complete
AD	LA12	Percentage of employees receiving regular performance and career development reviews.		105	Complete
DIVERSITY AND EQUAL OPPORTUNITY					
ES	LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership.	1, 6	90, 91, 111	Complete
EQUAL BASIC SALARY AND REMUNERATION OF WOMEN AND MEN					
ES	LA14	Ratio of basic salary and remuneration of women to men by employee category.	1, 6	110	Complete

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		PERFORMANCE INDICATORS	GLOBAL COMPACT PRINCIPLE	PAGE / COMMENTS	INFORMATION LEVEL
HUMAN RIGHTS					
INVESTMENT AND PROCUREMENT PRACTICES					
ES	HR1	Investment agreements and contracts that include human rights clauses.	1 a 6	89	Complete
ES	HR2	Suppliers that have undergone screening on human rights.	1 a 6	89	Complete
AD	HR3	Employee training on policies and procedures concerning aspects of human rights.	1	There is no specific training regarding human rights for employees.	Complete
NON- DISCRIMINATION					
ES	HR4	Total number of incidents of discrimination and actions taken.	1, 2, 6	No incidents were registered in 2011	Complete
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING					
ES	HR5	Operations identified in which the right to exercise freedom of association may be violated or at significant risk.	1, 2, 3	89	Complete
CHILD LABOR					
OPERATIONS IDENTIFIED AS HAVING A SIGNIFICANT RISK FOR INCIDENTS OF CHILD LABOR.					
ES	HR6	Forced and compulsory labor	1, 2, 5	89	Complete
OPERATIONS IDENTIFIED AS HAVING SIGNIFICANT RISK FOR INCIDENTS OF FORCED OR COMPULSORY LABOR.					
ES	HR7	Security practices	1, 2, 4	89	Complete
SECURITY PERSONNEL TRAINED IN ASPECTS OF HUMAN RIGHTS.					
AD	HR8	Security outsourced personnel trained in aspects of human rights	1	100% of security outsourced personnel are trained in aspects of human rights	Complete
INDIGENOUS RIGHTS					
AD	HR9	Incidents of violations involving rights of indigenous people and actions taken.	1	No incidents were registered in 2011	Complete
ASSESSMENT					
ES	HR10	Operations subject to reviews and/or assessment concerning human rights impacts.		89	Complete
REMEDIATION					
ES	HR11	Grievances related to human rights, which were filed, handled and resolved through formal grievance mechanisms.		No complaint registered in 2011	Complete
SOCIETY					
COMMUNITY					
ES	SO1	Nature, scope and effectiveness of any programs or practices designed to assess and manage the impacts of operations over the communities, including input, operation, and output.		124, 125	Complete
ES	3.1 SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.		124, 125	Complete
SU	EU22	Number of displaced people, physically or economically, and compensation.		128	Complete
ES	SO9	Operations with significant potential or actual negative impact over local communities.		125, 126	Complete
ES	SO10	Prevention and mitigation measures implemented in operations, with significant potential or actual negative impact over the local communities.		125, 126	Complete
CORRUPTION					
ES	SO2	Business units analyzed for risks related to corruption.	10	88	Complete
ES	SO3	Employees trained in organization's anti-corruption policies and procedures.	10	88	Complete
ES	SO4	Actions taken in response to incidents of corruption.	10	In 2011, there was no register of denunciation of corruption linked with EDP Energias do Brasil Group	Complete

PERFORMANCE INDICATORS		GLOBAL COMPACT PRINCIPLE	PAGE / COMMENTS	INFORMATION LEVEL	
PUBLIC POLICIES					
ES	SO5	Public policy positions and participation in public policy development and lobbying.	1 a 10	53	Complete
AD	SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions.	10	The company does not contribute to political parties, politicians or related institutions.	Complete
UNFAIR COMPETITIVENESS					
AD	SO7	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices.		No register in 2011.	Complete
COMPLIANCE					
ES	SO8	Fines and total number of non-monetary sanctions for non-compliance with laws and regulations.		No register in 2011	Complete
PRODUCT RESPONSIBILITY					
CUSTOMER HEALTH AND SAFETY					
ES	PR1	Life cycle stages in which health and safety impacts of products and services are assessed.	1	118	Complete
AD	PR2	Compliance with regulations and voluntary codes concerning health and safety.		There is no adhesion to regulations and voluntary codes concerning health and safety	Complete
SU	EU25	Number of injuries and fatalities to the public involving company assets		117, 118	Complete
PRODUCT AND SERVICE LABELLING					
ES	PR3	Type of product and service information required by labelling procedures.	8	There is no labelling in energy services.	Complete
AD	PR4	Total number of non-compliance cases related to information and labelling		There is no labelling in energy services.	Complete
AD	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.		51, 52	Complete
MARKETING COMMUNICATION					
ES	PR6	Programs for adherence to laws, standards and voluntary codes concerning marketing communications.		88	Complete
AD	PR7	Total number of non-compliance cases concerning marketing communications.		No register in 2011.	Complete
CUSTOMER PRIVACY					
AD	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.		No register in 2011.	Complete
COMPLIANCE					
ES	PR9	Fines for non-compliance with laws and regulations concerning the provision and use of products and services.		117	Complete
ACCESSIBILITY					
SU	EU26	Percentage of population unserved in licensed distribution or service areas.		Rural and urban population are assisted 100%. IN 2011, EDP Escelsa concluded the Program Light for All, directed to rural region.	Complete
SU	EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime.		118	Complete
SU	EU28	Power outage frequency.		117	Complete
SU	EU29	Average power outage duration.		117	Complete
SU	EU30	Average plant availability factor by energy source and by regulatory regime.		33	Complete



