



RENEW



07

CORPORATE GOVERNANCE

Evolution is ensuring efficient power transmission and transportation with maximum safety and quality, based on balanced impact on the environment, communities and on our future.

**Together, for better energy to grow.**

WE DELIVER  
**EVOLUTION**

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### **ANNEX 1 TO THE GOVERNANCE REPORT 384**

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# 07

## CORPORATE GOVERNANCE

### PART 1

REN is in a mission to ensure the continuous provision of energy to the whole country, and as such to contribute to the development of communities and to improve the quality of life of Portuguese people. This is a task which requires a continuous and devoted effort. But our commitment goes beyond our mission.

We believe in the exercise of an active corporate citizenship, with a strong involvement with the communities we belong to, both at a social and at an environmental level.

To take this commitment, this requires that all REN activities are guided by sustainability principles, by means of obeying to rigorous and measurable criteria and respecting demanding standards of excellence, without ever losing sight of the positive impact we want to have on the communities and ecosystems we work close to.

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

### 7.1.1. ECONOMIC ENVIRONMENT

#### I. CAPITAL STRUCTURE

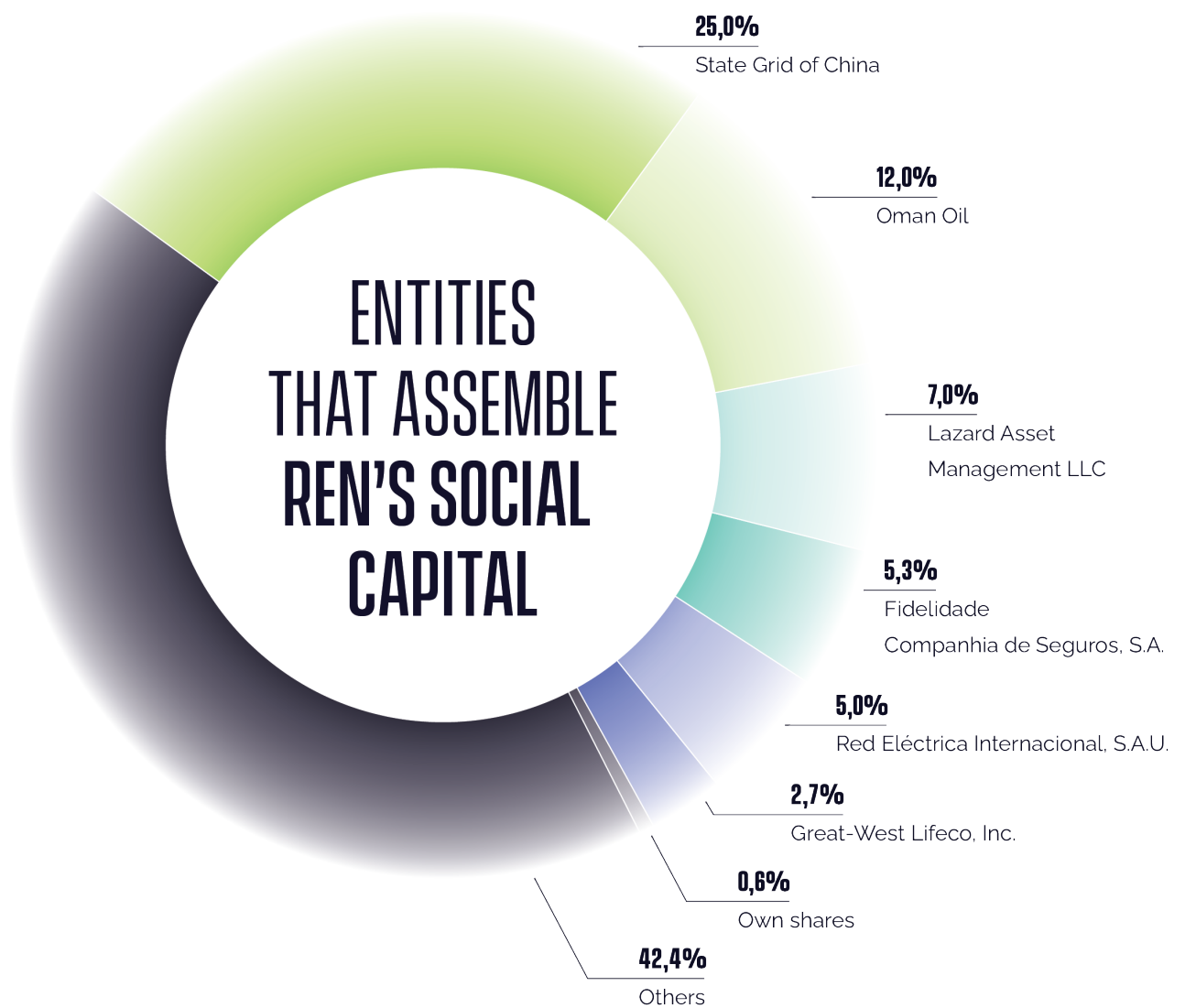
**1.1. Capital structure (capital, number of shares, distribution of capital among shareholders, etc.), including information on shares not admitted to trading, different classes of shares, inherent rights and duties and percentage of capital which each class represents (Art. 245-A(1)(a)).**

The share capital of REN – Redes Energéticas Nacionais, S.G.P.S., S.A. (REN or the company) in the amount of 667,191,262 euros is represented by 667,191,262 ordinary shares with a face value of 1.00 euro each, 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., with code PTRELOAM0008.

### SHAREHOLDER STRUCTURE AT 31 DECEMBER 2020



For more detailed information on the main company shareholders of the company see II.7 below.

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

No restrictions currently exist and REN has not implemented any measures which hinder the transferability of shares (such as consent clauses in the event of transfer. REN shares are freely tradable on the regulated market.

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 further to the transposition of European community directives applicable to the electricity and natural gas sectors to promote competition in the market and ensure equal access by operators to transmission infrastructures. This limitation was implemented by means of a provision included in REN's Articles of Association that provides for the non-count of votes cast by any shareholder, in the shareholder's own name or as a representative of another shareholder, that exceed 25% of the total votes corresponding to the share capital. The votes are counted in accordance with Article 20 of the Portuguese Securities Code (Securities Code)<sup>2</sup>.

It should be further noted that on 9 September 2014<sup>3</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 which remains in force.

In accordance with the ERSE Decision, certification was dependent on compliance with a series of conditions intended to ensure the independence of these operators, including, inter alia, (i) restrictions on the exercising of rights related to the REN General Shareholders' 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 amendment to REN's Articles of Association with a view to complying 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 Shareholders' Meeting which was held on 17 April 2015. With regard to the exercising of rights at the REN General Shareholders' Meeting, the following changes were included:

- 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 Shareholders' Meeting over any Company shares, except when ERSE recognizes 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 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 recognize no conflict of interest existed with Portuguese transmission network operators.

<sup>1</sup> See Article 25(2)(i) of Decree-Law No 29/2006 of 15 February (current wording), and Article 122(3)(b) and Article 125(3)(h) of Decree-Law No 62/2020 of 28 August (current wording).

<sup>2</sup> See paragraphs 3 and 4 of Article 12 of REN's Articles of Association.

<sup>3</sup> ERSE 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.

Therefore, limitations on the 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 2018 Corporate Governance Code of the Portuguese Institute of Corporate Governance (Instituto Português de Corporate Governance) as amended in 2020 (IPCG Code) cannot overturn. As such, recommendation II.5 of the IPCG Code must be considered as non-applicable to REN.

**I.3. Number of own shares, percentage of 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, representing 0.6% of its capital. These shares would correspond to 0.6% of voting rights.

**I.4. Significant agreements to which REN is a party that would come into force, be amended or terminate 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, the disclosure of which would be seriously prejudicial for the Company, except if the Company is specifically required to disclose this 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 stated, changes of control arising from takeover bids) and essential for carrying out such transactions on the market. It should be noted that the mentioned clauses are in line with market practice and are only intended to regulate the relevant contracts in scenarios of change of control over REN, not entailing any payments or the assumption of obligations by REN capable of harming the economic interest in the transfer of REN shares or the free appraisal by its shareholders of the performance of the directors, in the event of a change of control or change in the composition of the board of directors.

However, the practical application of these clauses is limited, considering the legal restrictions on the ownership of REN shares as explained in I.2., making an acquisition or change of control over REN unfeasible, in light of the current legal framework.

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

In summary, REN has not adopted any measures aimed at requiring payment or taking on encumbrances by the Company in the event of changes of control or changes in the composition of the Board of Directors and which would be liable to prejudice the free transferability of shares or the free evaluation by shareholders of the performance of members of the Board of Directors. Therefore, the Recommendation II.6 of the IPCG Code is fully adopted.

**I.5. Framework to which the renewal or repeal of defensive measures are subject, in particular those that 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 the REN 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.

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, there is no mechanism in the Articles of Association to renew or repeal these statutory rules, as they exist in compliance with legal and administrative requirements. Therefore, recommendation II.5 of the IPCG Code must be considered as non-applicable to REN.

There are no other defensive measures.

### 1.6. Shareholder Agreements which the company is aware of and which could 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 shareholders 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

Based on the communications submitted to the Company, in particular in accordance with Article 16 of the Securities Code and CMVM Regulation No 5/2008, with reference to 31 December 2020, shareholders having a qualifying holding (representing at least 2% of REN's share capital), calculated in accordance with Article 20 of the Securities Code, were as follows:

| STATE GRID CORPORATION OF CHINA   | NO OF SHARES       | % SHARE CAPITAL WITH VOTING RIGHTS |
|---|--------------------|------------------------------------|
| Directly  | 0                  | 0%                                 |
| Through State Grid Europe Limited (SGEL), fully owned and controlled by State Grid International Development Limited (SGID), which is controlled by State Grid Corporation of China | 166 797 815        | 25.0%                              |
| <b>Total attributable</b>   | <b>166 797 815</b> | <b>25.0%</b>                       |

| OMAN OIL COMPANY SAOC   | NO OF SHARES      | % SHARE CAPITAL WITH VOTING RIGHTS |
|---|-------------------|------------------------------------|
| Directly  | 0                 | 0%                                 |
| Through Mazoon B.V. fully owned and controlled by Oman Oil Holding Europe, B.V., which is controlled by OQ SAOC ("Oman Oil"), which is controlled by the Sultanate of Oman. | 80 100 000        | 12.006%                            |
| <b>Total attributable</b>   | <b>80 100 000</b> | <b>12.006%</b>                     |

| LAZARD ASSET MANAGEMENT LLC | NO OF SHARES      | % SHARE CAPITAL WITH VOTING RIGHTS |
|-----------------------------|-------------------|------------------------------------|
| Directly                    | 0                 | 0                                  |
| Indirectly <sup>4</sup>     | 46 611 245        | 6.986%                             |
| <b>Total attributable</b>   | <b>46 611 245</b> | <b>6.986%</b>                      |

<sup>4</sup> This qualified shareholding, calculated under Article 20 of the Securities Code, is held by Lazard Asset Management LLC on behalf of Clients, and is attributable to it since it agreed with the Clients that it would exercise the voting rights. The qualified shareholding is also attributable to (i) Lazard Freres & Co, which holds the total share capital of the firstly mentioned company; (ii) Lazard Group LLC, which holds the total share capital of the secondly mentioned company; and (iii) Lazard Limited, company with shares admitted to trading in the NYSE market, as controlling entity of the abovementioned company.

| FIDELIDADE COMPANHIA DE SEGUROS, S.A. <sup>5</sup>  | NO OF SHARES      | % SHARE CAPITAL WITH VOTING RIGHTS |
|---|-------------------|------------------------------------|
| Directly  | 35 176 796        | 5.27%                              |
| Through Via Directa – Companhia de Seguros, S.A., which is controlled by Fidelidade   | 119 889           | 0.02%                              |
| Through Companhia Portuguesa de Resseguros, S.A., which is controlled by Fidelidade   | 37 537            | 0.01%                              |
| Through Fidelidade Assistência – Companhia de Seguros, S.A., which is controlled by the common shareholder Longrun <sup>6</sup> | 98 732            | 0.01%                              |
| Through Multicare – Seguros de Saúde, S.A., which is controlled by the common shareholder Longrun <sup>7</sup>                  | 63 470            | 0.01%                              |
| <b>Total attributable</b>   | <b>35 496 424</b> | <b>5.32%</b>                       |

| RED ELÉCTRICA CORPORACIÓN, S.A.                        | NO OF SHARES      | % SHARE CAPITAL WITH VOTING RIGHTS |
|--|-------------------|------------------------------------|
| Directly   | 0                 | 0%                                 |
| Through its branch Red Eléctrica Internacional, S.A.U. | 33 359 563        | 5.0%                               |
| <b>Total attributable</b>                              | <b>33 359 563</b> | <b>5.0%</b>                        |

| THE GREATWEST LIFECO, INC. <sup>8,9,10</sup>   | NO OF SHARES      | % SHARE CAPITAL WITH VOTING RIGHTS |
|--|-------------------|------------------------------------|
| Directly   | 0                 | 0%                                 |
| Through the collective investment undertakings managed by Setanta Management Limited <sup>11</sup> , a company in a relationship of control with Great-West Lifeco, Inc. | 18 103 850        | 2.713%                             |
| Through three sub-funds of Beresford Funds plc, managed by Irish Life Investment Managers Limited  | 121 315           | 0.013%                             |
| <b>Total attributable</b>  | <b>18 225 165</b> | <b>2.73%</b>                       |

<sup>5</sup> This qualified shareholding, calculated under Article 20 of the Securities Code, is also attributable to LongRun Portugal, S.G.P.S., S.A., Millenium Gain Capital, Fosun Financial Holdings Limited, Fosun International Limited, Fosun Holdings Limited, Fosun International Holdings, Ltd. and to Mr. Guo Guangchang, as natural or legal persons or control directly or indirectly Fidelidade – Companhia de Seguros, S.A.

<sup>6</sup> Longrun holds, also, 80% of the share capital of Fidelidade Assistência – Companhia de Seguros, S.A.

<sup>7</sup> Longrun holds, also, 80% of the share capital of Multicare – Seguros de Saúde, S.A.

<sup>8</sup> In accordance with information received on October 5, 2016 and updated on January 9, 2020, the ultimate controlling shareholders of Great-West Lifeco, Inc. are The Desmarais Family Residuary Trust and its trustees Sophie Desmarais, Paul Desmarais, Jr., André Desmarais, Michel Plessis-Bélair and Guy Fortin, to whom are attributed, under the terms of article 20(1)(b) of the Securities Code, the 2.73% voting rights in REN. The same voting rights are also attributable to the following companies controlled by The Desmarais Trust: Power Financial Corporation, 17123 Canada Inc., Power Corporation of Canada and Pansolo Holdings Inc. This qualified holding results from the aggregation of the holdings of various collective investment undertakings managed by entities that are in a controlling or group relationship with Great-West Lifeco Inc. .

<sup>9</sup> In its communication of January 3, 2020, shareholder Great-West Lifeco, Inc. informed REN of its indirect qualifying holding of 18,225,165 shares, representing 2.73% of its capital, with effect from January 1, 2020. Further details on the collective investment undertakings and their holdings are available at [https://www.ren.pt/files/2020-01/2020-01-09171724\\_4c65f7f1-2e56-4968-a1af-585420fa64e05f7ccbca3-1839-4b33-af32-24602a9b0fd33e340c9a4-bc68-4d6a-bd10-08190901\\_4c65f7f1-2e56-4968-a1af-585420fa64e05f7ccbca3-1839-4b33-af32-24602a9b0fd33e340c9a4-bc68-4d6a-bd10-007b6c325ca6Spt\\_file\\$pt\\$1.pdf](https://www.ren.pt/files/2020-01/2020-01-09171724_4c65f7f1-2e56-4968-a1af-585420fa64e05f7ccbca3-1839-4b33-af32-24602a9b0fd33e340c9a4-bc68-4d6a-bd10-08190901_4c65f7f1-2e56-4968-a1af-585420fa64e05f7ccbca3-1839-4b33-af32-24602a9b0fd33e340c9a4-bc68-4d6a-bd10-007b6c325ca6Spt_file$pt$1.pdf) the voting rights attached to those shares also being attributed, under the terms of article 20(1)(b) of the Securities Code, to the following companies controlled by Great-West Lifeco, Inc. The Canada Life Assurance Company, Canada Life Capital Corporation Inc, Canada Life International Holdings Limited and The Canada Life Group (U.K.) Limited and the following companies controlled by The Desmarais Trust, which in turn controls Great-West Lifeco, Inc., Power Financial Corporation, Power Corporation of Canada and Pansolo Holding Inc.

<sup>10</sup> In its communication of January 6, 2021, Great-West Lifeco, Inc informed REN of: (i) the merger by amalgamation of the subsidiaries Canada Life Capital Corporation Inc., GWL Holdings Inc., London Life Financial Corporation and London Reinsurance Group Inc. into a single entity under the name

of The Canada Life Capital Corporation Inc. on January 2, 2021 and (ii) the dissolution of 171263 Canada, Inc., the former parent company of Great-West Lifeco, thus leaving this entity from controlling Great-West Lifeco Inc. With effects as from January 6, 2021, the shareholder Great-West Lifeco, Inc. informed REN. of the holding of an indirect qualifying holding corresponding to 24,821,784 shares, representing 3.72% of its share capital.

