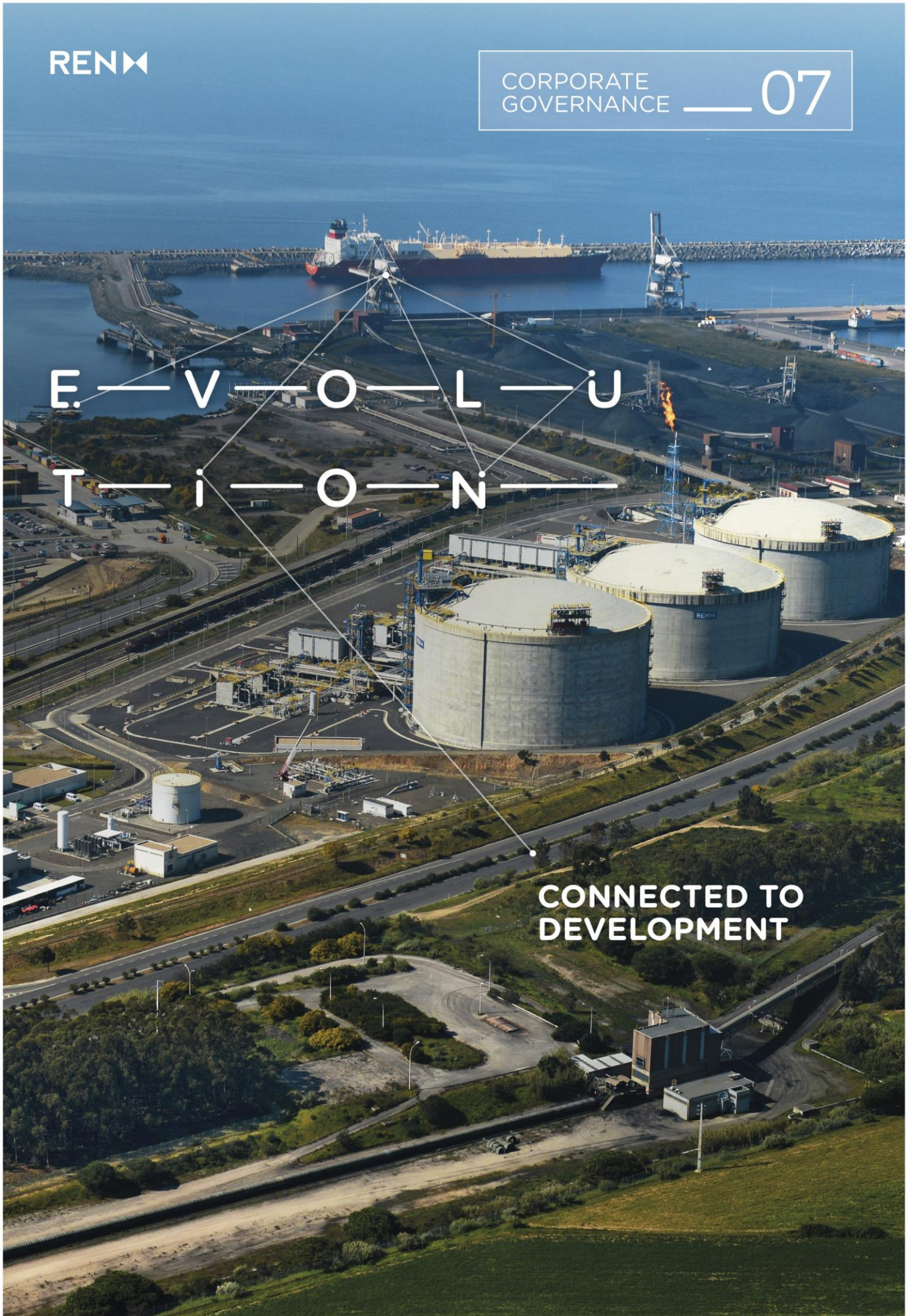


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DEVELOPMENT





# 07 — CORPORATE GOVERNANCE

## PART I

### 7.1. › INFORMATION ON SHAREHOLDER STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE ECONOMIC ENVIRONMENT

#### 7.1.1. ECONOMIC ENVIRONMENT

##### I. CAPITAL STRUCTURE

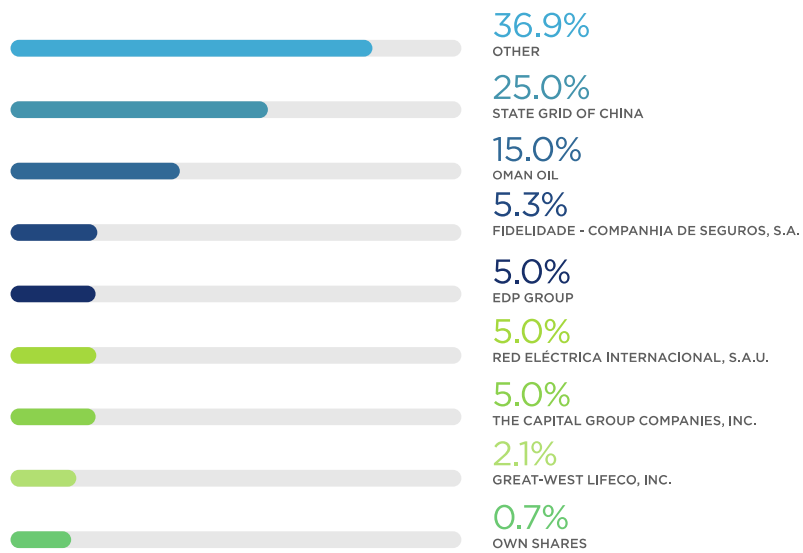
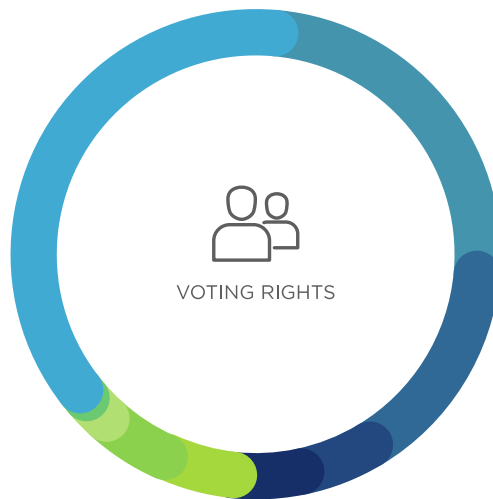
##### **I.1. Capital structure (share capital, number of shares, distribution of capital among shareholders, etc.), including information on shares not admitted to trading, different classes of shares, inherent rights and duties and percentage of capital which each class represents (Art. 245-A)(1)(a))**

The share capital of REN – Redes Energéticas Nacionais, SGPS, S.A. (REN or the company) in the amount of 534,000,000 Euros is represented by 534,000,000 ordinary shares with a face value of 1.00 Euros, in the form of nominative book-entry shares.

REN shares are ordinary shares that do not grant special rights to their holders, beyond the general rights inherent as a shareholder, under the law.

Currently, all REN shares are admitted to trading on Euronext Lisbon, a regulated market managed by Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A., corresponding to the Code PTRELOAM0008. This has been the case since 25 May 2016 when 213,600,000 shares held by State Grid Europe Limited and Mazoon B.V. were admitted to trading.

SHAREHOLDER STRUCTURE AT 31 DECEMBER 2016



## I.2. Restrictions on the transferability of shares, such as consent for disposal clauses, or limitations on ownership of shares (Art. 245-A(1)(b)).

There are no restrictions and REN has not implemented any measures which hinder the transferability of shares. REN shares are freely tradable on the regulated market, without prejudice to that established in this section.

With respect to ownership limitations on shares, in accordance with applicable legislation, no entity, including entities which conduct business in the respective sector in Portugal or abroad, can have direct or indirect holdings greater than 25% of REN share capital<sup>1</sup>.

These limitations on the ownership of REN shares were introduced following the transposition of European community directives applicable to the electricity and natural gas sectors to promote competition in the market and equal access by operators to transmission infrastructures.

It should be further noted that on 9 September 2014<sup>2</sup>, ERSE – The Energy Services Regulator ('ERSE') issued a decision on the certification of REN – Rede Eléctrica Nacional, S.A. and REN – Gasodutos, S.A. (both wholly owned by REN) as operators of the National Electricity Transmission System and the National Natural Gas Transmission System (the ERSE Decision), respectively, under full ownership unbundling.

In accordance with the ERSE Decision, certification was dependent on compliance with a series of conditions intended to ensure the independence of those operators, including, *inter alia*, (i) restrictions on the exercising of rights related to the REN General Meeting; (ii) restrictions on the exercising of positions on the Board of Directors or Audit Committee of REN or the Transmission System Operators; and (iii) the change to the REN's Articles of Association in order to comply with the restrictions set out in (i) and (ii).

The amendments to REN's Articles of Association required to comply with the ERSE decision were approved by the REN General Meeting which was held on 17 April 2015. With regard to the exercising of rights at the REN General Meeting, the following changes were included:

- shareholders that, directly or indirectly, exercise control over a company which either produces or sells electricity or natural gas are not allowed to exercise voting rights at the general meeting over any Company shares, except when ERSE recognizes that no risk of conflict of interest exists;

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<sup>1</sup> Cf. article 25(2)(i) of Decree-Law No 29/2006 of 15 February (with its current wording), and article 20-A(3)(b) and article 21(3)(h) of Decree-Law No 30/2006, of 15 February (with its current wording)

<sup>2</sup> ERSE – Energy Services Regulator notified REN on 4 August 2015 confirming that the certification conditions determined on 9 September 2014 had been complied with, thus making the certification decision final.

- The persons who exercise control or rights over companies which either produce or sell electricity or natural gas must not appoint members to the Board of Directors or the statutory auditor, or members of bodies which legally represent it, on their own or through others with whom they are connected via shareholders' agreements, except (i) when ERSE recognizes that there is no risk of conflicts of interest due to the fact that the respective production or sale of electricity or natural gas of such a shareholder takes place in geographical locations which have no direct or indirect connection or interface with Portuguese networks and (ii) provided that there were no changes as to the grounds or objective circumstances which led ERSE to decide that there was no risk of conflict of interest with the Portuguese operators of the transport network.

Therefore, limitations on the transferability and ownership of shares (as well as the exercising of rights) are exclusively due to legal and regulatory requirements or compliance with administrative decisions which the Corporate Governance Code of the Portuguese Securities Market Commission (CMVM) must not overturn. As such, the non-implementation of recommendation I.4. of the CMVM Corporate Governance Code is fully justified.

With regard to limitations on voting rights, see also I.5 below on the limitations expressed in the Articles of Association arising from the legal system applicable to the electricity and gas sectors.

### **I.3. Number of own shares, percentage of the corresponding share capital and percentage of voting rights to which own shares would correspond (Art. 245-A(1)(a))**

REN has 3,881,374 own shares with a face value of 10,728,000.00 Euros, representing 0.73% of its share capital. These shares would correspond to 0.73% of voting rights.

### **I.4. Significant agreements REN is a party to and that come into force, are amended or terminated in the event of a change of control over the Company, as the result of a takeover bid, as well as the respective effects, except if, due to their nature, such disclosure is severely detrimental for the Company, unless the Company is specifically required to disclose such information due to other legal requirements (Art. 245-A(1)(j))**

REN and its subsidiaries are party to a number of financing contracts and debt issues which include clauses on change of control which are typical of such transactions (including, although not expressly, changes of control arising from public takeover bids) and essential for carrying out such transactions in the market.

In any case, the practical application of these clauses is limited, considering the legal restrictions on the ownership of REN shares as explained in I.2.

There are no other significant agreements to which REN is a party that come into force, are amended or terminated in the event of a change in control over the Company or as the result of a public takeover bid.

In summary, REN has not adopted any measures aimed at requiring payment or the assumption of burdens by the Company in the event of changes of control or changes in the composition of the Board of Directors and which would affect the free transferability of shares or the free evaluation of the performance of members of the Board of Directors by the shareholders. Recommendation CMVM I.5 has thus been complied with.

#### **I.5. Framework to which the renewal or cancelation of defensive measures are subject , in particular those which limit the number of votes which can be held or exercised by a sole shareholder individually or jointly with other shareholders**

The only provisions in REN's Articles of Association which provide for limitations on votes which can be held or exercised by a sole shareholder or by certain shareholders (e.g. who exercise control over a company which works in the production or sale of electricity or natural gas), individually or together with other shareholders are set out in I.2 above.

Nevertheless, such provisions arise from legal requirements and from the ERSE decision and do not seek to limit voting rights, but rather to ensure the existence of a sanctioning system for breaching the legal limit on the ownership of shares and the legal restriction on voting rights, respectively.

As such, the non-implementation of CMVM Corporate Governance Code recommendation 1.3 is fully justified.

As such, there is no mechanism in the Articles of Association to renew or cancel these statutory rules, as its existence is due to compliance with legal and administrative requirements. Therefore, the non-implementation of the recommendation I.4. of the CMVM Corporate Governance Code is fully justified.

There are no other defensive measures.

#### **I.6. Shareholder agreements the company is aware of and that may lead to restrictions with regard to the transfer of securities or voting rights (Art. 245-A(1)(g))**

The Board of Directors is not aware of any shareholder agreements in relation to REN that may result in any restrictions to the transfer of securities or exercising of voting rights.

## II. SHAREHOLDINGS AND BONDHOLDINGS

### II.7. Identification of natural or legal persons which, directly or indirectly, own qualified shareholdings (Art. 245-A(1)(c) and (d) and Art. 16), with detailed information on the percentage of capital and attributable votes and the source and causes of such attribution

Taking into account the communications submitted to the Company in accordance with article 447 of the Portuguese Companies Code, article 16 of the Portuguese Securities Code and article 2 of CMVM Regulation No 5/2008, with reference to 31 December 2016, shareholders holding qualified shareholdings representing at least 2% of REN's share capital, calculated in accordance with article 20 of the Portuguese Securities Code, were as follows:

STATE GRID CORPORATION OF CHINA	NO. OF SHARES	% CAPITAL WITH VOTING RIGHTS
Directly	0	0%
Through State Grid Europe Limited (SGEL), which is controlled by State Grid International Development Limited (SGID), which is controlled by the State Grid Corporation of China	133,500,000	25.0%
<b>Total attributable</b>	<b>133,500,000</b>	<b>25.0%</b>

OMAN OIL COMPANY SAOC	NO. OF SHARES	% CAPITAL WITH VOTING RIGHTS
Directly	0	0%
Through Mazoon BV, which is controlled by the Oman Oil Company SAOC	80,100,000	15.0%
<b>Total attributable</b>	<b>80,100,000</b>	<b>15.0%</b>

FIDELIDADE COMPANHIA DE SEGUROS, S.A. <sup>3</sup>	NO. OF SHARES	% CAPITAL WITH VOTING RIGHTS
Directly	28,115,216	5.265%
Through Via Directa – Companhia de Seguros, S.A., which is controlled by Fidelidade	95,816	0.018%
Through Companhia Portuguesa de Resseguros, S.A., which is controlled by Fidelidade	30,000	0.006%
Through Fidelidade Assistência – Companhia de Seguros, S.A., which is controlled by the common shareholder Longrun <sup>4</sup>	78,907	0.015%
Through Multicare – Seguros de Saúde, S.A., which is controlled by the common shareholder LongRun <sup>5</sup>	50,726	0.009%
<b>Total attributable</b>	<b>28,370,665</b>	<b>5.313%</b>

EDP – ENERGIAS DE PORTUGAL, S.A. (EDP)	NO. OF SHARES	% CAPITAL WITH VOTING RIGHTS
Directly	18,690,000	3.5%
Through the EDP Pension Fund, which is controlled by EDP	8,017,335	1.5%
<b>Total attributable</b>	<b>26,707,335</b>	<b>5.0%</b>

RED ELÉCTRICA CORPORACIÓN, S.A.	NO. OF SHARES	% CAPITAL WITH VOTING RIGHTS
Directly	0	0.0%
Through Red Eléctrica Internacional, S.A.U.	26,700,000	5.0%
<b>Total attributable</b>	<b>26,700,000</b>	<b>5.0%</b>

<sup>3</sup>84.9861% of the share capital and voting rights in Fidelidade – Companhia de Seguros, S.A. are held by LongRun Portugal, SGPS, SA (LongRun), which is in turn wholly owned by Millennium Gain Limited, which is 100% owned by Fosun Financial Holdings Limited, companies to which the abovementioned holdings are attributable. On 11 February 2015, Fidelidade notified REN that it had reached holdings of 5.008% in REN share capital and voting rights, in accordance with that better described at: [http://web3.cmvm.pt/sdi2004/emitentes/emit\\_part.cfm?num\\_ent=%24%21%24%3FT%23%40%20%20%0A](http://web3.cmvm.pt/sdi2004/emitentes/emit_part.cfm?num_ent=%24%21%24%3FT%23%40%20%20%0A)

<sup>4</sup>LongRun also holds 80% of the capital of Fidelidade Assistência – Companhia de Seguros, SA.

<sup>5</sup>LongRun also holds 80% of the capital of Multicare – Seguros de Saúde, SA.



THE CAPITAL GROUP COMPANIES, INC.	NO. OF SHARES	% CAPITAL WITH VOTING RIGHTS
Directly	0	0%
Through Smallcap World Fund, Inc.	14,099,780	2.6404%
Through accounts under the discretionary management of fund management companies in a controlling or group relationship with The Capital Group Companies, Inc.	12,692,524	2.3769%
<b>Total attributable</b>	<b>26,792,304</b>	<b>5.0173%</b>

GREAT-WEST LIFECO, INC. <sup>6</sup>	NO. OF SHARES	% CAPITAL WITH VOTING RIGHTS
Directly	0	0%
Through PanAgora Asset Management, Inc. a company controlling Great-West Lifeco, Inc.	82	0.00002%
Through the collective investment undertakings managed by Setanta Asset Management Limited <sup>7</sup> , a company in a controlling relationship with Great-West Lifeco, Inc.	10,740,000	2.011%

<sup>6</sup> In accordance with the notification received by the company on 5 October 2016, the ultimate controlling shareholders of Great-West Lifeco, Inc. are The Desmarais Family Residuary Trust and its trustees Jacqueline Desmarais, Paul Desmarais, Jr., André Desmarais, Michel Plessis-Bélair and Guy Fortin to whom the 2.056% of REN's voting rights are attributed, under article 20(1)(b) of the Portuguese Securities Code. The same voting rights are also attributable to the following Companies controlled by the Desmarais Trust: Power Financial Corporation; 17,123 Canada Inc.; Power Corporation of Canada; and Pansolo Holdings Inc.

<sup>7</sup> Breakdown of the collective investment undertakings and respective holdings: Balanced Fund, sub-fund of Summit Investment Funds plc (52,347 shares corresponding to 0.01% of the share capital); Balanced Fund, sub-fund of Summit Mutual Funds plc (16,733 shares corresponding to 0.003% of the share capital); Canada Life Assurance Europe Limited (2,715,969 shares corresponding to 0.509% of the share capital); CF Canlife Global Equity Income Fund (209,682 shares corresponding to 0.039% of the share capital); Growth Fund, sub-fund of Summit Investment Funds plc (109,317 shares corresponding to 0.020% of the share capital); Growth Fund, sub-fund of Summit Mutual Funds plc (73,262 shares corresponding to 0.014% of the share capital); Irish Life Assurance Plc (4,696,070 shares corresponding to 0.879% of the share capital); Little Company of Mary Limited (30,861 shares corresponding to 0.006% of the share capital); London Life Insurance Company (639,014 shares corresponding to 0.120% of the share capital); Quadrus Global Dividend Class (946,989 shares corresponding to 0.177% of the share capital); Quadrus Global Dividend Fund (21,094 shares corresponding to 0.004% of the share capital); Quadrus Global Equity Class (28,636 shares corresponding to 0.005% of the share capital); Setanta Global Equity Fund, sub-fund of Beresford Funds plc (125,943 shares corresponding to 0.024% of the share capital); Setanta Income Opportunities Fund, sub-fund of Beresford Funds plc (130,804 shares corresponding to 0.024% of the share capital); Setanta Reditus Global Balanced Fund, sub-fund of Beresford Funds plc (18,587 shares corresponding to 0.003% of the share capital); Setanta Reditus Global Equity Fund, sub-fund of Beresford Funds plc (82,979 shares corresponding to 0.016% of the share capital); The Great-West Life Assurance Company (268,316 shares corresponding to 0.050% of the share capital); The Canada Life Assurance Company (207,807 shares corresponding to 0.039% of the share capital); Setanta Reditus Income Fund, sub-fund of Beresford Funds plc (365,590 shares corresponding to 0.068% of the share capital). The voting rights inherent to the abovementioned shares are also attributable, under article 20(1)(b) of the Securities Code, to the following companies controlled by Great-West Lifeco, Inc.: The Great-West Life Assurance Company; Canada Life Financial Corporation; The Canada Life Assurance Company; Canada Life Capital Corporation Inc; Canada Life International Holdings Limited; and The Canada Life Group (U.K.) Limited.

GREAT-WEST LIFECO, INC. <sup>6</sup>	NO. OF SHARES	% CAPITAL WITH VOTING RIGHTS
Through the collective investment undertakings managed by GLC Asset Management Group LTD <sup>8</sup> , a company in a controlling relationship with Great-West Lifeco, Inc.	218,682	0.041%
Through the sub-fund Indexed World Small Cap Equity, sub-fund of Beresfird Funds plc, managed by Irish Life Investment Managers Limited <sup>9</sup> a company in a controlling relationship with Great-West Lifeco, Inc.	22,223	0.004%
<b>Total attributable</b>	<b>10,980,987</b>	<b>2.056%</b>

## II.8. Information on the number of shares and bonds held by members of management and supervisory bodies

In accordance with and for the purposes of article 447 of the Portuguese Companies Code, in particular paragraph 5 thereof, the number of shares held by the members of the REN management and supervisory bodies and by the persons related to them pursuant to paragraph 2 of the abovementioned article<sup>10</sup>, as well as all their acquisitions, encumbrances or disposals with reference to the financial year 2016, based on communications with the company, were as follows:

<sup>8</sup> Breakdown of the funds and companies and respective holdings: London Life Insurance Company (177,122 shares corresponding to 0.033% of the share capital); Quadrus U.S. and International Specialty Class (2,125 shares corresponding to 0.0003% of the share capital); The Great-West Life Assurance Company (14,247 shares corresponding to 0.0027% of the share capital); The Canada Life Assurance Company (17,511 shares corresponding to 0.0033% of the share capital); CF Canlife Global Infrastructure Fund (7,677 shares corresponding to 0.001% of capital).

<sup>9</sup> The voting rights inherent to the abovementioned shares are also attributable, under article 20(1)(b) of the Securities Code, to the following companies controlled by Great-West Lifeco, Inc.: The Great-West Life Assurance Company; Canada Life Financial Corporation; The Canada Life Assurance Company; Canada Life Capital Corporation Inc; Canada Life International Holdings Limited; and The Canada Life Group (U.K.) Limited.

<sup>10</sup> This comprises the shares held by members of the REN management and supervisory bodies and also, if applicable, (i) by the spouse not judicially separated, regardless of the matrimonial property regime; (ii) by underage descendants; (iii) by persons under whose name shares are registered, in the event that they have been acquired on behalf of a member of the management or supervisory bodies and of persons referred to in (i) and (ii); and (iv) by companies of which a member of the management or supervisory bodies and the persons referred to in (i) and (ii) are shareholders with unlimited liability, exercise any management or supervisory duties or hold, individually or jointly with the persons referred to in (i) to (iii), at least half of the share capital or corresponding voting rights.

