We are energy in the journey we make every day. Energy that changes, reinvents itself and takes different forms.

Energy that lives within us, that is a universal language, that moves us and takes us further.

A living energy that brings us closer, that innovates and with which, together with small actions, we create change.

The energy that lives within every one of us is contagious and is everywhere, in a hug, in the lighting of a lamp, in our houses, in the streets or even across them in the sidewalks.

A living energy that together we continue to write in a book that reveals the present and which is also a building block for the future.

The Living Energy Book.
INTERNAL AUDIT
AND COMPLIANCE REPORT

THE LIVING ENERGY BOOK
by edp
# INDEX

<table>
<thead>
<tr>
<th>01</th>
<th>Message</th>
<th>11</th>
</tr>
</thead>
<tbody>
<tr>
<td>02</td>
<td>Relevant Facts</td>
<td>16</td>
</tr>
<tr>
<td>03</td>
<td>Summary of Performance Indicators</td>
<td>23</td>
</tr>
<tr>
<td>04</td>
<td>Activities Completed in 2017</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Internal Audit</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>Work Completed in all Areas of Intervention</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>Internal Quality Indicators</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td>Financial Reporting Internal Control System</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td>Compliance</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td>Other Activities and Projects</td>
<td>38</td>
</tr>
<tr>
<td>05</td>
<td>Human Resources</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number of Employees</td>
<td>45</td>
</tr>
<tr>
<td></td>
<td>Vocational Training</td>
<td>46</td>
</tr>
<tr>
<td>06</td>
<td>Outlook for 2018</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Internal Audit</td>
<td>52</td>
</tr>
<tr>
<td></td>
<td>Financial Reporting Internal Control System</td>
<td>52</td>
</tr>
<tr>
<td></td>
<td>Compliance</td>
<td>53</td>
</tr>
<tr>
<td></td>
<td>Other Activities</td>
<td>53</td>
</tr>
</tbody>
</table>
THE LIVING ENERGY BOOK
by edp
The implementation and monitoring of the Activity Plan of the Internal Audit and Compliance Departments (DAICs) proved to be a major challenge for all teams working in the different countries and the corresponding Group partners, due to the volume and range of topics covered, legislative changes, structural changes and their impact on business areas.

In the area of financial, regulatory, operational and systems audits, we comfortably met the defined objectives and conducted a significant and important number of non-scheduled audits, including monitoring of external audits of major investment projects.

In internal Information Technology (IT) audits, in addition to the tasks scheduled in the Activity Plan, we developed the Real Time Audit (RTA) application, which provides real-time access to operations taking place in SAP applications and to the SQL Server and Oracle databases supporting EDP Group applications, to enable situations of risk or lack of control to be detected practically when they occur.

The independent and overarching certification of the Financial Reporting Internal Control System (SCIRF), issued by the External Auditor, was conducted in line with the defined objectives, without reservations and / or emphases. Four reports were issued, one relating to the Group’s consolidated financial statements and three stand-alone reports on the financial statements of EDP Espanha, EDP Renováveis and EDP Brasil. We also wish to emphasize the implementation of the new eGRC tool, of SCIRF support.

The new Compliance area continues to establish itself, with in-depth and robust work promoting the development of the six specific programmes as promoter and two specific programmes as provider. The effort and resources required to ensure the implementation of this portfolio of programmes have required significant commitment from all stakeholders. The European Personal Data Protection Regulation, which will come into effect in May 2018, has mobilized a significant volume of resources to ensure a timely and high quality response to the regulatory requirements.

Moreover, our teams have participated in the development of a range of projects, both as partners and advisers, in response to the specific needs of the business units. We also emphasize the collaboration with the Jump project implementation team in EDP Distribuição and the assessment of the control environment of subsidiary companies.