Further details on the collective investment undertakings and their holdings are available at [https://www.ren.pt/files/2021-01/2021-01-09171724\\_4c65f7f1-2e56-4968-a1af-585420fa64e05f7ccbca3-1839-4b33-af32-24602a9b0fd33e340c9a4-bc68-4d6a-bd10-007b6c325ca6Spt\\_file\\$pt\\$1.pdf](https://www.ren.pt/files/2021-01/2021-01-09171724_4c65f7f1-2e56-4968-a1af-585420fa64e05f7ccbca3-1839-4b33-af32-24602a9b0fd33e340c9a4-bc68-4d6a-bd10-007b6c325ca6Spt_file$pt$1.pdf) and the voting rights attached to those shares, under the terms of article 20(1)(b) of the Securities Code, are also attributed to the following companies controlled by Great-West Lifeco, Inc, The Canada Life Assurance Company, Canada Life Capital Corporation Inc, Canada Life International Holdings Limited and The Canada Life Group (U.K.) Limited and the following companies controlled by The Desmarais Trust, which in turn controls Great-West Lifeco, Inc., Power Financial Corporation, Power Corporation of Canada and Pansolo Holding Inc..

<sup>11</sup> Further details on collective investment undertakings and their holdings are available at [https://www.ren.pt/files/2020-01/2020-01-09171724\\_4c65f7f1-2e56-4968-a1af-585420fa64e05f7ccbca3-1839-4b33-af32-24602a9b0fd33e340c9a4-bc68-4d6a-bd10-007b6c325ca6Spt\\_file\\$pt\\$1.pdf](https://www.ren.pt/files/2020-01/2020-01-09171724_4c65f7f1-2e56-4968-a1af-585420fa64e05f7ccbca3-1839-4b33-af32-24602a9b0fd33e340c9a4-bc68-4d6a-bd10-007b6c325ca6Spt_file$pt$1.pdf)

and the voting rights inherent to them are also attributed, under the terms of article 20, no. 1, paragraph b) of the VM 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.



During 2020, Norges Bank informed REN of a qualifying shareholding and of its subsequent decrease in several occasions between August and November, the maximum shareholding held during the year corresponding to 2.19% of REN's share capital and voting rights but, as from 6 November, a shareholding below the 2% threshold.

During 2020, Capital Group no longer holds a qualifying shareholding in REN, its holding corresponding, according to the last communication received by REN on 26 February, 1.9263% of REN's capital and voting rights.

## 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>12</sup>, as well as all their acquisitions, encumbrances or disposals with reference to the financial year 2020, based on communications with the company, were as follows:

### BOARD OF DIRECTORS (INCLUDING THE AUDIT COMMITTEE)

| BOARD OF DIRECTORS                | ACQUISITIONS<br>(IN 2020) | ENCUMBRANCES<br>(IN 2020) | DISPOSALS<br>(IN 2020) | NO OF SHARES<br>AT 31.12.2020 |
|-----------------------------------|---------------------------|---------------------------|------------------------|-------------------------------|
| Rodrigo Costa                     | -                         | -                         | -                      | 0 (zero)                      |
| João Faria Conceição              | -                         | -                         | -                      | 500                           |
| Gonçalo Morais Soares             | -                         | -                         | -                      | 0 (zero)                      |
| Guangchao Zhu – representing SGID | -                         | -                         | -                      | 0 (zero)                      |
| Mengrong Cheng                    | -                         | -                         | -                      | 0 (zero)                      |
| Lequan Li                         | -                         | -                         | -                      | 0 (zero)                      |
| Omar Al-Wahaibi                   | -                         | -                         | -                      | 0 (zero)                      |
| Jorge Magalhães Correia           | -                         | -                         | -                      | 35,496,424 <sup>13</sup>      |
| José Luís Arnaut <sup>14</sup>    | -                         | -                         | -                      | 7,587                         |
| Manuel Ramos de Sousa Sebastião   | -                         | -                         | -                      | 35.000                        |
| Gonçalo Gil Mata                  | -                         | -                         | -                      | 0 (zero)                      |
| Maria Estela Barbot               | -                         | -                         | -                      | 0 (zero)                      |
| Ana Pinho                         | -                         | -                         | -                      | 0 (zero)                      |

<sup>12</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 minor 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 by 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 responsibility, are engaged in the management or 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>13</sup> Corresponding to the shares held by Fidelidade Companhia de Seguros, S.A., which are attributable for the purposes of art. 447 of the Portuguese Companies Code, due to the performance of duties of member of the board of directors and the executive committee of that company, as set out in: <http://web3.cmvm.pt/sdi/emitentes/docs/fsd430883.pdf>

<sup>14</sup> 480 shares held directly and the remainder held by Platinumdetails – Consultoria e Investimentos, Lda, in which 68% of the share capital is held.

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>15</sup>, as well as all their acquisitions, encumbrances or disposals with reference to the financial year of 2020, based on communications sent to the company, were as follows:

## BOARD OF DIRECTORS

| BOARD OF DIRECTORS                   | ACQUISITIONS<br>(IN 2020) | ENCUMBRANCES<br>(IN 2020) | DISPOSALS<br>(IN 2020) | NO OF BONDS<br>AT 31.12.2020 |
|--------------------------------------|---------------------------|---------------------------|------------------------|------------------------------|
| Rodrigo Costa                        | -                         | -                         | -                      | 0 (zero)                     |
| João Faria Conceição                 | -                         | -                         | -                      | 0 (zero)                     |
| Gonçalo Morais Soares                | -                         | -                         | -                      | 0 (zero)                     |
| Guangchao Zhu<br>– representing SGID | -                         | -                         | -                      | 0 (zero)                     |
| Mengrong Cheng                       | -                         | -                         | -                      | 0 (zero)                     |
| Lequan Li                            | -                         | -                         | -                      | 0 (zero)                     |
| Omar Al-Wahaibi                      | -                         | -                         | -                      | 0 (zero)                     |
| Jorge Manuel Magalhães Correia       | -                         | -                         | -                      | 1,200,000 <sup>16</sup>      |
| José Luis Arnaut                     | -                         | -                         | -                      | 0 (zero)                     |
| Manuel Ramos de Sousa Sebastião      | -                         | -                         | -                      | 0 (zero)                     |
| Gonçalo Gil Mata                     | -                         | -                         | -                      | 0 (zero)                     |
| Maria Estela Barbot                  | -                         | -                         | -                      | 0 (zero)                     |
| Ana Pinho                            | -                         | -                         | -                      | 0 (zero)                     |

### 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 the competences and powers conferred by the Portuguese Companies Code and the Articles of Association<sup>17</sup> (see summary of these competences and powers in II.21), and as such, the management body does not have special powers.

Particularly, concerning resolutions on any increase in capital, 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

There are no significant relationships of a commercial nature between the holders of qualified shareholdings and the company.

<sup>15</sup> This comprises the shares held by members of the REN management and supervisory bodies and, if applicable, (i) of the spouse not judicially separated, regardless of the matrimonial property regime; (ii) of minor descendants; (iii) of 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) the shares held 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 responsibility, are engaged in the management or exercise any management or supervisory duties or hold, alone or together with the persons referred to in (i) to (iii), at least half of the share capital or corresponding voting rights.

<sup>16</sup> Corresponding to the shares held by Fidelidade – Companhia de Seguros, S.A., which are attributable for the purposes of art. 447 of the Portuguese Companies Code, due to the performance of the duties of member of the board of directors and on the executive committee of that company.

<sup>17</sup> See Article 15 of the Articles of Association and Article 3 of the Board of Directors Regulations.

In accordance with internal regulations on the assessment and control of transactions with related parties<sup>18</sup> and prevention of conflict of interests, approved by the Board of Directors following a proposal presented by the Audit Committee, significant transactions with related parties are considered to be 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 100,000,000 euros, except when referring to a simple renewal of existing circumstances or operations undertaken within the framework of preexisting contractual conditions;
- d) Should none of the materiality criteria set out in the subparagraphs above be met, (i) which have a value exceeding 1,000,000 euros or (ii) are considered relevant for this purpose by the management body, by virtue of its nature or its particular susceptibility to giving rise to a conflict of interests.

The Board of Directors is required to submit every transactions with related parties to the Audit Committee for appraisal<sup>19</sup>, in particular:

- (i) transactions considered significant are subject to prior opinion from the Audit Committee (and are communicated to the Audit Committee, a minimum of 15 days in advance of the transaction);
- (ii) all other transactions are only subject to subsequent appreciation, and must be communicated to the Audit Committee before the last day of January or July, depending on whether the Transactions occurred in the current previous semester.

Moreover, in accordance with the Board of Directors internal regulations, the approval of transactions with related parties for sums exceeding 500,000 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.

The transactions with related parties carried out after the entry into force of Law no. 50/2020 of 26 August were subject to approval by the Board of Directors and to the opinion of the Audit Committee. In light of the abovementioned criteria – set out in Board of Directors regulations and in internal regulations on the assessment and control of transactions with related parties and prevention of conflicts of interests – during 2020, there were a number of significant transactions with related parties as further described in I.90 below.

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<sup>18</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>19</sup> See section III and section VI.

## 7.1.2. CORPORATE BODIES AND COMMITTEES

### I. GENERAL MEETING

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

##### II.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 2018-2020:

| NAME       | POSITION      | DATE OF 1 <sup>st</sup> APPOINTMENT | TERM OF OFFICE IN COURSE |
|------------|---------------|-------------------------------------|--------------------------|
| Pedro Maia | Chairman      | 27.03.2012                          | 2018-2020                |
| Rui Dias   | Vice-Chairman | 03.05.2018                          | 2018-2020                |

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

##### II.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'<sup>20</sup>.

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 Shareholders' Meeting, provided that they comply with the following requirements:

- Shareholders wishing to participate in the General Meeting should express this intention in writing to the Chairman of the Board of the General Meeting and the financial intermediary, with whom they have opened the relevant individual securities account, up to the day before the 'Record Date'<sup>21</sup>. This communication may be sent by e-mail<sup>22</sup>;
- 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>23</sup>;
- 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 are no conflicts of interest;

<sup>20</sup> See Article 12(2) of Articles of Association.

<sup>21</sup> See Article 23-C of the Securities Code.

<sup>22</sup> See Article 12(9) of the Articles of Association.

<sup>23</sup> See Article 12(10) of the Articles of Association.

- d) Shareholders wishing to participate, personally 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 of the exercising of voting rights at the General Meeting and may be established in standard terms by the Chair of the Meeting<sup>24</sup>;
- 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 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 recognition which determines the prohibition of the respective policy rights and/or re-examination of certification conditions by ERSE<sup>25</sup>.

Shareholders with voting rights may be represented at the General Shareholders' Meeting by means of a person with full legal capacity, by written document addressed to the Chairman of the Board of the General Shareholders' Meeting, communicating the name(s) of the representative(s), under the law and of the notice to convene. This communication may be sent by e-mail.<sup>26</sup>

REN's shareholders who hold shares on a professional basis in their own name but on behalf of clients, may vote differently with their shares, provided that they submit this fact to the Chairman of the Board of the General Shareholders' Meeting prior the 'Record Date' and deliver proportional and sufficient proof of:

- (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's shareholders may submit their 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>27</sup>.

This letter should be addressed to the Chairman of the Board of the General Shareholders' 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 Shareholders' Meeting, except if the relevant notice of meeting establishes a different time. The Chairman of the Board of the General Shareholders' Meeting shall verify the authenticity and regularity of the votes cast by correspondence as well as ensure that they remain confidential until the voting takes place<sup>28</sup>.

It is also established that votes cast 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>29</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.

Should there be express indication in the notice to convene the General Shareholders' Meeting, shareholders may exercise voting rights electronically, in accordance with the terms, time and conditions set out in the respective call.<sup>30</sup>

<sup>24</sup> See Article 12(12)(13) and (15) of the Articles of Association.

<sup>25</sup> See article 12(14) of the Articles of Association.

<sup>26</sup> See Article 12(11) of the Articles of Association.

<sup>27</sup> See article 12(5) of the Articles of Association.

<sup>28</sup> See Article 12(5) and (7) of the Articles of Association.

<sup>29</sup> [www.ren.pt](http://www.ren.pt)

<sup>30</sup> See article 12(6) of the Articles of Association.

As regards the attendance in the General Shareholders' Meetings by electronic means, REN gives preference to in person attendance (or representation in person) in its General Shareholders' Meetings, in particular as it promotes participation and discussion. REN's shareholder structure and the fact it includes a large number of professional investors which, according to market practice, are typically represented at the General Shareholders' Meeting by their relevant financial intermediary also appears as an inherent circumstance in the proximity goal pursued by REN and preference for in person attendance promoted in its General Shareholders' Meetings.

Notwithstanding the above, by virtue of the specific measures determined by the Government due to the public health emergency caused by the COVID-19 disease and in line with the "Recommendations in the context of General Meetings" issued within the framework of cooperation between the Securities Market Commission (CMVM), The Portuguese Institute of Corporate Governance (IPCG) and the Association of Listed Securities Issuers (AEM) with regard to the national Corporate Governance regime, REN's 2020 Annual General Meeting was held exclusively using telematic means and ensuring the corresponding exercise of voting rights at a distance by electronic means.

In summary, REN considers that it provides all the necessary mechanisms to encourage its shareholders to participate and vote in General Shareholders' Meetings, either in person or remotely.

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 the provision set out in the Articles of Association as described in 1.2 and 1.5 above, which seeks to make current regulations and the legal regime effective.

#### **II.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 Article 20(1) of the Securities Code.**

As referenced above in 1.2, 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, 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 Shareholders' 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 (including members of the Audit Committee) 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.

#### **II.14. Identification of shareholder resolutions that, in accordance with the Articles of Association, shall only be passed with a qualified majority, aside from those legally provided for, and indication of these majorities.**

In accordance with Article 11(1) of the Articles of Association, the attendance or representation of shareholders holding at least 51% of capital is essential in order that the General Shareholders' Meeting can be held and can resolve on the first call.

In accordance with Article 11(2) of the Articles of Association, the quorum for adopting resolutions on amendments to the Articles of Association, splits, mergers, transformation or dissolution of the company shall be two thirds of the votes issued, both for the first call and the second call, regardless of the percentage of capital represented (which, in the case of the second call, is more demanding than the provision of the Portuguese Companies Code).

Furthermore, in accordance with paragraph 3 of the same Article in the Articles of Association, resolutions for 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 (which is more demanding than the provision of the Portuguese Companies Code).

The company considers that these majorities that are more demanding than those defined by law are justified by the fact that the matters in question are strategic and of structural importance, so that their change requires a broader consensus among shareholders. As regards in particular the articles referred to in the previous paragraph, the specially qualified majority required for their amendment is justified by the fact that such articles are intended to enable the company to monitor compliance with several legal obligations and the ERSE Decision, relating to full ownership unbundling, as best described in section 1.2 above.

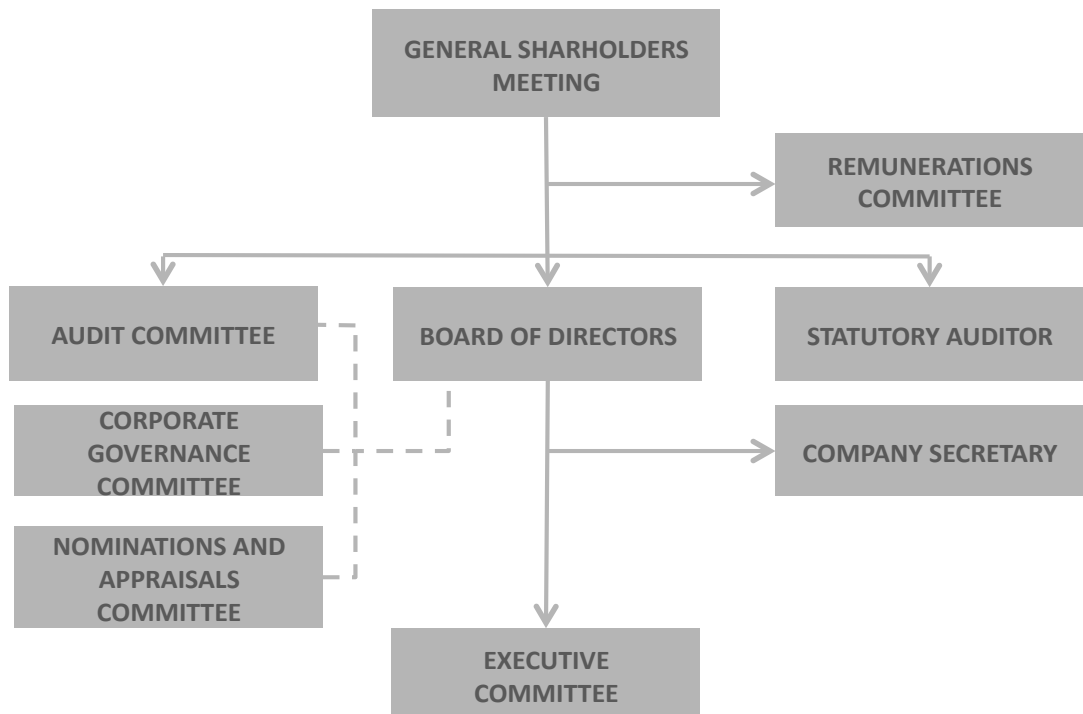
**II. MANAGEMENT AND SUPERVISION**

**(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 Shareholders' Meeting<sup>31</sup>: (i) a Board of Directors, responsible for the management of the Company's business, which delegates day-to-day management to the Executive Committee<sup>32</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>33</sup>.