## AUDIT COMMITTEE

AUDIT COMMITTEE	ACQUISITIONS (IN 2016)	ENCUMBRANCES (IN 2016)	DISPOSALS (IN 2016)	NO. OF SHARES AT 31.12.2016
Manuel Ramos de Sousa Sebastião	9,000		7,000	7,000
Gonçalo Gil Mata	-	-	-	0 (zero)
Maria Estela Barbot	-	-	-	0 (zero)

## BOARD OF DIRECTORS

BOARD OF DIRECTORS	ACQUISITIONS (IN 2016)	ENCUMBRANCES (IN 2016)	DISPOSALS (IN 2016)	NO. OF SHARES AT 31.12.2016
Rodrigo Costa	-	-	-	0 (zero)
João Faria Conceição	-	-	-	500
Gonçalo Morais Soares	-	-	-	0 (zero)
Guangchao Zhu - representing SGID	-	-	-	0 (zero)
Mengrong Cheng	-	-	-	0 (zero)
Longhua Jiang	-	-	-	0 (zero)
Omar Al-Wahaibi	-	-	-	0 (zero)
Manuel Champalimaud <sup>11</sup>		-	19,499,715 <sup>12</sup>	12,540,285 <sup>13</sup>
Jorge Manuel Magalhães Correia			-	28,370,665 <sup>14</sup>
José Luís Arnaut <sup>15</sup>			-	7,587

<sup>11</sup> Resigned on 13 April 2016, but remained in functions until 31 May 2016. For that reason, the information regarding the number of shares on 31 December 2016 refers, in this case, to that last date. According to the information made public by Gestmin, after such date, as a shareholder with a qualified shareholding, the disposal of 656,713 REN ordinary shares, corresponding to 0.12% of the share capital, was announced to the market, on 28 July 2016. On that date, the REN shareholding attributable to Gestmin was 10,230,922 shares corresponding to 1.92% of the voting rights and sharecapital (losing the qualified shareholding)

<sup>12</sup> Shares disposed by the shareholder and by the shareholder Gestmin, which, due to the exercise of the function of president of the board of directors of that company and as a holder of the majority of the corresponding share capital, are also attributable to him. This refers to 280,000 shares directly held by Manuel Champalimaud and 17,219,715 shares and 2,000,000 shares held by the shareholder Gestmin (as, respectively, announced on 7 April and 9 May 2016).

<sup>13</sup> Shares held by the shareholder Gestmin as specified in the previous footnotes.

<sup>14</sup> Corresponding to the shares attributable to Fidelidade Companhia de Seguros, S.A., which are attributable for the purposes of art. 447 of the Portuguese Companies Code, due to the exercise of the functions of member of the board of directors of that company.

<sup>15</sup> Comprises 480 bonds held directly and the remaining held by the Company Platinum details – Consultoria e Investimentos, Lda, in which it holds 68% of the share capital.

In accordance with and for the purposes of article 447 of the Portuguese Companies Code, in particular paragraph 5 thereof, the number of bonds held by the members of the REN management and supervisory bodies and by the persons related to them pursuant to paragraph 2 of the abovementioned article<sup>16</sup>, as well as all their acquisitions, encumbrances or disposals with reference to the financial year 2016, based on communications with the company, were as follows:

#### BOARD OF DIRECTORS

BOARD OF DIRECTORS	ACQUISITIONS (IN 2016)	ENCUMBRANCES (IN 2016)	DISPOSALS (IN 2016)	NO. OF BONDS AT 31.12.2016
Rodrigo Costa	-	-	-	0 (zero)
João Faria Conceição	-	-	-	0 (zero)
Gonçalo Morais Soares	-	-	-	0 (zero)
Guangchao Zhu - representing SGID	-	-	-	0 (zero)
Mengrong Cheng	-	-	-	0 (zero)
Longhua Jiang	-	-	-	0 (zero)
Omar Al-Wahaibi	-	-	-	0 (zero)
Manuel Champalimaud <sup>17</sup>	-	-	-	0 (zero)
Jorge Manuel Magalhães Correia	200,000 <sup>18</sup>	-	54,109,000 <sup>19</sup>	1,200,000 <sup>20</sup>
José Luís Arnaut	-	-	-	0 (zero)

<sup>16</sup> This comprises the shares held by members of the REN management and supervisory bodies and, as well as, if applicable, the ones held (i) by the spouse not judicially separated, regardless of the matrimonial property regime; (ii) by underage descendants; (iii) by persons in whose name shares are registered, in the event that they have been acquired on behalf of a member of the management or supervisory bodies and of persons referred to in (i) and (ii); and (iv) by companies of which a member of the management or supervisory bodies and the persons referred to in (i) and (ii) are shareholders with unlimited liability, exercise any management or supervisory duties or hold, individually or jointly with the persons referred to in (i) to (iii), at least half of the share capital or corresponding voting rights.

<sup>17</sup> Resigned on 13 April 2016, but remained in office until 31 May 2016. For that reason, the information regarding the number of shares refers to the latter.

<sup>18</sup> The company Fidelidade – Companhia de Seguros, S.A., shareholder with a qualified shareholding and entity related with Jorge Manuel Baptista Magalhães Correia, member of the board of directors of REN, purchased 200,000 bonds “REN 1.75%, 01/06/2018, CORP” on 27 May 2016.

<sup>19</sup> Comprises the sales transactions carried out by Fidelidade – Companhia de Seguros, S.A., shareholder with a qualified shareholding and entity related with Jorge Manuel Baptista Magalhães Correia, member of the board of directors of REN, and its subsidiary Multicare – Seguros de Saúde, S.A., through which they sold, respectively, 53,500,000 and 600,000 “REN 4.125%, 31/01/2018, CORP” bonds, on 31 May 2016, and the sale transaction carried out directly by Jorge Magalhães Correia of 9,000 “REN 6.25%, 09/2016” bonds, on 22 June 2016

<sup>20</sup> This Corresponds to 1,200,000 bonds held by Fidelidade – Companhia de Seguros, S.A.

### **II.9 Special powers of the management body, notably regarding resolutions on capital increase (Art. 245-A(1)(i)), indicating, as to such resolutions, the date on which the powers were attributed to the management body, time limit until such powers may be exercised, maximum quantitative limit on capital increase, amount already issued under the attribution of such powers and method of applying the attributed powers**

The Board of Directors has powers conferred by the Portuguese Companies Code and the <sup>21</sup> (see summary of these powers in II.21), and as such the management body does not have special powers.

Particularly, concerning resolutions on capital increase, it should be noted that REN's Articles of Association do not authorize the Board of Directors to increase the Company's share capital.

### **II.10. Information on significant relationships of a commercial nature between the owners of qualified holdings and the Company**

In accordance with the internal regulation on the assessment and control of transactions with related parties<sup>22</sup> and prevention of conflict of interests<sup>23</sup>, significant transactions with related parties are those which:

- a) are based on the purchase and/or sale of assets, provision of services or a contracted project with an economic value greater than one million euros;
- b) are based on the acquisition or disposal of shareholdings;
- c) require new loans, financing or subscription of financial investments resulting in an overall annual indebtedness exceeding 100 million euros, except when referring to a simple renewal of existing circumstances or operations undertaken within the framework of pre-existing contractual conditions;
- d) should none of the materiality criteria set out in the subparagraphs above be met, (i) have a value exceeding one million euros or (ii) are considered relevant for this purpose by the management body, by virtue of their nature or their particular susceptibility to giving rise to a conflict of interests.

The Board of Directors' is required to submit significant transactions with related parties to the Audit Committee for prior assessment<sup>24</sup>. Therefore, transactions considered significant are subject to prior opinion from the Audit Committee, while others are only subject to subsequent assessment.

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<sup>21</sup> Cf. article 15 of the Articles of Association and article 3 of the Board of Directors' Regulation

<sup>22</sup> The definition of related party in accordance with this regulation includes owners of qualified holdings calculated in accordance with article 20 of the Securities Code

<sup>23</sup> Cf. section II, paragraph I., p. 3

<sup>24</sup> Cf. section III, p. 3 and section VI, p.5



Moreover, in accordance with the Board of Directors internal regulation, transactions with related parties with sums exceeding 500 million euros or, regardless of the sum, any transaction which may be considered as not being executed under market conditions are matters which may not be delegated to the Executive Committee.

In light of the abovementioned criteria – set out in Board of Directors regulation and in internal regulations on the assessment and control of transactions with related parties and prevention of conflicts of interests – during 2016, there were three significant commercial transactions with related parties, which were subject to prior control by the Audit Committee, as detailed below in I.90.

## 7.1.2. CORPORATE BODIES AND COMMITTEES

### I. GENERAL MEETING

a) Composition of the Board of the General Meeting in the year of reference

#### I.11. Identification and position of the members of the Board of the General Meeting and respective term of office (start and end)

The following members of the Board of the General Meeting were elected for the term of office 2015-2017:

NAME	POSITION	DATE OF 1 <sup>ST</sup> APPOINTMENT	TERM OF OFFICE IN COURSE
Pedro Maia	Chairman	27.03.2012	2015-2017
Francisco Santos Costa	Vice-Chairman	17.04.2015	2015-2017

In the performance of his duties, the Chairman of the Board of the General Meeting also had the support of the Company Secretary, Marta Almeida Afonso.

b) Exercise of voting rights

**I.12. Possible restrictions with regard to voting rights, such as limitations on exercising voting rights depending on the ownership of a number or percentage of shares, terms imposed for exercising voting rights or systems for detaching ownership content (Art. 245-A(1)(f))**

Following the best practices on shareholder participation in the general meetings of companies with shares admitted to trading in a regulated market, REN's Articles of Association set out the principle of "one share, one vote".

Without prejudice to that referred to in 1.2 and 1.5, there are no restrictions on voting rights, such as limitations on exercising voting rights depending on the number or percentage of shares.

Owners of one or more shares on the "Record Date" may attend, participate in and vote at the REN General Meeting, provided they comply with the following requirements:

- a) Shareholders wishing to participate in the General Meeting should express such intention in writing to the Chairman of the Board of the General Meeting and to the financial intermediary with whom they have opened the relevant individual securities account, up to the day before the "Record Date". This communication may be sent by e-mail<sup>25</sup>.
- b) In turn, the abovementioned financial intermediary shall send to the Chairman of the Board of the General Meeting, up to the end of the day corresponding to the "Record Date", information on the number of shares registered in the name of the shareholder on that date. This communication may be sent by e-mail<sup>26</sup>.
- c) Shareholders who exercise direct or indirect control over a company which either produces or sells electricity or natural gas and wishes to participate, personally or through a representative, in the General Meeting are required to provide a declaration to the Chair of the General Meeting up to the day prior to the "Record Date", stating that they are not prohibited from exercising voting rights as ERSE has recognized that there is no conflict of interest.
- d) Shareholders wishing to participate, in person or through a representative in the General Meeting, are required to provide a written declaration to the Chair of the General Meeting before the day prior to the "Record Date", stating that they are not prohibited from exercising voting rights in accordance with the subparagraph c). The content of the abovementioned declaration is a condition to the exercising of voting rights at the General Meeting and may be established in standard terms by the Chair of the Meeting.<sup>27</sup>

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<sup>25</sup> Cf. article 12(9) of the Articles of Association

<sup>26</sup> Cf. article 12(10) of the Articles of Association

<sup>27</sup> Cf. article 12(12)(13) and (15) of the Articles of Association

- e) Shareholders which are recognized by ERSE as not having a risk of conflict of interest – as the respective production or sale of electricity or natural gas by such shareholders takes place in locations which have no direct or indirect connection or interface with the Portuguese networks – and provided that no changes have occurred with regard to the grounds or objective circumstances which led ERSE to recognize no conflict of interest existed with Portuguese transmission network operators, are not required to provide proof of this recognition with the abovementioned declaration. The exception will only be should changes have taken place to the grounds and objective circumstances which led to such assessment that determines the prohibition of the respective policy rights and/or re-examination of certification conditions by ERSE.<sup>28</sup>

Shareholders with voting rights may be represented at the General Meeting by means of a person with full legal capacity, by written document addressed to the Chairman of the Board of the General Meeting, communicating the name(s) of the representative(s), under the law and the notice of meeting. This communication may be sent by e-mail.<sup>29</sup>

REN shareholders who hold shares on a professional basis in their own name but on behalf of clients, may vote differently with their shares, provided they submit this fact to the Chairman of the Board of the General Meeting in advance and deliver proportional and sufficient proof: (a) the identification of each client and the corresponding number of shares that will be voted on his behalf; (b) the specific voting instructions on each of the items on the agenda as provided by each of their clients.

REN shareholders may submit their postal votes by correspondence for each item on the agenda, by letter signed with the same signature as on their identification document, enclosing a legible photocopy of such document, if the shares are held by an individual shareholder, or duly notarized signature of the proxy, in the event that the shares are held by a legal person<sup>30</sup>.

This letter should be addressed to the Chairman of the Board of the General Meeting and sent by post with acknowledgement of receipt to REN's registered office at least three business days prior to the date of the General Meeting, except if the relevant notice of meeting establishes a different time.

The Chairman of the Board of the General Meeting shall verify the authenticity and regularity of the postal votes as well as ensure that they remain confidential until the voting takes place<sup>31</sup>.

It is also established that votes by correspondence are considered to be votes against, in the case of resolution proposals submitted after the date on which they were cast.

In order to facilitate votes by correspondence, REN provides a voting ballot on its website<sup>32</sup> which may be used for such purpose, and upon request, may also send a voting ballot and an envelope to shareholders for the purpose of postal submission.

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<sup>28</sup> Cf. article 12(14) of the Articles of Association

<sup>29</sup> Cf. article 12(11) of the Articles of Association

<sup>30</sup> Cf. article 12(5) of the Articles of Association

<sup>31</sup> Cf. article 12(5) and (7) of the Articles of Association

<sup>32</sup> www.ren.pt

Should there be express indication in the notice to convene the General Meeting, shareholders may exercise voting rights electronically, in accordance with the terms, time and conditions set out in the respective call.<sup>33</sup>

In any case, REN considers the participation of its shareholders to be fully ensured through vote by correspondence and methods of representation (as outlined above). Moreover, REN further considers that voting by electronic means would not represent added value for shareholders, especially taking into account the reduced number of votes cast by correspondence at its recent General Meetings<sup>34</sup>.

In summary, REN considers that it provides all the necessary mechanisms to encourage its shareholders to participate and vote in general meetings.

REN's Articles of Association do not provide for any systems for detaching ownership content and there is no mechanism in place to cause any conflict between the right to receive dividends or the underwriting of new securities and the principle of 'one share, one vote', with the exception of that set out in the Articles of Association as described in 1.2 and 1.5 above, which seek to make current regulations and the legal regime effective.

### **I.13. Information on the maximum percentage of voting rights that can be exercised by a sole shareholder or by shareholders with whom they maintain a relationship pursuant to paragraph 1 of article 20 of the Securities Code**

As referenced above in I.5, the maximum percentage of voting rights that can be exercised by a sole shareholder or by shareholders with whom they maintain a relationship pursuant to paragraph 1 of article 20 of the Portuguese Securities Code, on his behalf or as representative of another shareholder, is 25% of the votes corresponding to REN share capital.

As also referred to in 1.2 and 1.5 above, shareholders which, directly or indirectly, exercise control over a company which either produces or sells electricity or natural gas are not allowed to exercise voting rights at the General Meeting over any Company shares, except when ERSE has recognized that no risk of conflict of interest exists.

The persons who exercise control or rights over companies which either produce or sell electricity or natural gas may not appoint members to the Board of Directors or the statutory auditor, or members of bodies which legally represent it, on their own or through others with whom they are connected through shareholders' agreements, except when ERSE recognizes that there is no risk of conflicts of interest.

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<sup>33</sup> Cf. article 12(6) of the Articles of Association

<sup>34</sup> There was only one vote by correspondence at the annual general meeting of 17 April 2016

**I.14. Identification of shareholder resolutions that, in accordance with the , shall only be resolved on a qualified majority, aside from those legally provided for, and indication of these majorities**

In accordance with paragraph 1 of article 11 of the , the attendance or representation of shareholders holding at least 51% of capital is essential in order for the General Meeting to be held and resolved on the first call.

In accordance with article 11(2) of the , the quorum for adopting resolutions on amendments to the , splits, mergers, transformation or dissolution of the company shall be two thirds of the votes issued, both for the first and second call, regardless of the percentage of capital represented.

Furthermore, in accordance with No. 3 of the same article in the , resolutions for changes relating to articles 7-A and/or 12(3) and 11 of the Articles of Association require the approval of three quarters of the votes issued.



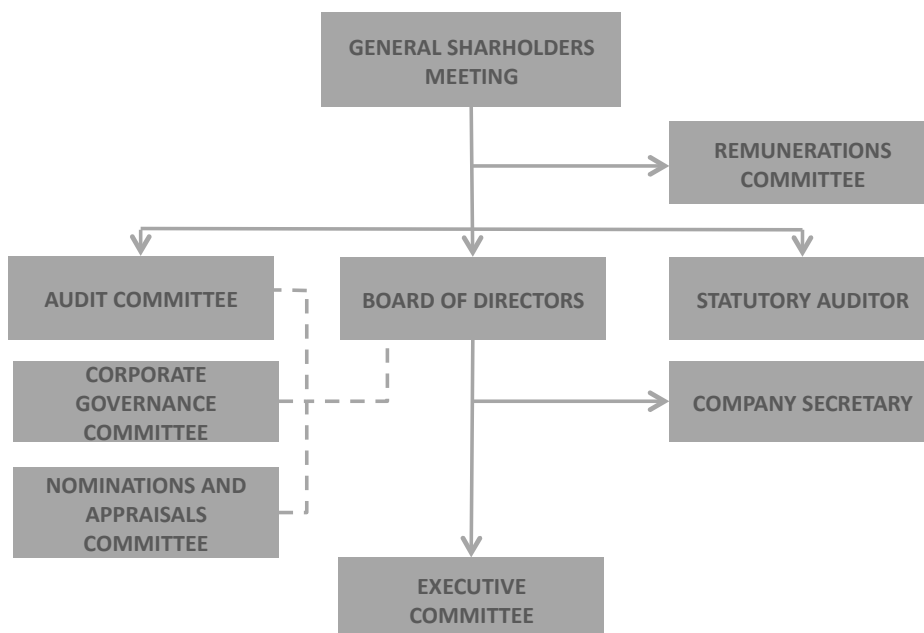
**II. MANAGEMENT AND SUPERVISION**

**(BOARD OF DIRECTORS, EXECUTIVE BOARD OF DIRECTORS AND GENERAL AND SUPERVISORY BOARD)**

a) Composition

**II.15. Identification of the model of governance adopted**

REN has adopted a corporate governance model based on an Anglo-Saxon model which consists of the following corporate bodies elected by the General Meeting<sup>35</sup>: (i) a Board of Directors, responsible for the management of the Company’s business, which delegates the day-to-day management of the Company to the Executive Committee<sup>36</sup> which is supported by specialized committees (described in further detail below), and (ii) an Audit Committee and the Statutory Auditor, as supervision bodies. The Audit Committee consists exclusively of non-executive directors<sup>37</sup>.



<sup>35</sup> Cf. article 8(2)(b) of the Articles of Association  
<sup>36</sup> Cf. article 8(1) of the Board of Directors regulations  
<sup>37</sup> Cf. article 3(3) of the Audit Committee regulations

## **II.16. Statutory rules relating to the procedural requirements and applicable provisions for the appointment and substitution of members of, where appropriate, the Board of Directors, Executive Board of Directors and General and Supervisory Board (art. 245–A (1)(h))**

In accordance with the law and the <sup>38</sup>, the appointment and dismissal of members of the Board of Directors is the responsibility of the General Meeting, and is carried out through lists of candidates selected by the nominating shareholder(s). With these lists put to a vote, the shareholders assume a very important role in the respective candidate selection process, without any interference from the directors in this process. It is also the responsibility of the General Meeting to elect the Chairman and Vice-Chairman of the Board of Directors.

According to the <sup>39</sup>, a minority of shareholders who vote against the winning proposal may appoint at least one director, provided that this minority represents at least 10% of the Company's share capital.

The Portuguese Companies Code rules apply<sup>40</sup> with regard to the substitution of members of the Board of Directors, given that neither the Company's, nor the Board of Directors or Audit Committee regulations have special rules on this matter. The Board of Directors of the Company will only participate in said process in the event of replacement by co-option of missing directors, as described below. In this case, since it is non-delegable competence of the Board of Directors, all directors are involved in the resolution of co-option, except in the event of conflicts of interest.

The Company's <sup>41</sup> state that the unjustified absence of any director at more than half of the ordinary meetings of the Board of Directors during one financial year, whether consecutive or non-consecutive absences, equates to the permanent absence of said director. Permanent absence must be declared by the Board of Directors, and they must also substitute the director in question.

## **II.17. Composition of the Board of Directors, Executive Board of Directors and General and Supervisory Board, with indication of the minimum and maximum members and duration of term of office in accordance with the, number of full members, date of first appointment and date of termination of term of office of each member**

The Board of Directors, including the Audit Committee, consists of a minimum of seven and maximum of 15 members, as determined by the General Meeting that elects the said members<sup>42</sup>.

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<sup>38</sup> Cf. article 8(2)(b), and article 14(3), both in the Articles of Association; and article 2(1) of the Board of Directors' Regulation

<sup>39</sup> Cf. article 14(2)

<sup>40</sup> Cf. article 393(3)

<sup>41</sup> Cf. article 8(19) and (9)

<sup>42</sup> Cf. articles 8(2)(b) and 14(1) both of the Articles of Association

Currently, the Board of Directors consists of 12 members, including a total of nine non-executive members.

On 31 December 2016, the REN Board of Directors consisted of the following members, who have been appointed for the 2015-2017 term of office:

NAME	POSITION	YEAR OF FIRST APPOINTMENT	YEAR OF ENDING OF TERM OF OFFICE
Rodrigo Costa	Chairman of the Board of Directors and the Executive Committee	2014	2017
Gonçalo Morais Soares	Executive Director	2012	2017
João Faria Conceição	Executive Director	2009	2017
Guangchao Zhu (representing State Grid International Development Limited)	Vice-Chairman	2012	2017
Mengrong Cheng	Director	2012	2017
Longhua Jiang	Director	2014	2017
Omar Al-Wahabi	Director	2015	2017
Jorge Magalhães Correia	Director	2015	2017
Manuel Ramos de Sousa Sebastião	Director/Chairman of the Audit Committee	2015	2017
Gonçalo Gil Mata	Director/Member of the Audit Committee	2015	2017
Maria Estela Barbot	Director/Member of the Audit Committee	2015	2017
José Luís Arnaut	Director	2012	2017

In accordance with the <sup>43</sup>, members of corporate bodies carry out their respective duties for periods of three calendar years, a period which is renewable. The calendar year of appointment is deemed as a full year.

<sup>43</sup> Cf. article 27(1)

## II.18. Distinction of the executive and non-executive members of the Board of Directors and, with regard to the non-executive members, identification of the members who can be considered independent, or, if applicable, identification of the independent members of the General and Supervisory Board

The Board of Directors shall include a number of non-executive members which ensure the effective ability to supervise, monitor and assess the activity of the executive members, particularly bearing in mind the shareholder structure and breakdown of REN capital. Therefore, on 31 December 2016 and on this date, nine of the twelve members of the REN Board of Directors were non-executive directors.

