

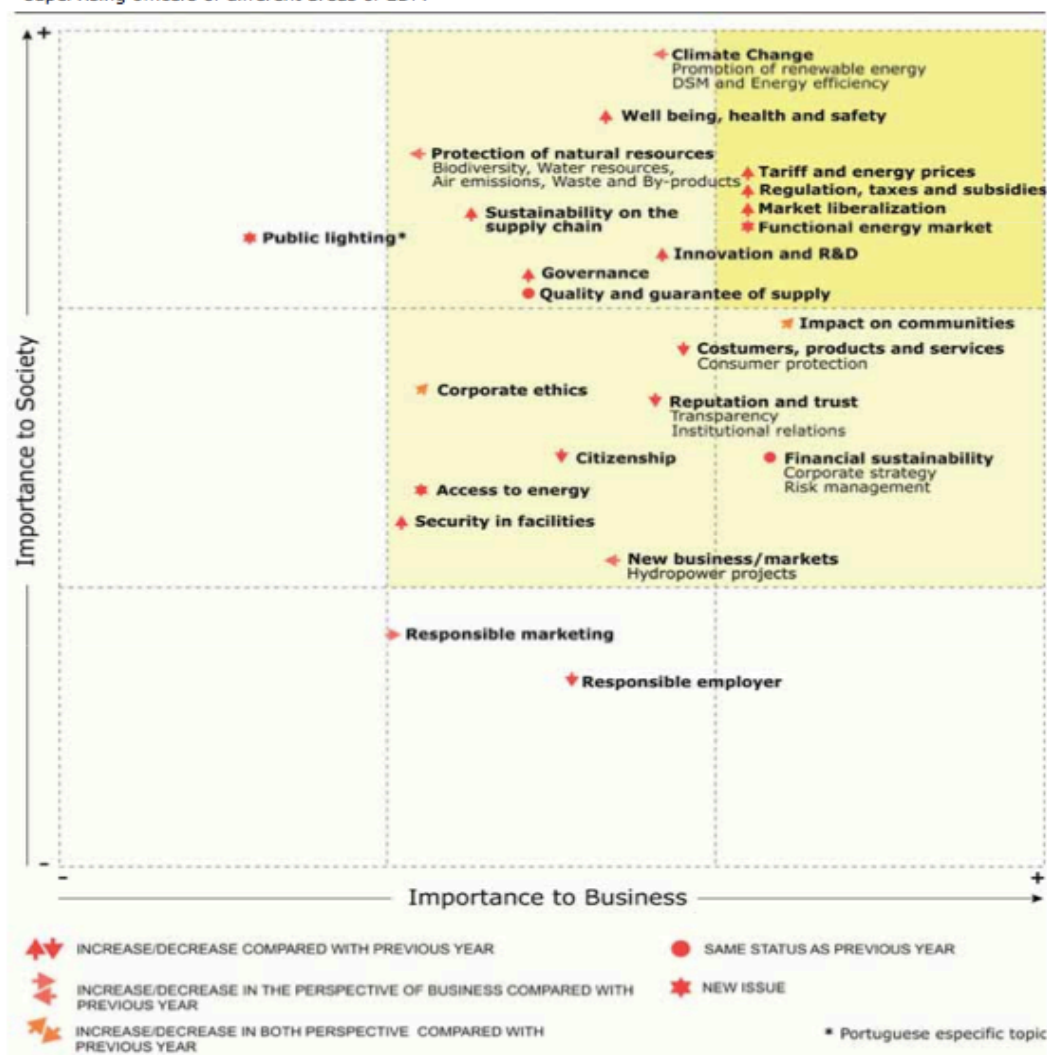
Company:	Energias de Portugal SA - EDP
Sector:	Utilities
Report Year:	2013
Headquarters:	Portugal
Standard Application:	GRI 3.1, AA1000
Format:	Matrix

MATERIALITY MATRIX

EDP, given the importance of identifying material issues due to the influence they have on the decisions, activities and performance of an organisation and its stakeholders, annually updates these issues and prioritises them according to relevance and meaning.

The EDP Group materiality matrix includes the issues considered to be relevant for society and for the business, according to the Accountability's standards.

The "relevant for society" arm incorporates the following analysis: regulation, benchmark, international studies, ESG (environmental, social and governance) investor surveys and ascertaining the expectations of the different EDP stakeholders; the "relevant for business" arm was evaluated based on interviews with managers and supervising officers of different areas of EDP.



This matrix supports the preparation of the annual report, both in the definition of its index and the selection of the content. Simultaneously, is used to support EDP's agenda for sustainability. Further information on the process can be found in the annex (page 312)

PRINCIPLE OF MATERIALITY

The method adopted for measuring material matters is based on the standards of accountability and information and it is gathered at the corporate level and in the business units.

Materiality is obtained by the intersection of the topics identified by society with the importance attributed by the business.

The themes identified by society are prioritized according to the frequency with which they arise in the different categories analysed.

IMPORTANCE TO SOCIETY

The society vector results from an analysis of the following vectors:

REGULATION

A survey of current and emerging regulations is conducted, by region: Iberia (Spain and Portugal), other European countries, USA and Brazil.

BENCHMARK

An international benchmark of 25 companies operating in the electricity and/or gas markets and headquartered in countries where EDP operates, is conducted. These peers are chosen based on external recognition of their sustainability practices.

INTERNATIONAL STUDIES

All materially relevant issues identified by sustainability strategy studies directed at the electricity or gas sector are consulted.

ESG (ENVIRONMENTAL, SOCIAL AND GOVERNANCE) SURVEYS OF INVESTORS

The topics most frequently requested by ESG investors, based on benchmark surveys, are identified.

SURVEY OF EXPECTATIONS OF THE DIFFERENT STAKEHOLDERS OF EDP

Once the expectations of the different stakeholders are known, by means of: 1) interviews with the managers responsible for different stakeholders segments in the various Group companies; 2) surveys and interviews directly conducted with stakeholders; 3) identification and categorization of the issues addressed in the existing external communication channels; 4) internal workshop to analyse the relevant topics for stakeholders.

IMPORTANCE TO THE BUSINESS

The internal perspective of importance to the business was measured based on the interviews with the Managers and Heads of different areas of the corporate centre and the businesses, which identified the most important topics for the business in 2013.

The materiality matrix is influenced by trends and the climate of society and business. The changes recorded in 2013 compared to the previous year were the following:

- New Topics: energy access, functional energy market; and street lighting;
- Topics that have increased their relevance in both axes: ethics and impacts on communities;
- Topics that have seen their position rise in the society axis: facilities security; sustainability in the supply chain, corporate governance, tariffs and energy prices, regulations, taxes and subsidies, market liberalization; wellbeing, health and safety and innovation;
- Topic that has seen its position rise in the business axis: responsible marketing;
- Topics that have seen their positions fall in the society axis: citizenship, customer service, reputation and trust; responsible employer.
- Topics that have seen their positions fall in the business axis: natural resources management, climate change and new businesses/markets.

To check the renaming of topics on the 2012 materiality matrix, see the glossary (www.edp.pt/sustainability/stakeholders).