<sup>31</sup> See article 8(2)(b) of the Articles of Association.  
<sup>32</sup> See article 8(1) of the Board of Directors regulations.  
<sup>33</sup> See 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 Management Board and General and Supervisory Board (Art. 245-A(1)(h)).

In accordance with the law and the Articles of Association<sup>34</sup>, the appointment and dismissal of members of the Board of Directors is the responsibility of the General Shareholders' Meeting, being carried out through lists of candidates selected by the nominating shareholder(s). With these lists put to the vote, the shareholders assume a very important role in the respective candidate selection process, without any interference from the directors. It is also the responsibility of the General Shareholders' Meeting to elect the Chairman and Vice-Chairman of the Board of Directors.

According to the Articles of Association<sup>35</sup>, a minority of shareholders voting against the winning proposal may appoint at least one director, provided that this minority represents at least 10% of the Company's share capital.

Within the scope of REN's Nominations and Appraisals Committee's functions, in particular with regard to the support provided in the identification and selection of potential candidates for REN's Board of Directors<sup>36</sup>, it should be highlighted the establishment of a selection procedure, leading to the selection of three profiles for the final phase and the issuance of a duly substantiated election proposal, which takes into account the fact that the members of REN's corporate bodies must bring together, individually and collectively, technical and professional skills appropriate to the function to be performed, supported by academic qualifications or specialised training and professional experience with duration and levels of responsibility that are in line with the characteristics, complexity, size and strategy of REN, as well as enjoying recognised integrity, ethics and irreproachable professional and personal values, together with an assessment of their independence and availability for the performance of the position.

In particular, the REN's Nomination and Appraisal Committee in its activity takes into account the following guidelines regarding the individual profile of candidates prior to their identification:

- The governing bodies of REN shall be composed of members who have, individually and collectively, technical and professional skills appropriate to the function to be performed, supported by academic qualification or specialised training and professional experience with duration and levels of responsibility that are in line with the characteristics, complexity, size and strategy of REN;
- It emerges as a transversal need for each of the members of REN's corporate bodies, individually, to be able to understand REN's functioning and activity, assess the risks to which it is exposed, critically analyse the decisions taken and contribute to their constructive discussion;
- The members of REN's corporate bodies should enjoy recognised integrity and be attributed irreproachable professional and personal ethics and values in those aspects that reveal their ability to make considered and judicious decisions, or their tendency to fulfil their obligations punctually or to behave in a manner compatible with the preservation of market confidence;
- With regard to independence, and considering the primacy of the relevant legal and statutory rules, the risk of members of REN's corporate bodies being subject to undue influence from other persons or entities should be a fundamental criterion for gauging their ability to perform their duties impartially;
- In the assessment of the availability of the members of the corporate bodies, the particular requirements of the position and the nature, scale and complexity of REN's activity must be taken into account. Executive members shall perform their duties on an exclusive basis in companies of the REN Group, without prejudice to (i) the exercise of honorary and/or non-remunerated positions or of strategic importance to REN and, (ii) the exercise of other remunerated positions, in this case, further to the authorisation by the Board of Directors.

<sup>34</sup> See Article 8(2)(b), and Article 14(3), both in the Articles of Association; and Article 2(1) of the Board of Directors Regulations.

<sup>35</sup> See article 14(2).

<sup>36</sup> See Article 3(2)(a)(i) and (ii) of the Nominations and Appraisals Committee Regulation.



In addition to these criteria, the Nomination and Appraisal Committee also considers it imperative that the composition of the corporate bodies reflects a diversity interpreted in a broad sense, encompassing its various perspectives and taking into account the specificities of REN and its Group, in order to achieve the objectives of efficiency, excellence, innovation and dynamism at the level of its corporate bodies and the functions they perform. Bearing these objectives in mind, the Nomination and Evaluation Committee seeks to promote the following principles when selecting and recommending candidates:

- Promotion of equal opportunities in terms of diversity consistent with the policies provided for in the existing legal and regulatory framework on this subject, as well as good practices identified in the market;
- Ensure the fulfilment of legal standards on gender diversity by ensuring adequate representation among women and, always on the basis of their skills, abilities, experience and qualifications and by promoting an increase in the under-represented gender population;
- The previous training and experience of the candidates, when analysed collectively, should allow a balanced combination of knowledge in the areas of energy and renewable energies, engineering, finance, accounting, law, corporate governance, capital markets, investor relations, risk management, auditing, corporate social responsibility, environment and sustainability;
- Non-discrimination on the grounds of birth, race, sex, religion, opinion or any other personal or social circumstance or condition other than the fulfilment of the requirements of competence and ability required for the exercise of the office;
- Promoting a balance between experience and maturity on the one hand, and youth and energy necessary for the dynamism and rapid pace of innovation inherent to REN's sectors of activity on the other;
- Promotion of diversity of geographical origin in order to allow the articulation of cultures and strategic perspectives of its various stakeholders and current geographical markets or of future interest to REN.

The Portuguese Companies Code rules apply<sup>37</sup> with regard to the substitution of members of the Board of Directors, given that neither the Company's Articles of Association, nor the Board of Directors or Audit Committee Regulations have special rules on this matter. The Board of Directors 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 a non-delegable competence of the Board of Directors, all Directors are involved in the co-option resolution, except in the event of conflicts of interest.

The Company's Articles of Association<sup>38</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 Articles of Association, 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 Shareholders' Meeting that elects the said members<sup>39</sup>.

Currently, the Board of Directors consists of 13 members, including a total of 10 non-executive members.

<sup>37</sup> See article 393(3).

<sup>38</sup> See article 8(19) and (9).

<sup>39</sup> See Articles 8(2)(b) and 14(1) both of the Articles of Association.

At 31 December 2020, the REN Board of Directors consisted of the following members, who have been appointed for the 2018-2020 term of office:

| NAME  | POSITION   | YEAR OF FIRST APPOINTMENT | FINAL YEAR OF TERM OF OFFICE |
|---|--|---------------------------|------------------------------|
| Rodrigo Costa   | Chairman of the Board of Directors and the Executive Committee | 2014                      | 2020                         |
| João Faria Conceição  | Executive Director   | 2009                      | 2020                         |
| Gonçalo Morais Soares   | Executive Director   | 2012                      | 2020                         |
| Guangchao Zhu (representing State Grid International Development Limited) | Vice-Chairman  | 2012                      | 2020                         |
| Mengrong Cheng  | Director   | 2012                      | 2020                         |
| Lequan Li   | Director   | 2018                      | 2020                         |
| Omar Al-Wahaibi   | Director   | 2015                      | 2020                         |
| Jorge Magalhães Correia   | Director   | 2015                      | 2020                         |
| Manuel Ramos de Sousa Sebastião   | Director / Chairman of the Audit Committee                     | 2015                      | 2020                         |
| Gonçalo Gil Mata  | Director / Member of the Audit Committee                       | 2015                      | 2020                         |
| Maria Estela Barbot   | Director / Member of the Audit Committee                       | 2015                      | 2020                         |
| José Luís Arnaut  | Director   | 2012                      | 2020                         |
| Ana Pinho   | Director   | 2019                      | 2020                         |

In accordance with the Articles of Association<sup>40</sup>, members of corporate bodies perform their respective duties for periods of three calendar years, a period which is renewable, considering as complete, the calendar year of appointment.

#### 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

As of December 31, 2020 and on this date, ten of the thirteen members of REN's Board of Directors are non-executive directors, as detailed in section II.17 above. The Board of Directors includes, therefore, a number of non-executive members that is adequate to the size of the company and the complexity of the risks related to its activity, which ensure the effective ability to supervise, monitor and assess the activity of the executive members, particularly bearing in mind, the small size of the Executive Committee, the size and complexity of company's activities, the shareholder structure and breakdown of REN capital.

Taking into account the Anglo-Saxon governance structure of the company, the Audit Committee is also composed of non-executive members of the Board of Directors. Its composition is also deemed appropriate, namely taking into account the number of members and their availability, which are appropriate to the size of the company and the complexity of the risks inherent to its activity, efficiently ensuring the functions assigned to them.

<sup>40</sup> See Article 27(1).

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, in recommendation III.4 of the IPCG Code and item II.18 of CMVM Regulation 4/2013, with regard to other non-executive directors, and based on the respective internal assessment, the REN Board of Directors and Audit Committee consider the following directors performing duties during the 2020 financial year to be independent:

| NAME                            | POSITION                                   |
|---------------------------------|--|
| Manuel Ramos de Sousa Sebastião | Director / Chairman of the Audit Committee |
| Gonçalo Gil Mata                | Director / Member of the Audit Committee   |
| Maria Estela Barbot             | Director / Member of the Audit Committee   |
| José Luis Arnaut                | Director                                   |
| Ana Pinho                       | 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, also consisting of three independent members and a further seven 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 42.4 % of share capital at 31 December 2020).

In light of the above, REN fully complies with CMVM recommendations III.2, III.3 and III.4 of the IPCG Code, as the Board of Directors consists of an adequate number of non-executive members (considerably superior to the number of executive members) and, among these, more than one third are independent members.

Moreover, Article 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 electricity 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 recognizes that there is no risk of conflicts of interest. Additionally, and in accordance with Article 12 of the Board of Directors' regulations, all directors are obliged to report any circumstance that could create a potential conflict.

The members of the corporate bodies and internal committees promptly inform the respective body or committee of the facts that might constitute or cause a conflict between their own interest and the corporate interest, and there are internal procedures in place so that such members of the corporate bodies and committees do not interfere in the decision-making process. These procedures include leaving the room at the time of discussion and voting of the points where a conflict of interest may occur and informing the Chairman of the corporate body or committee in question of the facts that may trigger such potential conflict (in without prejudice to the duty to provide information and clarifications requested by the body or committee and its respective members)<sup>41</sup>.

The Corporate Governance Committee is also responsible for preventing conflicts of interest (see section II.29 below), paying a particular attention to the compliance with such procedures. In view of the above, REN considers that complies with recommendations I.4.1 and I.4.2 of the IPCG Code.

## ORGANIZATION OF THE NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS

In accordance with the Board of Directors Regulations, during 2020 this corporate body established efficient mechanisms for the coordination and development of the work of its members with non-executive functions, in particular to facilitate the exercising of their right to information and to assure the conditions and means necessary for the performance of their duties, as follows<sup>42</sup>.

- a) Without prejudice to the exercising of powers not delegated to the Executive Committee, Company directors with a non-executive function supervise 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 response 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 with the aim of analysing company management.

Furthermore, all supporting documentation for meetings of the Board of Directors will be provided in a timely fashion and in advance, 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>43</sup>.

In addition, the internal committees of the Board of Directors are both chaired by independent non-executive directors who, among other duties, act as interlocutors with the Chairman of the Board of Directors and the other directors and ensure the provision of the set of conditions and means necessary for the performance of the functions and duties of the committees they are chaired.

Therefore, through the mechanisms described above, all the conditions are established in order for the directors with non-executive functions to discharge their functions in order to make independent, informed and efficient decisions.

<sup>41</sup> Cf. Point X of the Regulations regarding Transactions with Related Parties, Articles 4(5) and 4(6) of the Audit Committee Regulations, Article 12 of the Board of Directors Regulations and Articles 7-A and 7-B of REN's Articles of Association.

<sup>42</sup> See article 11 of the Board of Directors Regulations.

<sup>43</sup> See Article 5 of the Executive Committee Regulations.

**II.19. Professional Qualifications and other relevant information on the résumés of each of the members of the Board of Directors, the General and Supervisory Boards and the Executive Board of Directors at 31.12.2020**

**RODRIGO COSTA**

Co-Founder of several technology and retail companies and IT consultant at national and international corporations. Manager at Microsoft Corporation, carrying out different duties over a period of 15 years: founder and General Manager of Microsoft Portugal 1990-2000, General Manager of Microsoft Brazil, 2000, and, from 2001 to 2005, Corporate Vice-President of Microsoft Corporation in Redmond, Washington, USA. He was also Director and Executive Vice-Chairman of the PT group and CEO of PTC between December 2005 and September 2007. He was CEO of ZON Multimédia (Telecommunications and Media Group) between 2007 and 2013. He also held the position of Chairman and CEO at Unicre (Electronic Payments and Credit Cards). Non-executive Board Member at NOS SGPS (ZON Multimedia and Optimus merger) from 2013-2015.

He was appointed REN non-executive board member in December 2014 and designated CEO with effects as from February 2015, and put forward for the position of REN Chairman and CEO at the General Meeting of 17<sup>th</sup> April 2015.

Over the years he has contributed to different organizations and has been member of the General Counsel of Coimbra University and also a member of the General Counsel of Porto Business School; Vice-President of the Portuguese – American Chamber of Commerce; Member of the Portuguese Council for Foreign Investment; Member of the Advisory Board for the National Technological Plan. He was awarded by the Portuguese Republic President as Great Officer of Ordem do Infante D. Henrique for services to Portugal; he is frequently invited as Speaker/Moderator – to local and international forum's (Industry, Government, Universities, Investors Conferences). He holds a Corporate Governance Certificate from Insead and attended Corporate Governance training at the Harvard Business School.

**GONÇALO MORAIS SOARES**

Holds a degree in Economy from the Universidade Nova de Lisboa. Also awarded an MBA at Georgetown University (Washington) in 2010 and completed an Advanced Management Program at the Kellogg Business School (Chicago) and the Lisbon Catholic University and, in 2018, the LEAP ("Leadership Excellence through Awareness and Practice") programme at INSEAD Business School.

Since 2012 is the Chief Financial Officer of REN.

Previously, he worked at ZON SGPS, ZON TV Cabo and ZON Lusomundo Audiovisuais from 2007 to 2012, at Portugal Telecom from 2003 to 2007, at Jazztel from 2000 to 2003, at Santander Investment from 1996 to 2000, and at Reditus from 1993 to 1994.

**JOÃO FARIA CONCEIÇÃO**

Holds a degree in Aerospace Engineering from the 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 Business School (France). From 2000 to 2007 he was a consultant at the Boston Consulting Group. Between 2007 and 2009 he supported the Ministry of Economy and Innovation.

Since 2009 is member of the Board of Directors and of the Executive Committee of REN.

### GUANGCHAO ZHU

Holds a degree in Relay Protection Systems from the University of Shandong (China), and completed his Master's Degree in Electrical Systems and Automation at the same faculty. 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 (NGCP), and Consultative Chairman, Chief Executive Advisor and in 2009 a member of the Board of Directors of NGCP. 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 International 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. He is also Chairman of the Board of Directors at NGCP in the Philippines and Board Member of HKEI in Hong Kong, China.

### MENGRONG CHENG

Completed a Master's Degree in Business Management from Tsinghua University (Beijing, China). She started her career in 1991 at the Department of International Cooperation of the China Electricity Council. Since then, she has been intensely involved in international cooperation business in major projects and events between China's power sector and international community. She worked in the Ministry of Power Industry since 1993, and later held major positions in charge of international affairs in China State Power Corporation (1996-2003) and State Grid Corporation of China (2003 till now). Mengrong Cheng is also a Director of Sherpa on the Management Committee of the Global Sustainable Electricity Partnership (G-SEP).

Currently, she is the Deputy Director General of the Department of International Cooperation of State Grid Corporation of China (SGCC), President of SGCC U.S. Office and Acting Chief of GEIDCO (Global Energy Interconnection Development and Cooperation Organisation) North America Office.

### LEQUAN LI

Holds a degree in Atmospheric Physics from Nanjing University and a Master's Degree in Atmospheric Physics and Atmospheric Environment from the Research Institute of Atmosphere Physics of the Chinese Academy of Sciences. He also holds a Master Degree in Business Administration from the City University, Washington, USA.

He began his career in the China Electricity Council in 1988 and has been in the power industry over a span for over 30 years. Since 2009, he has worked at State Grid International Development Co. Ltd. and is in charge of the merger and acquisition of overseas power transmission and distribution assets. From July 2015 to December 2019, his responsibilities have been extended to include the management of the company's legal affairs.

From 2009 to 2012, he was Vice Chief Economist, Head of the Business Development & Strategy Department of State Grid International Development Co. Ltd.. Since 2012, he has been Senior Vice President of State Grid International Development Co. Ltd..

From December 2012 to October 2018, he was Board Member of ElectraNet Pty Limited in Australia on behalf of State Grid International Development Co. Ltd.. Since October, he has been a member of the Board of Directors of AusNet Services, Australia. Since June 2020 he has been a member of the Board of Directors of Chilquinta Energia S.A., Chile.

Currently, he is Senior Vice President of State Grid International Development Corporation Limited and a Board Member of AusNet Services, Australia.

### OMAR AL-WAHAIBI

Holds a degree in Mechanical Engineering from Manchester University, Institute of Science & Technology (UMIST) – United Kingdom. He 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 between 1998 and 2001.