KPMG Risk Advisory Services Ltda.
R. Dr. Renato Paes de Barros, 33
04530-904 - São Paulo, SP - Brasil
Caixa Postal 2467
01060-970 - São Paulo, SP - Brasil

Central Tel 55 (11) 2183-3000
Fax Nacional 55 (11) 2183-3001
Internacional 55 (11) 2183-3034
Internet www.kpmg.com.br

Independent auditors' limited assurance report

To
The Board of Directors
EDP - Energias do Brasil
São Paulo - SP

Introduction

We have been engaged for the purpose of applying limited assurance procedures on the sustainability information contained in the Annual Sustainability Report of EDP - Energias do Brasil, related to the year-end December 31 2011, which was prepared under the responsibility of its Sustainability and Innovation area. Our responsibility is to issue a limited assurance report on this information.

Procedures of limited assurance

The limited assurance procedures were performed in accordance with Rule NBC TO 3000, issued by the Brazilian Federal Accounting Council (CFC) and with the International Standard on Assurance Engagements (ISAE 3000), issued by the International Auditing and Assurance Standards Board, both related to Assurance Engagements other than Audits or Reviews of Historical Financial Information.

The procedures of limited assurance comprised: (a) the planning of the work, considering the importance, coherence, amount of quantitative and qualitative information and the operational and internal control systems that served as a base for the preparation of the annual sustainability report of EDP; (b) the understanding of the calculation methodology and the consolidation procedures of the performance indicators through interviews with the personnel responsible for the preparation of information; (c) the comparison, on a sample basis, of the quantitative and qualitative information with the information disclosed at the Annual Sustainability Report; and (d) the comparison of the financial indicators with the financial statements and/or accounting records.

Reporting criteria

The information contained in EDP's Annual Sustainability Report, base year 2011, was prepared according to the Global Reporting Initiative guidelines (GRI-G3.1) for sustainability reporting and the AA 1000 APS (2008) principles.



Scope and limitations

The objective of our work was to apply limited assurance procedures on the information disclosed in EDP's Annual Sustainability Report, base year 2011, on profile items (disclosures that set the overall context for understanding organizational performance such as its strategy, profile, and governance), on management approach and on the sustainability performance indicators, not including the appropriateness of its policies, practices and sustainability performance.

The applied procedures do not represent an examination in accordance with the audit rules for financial statements. In addition, we do not provide any assurance on the achievability of future information (such as targets, expectations and ambitions) nor on qualitative information that is under subjective evaluation.

GRI-G3.1 Application Level

According to the GRI-G3.1 guidelines, EDP declares an A+ Application Level for its Annual Sustainability Report, related to the year-end December 31 2011.

EDP has reported the profile items, the core performance indicators and the indicators of the "Sustainability Reporting Guidelines & Electric Utility Sector Supplement – RG Version 3.0 / EUSS Final Version 2009", as well as additional indicators that were considered material for its stakeholders. We have considered that the applied procedures were sufficient to agree with the application level declared by EDP in compliance with the GRI-G3.1 guidelines.

Conclusion

Based on the applied procedures, we have not identified any relevant modification that should be made on the information reported at EDP's Annual Sustainability Report, related to the year-end December 31 2011, to agree with its compliance to the Global Reporting Initiative (GRI-G3.1) guidelines and with the registries and files used for its preparation.

São Paulo, March 21, 2012

KPMG Risk Advisory Services Ltda.
CRC 2SP023233/O-4

Eduardo V. Cipullo
Accountant CRC SP – 135597/O-6

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Statement GRI Application Level Check

GRI hereby states that **EDP - Energias do Brasil, S.A.** has presented its report "2011 Annual Sustainability Report - EDP Energias do Brasil" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, April 6th 2012



Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because **EDP - Energias do Brasil, S.A.** has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

***Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on April 3rd 2012. GRI explicitly excludes the statement being applied to any later changes to such material.*



CERTIFICATE

Voluntary Emission Reduction – VER

This certificate refers to the voluntary emission reduction (VER) of

2 tons of CO₂e

Provided by the VER project activity

“São João Hydro Power Plant”

For the time period of 2007/04/01 to 2007/06/30,
Developed by Ecológica Assessoria

Utilized by

EDP - ENERGIAS DO BRASIL S.A

To Neutralization of:

“Printing the Annual Sustainability Report 2011
EDP in Brazil”

**The Greenhouse gases inventory emissions was not assessed
by BRTÜV.**

Verification and Accounting are based on the BRTÜV Procedure
G-27 confirmed by Report BRTÜV OS 5263/07sj-V01.