The main challenges of our Activities Plan, approved for the current year, in addition to the tasks involved in recurring activities, are the implementation of the ongoing Compliance programmes, the go live of the new eGRC tool in all countries and the pursuit of internal control assessment projects, in response to the Group’s organizational changes and the specific needs of certain business areas.
THE
LIVING ENERGY
BOOK
by EDP
INTERNAL AUDIT
AND COMPLIANCE REPORT
EDP 2017
02
RELEVANT FACTS

JANUARY

- Approval of the 2017 Activities Plan by the Financial Matters /Audit Committee (FMC/CAUD) and the EBD
- Presentation of the final conclusions of the 2016 SCIRF evaluation to the EU/BU.
- Definition of the eGRC project governance model
- Start of the implementation of the Real Time Audit (RTA) for monitoring and detection of situations of risk or lack of control
- EDP Group FMC/CAUD meeting

FEBRUARY

- Definition of the work plan and preparation of the eGRC project kick-off
- Presentation of the final report with the conclusions for the 2016 SCIRF to the FMC/CAUD and the EBD

MARCH

- Issue by the External Auditor of the independent evaluation reports on the 2016 SCIRF for the consolidated and stand-alone accounts of EDP Espanha, EDP Renováveis and EDP Brasil
- Beginning of production of the RTA project with the first real-time alerts
- Certification in BWise Functional Administrator of 4 elements of the Information Systems area

APRIL

- Closing meetings of the 2016 SCIRF cycle and launch of the 2017 evaluation cycle, in the OUs and EUs
- eGRC project kick-off and start of modelling work
- First Steering meeting of the General Data Protection Regulation (GDPR) project
- Dissemination of GDPR action plans - Information Security Measures (DSI)

MAY

- Presentation of the 2017 SCIRF scoping model.
- 2017 SCIRF evaluation project kick-off

JUNE

- Start of 2017 SCIRF cycle evaluation tests
- EDP Group FMC/CAUD meeting
JULY

- Presentation of the first phase of the Hydro Global project implementation plan
- Development of a draft group integrity policy and due diligence procedure - under review

SEPTEMBER

- Start of the Draft Audit Plan 2018 preparation phase
- Supplying RTA companies with some indicators for monitoring and possible processing
- Drafting and dissemination of the Compliance Programme - Criminal Liability of Legal Entities (EDP Espanha) action plan
- Awareness raising session on the GDPR - CAUD EDP Meeting

OCTOBER

- Launch of 2017 SCIRF Self-Certification
- EDP Group Internal Audit Days at Sintra
- Approval of the Business Design for Implementation of the eGRC

NOVEMBER

- External Auditor presentation meeting
- Beginning of eGRC acceptance tests
- Iberian compliance meeting
- Compliance Committee
- Disclosure of GDPR action plans - adaptation of Critical Business Processes (BUs)

DECEMBER

- Drafting of Activities Plan for 2018
- Structuring of the Social Support Compliance Programme (EDP Distribuição, EDP Serviço Universal, EDP Comercial)
- EDP Group FMC/CAUD meeting
03
SUMMARY OF PERFORMANCE INDICATORS

HUMAN RESOURCES

- AVERAGE AGE: 41
- AVERAGE NUMBER OF YEARS’ PROFESSIONAL EXPERIENCE: 18
- TRAINING HOURS BY AUDITOR: 31

ACTIVITIES

- NUM. AUDITS (EXCEPT SCIRF) COMPLETED: 149
- % AUDITS PLANNED VS COMPLETED: 117
- NUM. RECOMMENDATIONS ISSUED (EXCEPT SCIRF): 823
- NUM. SCIRF CONTROLS: 3,889

QUALITY / EFFICACY

- LEVEL OF SATISFACTION (QUESTIONNAIRES): 4.7

1 Scale 1 (minimum) to 5 (maximum)
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by edp
ACTIVITIES PERFORMED IN 2017

Internal Audit 29
Work Completed in All Areas of Intervention 29
Internal Quality Indicators 31
Financial Reporting Internal Control System 31
Presentation of the 2017 SCIRF in the EDP Group Universe 34
Other Activities Arising from the Work of Maintenance of the SCIRF 34
Compliance 35
Other Activities and Projects 38
4.1. INTERNAL AUDIT

As part of the search for continuous improvement and full alignment with existing best practices, a review of the Internal Audit Manual was completed during 2017 to adapt it to the changes experienced by the activity itself in the applied procedures and methodology and to continue, by deepening the knowledge of the Group’s internal control environment, to optimize the selection of the audit work to be included in the annual plans.

In relation to the performance of the work included in the 2017 audit plan, the following should be noted:

- The full consolidation of the practice established during 2016 that distinguishes between priority recommendations where the DAIC must monitor its implementation and those with a lower impact where monitoring is under the scope of the affected areas and companies.
- Conducting internal control diagnoses in subsidiaries and joint ventures based abroad.
- Collaboration with the Financial Report’s Internal Control and Compliance areas in the identification of controls to be reviewed and/or implemented in the Group.
- Continuity in conducting audits within the framework of the Legal Criminal Risks Prevention Model established in EDP in Spain to prevent or significantly reduce the perpetration of crimes.