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 CEO of Oman Wastewater Services Company (Haya Water), between 2003 and 2011 and is currently CEO of the Electricity Holding company and Nama 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 Chairman of the Board of Directors of Oman Wastewater Services Company (Haya Water), and member of the Board of Directors of OQ SAOC (Oman Oil).

### JORGE MAGALHÃES CORREIA

Chairman of the Board of Directors Fidelidade – Companhia de Seguros, S.A. He is also Chairman of the Board of Directors of Luz Saúde, S.A. and non-executive member of Board of Directors of Longrun Portugal, SGPS, S.A. and of the REN – Rede Energéticas Nacionais, SGPS, S.A..

With regard to professionally related associations he is vice-president of the Portuguese Insurers Association and a member of the Geneva Association. He is also member of several consulting bodies of cultural institutions and universities.

He started his professional career as a lecturer at the Lisbon Faculty of Law and has worked in management roles at the Portuguese Inspectorate-General of Finance and at the Securities Market Commission and has also worked 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. He was also Vice-President of the Board of Directors of Caixa Seguro e Saúde, SGPS, S.A..

### MANUEL RAMOS DE SOUSA SEBASTIÃO

Manuel Sebastião is Non-Executive Director and President of the Audit Committee of REN – Redes Energéticas Nacionais, SGPS, S.A since April 2015, and non-executive member and President of the Audit Committee of Banco BPI since November 2020.

Previously, he was President of the Supervisor Board of Banco BPI (July 2018 – November 2020), advisor to the Board of Directors of Banco de Portugal (September 2013 – April 2015), President of the Portuguese Competition Authority, (March 2008 – September 2013), member of the Board of Directors of Banco de Portugal, (February 2000 – March 2008), where he was also economist from 1986 to 1988.

He was also member of the Board of Directors of the Portuguese Insurance and Pension Funds Supervisory Authority from 1998 to 2000), member of the Board of Directors of the state-owned bank Banco de Fomento e Exterior from 1992 to 1996), economist with the International Monetary Fund from 1988 to 1992) and economist with Banco de Portugal from 1986 to 1988.

He was a professor of economics and finance at different stages of his career.

He holds a degree from the School of Economics, Technical University of Lisbon in 1973, a Doctorate de 3ème Cycle from Université de Paris I, Panthéon-Sorbonne in 1978, and a Ph.D in economics from Columbia University in the city of New York in 1986.

He is a Portuguese national, born in Luanda, Angola, in 1949.

### GONÇALO GIL MATA

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

For the last five years he has held positions as a director in Corporate Finance at Deutsche Bank (Portugal), S.A and as a Non-Executive Director at MVMS, S.A., ISA Intelligent Sensing Anywhere, S.A. and Gypfor – Gessos Laminados, S.A. as a representative of funds managed by Capital Criativo – Sociedade de Capital de Risco, S.A..

### MARIA ESTELA BARBOT

Has time management skills and ability to manage priorities, expressed by the accomplishment of many tasks simultaneously in the course of her professional career.

Over 20 years of relevant business and corporate experience in the area of chemical industrial products with consequent in-depth knowledge of the corporate world both nationally and internationally.

Responsible for negotiating and for developing partnerships with various multinational companies (Dupont, BP Chemicals, Rhone Poulenc among others) both for raw-materials and packaging products (namely, Signode Packaging Solutions).

Headed the acquisition process of the Company AGA – Álcool e Genéros Alimentares, S.A. which culminated in the purchasing of this Portuguese state-owned company's (1994), in its restructuring and in the development of new business areas (pharmaceutical products).

In Banking, experience in institutional and business monitoring with corporate / retail / private customers (member of the Board of Banco Santander de Negócios).

Extensive experience with associations both at a national (namely as vice-president of Associação Industrial Portuguesa) and international level (member of IMF European Advisory Board and President of the Portuguese Group at Trilateral Commission).

### 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 he started as a lawyer in 1989 at the law firm Pena, Machete & Associados. He was a founding partner of Rui Pena, Arnaut & Associates, in 2002, where he is currently Managing Partner and is a member of the Executive Committee of CMS Legal Services EEIG.

He is Chairman of the Board of Directors of ANA – Aeroportos de Portugal (VINCI Airports), member of the International Advisory Board of Goldman Sachs, member of the Consulting Board of AON, Deputy-President of the Lisbon Tourism Association, Chairman of the General Meeting of PORTWAY – Handling de Portugal, S.A. (VINCI Airports), Chairman of the General Meeting of SIEMENS S.A., Chairman of the General Meeting of Grupo Super Bock, Chairman of the General Meeting of Tabaqueira II, S.A. and Chairman of the General Meeting of the Portuguese Football Federation. 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.



**ANA PINHO**

Chairwoman of the Board of Directors and of the Executive Committee of Serralves Foundation (Fundação de Serralves) member of the board of TAP SGPS, S.A., Manager of Arsopi –, Lda., Director of Tecnocom, S.A. and Director of Oporto British School.

She was former CEO of UBS Portugal and a former member of the executive committee of UBS España, before which she held several positions at UBS AG. She was previously an equity analyst at Schroder Securities in London and a financial analyst at Banco Português de Investimentos in Porto.

Holds a degree in Economics from the Faculty of Economics, University of Porto, an MBA from Cass Business School, London and a Corporate Finance Executive Programme from London Business School.

She attended several art history courses at the Serralves Porto Foundation, the National Society of Fine Arts Lisbon, Christie's Education London and Sotheby's Institute London.

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, no 55, Alvalade, Lisbon.

It should be noted that the members of the Board of Director, as demonstrated above, were educated, and/or have relevant professional experience in REN's branch of industry, such as management of companies, engineering, activities related with electricity and natural gas, economics and law, thus demonstrating their qualification and suitability for the position.

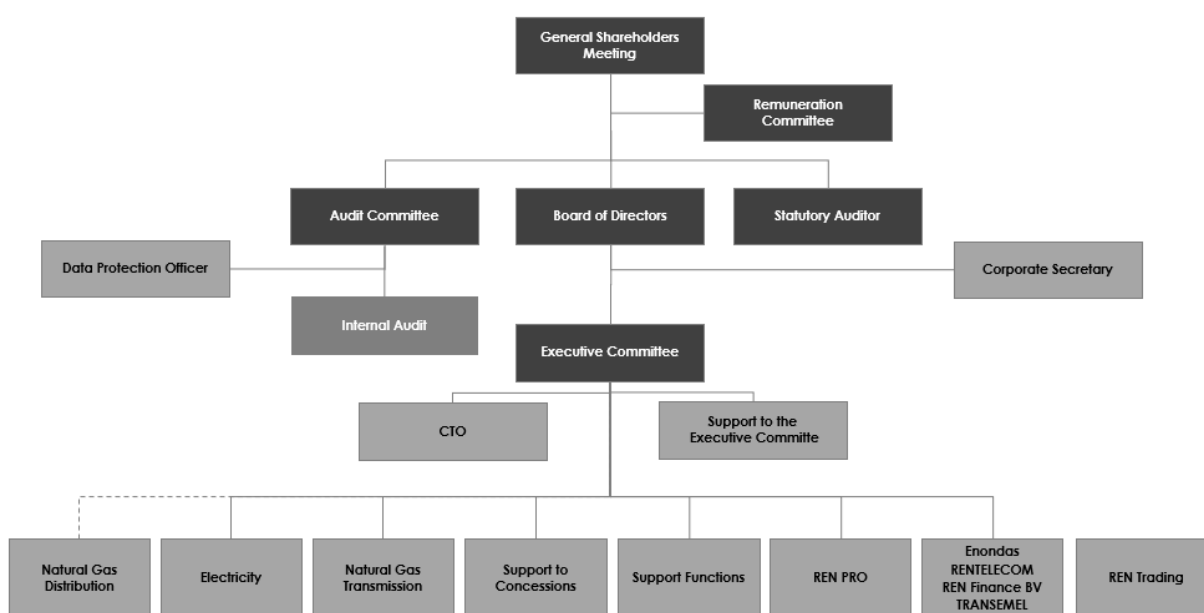
**II.20. Common and significant family, professional and commercial relationships of the members, as applicable, of the Board of Directors, the General and Supervisory Boards and the Executive Management Board at 31.12.2020**

| DIRECTOR   | OWNER OF QUALIFIED HOLDINGS             | RELATIONSHIP  |
|--|---|---|
| Rodrigo Costa  | -                                       | -   |
| João Faria Conceição   | -                                       | -   |
| Gonçalo Morais Soares  | -                                       | -   |
| Guangchao Zhu<br>(representing State Grid International Development Limited) | State Grid Corporation 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 Corporation of China         | Deputy Director General of the Department of International Cooperation of State Grid Corporation of China and President of the State Grid Corporation of China, US Office. (see II.19 and 26) |
| Lequan Li  | State Grid Corporation of China         | Senior Vice-President of State Grid International Development Corporation Limited (see II.19 and 26)  |
| Omar Al Wahaibi  | OQ SAOC (Oman Oil)                      | Member of Board of Directors  |
| Jorge Magalhães Correia  | Fidelidade – Companhia de Seguros, S.A. | Chairman of the Board of Directors and CEO of Fidelidade – Companhia de Seguros, S.A. (see II.26)   |
| Manuel Ramos de Sousa Sebastião  | -                                       | -   |
| Gonçalo Gil Mata   | -                                       | -   |
| Maria Estela Barbot  | -                                       | -   |
| José Luís Arnaut   | -                                       | -   |
| Ana Pinho  | -                                       | -   |

**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 Shareholders' Meeting<sup>44</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>45</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 Shareholders' Meeting also elects a Remunerations Committee.

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



## GENERAL SHAREHOLDERS' MEETING

The General Shareholders' Meeting is a corporate body comprising all the company shareholders, and its responsibilities are in particular:

- Appraise 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 for the year;
- Elect the members of the General Shareholders' Meeting Board, the directors and the statutory auditor;
- Resolve on any amendments to the Articles of Association;
- Resolve on the remuneration of the members of the corporate bodies, with the power to appoint a Remunerations Committee; and
- Resolve on any other matter falling within its power and for which it has been summoned.

<sup>44</sup> See article 8(2)(b) of the Articles of Association.

<sup>45</sup> See article 8(1) of the Board of Directors regulations.

## BOARD OF DIRECTORS

Pursuant to the Portuguese Companies Code and REN's Articles of Association, the Board of Directors is duly empowered.<sup>46</sup> Of special note are the powers to:

- a) Define the Company's goals and management policies;
- 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, and propose and pursue lawsuits or arbitrations, with the power to confess, waiver and settle, 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 Shareholders' Meeting on the acquisition and disposal of own shares, in compliance with the applicable legal restrictions;
- h) Determine the technical and administrative organization of the Company and the rules for internal operation, more specifically with regard to its personnel and the corresponding remuneration;
- i) Appoint the Company Secretary and the respective alternate;
- j) Appoint attorneys with the powers deemed convenient, including those of sub-delegation; and
- k) Perform any other functions granted by law or by the General Shareholders' Meeting.

In accordance with the Board of Directors regulations, approved on 27 March 2012<sup>47</sup>, matters which cannot be legally delegated to the Executive Committee include the co-option of directors, requests to convene General Shareholders' Meetings, approval of the annual report and accounts to be submitted to the General Shareholders' Meeting, the granting of deposits and personal or in rem guarantees by the Company, the transfer of the registered office, 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 Shareholders' Meeting<sup>48</sup>.

## EXECUTIVE COMMITTEE

On 3 May 2018, the Executive Committee was delegated, to the extent permitted by law, the Company's Articles of Association and by the Board of Directors' own regulations, with all the powers necessary or convenient to the performance of the management acts 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' own regulations;

<sup>46</sup> See article 15(1) of the Articles of Association.

<sup>47</sup> See Article 3(3) and (5).

<sup>48</sup> See Article 2(15) of the Articles of Association and Article 3(6) of the Board of Directors Regulations.

- 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 to or lower than 15,000,000.00 euros (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 euros (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(3)(f) of the Board of Directors' Regulations, establish the administrative and technical organization of the Company and the internal operation regulations, notably concerning personnel and their remuneration;
- e) Represent the Company actively and passively, in or out of court, and propose or pursue lawsuits with the power to confess, waive and settle, as well as to enter 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 euros (seven million and fifty thousand euros) or which have already been approved within the Company's annual budget;
- g) negotiate, resolve on, enter into, modify and terminate any agreements, including service provision agreements or labour contracts for a value equal or lower than 5,000,000 euros (five million euros);
- h) o approve and promote any and all acts necessary to update the Euro Medium Term Note Program<sup>49</sup>, under such terms as may at any time be more appropriate, including, without limiting the negotiation and conclusion of the all contractual instruments or related accessories and the pursuit of any steps or taking of any measures necessary for such updating, namely before any supervisory, market or other entity;
- i) To approve and practice any and all necessary, useful or convenient acts, including through the execution of contractual instruments, the intra-group allocation of funds obtained through external financing operations;
- j) 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;
- k) Open, operate and close bank accounts;
- l) Resolve on 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;
- m) 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;
- n) Present to the Board of Directors proposals concerning internal control, risk management and internal audit systems of the REN Group
- o) Appoint attorneys with the powers deemed convenient, including those of sub-delegation;

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<sup>49</sup> Together with REN Finance and without prejudice to REN Finance's relevant corporate bodies and correspondent powers.

- p) 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;
- q) Take or give in lease any real estate or individual parts of real estate; and
- r) 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;
- s) Appoint the representative of the Company at the general meetings of all the companies in which the Company holds a shareholding.

Specifically in relation to the entering into medium or long-term debt agreements not covered by paragraph j) above, and taking into account the objective of ensuring the adequate financing of the REN Group, the Board of Directors delegates to the Executive Committee the necessary powers to negotiate the specific terms of each debt instrument<sup>50</sup> 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 delegation of powers to the Executive Committee does not exclude the possibility for the Board of Directors to resolve on delegated matters and does not include matters reserved by law, by the Articles of Association or by the Board of Directors Regulations:

- 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 Articles of Association;
- 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;

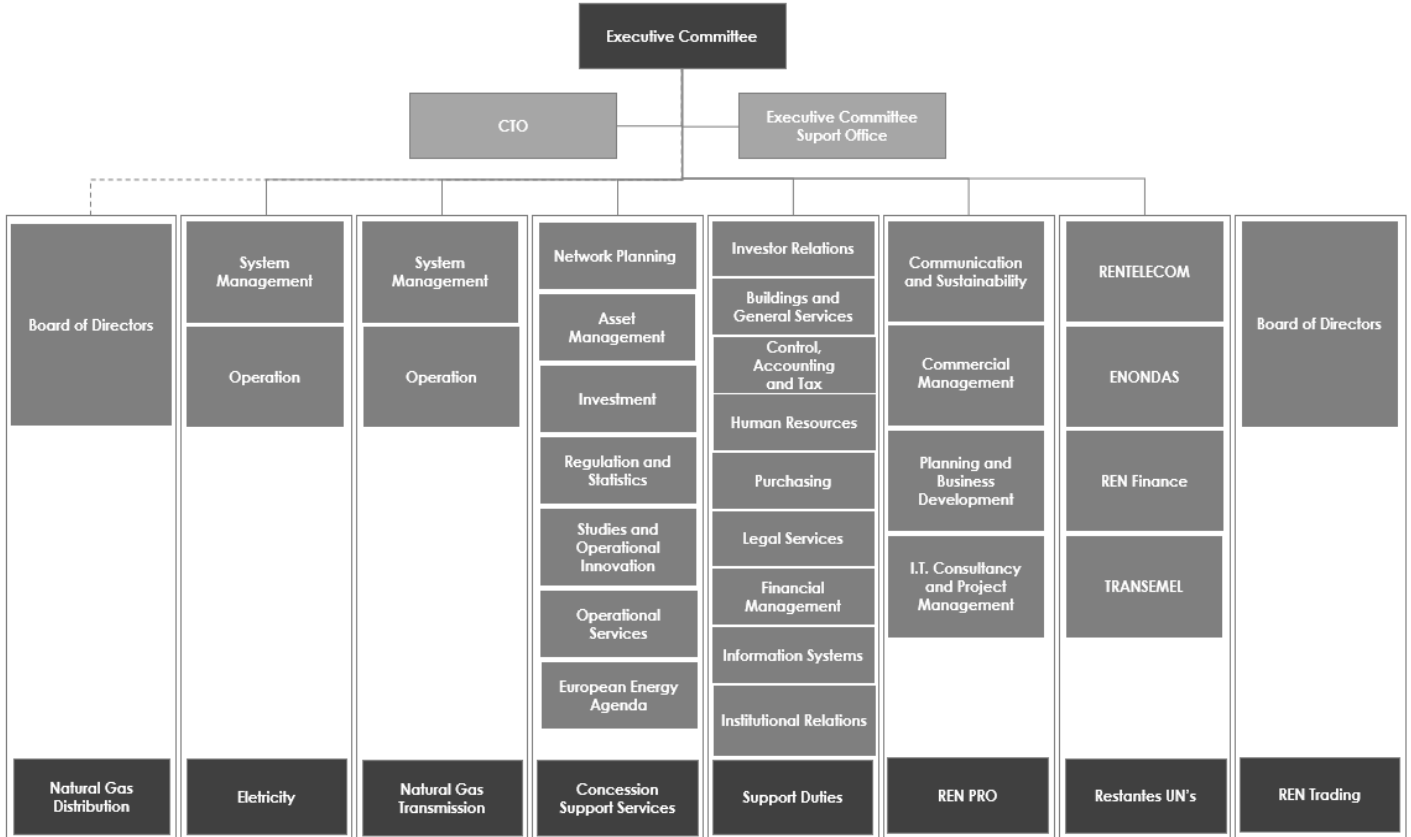
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<sup>50</sup> Together with REN Finance and without prejudice to REN Finance's relevant corporate bodies and correspondent powers.

