



**REN - REDES ENERGÉTICAS NACIONAIS, S.G.P.S., S.A.**

**Issuer with Shares Admitted to Trading on a Regulated Market**

**Registered Office: Avenida dos Estados Unidos da América, no. 55, Lisbon**

**Share capital: 667,191,262 Euros**

**Company and registration number with the Lisbon Commercial Registry Office: 503 264 032**

*Non-binding translation  
For information purposes only*

## **PROPOSAL OF RESOLUTION**

### **ITEM 6 OF THE AGENDA FOR THE ANNUAL GENERAL SHAREHOLDERS MEETING OF MAY 9, 2024**

In accordance with both the Portuguese Companies Code and the Portuguese Securities Code, and considering the following:

1. The Remuneration Committee appointed by the shareholders is responsible for setting the remuneration of the members of the Company's management and supervisory bodies, under the terms of Articles 399 and 422-A of the Portuguese Companies Code;
2. That under Article 26-A *et seq.* of the Portuguese Securities Code, companies issuing shares listed in regulated market must remunerate the members of the management and supervisory bodies in accordance with a remuneration policy, which must be proposed to the General Meeting by the issuer's Remuneration Committee at least every four years and whenever there is a significant change to the remuneration policy in force;
3. That at the General Meeting of 23 April 2021, the shareholders of REN - Redes Energéticas Nacionais, S.G.P.S. ("REN") approved the remuneration policy for the members of the corporate bodies for the three-year period 2021-2023;
4. That we would be entering the fourth year of the remuneration policy;
5. That the remuneration policy was approved at the 2021 annual general meeting by a majority of 98.36% of the votes cast at the general meeting and that subsequent changes to the policy were approved at the 2022 annual general meeting by 99.98% of the votes cast, and at the 2023 annual general meeting by 99.12% of the votes cast;
6. That the remuneration policy must be clear and understandable and contribute to the company's business strategy, its long-term interests and its sustainability;

The Remuneration Committee considers that, for the three-year period 2024-2026, REN should substantially maintain the remuneration policy in force for the 2021-2023 three-year period, without prejudice to the inclusion of some clarifications and



**REN - REDES ENERGÉTICAS NACIONAIS, S.G.P.S., S.A.**

**Issuer with Shares Admitted to Trading on a Regulated Market**

**Registered Office: Avenida dos Estados Unidos da América, no. 55, Lisbon**

**Share capital: 667,191,262 Euros**

**Company and registration number with the Lisbon Commercial Registry Office: 503 264 032**

*Non-binding translation  
For information purposes only*

updates, which, under the terms and for the purposes of article 26-C of the Portuguese Securities Code, are described and explained:

1. Introduction of malus and clawback clauses.

It is proposed to make the right to Variable Remuneration and its effective payment conditional on the Executive Directors not committing intentional illegal acts which result in a conviction requiring the restatement of the Company's accounts, with a reduction in assets. In this event, the Company may request the return of the Variable Remuneration already paid (clawback) or reduce or not award the Variable Remuneration that has been deferred and whose payment does not yet constitute an acquired right (malus), to compensate for the damage caused to the Company (3.4.5. of the proposed remuneration policy).

2. Written commitments of non-competition and reservation of information.

With a view to protecting the Company in relation to the information, knowledge and resources acquired or accessed by Executive Directors in the course of their duties, written non-competition and information reservation commitments may be entered into with these Directors for a period of two years after the end of their term of office and which include a consideration for taking on these obligations (3.5.4. of the proposed remuneration policy).

In this context, under the terms and for the purposes of article 26-A of the Portuguese Securities Code, it is proposed that the General Meeting approves the Remuneration Policy for the members of REN's management and supervisory bodies, attached to this proposal, with the aforementioned changes compared to the remuneration policy in force in the previous three-year period.

Lisbon, April 4<sup>th</sup>, 2024

By the Remuneration Committee of  
REN - Redes Energéticas Nacionais, S.G.P.S., S.A.