On the other hand, 2017 saw the implementation of the new structure of the Internal Audit Operational and Normative area of DAIC in Portugal, which was approved in 2016. Additionally, the sale of the gas distribution business in Spain had an impact on the structure of the EDP Espanha Internal Audit Department, with the departure of two employees based in Bilbao, which required, among other things, redefinition of the expected plan of activities without, however, undermining the internal audits considered to be priorities.

4.2. WORK PERFORMED IN ALL AREAS OF INTERVENTION

The activities carried out during 2017 were those in the following table:

<table>
<thead>
<tr>
<th>Type of Work</th>
<th>Planned</th>
<th>Non Plan</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliability of Financial Information</td>
<td>12</td>
<td>2</td>
<td>14</td>
</tr>
<tr>
<td>Efficacy, Operational Efficiency and Standards</td>
<td>69</td>
<td>12</td>
<td>81</td>
</tr>
<tr>
<td>Information Systems</td>
<td>7</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>Continuous Audit</td>
<td>8</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td>Follow Up</td>
<td>27</td>
<td>-</td>
<td>27</td>
</tr>
<tr>
<td>Ethics channel</td>
<td>10</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>133</strong></td>
<td><strong>16</strong></td>
<td><strong>149</strong></td>
</tr>
</tbody>
</table>
The 149 tasks carried out during 2017, resulted in 823 recommendations being issued. These recommendations gave rise to implementation plans defined by the respective affected areas, which are monitored quarterly by the DAIC.

The types of recommendations issued during 2017 are shown in the following table:

<table>
<thead>
<tr>
<th>Type</th>
<th>Issued in 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficacy and Efficiency of Operations</td>
<td>618 (75.1%)</td>
</tr>
<tr>
<td>Compliance with Internal Policies and Standards</td>
<td>83 (10.1%)</td>
</tr>
<tr>
<td>Compliance with Legislation and Legal Norms</td>
<td>57 (6.9%)</td>
</tr>
<tr>
<td>Reliability and Integrity of Financial Information</td>
<td>20 (2.4%)</td>
</tr>
<tr>
<td>Application</td>
<td>20 (2.4%)</td>
</tr>
<tr>
<td>Safety</td>
<td>13 (1.6%)</td>
</tr>
<tr>
<td>Integrity of the Assets</td>
<td>9 (1.1%)</td>
</tr>
<tr>
<td>Service Management</td>
<td>3 (0.4%)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>823</strong></td>
</tr>
</tbody>
</table>
4.3. INTERNAL QUALITY INDICATORS

As defined in the EDP Group’s Internal Audit Manual, the completed tasks are subject to a quality assessment by the audited company or area, through the completion of a survey classifying the level of quality and satisfaction that it attributes to the respective audits.

The results of the surveys for each audited area, available by the end of the year, are shown in the following chart:

**RESULTS OF SURVEYS**

- Reliability of Financial Information
- Efficacy, Operational Efficiency and Standards
- Information Systems
- Continuous Audit

4.4. FINANCIAL REPORTING INTERNAL CONTROL SYSTEM

The EDP Group brought the Financial Reporting Internal Control System (SCIRF) into its Management, based on the criteria established by the internal control standards framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013) in relation to business processes and overall control and the Control Objectives for Information and Related Technologies (COBIT) in relation to general information technology controls.

The Activity Plan for 2017 was produced on the basis of two founding blocks: the activities involved in updating, maintaining and monitoring the SCIRF; and the activities related to specific maintenance projects and implementation of the support tools.

As part of the activities related to the development, quality and maintenance of the System, the methodologies for identifying the scope model were reviewed, in line with best international practices, and quarterly analytical reviews were documented.
Portugal*  2,038
Spain  800

Poland  39
Romania  30
Italy  34
United Kingdom  10
Belgium and France  35

China
Angola

* EDP SA, EDP Valor, EDP Distribuição, EDP Produção, EDP Comercial, EDP Soluções Comerciais, EDP Servico Universal, EDP SA (UNGE) and EDP SA (DSI).
4.4.1. PRESENTATION OF THE 2017 SCIRF IN THE EDP GROUP UNIVERSE