- 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 million euros, except if already approved within the Company's annual budget and the corresponding value does not exceed individually or in total 25 million euros;
- o) Incorporation of companies and the subscription, acquisition, holding, encumbrance and disposal of holdings, except in cases in which those companies are, or where the holdings refer to companies which are a special purpose vehicle for making specific investment with an single or aggregate or value which does not exceed 7.5 million euros or which have been approved in the annual budget;
- p) Adoption of resolutions to 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) The appointment of the Company's representative in the General Shareholders' Meetings of all subsidiaries;
- t) The indication of the persons 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 TSOs, i.e. REN – Rede Eléctrica Nacional, S.A. and REN Gasodutos, S.A. and for the SPVs referred to in o) above;
- u) The 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) The 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 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) The resolution on all the matters which are deemed strategic, notably because they are related to strategic agreements entered into by REN or due to their risk or special characteristics.

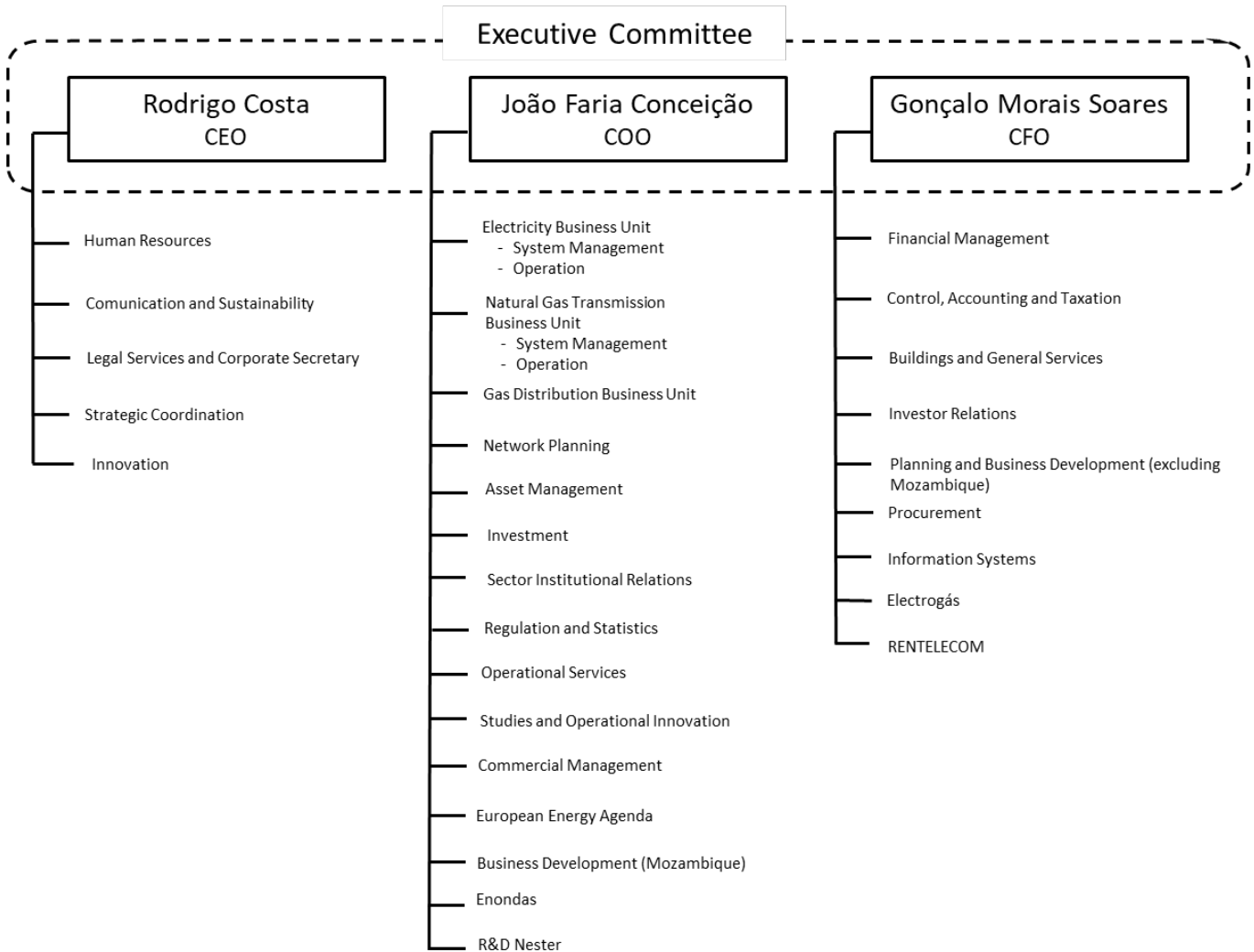
Taking into account the above, non-executive directors, including members of the Audit Committee, participate in the definition by the management body of the strategy, main policies, corporate structure and decisions that should be considered strategic for the company by virtue of their amount or risk, as well as in the evaluation of the compliance with those measures, as these decisions were not delegated to the Executive Committee, but should be decided by the Board of Directors, of which non-executive directors are members, and who in the terms described above, have access to all the information necessary for their duties.

For a better understanding of the Executive Committee's competences, the organisational chart is included below:



### 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 2020, the responsibility for the direct monitoring of specific Company performance areas, 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 can be found for the Board of Directors, the General and Supervisory Boards and the Executive Board of Directors

The Board of Directors Regulations and the Executive Committee Regulations, which establish, inter alia, the performance of their respective duties, chairmanship, attendance of meetings, functioning and the framework of duties of its members, are available on the REN website<sup>51</sup> in Portuguese and English.

As detailed in the law and its regulations, at the meetings of the Board of Directors and the Executive Committee, detailed minutes are drawn up, approved and signed by all members present.

### II.23. Number of meetings held and attendance by each member of 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 chaired over by the respective Chairman. It is the responsibility of the Board of Directors to decide on 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 the meetings shall be monthly<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 2020, the Board of Directors held 4 meetings.

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

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

| NAME  | PRESENT | REPRESENTATION | ABSENT | % ATTENDANCE |
|---|---------|----------------|--------|--------------|
| Rodrigo Costa   | 4       | 0              | 0      | 100%         |
| João Faria Conceição  | 4       | 0              | 0      | 100%         |
| Gonçalo Morais Soares   | 4       | 0              | 0      | 100%         |
| Guangchao Zhu<br>(representing State Grid<br>International Development Limited) | 2       | 2              | 0      | 100%         |
| Mengrong Cheng  | 1       | 3              | 0      | 100%         |
| Lequan Li   | 4       | 0              | 0      | 100%         |
| Omar Al Wahaibi   | 4       | 0              | 0      | 100%         |
| Jorge Magalhães Correia   | 4       | 0              | 0      | 100%         |
| Manuel Ramos de Sousa<br>Sebastião  | 4       | 0              | 0      | 100%         |
| Gonçalo Gil Mata  | 4       | 0              | 0      | 100%         |
| Maria Estela Barbot   | 4       | 0              | 0      | 100%         |
| José Luís Arnaut  | 4       | 0              | 0      | 100%         |
| Ana Pinho <sup>54</sup>   | 4       | 0              | 0      | 100%         |

<sup>51</sup> [www.ren.pt](http://www.ren.pt)

<sup>52</sup> See Article 19(1) of the Articles of Association and Article 4(2) of the Board of Directors Regulations.

<sup>53</sup> See Article 19(1) of the Articles of Association.

<sup>54</sup> Held office from 3 May 2019.

In addition, information on the composition of the Board of Directors and the number of meetings held annually can be found at: [https://www.ren.pt/en-GB/investidores/governo\\_da\\_sociedade/conselho\\_de\\_administracao/](https://www.ren.pt/en-GB/investidores/governo_da_sociedade/conselho_de_administracao/)

Directors and employees of other companies of the REN Group, as well as their respective advisors, may be called upon to participate (but not vote) in meetings of the Board of Directors, whenever the Board of Directors deems that their presence is necessary or convenient.

## EXECUTIVE COMMITTEE

Meetings of the Executive Committee are convened and chaired over by the respective Chairman and are held, as a rule, once a week<sup>55</sup>.

In 2020, the Executive Committee held 46 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, with the supporting documentation, 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>56</sup>. This mechanism ensures that the members of the administrative and supervisory bodies have permanent access to all information for the evaluation of the company's performance, situation and prospects for development.

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

| NAME                  | PRESENT | REPRESENTATION | ABSENT | % ATTENDANCE |
|-----------------------|---------|----------------|--------|--------------|
| Rodrigo Costa         | 46      | 0              | 0      | 100%         |
| João Faria Conceição  | 46      | 0              | 0      | 100%         |
| Gonçalo Morais Soares | 46      | 0              | 0      | 100%         |

In addition, information on the composition of the Executive Committee and the number of meetings held annually can be found at: [https://www.ren.pt/en-GB/investidores/governo\\_da\\_sociedade/comissao\\_executiva](https://www.ren.pt/en-GB/investidores/governo_da_sociedade/comissao_executiva)

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

The performance of members of the Executive Committee has been assessed by the Nominations and Appraisals Committee and by the Remunerations Committee, within the scope of their respective responsibilities.

Also of note is the role played by the Audit Committee in the verification of the quantitative aspects of assessment.

The Board of Directors, through its Nominations and Appraisals Committee, within the scope of its powers, assesses the overall performance of the Board of Directors and the specialized committees, taking into account compliance with the company's strategic plan and budget, risk management, its internal functioning and the contribution of each member, and the relationship between the company's bodies and committees.

#### 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.

<sup>55</sup> See article 1(2) of the Audit Committee regulations.

<sup>56</sup> See Article 5 of the Executive Committee Regulations.

**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 below 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 2020:

| DIRECTOR                 | DUTIES CARRIED OUT ON MANAGEMENT OR SUPERVISORY BODIES  |
|--------------------------|---|
| Rodrigo Costa            | <p>Chairman of the Board of Directors of REN Rede Eléctrica Nacional, S.A.</p> <p>Chairman of the Board of Directors of REN Gasodutos, S.A.</p> <p>Chairman of the Board of Directors of REN Atlântico – Terminal de GNL, S.A.</p> <p>Chairman of the Board of Directors of REN Armazenagem, S.A.</p> <p>Chairman of the Board of Directors of REN Serviços, S.A.</p> <p>Chairman of the Board of Directors of REN PRO, S.A.</p> <p>Chairman of the Board of Directors of ENONDAS, Energia das Ondas, S.A.</p> <p>Chairman of the Board of Directors of REN Gás, S.A.</p> <p>Chairman of the Board of Directors of REN RENTELECOM – Comunicações, S.A.</p> <p>Chairman of the Board of Directors of Aerio Chile, Spa</p> <p>Chairman of the Board of Directors of Apolo Chile, Spa</p> <p>Chairman of the Board of Directors of Empresa of Transmisión Eléctrica Transemel, S.A.</p>  |
| João Faria<br>Conceição  | <p>Member of the Board of Directors of REN Rede Eléctrica Nacional, S.A.</p> <p>Member of the Board of Directors of REN Gasodutos, S.A.</p> <p>Member of the Board of Directors of REN Atlântico – Terminal de GNL, S.A.</p> <p>Member of the Board of Directors of REN Armazenagem, S.A.</p> <p>Member of the Board of Directors of REN Serviços, S.A.</p> <p>Member of the Board of Directors of REN PRO, S.A.</p> <p>Member of the Board of Directors of RENTELECOM – Comunicações, S.A.</p> <p>Member of the Board of Directors of ENONDAS, Energia das Ondas, S.A.</p> <p>Member of the Board of Directors of REN Gás, S.A.</p> <p>Member of the Board of Directors of the Centro de Investigação em Energia REN – State Grid, S.A..</p> <p>Non-executive Member of the Board of Directors of Hidroeléctrica de Cahora Bassa</p> <p>Member of the Board of Directors of Aerio Chile, Spa</p> <p>Chairman of the Board of Directors of Electrogas, S.A.</p> <p>Member of the Board of Directors of Apolo Chile, Spa</p> <p>Member of the Board of Directors of Empresa of Transmisión Eléctrica Transemel, S.A.</p> |
| Gonçalo<br>Morais Soares | <p>Member of the Board of Directors of REN – Rede Eléctrica Nacional, S.A.</p> <p>Member of the Board of Directors of REN Gasodutos, S.A..</p> <p>Member of the Board of Directors of REN Atlântico – Terminal de GNL, S.A.</p> <p>Member of the Board of Directors of REN Armazenagem, S.A.</p> <p>Member of the Board of Directors of REN Serviços, S.A.</p> <p>Member of the Board of Directors of REN PRO, S.A.</p> <p>Member of the Board of Directors of ENONDAS, Energia das Ondas, S.A.</p> <p>Member of the Board of Directors of REN Gás, S.A.</p> <p>Chairman of the Board of Directors of REN Finance BV</p> <p>Member of the Board of Directors of RENTELECOM – Comunicações, S.A.</p> <p>Member of the Board of Directors of Aerio Chile, Spa</p> <p>Member of the Board of Directors of Electrogas, S.A.</p> <p>Member of the Board of Directors of Apolo Chile, Spa</p> <p>Member of the Board of Directors of Empresa of Transmisión Eléctrica Transemel, S.A.</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.

In fact, although not formalized in internal regulations specifically addressing Executive Directors, in practice, REN's policy is that its executive directors perform executive functions during their term of office only in the REN Group. This practice has always been followed in previous terms of office. In addition, the Code of Conduct establishes that, without prejudice to the provisions on incompatibilities regarding the performance of certain duties or the exercise of corporate positions, and except with a prior authorisation of the Board of Directors<sup>57</sup>, no employee of REN (including members of corporate bodies, as defined in this code) may engage in professional activities in an entity external to REN, whenever the exercise of such activity interferes with the performance of his duties as an employee of the company or in any way affects the performance or availability for the duties performed by the employee at REN.

Moreover, it should be noted that, upon their appointment, the executive directors declared their full dedication to carrying out their role and pursuing 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 31.12.2020<sup>58</sup>

| DIRECTOR                | DUTIES CARRIED OUT ON MANAGEMENT OR SUPERVISORY BODIES  |
|-------------------------|---|
| Guangchao Zhu           | Deputy Head Engineer at the State Grid Corporation of China<br>General Director of the Department of International Cooperation at the State Grid Corporation of China.<br>Chairman of the Board of Directors at NGCP, Philippines<br>Board Member of HKEI in Hong Kong, China   |
| Mengrong Cheng          | Deputy Director General of the Department of International Cooperation at the State Grid Corporation of China<br>President of the State Grid Corporation of China US Office<br>Acting Chief of GEIDCO North America Office<br>President of SGCC U.S. Office<br>Director of Sherpa on Management Committee of Global Sustainable Electricity Partnership (G-SEP) |
| Lequan Li               | Senior Vice-President of State Grid International Development Corporation Limited<br>Member of the Board of Directors of AusNet<br>Member of Board of Directors of Chilquinta Energia, S.A. Chile   |
| Omar Al-Wahaibi         | CEO Electricity Holding<br>CEO of Nama Group<br>Chairman of Oman Wastewater Services Company (Haya Water)<br>Member of the Board of Director of OQ SAOC   |
| Jorge Magalhães Correia | Chairman of the Board of Directors of Fidelidade – Companhia de Seguros, S.A.<br>Chairman of the Board of Directors of Luz Saúde, S.A.<br>Non-executive Vice President of the Board of Directors of Banco Comercial Português, S.A.<br>Non-executive member of the Board of Directors of Longrun Portugal, SGPS, S.A.   |

<sup>57</sup> See The framework of "Incompatibilities" established in articles 7-A and 7-B of REN's Articles of Association, as well as article 12(3) of the Board of Directors' Regulations.

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

Upon their appointment, the non-executive directors named 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.