Taking into account the assessment criteria on independence laid down in article 414(5) of the Portuguese Companies Code with regard to members of the Audit Committee, and in 18.1 of CMVM Regulation 4/2013, and based on the respective internal assessment, the REN Board of Directors and Audit Committee consider the following directors which performed duties during the 2016 financial year to be independent:

NAME	POSITION
Manuel Ramos de Sousa Sebastião	Chairman of the Audit Committee
Gonçalo Gil Mata	Member of the Audit Committee
Maria Estela Barbot	Member of the Audit Committee
José Luís Arnaut	Director

Furthermore, all non-executive members of the Board of Directors (in addition, naturally, to the directors that are also members of the Audit Committee) would comply, if applicable, with all incompatibility rules laid down in article 414-A(1) of the Portuguese Companies Code, save as provided for in sub-paragraphs b) and h).

REN considers that the proportion of independent directors is suitable given the number of executive directors and the total number of directors, taking particularly into account:

- (i) the adopted governance model, in other words an Executive Committee consisting of three executive directors and an Audit Committee, consisting of three independent members and six non-executive directors, which ensures the effectiveness of the oversight of the executive directors;
- (ii) the size of the company, its shareholder structure and the relevant free float (which was 36.9% of share capital until 31 December 2016).

In light of the above, REN fully complies with CMVM recommendations II.1.6 and II.1.7, as the Board of Directors consists of an adequate number of non-executive members and, among these, independent members.

Moreover, articles 7-A and 7-B of the Articles of Association govern the special system of incompatibilities applicable to the election and performance of duties at any REN corporate body. The aim of the provisions of article 7-A of the Articles of Association is to establish a system of incompatibilities relating to the potential conflicts of interest arising from the direct or indirect exercising of activities in the electric or natural gas sectors, either in Portugal or abroad. Furthermore, the system set out in article 7-B of the Articles of Association also seeks to prevent persons who exercise control or rights over companies which either produce or sell electricity or natural gas to appoint members to the Board of Directors or the statutory auditor, or members of bodies which legally represent it, on their own or through others with whom they are connected through shareholders' agreements, except when ERSE assesses that there is no risk of conflicts of interest.

### Accumulation of the positions of Chairman of the Board of Directors and Chairman of the Executive Committee

In the financial year of 2016, the duties of Chairman of the Board of Directors and Chairman of the Executive Committee were once again performed by the same person, Rodrigo Costa.

According to the Board of Directors Regulation, this corporate body established efficient mechanisms for the coordination of the work of its members having non-executive functions, in particular in order to facilitate the exercising of their right to information, as follows<sup>44</sup>.

- a) Without prejudice to the exercising of powers not delegated to the Executive Committee, directors having a non-executive function assume a supervisory role of the performance of the executive management;
- b) In order to make independent and informed decisions, the directors with non-executive functions may obtain the information they deem necessary or appropriate to perform their roles, powers and duties (in particular, information relating to the powers delegated to the Executive Committee and its performance), by requesting such information from any member of the Executive Committee, and the answer should be provided in an adequate and timely manner.

Whenever they consider it necessary or convenient, directors with non-executive duties also hold *ad hoc* meetings to analyse the management of the Company.

In addition, all supporting documentation for the meetings of the Board of Directors will be provided in a timely fashion to the non-executive members of the Board of Directors and the Executive Committee's resolutions and supporting documentation shall always be available for consultation<sup>45</sup>.

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<sup>44</sup> Cf. article 11 of the Board of Directors Regulation

<sup>45</sup> Cf. article 5 of the Executive Committee Regulation



Therefore, through the mechanisms described above, all the conditions are met so that the directors with non-executive functions perform their functions in order to make independent and informed decisions.

### **II.19. Professional Qualifications and other relevant information on the résumés of each of the members of the Board of Directors, of the General and Supervisory Boards and of the Executive Board of Directors at 31.12.2016**

#### **RODRIGO COSTA**

Participated in the launch of several technology and retail companies and was a technological consultant at national and international companies. Manager at Microsoft Corporation, carrying out different duties over a period of 15 years: founder and General Director of Microsoft Portugal, General Manager of Microsoft Brazil and, from 2001 to 2005, Corporate Vice-President of the Microsoft at the Seattle main office. He was also Director and Executive Vice-Chairman of the PT Group and Executive Chairman of PTC between 2006 and 2007. He was Chairman of the Executive Committee of the ZON Multimédia - ZON Group between 2007 and 2013. He also held the position of Chairman of the Board of Directors and Executive Chairman of Unicre, having resigned from these duties in December 2014. He was also non-executive director at NOS SGPS, having resigned from this position on 1 February 2015. He was appointed REN non-executive director on 17 February 2015 and put forward for the position of Chairman of the Executive Committee effective as of February 2015 and for the position of Chairman of the Board of Directors at the General Meeting of 17 April 2015.

#### **GONÇALO MORAIS SOARES**

Holds a degree in Economics from the Universidade Nova de Lisboa. Also completed an MBA at Georgetown University (Washington) and completed an Advanced Management Program at the Kellogg Business School (Chicago) and the Lisbon Catholic University. Was director at ZON TV Cabo and ZON Lusomundo Audiovisuais from 2007 to 2012. Member of the REN Board of Directors and member of the Executive Committee since 2012.

#### **JOÃO FARIA CONCEIÇÃO**

Holds a degree in Aerospace Engineering from Instituto Superior Técnico, and completed his master's Degree in Aerodynamics at the Von Karman Institute for Fluid Dynamics (Belgium) and an MBA at Insead (France). From 2000 to 2007 he was a consultant at the Boston Consulting Group. Between 2007 and 2009 he was a consultant to the Minister for the Economy and Innovation. Since 2009 he has been a member of the REN Board of Directors and member of the Executive Committee.

**GUANGCHAO ZHU**

Holds a degree in Relay Protection from the University of Shandong (China), and completed his master's degree in Electrical Systems and Automation at the same college. He later concluded an MBA at Baylor University (USA). Between 2007 and 2009 he was Vice-Chairman of the preparatory group for the National Grid Corporation of the Philippines, and Consultive Chairman, Chief Executive Advisor and in 2009 a member of the Board of Directors of the National Grid Corporation of the Philippines. From that date until 2010, he was General Director at the Department of International Cooperation at the State Grid Corporation of China. From 2010 to 2011, he was senior executive Vice-Chairman and member of the Board of Directors of State Grid Development Co. Ltd. From 2012 to 2015, he was President, Chief Executive Officer and member of the Board of Directors of State Grid International Development Co. Ltd., Chairman of the Board of Directors of State Grid Brazil Holding S.A., and Chairman of the Board of Directors of State Grid Europe Limited. He currently holds the positions of Deputy Head Engineer of the State Grid Corporation of China and General Director of the Department of International Cooperation of the State Grid Corporation of China.

**MENGRONG CHENG**

Holds a degree in English Literature from the Beijing Second Foreign Language Institute and concluded a master's degree in Company Management at the Tsinghua University (Beijing, China). Between 2006 and 2011, Mengrong Cheng carried out the duties of deputy General Director of the Department of International Cooperation at the State Grid Corporation of China. From 2012 to 2015, she was a Member of the Chinese Expert Committee of IEC/MSB; Co-Chair of the Department of International Cooperation and a Member of the Foreign Investment Management Committee at the State Grid Corporation of China. Currently, Mengrong Cheng is a member of the Chinese Expert Committee of IEC MSB, deputy General Director of the Department of International Cooperation at the State Grid Corporation of China and Chair of the State Grid Corporation of China, US Office.

**LONGHUA JIANG**

Holds a degree in Electrical Insulation Technologies from the Xi'an Jiaotong University (China), and completed his master's degree in the same subject at the same university. From May 2011 to December 2012, he was head engineer at the Shandong Electric Power Company of the State Grid Corporation of China. From December 2012 to November 2014, he was Deputy Director at State Grid Australia Representative Office and a member of the Board of Directors of ElectraNet in South Australia. From December 2014 to July 2015 he was Deputy General Director at the European Representative Office at the State Grid Corporation of China and was appointed as non-executive director of REN on 17 February 2015. From July to November 2015, he was General Director at the European Representative Office of the State Grid Corporation of China. He is currently Executive Vice-Chairman at China Electric Power Equipment and Technology Co. Ltd.

**OMAR AL-WAHAIBI**

Holds a degree in Mechanical Engineering from Manchester University, Institute of Science & Technology (UMIST) – United Kingdom. Has carried out numerous duties in new business development including portfolio management and corporate planning at Shell E&P International Ventures registered in the Hague in the Netherlands.

He was in charge of the engineering team and was manager of the Oman North project at Petroleum Development Oman between 2001 and 2002. He was Chairman of the Executive Committee of Oman Wastewater Services Company (Haya Water), between 2003 and 2011 and is currently Chairman of the Executive Committee of the Electricity Holding Group. This is a group of state companies which covers business in the acquisition of electricity and water and in the production, transmission, distribution and supply of electricity. He is currently a member of the Board of Directors of Oman Broad Band Company, of the Gulf Cooperative Council Interconnection Authority and he is CEO of Electricity Holding and CEO of the Nama Group.

**JORGE MAGALHÃES CORREIA**

Vice-Chairman of Board of Directors and Chairman of the Executive Committee of the insurance companies Fidelidade and Multicare and Fidelidade Assistência. He is also Chairman of the Board of Directors of Fidelidade – Property Europe, S.A., Fidelidade Property International, S.A., Luz Saúde, S.A. where he is also a member of the Advisory Board.

With regard to professionally related associations he is vice-president of the Portuguese Insurers Association and a member of the Geneva Association.

He started work as a lecturer at the Lisbon Faculty of Law and has worked in management at the Portuguese Inspectorate-General of Taxation, the Portuguese Securities Market Commission and as a lawyer. He has undertaken duties at different companies in the field of finance and insurance, including director and/or chairman of the board of directors at the Mundial-Confiança, Fidelidade Mundial, Império Bonança and Via Directa insurance companies. In the area of health, he was a director of USP Hospitales (Barcelona) and director and later chairman of the board of directors at HPP - Hospitais Privados de Portugal SGPS.

**MANUEL RAMOS DE SOUSA SEBASTIÃO**

Awarded a degree from the Lisbon Technical University in Economy in 1973 and a third-cycle PhD in Economic Planning from the University of Paris I Pantheon-Sorbonne in 1978 and a PhD in Economy (Ph.D.) from the University of Columbia in New York in 1986. He has been a consultant at the Bank of Portugal since September 2013, is professor of economy at the Lisbon Catholic University and a consultant on the International Advisory Board of the Banco Finantia. Previously, he was Chairman of the Board at the Competition Authority from March 2008 to September 2013, Director of the Bank of Portugal from February 2000 to March 2008, an institution where he carried out technical duties from 1986 - 1988 and later from 1996 - 1998. He was also a member of the Governing Board of the Portuguese Insurance Institute from 1998 to 2000, Director at the Banco de Fomento e Exterior from 1992 to 1996, and economist at the International Monetary Fund from 1988 to 1992. He has also lectured at different stages of his professional life.

**GONÇALO GIL MATA**

Holds a degree in Software Engineering awarded by the University of Coimbra and an MBA by the Nova University of Lisboa. He is an Executive Director and a member of the board of Capital Criativo - Soc. Capital de Risco and a member of the board (non-executive) of Arquiled, SA (LED lighting solutions), Summer Portugal, SA and Vila Monte, SA (tourism resorts). He is also manager at Goma Consulting, Lda. (business consultancy).

**MARIA ESTELA BARBOT**

Holds a degree in Economics awarded by the University of Porto and attended the Senior Executive Program at the London Business School. She is currently director of the Financial Institution for Development, executive partner of ALETSE, LDA (Real Estate and Business Consultancy), senior consultant at Young Network, Marketing e Comunicação, Lda (communication, press consultancy, public relations, creativity, digital marketing, events and production), member of the Casa da Música Audit Committee, member of the Management Committee of LIDE – Grupo de Líderes Empresariais, member of the Advisory Board of Instituto Português de Corporate Governance, member of the Advisory Board of Ar.Co – Centro de Arte e Comunicação Visual, member of the Board of Founders and of the Remunerations Committee of Museu de Arte Moderna da Fundação de Serralves, member of the Board of Directors of Fórum Portugal Global – FPG and member of the General Board of FAE – Fórum de Administradores de Empresas.

**JOSÉ LUÍS ARNAUT**

Graduated in Law from the Lisbon Lusíada University and in 1999 was awarded the D.E.S.S. (Diploma of Higher Specialized Studies) from the Robert Schuman University, in Strasbourg. His professional work has focused on law and started as a lawyer in 1989 at the law firm Pena, Machete & Associados. He was a founding partner of Rui Pena, Arnaut & Associados, in 2002, where he is currently Managing Partner. He is a member of the REN Board of Directors, member of the AON Advisory Board, a member of the MOP, SA. Board of Directors, member of the Conseil des Sages of the Foundation – Doha Freedom of Information Center, Chairman of the Portugal-Qatar Friendship Association; member of the Advisory Board of the European Observatory on Infringements of Intellectual Property Rights (OHIM - Office for Harmonization in the Internal Market), Chairman of the General Meeting of the Portuguese Football Federation, Chairman of the General Meeting of ÚNICA – União Cervejeira de Angola (UNICER Group), Chairman of the General Meeting of ANA - Aeroportos de Portugal (VINCI Airports), Chairman of the General Meeting of PORTWAY - Handling de Portugal, S.A. (VINCI Airports), Chairman of the General Meeting of SIEMENS Portugal, member of the Board of Directors of Discovery Portugal Real Estate Fund, member of the Goldman Sachs International Advisory Board. In 1999, he was elected general secretary of the Social Democratic Party, led by José Manuel Durão Barroso and became a member of the Portuguese Parliament, where he presided over the Committee on Foreign Affairs and the National Defence Committee. He was Deputy Prime Minister to the Prime Minister José Manuel Durão Barroso in the XV Portuguese Constitutional Government. He was Minister of Cities, Local Administration, Housing and Regional Development in the XVI Portuguese Constitutional Government. He was Commissioner for Lisbon 94 - European Capital of Culture. In 1995, he was awarded the Commend of Great Officer of Ordem do Infante Dom Henrique by the President of the Portuguese Republic; in 2004, he was conferred with the Grand Cross Ordem Nacional do Cruzeiro do Sul by the President of the Republic of Brazil. In 2006, he was bestowed with the insignia of Chevalier de la Legion d'Honneur by the President of the French Republic and conferred with the Grand Cross of the Order of Merit by the President of the Lithuanian Republic.

The professional address of each of the abovementioned members of the Board of Directors is that of the REN registered office, located at Avenida Estados Unidos da América, 55, Alvalade, Lisbon.

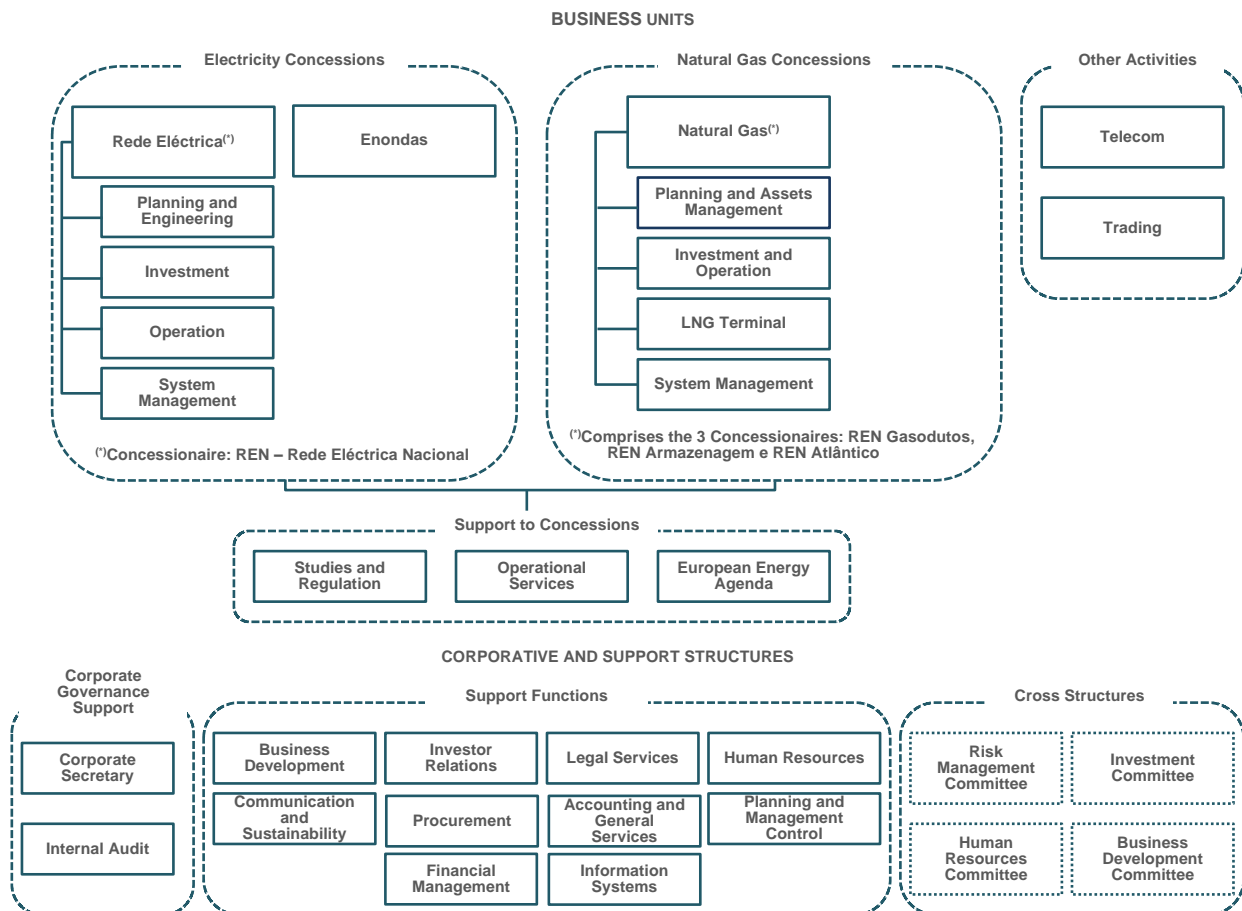
## II.20. Common and significant family, professional and commercial relationships of the members, as applicable, of the Board of Directors, the General and Supervisory Boards and the Executive Board of Directors at 31.12.2016

DIRECTOR	OWNER OF QUALIFIED HOLDINGS	BREAKDOWN
Rodrigo Costa	-	-
Gonçalo Morais Soares	-	-
João Faria Conceição	-	-
Guangchao Zhu (representing State Grid International Development Limited)	State Grid of China	Deputy Head Engineer and General Director of the Department of International Cooperation at the State Grid Corporation of China (see II.19 and 26)
Mengrong Cheng	State Grid of China	Deputy General Director of the Department of International Cooperation at the State Grid Corporation of China and Chair of the State Grid Corporation of China, US Office. (see II. 19 and 26)
Longhua Jiang	State Grid of China	Currently Executive Vice-Chairman at China Electric Power Equipment and Technology Co. Ltd. (see II.19 and 26)
Omar Al Wahaibi	-	-
Jorge Magalhães Correia	Fidelidade – Companhia de Seguros, S.A.	Chairman of the Executive Committee of Fidelidade – Companhia de Seguros, S.A. and holds management positions in other companies in the Fidelidade Group (see II.26)
Manuel Ramos de Sousa Sebastião	-	-
Gonçalo Gil Mata	-	-
Maria Estela Barbot	-	-
José Luís Arnaut	-	-

**II.21. Flowcharts or functional maps on the breakdown of powers among the different corporate bodies, committees and/or departments of the Company, including information on delegation of powers, particularly with regard to delegation of the day-to-day management of the Company**

As can be seen in the flowchart in II.15, REN has adopted a corporate governance model based on an Anglo-Saxon model which consists of the following corporate bodies elected by the General Meeting<sup>46</sup>: (i) a Board of Directors, responsible for the management of the Company’s business, which delegates the day-to-day management of the Company to the Executive Committee<sup>47</sup> and which is supported by specialized committees, and (ii) an Audit Committee and Statutory Auditor, as supervisory bodies. The Audit Committee consists exclusively of non-executive directors. The General Meeting also elects a Remunerations Committee.

In order to better understand the division of competencies among the different corporate bodies, the organization chart below outlines REN’s business units:



<sup>46</sup> Cf. article 8(2)(b) of the Articles of Association

<sup>47</sup> Cf. article 8(1) of the Board of Directors regulations



During 2016, the reorganization process of the functional units of REN Group's companies was concluded and responsibilities were reallocated within the concession operation and support areas. Essentially, the aim was to improve efficiency and complementarity of powers in areas with common goals. Effects are expected to be seen in early 2017.

#### GENERAL MEETING

The General Meeting is a corporate body comprising all the company shareholders, and its responsibilities are namely:

- a) analyse the Board of Directors' report, discuss and vote on the balance sheet, accounts and opinions of the Audit Committee and statutory auditor and decide on the appropriation of profits of the year;
- b) elect the members of the General Meeting, the directors and the statutory auditor;
- c) resolve any amendments to the ;
- d) resolve the remuneration of the members of the corporate bodies, with the power to appoint a remunerations committee; and
- e) resolve any other matter falling within its power and for which it has been summoned.

#### BOARD OF DIRECTORS

The Board of Directors has the powers conferred to it by the Portuguese Companies Code and REN's <sup>48</sup>. Among these, of special note are:

- a) Define the goals and management policies of the Company;
- b) Draw up the annual financial and business plans;
- c) manage business and carry out all actions and operations relating to the corporate object which do not fall within the powers attributed to other Company bodies;
- d) represent the Company actively and passively, in and out of court, with the power to confess, waiver and settle, in any judicial proceedings as well as to enter into arbitration agreements;
- e) Acquire, sell or by any other form dispose of or encumber rights or assets, whether real estate or not;
- f) Incorporate companies and subscribe for, acquire, encumber and dispose of shareholdings;
- g) Submit proposals to the General Meeting on the acquisition and disposal of own shares, in compliance with the applicable legal restrictions;

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<sup>48</sup> Cf. article 15(1) of the Articles of Association

- h) Determine the technical and administrative organization of the Company and the rules for internal operation, more specifically with regard to its employees and their remuneration;
- i) Perform any other functions conferred to it by law or by the General Meeting.

According to the Board of Directors' regulation, approved on 27 March 2012<sup>49</sup>, matters which cannot be legally delegated to the Executive Committee include the co-option of directors, requests to convene General Meetings, approval of the annual report and accounts to be submitted to the General Meeting, the granting of deposits and personal or in rem guarantees by the Company, the transfer of the registered office, share, the increase of the Company's registered share capital and the approval of merger, demerger and transformation projects;.

In turn, the acquisition and transfer of assets, rights or shareholdings with an economic value greater than 10% of the Company's fixed assets is subject to prior approval from the General Meeting<sup>50</sup>.