The activities scheduled under the 2017 SCIRF evaluation cycle were performed as planned and agreed with the External Auditor (EA), KPMG, in Portugal, EDP Espanha and EDP Renováveis and by PwC in EDP Brasil, following the methodology and coordination of the Group's EA. To this end, the following activities were carried out:

- Planning and monitoring of the cycle, maintenance and revision of reference models, methodological and conceptual support for the Entrepreneurial Units (EU) and Business Units (BU).
- Determination of the scope of the 2017 SCIRF based on the financial statements of 31.12.2016 (Group and stand alone) and identification of the topics to be included in the risk analysis - the SCIRF scope identification model underwent a revision. We proceeded to change the materiality calculation model, using Pre-tax Profit (PTP) (standardized, i.e. adapted for non-current operations) as a benchmark, rather than EBIT, in line with international best practices.
- Support for the EU/BU in the documentation / review of new controls and redesign of existing ones.
- Support and monitoring of the evaluation of the 2017 SCIRF cycle, promoted by the EA in terms of planning and interaction with the EU/BU, monitoring of the resolution of Non-Conformities (NC) and reporting to supervisory bodies.
- Launch and support in the 2017 SCIRF self-certification process - whereby the internal control officers of the EU/BU at various levels declare their explicit acknowledgement of the sufficiency or insufficiency of the control documentation in terms of updating and adaptation, execution and maintenance of evidence, approval and implementation of the actions involved in the resolution of NCs, if applicable, and compliance with the code of ethics.
- Conducting the self-assessment process of the 2017 SCIRF cycle, through which the EBD, represented by the CEO and the CFO, issues an accountability report on the degree of security and reliability of the drafting and presentation of the consolidated financial statements.
- The 2017 SCIRF evaluation was conducted by the Group EA, KPMG, in accordance with International Standard ISAE 3000 - International Standard on Assurance Engagements, in all countries covered by the scope model and with the support of PwC, in the specific case of EDP Brasil.

The External Auditor issued an independent report on the Group's SCIRF regarding the financial statements of 31 December, 2017, without reservations and without emphasis.

4.4.2. OTHER ACTIVITIES ARISING FROM THE WORK OF MAINTENANCE OF THE SCIRF

Among the non-recurring activities put forward in the 2017 Activity Plan, we highlight the parameterization of the new eGRC tool to support the SCIRF and Compliance, acquired from Bwise in 2016, for overarching use in all countries.
4.5. COMPLIANCE

The Compliance function aims to contribute to efficient management of compliance with legal and regulatory obligations in EDP Group countries and businesses and throughout 2017 recorded significant performance in areas of major importance to the organization, through the development of the Global Compliance Programme or the Specific Compliance Programmes identified in the roadmap with the definition of priority action areas, of which the following should be highlighted:

Personal Data Protection (Overarching)

The project preparing EDP’s implementation of the new European Personal Data Protection Regulation (General Data Protection Regulation - GDPR) during 2017 was developed in Portugal, Spain and EDP Renováveis (Europe) and included the following phases: (i) Identification of GDPR requirements and inventory of personal data processing activities and diagnosis of current management practices; (ii) GDPR requirements gap analysis; (iii) data processing risk analysis; and (iv) Definition of Action Plans for compliance with the GDPR.

The Action Plans include overarching adaptation measures (general guidelines, policies and procedures), specific adaptation measures for business processes and measures for adaptations of information systems (at the level of the development of functional requirements and at information security level). For its implementation, working groups were created in each business unit and in the DSI, with the support and monitoring of the Compliance area. Specifically in Portugal and Spain, 112 areas were involved in this project, 566 personal data processing activities were identified, 89 support information systems with very high or high priority were inventories and 381 business process adaptation measures and 16 information systems adaptation measures were defined.

This project will be extended throughout 2018 for monitoring and support of the working groups of the business units and the DSI for the implementation of the respective Action Plans and for the training, awareness raising and education of EDP Group employees, to meet the requirements of the GDPR.

Prevention of Criminal Liability of Legal Entities (Spain and Renováveis)

Following the work started in 2016 to review and adapt the models in EDP Espanha and EDP Renováveis, taking account, among other things, of organizational changes and legal developments since its implementation, an Action Plan was defined in 2017 for EDP Espanha with measures to contribute to enhanced mechanisms for crime prevention and detection. At EDP Renováveis the revision of the model was in its concluding phase at the end of 2017 while the improvement action plan was in its internal validation phase.