## DUTIES OF INDEPENDENT NON-EXECUTIVE DIRECTORS AT 31.12.2020<sup>59</sup>

| DIRECTOR                        | DUTIES CARRIED OUT ON MANAGEMENT OR SUPERVISORY BODIES  |
|---------------------------------|---|
| Manuel Ramos de Sousa Sebastião | Non-executive member and President of the Audit Committee of Banco BPI, S.A.  |
| Gonçalo Gil Mata                | Executive director and a member of the Board of Directors of Capital Criativo – Soc. Capital de Risco<br>Non-executive member of the Board of Directors of Arquiled, S.A., Summer Portugal, SA and Vila Monte, S.A.<br>Manager at Goma Consulting, Lda.   |
| Maria Estela Barbot             | President of the General Council of the Universidade Nova de Lisboa<br>Managing Partner at ALETSE, Lda (Real Estate, Management Consulting and Public Relations and Communication)<br>International Senior Adviser of Roland Berger Holding GmbH<br>Member of the Advisory Board of Ar.Co – Centro de Arte e Comunicação Visual,<br>Member of the Board of Founders of Museu de Arte Moderna da Fundação de Serralves<br>President of Fórum Portugal Global – FPG<br>Member of the General Board of FAE – Fórum de Administradores de Empresas  |
| José Luis Arnaut                | Managing Partner of CMS Rui Pena, Arnaut & Associados<br>Member of the Executive Committee of CMS Legal Services EEIG (Frankfurt)<br>Chairman of the Board of Directors of ANA – Aeroportos de Portugal (VINCI Airports)<br>Member of the International Advisory Board of Goldman Sachs (London)<br>Member of the Advisory Board of AON<br>Deputy-President of the Lisbon Tourism Association<br>Chairman of the General Meeting of Portway, Handling de Portugal (Vinci Airports)<br>Chairman of the General Meeting of Siemens Portugal<br>Chairman of the General Meeting of Grupo Super Bock<br>Chairman of the General Meeting of Tabaqueira II, S.A.<br>Chairman of the General Meeting of Portuguese Football Federation |
| Ana Pinho                       | Chairman of the Board of Directors and of the Executive Committee of the Serralves Foundation<br>Member of the Board of Directors of TAP SGPS, S.A.<br>Member of the Board of Directors of Oporto British School<br>Manager of ARSOPÍ – Indústrias Metalúrgicas Arlindo S. Pinho, LDA.<br>Member of the Board of Directors of TECNOCON – Tecnologia e Sistemas de Controle, S.A.  |

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

From the above it can be concluded that 10 non-executive members of the Board of Directors (as opposed to the executive members) hold positions outside the REN group, at an average of circa 5 positions per director.

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.

#### c) Committees within the management or supervisor bodies and delegated directors

#### 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 2020, the Board of Directors was assisted by the specialized committees within the Board of Directors set up in 2015.

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 also supports the Board of Directors in the assessment of the overall performance of the Board of Directors, its executive members and specialized committees. Each of these committees is chaired by independent non-executive directors who, among other duties, act as interlocutor with the Chairman of the Board of Directors and the other directors and ensure that all the conditions and means necessary for the performance of the functions and duties of the committees they chair are available

Their internal regulations can be consulted at:

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

Moreover, information on the composition of these committees and the number of meetings held annually may also be consulted at: [https://www.ren.pt/en-GB/investidores/governo\\_da\\_sociedade](https://www.ren.pt/en-GB/investidores/governo_da_sociedade)

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

At 31 December 2020, 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 committee operate within the REN Board of Directors, namely the Corporate Governance Committee and the Nominations and Appraisals Committee.

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

- 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;

<sup>60</sup> See 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 with regard to incompatibilities and the 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 and competences conferred by its internal regulations<sup>61</sup>. Among these, of special note are:

**a) In relation to appointments, to**

- 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;
- 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.

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<sup>61</sup> See Article 3 of the Nominations and Appraisals Committee Regulations.

**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;

REN understands that the definition of senior management only encompasses the members of the company's management and supervisory bodies, hence REN hasn't created an additional nominations committee to the Nominations and Appraisals Committee for the purpose of appointing other management staff.

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

The Regulations of the Corporate Governance Committee and the Nominations and Appraisals Committee establish, inter alia, the performance of the respective duties, chairing, attendance of meetings, operation and framework of duties of its members and can be consulted on the official REN website<sup>62</sup> in Portuguese and in its English translation.

As provided for in its regulations, its meetings are drawn up, approved and signed by all members who are present.

**III. SUPERVISION (SUPERVISORY BOARD, AUDIT COMMITTEE OR GENERAL AND SUPERVISORY BOARD)****a) Composition****III.30. Identification of the supervisory bodies (Supervisory Board, Audit Committee or General and Supervisory Board), corresponding to the adopted model**

As stated above<sup>63</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>64</sup> (including the Chairman), possessing the necessary powers to perform their duties.

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

At 31 December 2020, 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 of, where appropriate, the members of the Supervisory Board, the Audit Committee, the General and Supervisory Board or the Financial Matters Committee considered to be independent, in accordance with Article 414(5) of the Portuguese Companies Code**

See II.18. above.

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<sup>62</sup> [www.ren.pt](http://www.ren.pt)

<sup>63</sup> See II.15. above.

<sup>64</sup> See Article 3(3) of the Audit Committee regulations.



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

See II.19. above.

**b) Operation**

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

Audit Committee regulations, which establish, inter alia, the performance of the respective duties, chairing, attendance of meetings, operation and framework of duties of its members which can be consulted on the official REN website<sup>65</sup> in Portuguese and English.

As provided for in its regulations, its meetings are drawn up, approved and signed by all members who are present.

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

Audit Committee meetings are convened and chaired 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>66</sup>

In 2020, the Audit Committee held 12 meetings.

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

| NAME                            | PRESENT | REPRESENTATION | ABSENT | % ATTENDANCE |
|---------------------------------|---------|----------------|--------|--------------|
| Manuel Ramos de Sousa Sebastião | 12      | 0              | 0      | 100%         |
| Gonçalo Gil Mata                | 12      | 0              | 0      | 100%         |
| Maria Estela Barbot             | 12      | 0              | 0      | 100%         |

Moreover, information on the composition of the Audit Committee and the number of meetings held annually may also be consulted at: [https://www.ren.pt/en-GB/investidores/governo\\_da\\_sociedade](https://www.ren.pt/en-GB/investidores/governo_da_sociedade)

**III.36. Duties of, where appropriate, 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) Competences 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>67</sup>, it is the Audit Committee which grants prior approval to the Company for the contracting 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 2020, the Audit Committee granted prior approval to the contracting of non-audit services from the External Auditor and the entities referred to above by REN or companies in a group or controlling relationship.

<sup>65</sup> [www.ren.pt](http://www.ren.pt)

<sup>66</sup> See Article 9(1) and (2) of the Audit Committee Regulations.

<sup>67</sup> See article 6(4)(h) of the Audit Committee regulations.

### III.38. Other functions of the supervisory bodies and, where applicable, 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 intervention 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.

Directors and employees of other companies of the REN Group, as well as their respective advisors, may be called upon to participate (but not vote) in meetings of the Audit Committee, whenever the Audit Committee deems that their presence is necessary or convenient to the smooth running of the work.

The Audit Committee, as a supervisory body, has the powers and the duties stipulated by law and in the REN Articles of Association, therefore being particularly responsible for<sup>68</sup>:

- a) Supervising the management of the Company;
- b) Monitoring compliance with the law, the REN Articles of Association and applicable principles of corporate governance;
- c) Confirming that the REN Corporate Governance Report includes the information set out in Article 245-A of the Securities Code and in CMVM Regulation No 4/2013, as amended;
- d) Expressing their agreement or otherwise with regard to the annual management report and the accounts for the financial year;
- 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) Inspecting the accuracy of records, supporting documents and accounting books;
- g) Verifying whether the accounting policies and the valuation criteria adopted by REN lead to a correct evaluation of property and results;
- h) Preparing the annual report on their supervisory work;
- i) Issuing an opinion on the report, accounts and proposal to distribute profits presented by management;
- j) Convening the General Shareholders' Meeting whenever the Chairman of the Board of the General Shareholders' Meeting fails to do so;
- k) Receiving alleged whistleblowing communications, in financial or others matters, submitted by shareholders, company employees or third parties;
- l) ensure that the company's arrangements for receiving such communications, in confidence, allow a proportionate and independent investigation of such matters and appropriate follow-up actions;
- m) Supervising the preparation and disclosure of financial information, in particular financial information by the Board of Directors or Executive Committee, including the adequacy of accounting policies, estimates, judgements and relevant disclosures, and their consistent application across financial years, in a duly documented and communicated format;
- n) Inspecting the review of accounts in accounting documentation;

<sup>68</sup> See Article 6(3) of the Audit Committee regulations.

- o) Hiring the services of experts who will assist one or several of its members in exercising their duties. The contracting and remuneration of experts must take into account the importance of the matters they are to deal with and the company's economic situation;
- p) Complying with other provisions set out in law or the Articles of Association.

In its relationship with other corporate bodies, the Audit Committee is also responsible for<sup>69</sup>:

- a) Supervising the effectiveness of the risk management, internal control and internal audit systems, including monitoring, evaluating, giving opinion, and making proposals to improve the functioning of those systems so that the risks actually incurred by the company are consistent with the objectives set by the Board of Directors or Executive Committee;
- b) Proposing to the General Shareholders' Meeting the appointment of the Statutory Auditor, first and alternate;
- c) Supervising the independence of the Statutory Auditor, more specifically with regard to the provision of non-audit of additional services and its suitability for the performance of duties;;
- d) Representing the Company, for all purposes, with the Statutory Auditor acting as REN's interlocutor with it and being the first recipient of its reports;
- e) Ensuring that the proper conditions for the provision of audit services by the REN Statutory Auditor are provided within the company;
- f) Monitoring the activities of the Statutory Auditor on a regular basis by analysing their periodic reports and overseeing the audit and review processes. It also assesses any changes in procedures recommended by the or the Statutory Auditor;
- g) Assessing the work carried out by the Statutory Auditor on an annual basis;
- h) Providing prior approval on the contracting of any audit services from the Statutory Auditor by the Company, or any entity with a participating interest with the said auditor or which is part of the same network, explaining the reasons for such contracting in the annual report on Corporate Governance;
- i) Approving the business plan for the following year and the activity report for the previous year from REN's Internal Audit Department; and
- j) To approve the annual budget and staff members proposals for the Internal Audit Department of REN, which shall be submitted to the Executive Committee for final assessment, together with the proposals of all other REN departments. 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, the financial statements of the financial year, as well as on the Corporate Governance Report. They are published together with accounting documents on the REN website<sup>70</sup>, and remain available for ten years.

The Audit Committee is the Company's main discussion partner and the first recipient of reports from the Statutory Auditor, representing it before the Statutory Auditor 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 Statutory Auditor by analysing their periodic reports and overseeing the audit and review processes. It also assesses any changes in procedures recommended by the Statutory Auditor<sup>71</sup>. The monitoring of the independence of the statutory auditor is based on regular contact with the auditor, through which he is asked to indicate the absence of circumstances that might hinder his independence, as well as the proper handling of any information that may be obtained by the Audit Committee on the subject, within the scope of its duties.

<sup>69</sup> See Article 6(4) of the Audit Committee Regulation.

<sup>70</sup> [www.ren.pt](http://www.ren.pt)

<sup>71</sup> See Article 6(4)(f) of the Audit Committee Regulation.

As 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, in addition to the powers referred to above, the Audit Committee, acting as supervisory body, also has the general powers of non-executive directors.

In turn, in accordance with the Portuguese Companies Code<sup>72</sup>, the Statutory Auditor is responsible for the examination and verification required for the review and legal certification of the accounts. He 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.

## IV. STATUTORY AUDITOR

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

The office of permanent Statutory Auditor of the Company is carried out by the auditors Ernst & Young, Audit & Associados, SROC, SA, registered with the Portuguese Institute of Statutory Auditors under No 178 and registered at CMVM under No 20161480, represented by Rui Abel Serra Martins (S.A. No 1119), who also carries out the duties of External Auditor.

The alternate Statutory Auditor of the Company is Ricardo Miguel Barrocas André, registered with the Portuguese Institute of Statutory Auditors under No 1461.

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

The REN Statutory Auditor (Ernst & Young, Audit, SROC SA) was initially hired to carry out these duties in 2018. It is currently in its first term of office (2018-2020).

In light of the applicable legal and regulatory framework, the appointment of Ernst & Young, Audit & Associates, SROC SA took place following a selection process for a new Statutory Auditor. The REN Audit Committee was responsible for this process which was performed in an equitable manner, and legislation and recommendations in force at the time continued to be fully complied with.

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

In addition to the 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 respective key auditor 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 with the Statutory Auditor, is Ernst & Young, Audit & Associados, SROC,S.A., registered with the Portuguese Institute of Statutory Auditors under No 178 and registered at CMVM under No 20161480, represented by Rui Abel Serra Martins (S.A. No 1119)

### 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 (Ernst & Young, Audit & Associados, SROC SA), and the respective partner, was initially hired to carry out these duties in 2018.

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<sup>72</sup> See Article 420.

#### V.44. Rotation frequency and policy for the External Auditor and respective key auditor partner representing the former in the performance of these duties

REN's External Auditor (Ernst & Young & Asociados, SROC S.A.) was initially hired to carry out these duties in 2018. It is currently in its first term of office (2018-2020).

The appointment of Ernst & Young, Audit & Asociados, SROC S.A. took place following a selection process for a new External Auditor. The REN Audit Committee was responsible for this process which was performed in an equitable manner, and legislation and recommendations in force at the time continued to be fully complied with.

#### 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 Statutory Auditor and 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 Statutory Auditor and External Auditor and issuing prior approval of the contracting 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 2020, 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 provided its services in a satisfactory manner and complied with the applicable standards and regulations, including international standards on auditing, and that they performed their activities with high technical accuracy.

#### 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 their contracting

Non-audit services provided by the External Auditor / Statutory Auditor for REN consisted essentially in agreed auditing procedures to validate 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 2020, 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 complies with Article 77 of Law No 140/2015 of 7 September.

#### 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 EU Recommendation C(2002) 1873 of 16 May<sup>73</sup>)

In the financial year ending 31 December 2020, the statutory auditor for REN – Redes Energéticas Nacionais, SGPS, S.A. and its subsidiaries was Ernst & Young, Audit & Asociados, SROC S.A. The exception was REN Trading where the statutory auditor was Pricewaterhousecoopers & Asociados – SROC, S.A.

<sup>73</sup> In accordance with the Corporate Governance Report Model approved by CMVM Regulation No 4/2013, for the purposes of this information this is the applicable concept of "network". However, Article 3 of the later Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 (on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC) states that the concept of network must be satisfied as defined in Article 2(7) of Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006. As this is the legislation currently in force for the specific requirements for the legal review of accounts of public-interest entities, this is the concept of network which has been adopted by REN.

The total sum recorded for audit services and the legal review of accounts and other services provided by the statutory auditors in 2020, was 437,475 euros, broken down as follows:

Ernst & Young, Audit & Associados, SROC S.A. and its network – 343,100 Euros;

Pricewaterhousecoopers & Associados – SROC, S.A. and its network – 94,375 Euros.

#### ERNST & YOUNG, AUDIT & ASSOCIADOS, SROC S.A. AND ITS NETWORK

|  | COMPANY (REN SGPS) <sup>74</sup> | OTHER COMPANIES <sup>75</sup> | TOTAL          | %          |
|--|----------------------------------|-------------------------------|----------------|------------|
| Audit and legal review of accounts                             | 30,000                           | 235,643                       | 265,643        | 77,4       |
| Other reliability guarantee services                           | 62,000                           | 15,457                        | 77,457         | 22,6       |
| Services other than audit services or legal review of accounts | -                                | -                             | -              | -          |
|  | <b>92.000</b>                    | <b>251.100</b>                | <b>343.100</b> | <b>100</b> |

#### PRICEWATERHOUSECOOPERS & ASSOCIADOS – SROC, S.A. AND ITS NETWORK

|  | COMPANY (REN SGPS) <sup>76</sup> | OTHER COMPANIES <sup>77</sup> | TOTAL         | %          |
|--|----------------------------------|-------------------------------|---------------|------------|
| Audit and legal review of accounts                             | -                                | 7.900                         | 7.900         | 8,4        |
| Other reliability guarantee services                           | -                                | 86.475                        | 86.475        | 91,6       |
| Services other than audit services or legal review of accounts | -                                | -                             | -             | -          |
|  | -                                | <b>94.375</b>                 | <b>94.375</b> | <b>100</b> |

## 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>78</sup> and in the Articles of Association themselves<sup>79</sup>. In this regard, please see point 7.1.1, II.14.

### II. WHISTLEBLOWING POLICY

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

Stakeholders (shareholders, members of corporate bodies, officers, directors, managers, employees, service providers, clients, suppliers and other stakeholders in REN or REN 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.<sup>80</sup>

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

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

<sup>76</sup> Including individual and consolidated accounts.

<sup>77</sup> Including individual and consolidated accounts.

<sup>78</sup> See Article 383 of the Portuguese Companies Code.

<sup>79</sup> See Article 11 of REN's Articles of Association.

<sup>80</sup> See Articles 6(3)(k) and (l) and 8 of the Audit Committee Regulations and the document on "Procedures applicable to the processing of whistleblowing communications and the investigation of irregularities", available at [www.ren.pt](http://www.ren.pt)

This system covers the communication of irregular practices by shareholders, members of corporate bodies, officers, directors, managers, employees, service providers, clients, suppliers and other stakeholders in REN or REN Group companies, due to or during the performance of their respective duties.