#### EXECUTIVE COMMITTEE

On 17 April 2015, the Executive Committee was delegated with, to the extent permitted by law, by the Articles of Association of the Company and by the Board of Directors' regulation, all the powers necessary or convenient to the performance of the management activities regarding the activities included in the Company's corporate scope, which include, in particular, the following attributions, to be performed under and within the limits established annually in the operation budget and in the strategic plan, to be approved, upon proposal of the Executive Committee, by the Board of Directors

- a) manage the Company's ordinary course of business and perform all the acts and operations concerning the corporate purpose which are not the exclusive competence of the Board of Directors by force of law, the Company's Articles of Association or the Board of Directors' regulation;
- b) approve, on a case by case basis, the sale of assets and/or rights and investments and the creation of encumbrances over assets, except for security interests or personal guarantees, to be made by the Company and/or by its subsidiaries, the individual and/or aggregate value for which is equal or lower than € 15,000,000.00 (fifteen million euros) or which have already been approved within the Company's annual budget and the corresponding value is equal to or lower than, individually or in aggregate, € 25,000,000.00 (twenty five million euros)
- c) propose to the Board of Directors and execute the annual budget, the business plan and other long-term development plans;
- d) without prejudice to article 3(5)(f) of the Board of Directors' Regulation, establish the administrative and technical organization of the Company and the internal operation regulations, notably concerning personnel and their remuneration;

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<sup>49</sup> Cf. article (3) and 3(5).

<sup>50</sup> Cf. article 15(2) of the Articles of Association.

- e) represent the Company in or out of court, as plaintiff or defendant, with the possibility of withdrawing from, entering into a compromise or confessing in any legal proceedings, as well as, entering into arbitration agreements;
- f) incorporate companies and subscribe, acquire, hold, create encumbrances over or dispose of shareholdings provided that those companies or shareholdings are special purpose vehicles (SPVs) for specific investments with an individual or aggregate investment value that does not exceed € 7,500,000.00 (seven million, five hundred thousand euros) or which have already been approved within the Company's annual budget;
- g) negotiate, enter into, modify and terminate any agreements, including agreements of rendering of services, labour contracts for a value equal or lower than € 5,000,000.00 (five million euros);
- h) negotiate, enter into, modify or terminate any short term debt agreements (i.e. with maturity equal or lower than three years), including through commercial paper programmes;
- i) open, operate and close bank accounts;
- j) resolve the provision by the Company of technical and financial support to companies in which REN owns shares, quota rights (*quotas*) or other shareholdings, in particular, granting loans and providing guarantees in their benefit;
- k) present proposals to the Board of Directors for the submission to the General Shareholders' Meeting relating to the acquisition and disposal of own shares and bonds or other own securities, within the limits established by law and by the General Shareholders' Meeting;
- l) present to the Board of Directors proposals concerning internal control, risk management and internal audit systems of the REN Group
- m) appoint attorneys with the powers deemed convenient, including those of sub-delegation;
- n) indicate the persons to be appointed by the Company to form part of the lists of members of the corporate bodies to be elected in the two transmission system operators, i.e. REN – Rede Eléctrica Nacional, S.A. and REN Gasodutos, S.A. and for the SPV's referred to in f) above;
- o) take or give in lease any buildings or real estate units; and
- p) manage the shareholdings owned by REN and coordinate the activity of REN's subsidiaries and, with regard to wholly owned companies, issue binding instructions, under applicable legal terms.

Specifically in relation to the entering into medium or long-term debt agreements, and taking into account the objective of ensuring the adequate financing of the REN Group, the Board of Directors also delegated to the Executive Committee the necessary powers to negotiate the specific terms of each debt instrument with respect to, among other aspects, the amount, term, interest rate, reimbursement conditions, selection of financial intermediaries and other relevant elements. The Executive Committee shall, considering the importance of such operations, submit the relevant contracts or agreements to the Board of Directors for their final approval.

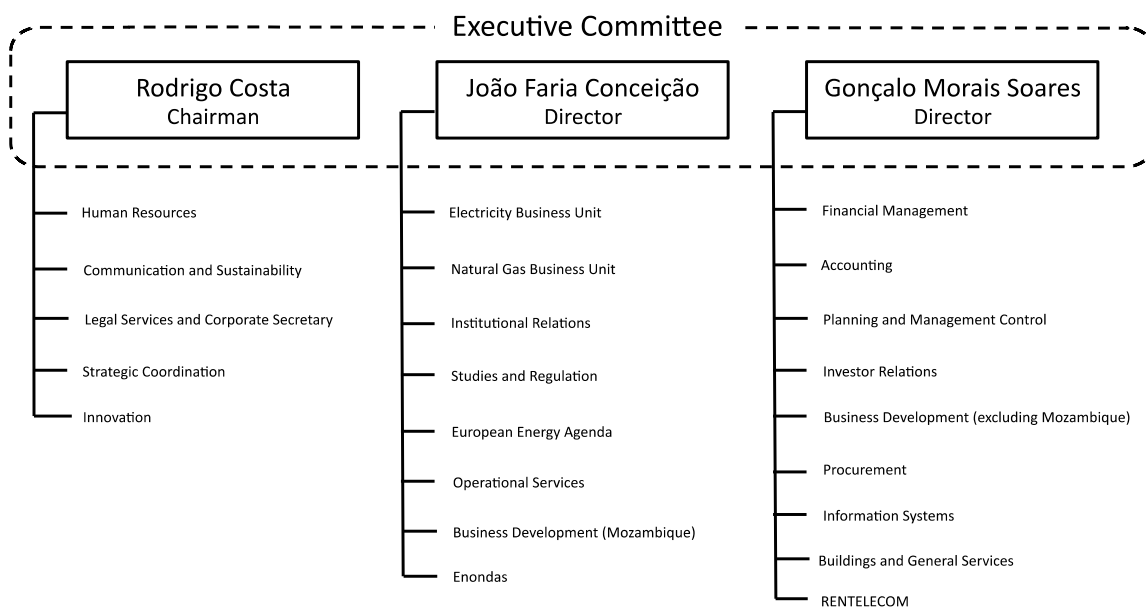
The powers delegated to the Executive Committee do not exclude the possibility of the Board of Directors deciding on those matters and do not include any matters reserved by law, by the Articles of Association or the Board of Directors' regulation, notably:

- a) appointment of the Chairman of the Board of Directors;
- b) co-optation of directors;
- c) request to convene the general shareholders' meetings;
- d) approval of the report and annual accounts to submit to the General Shareholders' Meeting;
- e) approval of the six-monthly and quarterly accounts to be published in accordance with the applicable legal provisions;
- f) provision of deposits and personal guarantees or security interests by the Company;
- g) change of the registered office and increase of the share capital, under the terms of the ;
- h) projects for the merger, demerger and transformation of the Company;
- i) appointment of the Company Secretary and the respective alternate;
- j) definition of the Company's strategy and general policies;
- k) definition of the Company's goals and management policies;
- l) approval of the annual budget, the business plan and other long-term development plans;
- m) definition of the Group's corporate structure;
- n) the approval, on a case by case basis, of the transfer of assets and/or rights and investments and the creation of encumbrances to be made by the Company and/or by its subsidiaries, where the individual or aggregate value is higher than € 15,000,000.00 (fifteen million euros), or that have already been approved within the Company's annual budget and the corresponding value does not exceed individually or in total € 25,000,000.00 (twenty five million euros);
- o) incorporation of companies and the subscription, acquisition, holding, creation of encumbrances and transfer of shareholdings, except when those companies are, or the shareholdings relate to, special purpose vehicles (SPV) for specific investments with an individual or aggregate investment value that does not exceed € 7,500,000.00 (seven million, five hundred thousand euros), or if already approved within the Company's annual budget;
- p) resolution on contract debt in the national or international financial markets, notably through the issuance of bonds or any other kinds of securities;
- q) presentation of proposals to the General Shareholders' Meeting for the acquisition and disposal of own shares and bonds or other own securities, within the limits established by law;
- r) approval of the Company's systems of internal control, risk management and internal audit;

- s) appointment of the Company's representative in the General Shareholders' Meetings of all subsidiaries;
- t) indication of those to be appointed by the Company to form part of the lists of members of the corporate bodies to be elected in all subsidiaries, as well as the appointment of the Company's Chief Technical Officer, upon proposal of the Executive Committee, except for the two transmission system operators, i.e. REN – Rede Eléctrica Nacional, S.A. and REN Gasodutos, S.A. and for the SPVs referred to in o) above;
- u) participation by the Company or any of its subsidiaries in activities outside their core activities, i.e. transmission of power and natural gas, storage of natural gas and regasification and/or storage of liquid natural gas (LNG), notably by means of the acquisition or subscription of equity or ongoing concerns whose corporate purpose does not include the said activities;
- v) entering of REN into joint ventures, partnerships or strategic cooperation agreements and selection of relevant partners;
- w) transactions with related parties in excess of € 500,000.00 (five hundred thousand euros) or, regardless of the amount involved, any transaction with related parties which may be considered as not having been executed based on market conditions;
- x) adopt resolutions on all the matters which are deemed strategic, because they are related with strategic agreements entered into by REN or due to their risk or special characteristics.

#### **Distribution of Responsibilities in the Board of Directors**

With a view to optimizing management efficiency, the members of the Executive Committee distributed among themselves, during the financial year of 2016, the responsibility for the direct monitoring of specific performance areas of the Company, under the terms evidenced in the following chart:



**AUDIT COMMITTEE AND STATUTORY AUDITOR**

The Audit Committee and the Statutory Auditor are the Company's supervisory bodies, and their main powers are set out in III.38.

**REMUNERATIONS COMMITTEE**

The Remunerations Committee is responsible for setting the remuneration and for submitting the annual declaration on the remuneration policy for members of the management and supervisory bodies.

Within its responsibilities, the Remunerations Committee has also actively participated in performance assessment, particularly for purposes of setting the variable remuneration of executive directors.

b) Operation

**II.22. Existence and place where the operating regulations, as applicable, of the Board of Directors, the General and Supervisory Boards and the Executive Board of Directors can be consulted**

The Board of Directors' Regulation – as well as the Executive Committee' Regulation - are available on the REN website<sup>51</sup> in Portuguese and English.

<sup>51</sup> www.ren.pt

## II.23. Number of meetings held and attendance by each member of, as applicable, the Board of Directors, the General and Supervisory Board and the Executive Board of Directors

### BOARD OF DIRECTORS

The meetings of the Board of Directors are convened and presided over by the respective Chairman. It is the responsibility of the Board of Directors to determine the frequency of their ordinary meetings. However, bimonthly meetings are mandatory. As such, the Board of Directors meets on an ordinary basis at least bimonthly, on dates to be determined every year by members, except during the 18 initial months of its terms of office, during which time there shall be monthly meetings<sup>52</sup>.

Moreover, the Board of Directors is required to meet on an extraordinary basis whenever convened by the Chairman, two directors or at the request of the Statutory Auditor<sup>53</sup>.

In 2016, the Board of Directors held nine meetings.

The following table shows the number of REN Board of Directors' meetings at which directors were present or duly represented.

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<sup>52</sup> Cf. article 19(1) of the Articles of Association and article 4(2) of the Board of Directors' Regulation.

<sup>53</sup> Cf. article 19(1) of the Articles of Association.



### ATTENDANCE TO MEETINGS OF MEMBERS OF THE BOARD OF DIRECTORS

NAME	PRESENCE	REPRESENTATION	ABSENT	% ATTENDANCE
Rodrigo Costa	9		0	100%
Gonçalo Morais Soares	9		0	100%
João Faria Conceição	9		0	100%
Guangchao Zhu (representing State Grid international Development Limited)	3	6	0	100%
Mengrong Cheng	5	4	0	100%
Manuel Champalimaud (appointed by Gestmin, SGPS, S.A.) <sup>54</sup>	2			67% <sup>55</sup>
Omar Al-Wahaibi	8	0	1	90%
Longhua Jiang	4	5	0	100%
Jorge Magalhães Correia	7	2	0	100%
Manuel Ramos de Sousa Sebastião	9	0	0	100%
Gonçalo Gil Mata	9	0	0	100%
Maria Estela Barbot	8	1	0	100%
José Luís Arnaut	6	3	0	100%

### EXECUTIVE COMMITTEE

Meetings of the Executive Committee are convened and presided over by the respective Chairman and are held, as a rule, once a week<sup>56</sup>.

In 2016, the Executive Committee held 40 meetings.

The Chairman of the Executive Committee (who, as already mentioned, is also Chairman of the Board of Directors), sends to the Chairman of the Audit Committee the minutes of the Executive Committee's meetings, as well as the respective convening notices, when applicable. The Executive Committee provides timely and appropriate information to members of other corporate bodies upon their request<sup>57</sup>.

<sup>54</sup> The information available refers to all the meetings of the Board of Directors held in 2016. The director attended meetings held before 31 May 2016, the date on which he ceased duties after submitting his resignation on 13 April 2016.

<sup>55</sup> Temporarily suspended between 4 March, 2016 and 1 April, 2016, from performing duties. The exercise of the voting rights of Gestmin SGPS, S.A. was suspended between 3 March, 2016 and the end of that month.

<sup>56</sup> Cf. article 1(2) of the Executive Committee regulation.

<sup>57</sup> Cf. article 5 of the Executive Committee Regulations.

#### ATTENDANCE TO MEETINGS OF MEMBERS OF THE EXECUTIVE COMMITTEE

NAME	PRESENCE	REPRESENTATION	ABSENT	% ATTENDANCE
Rodrigo Costa	40	0	0	100%
Gonçalo Morais Soares	40	0	0	100%
João Faria Conceição	40	0	0	100%

#### II.24 Indication of the competent corporate bodies to conduct the performance assessment of executive directors

The performance of Executive Committee members has been assessed jointly by the non-executive directors, who now have the support of the Nominations and Appraisals Committee. This committee was set up in 2015 and its assessment powers are set out in II.29 below. Within its responsibilities, the Remunerations Committee has also actively participated in performance assessment, particularly for the purposes of setting the variable remuneration of executive directors. Also of note is the role played by the Audit Committee in the verification of the quantitative aspects of assessment.

#### II.25. Predetermined criteria for the performance assessment of executive directors

The annual performance assessment of executive directors is based on predetermined criteria, under the terms outlined in III.71 below.

**II.26. Availability of each member, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors and, specifying the roles carried out concurrently in other companies, both within and outside the group, and other relevant activities carried out by the members of the aforementioned bodies**

Shown here are the duties carried out on administrative, management and supervisory bodies by members of REN's Board of Directors and Audit Committee at 31 December 2016:

DIRECTOR	DUTIES CARRIED OUT ON MANAGEMENT OR SUPERVISORY BODIES
Rodrigo Costa	<p>Chairman of the REN Rede Eléctrica Nacional, S.A. Board of Directors.            Chairman of the REN Gasodutos, S.A. Board of Directors.            Chairman of the REN Atlântico – Terminal de GNL, S.A. Board of Directors.            Chairman of the REN Armazenagem, S.A. Board of Directors.            Chairman of the REN Serviços, S.A. Board of Directors.            Chairman of the ENONDAS, Energia das Ondas, S.A. Board of Directors.            Chairman of the REN Gás, S.A. Board of Directors.            Chairman of the REN RENTELECOM – Comunicações, S.A. Board of Directors.            Chairman of the Board of Directors of Aerio Chile, Spa</p>
Gonçalo Morais Soares	<p>Member of the REN Rede Eléctrica Nacional, S.A. Board of Directors.            Member of the REN Gasodutos, S.A. Board of Directors.            Member of the REN Atlântico – Terminal de GNL, S.A. Board of Directors.            Member of the REN Armazenagem, S.A. Board of Directors.            Member of the REN Serviços, S.A. Board of Directors.            Member of the ENONDAS, Energia das Ondas, S.A. Board of Directors.            Member of the REN Gás, S.A. Board of Directors.            Member of the REN RENTELECOM – Comunicações, S.A. Board of Directors.            Chairman of the REN Finance BV Board of Directors.            Member of the Aerio Chile, Spa Board of Directors</p>
João Faria Conceição	<p>Member of the REN Rede Eléctrica Nacional, S.A. Board of Directors.            Member of the REN Gasodutos, S.A. Board of Directors.            Member of the REN Atlântico – Terminal de GNL, S.A. Board of Directors.            Member of the REN Armazenagem, S.A. Board of Directors.            Member of the REN Serviços, S.A. Board of Directors.            Member of the REN RENTELECOM – Comunicações, S.A. Board of Directors.            Member of the ENONDAS, Energia das Ondas, S.A. Board of Directors.            Member of the REN Gás, S.A. Board of Directors.            Member of the Aerio Chile, Spa Board of Directors</p>

**DUTIES OF EXECUTIVE DIRECTORS**

As a result of the framework above, the REN executive directors exclusively carry out duties on governing bodies of companies that are either directly or indirectly subsidiaries or partly owned by REN. Thus, they are completely dedicated to carrying out their role, seeking at all times to develop the business and serve the interests of the company and the Group to its full potential.

Moreover, it should be noted that, upon their appointment, the executive directors declared their full dedication to carry out their role and pursue the objectives laid out, and have proven this through their attendance at Board of Directors and Executive Committee meetings and through their work carried out within REN.

#### DUTIES OF NON-INDEPENDENT NON-EXECUTIVE DIRECTORS PERFORMING DUTIES AT 31.12.2016<sup>58</sup>

DIRECTOR	DUTIES CARRIED OUT ON MANAGEMENT OR SUPERVISORY BODIES
Guangchao Zhu	Deputy Head Engineer at the State Grid Corporation of China General Director of the Department of International Cooperation at the State Grid Corporation of China.
Mengrong Cheng	Deputy General Director of the Department of International Cooperation at the State Grid Corporation of China. Chairman of the State Grid Corporation of China, US Office Member of the Chinese Expert Committee of IEC MSB
Longhua Jiang	Executive Vice-Chairman of the China Electric Power Equipment and Technology Co. Ltd.
Omar Al-Wahaibi	CEO of Electricity Holding and CEO of the Nama Group Member of the Board of Directors of the Broad Band Company Member of the Board of Directors of the Gulf Cooperative Council Interconnection Authority
Jorge Magalhães Correia	Vice-Chairman of Board of Directors and Chairman of the Executive Committee of Fidelidade - Companhia de Seguros, S.A. Vice-Chairman of the Board of Directors and Chairman of the Executive Committee of Fidelidade Assistência – Companhia de Seguros, S.A. Vice-Chairman of Board of Directors and Chairman of the Executive Committee of Multicare - Seguros de Saúde, S.A. Chairman of the Fidelidade – Property Europe, S.A. Board of Directors. Chairman of the Fidelidade – Property International, S.A. Board of Directors. Chairman of the Board of Directors and member of the Advisory Board of Luz Saúde, S.A. Vice-Chairman of the Portuguese Association of Insurers Member of the Geneva Association

Upon their appointment, the non-executive directors named above declared themselves to have the necessary availability to carry out their role and to pursue the objectives laid out. This dedication has been proven through their attendance at Board of Directors meetings and through their work carried out within REN.

<sup>58</sup> None of the companies identified belong to the REN Group.

DUTIES OF INDEPENDENT NON-EXECUTIVE DIRECTORS AT 31.12.2016<sup>59</sup>

DIRECTOR	DUTIES CARRIED OUT ON MANAGEMENT OR SUPERVISORY BODIES
Manuel Ramos de Sousa Sebastião	Consultant on the International Advisory Board of Banco Finantia
Gonçalo Gil Mata	Executive partner and member of the board of Directors of Capital Criativo - Soc. Capital de Risco Non-executive member of the Board of Directors of Arquiled, SA, Summer Portugal, S.A. and Vila Monte, S.A. Manager at Goma Consulting, Lda.
Maria Estela Barbot	Director at the Financial Institution for Development Executive partner at ALETSE, LDA Senior consultant at Young network, Marketing e Comunicação, Lda Member of the Casa da Música Audit Committee Member of the Management Committee of LIDE – Grupo de Líderes Empresariais Member of the Advisory Board of Instituto Português de Corporate Governance Member of the Advisory Board of Ar.Co – Centro de Arte e Comunicação Visual Member of the Board of Founders and of the Remunerations Committee of Museu de Arte Moderna da Fundação de Serralves Member of the Board of Directors of Fórum Portugal Global – FPG Member of the General Board of FAE – Fórum de Administradores de Empresas
José Luis Arnaut	Member of the MOP, S.A. Board of Directors. Member of the Discovery Portugal Real Estate Fund Board of Directors, Chairman of the General Meeting of the Portuguese Football Federation. Chairman of the General Meeting of ÚNICA – União Cervejeira de Angola (UNICER Group), Chairman of the General Meeting of ANA - Aeroportos de Portugal (VINCI Airports) Chairman of the General Meeting of SIEMENS Portugal Chairman of the General Meeting of Portway - Handling de Portugal, S.A. (Vinci Airports) Member of the Executive Committee of CMS Legal (Frankfurt)

Upon their appointment, the non-executive directors and members of the Audit Committee (where applicable) identified above stated that they were available to perform their duties in order to achieve established goals. This availability has been proven through their attendance at meetings of the management and supervisory bodies and through their work carried out within REN.

<sup>59</sup> None of the companies identified belong to the REN Group.

## **II.27. Identification of committees set up within, where appropriate, the Board of Directors, the General and Supervisory Board and the Executive Management Board, and place where the operating regulations may be found**

In 2016, the Board of Directors was assisted by the specialized committees within the Board of Directors set up in 2015.

Indeed, the Board of Directors is regularly assisted by (i) the Corporate Governance Committee which supports and assists the Board of Directors in the preparation of the annual corporate governance report and generally in meeting legal obligations and adopting best practices regarding corporate governance, as well as (ii) the Nominations and Appraisals Committee which assists the Board of Directors in the preparation of succession plans for executive board members and provides recommendations regarding the profile and relevant nominees for future appointments to the Board of Directors; it further supports the Board of Directors in the assessment of the overall performance of the Board of Directors, its executive members and specialized committees.

Their internal regulations can be consulted at: [http://www.ren.pt/pt-PT/investidores/governo\\_da\\_sociedade/estatutos\\_regulamentos\\_e\\_relatorios/](http://www.ren.pt/pt-PT/investidores/governo_da_sociedade/estatutos_regulamentos_e_relatorios/).

## **II.28. Composition, if applicable, of the Executive Committee and/or identification of delegated directors**

On 31 December 2016, the Executive Committee consisted of the members indicated in II.17.

## **II.29. Indication of the powers of each of the committees created**

As mentioned in II.27., specialized committees operate within the REN Board of Directors, namely the Corporate Governance Committee and the Nominations and Appraisal Committee.

The Corporate Governance Committee has the powers conferred by its internal regulations<sup>60</sup>. Among these, of special note are:

- a) Make recommendations and define policies in order to comply with applicable legislation and best practices in corporate governance matters;
- b) Monitor compliance with applicable legislation and best practices in corporate governance matters;
- c) Promote the adoption of guidelines in relation to:
  - (i) Structure, role and functioning of the corporate bodies
  - (ii) Liaison between the corporate bodies and the internal committees
  - (iii) Incompatibilities and independence of the members of corporate bodies

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<sup>60</sup> Cf. article 3 of the Corporate Governance Committee Regulations.