Prevention of Corruption (Overarching)

The orientation towards implementation and maintenance of a culture of integrity and uniform mechanisms applicable to the whole group in terms of the prevention of corruption, in addition to the regulatory requirements for the implementation of Compliance mechanisms in this area, in several countries in which the Group operates and market trends have led to the identification of this regulatory framework with a view to the development of its Specific Compliance Programme (SCP).

The development of this SCP involves the definition of specific standards and procedures that may have an overarching scope (albeit with the necessary local adaptations), as well as the monitoring of their application (with the collaboration of the areas of Compliance, General Secretariat and Legal Counsel in the different countries and the Ethics Ombudsman), as well as the implementation of controls that can affect several areas of the different companies in the group. Starting from the different mechanisms previously developed both at group level (e.g. Code of Ethics, complaints channel, Binding Instructions) and at the level of the different countries, best market practices were identified and the measures with potential for overarching application to the EDP Group were analysed.

Based on this work, a framework was designed for a possible structuring of the Corruption Prevention SCP, addressing analysis of the main risk areas and the main possible mitigation mechanisms, including the development of a possible
Integrity Policy approach of the group and of any third-party integrity due diligence mechanisms. At the end of 2017, the form of structuring the model of internal policies and standards to be adopted in the area of integrity and the decision on the performance of due diligences and their related scope and depth level, was in the decision phase.

Legal Separation of Activities of Distribution Network Operators (Portugal and Spain)

Continuing the initiatives of previous years in monitoring mechanisms for strengthening compliance with legal and regulatory requirements in matters of the separation of activities of electricity and natural gas distribution companies in Portugal and Spain during the year 2017:

- The process of implementation and monitoring of measures to strengthen the separation of activities compliance programme was maintained in Portugal, and regular status updates with the working groups created to manage these measures were established. Following the sale of the EDP Gas distribution business in 2017, only the measures associated with electricity distribution network operators were monitored.
- In order to guarantee the maintenance of compliance controls, 62 documented operational processes were reviewed and updated in Portugal and the respective enforcement controls implemented.
- In Spain, in addition to the usual process of continuous improvement that focuses on the identification and implementation of control mechanisms to reinforce the prevention of possible incidents relating to the separation of activities, at the end of 2017 the review and updating of certain formal documents that are part of the framework of the existing compliance model in this area was under way.

Competition Legal Obligations (Portugal and Spain)

During the work performed in partnership with the DRC - Department of Regulation and Competition in Portugal - the main competition risks were identified and systematized, and the main risk behaviours that may undermine the legal and regulatory requirements of competition were identified and a proposal for control activities and specific procedures was drafted.

Based on the above elements, a plan of action was defined with activities to be performed to implement the Legal Obligations SCP, later approved by the EBD (April / 2017). As part of the implementation of the action plan approved for the development of the SCP, a model for the Competition Rules of Conduct Manual was defined and at the end of 2017 was in its concluding phase. Regular status update meetings were held with the DRC to monitor the implementation of the Action Plan of the Competition SCP. At the end of 2017, the first meetings were held to validate the compliance of existing competition procedures with the Compliance Business Partners of EDP Comercial, EDP Distribuição and UNGE.

On the other hand, during 2017 in Spain similar work was undertaken to identify and systematize potential risk behaviours in this area. This work, under way at the end of 2017, will be completed during the first half of 2018 with the identification of the control mechanisms in place to mitigate these risks and with the identification of possible additional measures to be implemented.
The work carried out in 2017 focused on the analysis of the control environment of the Tax Compliance management function at EDP Renováveis Europa, in order to identify the main risks and respective mitigating control mechanisms, existing and/or to be developed. The methodology used consisted of (i) identification of the main risk behaviours, (ii) systematization of the main tax default risks, and (iii) definition of an action plan and the respective initiatives to be developed in order to strengthen the control environment, including identification of the parties responsible and the target dates for their implementation. Based on the application of this methodology, at the end of 2017, the reference framework was developed at EDP Renováveis and the entire plan of initiatives to strengthen the control environment was defined and practically implemented.

**Regulatory Issues (EDP Distribuição, EDP Comercial, EDP Serviço Universal)**

The relevance of regulatory issues stems from the role played by the group companies in the energy sector, which are associated with penalties in the event of non-compliance, within the framework of the Penalty Regime (Portugal). As part of the regulatory issues of EDP Distribuição, the following SCPs were considered: (i) Change of Supplier; (ii) Quality of Technical Service; (iii) Quality of Commercial Service; (iv) Measurement and Availability of Data; (v) Economic Regulation; (vi) Critical infrastructures; and (vii) Social Support.