**REMUNERATION POLICY OF THE MEMBERS OF THE CORPORATE BODIES**  
**2024-2026**

**A - INTRODUCTORY RULES**

**1. SCOPE**

- 1.1. Within the scope of its powers, the Remuneration Committee has been working and adopting the necessary diligences in order to prepare the remuneration conditions and policy of REN's corporate bodies for the current term of office, in particular through a market benchmarking analysis carried out together with specialised consultants and assessing the legal framework and governance recommendations applicable to remuneration matters.
- 1.2. The present document defines the remuneration policy and rules ("**Remuneration Policy**" or "**Policy**"), under the terms of articles 26-A to 26-F of the Portuguese Securities Market Code, for the following members of the governing bodies:
  - a) Board of Directors (including the members of the executive committee and the non-executive members and the Audit Committee of REN);
  - b) Board of the General Meeting; and
  - c) Statutory Auditor (hereinafter the "**Corporate Bodies**").

**2. General Principles**

- 2.1. The Remuneration Policy of REN must comply with the following general principles:
  - a) To be simple, clear, transparent and aligned with REN's interests and culture;
  - b) To be appropriate and adjusted to the size, economic conditions, nature, scope, strategy, sustainability and specificity of REN's activity;
  - c) To ensure an overall competitive and equitable remuneration that is in line with the best practices and latest trends in Portugal and Europe, in particular with REN's *peers*, and that makes it possible to attract qualified professionals at a cost that is economically justified by their situation, in order to align their interests with those of the shareholders and contribute to the company's strategy, and long-term interests and to the company's sustainability - taking into account the wealth effectively created by the company, the economic situation and the market - and constitute a factor of the development of a culture of professionalism, the promotion of merit and transparency at REN;
  - d) To be evolutionary, but not disruptive; and
  - e) To incorporate a fixed remuneration component adjusted to the duties, availability, competence and responsibilities of the Members of the Board of Directors;

- 2.2. The definition of this Policy took into account the conditions of employment and remuneration of REN's employees, namely by analysing the remuneration paid to directors versus that paid to other employees and how this has evolved, as well as by limiting the increase in directors' remuneration during their term of office to the percentage increase applied to employees' remuneration.

## **B - COMPONENTS OF THE REMUNERATION OF THE MEMBERS OF REN'S CORPORATE BODIES**

### **3. Remuneration of the Executive Members of the Board of Directors**

#### **3.1. Principles**

3.1.1. Regarding the remuneration of the executive members of the Board of Directors, the Remuneration Policy is based on the following principles:

- a) Competitiveness, taking into account Portuguese market practices;
- b) Based on objective, uniform, consistent, fair and balanced criteria that reward performance;
- c) Performance assessment in accordance with the duties and level of responsibility as well as effective performance, assumption of suitable levels of risk and compliance with the rules applicable to REN's activity, also taking into account compliance with REN's strategic plan and budget, risk management, the internal functioning of the Board of Directors and the contribution of each member for this purpose, as well as the relationship between the Company's bodies and committees;
- d) Incorporation of a variable remuneration component which is overall reasonable in relation to the fixed remuneration component, without encouraging excessive risk-taking, with a short-term component and a medium/long-term component, both with maximum limits;
- e) Alignment of the interests of executive members of the Board and those of the Company, its sustainability and long-term value creation, including by indexing medium/long-term remuneration to the evolution of REN's share price and ESG criteria; and
- f) Variable remuneration indexed to REN's effective performance, measured against specific, unambiguous and measurable objectives in line with the interests of REN's *stakeholders*.

#### **3.2. Remuneration structure**

3.2.1. The remuneration of the executive members of the Board of Directors ("**Executive Members**") includes:

- a) a fixed component, corresponding to the fixed annual amount ("**Fixed Remuneration**"); and
- b) a variable component, the latter corresponding to a non-fixed amount dependent on the performance assessment, which may vary between a minimum of 0% and a maximum of 120% of the annual Fixed Remuneration ("**Variable Remuneration**").

3.2.2. The Variable Remuneration is made up of a short-term component and a medium/long-term component, each component corresponding to 50 per cent of Variable Remuneration, as described *below*.