- (iv) Efficiency of the role of non-executive members of the Board of Directors
  - (v) Voting, representation and equal treatment of shareholders
  - (vi) The prevention of conflicts of interests
  - (vii) Transparency in relation to corporate governance, information disclosed to the market and relations with investors and other stakeholders
- d) Issue opinions upon request of the Board of Directors or at its own initiative in relation to any corporate governance matters, in particular incompatibilities and independence of the members of the Board of Directors;
  - e) Prepare the questionnaire evaluating the independence of the members of the Board of Directors;
  - f) Prepare the annual corporate governance report in collaboration with the Company Secretary and other relevant departments of REN;
  - g) Prepare an annual report reviewing the corporate governance model adopted by the Company and proposing, if applicable, any improvements to the practices being implemented;
  - h) Review the REN Group Code of Conduct;
  - i) The overall corporate governance organization of the Company and its subsidiaries;
  - j) Follow inspections conducted by the Securities Market Commission (CMVM) in relation to corporate governance issues;
  - k) Perform any other duties or responsibilities in relation to corporate governance matters delegated to the Corporate Governance Committee by the Board of Directors.

The Nominations and Appraisals Committee has the powers conferred by its internal regulations<sup>61</sup>. Among these, of special note are:

- a) In relation to appointments
  - (i) Support the Board of Directors in the identification and selection of potential candidates for the Board of Directors and present to the Board of Directors a list of individuals recommended for appointment
  - (ii) Make recommendations in relation to the qualifications, knowledge and professional experience required to be a member of the Board of Directors
  - (iii) Assist the Board of Directors in the preparation of the succession of its members

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<sup>61</sup> Cf. article 3 of the Nominations and Appraisals Committee Regulations.



- (iv) Perform any other duties or responsibilities delegated to the Nominations and Appraisals Committee by the Board of Directors within the scope of its duties
- b) In relation to appraisals
- (i) Advise the Board of Directors on the rules that should govern the annual appraisal process, in particular the key performance indicators
  - (ii) Support the Board of Directors in the annual appraisal of its executive members, the overall performance of the Board of Directors and of the specialized committees;
  - (iii) Prepare a report to the Remunerations Committee in relation to the appraisal of the executive members of the Board of Directors, to be delivered by the end of March of the following year.
  - (iv) Perform any other duties or responsibilities delegated to the Nominations and Appraisals Committee by the Board of Directors within the scope of its duties

With regard to the Executive Committee, see II.21.

### **III. SUPERVISION (SUPERVISORY BOARD, AUDIT COMMITTEE OR GENERAL AND SUPERVISORY BOARD)**

#### a) Composition

#### **III.30. Identification of the supervisory body (Supervisory Board, Audit Committee or General and Supervisory Board), corresponding to the adopted model**

As stated above<sup>62</sup>, REN has adopted an Anglo-Saxon model of corporate governance with supervisory bodies consisting of the Audit Committee and the Statutory Auditor. The Audit Committee is made up solely of independent and non-executive directors<sup>63</sup> (including the Chairman), possessing the necessary powers to perform their duties.

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<sup>62</sup> See II.15. above.

<sup>63</sup> Cf. article 3(3) of the Audit Committee regulations.

**III.31. Composition of, where appropriate, the Supervisory Board, Audit Committee, the General and Supervisory Board or Financial Matters Committee, with indication of the minimum and maximum members and duration of term of office in accordance with the , number of full members, date of first appointment and date of termination of term of office of each member**

On 31 December 2016, the Audit Committee consisted of three members as identified in II.17. This structure has proven adequate for carrying out their functions efficiently, taking into account the Company's size and business and the complexity of the associated risks.

REN's Articles of Association stipulate that the Audit Committee shall be made up of three members.

As regards the remaining appropriate information, please also refer to point II.17.

**III.32. Identification, as appropriate, of the members of the Supervisory Board, Audit Committee, General and Supervisory Board or Financial Matters Committee considered to be independent, in accordance with article 414(5) of the Portuguese Companies Code**

See II.18. above.

**III.33. Professional Qualifications and other relevant information on the résumés of each of the members of the Supervisory Board, Audit Committee, General and Supervisory Board or Financial Matters Committee**

See II.19. above.

b) Operation

**III.34. Existence and place where the operating regulations can be consulted for the Supervisory Board, Audit Committee, General and Supervisory Boards and Financial Matters Committee**

The Audit Committee regulation can be consulted on the official REN website<sup>64</sup> in Portuguese and English.

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<sup>64</sup> [www.ren.pt](http://www.ren.pt)

### III.35. Number of meetings and attendance of each member of the Supervisory Board, Audit Committee, General and Supervisory Boards and Financial Matters Committee

Audit Committee meetings are convened and presided over by the respective Chairman and are held monthly. In addition to its ordinary meetings, the Audit Committee may meet whenever convened by its Chairman or by the remaining two members<sup>65</sup>.

In 2016, the Audit Committee held 13 meetings.

#### ATTENDANCE OF MEMBERS OF THE AUDIT COMMITTEE AT MEETINGS

NAME	PRESENCE REPRESENTATION	ABSENT REPRESENTATION	ATTENDANCE	%
Manuel Ramos de Sousa Sebastião	13	0	0	100%
Gonçalo Gil Mata	13	0	0	100%
Maria Estela Barbot	13	0	0	100%

### III.36. Duties of each member of the Supervisory Board, Audit Committee, General and Supervisory Boards and the Financial Matters Committee, indicating roles carried out concurrently within other companies, both within and outside the group, and other relevant activities carried out by the members of the aforementioned bodies

With regard to this matter, see II.26.

#### c) Powers and duties

### III.37. Description of the procedures and criteria applicable to the intervention of the supervisory bodies for the purposes of contracting additional services from the external auditor

In accordance with Audit Committee regulations<sup>66</sup>, it is the Audit Committee which grants prior approval to the Company for the hiring of different audit services from the external auditor or from any entity with a participating interest with the said auditor or which is part of the same network (see also point V.46.)

In 2016, the Audit Committee granted prior approval to the hiring of different audit services from the external auditor or from the entities referred to above by REN or companies in a group or controlling relationship.

<sup>65</sup> Cf. article 8(1) and (2) of the Audit Committee Regulations.

<sup>66</sup> Cf. article 6(3)(l).

### III.38. Other functions of the supervisory bodies and, where applicable, of the Financial Matters Committee

The Audit Committee is, alongside the Statutory Auditor, a supervisory body. It is, therefore, an integral body of the Board of Directors, while consisting of non-executive and independent members (including its Chairman).

The Audit Committee supervises and oversees management activity in an independent and autonomous manner. The dual capacity of its members, as members of both the supervisory body and the management body, renders the control process even more transparent, notably due to the special access afforded to the members of the Audit Committee to information and decision-making processes.

The Audit Committee, as a supervisory body, has the powers and the duties stipulated by law and in the REN, therefore being particularly responsible for<sup>67</sup>:

- a) Supervising the management of the Company and compliance with the law, the Articles of Association and applicable principles of governance;
- b) Drawing up an annual report on their supervisory work and issuing an opinion on the report, accounts and proposal to distribute profits presented by management;
- c) Supervising the effectiveness of the risk management, internal control and internal audit systems;
- d) Verifying the accuracy of books, accounting records and documents they use as support;
- e) Verifying, when and in the manner they see fit, cash in all its forms and stocks of any type of assets or values belonging to REN or received by REN as a guarantee, deposit or in other form;
- f) Verifying if the accounting policies and the valuation criteria adopted by REN lead to a correct evaluation of property and results;
- g) Verifying the accuracy of the accounting documents prepared by the Board of Directors and overseeing the respective review;
- h) Supervising the preparation and disclosure of financial information;
- i) Receiving whistleblowing communications submitted by shareholders, company employees or third parties;
- j) Proposing the appointment of the Statutory Auditor to the General Meeting (particularly with regard to proposing the external auditor and the respective remuneration);
- k) Monitoring the independence of the Statutory Auditor, more specifically with regard to the provision of additional services;

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<sup>67</sup> Cf. article 6 of the Audit Committee Regulations.

- l) Monitoring the review of accounts in accounting documentation;
- m) Hiring the services of experts who will assist one or several of its members in exercising their duties;
- n) Convening the General Meeting whenever the Chairman of the Board fails to do so, despite this obligation.

The Audit Committee draws up an annual report on its supervisory activities (including references to any detected constraints). It also submits an opinion on the management report and financial statements of the financial year, as well as on Corporate Governance. They are published together with accounting documents on the REN website<sup>68</sup>, and remain available for five years.

The Audit Committee is the main discussion partner and the first recipient of reports from the Statutory Auditor and external auditor. It represents the Company towards the same and seeking to ensure that, within the Company, suitable conditions are provided for them to carry out their work.

The Audit Committee is responsible for regularly monitoring the activities of the external auditor and Statutory Auditor by analysing their periodic reports and overseeing the audit and review processes. It also assesses any changes in procedures recommended by the external auditors or the Statutory Auditor<sup>69</sup>.

REN has adopted a corporate governance model based on an Anglo-Saxon model and the supervisory body consists of non-executive directors who are on the Board of Directors, so in addition to the powers referred to above, the Audit Committee, acting as supervisory body, also has the general powers of the non-executive directors.

In turn, in accordance with the Portuguese Companies Code<sup>70</sup>, the Statutory Auditor is responsible for the examination and verification required for the review and legal certification of the accounts. The Statutory Auditor is also responsible for verifying the correctness of books, accounting records and documents used as support, the accuracy of documents providing accounting information and if the accounting policies and valuation criteria adopted by REN lead to a correct evaluation of its property and results.

The external auditor and the Statutory Auditor also verify the implementation of the remuneration policies and systems, the effectiveness and functioning of the internal control mechanisms and are obliged to report any significant deficiencies to the Company's Audit Committee. The Statutory Auditor also verifies the Corporate Governance Report, under the legally applicable terms.

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<sup>68</sup> [www.ren.pt](http://www.ren.pt)

<sup>69</sup> Cf. article 6(3)(j) of the Audit Committee Regulation.

<sup>70</sup> Cf. article 420.

#### IV. STATUTORY AUDITOR

##### IV.39. Identification of the Statutory Auditor and of the key audit partner representing the Statutory Auditor

The office of permanent Statutory Auditor of the Company is carried out by the auditors Deloitte & Associados, SROC, SA, registered with the Portuguese Institute of Statutory Auditors under No. 43 and registered at CMVM under no. 231, represented by Pedro Miguel Gonçalves Carreira Mendes (S.A. no. 1207), who also carries out the duties of external auditor.

The substitute Statutory Auditor of the Company is Carlos Luís Oliveira de Melo Loureiro, registered with the Portuguese Institute of Statutory Auditors under no. 572.

##### IV.40. Indication of the number of years during which the Statutory Auditor has consecutively carried out duties for the Company and/or group

The REN Statutory Auditor (Deloitte & Associados, SROC SA) was initially hired to carry out these duties in 2010.

##### IV.41. Description of other services provided by the Statutory Auditor to the Company

In addition to services as statutory auditor detailed in III.38., the services referred to in V.46 were also provided.

#### V. EXTERNAL AUDITOR

##### V.42. Identification of the external auditor for the purposes of article 8 and of the key audit partner representing the former in the carrying out of these duties, along with the relevant CMVM registration number

REN's external auditor, as in the case of the Statutory Auditor, is Deloitte & Associados, SROC, S.A., registered with the Portuguese Institute of Statutory Auditors under no. 43 and registered at CMVM under no. 231, represented by Pedro Miguel Gonçalves Carreira Mendes (S.A. no. 1207).

##### V.43. Indication of the number of years during which the external auditor and respective Statutory Auditor have carried out duties for the Company and/or group

REN's external auditor (Deloitte & Associados, SROC SA), and the respective partner, were initially hired to carry out these duties in 2010 (despite already having provided some audit services to REN in 2009).

#### **V.44. Rotation frequency and policy for the external auditor and respective Key Audit Partner representing the former in the carrying out of these duties**

REN's external auditor (Deloitte & Asociados, SROC S.A.) was initially hired to carry out these duties in 2010 (despite already having provided some audit services to REN in 2009). Therefore, the period corresponding to three terms in office is still in effect. Once this period is over, the Company shall promote the rotation of the same in accordance with CMVM Recommendation IV.3.

Moreover, in accordance with Audit Committee regulation<sup>71</sup>, the aforementioned body must issue a duly justified opinion regarding possible renewals of the contract with the external auditor for a fourth term-of-office which must weigh the conditions for the external auditor's independence and the advantages and costs of a replacement.

#### **V.45. Indication of the body responsible for assessing the external auditor and frequency of the assessment**

The Audit Committee is responsible for undertaking an annual assessment of the external auditor and has the power to propose the dismissal of the external auditor to the General Meeting if there are grounds to do so and to propose the respective remuneration.

The Audit Committee is responsible for regularly monitoring the activities of the external auditor by analysing their periodic reports and overseeing the audit and review processes. It also assesses any changes in procedures recommended by the external auditor.

The Audit Committee is also responsible for overseeing the independence of the external auditor and issuing prior approval of the hiring of different audit services from the external auditor or from any entity with a participating interest with the said external auditor or which is part of the same network.

In 2016, the Audit Committee carried out its evaluation of the services provided to the Company by the external auditor. The Audit Committee considered that the external auditor has provided its services in a satisfactory manner and has complied with the applicable standards and regulations, including international standards on auditing, and that it performed its activities with high technical accuracy.

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<sup>71</sup> Cf. article 6(3)(g) of the Audit Committee Regulation.



**V.46. Identification of non-audit services provided by the external auditor to the Company and/or companies in a controlling relationship, as well as an indication of internal procedures for the approval of the hiring of these services and an indication of the reasons for such hiring**

Non-audit services provided to REN by the external auditor/Statutory Auditor consisted of performance of agreed audit procedures for the confirmation of financial ratios and issuance of comfort letters.

As part of compliance with the independence rules established in relation to the External Auditor/Statutory Auditor, in 2016, REN's Audit Committee accompanied the provision of non-audit services in order to ensure that situations of conflicts of interest would not arise. The Audit Committee approved the provision of these services by the External Auditor, due to fact that they were matters in relation to which the specific knowledge of the company in terms of auditing, as well its complementarity regarding audit services, would justify such award, based on the associated cost control.

REN considers that it fully complies with CMVM Recommendation IV.2., as the services other than audit services do not extend beyond the limit of 30%.

**V.47. Indication of the annual amount of remuneration paid by the Company and/or by companies in a group with or controlling relationship to the auditor or to other companies or individuals belonging to the same network and breakdown of the percentages allocated to the respective services below (for the purposes of this information, the concept of a network is that arising from the Recommendation of the European Commission no. C(2002) 1873 of 16 May)**

In the financial year ending 31 December 2016, the statutory auditor for REN SGPS and its subsidiaries was Deloitte & Associados, SROC S.A. with the exception of REN Trading where the statutory auditor was Pricewaterhousecoopers & Associados – SROC, S.A. The total sum recorded for audit services and the legal review of accounts and other services provided by the statutory auditors in 2016, was € 387,518, broken down as follows:

- Deloitte & Associados, SROC, S.A. and its network – € 322,410;
- Pricewaterhousecoopers & Associados – SROC, S.A. – € 65,108.

**DELOITTE & ASSOCIADOS, SROC S.A.**

	<b>COMPANY (REN SGPS)<sup>72</sup></b>	<b>OTHER COMPANIES<sup>73</sup></b>	<b>TOTAL</b>	<b>%</b>
Audit and legal review of accounts	44,900	201,510	246,410	76.4%
Other reliability guarantee services	73,000	-	73,000	22.7%
Tax consultancy services	3,000	-	3,000	0.9%
	<b>120,900</b>	<b>201,510</b>	<b>322,410</b>	

**PRICEWATERHOUSECOOPERS & ASSOCIADOS – SROC, S.A.**

	<b>COMPANY (REN SGPS)<sup>74</sup></b>	<b>OTHER COMPANIES<sup>75</sup></b>	<b>TOTAL</b>	<b>%</b>
Audit and legal review of accounts	-	58,250	58,250	89.5%
Other reliability guarantee services	-	6,408	6,408	9.8%
Other services	450	-	450	0.7%
	<b>450</b>	<b>64,658</b>	<b>65,108</b>	

<sup>72</sup> Including individual and consolidated accounts.

<sup>73</sup> Including individual and consolidated accounts.

<sup>74</sup> Including individual and consolidated accounts.

<sup>75</sup> Including individual and consolidated accounts.

## 7.1.3. INTERNAL ORGANIZATION

### I. ARTICLES OF ASSOCIATION

#### I.48. Rules applicable to changes to the Company's articles of Association (Art. 245(A)(1)(h))

Changes to the Articles of Association are subject to the relevant rules as stipulated by law<sup>76</sup> and in the Articles of Association themselves<sup>77</sup>. In this regard, please see point I.14.

### II. WHISTLEBLOWING POLICY

#### II.49. Whistleblowing Policy and Means on irregularities occurring in the Company

Shareholders, members of corporate bodies, employees, service providers, clients, suppliers and other stakeholders in REN or Group companies may communicate any irregular practices they have knowledge or reasonable doubts of to the Audit Committee, in order to prevent, stop or sanction irregularities which could adversely affect the REN Group.

This system covers the communication of irregular practices by shareholders, members of corporate bodies, employees or service providers of the REN Group.

Communications must be submitted in writing to the registered office or by sending an email to *comissão.auditoria@ren.pt*, which is only accessible by the Audit Committee. Communications must contain all the information the whistleblower has and considers necessary for assessing the irregularity.

Communications will be dealt with confidentially, except if the whistleblower wishes to reveal his or her identification in the communication of the irregularity, which will only be disclosed for the purposes of investigations should the whistleblower give his or her consent.

The Audit Committee must assess the situation described and determine or propose actions that, in each specific case, are deemed appropriate, in accordance with the internal regulations approved by the Board of Directors, under a proposal by the Audit Committee.

The investigation process by the Audit Committee includes a preliminary stage with the aim of (i) conducting an in-depth investigation which may use contracted external consultants, (ii) rejecting the communication, or (iii) presenting a proposal for corrective measures to the Board of Directors or the Executive Committee.

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<sup>76</sup> Cf. article 383 of the Portuguese Companies Code.

<sup>77</sup> Cf. article 11 of REN's Articles of Association.

### III. INTERNAL CONTROL AND RISK MANAGEMENT

#### III.50. People, bodies or committees responsible for internal audit and/or for the implementation of internal control systems

The management and supervisory bodies have attributed growing importance to the development and improvement of the internal control and risk management systems, with a significant impact on the activities of the REN Group's companies. This approach has been in line with national and international recommendations, the Company's size and business and the complexity of the associated risks.

The Executive Committee and, ultimately, the Board of Directors, are responsible for creating and managing the internal control and risk management systems, including the setting of objectives.

The Audit Committee is responsible for assisting the Executive Committee in the analysis of the integrity and efficiency of REN's internal control and governance and risk management systems, including the introduction of resolutions to improve operations and amendments in accordance with REN's requirements<sup>78</sup>. Therefore, in its action plan to be carried out in 2016, the Audit Committee considered a range of investigations and assessments into the operation and suitability of the internal control and governance and risk management systems, having held several meetings with the Statutory Auditor and external auditor and with the heads of different departments, namely: information systems; procurement, management planning and control, accounts, research and regulation.

The external auditor verifies the efficiency and operation of the internal control mechanisms, as part of its legal review of financial statements, and reports any significant deficiencies to the Audit Committee.

On 13 May 2009, the Executive Committee passed a resolution to set up GSAD-AI (Internal Audit), with the mission of supervising the creation, operation and effectiveness of the Group's risk management control model and internal control and governance systems, through objective, independent and systematic monitoring.

Among GSAD-AI's various tasks, the most relevant are the following:

- Review of risk management and internal control policies in force
- Assessment of the degree of implementation of internal control (organizational structure and governance, delegation of powers, ethics and code of conduct, policies and procedures)
- Implementation of financial, IT, operational and management audits in the various areas of the REN Group, confirming compliance with the policies, laws and regulations (compliance services);
- Definition, jointly with the various areas, of measures to correct any weaknesses or non-compliances identified during the audits

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<sup>78</sup> Cf. article 3(6)(a) of the Audit Committee regulation.

- Monitoring of the implementation of corrective measures, through follow-up reports
- Support of high-level management on the definition and/or implementation of control and governance measures.

In addition, the mission of the Risk Management Committee, created in 2011, is to support the Board of Directors in monitoring the REN Group's risks, as well as ensuring the enforcement of risk management policies common to the entire REN Group and the internal disclosure of best practices for Risk Management. To carry out this mission, the Risk Management Committee's main functions are to:

- Promote the identification and systematic assessment of business risks and their impact on REN's strategic objectives
- Categorize and prioritize the risks to be addressed, as well as the corresponding preventive opportunities identified
- Identify and define the persons responsible for risk management
- Monitor significant risks and REN's general risk profile
- Approve regular risk reporting mechanisms by different businesses areas.
- Approve, or submit to the Executive Committee, recommendations for prevention, mitigation, sharing or transfer of material risks.

In 2016, the Risk Management Committee continued to support the Board of Directors in monitoring the Group's risks, as well as ensuring the enforcement of risk management policies common to the entire Group and the internal disclosure of best practices on Risk Management.

### **III.51. Explanation, even though by organizational chart, of the hierarchical and/or functional relationships towards other Company's bodies or committees**

GSAD-AI reports functionally and hierarchically to the Audit Committee, notwithstanding its administrative relationship with the Company's Executive Committee.

As part of its supervisory function and powers expressly set out in its internal regulation, the Audit Committee supervises the internal audit procedure, namely through the presentation of proposals to improve their operation<sup>79</sup>. To this effect, the Audit Committee carries out an appraisal of the work plans and resources available to GSAD-AI, supervises the activity and has access to all reports prepared by the GSAD-AI including, amongst others, matters relating to accounts, potential conflicts of interest and the detection of possible irregular practices.

The Risk Management Committee is coordinated by the executive director Gonçalo Morais Soares, consists of several persons who are responsible chiefly and reports to the Executive Committee.

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<sup>79</sup> Cf. article 3(6)(a)(b) and (m) of the Audit Committee regulation.

### III.52. Existence of other functional areas with powers relating to risk control

No other functional areas with powers relating to risk control exist beyond those referred to in III.50.

### III.53. Identification of the main types of risks (economic, financial and legal) to which the Company is exposed when conducting business

When conducting business in all of its areas of operation or those of its subsidiaries, REN is subject to multiple risks. These have been identified with the aim of mitigating and controlling them.

The 'appetite for risk' reflects the level of risk the company is willing to take on or to retain in pursuing its goals. REN adopts a prudent position with regard to its appetite for risk.

In 2016, the Risk Management Committee, with support from 'risk owners', reviewed the various risks to which REN is exposed, thereby updating the REN Group's risk profile.

The most serious risks for the REN Group are shown in detail below, with their category and subcategory:

The most serious risks for the REN Group are shown in detail below, with their category and subcategory:

#	CATEGORY	SUBCATEGORY	TYPE	RISK EVENT
1	Surrounding Environment	External Context	Regulatory	Changes to the regulatory model and parameters
2			Financial Markets	Evolution of REN's rating
3				Evolution of interest rates
4	Processes	Operational	Interruption of business	Occurrence of a generalized incident
5			Investment projects	Non-approval of investment plans
6				Non-entry into operation of assets within planned deadlines of the project
7				Health & Safety
8			Information technology	Unavailability of information systems

### CHANGES TO THE REGULATORY MODEL AND PARAMETERS

The risk of changes to the regulatory model and/or decisions of the regulator may affect the company's ability to run its business efficiently and is linked to the fact that the activity carried out by REN is a regulated activity.

REN manages such risk by systematically monitoring the progress of the regulatory strategy as well as European regulatory trends in relation to activities carried out by REN.

### EVOLUTION OF REN'S RATING

Changes to REN' rating could have an impact in terms of access to financing as well as in the cost of such financing.