In 2017, the general plan for the implementation of these SCPs was produced and the Social Support SCP was structured, both in the area of the network operator and in the area of the group’s suppliers, taking account of the specifics of applying the social tariff to customers, with action plans having been defined, initiatives identified to reinforce procedures and control mechanisms associated with compliance with the regulatory requirements in question. Also in 2017, the Compliance area monitored and supported EDP Distribuição as part of an external audit conducted by Energy Services Regulatory Authority on compliance with the Quality of Service Regulation.

**Money Laundering and Terrorist Financing (Overarching)**


The development of this SCP involves the definition of the risk model to be adopted, the definition of specific standards and procedures that may have an overarching scope (albeit with the necessary local adaptations), as well as the monitoring of their implementation (with the collaboration of the business units where applicable) and the implementation of recurring audits and controls. In conjunction with the General Secretariat and Legal Support (SGAJ), the application of these legal regulations to the EDP Group was analysed, with the identification of obliged and non-obliged companies. The obliged companies group includes the following activities: commercial, service provision, real estate, mediators and investment companies.
4.6. OTHER ACTIVITIES AND PROJECTS

- Maintenance of collaboration within the Compliance area with Group companies subject to external statutory audits (among other things, for the drafting of audit specifications, selection of the companies to conduct them, monitoring of their results and the drafting of any improvement plans).
- Collaboration with DCMC - Department of Global Coordination of Brand, Marketing and Communication, to draft an article on the scope of the Compliance function and compliance system of the EDP Group for the September 2017 Edpon Magazine and the definition of a communication plan for the Personal Data Protection SCP and adaptation of EDP to the requirements of the GDPR.
- Development of the Internal Control "Assessment" project for Hydro Global activities in Hong Kong.
- Monitoring of the implementation of the EDP Distribuição JUMP project.
- Completion of the upgrade of TeamMate, the audit support application, from version 8.2 to version 11.2.
- Collaboration with the DIS - Department of Information Systems in the analysis and implementation of a Logging tool for SAP systems - Read Access Logging (RAL).
- Implementation of the Âmbito application, for the calculation and determination of the SCIRF’s annual scope, based on information extracted from the Financial Consolidation.
- Implementation of the Real Time Audit, with real-time access to events in SAP applications and applications supported in SQL Server and Oracle databases, consisting of 2 modules, one involving programs that connect to different systems for the detection and evaluation of events and another comprising different dashboards and reports to monitor alerts generated for analysis and possible processing / intervention / referral.
- Execution of the eGRC implementation project (BWise) to replace the current one, in support of the EDP Group Internal Control System and Compliance area.
- Definition and implementation of new continuous audits, implementation of new indicators in some existing audits, inclusion of new applications subject to regular analysis.
- Participation in the AWS project for adaptation of Re:dy to the new General Data Protection Regulation, in the area of temporary mobility.
- Monitoring in the Information Systems IT and OT Security Audit, promoted by DSI and conducted by an external entity.
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by edp
Number of Employees 45
Vocational Training 46
THE LIVING ENERGY BOOK

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5.1. NUMBER OF EMPLOYEES

Total staff in the service of the various EDP Group Internal Audit and Compliance Departments, as reported at 31 December 2017, was 65.

2017 was marked by significant changes in the structure and size of the Internal Audit and Compliance Department, which grew by 8% compared to 2016 as a result of the following:

- Strengthening of the team in Portugal, with the recruitment of five new employees to the Internal Audit area and three to the Compliance team, two resulting from internal mobility from the Brazil DAIC and EDP Distribuição.
- Two employees left the DAIC Portugal team, one through internal mobility to EDP Soluções Comerciais and another to take up an opportunity abroad.
- In addition to the above employees, during 2017, six new trainees entered the company in Portugal for 9 months, from outside the Group, to assist with the operational and financial audit areas of SCIRF and to support the Management and provide young graduates with an opportunity for their first contact with the reality of business.
- The EDP Brasil team grew again through two new recruitments, one employee from outside the company and another through internal mobility from the EDP Foundation, while there was one departure to the DAIC Portugal Compliance area.
- There were no recruitments in EDP Espanha in the year, but three employees departed, one to take up an internal mobility opportunity and two due to the sale of Naturgás Energia.
- Strengthening of the EDP Renováveis team with the recruitment of one employee.
5.2. VOCATIONAL TRAINING

The following table provides a summary of the training sessions attended by employees, by domain and training area, for all countries.