3.2.3. The members of the Board of Directors shall not enter into any agreements with REN or with any third party whose purpose or effect is to directly mitigate the risk inherent in the variability of the remuneration established by REN.

### **3.3. Fixed Remuneration**

3.3.1. The Fixed Remuneration of the Executive Members of the Board of Directors corresponds to a fixed gross annual amount of € 401,822.48 (four hundred and one thousand eight hundred and twenty-two euros and forty-eight cents) in the case of the Chairman of the Executive Committee, and € 318,326.96 (three hundred and eighteen thousand three hundred and twenty-six euros and ninety-six cents) in the case of the other Executive Members of the Board of Directors, to be paid in 12 monthly instalments.

3.3.2. Without prejudice to the limitation in the following paragraph, the Fixed Remuneration of the executive members shall be updated annually in accordance with the Consumer Price Index (CPI), provided that: (i) the CPI has not shown negative values; and (ii) in the year in question the fixed remuneration has not been increased, such update being applied annually in accordance with the equation below:

$$\text{Fixed Remuneration}_{t+1} = \text{Fixed Remuneration}_t * IPC_t$$

Where:

$IPC_t = 1 +$  average annual percentage change in the Consumer Price Index estimated from January to December of the previous year (year t) to that of the General Meeting.

3.3.3. In any case, the update of the Fixed Remuneration of the Executive Members will not exceed the average update applied that year to the REN Group's employees in general and will be

adjusted to this update value whenever the above equation results in an increase greater than that of the employees.

- 3.3.4. Fixed Remuneration consists only of basic pay, with no other remuneration or allowances (*i.e.* travelling expenses or meal allowances), without prejudice to "*Other monetary and non-monetary benefits*" described in clause 3.5. *below*.

### **3.4. Variable Remuneration**

- 3.4.1. The Variable Remuneration of the Executive Members of the Board of Directors is awarded on the basis of the performance assessment which is executed in accordance with clause 3.4.2 below, with the relationship between performance and Variable Remuneration being that established by clause 0 below.

#### **3.4.2. Calculation of Variable Remuneration based on Performance Assessment**

- 3.4.2.1. The annual assessment of the performance of Executive Members of the Board of Directors for the purposes of granting Variable Remuneration is carried out by the Remuneration Committee, based on the opinion of the Company's major shareholders, as well as Non-Executive Members, considering a report to be prepared by the Appointments and Assessment Committee by March of the following year, based on the fulfilment of predefined objectives, based on *Key Performance Indicators* ("KPIs"), indexed to metrics of REN's strategic plan.
- 3.4.2.2. Up to the end of March of each year, the Audit Committee must validate the figures that serve as a reference for assessing compliance with REN's KPIs.
- 3.4.2.3. The annual final assessment of performance and the setting of Variable Remuneration by the Remuneration Committee must be finalised before the General Meeting approving the accounts for the financial year in question, in accordance with the level of compliance with KPIs defined in 3.4.2.6 *below* and is subject to the approval of the annual accounts by the general meeting of shareholders in its exact terms.
- 3.4.2.4. The individual performance evaluation of an Executive Member of the Board of Directors will only be taken into account when it is negative, in which case the Variable Remuneration will not be granted to that Executive Member.

3.4.2.5. The individual performance evaluation of each member of the Executive Committee by the Remuneration Committee will include the contribution of each member to the functioning of the body and the cooperation between the various bodies of the Company, for which purpose, the report prepared by the Nomination and Evaluation Committee will be considered, and the non-executive members of the Board of Directors will be heard.