In this regard it is important to note that the concept of "Irregularity"<sup>81</sup> includes all situations that any of the individuals detect, or is made aware of or has grounded doubts regarding non-compliance with REN Group's Code of Conduct, legal, statutory, deontological or professional ethics rules, or rules contained in any internal documents or regulations, recommendations, guidance or guidelines applicable to REN, or to any company in the REN Group, which may constitute criminal, misdemeanor or civil offence, concerning acts or omissions, documentation (in physical or electronic form) decisions, orders, guidelines, recommendations, opinions and communications, and which relate to:

- Accounting and financial matters;
- The internal risk management system;
- Supervisory activities performed at REN or at any of the REN Group's companies.

Such communications must be submitted in writing to the registered office and addressed to the Chairman of the Audit Committee or to the email [comissao.auditoria@ren.pt](mailto:comissao.auditoria@ren.pt), an account which is only accessible by the Audit Committee. Communications must contain all the information the whistleblower has and considers necessary for assessing the irregularity<sup>82</sup>.

Communications will be dealt with confidentially, except if the whistleblower wishes to reveal his or her identity in the communication of the irregularity, which will only be disclosed for the purposes of investigation 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<sup>83</sup>.

The investigation process by the Audit Committee includes a preliminary stage which is followed by an investigation and a final report. Based on this report, should the conclusions so justify, penalty measures are proposed for approval by the Board of Directors or Executive Committee.

REN implemented the mechanisms with regard to the prevention and detection of fraud and errors and the verification of the operations and business of the REN Group with the applicable legal and regulatory provisions, including the general policies and regulations of REN, carried out by the Risk Committee, further described in III.54 below. Together with the ongoing work to evaluate the implementation of a REN Group integrity policy, are embodied in the adopted REN Group Code of Conduct<sup>84</sup>, the fight and prevention of the practice of illicit acts, namely corruption, money laundering and terrorist financing crimes, constitute fundamental bases for the principles of action and duties of the Group, and their employees. Within this context reference should be made to the considerations included in Section 5 of the 2020 Management Report dedicated to "Sustainability" which details the implementation of stakeholder consultation and its results, priorities and new topics materially relevant, including those relating to governance and ethics.

<sup>81</sup> See Section VI (Concept of "Irregularity") on the applicable procedures for processing communications regarding irregularities and the assessment of irregularities.

<sup>82</sup> See Chapter VII (Whistleblowing) in the Guidelines.

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

<sup>84</sup> Available at [https://www.ren.pt/files/2018-12/2018-12-17095938\\_f7664ca7-3a1a-4b25-9f46-2056eef44c33\\$72f445d4-8e31-416a-bd01-d7b980134d0f\\$B438D8D8-09C0-4744-B79B-D8C8C30AAA73\\$\\$storage\\_image\\$\\$pt\\$\\$1.pdf](https://www.ren.pt/files/2018-12/2018-12-17095938_f7664ca7-3a1a-4b25-9f46-2056eef44c33$72f445d4-8e31-416a-bd01-d7b980134d0f$B438D8D8-09C0-4744-B79B-D8C8C30AAA73$$storage_image$$pt$$1.pdf).

### 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 of the Company 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 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, which, with the various contributions of the relevant committees and commissions, is responsible for establishing the ultimate risk policy of REN and the Group.

The Audit Committee is responsible for assessing the Executive Committee in the analysis of the integrity and efficiency of REN's internal control and risk management systems, including the submission of proposals to improve operations and amendments in accordance with REN's requirements<sup>85</sup>. The Audit Committee reports on the work plans and resources allocated to internal control services, including control of compliance with company rules (compliance services) and internal audit, and receives the reports made by these services. Such reports involve dealing with matters relating to the rendering of accounts, the identification or resolution of conflicts of interest and the detection of potential irregularities. Checks are also made that the risks actually incurred by the company are consistent with the objectives set by the Board of Directors.

For the purposes of this control, the Audit Committee has implemented in particular the following measures: (i) meeting twice a year with the Risk Management Committee; (ii) periodic audits (performed by the internal audit department); (iii) implementing risk detection systems; (iv) implementing mechanisms to verify the obligations of Group companies, in particular, monitoring their compliance with concession agreements.

In addition to this annual risks assessment, the Audit Committee assesses the Company's management which comprises, in particular, the assessment of the internal functioning of the management body, its committees, the accounts and compliance with plans and budgets. It also follows-up on the implementation of recommendations. Therefore, in its action plan for activities to be carried out in 2020, 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: Acquisitions, Control, Accounting and Tax, Environment and Security, Regulation and Statistics, Institutional Relations, Legal Services and Operational Services. The Audit Committee added to the activity plan the monitoring of the implementation of recommendations arising from the internal control system. Finally, the Audit Committee's activity plan included the specific training of REN's managerial staff with audit functions.

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.

The Internal Audit Department, under the oversight of the Audit Committee, has the mission to scrutinize the different Departments, activities, systems, procedures, processes, policies and governance of REN Group, through objective, independent and systematic auditing actions. Internal Audit is also responsible for proposing improvements to established processes and policies, and also propose actions for the monitoring indicators and risks, in order to improve the internal control system, as well as optimize the performance of the various areas of the REN Group.

<sup>85</sup> See Article 3(4)(a) of the Audit Committee regulations.



The mission of the Risk Management Committee, created in 2011, is 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 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;
- Propose, bysubmitting to the Executive Committee, recommendations for prevention, mitigation, sharing or transfer of material risks.

In 2020, 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, policies that were ultimately approved by the Board of Directors after gathering this contribution, and the internal disclosure of best practices for Risk Management.

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

The Internal Audit Department reports in terms of functions and hierarchy to the Audit Committee, notwithstanding its relationship with the Company's Executive Committee.

As part of its supervisory function and powers expressly set out in the internal regulations, the Audit Committee supervises the internal audit procedure, notably through the presentation of proposals to improve its operation<sup>86</sup>. To this effect, the Audit Committee carries out an appraisal of the work plans and resources available to the Internal Audit Department, 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 Gonçalo Morais Soares, an executive director, and is responsible for the first line of defence, reporting to the Executive Committee and the Audit Committee, in line with the periodic control procedures in force.

### **III.52. Existence of other functional areas with competences for 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 risk (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 2020, the Risk Management Committee, with support from those responsible for managing activities and/or situations with inherent risk, 'risk owners', reviewed the various risks to which REN is exposed, thereby updating the Group's risk profile, as well as some of specific indicators.

<sup>86</sup> See Article 6(4)(a)(i) and (j) of the Audit Committee regulations.

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

| # | CATEGORY                | SUBCATEGORY      | NATURE                   | RISK EVENT   |
|---|-------------------------|------------------|--------------------------|--|
| 1 | Surrounding Environment | External Context | Regulatory               | Changes to the regulatory model and parameters                             |
|   |                         |                  | Energy Markets           | Financial non-compliance by the market agents                              |
|   |                         |                  | Financial Markets        | Evolution of REN's rating  |
| 2 |                         |                  |                          | Evolution of interest rates  |
| 3 |                         |                  |                          |  |
| 4 | Processes               | Operational      | Interruption of business | Occurrence of a generalized incident                                       |
| 5 |                         |                  | Investment projects      | Delay in implementing investment plans                                     |
| 6 |                         |                  |                          | Non-entry into operation of assets within planned deadlines of the project |
| 7 |                         |                  | Health & Safety          | Occurrence of serious work accidents                                       |
| 8 |                         |                  | Information technology   | Unavailability of information systems                                      |
|   |                         |                  |                          | – I.T. attacks – cybersecurity   |

### Changes to the regulatory model and parameters

The risk of changes to the regulatory model and/or regulator decisions 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 so as to prevent/analyse the impacts of possible changes. This activity is accompanied by continuous monitoring using specific indicators.

### Evolution of REN's rating

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

REN manages this risk by building a position of sound liquidity and through efficient management of its financing needs through the evolution of some specific indicators and 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.

### Non-compliance by ENERGY market agents

Network infrastructures are used by agents of the respective gas and electricity markets, in particular energy suppliers.

Non-compliance with the corresponding financial obligations by these market agents constitutes a risk the importance of which increased with the entry of the Portgas Distributor into the REN universe.

### **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, etc.), which could cause interruptions to the service.

The plan for restoring 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 for managing the potential impact of this risk.

### **Delay in implementing investment plans**

The existence of delays both in the approval of investment plans, and in the execution 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.

In this regard, it should be mentioned that the approval of new indicators to monitor the indicated risks, which came into force during 2020. 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, in several projects.

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. The detailed analysis of major impact incidences reflected in the preparation of proposals for improvement action should also be highlighted.

### **Unavailability of information systems**

REN's activities rely heavily on the information systems and technologies used within the 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 remain 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.

Specific indicators for monitoring/controlling in order to take corrective action if required entered into force during 2020.

### **I.T. Attacks – Cybersecurity**

The current context of profound technological disruption, to which REN is no stranger, implies a reinforcement of existing information security capabilities, resulting not only from the increased complexity of system architectures and the perimeters in which they operate, but also from the speed at which they are expected to change.

In this sense, REN has been training in the management of the resulting risks, investing in good practices in cyber security matters, both in terms of resilience and prevention, using specific systems, processes and controls, but also responsible for an organisation with REN's mission.

#### 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, processing, reporting and disclosure of all information, including 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;
- To safeguard assets;
- To analyse the information producing, treating and processing system;
- To check 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 Group's operations and business with applicable legal and regulatory provisions, as well as with general policies and Company regulations;
- 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 2020:

- 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 a first review of the regulations on 'Assessment and Monitoring of Transactions with Related Parties and Prevention of Conflicts of Interests' and 'Procedures Applicable to the Processing of Whistleblowing Communications and the Inspection of Irregularities'. a proposal to amend the regulations on "Assessment and Monitoring of Transactions with Related Parties and Prevention of Conflict of Interest" is currently under discussion and approval, with the purpose of better adjusting its content to the new Corporate Governance requirements as reflected in the 2020 revision of the IPCG Code and the Shareholders Rights Directive II<sup>87</sup>

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

In 2020, 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 information, including financial information, to strictly monitor its operations. In this regard, all management information provided both for internal use and for disclosure to other organizations and to the market, 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 and other information, as better described in the previous section.

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.

In addition, it is the responsibility of the Corporate Governance Committee to promote the adoption of guidelines regarding information disclosed to the market. It is the responsibility of the Investor Relations Office (IRO) to coordinate, prepare and disclose all the information made available by the REN Group regarding the disclosure of inside information and other communications to the market. IRO is also responsible for the publication of the periodic financial statements, as well as developing and maintaining the investor relations page on the company's website.

<sup>87</sup> Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards incentives for long-term shareholder involvement, transposed into national law by Law 50/2020 of 25 August.

## 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 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. This office ensures communication that offers a full, coherent and comprehensive vision of REN, thereby facilitating investment decisions and creating sustained value for shareholders. It also provides clarification on information published by REN.

#### IRO contacts:

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

Ana Fernandes (Head of Department): [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.  
C/O: 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, as well as 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>88</sup> website / Investors APP.

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<sup>88</sup> <http://www.ren.pt/en-GB/investidores/>

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

Since 28 March 2012, the REN Representative for Market Relations has been the 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 cases where the request required the receipt of information from third parties, soon after they were received. In 2020, and due to the pandemic situation experienced, the management's activity changed substantially in terms of form, considering that as from mid-March no more presential meetings occurred. For this reason almost 440 requests were received attended to by telephone, including remote meetings with investors, 410 by email and 20 in person, mostly at conferences but also roadshows, with both debt and equity investors, there has been a slight increase in contact with small retail 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>89</sup> website is available in Portuguese and English.

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

On the REN website<sup>90</sup> under the tab marked 'Investors', there is a tab marked 'Corporate Information', where information published on the firm, status as open capital company ("sociedade aberta"), the registered office and other information mentioned in Article 171 of the Portuguese Companies Code may be found. [https://www.ren.pt/en-GB/investidores/informacao\\_da\\_sociedade](https://www.ren.pt/en-GB/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>91</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 Articles of Association, as well as the following regulations and documents:

- Articles of Association;
- Board of Directors Regulations;
- Audit Committee Regulations;
- Executive Committee Regulations;
- Corporate Governance Committee Regulations;
- Nominations and Appraisals Committee Regulations;
- Remuneration Committee Regulations;

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

<sup>90</sup> [www.ren.pt](http://www.ren.pt)

<sup>91</sup> [www.ren.pt](http://www.ren.pt)

- Regulations on transactions with related parties;
- Regulations on transactions of financial instruments by REN directors;
- Whistleblowing procedures;
- Regulations on procedures relating to the compliance with the Market Abuse Regulation.

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

**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<sup>92</sup>, under the tab marked 'Investors', there is a tab marked 'Corporate Governance', under which the composition of the corporate bodies can be found.

[https://www.ren.pt/en-GB/investidores/governo\\_da\\_sociedade](https://www.ren.pt/en-GB/investidores/governo_da_sociedade)

Furthermore, on the REN website<sup>93</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.

[https://www.ren.pt/en-GB/investidores/relacoes\\_com\\_investidores](https://www.ren.pt/en-GB/investidores/relacoes_com_investidores)

**V.63. Place where accounting records are made available, which must be accessible for at least ten years<sup>94</sup>, 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>95</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 10 years. <https://www.ren.pt/en-GB/investidores/resultados>

On the same website<sup>96</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>97</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.

[https://www.ren.pt/en-GB/investidores/governo\\_da\\_sociedade/assembleias\\_gerais](https://www.ren.pt/en-GB/investidores/governo_da_sociedade/assembleias_gerais)

**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>98</sup>, REN provides extracts from the minutes of General Meetings.

On the website,<sup>99</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.

<sup>92</sup> [www.ren.pt](http://www.ren.pt)

<sup>93</sup> [www.ren.pt](http://www.ren.pt)

<sup>94</sup> In accordance with the CMVM Regulation No 4/2013 which approves the model of the corporate governance report, accounting documents may be accessible for five years. Nevertheless, under the current version of Article 245 (1) of the Securities Code, those documents must be available for 10 years.

<sup>95</sup> [www.ren.pt](http://www.ren.pt)

<sup>96</sup> [www.ren.pt](http://www.ren.pt)

<sup>97</sup> [www.ren.pt](http://www.ren.pt)

<sup>98</sup> [www.ren.pt](http://www.ren.pt)

<sup>99</sup> [www.ren.pt](http://www.ren.pt)



## 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>100</sup>, which is responsible for setting the remuneration and for submitting a proposal to the General Meeting on the remuneration policy for members of management and supervisory bodies. The Remunerations Committee is responsible for presenting and submitting to the shareholders of the remuneration policy for corporate bodies, as well as for determining the respective remunerations, including the respective complements to the policy approved at the General Meeting.

The aforementioned remuneration policy covers all company officers (within the meaning of Article 3(1)(25) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014), by reference to Article 248-B of the Securities Code. The Board of Directors of REN understands that these officers are only members of the company's management and supervisory bodies, since only those, having regular access to privileged information, also have the power to take management decisions likely to affect the evolution and future prospects of REN. 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.

### II. REMUNERATION COMMITTEE

#### II.67. Composition of the Remuneration 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 2020, the following three members, appointed at the annual General Meeting of 3 May 2018, were on the Remunerations Committee (three-year period of 2018-2020):

| NAME                      | POSITION |
|---------------------------|----------|
| João Duque                | Chairman |
| José Galamba de Oliveira  | Member   |
| Fernando Neves de Almeida | Member   |

Information on the composition of the Remuneration Committee and the number of meetings held annually can be found at: [https://www.ren.pt/en-GB/investidores/governo\\_da\\_sociedade](https://www.ren.pt/en-GB/investidores/governo_da_sociedade)

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 3rd degree, inclusive.

To support it in its duties, the Remunerations Committee did not hire any natural or legal person which provides, without its prior authorisation, 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.

<sup>100</sup> See Article 8(2)(d) of the Articles of Association.

In any case, the Remunerations Committee may, in accordance with its regulations, freely decide on the contracting, by the Company, of the consulting services necessary or convenient for the performance of its functions, within the budgetary limits of the Company, ensuring that the services are provided independently and that the respective providers will not be contracted for the provision of any other services to the Company itself or to others that are in a domain or group relationship without its express authorization.

The Remunerations Committee Regulations, approved in January 2019, which establish, inter alia, the performance of the respective duties, chairing, frequency of meetings, functioning and framework of duties of its members are available at

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

As set out in its Regulations, and as was already the case prior to the adoption of these regulations, detailed minutes are drawn up, approved and signed by all the members present at the meetings.

At the Annual General Meeting of 2020, João Duque was present, on behalf of the Remunerations Committee. In addition, the Remunerations Committee Regulations provide for the obligation of the Chairman of the Remunerations Committee or, if not possible, another member of the Remunerations Committee, to be present and to provide information or clarifications requested by the shareholders at the Annual General Meeting. Such presence is also required in any other case where the agenda includes a matter related to the remuneration of the members of the company's bodies and committees or when requested by shareholders.

#### **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, being executive coordinator of Ph.D., master and bachelor programmes in the fields of strategic management and human resources areas and has 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) positions of management and consulting in financial regulators, and (iii) positions of management at consultancies in the fields of management, technology and human resources, 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 19 2009**

As an issuer of shares admitted to trading on the regulated market, REN is subject to Portuguese Securities Code as amended by Law 50/2020 of 25 August, transitionally to Law No 28/2009 of 19 June 2009 as well as to the recommendations of the IPCG Code of 2018, as amended in 2020.