**VOCATIONAL TRAINING SUMMARY TABLE 2017**

Summary of training courses, by subject, delivered internally and externally, for Portugal, Spain, Brazil and the USA

<table>
<thead>
<tr>
<th>TRAINING FIELD</th>
<th>TRAINING AREA</th>
<th>TOTAL</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Behavioural</td>
<td>Interpersonal Relations and Communication</td>
<td>141</td>
<td>12%</td>
</tr>
<tr>
<td></td>
<td>Leadership</td>
<td>44</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ethics</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Emotional Intelligence</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Management</td>
<td>MBA / Master / Postgraduate</td>
<td>112</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>Finance</td>
<td>55</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Management</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Project Management</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>Organizational</td>
<td>Induction Sessions</td>
<td>79</td>
<td>11%</td>
</tr>
<tr>
<td></td>
<td>Energizing Development Program</td>
<td>57</td>
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</tr>
<tr>
<td></td>
<td>Institutional</td>
<td>41</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Lead Now</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Human Resources</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Technician</td>
<td>Internal Control</td>
<td>298</td>
<td>67%</td>
</tr>
<tr>
<td></td>
<td>Compliance</td>
<td>143</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Information Systems</td>
<td>138</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Business of Energy</td>
<td>136</td>
<td></td>
</tr>
<tr>
<td></td>
<td>IPA1 / IIA</td>
<td>112</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Internal Audit</td>
<td>97</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Microsoft Office</td>
<td>90</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Prevention &amp; Safety</td>
<td>72</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Audit Sampling</td>
<td>67</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Languages</td>
<td>64</td>
<td></td>
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<tr>
<td></td>
<td>CIA</td>
<td>56</td>
<td></td>
</tr>
<tr>
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<td>Risk Management / Fraud</td>
<td>46</td>
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<tr>
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<td>Cybersecurity</td>
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<td></td>
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<td>Other</td>
<td>7</td>
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</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2,032</strong></td>
<td><strong>100%</strong></td>
<td></td>
</tr>
</tbody>
</table>
Total training hours in 2017 were 2,032 hours, a reduction of about 26% compared to 2016 (2,733 hours). The average number of training hours per employee in 2017 was 31, a reduction of about 31% compared to 2016 (average 46 hours) and a significant decrease compared to the benchmark of 90 hours per auditor, based on the *Global Audit Information Network* - GAIN Report 2016 international benchmark for companies in the Energy sector. Despite the 8% increase in the number of auditors, this positive change was not reflected in the number of training hours. This reduction in training hours is in line with the trend recorded in the Group, due to the decrease in the amount budgeted for these activities.

Also of note within the work developed is on job, a continuous on-the-job training activity.

**THE ADDITIONAL TRAINING OF SOME EMPLOYEES IS OF NOTE:**

<table>
<thead>
<tr>
<th>ADDITIONAL TRAINING LEVEL</th>
<th>EMPLOYEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>PhD</td>
<td>1 employee</td>
</tr>
<tr>
<td>MBA</td>
<td>Concluded: 7 employees</td>
</tr>
<tr>
<td></td>
<td>In training: 2 employees</td>
</tr>
<tr>
<td>Master or Postgraduate</td>
<td>20 employees (in Finance, Taxation, Auditing, Management and Accounting)</td>
</tr>
<tr>
<td>CIA Certification</td>
<td>Concluded: 10 employees</td>
</tr>
<tr>
<td></td>
<td>In process of completion: 8 employees</td>
</tr>
<tr>
<td>Additional Certifications</td>
<td>CISA (<em>Certified Information Systems Auditor</em>): 1 employee</td>
</tr>
<tr>
<td></td>
<td>CRMA (<em>Certified in Risk Management Assurance</em>): 1 employee</td>
</tr>
<tr>
<td></td>
<td>CAMS (<em>Certified Anti-Money Laundering Specialist</em>): 1 employee (ongoing)</td>
</tr>
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<td></td>
<td>COBIT (<em>Framework for the governance and management of enterprise IT</em>): 1 employee</td>
</tr>
<tr>
<td>Section</td>
<td>Page</td>
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<tr>
<td>----------------------------------------</td>
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</tr>
<tr>
<td>Internal Audit</td>
<td>52</td>
</tr>
<tr>
<td>Financial Reporting Internal Control</td>
<td>52</td>
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<tr>
<td>System</td>
<td>52</td>
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<tr>
<td>Compliance</td>
<td>53</td>
</tr>
<tr>
<td>Other Activities</td>
<td>53</td>
</tr>
</tbody>
</table>
LIVING WIND
6.1. INTERNAL AUDIT