3.4.2.6. REN's KPIs are defined on a consolidated basis as follows:

Objectives related to REN's KPIs	% KPIs
Average cost of <i>debt</i>	10%
Return on invested capital (ROIC)	10%
Operating cash flow	25%
Net profit per share	25%
<b>Financial</b>	<b>70%</b>
Quality of service	15%
<b>Operational</b>	<b>15%</b>
Health and Safety	3,75%
Gender diversity	3,75%
Reduction of greenhouse gas emissions	3,75%
Rating Performance	3,75%
<b>ESG</b>	<b>15%</b>

3.4.2.7. The percentage of overall fulfilment of the objectives established by the Board of Directors in relation to each KPI will correspond to a certain Variable Remuneration as indicated in the Variable Remuneration metric *below*:

<b>% of objectives achieved</b>	<b>% of Fixed Remuneration to be granted as Variable Remuneration</b>
≤ 79,99%	0
80% - 89,99%	20%
90% - 94,99%	40%
95% - 99,99%	80%
100% - 119,99%	100% - 119.99%, in proportion to the level of compliance
≥ 120%	120%

3.4.2.8. The final performance assessment for the purposes of calculating Variable Remuneration is calculated as the arithmetic mean of the level of achievement of each KPI, weighted by its respective weight, this level of achievement being expressed by the percentage of Fixed Remuneration to be awarded as Variable Remuneration and quantified in the table in 3.4.2.7. The equation is as follows:

$$P = \sum_{i=1}^n KPI_i * A_i$$

Where:

$P$  = Performance;

$KPI_i$  = Weight of the  $i^{th}$  KPI;

$A_i$  = Degree of achievement of the  $i^{th}$  KPI, i.e. percentage of Fixed Remuneration to be awarded as overall Variable Remuneration for a given KPI.

### 3.4.3. Payment of Variable Remuneration

3.4.3.1. For payment purposes, the Variable Remuneration is divided into two components, each corresponding to 50 per cent of the total Variable Remuneration awarded by reference to the relevant annual period, as follows:

- a) The short-term variable remuneration ("STVR"), which is awarded and paid in cash within 30 days of the annual shareholders' meeting approving the annual accounts; and
- b) Medium/long-term variable remuneration ("MLTVR") which is awarded and paid in accordance with the terms and conditions set out below.

#### 3.4.4. Medium/long-term variable remuneration

##### 3.4.4.1. THE MLTVR:

- a) Must be allocated in Remuneration Units ("RU");
- b) The number of RUs is calculated by dividing the value assigned to the MLTVR by the unit value of the RU, which is calculated in accordance with point c) below;
- c) The value of each RU for MLTVR purposes will be equal to the average closing price of REN shares on the Euronext Lisbon market in the 30 days prior to the date of the general meeting of shareholders approving the annual accounts for the relevant financial year;
- d) The value of each RU will be adjusted, over time and after its initial calculation, by an amount equal to the *Total Shareholder Return (TSR)* of REN's shares and the number or value of the RUs attributed may be adjusted in accordance with the corporate facts/events affecting REN's shares (such as *stock splits, reverse stock splits, reduction of the nominal value of shares, reduction of share capital, among others*), in order to obtain a financial remuneration equivalent to the effective ownership of a number of shares equal to the RUs initially attributed;
- e) The MLTVR must be paid in cash and will be deferred for a period of three years after the award date, with one third being paid each year, starting the year after the award. The MLTVR is paid each year within 30 days of the date of the general meeting of shareholders approving the accounts for each financial year. In other words, assuming that the MLTVR for year t is awarded at the General Meeting of Shareholders in year t+1, payment is deferred to years t+2, t+3 and t+4;
- f) In the event that REN's shares are delisted, the value of the RUs to be paid after such delisting will be (i) the price offered in a takeover bid, if this was the reason for the delisting, or (ii) the last closing market price, in other situations.
- g) The right of each Executive Member to the payment of MLTVR is conditional on:
  - (i) REN's positive performance during the period in question, which means that the consolidated net position in years t+1, t+2 and t+3, excluding any extraordinary movements occurring after the end of year t, and less, for each year, an amount corresponding to a 40 per cent *payout on the* net profit calculated in the consolidated accounts for each deferral period (regardless of the effective *payout*), must be higher than that calculated at the end of year t.

For these purposes, extraordinary movements within the period between year t and t+3 are considered to be capital increases, the purchase or sale of own shares, extraordinary profit distributions, annual *payouts* other than 40 per cent of the consolidated profit for the respective year or other movements which, while affecting net worth, do not derive from the company's operating results.