Certificate A-574

Barueri - SP, 16/04/2012



Shais Luto
BRTÜV Avaliações da Qualidade S.A.
Al. Madeira, 222 - 3º andar
06454-010 - Barueri - SP - Brasil

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corporate information

board of directors

Antônio Luis Guerra Nunes Mexia - Chairman

Antônio Manuel Barreto Pita de Abreu

Nuno Maria Pestana de Almeida Alves

Ana Maria Machado Fernandes

Modesto Souza Barros Carvalhosa

Pedro Sampaio Malan

Francisco Carlos Coutinho Pitella

Board of executive officers

Antônio Manuel Barreto Pita de Abreu – Chief Executive Officer

Luiz Otavio Assis Henriques – Executive Vice-President of Generation and Trading

Miguel Dias Amaro – Executive Vice-President of Finance and Investor Relations and Management Control

Miguel Nuno Simões Nunes Ferreira Setas – Executive Vice-President of Distribution

investor relations

Maytê Souza Dantas de Albuquerque – Executive manager

Tel.: (55) 11 2185-5023 ri@edpbr.com.br

headquarter address **| GRI 2.4 |**

Rua Bandeira Paulista, 530

04532-001 Itaim Bibi – São Paulo – SP – Brasil

Tel.: 11 2185-5000

www.edpbr.com.br

Bovespa's share code: ENBR3

shareholder service

Banco Itaú Unibanco S.A. – Departamento de Atendimento Unificado

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

Torre Eudoro Villela – 04344-902 – São Paulo – SP

Tel.: (55) 11 5029-7780

independent auditors

KPMG (financial and socio-environmental data)

credits

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annexes

Content team

Adalberto C. Teles
Adriana Régia
Agostinho Barreira
Alice Lopes Moreira
Amadeu Wetler
Ana Júlia P. de Souza
Ana Maria Schneider
Ana Carolina E. Passos
Ana Nomelini
Ana Paula Cerqueira
Anderson Pipoli
André Pelaio
André Soderi Noronha
Antonio Carlos Pacito
Bruna Thiemme Yabuki
Caio Raoni Soares
Camila Passaretti
Camila Zaba Freitas
Carla Regina Silva
Carlos Gustavo Areias
Cesare Barghetti Junior
Cláudia Bueno Fernandes
Cláudia Primo
Cleverson Murakawa
Crystiane Nascimento
Daniel de Souza Santiago
Daniel Fernando da Silva
Daniel Vaz
Daniela Almeida
Daniela Sandrini
Danilo P. de Godoi
Donato S. Filho
Douglas Liberato
Edmilson José da Silva
Edson Sampaio
Edson Hideki Takauti
Eduardo Santarelli
Eduardo Silva
Elaine Regina Ferreira

Elisa Saeko Turci
Eroaldo C. Souza
Esoani Junior
Evandro Scopel
Ewaldo Nogueira
Fabiana B. Hernandez
Fábio Loretti
Fábio Micerino
Fábio Santos
Fernanda Pavarin
Fernanda Santiago
Flávia Ramos
Flávia Simião
Ilídio Coutinho
Ivana Capanema
Ivo Cândido Silva
Jailson Gomes
Jean Santos
Jiomar Marim
João Brito Martins
João Guilherme Alves
João Guimarães
João Paulo Nigli
João Pedro da Mota
Jorge Guerrero
José Luis Delai Jr.
José Roberto Pascon
José V. Rodrigues
Juhei Muramoto
Juliano Junker
Keith Shimada
Leandro Salles
Lidiana Souza
Luana Frota
Lucca Zamboni
Luiz Gouveia
Marcelo Laosa
Márcia Inoue
Márcia P. Pinto

Márcio Gavazzi
Marcos Vinícius Bento
Marcus Vinícius Garcia
Marilena F. C. Gonçalves
Marli Cândido
Mateus Fukujima
Mayte Albuquerque
Miriam Carolino
Nilson Souza
Olga Naomi
Patrícia de Oliveira Ramos
Paulo Ramicelli
Pedro Sirgado
Rafael R. Borgheresi
Raquel Dager
Renan Sobral
Renata da Silva
Renato Volponi
Ricardo Agostini
Ricardo Santos
Rodrigo Schonenborn
Rogério Pacheco
Ronaldo Harada
Rosana Santana
Sandra R. Alves
Sandra A. Kobayashi
Sérgio Martins
Solange Regina
Sônia C. M. Cardoso
Sônia de Sá
Stella Fuao
Tatiana de Toledo Lopes
Thiago da Col
Thiago Matiussi
Thiago Millani
Thiago Salles
Vanessa Esposito
Vitor Gardiman
Willian Santana