Within the plan of activities to be implemented during 2018 the following topics are of note:

- Growing emphasis on internal control diagnoses in subsidiaries and / or companies linked to the EDP Group, to provide an overview of all business and support activities performed in these companies and the internal control mechanisms actually implemented.
- Survey of a matrix of possible risk behaviours with potential impact on the Group associated with the existence of operational incentives and / or potential malicious behaviours as an additional support mechanism for existing risk maps in the selection and prioritization of internal audit reviews.
- Revision of the Internal Audit Manual in order to strengthen the safeguards required by the European Personal Data Protection Regulation in conducting internal audits where the processing of such data is required.
- Continuation of the development of a continuous treasury audit initiative.

6.2. FINANCIAL REPORTING INTERNAL CONTROL SYSTEM

The EDP Group's System for Financial Reporting Internal Control System Activity Plan was structured on the basis of the set of activities involved in the maintenance, monitoring and evaluation of the 2018 SCIRF cycle, plus the set of additional issues that contribute to the continuous improvement and robustness of the system.

The evaluation contract with the External Auditor, PwC, provides for the issuance of an Independent Report on the Evaluation of the Group's Financial Reporting Internal Control System, as well as the release of Stand-alone Independent Reports for EDP Espanha, EDP Renováveis and EDP Brasil, in line with the commitments made to the market and made available in the related Reports and Accounts.

The hiring of the new EA will require an additional effort to adapt, articulate and coordinate between teams, which will certainly result in the creation of value for the entities involved.

The tasks involved in migrating and implementing the new eGRC tool to support the SCIRF and Compliance, parameterized in financial year 2017, must be completed and implemented during the year.

In accordance with the activities plan provided for 2018, relating to the Management of the SCIRF cycle, the following themes are of note:

- Identification of the scope of the 2018 SCIRF based on the financial statements at 31 December, 2017 (Group and stand alone).
- Support for the EU/FU in documentation / review of controls.
- Support and monitoring of the evaluation of the 2018 SCIRF cycle, promoted by the EA.
- Launch of the self-certification of the controls.
- Monitoring of the degree of resolution of the NCs.
- Monitoring of the issuance of ISAE 3402 in relation to service providers.
Regarding the organizational component, methods, processes, methodologies and support tools we highlight:

- Support for the implementation of the JUMP project.
- Support for the restructuring project of EDP Soluções Comerciais.
- Implementation of the eGRC tool in all Countries.
- Revision of the user manual and accountabilities model.
- Review of the training manual in conjunction with the EDP University.
- Analysis of the EDP Foundation control environment.

6.3. COMPLIANCE

During 2018, the Compliance area, within its sphere of action, will continue to promote / advise the different areas involved, in particular regarding the most relevant regulatory areas, with particular emphasis on personal data protection, collaborating, among other aspects, in risk analysis and in the identification and documentation of mitigating controls and procedures.

In addition, during 2018, it is planned to define and implement new structural elements of the Global Compliance Programme with a view to strengthening and systematizing it, in particular as regards:

- Definition and implementation of overarching compliance policies and standards (e.g. Compliance Policy).
- Systematization of the process of monitoring legal and regulatory changes.
- Systematization of monitoring mechanisms and alignment of the activities developed in the various companies / countries.
- Delivery of overarching training and awareness on models of prevention of criminal liability of legal entities and on the Personal Data Protection SCP.
- Development of content (reference frameworks, guides, awareness documents, etc.) for the web page of the Compliance area on the EDP website.

In addition, the Compliance area will continue to support the different EU/BU in monitoring the work of external statutory audits, as well as follow-up on possible plans for implementation of recommendations and will also continue to fulfil an "internal "advisor" role for Compliance issues of a general nature (methodology, tools, cross-cutting procedures, etc.).

6.4. OTHER ACTIVITIES

In addition to these activities, also of note is the maintenance of the monitoring programme for professional internships for graduates, as part of the Group's participation in the social responsibility programme.


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