The net position for years t+1, t+2 and t+3 should be calculated on the basis of the accounting rules applicable to year t, to ensure comparability.

- (ii) The Executive Member not violating any mandatory rules applicable to REN, whether legal, regulatory or internal; and
- (iii) The non-occurrence of any Termination Event, as described *below*.

#### 3.4.4.2. Termination events and their treatment

- a) In case any Executive Member ceases to hold office before the end of its term and during an evaluation period, the *pro rata* Variable Remuneration for the economic period to which the evaluation refers shall be due, unless the termination is caused by or attributable to that Executive Member.
- b) Should any Executive Member cease to hold office after the end of the period to which the assessment refers to but before the award date, the Variable Remuneration will be due, unless the termination results from a Termination Event.
- c) If an Executive Member terminates his/her professional relationship with REN due to other facts that do not qualify as a Termination Event, the termination shall not lead to the loss of the MLTVR already granted but not yet paid. In this case, REN may agree with the Executive Director that the MLTVR will be paid at the time of termination of the professional relationship, in which case, REN's positive performance condition mentioned above shall be based on REN's performance up to that time.
  - (i) The following events are considered Termination Events for the purposes of this Policy: (i) termination of the professional relationship due to dismissal with just cause of the Executive Director; and (ii) material breach or violation by the Executive Director.

#### 3.4.5 *Malus* and *clawback clauses*

The right to variable remuneration and its effective payment is conditional on the Executive Members not having carried out any known intentional illegal acts (*atos ilícitos dolosos*) after the assessment has been carried out which have led to a judicial conviction establishing the need to adjust the accounts for the financial year, by recording a reduction in assets. In the event of the above occurring, the variable remuneration paid during the period in which the

facts were committed, whether due or awarded, will be reimbursed, withheld or not awarded in order to compensate for the damage caused to the Company.

### **3.5. Other monetary and non-monetary benefits**

3.5.1. Executive Members are provided with the means of communication and transport necessary for the regular performance of their duties, as well as health insurance, life insurance and personal accident insurance under the following terms:

- a) Automobile policy, defining a total vehicle allowance (excluding VAT) of €83,500.00 for the Chairman of the Executive Committee and €72,500.00 for the remaining executive directors. In addition, fuel, insurance and automobile maintenance costs are covered;
- b) Health insurance for the executive director/spouse or equivalent and descendant or equivalent;
- c) Life insurance, with a capital equivalent to 28 months' fixed remuneration;
- d) Personal accident insurance, with a capital equivalent to 28 months' fixed remuneration.

3.5.2. No other benefits will be granted to Executive Members, including any retirement or pension benefits.

3.5.3. In the event of the unfair dismissal or resignation by agreement of an Executive Member, no compensation shall be due other than that legally due.

3.5.4. Without prejudice to the above, written non-compete and information reserve agreements may be entered into by Executive Members, for a period of two years, which make it impossible to operate in the electricity, gas and hydrogen sectors in the geographies where REN operates, and which provide for compensation in return for compliance with this non-competition and information reserve obligation after the term of office, regardless of the respective cause, but excluding just cause, in the amount of one year's fixed remuneration plus short, medium and long-term variable remuneration (on the basis of objectives being met at 100 per cent). This written non-compete agreement will only apply after the first year of the first term of office.