REN manages this risk by building a position of sound liquidity and through efficient management of its financing needs combined with effective initiatives for communicating with both the market and the various financial agents.

It should be noted that the company's rating could be affected by any deterioration in Portugal's rating.

### EVOLUTION OF INTEREST RATES

The fluctuation of interest rates can have an impact on remuneration from regulated assets and on REN's debt service. A change to relevant benchmarks of market interest rates could result in higher financing expenses for the REN Group.

REN manages exposure to the risk of changes in interest rates by contracting financial derivatives, in order to achieve a balanced ratio of fixed and variable interest rate and to minimize financial burdens in the medium and long-term.

### OCCURRENCE OF A GENERALIZED INCIDENT

The company's performance could be influenced by the occurrence of events causing an interruption in the electricity and/or gas supply service and by any difficulty in restoring the service in a timely manner. The infrastructures supporting REN's operations are exposed to a series of conditions (pollution, atmospheric conditions, fires, birds, among others), which could cause interruptions to the service.

The plan for the restoring of service following a generalized incident implemented by REN and the organization of drills to test the ability to restore the service in the event of an incident are some of the initiatives adopted to manage this risk.

### NON-APPROVAL OF INVESTMENT PLANS

The existence of delays in the approval of investment plans by the grantor or by other authorities can cause significant delays in implementing new infrastructures and/or loss of the investment made, with an impact on the quality of the service provided.

REN has adopted procedures for managing this risk that involve monitoring actions by the regulatory authority with approval responsibilities and other competent entities in the process of authorizing the investment to be made.

### NON-ENTRY INTO OPERATION OF ASSETS WITHIN PLANNED DEADLINES

Economic and financial conditions together with the difficulty in obtaining financing to allow providers of services and suppliers to do business, and also other factors of an operational nature including processes for environmental licensing/authorization may compromise the entry into operation of assets within planned deadlines.

REN carries out a series of actions which allow the ongoing monitoring and mitigation of all factors which could increase this risk.

### OCCURRENCE OF SERIOUS WORK ACCIDENTS

Non-compliance with safety and operational procedures for equipment could result in the occurrence of serious work accidents with damage to people and property during work organized by REN.

REN manages this risk through the safety management system, with specific training for operations involving risks and training for employees of REN's service providers on safety awareness.

### UNAVAILABILITY OF INFORMATION SYSTEMS

REN's activities rely heavily on the information systems and technologies used within the REN Group. Therefore, the availability of information systems and their capacity to meet Company needs are crucial to REN's good performance.

To manage this risk, REN maintains its communication systems and the respective support services up to date by performing periodic inspections of the configurations of network and security equipment. At the same time, security measures are in place for systems deemed to be critical, such as the existence of redundant communications and the shielding of such systems from potentially dangerous traffic.



### III.54. Description of the risk identification, assessment, monitoring, control and management process

It is considered that a risk management and internal control system – as implemented by REN - should meet the following objectives:

- Guarantee and supervise compliance with the objectives previously set by the Board of Directors;
- Identify the risk factors, the consequences of the occurrence of risk and the mechanisms for dealing with and minimizing risk;
- Align admissible risk with REN Group strategy;
- Ensure that information is reliable and complete;
- Ensure the complete, reliable and timely preparation and reporting of financial and accounting information and apply an appropriate management information system;
- Guarantee the safeguarding of assets;
- Ensure prudent, appropriate valuation of assets and liabilities;
- Improve the quality of decisions;
- Promote the rational and efficient use of resources.

As such, in pursuing the objectives stated above, REN's Risk Committee is responsible for identifying and evaluating the inherent risks involved in REN's activities stated in III. 53., also seeking to support the monitoring of significant risks and REN's general risk profile.

That is to say that, at a first stage, the Risk Committee, with the collaboration of its members who are the heads of the different departments and with the assistance of all other department heads within the Company, analysed aspects related to REN's business that could constitute a risk to its activity.

The Risk Committee then assesses existing risks (severity and probability of occurrence for each potential risk) and classifies them by order of importance and by categories and subcategories. The assessment of risks inherent to REN's activities, as well as to the Internal Control System, is carried out according to the following principles:

- To strengthen and improve effectiveness and efficiency in the use of resources;
- Safeguarding assets;
- To analyse the information processing system;
- Checking of the reliability and accuracy of financial, accounting and other kinds of information;
- To prevent and detect fraud and errors;

- To check for compliance of the REN Group's operations and business with applicable legal and regulatory provisions, as well as with general policies and regulations of the Company;
- To promote operational effectiveness and efficiency.

Following the identification and assessment of inherent risks, the Risk Committee identifies the relevant measures to eliminate, mitigate or control the risks and reports the result of the analysis to the Board of Directors. The Risk Committee further seeks to apply preventive and protective measures, through the formulation of a priority plan, and communicates risk management best practices internally.

Risk assessment is reviewed regularly in order to ensure that it is always up to date. Therefore, within the scope of the Group risk management system, the following activities were undertaken in 2015:

- Review and updating of the list of greatest risks;
- Implementing of a technological solution which will improve the functioning of the risk management process – SAP GRC RM.

As part of risk monitoring, control and management, also of note was that on 8 November 2012, the REN Board of Directors approved the review of the regulations on 'Assessment and Control of Transactions with Related Parties and Prevention of Conflicts of Interests' and 'Procedures Applicable to the Processing of Whistleblowing Communications and to the Inspection of Irregularities'.

It should further be noted that REN has implemented a series of changes to its internal control and risk management systems, involving the components provided for in CMVM recommendations. It has also been guided by the rules of the International Organization for Standardization (ISO) .

In 2016, the company continued to implement a homogeneous and integrated corporate risk management strategy across the entire organization, aligned and structured in accordance with the specific priorities and features of each of the company's areas.

### **III.55. Main elements in the internal control and risk management systems implemented at the Company with regard to the financial information disclosure process (Art. 245(A)(1) (m)**

REN regularly provides financial information, to strictly monitor its operations. In this regard, all management information provided both for internal use and for disclosure to other organizations is prepared on the basis of sophisticated IT systems. REN carries out initiatives that seek to continually improve the support information processes and systems that produce financial and management information.

It is the Audit Committee's responsibility to supervise the process for the preparation and disclosure of financial information. As such, the Audit Committee held meetings to monitor these processes with the members of the Executive Committee, the Statutory Auditor and external auditor and with those responsible for accounts and management planning and control.

#### IV. INVESTOR SUPPORT

##### IV.56. Service responsible for investor support, composition, functions, information provided by this service and contact information

The service responsible for investor support is the Investor Relations Office (IRO). It was founded in July 2007 and works exclusively in the preparation, management and coordination of all activities necessary to achieve REN's objectives in its relations with shareholders, investors and analysts, and ensure communication that offers a full, coherent and comprehensive vision of REN, thereby facilitating investment decisions and creating sustained value for shareholders, providing information and clarification on information published by REN.

IRO contacts:

E-mail: [ir@ren.pt](mailto:ir@ren.pt)

Ana Fernandes – Director: [ana.fernandes@ren.pt](mailto:ana.fernandes@ren.pt)

Alexandra Martins – [alexandra.martins@ren.pt](mailto:alexandra.martins@ren.pt)

Telma Mendes – [telma.mendes@ren.pt](mailto:telma.mendes@ren.pt)

Address: REN – Redes Energéticas Nacionais, SGPS, S.A.

A/C: Investor Relations Office

Avenida dos Estados Unidos da América, 55

1749-061 Lisbon - Portugal

Telephone: 21 001 35 46 | Fax: 21 001 31 50

##### The IRO has the following main duties:

- a) Act on REN's behalf with shareholders, investors and financial analysts, ensuring equality of service for shareholders and preventing information asymmetries;
- b) Ensure that feedback from institutional investors is communicated to the Executive Committee;
- c) Guarantee timely compliance with CMVM obligations and other financial authorities;
- d) Coordinate, prepare and disclose all information made available by the REN Group with regard to disclosure of privileged information and other communications to the market, and in relation to the publication of periodic financial statements;
- e) Systematically monitor the content of analyst research work with the aim of contributing to a correct evaluation of the Company's strategy and results;

- f) Prepare and continuously monitor the financial and operational benchmark of competitors and peer group;
- g) Attract the interest of potential institutional investors and a greater number of financial analysts;
- h) Draw up an annual activities plan for the IRO, including road-shows, visits to investors and the organization of Investor Day;
- i) Develop and maintain the Investor Relations page on the Company's<sup>80</sup> website

#### **IV.57. Representative for market relations**

Since 28 March 2012, the REN Representative for Market Relations has been Director Gonçalo Morais Soares, who is also the Chief Financial Officer (CFO) of the REN Group.

#### **IV.58. Information on the proportion of, and response time to, requests for information received this year or in previous years and still pending**

Investor requests were responded to in a timely manner, usually on the same day or, in such case as the request required the receipt of information from third parties, soon after they were received. In 2016, almost 300 requests were attended to by telephone, 280 by email and 200 in person at conferences and roadshows, with both debt and equity investors.

Another form of contact with capital markets was through conference calls commenting on the results of each quarter of the year, in which both analysts and institutional investors participated.

Also in relation to information duties, REN published, in line with the stipulated terms, press releases on the Portuguese Securities Market Commission and London Stock Exchange websites, amongst other entities.

REN maintains an updated record of requests for information lodged, as well as the treatment they received.

### **V. INTERNET SITE**

#### **V.59. Address(es)**

The Company's<sup>81</sup> website is available in Portuguese and English, in accordance with CMVM recommendation VI.1.

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<sup>80</sup> [www.ren.pt](http://www.ren.pt)

<sup>81</sup> [www.ren.pt](http://www.ren.pt)

**V.60. Place where information on the firm can be found, the quality of open capital company, its registered office and all other information mentioned in article 171 of the Portuguese Companies Code**

On the REN website<sup>82</sup>, under the tab marked 'Investors', there is a tab marked 'Corporate Information', where information published on the firm, status as open capital company, the registered office and other information mentioned in article 171 of the Portuguese Companies Code may be found.

[www.ren.pt/investidores/informacao\\_da\\_sociedade/](http://www.ren.pt/investidores/informacao_da_sociedade/)

**V.61. Place where the Articles of Association and operating regulations for the bodies and/or committees can be found**

On the REN website<sup>83</sup>, under the tab marked 'Investors', there is a tab marked 'Corporate Governance' under which, in turn, there is a tab marked 'Statutes and Regulations'. This latter tab provides access to the , as well as to the following regulations and documents:

- Board of Directors' regulation
- Audit Committee regulation
- Executive Committee regulation
- Regulation on transactions with related parties
- Regulation on trades of financial instruments by REN directors;
- Procedures applicable to the processing of whistleblowing communications and to the inspection of irregularities;
- Corporate Governance Committee regulation;
- Nominations and Appraisals Committee regulation.

[www.ren.pt/investidores/governo\\_da\\_sociedade/estatutos\\_regulamentos\\_e\\_relatorios/](http://www.ren.pt/investidores/governo_da_sociedade/estatutos_regulamentos_e_relatorios/)

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<sup>82</sup> [www.ren.pt](http://www.ren.pt)

<sup>83</sup> [www.ren.pt](http://www.ren.pt)

**V.62. Place where information is made available on the identity of members of the corporate bodies, the Representative for Market Relations, the Investor Support department or similar structure, their respective functions and means of access**

On the REN website, under the tab marked 'Investors', there is a tab marked 'Corporate Governance', under which the composition of the corporate bodies can be found.

[www.ren.pt/investidores/governo\\_da\\_sociedade/](http://www.ren.pt/investidores/governo_da_sociedade/)

Furthermore, on the REN website<sup>84</sup>, under the tab marked 'Investors', there is a tab marked 'Investor Relations' which has information on the identity of the Representative for Market Relations and the Office for Investor Relations, as well as their contact details and powers.

[www.ren.pt/investidores/relacoes\\_com\\_investidores/](http://www.ren.pt/investidores/relacoes_com_investidores/)

**V.63. Place where accounting records are made available, which must be accessible for at least ten years, as well as a half-yearly calendar of company events, announced at the start of each semester, including, amongst others, General Meetings, publishing of annual, half yearly and, where applicable, quarterly reports**

On the REN website<sup>85</sup>, under the tab marked 'Investors', there is a tab marked 'Investors' where there is a further tab marked 'Results'. Here it is possible to find documents on accounting records, which will be accessible for a minimum of ten years.

[www.ren.pt/investidores/resultados/](http://www.ren.pt/investidores/resultados/)

On the same website<sup>86</sup>, a calendar of company events is also available.

**V.64. Place where the notice to convene a General Meeting is published as well as all the preparatory documents and documents resulting from said meeting**

On the REN website<sup>87</sup>, under the tab marked 'Investors', there is a tab marked 'Corporate Governance', under which, there is a tab marked 'General Meetings', where the Notice to Convene, the proposed resolutions and the minutes of the General Meeting can be found.

[www.ren.pt/investidores/governo\\_da\\_sociedade/assembleias\\_gerais/](http://www.ren.pt/investidores/governo_da_sociedade/assembleias_gerais/)

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<sup>84</sup> [www.ren.pt](http://www.ren.pt)

<sup>85</sup> [www.ren.pt](http://www.ren.pt)

<sup>86</sup> [www.ren.pt](http://www.ren.pt)

<sup>87</sup> [www.ren.pt](http://www.ren.pt)

**V.65. Place where a historic record is made available with all the resolutions adopted at the company's General Meetings, the represented share capital and voting results for the previous three years**

On the website<sup>88</sup>, REN provides extracts from the minutes of General Meetings.

On the website<sup>89</sup>, REN maintains an historic record of notices to convene, agendas and resolutions adopted at General Meetings, as well as information on the represented share capital and voting results for the respective meetings, going back a minimum of five years.

See V.64. with regard to where this information is provided.

## 7.1.4. REMUNERATION

### I. COMPETENCE TO DETERMINE REMUNERATION

**I.66. Indication with regard to competence to determine the remuneration of corporate bodies, members of the Executive Committee or delegated director and the Company's directors**

The REN General Meeting is responsible for the appointment of the members of the Remunerations Committee<sup>90</sup>, which is responsible for setting the remuneration and for submitting the annual declaration on the remuneration policy for members of management and supervisory bodies. The Remunerations Committee is responsible for presenting and submitting to the shareholders the principles of the remuneration policy for corporate bodies, as well as for determining the respective remunerations, including the respective complements<sup>91</sup>. Moreover, this proposed declaration will be subject to assessment and deliberation by the shareholders of the Annual General Meeting.

The abovementioned declaration on the remuneration policy covers all company officers (within the meaning of the provision of article 248-B(3) of the Securities Code) given that the REN Board of Directors understands that those officers correspond only to the members of the company's Management and Supervisory Bodies.

The Nominations and Appraisals Committee does not have any duties concerning the definition of remuneration of the Board of Directors but the assessment performed by this Committee may potentially and indirectly impact on such remuneration.

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<sup>88</sup> [www.ren.pt](http://www.ren.pt)

<sup>89</sup> [www.ren.pt](http://www.ren.pt)

<sup>90</sup> Cf. article 8(2)(d) of the Articles of Association.

<sup>91</sup> Cf. article 26 of REN's Articles of Association.

## II. REMUNERATION COMMITTEE

### II.67. Composition of the Remunerations Committee, including identification of natural or legal persons hired to provide support and declaration on the independence of each of the members and consultants

On 31 December 2016, the following three members, appointed at the annual General Meeting of 17 April 2015, were on the Remunerations Committee (three-year period of 2015-2017):

NAME	POSITION
Paulo Pimenta	Chairman
Manuel de Lancastre	Member
Fernando Neves de Almeida	Member

The current Remunerations Committee is comprised by members who are independent from the management. To such extent, the Remunerations Committee does not include any member of other corporate bodies for which it determines the respective remuneration. Its three members in office do not have any family relationship with members of such other bodies, notably spouses, relatives and kin, in a direct line, up to the 3<sup>rd</sup> degree, inclusive.

To support it in its duties, the Remunerations Committee did not hire any natural or legal person which provides or has provided in the last three years services to any structure under the Board of Directors, reporting to the Board of Directors itself or which has any current relationship with the Company or with Company consultants, or any natural or legal person related to these bodies through a work or services contract.

### II.68. Expertise and experience of the Remunerations Committee in matters or remuneration policy

All members of the Remunerations Committee have the necessary knowledge, acquired through their academic training and professional experience required, to reflect and decide upon all matters under the Remuneration Committee remit, taking into account that set out below.

Each member of the Remunerations Committee has a specific academic background in management, and one of the members (Fernando Neves de Almeida) holds a degree in human resource management. This training provides them with the necessary and relevant theoretical expertise to perform their duties. It should also be noted that Fernando Neves de Almeida continues his academic work in the field of human resources, lecturing on the strategic management of human resource at the Universidade Europeia. He has also published several papers and books on this area.



Moreover, the Remunerations Committee consists of three members with vast professional experience, working for consultancies, the government and in numerous different sectors of activity, both in Portugal and abroad. Therefore, all the members of the Remunerations Committee have continued to perform duties as (i) members of the management body of several national and international entities in highly varied sectors of activity, (ii) in the government, as Secretary of State for Economic Development (in the case of Manuel Corrêa de Barros de Lancastre), and (ii) at consultancies in the field of human resources (in the case of Fernando Neves de Almeida), thus consolidating relevant practical knowledge with regard to remunerations policy, performance assessment systems and complementary areas.

### III. REMUNERATION STRUCTURE

#### III.69. Description of the remuneration policy for management and supervisory bodies as referred to in article 2 of Law No. 28/2009 of June

As an issuer of shares admitted to trading on the regulated market, REN is subject to Law No. 28/2009 of June 19 as well as to CMVM's recommendations.

Therefore, on one hand, in the interest of transparency and legitimacy of the setting of the remuneration policy (according to the principle of say-on-pay, internationally recognized with regard to good corporate governance) and, on the other hand, for purposes of compliance with legal provisions and recommendations, the Remuneration Committee submitted a declaration on the remuneration policy for corporate bodies for the 2012-2014 term of office for the appraisal of the Annual General Meeting, the terms of which reflected the decision made by this Committee on this matter.

On 13 April 2016, the declaration of the Remunerations Committee on the remuneration policy for members of corporate bodies was approved by majority at the General Meeting. This declaration includes the information set out in article 2 of law No. 28/2009 of June 19. In accordance with CMVM recommendation II.3.3, the abovementioned declaration also contains: (i) the identification and details of the criteria for the determination of the remuneration to be paid to the members of the governing bodies; (ii) information on the potential maximum amount, in individual terms, and the potential maximum amount, in aggregate form, to be paid to members of REN's corporate bodies, and identification of the circumstances whereby these maximum amounts may be payable; and (iii) information on the enforceability or unenforceability of payments for the dismissal or termination of the directors' service.

The remuneration policy for executive directors follows the guidelines set out below:

- To be simple clear, transparent and aligned with REN culture
- To be suitable and fitting to the size, nature, scope and specificity of REN's activity
- To ensure a total remuneration which is competitive and equitable and in line with the best practices and latest trends seen nationally and in Europe, particularly with regard to REN's peers

- To incorporate a fixed component adjusted to the directors' duties and responsibility
- To incorporate a variable component, reasonable overall in relation to the fixed remuneration, with one short-term component and another medium-term component, both with maximum limits
- To establish a variable remuneration indexed to the individual performance assessment and that of the company, in accordance with the achievement of specific quantifiable goals which are in line with Company and shareholder interests
- To establish a medium-term variable remuneration component indexed to the evolution of REN's share price, thus ensuring that the remuneration of executive directors is bound to the sustainability of results and the creation of wealth for shareholders.

Based on these principles, the remuneration of executive directors is mainly determined based on four general criteria: (i) competitiveness, taking into consideration the practices of the Portuguese market; (ii) equity, taking into consideration that remuneration must be based on uniform, consistent, fair and balanced criteria; (iii) assessment of real performance, in accordance with duties and the level of responsibility of the person in question, as well as the assumption of suitable levels of risk and compliance with the rules applicable to REN's activity; and (iv) alignment of directors' interests with the Company's and its sustainability and creation of long-term wealth.

The remuneration of the executive directors includes a fixed component and a variable component. The variable component consists of a parcel which aims to remunerate short-term performance and another with the same purpose based on medium-term performance, as described in further detail below.

Non-executive directors (including members of the Audit Committee) are entitled to fixed monthly remuneration, defined in accordance with the best practices observed at large size companies in the Portuguese market.

The remuneration of the members of the Board of the General Meeting corresponds to an annual fixed amount.

Currently, there are no approved variable remuneration plans or programmes that consist of the allocation of shares, options to acquire shares or other incentive schemes based on a variation of the price of shares for members of the management or supervisory bodies (or persons with managerial functions, within the meaning of article 248-B(3) of the Portuguese Securities Code), without prejudice to the method of calculating medium-term variable remuneration (MTVR), as described below.

Furthermore, there is no system of retirement benefits for the members of the management or supervisory bodies (or persons with managerial functions, within the meaning of article 248-B(3) of the Portuguese Securities Code).

**III.70. Information on how remuneration is structured so as to allow alignment of the interests of members of the management body with the Company's long-term interests, as well as how it is based on performance assessment and discourages taking on excessive risk**

As mentioned in III.69 above, non-executive directors' remuneration (including the members of the Audit Committee) consists exclusively of a fixed component, paid in 12 monthly instalments over the year, and is not connected to the performance or value of REN, meeting the applicable recommendations on this matter.

The remuneration structure of executive directors consists of a fixed component and a variable component. There is an adequate proportionality between both components, as explained in III.69 above.

In accordance with the remuneration policy applicable to remuneration awarded in 2016 and set out in the Remuneration Committee's declaration approved by the Annual General Meeting of 2016, the variable component of remuneration for 2016 may include a short-term parcel (STVR) and a medium-term parcel (MTVR). Both parcels are based on performance assessment, which is based on the weighting of key individual performance indicators of the director's performance and of the performance of the Company itself. Such indicators, described in more detail in III.71 below, aim to bring the interests of the executive directors closer to the long-term interests of REN and its shareholders.

Particularly, MTVR has the following characteristics which contribute to the alignment of the interests of the executive directors with those of REN and the shareholders:

- MTVR is set in Remuneratory Units (RU) that refer to each term of office in which each executive director has performed duties
- Each RU has a value corresponding to REN's share price at the date the MTVR is set and this value evolves in a manner equal to that of the Total Shareholder Return (TSR) for REN's shares

The main aims of the proportionality between the fixed and variable components and the limits to variable remuneration (i.e. between 20% and 120% of fixed remuneration, in a gradual manner, without prejudice to the evolution of the RU) are to discourage taking on excessive risk and to stimulate the adoption of a suitable risk management strategy.

### III.71. Reference, if applicable, to the existence of a variable remuneration component and information on possible impact of performance assessment on this component

As has already been mentioned, the remuneration structure of the Executive Committee consists of a fixed and a variable component, and in accordance with the remuneration policy approved and described in the Remunerations Committee declaration approved by the Annual General Meeting of 2016, the variable component of remuneration for 2016 may include short and medium-term parcels – STVR and MTVR<sup>92</sup>.

The awarding of STVR and MTVR is subject to the following common requirements:

- The awarding of the variable component of remuneration only takes place after approval of the financial statements for each financial year, after the performance assessment for the year to which the payment refers to, and only when predefined objectives have been complied with, measured against individual and company performance indicators indexed to targets in REN's strategic plan
- The degree of achievement of defined goals is measured through an annual performance assessment, based on a predefined model. Therefore, if compliance with targets is below 80% (minimum performance level), no variable remuneration is awarded. However, if compliance with targets lies between 80% and 120% or greater, the corresponding total variable remuneration will be set, in a gradual manner, between 20% and 120% of the fixed remuneration.

The abovementioned annual performance assessment, for purposes of awarding STVR and MTVR during the term of office, is carried out based on the following REN key performance indicators (KPI) on a consolidated basis (weighting 80%) and the individual performance assessment (weighting 20%), which, if negative, will result in the non-awarding of short-term variable remuneration:

- (i) Average Cost of Debt;
- (ii) Return on Invested Capital;
- (iii) EBITDA abroad
- (iv) Earnings per share (compound annual growth rate – CAGR)
- (v) EBITDA CAGR

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<sup>92</sup> Cf. points III.69. and III.70 above.

### SHORT-TERM VARIABLE REMUNERATION

- a) STVR is paid in cash, depending on the annual performance assessment. The sum being paid varies in accordance with the degree of achievement of the targets relating to certain Key Performance Indicators.
- b) Therefore, if the annual performance assessment falls below 80% (minimum performance level), no payment of STVR takes place. However, if the annual performance assessment lies between 80% and 120% or above, the corresponding STVR will be set between 10% and 60% of fixed remuneration.

### MEDIUM-TERM VARIABLE REMUNERATION

MTVR aims to strengthen the alignment of the interests of REN's executive directors with those of the Company and shareholders. This payment will vary depending on the annual performance assessment (already described above) and will follow the same model as that for STVR.

### III.72. Deferral of the payment of the variable remuneration component, with mention of the deferral period

The awarding of STVR will correspond to a sum of up to 50% of total variable remuneration awarded with regard to each financial year in question.

In turn, MTVR is set in RU which refer to every financial year of the term of office, is structured to ensure the deferral of its payment and is conditioned to continued positive performance, through the following channels:

- Each RU has a value corresponding to REN's share price at the date the MTVR is set and this value evolves in a manner equal to that of TSR for REN's share.
- The executive directors' right to convert their RU is established progressively. One third is consolidated at the end of the financial year it relates to, while each of the remaining two thirds are consolidated at the end of each of the two subsequent financial years, provided that the director performs executive duties in the respective financial year. The executive directors' right to convert their RU will be maintained even if their duties terminate as a result of a change in REN's shareholder control. This is due to the fact that the director has been in office in the period in question (such conversion thus not being seen as compensatory in nature), and as a result of the non-voluntary nature of termination of duties (unlike that which takes place, for instance, in the event of dismissal);
- RU will be automatically converted into cash or, should REN's General Meeting come to deliberate (and in accordance with the terms thereby established), into REN shares, either partially or totally, when three years have elapsed since the date on which they were awarded. Therefore, and although the right to convert RU into cash is progressive, in accordance with that set out above, their payment is always deferred for three years from the date of awarding.

Bearing in mind the above, payment of the MTRV for 2015 and attributed in 2016 is deferred for a period of three years, if the corresponding assumptions are met.

**III.73. Criteria on which the awarding of variable remuneration in shares is based, as well as on the maintaining, by the executive directors, of these shares, on possible signing of contracts which refer to the shares, more specifically hedging contracts or risk transfer contracts, the respective limit, and their relation to the value of total annual remuneration**

At present, no plans to award variable remuneration in shares exist, and as such REN considers that CMVM recommendation III.6. does not apply.

Therefore, despite the remuneration policy approved by the Remuneration Committee for the term of office determining that, within the scope of MTRV, RU can be converted into REN shares, either partially or totally, should REN's General Meeting so deliberate, this has not as yet taken place. Should the General Meeting make such a decision, this deliberation shall govern the conditions for awarding the shares in question, including the potential requirement to maintain the shares or part of them until the end of the term of office.

Furthermore, bearing in mind the objectives sought through the remuneration model stipulated herein, the members of the board of directors of the Company have not entered into agreements, either with the company or with third parties, designed to mitigate the risk inherent to the variability of their remuneration.

**III.74. Criteria on which the awarding of variable remuneration in options is based and indication of the deferral period and the strike price**

There are no variable remuneration plans or programmes that consist of the awarding of options to acquire shares or other incentive systems based on a variation of the price of shares (notwithstanding the method for calculating medium-term variable remuneration (MTRV)), for members of the management or supervisory bodies or officers, within the meaning of article 248-B(3) of the Portuguese Securities Code.

**III.75. Main parameters and basis of any system of annual bonuses and any other non-monetary benefits**

In 2016, Executive Directors were entitled to the use of a car for the performance of their duties, and were also provided with health insurance, life insurance and personal accident insurance for the performance of their duties. It is estimated that the value of these benefits is €20,000/director.

There is no system of annual bonuses or any other non-monetary benefits, beyond the variable component of remuneration described above and that mentioned in the previous paragraph.

### III.76. Main characteristics of the complementary pensions or early retirement schemes for directors and the date on which they were approved at the General Meeting, in individual terms

There is no system of retirement benefits or pensions for the members of the management and supervisory bodies.

## IV. DISCLOSURE OF REMUNERATION

### IV.77. Indication of the annual amount of remuneration earned, jointly and individually, by the members of the Company's management bodies, paid by the Company, including fixed and variable remuneration and, with regard to the latter, mention of the different components where it originated

Remuneration paid in 2016 to members of REN's management body, individually and collectively, was as follows:

NAME		FIXED REM.	VARIABLE REM.	TOTAL
Rodrigo Costa	Chairman of the Board of Directors and the Executive Committee	384,999.96€	176,458.32€	561,458.28€
João Faria Conceição	Executive Committee	305,000.04€	267,156.53€	572,156.57€
Gonçalo Morais Soares	Executive Committee	305,000.04€	267,156.53€	572,156.57€
Guangchao Zhu	Vice-Chairman of the Board of Directors	80,000.04 €		80,000.04 €
Mengrong Cheng	Board of Directors	36,000.00 €		36,000.00 €
Longhua Jiang	Board of Directors	36,000.00 €		36,000.00 €
Omar Al-Wahaibi	Board of Directors	36,000.00 €		36,000.00 €
Manuel Champalimaud	Board of Directors	15,000.00 €		15,000.00 €
Jorge Magalhães Correia	Board of Directors	36,000.00 €		36,000.00 €
Manuel Sebastião	Audit Committee	75,000.00 €		75,000.00 €
Gonçalo Gil Mata	Audit Committee	60,000.00 €		60,000.00 €
Maria Estela Barbot	Audit Committee	60,000.00 €		60,000.00 €
José Luís Arnaut	Board of Directors	36,000.00 €		36,000.00 €
<b>Total</b>		<b>1,465,000.08 €</b>	<b>710,771.38€</b>	<b>2,175,771.46 €</b>

STVR paid in 2016, as indicated in the table above, refers to the financial year of 2015. Members of the Executive Committee were also awarded (but not paid) an additional remuneration parcel, for MTVR referring to the 2015 financial year, set in RU. Considering that REN's share price on the date MTVR was set was 2.62 euros, the number of RU to be awarded to each member of the Executive Committee is as follows:

- (i) Rodrigo Costa – 67,923 RU;
- (ii) João Faria Conceição – 58,206 RU; and
- (iii) Gonçalo Morais Soares – 58,206 RU.

#### **IV.78. Sums paid for any reason by other companies in a controlling or group relationship or which are subject to common control**

The members of the corporate bodies of REN did not receive any amounts paid by other companies in a controlling or group relationship with REN.

#### **IV.79. Remuneration paid in the form of profit sharing and/or payment of bonuses and the reasons why such bonuses and/or profit sharing were granted**

There are no payments in the form of profit sharing and/or payment of bonuses, beyond the variable component of remuneration described above.

#### **IV.80. Compensation paid or due to Ex-Executive Directors related to the termination of their duties during the term of office**

In 2016, there were no amounts due or paid in the form of compensation to ex-executive directors for the termination of their duties during office.

#### **IV.81. Indication of the annual amount of remuneration earned, jointly and individually, by the members of the Company's supervisory bodies, for the purposes of Law No. 28/2009, of July 19**

With regard to the members of the Audit Committee, please see IV.77. above, and with regard to the Statutory Auditor, please see V.47. above.

#### **IV.82. Indication of the remuneration in the relevant year of the Chairman of the General Meeting**

In 2016, the Chairman of the General Meeting received the fixed annual amount of €15,000 for carrying out the respective duties.



## V. AGREEMENTS WITH IMPLICATIONS ON REMUNERATION

### V.83. Contractual limitations for compensation to be paid for unfair dismissal of a director and its relation to the variable remuneration component

In accordance with the remuneration policy approved by the Remunerations Committee with regard to the financial year of 2016, in the event of termination of management duties through agreement or unfair dismissal, no compensation will be paid, beyond that legally required, if the termination or dismissal is due to the unsuitable performance of the director. No other provision exists in REN's remuneration policy or in contractual clauses applicable to this matter, and as such, only the legal rules apply.

The legally owed compensation, in the event of unfair dismissal, corresponds to the compensation for damages suffered, which must not exceed the amount of compensation that the director would otherwise have received up to the end of the elected term.

### V.84. Reference to the existence and description, with the amounts involved indicated, of agreements between the Company and the members of the management body or other officers, in the meaning of article 248-B(3) of the Portuguese Securities Code, that would award compensation in the event of resignation, unfair dismissal or termination of the employment relationship, following a change in control over the Company (article 245-A(1)(I))

There are no agreements between REN and the members of the management body or other officers (in the meaning of article 248-B(3) of the Portuguese Securities Code) that would award compensation in the event of resignation or unfair dismissal or termination of the employment relationship, following a change in control over the Company.

## VI. PLANS TO AWARD SHARES OR STOCK OPTIONS

### VI.85. Identification of the plan and the respective recipients

There are no variable remuneration plans or programmes that consist of the awarding of options to acquire shares or other incentive systems based on a variation of the price of shares (notwithstanding the method for calculating the medium-term variable remuneration (MTVR)) for members of the management or supervisory bodies or officers, within the meaning of article 248-B(3) of the Portuguese Securities Code.

However, the remuneration policy approved by the Remuneration Committee and which came into effect on 1 June 2012 determines that, within the scope of MTVR, RU can be converted into REN shares, either partially or totally, should the Company's General Meeting so deliberate (which has not happened so far).

**VI.86. Description of the plan (conditions of allocation, share non-transferability clauses, criteria relating to share price and exercise price, period during which options can be exercised, characteristics of the shares or options to be awarded, existence of incentives for the acquisition of shares and/or the exercise of options)**

See VI.85. above.

**VI.87. Stock option rights allocated for the acquisition of shares where beneficiaries are the workers and employees of the Company**

See VI.85. above.

**VI.88. Control mechanisms available in a possible scheme for workers' participation in the share capital where voting rights shall not be directly exercised by said workers (Art. 245-A(1)(e))**

There are no schemes for workers' participation in the share capital of the Company.

## 7.1.5. TRANSACTIONS WITH RELATED PARTIES

### I. CONTROL MECHANISMS AND PROCEDURES

**I.89. Mechanisms implemented by the Company for purposes of controlling transactions with related parties (for such purposes please see the concept resulting from IAS 24)**

So as to provide for monitoring procedures by the Audit Committee of transactions concluded or to be concluded by REN or its subsidiaries with related parties, and the methodology to be adopted in the event of potential conflict of interests, REN's Audit Committee proposed to the Board of Directors an internal regulation on the 'Analysis and Control of Transactions with Related Parties and Prevention of Conflict of Interest', which was approved by the Board of Directors on 8 November 2012 and remains in effect.

In accordance with the internal regulation on 'Analysis and Control of Transactions with Related Parties and Prevention of Conflict of Interest', which are in line with IAS 24 and CMVM recommendation V.2, transactions conducted between a related party<sup>93</sup> and REN or its subsidiaries, which are covered by the following situations, shall be submitted by the management body for prior opinion by the Audit Committee<sup>94</sup>:

1. The purchase and/or sale of goods, provision of services or works contract valued at over €1,000,000;
2. The acquisition or disposal of shareholdings;
3. New loans, financing and subscription of financial investments resulting in an overall annual indebtedness exceeding €100,000,000.00, except when it refers to a simple renewal of existing circumstances or operations undertaken within the framework of pre-existing contractual conditions;
4. Any transaction which, though not covered by any of the above materiality criteria, has a value that exceeds €1,000,000 or must be considered relevant for this purpose by the Board of Directors, by virtue of its nature or its particular susceptibility to give rise to a conflict of interests.

In turn, any business between a Related Party and REN or one of its subsidiaries, which does not fall into any of the above circumstances, must be submitted by the management body to the Audit Committee for its subsequent consideration<sup>95</sup>.

If the Audit Committee issues an unfavourable prior opinion, approval of the transaction by the Board of Directors is required and must be particularly well-grounded so as to demonstrate that the completion of the transaction is in line with the pursuit of the corporate interest of REN or that of its subsidiaries and that the resulting advantages for them outweigh in a positive manner the disadvantages identified by the Audit Committee<sup>96</sup>.

Finally, the Audit Committee also submits recommendations to the Board of Directors with regard to measures to prevent and identify conflicts of interest<sup>97</sup>.

Moreover, in accordance with the Board of Directors' internal regulation, transactions with related parties for sums exceeding €500,000 or, regardless of the sum, any transaction which may be considered as not being executed under market conditions are matters which may not be delegated to the Executive Committee.

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<sup>93</sup> That is, a) a member of a REN's management or supervisory body or of any other company in a controlling or group relationship with REN, pursuant to article 21 of the Portuguese Securities Code ("Subsidiaries"); or b) any individual who, due to the post he or she holds in REN or in the Subsidiaries, serves in a senior or managerial capacity, or who has regular or occasional access to privileged information; c) a shareholder who holds a qualified shareholding of at least 2% of REN's share capital or of that of the Subsidiaries, calculated in accordance with article 20 of the Portuguese Securities Code; d) a third-party body, related to an Officer or a Relevant Shareholder by means of any relevant commercial or personal interest.

<sup>94</sup> Cf. Point II.I(a) of the abovementioned internal regulation.

<sup>95</sup> Cf. Point III(b) of the abovementioned internal regulation.

<sup>96</sup> Cf. Points 4 and 5 of point VI of the abovementioned internal regulation.

<sup>97</sup> Cf. Point IX(1)(a) of the abovementioned internal regulation.

### **I.90. Indication of the transactions which were subject to control in the reference year**

In accordance with internal regulations on the assessment and control of transactions with related parties and the prevention of conflicts of interest, the Audit Committee intervened in the following transactions, carried out between REN Group companies and the holders of qualified shareholdings or entities with which they are in a relationship pursuant to article 20 of the Portuguese Securities Code having issued a prior favourable opinion to the carrying out of the aforementioned:

#### **A - ACQUISITIONS OF GOODS OR SERVICES:**

##### **1 – SUPPLY OF ELECTRICAL POWER TO REN FACILITIES FOR A PERIOD OF 24 MONTHS:**

- a) Objective: Supply of electrical power to REN facilities for period of 24 months.
- b) Date of approval: On 1 March 2016, by REN SGPS' Executive Committee (conditional approval), on 17 March 2016, by REN's Board of Directors, having been subject to prior favourable opinion from the Audit Committee.
- c) Material criterion for its assessment: Business conducted with a related party, EDP Comercial – Comercialização de Energia, S.A., a company wholly owned by EDP – Energias de Portugal, S.A. (EDP) (shareholder in REN SGPS) and the following REN SGPS' subsidiaries: REN – Rede Eléctrica Nacional, S.A., REN Gasodutos, S.A., REN Atlântico, Terminal de GNL, S.A., REN Armazenagem, S.A. and REN Serviços, S.A..
- d) Selection criterion: Lowest price.
- e) Type of procedure: Direct award with invitations to several entities.
- f) Sum: €5,598,683.50 plus VAT at the applicable rate and regulated network access fees.

#### **B - PROVISION OF SERVICES:**

##### **2 – CONSTRUCTION OF A DATA PROCESSING CENTRE IN RIBA D'AVE – RENTELECOM – COMUNICAÇÕES, S.A. (RENTELECOM) AND REN – REDE ELÉCTRICA NACIONAL, S.A. (REN ELÉCTRICA):**

- a) Objective: Construction of a data processing centre in Riba d'Ave for EDP (in partnership with the company NOS Comunicações, S.A.).
- b) Date of approval: On 6 April 2016, by REN SGPS' Executive Committee (conditional approval), on 13 April 2016 by REN's Board of Directors, on 15 April 2016 by RENTELECOM and REN Eléctrica's boards of directors, having been subject to prior favourable opinion from the Audit Committee.
- c) Material criterion for its assessment: Business conducted between a related party, EDP (a REN SGPS' shareholder) and RENTELECOM, a subsidiary of REN SGPS.

d) Maximum total contract value: €11,500,000.00.

### **3 - SERVICES AGREEMENT WITH EDP – GESTÃO DA PRODUÇÃO DE ENERGIA, S.A. (EDP PRODUÇÃO) - FOZ TUA HYDRO ELECTRIC PLANT (REN ELÉCTRICA AND REN SERVIÇOS, S.A. (REN SERVIÇOS):**

- a) Objective: Establishment of very high-voltage power lines to connect to the Foz Tua hydro electric plant of EDP – Gestão da Produção de Energia, S.A. (EDP Produção)
- b) Date of approval: On 9 March 2016 by REN's Executive Committee and by the REN Eléctrica's and REN Serviços' boards of directors (conditional approvals), on 17 March 2016 by REN's Board of Directors, having been subject to prior favourable opinion from the Audit Committee.
- c) Material criterion for its assessment: Transaction entered into between a related party, EDP Produção, a company wholly owned by EDP (a shareholder in REN) and the following REN subsidiaries: REN Eléctrica and REN Serviços.
- d) Invoicing: € 2,216,241.53 (estimated value).

#### **I.91. Description of the procedures and criteria applicable to the intervention of the supervisory bodies for the purposes of assessing business between the Company and the holders of qualified shareholdings or entities with which they are in any relationship pursuant to article 20 of the Portuguese Securities Code**

See I.89. above. The procedures and criteria outlined herein are applicable to transactions with the holders of qualified shareholdings or entities with which they are in any relationship pursuant to article 20 of the Portuguese Securities Code, given that these are by definition considered to be related parties in accordance with the internal regulation on the 'Analysis and Control of Transactions with Related Parties and Prevention of Conflict of Interest'.

## **II. INFORMATION RELATING TO BUSINESS**

#### **II.92. Indication of the location of accounting documents providing information regarding business with Related Parties, in accordance with IAS 24 or, alternatively, reproductions of this information**

Point 34 of the Appendix to the financial statements of the 2016 Management Report, in accordance with IAS 24, includes a description of the principal elements of business with related parties, including business and operations carried out between the Company and holders of qualified shareholdings or associated entities.

Business between the Company and the holders of qualified shareholdings or entities with which they are in any relationship pursuant to article 20 of the Portuguese Securities Code was conducted under normal market conditions, in the normal course of business of REN, and was largely a result of regulatory obligations, and as such, CMVM recommendation V.1. was adopted.

## PART II

### 7.2. > ASSESSMENT OF CORPORATE GOVERNANCE

#### 1. IDENTIFICATION OF THE CODE OF CORPORATE GOVERNANCE ADOPTED

The Corporate Governance Code to which the company is subject or has decided voluntarily to abide by shall be identified, under the terms and pursuant to article 2 of this regulation.

The place where the texts of the Corporate Governance Codes to which the Company is subject are made available to the public shall also be indicated (article 245-A(1)(p))

**In 2013, the regulatory and advisory framework for matters of corporate governance was subject to a major overhaul.**

Under the terms of this overhaul, and as a Company issuing shares that are admitted to trading on the Euronext Lisbon regulated market, REN finds itself subject to, in matters of disclosure of information relating to corporate governance, to the regime established by the Portuguese Securities Code, by Law No. 28/2009, of June 19, and by the CMVM regulation no. 4/2013 (the latter was approved in 2013 and is applicable to governance reports which relate to this financial year), in matters of disclosure of information relating to corporate governance.

**Amongst the many amendments to CMVM regulation no. 4/2013, it is worth noting the possibility for issuers to opt for the adoption of the CMVM governance code or an alternative code issued by an entity dedicated to that purpose.**

Also in this respect, and in an advisory sense, the CMVM and the Portuguese Institute for Corporate Governance (IPCG) approved, respectively, in 2013 and 2014, new corporate governance codes. This outcome was the result of a long process of discussion and consultation with various market players.

When preparing this report, REN referred to the CMVM Corporate Governance Code, considering, on one hand, market practices in this regard - it was possible to establish that the main issuers continue to implement CMVM recommendations - while on the other, it is this Code that has guided current governance bodies in relation to practices and principles adopted.

In summary, for the purposes of this report, REN took the decision to adopt the recommendations laid out in the Corporate Governance Code of the CMVM, approved in 2013, which can be viewed at [www.cmvm.pt](http://www.cmvm.pt).

## 2. ANALYSIS OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE ADOPTED

Pursuant to article 245-A(1)(o) of the Portuguese Securities Market Code, a statement shall be included on the acceptance of the Corporate Governance Code to which the issuer is subject, stating any divergence from the said code and the reasons for the divergence.

The information submitted should include, for each recommendation:

- a) Information that enables the verification of compliance with the recommendation or referral to the part of the report where the issue is discussed in detail (chapter, title, paragraph, page);
- b) Grounds for the potential non-compliance or partial compliance thereof;
- c) In the event of non-compliance or partial compliance, the details of any alternative mechanism adopted by the company for the purpose of pursuing the same objective of the recommendation.

As mentioned above, REN took the decision to adopt all recommendations laid out in the Corporate Governance Code of the CMVM, approved in 2013.

Therefore, REN hereby declares that it fully adopts all the abovementioned CMVM recommendations on corporate governance matters laid down in said Code, except for Recommendations I.1. (partially), I.2. to I.4 and II.1.4, which are not complied with for the reasons given below.

The chart below identifies CMVM recommendations and individually mentions those that have been fully adopted by REN and those that have not. It also indicates the chapters in this report where a more detailed description of measures taken for their adoption may be found with the aim of complying with said CMVM recommendations.



RECOMMENDATION / CHAPTER <sup>98</sup>	INDICATION ON THE ADOPTION OF THE RECOMMENDATION	CHAPTER OF THE REPORT
<p><b>I. Voting and Company control</b>                      I.1. Companies shall encourage shareholders to attend and vote at general meetings, notably by not setting an excessively large number of shares required for the entitlement of one vote and implementing the means necessary to exercise the right to vote by mail and electronically.</p>	<p><b>Partially adopted</b>                      (With regard to the exercise of voting rights by electronic means, REN's Articles of Association set forth that shareholders may exercise their voting rights by electronic communication, in accordance with the terms, time and conditions to be defined in the notice to convene. Although REN considers that the participation of shareholders is fully guaranteed at general meetings through correspondence vote and representation mechanisms, the Company considers that electronic voting may provide in the future important flexibility for its shareholders and for this reason included this option in the .)</p>	<p><b>Part 1, Chapter 7.1.2.I.12.</b></p>

<sup>98</sup> 'Chapter' refers to CMVM's Corporate Governance Code.