## **4. Remuneration of Non-Executive Members of the Board of Directors (including members of the Audit Committee)**

- 4.1. Regarding the other members of REN's Board of Directors, including the members of the supervisory body (Audit Committee), the remuneration policy is guided by the central objective of compensating the dedication and responsibility required to fulfil their duties.
- 4.2. The Non-Executive Members of the Board of Directors are paid a remuneration corresponding to a fixed annual amount, paid in 12 monthly installments, as follows:
  - a) Vice-Chairman of the Board of Directors the gross amount of €83,495.56 (eighty-three thousand four hundred and ninety-five euros and fifty-six cents);
  - b) Chairman of the Audit Committee, the gross amount of €78,277.16 (seventy-eight thousand two hundred and seventy-seven euros and sixteen cents);
  - c) The remaining members of the Audit Committee, the gross amount of €62,621.76 (sixty-two thousand six hundred and twenty-one euros and seventy-six cents); and
  - d) Other members of the Board of Directors, the gross amount of €45,000 (forty-five thousand euros).
- 4.3. The members of the Ethics and Corporate Governance Committee, the Appointments and Assessment Committee and the Sustainability Committee will receive the following additional remuneration from the date of their appointment:
  - a) Chairman: €7,000.00 (seven thousand euros); and
  - b) Other members of the related committees: €4,500.00 (four thousand five hundred euros).
- 4.4. Should the Chairman of the Board of Directors and/or the Chairman of the Executive Committee be members of any of the aforementioned committees, they will not receive any additional remuneration for the performance of these functions.
- 4.5. The remuneration of Non-Executive Members of the Board of Directors will be updated in accordance with the CPI calculated as defined in the terms and conditions above for updating the fixed remuneration of executive directors.
- 4.6. The remuneration of Non-Executive Members of the Board of Directors is composed exclusively of the fixed remuneration referred to above, which does not include the payment of any bonuses related to REN's performance, or the payment of any allowances, subsidies or benefits (such as early retirement benefits or pension plans or similar).
- 4.7. Unless any of the Directors expressly disagrees, the costs with the mandatory insurance of civil liability of the Directors (which shall be paid by them) shall be deducted from the amounts referred to above.

## **5. Remuneration of the members of the Board of the General Meeting of Shareholders**

- 5.1. The members of the Board of the General Meeting of Shareholders will receive remuneration corresponding to a fixed annual amount, as follows:
- a) For the Chairman, the gross amount of €15,000 (fifteen thousand euros);
  - b) For the Vice-President the gross amount of €5,000 (five thousand euros); and
  - c) For the Secretary, the gross amount of €3,000 (three thousand euros).

## **6. Remuneration of the Statutory Auditor**

- 6.1. The remuneration of the Statutory Auditor will be proposed by the Audit Committee, will cover the audit and legal review of accounts services, will be contracted under standard market conditions and will not, under any circumstances, be related to REN's performance.

## **7. Agreements with members of the management and supervisory bodies**

- 7.1. REN has not entered into any agreements or contracts with the members of the management and supervisory bodies, with the exception of the Statutory Auditor (in this case Ernst & Young - Audit e Asociados, SROC, S.A.), with whom it has entered into (i) an agreement for the provision of services for each term of office, as well as (ii) a "Global agreement on services to be provided to the REN Group".
- 7.2. In the agreement for the provision of services, it is agreed that the agreement may be revoked by either party upon 60 (sixty) days' notice. In the event of revocation, the fees and expenses incurred up to that date must be settled immediately.
- 7.3. No benefits other than those provided for in this policy are granted to the governing bodies, including any retirement benefits or pensions.

## **8. Entry into force**

This remuneration policy enters into force on the date of its approval by the General Shareholders' Meeting and must be reviewed at the beginning of each term of office and whenever there is a relevant change to the remuneration policy in force. If the proposal presented by the Remuneration Committee is not approved, the Remuneration Committee must present a new proposal at the next General Shareholders' Meeting.

## **9. Publication**

This remuneration policy shall be published on REN's website after its approval by the General Shareholders' Meeting, including the results of the vote and the respective date of approval, and shall remain available to the public, free of charge, for as long as it is in force.

#### **10. Conflicts of Interest**

REN's internal rules on the prevention of conflicts of interest apply to the definition, review and implementation of this Policy and Members of the various bodies and committees involved in the process must immediately inform the Chairman of the respective body or committee, or the Audit Committee in the case of the respective Chairman, of any facts that may constitute or give rise to a conflict between their interests and the interests of REN or the person to be remunerated/assessed, and, in the event of a conflict, not interfere in the respective decision-making process.

The Remuneration Committee

João Duque

José Galamba de Oliveira

Fernando Neves de Almeida