RECOMMENDATION / CHAPTER <sup>98</sup>	INDICATION ON THE ADOPTION OF THE RECOMMENDATION	CHAPTER OF THE REPORT
<p>I.2. Companies shall not adopt mechanisms that hinder the approval of resolutions by its shareholders, for instance, setting a resolution-fixing quorum that outnumbers that which is prescribed by law.</p>	<p><b>Not adopted</b>            (The constitutive quorum ,at first call, is 51% of the share capital. Moreover, the quorum for adopting resolutions on changes to the , demerger, merger, transformation or dissolution is two thirds of the votes issued, whether at first or second call. The aim of the mechanisms set out in article 11(1) and (2) of the Articles of Association is to ensure adequate representation of shareholders in light of the nature of the activities carried out by the Company and its shareholder structure. In accordance with article 11(3), resolutions on changes relating to articles 7-A, 12(3) and 11 of the Articles of Association require the approval of three quarters of the votes issued. In summary, the statutory rules in question are best suited to the specificities of the Company, bearing in mind the underlying aim of this recommendation and that this is related to a matter which is strictly within the realm of shareholder decision.)</p>	<p><b>Part 1, Chapters 7.1.2.I.14. and 7.1.3.I.48.</b></p>

RECOMMENDATION / CHAPTER <sup>98</sup>	INDICATION ON THE ADOPTION OF THE RECOMMENDATION	CHAPTER OF THE REPORT
<p><b>I.3.</b> Companies shall not establish mechanisms intended to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each ordinary share, unless duly justified in terms of long-term interests of shareholders.</p>	<p><b>Not adopted</b>                      (article 12(3) of the Articles of Association stipulates that the votes attached to REN shares shall not be counted if issued by any shareholder, on their own behalf or as representative of another shareholder, which exceed 25% of the total votes corresponding to REN's share capital. For this purpose, the rights to vote inherent to REN shares which, pursuant to article 20(1) of the Portuguese Securities Code, are attributable to them are taken into account. In accordance with article 12(12) of the , shareholders which, directly or indirectly, exercise control over a company which either produces or sells electricity or natural gas are inhibited to exercise their social rights at the General Meeting with regard to any Company actions, except when ERSE has concluded that no risk of conflict of interest exists. Nevertheless, article 12(3) and (12) of the Articles of Association are the result of legal requirement and/or administrative decision and do not seek to limit voting rights, but rather to ensure the existence of a penalty system for breaching the legal limit on the ownership of the abovementioned shares and compliance with the legal restriction on voting rights by certain entities.)</p>	<p><b>Part 1, Chapters 7.1.1.I.12.</b></p>

RECOMMENDATION / CHAPTER <sup>98</sup>	INDICATION ON THE ADOPTION OF THE RECOMMENDATION	CHAPTER OF THE REPORT
<p>I.4. Companies' articles of association which set out a limitation on the number of votes that may be held or exercised by a single shareholder, individually or jointly with other shareholders, shall also establish that, at least every five years, the amendment or maintenance of this provision shall be subject to a resolution by the General Meeting – without aggravated quorum requirements vis-à-vis that legally established – and that upon such resolution, all votes cast shall be counted without applying such limitation.</p>	<p><b>Not adopted</b>  (article 12(3) of the Articles of Association stipulates that the votes attached to REN shares shall not be counted if issued by any shareholder, on their own behalf or as representative of another shareholder, which exceed 25% of the total votes corresponding to REN's share capital. For this purpose, the rights to vote inherent to REN shares which, pursuant to article 20(1) of the Portuguese Securities Code, are attributable to them are taken into consideration. In accordance with article 12(12) of the , shareholders which, directly or indirectly, exercise control over a company which either produces or sells electricity or natural gas are inhibited from exercising their social rights at the general meeting with regard to any Company's actions, except when ERSE has concluded that no risk of conflict of interest exists. Nevertheless, the abovementioned provisions are the result of legal requirement and/or administrative decision and are not to limit voting rights, but rather to ensure the existence of a penalty system for breaching the legal limit on the ownership of the abovementioned shares and compliance with the legal restriction on voting rights by certain entities. As such, there is no mechanism in the Articles of Association to renew or repeal these statutory rules, as they exist in compliance with legal requirements.)</p>	<p><b>Part 1, Chapter 7.1.1.L5. and 7.1.1.L2</b></p>

RECOMMENDATION / CHAPTER <sup>98</sup>	INDICATION ON THE ADOPTION OF THE RECOMMENDATION	CHAPTER OF THE REPORT
<p><b>I.5.</b> Measures that have the effect of requiring payment or the assumption of fees by the Company in the event of change of control or change in the composition of the management body, thus hindering the free transferability of shares and free assessment of the performance of the members of the management body by shareholders, shall not be adopted.</p>	<b>Adopted</b>	<b>Part 1, Chapter 7.1.1.I.4.</b>
<p><b>II. Supervision, Management and Monitoring</b>  <b>II. 1. Supervision and Management</b>  <b>II.1.1.</b> Within the legal limits established, and unless due to the reduced size of the Company, the board of Directors shall delegate the day-to-day management of the Company. The delegated powers shall be identified in the Company's annual Corporate Governance Report.</p>	<b>Adopted</b>	<b>Part 1, Chapter 7.1.2.II.21.</b>
<p><b>II.1.2.</b> The Board of Directors shall ensure that the Company acts in accordance with its aims and does not delegate its powers, notably with regard to: i) the definition of the Company's strategy and general policies; ii) the definition of the Group's corporate structure; iii) the decisions that should be considered as strategic due to their value, risk or special characteristics.</p>	<b>Adopted</b>	<b>Part 1, Chapter 7.1.2.II.21.</b>

RECOMMENDATION / CHAPTER <sup>98</sup>	INDICATION ON THE ADOPTION OF THE RECOMMENDATION	CHAPTER OF THE REPORT
<p><b>II.1.3.</b> The General and Supervisory Board, in addition to its supervisory duties, shall take full responsibility at corporate governance level, whereby through the statutory provision or by equivalent means, shall set out the requirement for this body to decide on the strategy and major policies of the company, the definition of the corporate structure of the group and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of key policies of the Company.</p>	<p><b>Not applicable.</b> (This recommendation is not applicable given the corporate governance model adopted by REN)</p>	<p><b>Part 1, Chapter 7.1.2.II.15.</b></p>
<p><b>II.1.4.</b> Except by virtue of the reduced dimension of the Company, the Board of Directors and the General and Supervisory Board, depending on the corporate governance model adopted, shall create the necessary committees in order to:</p> <ul style="list-style-type: none"> <li>a) Ensure competent and independent assessment of the performance of executive directors and their overall performance, as well as that of the different existing committees;</li> <li>b) Reflect on the system, structure and governance practices adopted, verify their effectiveness and propose to the competent bodies, measures to be implemented with a view to their improvement.</li> </ul>	<p><b>Adopted</b></p>	<p><b>Part 1, Chapter 7.1.2.II.27.</b></p>
<p><b>II.1.5.</b> The Board of Directors or the General and Supervisory Board, depending on the applicable model, should set goals in terms of risk-taking and create control systems to ensure that the risks effectively incurred are consistent with those goals.</p>	<p><b>Adopted</b></p>	<p><b>Part 1, Chapters 7.1.3.III.50 to 55.</b></p>
<p><b>II.1.6.</b> The Board of Directors shall include a number of non-executive members ensuring the effective ability to supervise, monitor and assess the activity of the remaining members of the management body.</p>	<p><b>Adopted</b></p>	<p><b>Part 1, Chapter 7.1.2.II.18.</b></p>

RECOMMENDATION / CHAPTER <sup>98</sup>	INDICATION ON THE ADOPTION OF THE RECOMMENDATION	CHAPTER OF THE REPORT
<p><b>II.1.7.</b> Non-executive members shall include an appropriate number of independent members, taking into account the adopted governance model, the size of the company, its shareholder structure and the relevant free float.</p> <p>The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed as per the law in force. Regarding other members of the Board of Directors, these are considered independent if they are not associated with any specific group of interests in the Company nor are under any circumstance likely to affect an exempt analysis or decision, notably due to:</p> <ul style="list-style-type: none"> <li>a) Having been an employee at the Company or at a company in a controlling or group relationship within the last three years;</li> <li>b) Having, in the past three years, provided services or established a commercial relationship with the company or company with which it is in a controlling or group relationship, either directly or as a partner, board member, manager or director of a legal person;</li> <li>c) Being paid by the company or by a company with which it is in a control or group relationship in addition to the remuneration arising from performing the duties of a board member;</li> <li>d) Living with a partner or a spouse, relative or any first degree next of kin and up to and including the third degree of collateral affinity of board members or natural persons that are direct or indirect holders of qualifying holdings;</li> <li>e) Being a qualifying shareholder or representative of a qualifying shareholder.</li> </ul>	<p><b>Adopted</b></p>	<p><b>Part 1, Chapter 7.1.2.II.18.</b></p>

RECOMMENDATION / CHAPTER <sup>98</sup>	INDICATION ON THE ADOPTION OF THE RECOMMENDATION	CHAPTER OF THE REPORT
<p><b>II.1.8.</b> Directors performing executive duties, when so requested by other corporate body members, shall provide any information requested by them in a timely and appropriate manner.</p>	Adopted	Part 1, Chapters 7.1.2.II.18. and 23.
<p><b>II.1.9.</b> The Chairman of the Executive Board or of the Executive Committee shall submit, as applicable, to the Chairman of the Board of Directors, to the Chairman of the Supervisory Board, to the Chairman of the Audit Committee, to the Chairman of the General and Supervisory Board and to the Chairman of the Financial Matters Committee, the notices to convene and minutes of the relevant meetings.</p>	Adopted	Part 1, Chapter 7.1.2.II. 23.
<p><b>II.1.10.</b> If the Chairman of the management body carries out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination of the work of other non-executive members and the conditions so that they can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination.</p>	Adopted	Part 1, Chapter 7.1.2.II.18.
<p><b>II. 2. Supervision</b>  <b>II.2.1.</b> Depending on the applicable model, the Chairman of the Supervisory Board, Audit Committee or Financial Matters Committee shall be independent in accordance with the applicable legal criteria and be appropriately qualified to carry out his or her duties.</p>	Adopted	Part 1, Chapter 7.1.2.II. 18.
<p><b>II.2.2.</b> The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible, <i>inter alia</i>, for proposing its remuneration and ensuring that the proper conditions for the provision of services are provided within the company.</p>	Adopted	Part 1, Chapters 7.1.2.III. 38 and 7.1.2.V. 45.



RECOMMENDATION / CHAPTER <sup>98</sup>	INDICATION ON THE ADOPTION OF THE RECOMMENDATION	CHAPTER OF THE REPORT
<p><b>II.2.3.</b> The supervisory body shall assess annually the external auditor and propose to the competent body its dismissal or termination of the contract for the provision of its services when there is a just cause for said purpose.</p>	<b>Adopted</b>	<b>Part 1, Chapter 7.1.2.V. 45.</b>
<p><b>II.2.4.</b> The supervisory body shall assess the functioning of the internal control and risk management systems and propose the adjustments that may be deemed necessary.</p>	<b>Adopted</b>	<b>Part 1, Chapters 7.1.2.III.38. and 6.1.3.III. 50.</b>
<p><b>II.2.5.</b> The Audit Committee, the General and Supervisory Board and the Supervisory Board decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the Company (compliance services), and should be recipients of reports made by these services at least when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of potential illegalities.</p>	<b>Adopted</b>	<b>Part 1, Chapters 7.1.3.III. 51.</b>
<p><b>II. 3. Setting of remuneration</b>  <b>II.3.1.</b> All members of the Remunerations Committee, or equivalent, shall be independent in regard to the executive members of the management body and such committee shall include, at least, one member with know-how and experience in remuneration policy matters.</p>	<b>Adopted</b>	<b>Part 1, Chapters 7.1.4.II. 67. and 68.</b>

RECOMMENDATION / CHAPTER <sup>98</sup>	INDICATION ON THE ADOPTION OF THE RECOMMENDATION	CHAPTER OF THE REPORT
<p><b>II.3.2.</b> Any natural or legal person which provides or has provided, over the past three years, services to any structure reporting to the management body, to the management body of the Company or that has a current relationship with the Company or a consultant to the Company, shall not be engaged to assist the Remunerations Committee on the performance of its duties. This recommendation also applies to any natural or legal person which has an employment or a services agreement with the abovementioned persons.</p>	<p><b>Adopted</b></p>	<p><b>Part 1, Chapter 7.1.4.II. 67.</b></p>
<p><b>II.3.3.</b> The declaration on the remuneration policy of the management and supervisory bodies referred to under article 2 of Law No. 28/2009 of June 19, shall also contain the following:</p> <p>a) Identification and details of the criteria for determining the remuneration to be paid to the members of the corporate bodies;</p> <p>b) Information on the maximum potential amount, in individual terms, and the maximum potential amount, in aggregate form, to be paid to members of corporate bodies, and identification of the circumstances whereby these maximum amounts may be payable;</p> <p>d) Information on the enforceability or unenforceability of payments for the dismissal or termination of appointment of board members.</p>	<p><b>Adopted</b></p>	<p><b>Part 1, Chapter 7.1.4.III.69.</b></p>
<p><b>II.3.4.</b> A proposal shall be submitted to the General Meeting on the approval of plans for the allocation of shares, and/or stock options or based on variations in share price, to members of the corporate bodies. The proposal shall contain all the necessary information for the proper evaluation of the plan.</p>	<p><b>Not applicable</b></p>	<p><b>Part 1, Chapter 7.1.4.VI.85.</b></p>

RECOMMENDATION / CHAPTER <sup>98</sup>	INDICATION ON THE ADOPTION OF THE RECOMMENDATION	CHAPTER OF THE REPORT
<p><b>II.3.5.</b> Approval of any retirement benefit scheme established for members of corporate bodies shall be submitted to the General Meeting. The proposal shall contain all the necessary information for the proper evaluation of the system.</p>	<b>Not applicable</b>	<b>Part 1, Chapter 7.1.4.III.76.</b>
<p><b>III. Remuneration</b>  <b>III.1.</b> The remuneration of the executive members of the management body shall be based on actual performance and shall discourage taking on excessive risk.</p>	<b>Adopted</b>	<b>Part 1, Chapters 7.1.4.III. 69. and 70.</b>
<p><b>III.2.</b> The remuneration of non-executive members of the management body and the remuneration of the members of the supervisory body shall not include any component which value depends on the performance of the Company or of its value.</p>	<b>Adopted</b>	<b>Part 1, Chapters 7.1.4.III. 69., 70. and IV.77.</b>
<p><b>III.3.</b> The variable component of the remuneration shall be globally reasonable vis-à-vis the fixed component, and maximum limits shall be set out for all components.</p>	<b>Adopted</b>	<b>Part 1, Chapters 7.1.4.III. 69., 70. and 71.</b>
<p><b>III.4.</b> A significant part of the variable remuneration shall be deferred for a period of no less than three-years, and the right to its payment shall depend of the Company's steady positive performance during said period.</p>	<b>Adopted</b>	<b>Part 1, Chapters 7.1.4.III. 72.</b>
<p><b>III.5.</b> Members of the management body shall not enter into contracts, either with the Company or with third parties, which have the effect of mitigating the risk inherent to the variability of the remuneration established for them by the Company.</p>	<b>Adopted</b>	<b>Part 1, Chapters 7.1.4.III. 73.</b>

RECOMMENDATION / CHAPTER <sup>98</sup>	INDICATION ON THE ADOPTION OF THE RECOMMENDATION	CHAPTER OF THE REPORT
<p><b>III.6.</b> Until the end of their term of office, the Executive Directors shall hold the Company shares that were allocated to them by virtue of variable remuneration schemes, up to twice the value of the total annual remuneration, with the exception of those shares that are required to be sold for the payment of taxes on the gains of said shares.</p>	<b>Not applicable</b>	<b>Part 1, Chapters 7.1.4.III. 73.</b>
<p><b>III.7.</b> When the variable remuneration includes stock options, the beginning of the exercise period shall be deferred for a period of no less than three years.</p>	<b>Not applicable</b>	<b>Part 1, Chapters 7.1.4.III.69. and 74.</b>
<p><b>III.8.</b> When the removal of a director is not due to serious breach of his duties nor to his unfitness for the normal exercise of his functions, but is yet due to inadequate performance, the company shall be endowed with the adequate and necessary legal instruments so that any damages or compensation, beyond that which is legally due, is unenforceable.</p>	<b>Adopted</b>	<b>Part 1, Chapter 7.1.4.V.83</b>
<p><b>IV. Auditing</b>  <b>IV.1.</b> Within the scope of its duties, the external auditor shall verify the implementation of the remuneration policies and systems for corporate bodies, the effectiveness and functioning of the internal control mechanisms and report any deficiencies to the Company's supervisory body.</p>	<b>Adopted</b>	<b>Part 1, Chapters 7.1.2.III.38 and 7.1.3.III.50.</b>

RECOMMENDATION / CHAPTER <sup>98</sup>	INDICATION ON THE ADOPTION OF THE RECOMMENDATION	CHAPTER OF THE REPORT
<p><b>IV.2.</b> The Company or any entities with which it maintains a controlling relationship shall not engage the external auditor, or any entities in a group relationship with said external auditor or which are part of the same network, for services other than audit services. Should there be reasons for the engagement of such services – which shall be approved by the supervisory body and explained in the annual Corporate Governance Report, such services shall not exceed 30% of the total value of the services provided to the Company.</p>	Adopted	Part 1, Chapter 7.1.2.V.46 and 7.1.2.V.47
<p><b>IV.3.</b> Companies shall promote the rotation of the auditor at the end of two or three terms of office, as they respectively are of four or three years. Their continuance beyond this period shall be grounded on a specific opinion of the supervisory body, which shall expressly consider the auditor's independence conditions and the advantages and costs arising out of its replacement.</p>	Adopted	Part 1, Chapter 7.1.2.V.44.
<p><b>V. Conflicts of interests and transactions with related parties</b>  <b>V.1.</b> Deals entered into between the Company and qualifying shareholders, or with entities in a relationship with such shareholders as set out in article 20 of the Portuguese Securities Code, shall be carried out under normal market conditions.</p>	Adopted	Part 1, Chapter 7.1.5.II.92.
<p><b>V.2.</b> The supervisory or monitoring body shall establish procedures and criteria that are required to define the relevant level of significance of business with holders of qualifying holdings - or entities with which they are in any of the relationships described in article 20(1) of the Portuguese Securities Code. Completion of a significantly relevant business is dependent upon prior opinion of that body.</p>	Adopted	Part 1, Chapters 7.1.1.II.10 and 7.1.5.I.89.

<b>RECOMMENDATION / CHAPTER<sup>98</sup></b>	<b>INDICATION ON THE ADOPTION OF THE RECOMMENDATION</b>	<b>CHAPTER OF THE REPORT</b>
<b>VI. Information</b> <b>VI.1.</b> Companies shall provide, their websites, in both Portuguese and English, access to information on their progress as regards their economic, financial and governance state of play.	<b>Adopted</b>	<b>Part 1, Chapter 7.1.3.V.59. to 65.</b>
<b>VI.2</b> Companies shall ensure the existence of an investor support and permanent contact with the market office, which responds to requests from investors in a timely fashion and a record of the submitted requests and their processing, shall be kept.	<b>Adopted</b>	<b>Part 1, Chapter 7.1.3.IV.56. to 58.</b>

### 3. OTHER INFORMATION

The company shall provide any additional information which, not covered by the previous points, is relevant for understanding the governance model and practices implemented.

REN is not in the possession of any additional information which is relevant for understanding the governance model and practices implemented.

## ANNEX

In 2016, REN was notified of the following transactions regarding financial instruments by members of its corporate bodies, which were relevant for the purposes of Article 14 of Regulation CMVM 5/2008 and Article 447 of the Securities Code:

1. Gestmin, SGPS, S.A. (Gestmin), party related to Manuel Champalimaud, a member of the REN Board of Directors until 31 May 2016, notified the following trade in REN shares:

TYPE OF TRADE	PLACE	QUANTITY	PRICE (€)	DATE OF TRADE
Sale	OTC	8,054,108	2,860	31-03-2016
Sale	Euronext Lisbon	860,000	2,885	31-03-2016
Sale	Euronext Lisbon	4,600,000	2,900	04-04-2016
Sale	Euronext Lisbon	3,705,607	2,870	05-04-2016
Sale	Euronext Lisbon	2,000,000	2,690	02-05-2016
Sale	Euronext Lisbon	656,713		27-07-2016 <sup>1</sup>

2. Manuel Champalimaud, member of the REN Board of Directors until 31 May 2016, notified the following trade in REN shares:

TYPE OF TRADE	PLACE	QUANTITY	PRICE (€)	DATE OF TRADE
Sale	Euronext Lisbon	280,000	2,885	01-04-2016

<sup>1</sup> Manuel Champalimaud resigned on 13 April 2016, but continued to perform duties until 31 May 2016. For this reason, the information in the table on the number of shares refers to this latter date. According to information made public by Gestmin, after that date, as a shareholder with qualified holdings, on 28 July 2016 the market was notified of the disposal of 656 713 REN ordinary shares, representing 0.12% of capital. On this date, Gestmin's holdings in REN were 10 230 922 shares, representing 1.92% of voting rights and share capital (thus no longer holding status of qualified holdings).



3. Fidelidade – Companhia de Seguros, S.A. (Fidelidade) qualified shareholder and entity related to Jorge Manuel Baptista Magalhães Correia, member of the REN Board of Directors and the Fidelidade subsidiary, Multicare – Seguros de Saúde, S.A. (Multicare) carried out the following transactions relating to bonds issued by REN:

	<b>TYPE OF TRADE</b>	<b>TYPE OF BOND</b>	<b>PLACE</b>	<b>QUANTITY</b>	<b>PRICE (€)<sup>(1)</sup></b>	<b>DATE OF TRADE</b>
Fidelidade	Purchase	REN, 1.75%, 01/06/2013, CORP	Lisbon	200,000	99.54	27-05-2016
Fidelidade	Sale	REN, 4.125%, 31/01/2018, CORP	Lisbon	53,500,000	106,886	31-05-2016
Multicare	Sale	REN, 4.125%, 31/01/2018, CORP	Lisbon	600,000	106,886	31-05-2016

<sup>(1)</sup> Per trade / financial instrument

4. Jorge Magalhães Correia, member of the REN Board of Directors, due to the exercising of duties as member of the corporate bodies of Fidelidade – Companhia de Seguros, S.A. (Fidelidade), holder of qualified stake, notified the following transactions regarding bonds issued by REN:

<b>TYPE OF TRADE</b>	<b>TYPE OF BOND</b>	<b>PLACE</b>	<b>QUANTITY</b>	<b>PRICE (€)<sup>(1)</sup></b>	<b>DATE OF TRADE</b>
Sale	REN, 6.25 09/2016	Lisbon	9,000	101.19 <sup>(1)</sup>	22-06-2016

<sup>(1)</sup> per bond

5. The Chairman of the Audit Committee and member of the Board of Directors of REN, Manuel Ramos de Sousa Sebastião, carried out the following transactions with regard to REN shares:

<b>TYPE OF TRADE</b>	<b>PLACE</b>	<b>QUANTITY</b>	<b>PRICE (€)</b>	<b>DATE OF TRADE</b>
Purchase	Euronext Lisbon	2,000	2,500	16-09-2016
Purchase	Euronext Lisbon	7,000	2,500	11-10-2016
Sale	Euronext Lisbon	7,000	2,525	13-10-2016