Therefore, on one hand, in the interest of transparency and legitimacy of the setting of the remuneration policy (according to the say-on-pay principle, 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 2019, having maintained for the financial year 2020 the remuneration policy applicable to 2019, without prejudice to the updating of fixed remunerations, in accordance with the terms therein.

On 7 May 2020, a declaration by the Remunerations Committee on the remuneration policy for members of corporate bodies was approved by a majority of 99,61 %, at the General Meeting. This declaration includes the information set out in Article 2 of law No 28/2009 of 19 June 2009 (at the date still in force). In accordance with IPCG Code (2018 version, then in force), recommendation V.2.3 the abovementioned declaration also contains, although in generic terms, when applicable: (i) the total remuneration broken down into the different components, the relative proportion of fixed remuneration and variable remuneration, an explanation of how the total remuneration complies with the remuneration policy adopted, including how it contributes to the long-term performance of the Company, and information on how performance criteria have been applied; (ii) remuneration from companies belonging to the same group; (iii) the number of shares and stock options granted or offered, and the main conditions for exercising the respective rights, including the price and date of such exercise and any change in those conditions (not applicable); (iv) information on the possibility or impossibility of requesting the return of variable remuneration; (v) information on any deviation from the procedure for the implementation of the approved remuneration policy, including an explanation of the nature of the exceptional circumstances and the indication of the specific elements subject to derogation (not applicable); and (vi) information on the enforceability or unenforceability of payments for the termination of the directors' service. Some of this information is included in more detail in this report, considering the nature of the declaration and in order to avoid duplication of information.

The remuneration policy of REN's corporate bodies for the year 2020 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 total remuneration which is competitive and equitable and in line with the best practices and latest trends seen in Portugal and in Europe, particularly with regard to REN's peers, that attracts, at an economically justifiable cost, qualified professionals, that induces the alignment of interests with those of shareholders – taking into consideration the wealth effectively created by society, the economic situation and that of the market – and to constitute a factor for the development of a culture of professionalisation, and to promote merit and transparency in REN;
- To be evolutionary, but not disruptive; and
- To incorporate a fixed remuneration adjusted to functions, availability, competence and responsibilities of the Board of Directors' Members.

Regarding the components of the remuneration of the executive members of the Board of Directors, the remuneration policy is mainly determined based on the following principles: (i) competitiveness, taking into consideration the practices of the Portuguese market; (ii) uniform, consistent, fair and balanced criteria, that award performance; (iii) assessment of performance, in accordance with duties and responsibilities, as well as real performance, the assumption of suitable levels of risk and compliance with the rules applicable to REN activity, also taking into account compliance with the strategic plan and REN's 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; (iv) incorporation of a variable remuneration component that is globally reasonable in relation to the fixed remuneration component, without encouraging the assumption of excessive risks; (v) alignment of executive directors' interests with the Company's and its sustainability and creation of long-term wealth, including by indexing the medium/long term remuneration to the evolution of REN's share price; and (vi) the variable remuneration indexed to REN's actual performance, measured against specific, unambiguous and measurable objectives in line with the interests of REN's stakeholders.

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. In the case of unfair dismissal and termination of duties of an executive member of the board of directors, no compensation, other than that legally owed, shall be due in the event of inadequate performance of a director.

Non-executive directors (including members of the Audit Committee) are entitled to fixed monthly remuneration, defined in line with the best practices observed at large-scale companies in the Portuguese market. The remuneration policy for non executive members of the Board of Directors is guided by the main purpose of compensating the dedication and responsibility required for the performance of their duties.

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

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 discharging managerial functions, within the meaning of Article 3(1)(23) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014), 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 discharging managerial functions, within the meaning of Article 3(1)(23) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014).

The Remunerations Committee will present to the General Meeting of 2021 a new remuneration policy or revision of the current one, fulfilling the requirements of the new Law no. 50/2020, of 25 August

### **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 adequate proportionality between both components, as explained in III.69 above and in greater detail described in Point 5 of Annex 1 of this Governance Report dedicated to the Annual Report on Remuneration of REN's Corporate Bodies.

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

The remuneration structure of the Executive Committee consists of fixed and variable components, and in accordance with the remuneration policy approved and described in the Remuneration Committee declaration approved by the Annual General Meeting of 2020, the variable component of remuneration for 2020 may include short and medium-term parcels – STVR and MTVR<sup>101</sup>.

For further detail on the principles inherent to the attribution of the RVCP and the RVMLP, definition and metrics inherent to the Key Performance Indicators indexed to metrics of REN's strategic plan and operationalization of the remuneration policy see Points 5 to 7 of Annex 1 of this Governance Report dedicated to the Annual Report on Remuneration of REN's Corporate Bodies.

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

The awarding of variable remuneration is divided into two components, each corresponding to 50% of the total variable remuneration granted for the relevant annual period, as follows.

Regarding the mechanisms inherent to the payment and deferral of the cash payment of variable remuneration see Points 6 and 7 of Annex 1 of this Governance Report dedicated to the Annual Report on Remuneration of REN's Corporate Bodies dedicated to the Annual Report on Remuneration of REN's Corporate Bodies.

### **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.

Furthermore, bearing in mind the objectives sought through the remuneration model stipulated, 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.

<sup>101</sup> See points III.69. and III.70 above.

**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 MTRV) for members of the management or supervisory bodies or persons discharging managerial functions, within the meaning of Article 3(1)(23) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014.

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

In 2020, Executive Directors were entitled to transport intended for the regular performance of their duties, and were also provided with health and life insurance and personal accident insurance for the performance of their duties. It is estimated that the value of these benefits is approximately 25,000 euros/director.

There is no system of annual bonuses or any other non-monetary benefits, beyond the variable component of remuneration described above and 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 Company 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**

As regards, remuneration paid in 2020 to members of REN's management body, individually and collectively, please see Point 7 of Annex 1 of this Governance Report

**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 for the termination of their duties during the term of office**

In 2020, 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 19 July.**

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 2020, the Chairman of the General Meeting received the fixed annual amount of 15,000 euros for carrying out the respective duties.

## V. AGREEMENTS WITH REMUNERATION IMPLICATIONS

### 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 2020, which REN considers to be the adequate legal instrument for these purposes, in the event of unfair dismissal or termination of duties of an executive member of the Board of Directors through agreement, no compensation will be due, beyond that legally required, if such termination or dismissal is due to the unsuitable performance of the director. The consequences of the termination of the agreement are previously defined in accordance with the reasons for that termination. No other provision exists in the REN remuneration policy or in contractual clauses applicable to this matter, and as such, only the legal rules apply.

In the event of unfair dismissal or termination of duties of an Executive Director, no compensation, other than that legally owed, shall be due in the event of their inadequate performance.

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 indication of the amounts involved, of agreements between the Company and the members of the management body or other officers, in the meaning of Article 3(1)(23) of the of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014, 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)(l)).

There are no agreements between REN and the members of the management body or other officers (in the meaning of Article 3(1)(23) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014), 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 ALLOCATE 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 shares, options to acquire shares or other incentive systems based on a variation of the price of shares (notwithstanding the method for calculating MTRV) for members of the management or supervisory bodies or persons discharging managerial functions, within the meaning of Article 3(1)(23) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014.

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

See VI.85. above.

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

See VI.85. above.

### VI.88. Control Mechanisms available in a possible scheme for worker 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 worker 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 (please see the concept resulting from IAS 24)

So as to provide for monitoring 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, the REN Audit Committee proposed to the Board of Directors an internal regulations for the Assessment and Monitoring of Transactions with Related Parties and Prevention of Conflict of Interest', which were approved by the Board of Directors on 8 November 2012 and remain in effect. A proposal to amend this same regulation is currently being discussed and under approval with the purpose of better adjusting its content to the new Corporate Governance requirements as set out in the revision of the IPCG Code and the Shareholders' Rights Directive II.

In accordance with the internal regulations on Assessment and Monitoring of Transactions with Related Parties and Prevention of Conflict of Interest', which are in line with IAS 24 and recommendation I.5.1 of the IPCG Code (2018 version, then in force), transactions conducted between a related party<sup>102</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>103</sup>:

- a) The purchase and/or sale of goods, provision of services or contract work valued at over 1,000,000.00 euros;
- b) The acquisition or disposal of shareholdings;
- c) New loans, financing and subscription of financial investments resulting in an overall annual indebtedness exceeding 100,000,000.00 euros, except when it refers to a simple renewal of existing circumstances or operations undertaken within the framework of pre-existing contractual conditions;
- d) Any transaction which, though not covered by any of the above materiality criteria, has a value that exceeds 1 million euros or must be considered relevant for this purpose by the Board of Directors by virtue of its nature or its particular liability 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>104</sup>.

If the Audit Committee issues an unfavourable prior expert opinion, approval of the transaction by the Board of Directors is required to and must be particularly well-grounded so as to demonstrate that the completion of the transaction is in line with pursuing 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>105</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>106</sup>.

Moreover, in accordance with the Board of Directors internal regulations, transactions with related parties for sums exceeding 500,000 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.

<sup>102</sup> That is, a) a member of a REN management or supervisory body or of any other company in a controlling or group relationship with REN, pursuant to Article 21 of the 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; or 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 Securities Code, or d) a third-party body, related to an Officer or a Relevant Shareholder by means of any relevant commercial or personal interest.

<sup>103</sup> See Point II.(a) of the abovementioned internal regulation.

<sup>104</sup> See Point III(b) of the abovementioned internal regulation.

<sup>105</sup> See Points 4 and 5 of point VI of the abovementioned internal regulation.

<sup>106</sup> See Point IX(I)(a) of the abovementioned internal regulation.

### 1.90. Indication of the transactions which were subject to control in the reference year

Pursuant to the internal regulations on the analysis and control of transactions with related parties and prevention of situations of conflict of interests, the Audit Committee had prior intervention in the following transactions, carried out between companies of REN Group and a holder of qualifying shareholdings or entities with which it is in a relationship pursuant Article 20 of the Securities Code<sup>107</sup>:

- a) Contracting of Automobile Insurance and Complementary Brokerage Services for REN Group companies:
  - Approved on 9 June 2020 by the executive committee of REN – Redes Energéticas Nacionais, SGPS, S.A., and by the board of directors of the subsidiary companies REN – Rede Eléctrica Nacional, S.A., REN Gasodutos, S.A., REN Atlântico, Terminal de GNL, S.A., REN Armazenagem, S.A. and REN Gás, S.A.;
  - Agreement entered into between a related party, Fidelidade Companhia de Seguros, S.A., REN SGPS, S.A. and the subsidiary companies: REN – Rede Eléctrica Nacional, S.A., REN Gasodutos, S.A., REN Atlântico, Terminal de GNL, S.A., REN Armazenagem, S.A. and REN Gás, S.A.;
  - Tenders ordered according to the lowest price criteria;
  - Procedure involved negotiation and invitation of five companies;
  - Maximum awarded amount: EUR 359,909.91 (over 3 years), (plus VAT at the legal rate in force).
- b) Provision of Legal Advisory Services in the Area of Law and Public Procurement, to be awarded by REN Serviços, S.A.:
  - Agreement entered into between a related party, Rui Pena, Arnaut & Associados – Sociedade de Advogados, R.L. and REN SGPS, S.A.'s subsidiary: REN Serviços, S.A.;
  - Selection criteria: best quality-price ratio;
  - Procedure not covered by the Portuguese Public Procurement Code, with invitation and possibility of award to several companies;
  - Maximum awarded value: EUR 180,000.00 (plus VAT at the legal rate in force).
- c) Procurement of a 220/63kV power transformer for the Charged Substation and a 400/63kV power transformer for the Famalicão V.N.Substation (Plot 2):
  - Approved on 29 July 2020 by the board of directors of REN – Redes Energéticas Nacionais, SGPS, S.A.;
  - Agreement entered into between a related party, the company SPECOC and a subsidiary of REN SGPS, S.A.: REN Eléctrica;
  - Order of bids based on the following criteria: highest score with application of 95% price + 5% guarantee period. After this and considering that the same competitor cannot win the three lots will be selected on the basis of the following criteria – Lot 1 is the first to be awarded, Lot 2 the second and at the end Lot 3 the last to be awarded;
  - The procedure included invitation to several companies under the qualification system (restricted procedure) and without negotiation;
  - Maximum awarded: EUR 2 385 000.00 (plus VAT at the statutory rate in force).

<sup>107</sup> In early 2021, a transaction was submitted for consideration with a view to contracting a Gas Capacity Utilization Rights (DUCg) auction service for transport and storage at RNTIAT, to be held on a web platform for the period from October 2020 to September 2022, with the following features:

- Approved on 19 November 2020 by the board of directors of REN Gasodutos, S.A.;
- Agreement entered into between the company OMIP – Operador do Mercado Ibérico Portugal, SGPS, S.A., which declares to be related, and the subsidiary of REN SGPS, S.A.; REN Gasodutos;
- Technical Proposals: validation of the proposal according to the established terms and conditions;
- Direct adjustment to the OMIP, with due legal and technical support;
- Maximum awarded amount: EUR 418,000.00, plus fees and taxes



- d) Procurement of the following insurance programmes for REN Group companies: Lot 2 – Material Damage and Operating Losses (without Power Lines); Lot 5 – Maritime Liability and Lot 6 – Terrorism, Environmental Liability, Third Party Liability – Submarine Cable:
- Approved on 13 November 2020 by the board of directors of REN – Redes Energéticas Nacionais, SGPS, S.A.;
  - Type of procedure: Public tender (“concurso publico”);
  - Agreement entered into with a related party, Consórcio Fidelidade (shareholder of REN – Redes Energéticas Nacionais, SGPS, S.A.)/AIG/AON, under the terms of the public procurement code;
  - Maximum awarded amounts: Lot 2 – EUR 2,696,250.00 plus fees and taxes; Lot 5 – EUR 864,375.00 plus fees and taxes and Lot 6 – EUR 261,108.75 plus fees and taxes.

**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 Securities Code, given that these are by definition considered to be related parties in accordance with internal regulations for the Assessment and Monitoring 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 2020 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 Securities Code was conducted under normal market conditions, during normal REN business, and was largely a result of regulatory obligations.

## PART 2

### 7.2. ASSESSMENT OF CORPORATE GOVERNANCE

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

With regard to the disclosure of information on corporate governance, as an issuer of shares that are admitted to trading on the Euronext Lisbon regulated market, REN is subject to the regime established in the Securities Code and CMVM Regulation No 4/2013 (the latter was approved in 2013 and is applicable to government reports for this year).

In accordance with Article 2 of CMVM Regulation No 4/2013, the Corporate Governance Code which the company is subject to or has voluntarily decided to implement must be identified.

The place where the Corporate Governance Code(s) to which the Company is subject is made available to the public shall also be indicated (Article 245-A(1)(p) of the Securities Code)

When preparing this report, REN referred to the Portuguese Institute of Corporate Governance Code, approved in 2018, and reviewed in 2020, available at [https://cam.cgov.pt/images/ficheiros/2020/revisao\\_codigo\\_pt\\_2018\\_ebook-05.11.2020.pdf](https://cam.cgov.pt/images/ficheiros/2020/revisao_codigo_pt_2018_ebook-05.11.2020.pdf), as well as its rules of interpretation, available at the same address.

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

Pursuant to Article 245-A(1)(o) of the Securities 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.

In accordance with Regulation 4/2013, in conjunction with the Corporate Governance Code of the Portuguese Institute of Corporate Governance and its respective interpretative rules, the information submitted should include, for each recommendation:

- a) Information that enables the verification of compliance with the recommendation or referring 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 (i.e. compliance with only part of the sub-recommendations, where applicable);
- c) In the event of non-compliance or partial compliance (i.e. compliance with only part of the sub-recommendations, where applicable), the details of any alternative mechanism adopted by the company for the purpose of pursuing the same objective of the recommendation, in this case, the company's judgment as to the existence of equivalence to compliance may be included.

As mentioned above, REN took the decision to adopt all recommendations laid out in the IPCG Code.

Therefore, REN hereby declares that it fully adopts all the abovementioned Portuguese Institute of Corporate Governance recommendations on corporate governance matters laid down in said Code, except for Recommendations III.1 and VII.2.1 which are not adopted for the reasons described below, Recommendations II.5, III.5, V.2.9, V.3.2 and V.3.4, which are not applicable to REN, Recommendations I.2.1, I.4.2, II.2 and III.6, which should be considered materially adopted taking into account the explanation included below and Recommendation V.3.3, which is partly not applicable and partly not adopted.

The chart below identifies IPCG Code recommendations and individually mentions those that have been 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 the said recommendations.

| CORPORATE GOVERNANCE CODE  | ASSESSMENT                          | REFERENCE TO THE CORPORATE GOVERNANCE REPORT /COMMENTS  |
|--|-------------------------------------|---|
| <b>I. General provisions</b>   |                                     |   |
| <i>General Principle: Corporate Governance should promote and enhance the performance of companies, as well as of the capital markets, and strengthen the trust of investors, employees and the general public in the quality and transparency of management and supervision, as well as in the sustained development of the companies</i>   |                                     |   |
| <b>I.1. Company's relationship with investors and disclosure</b>   |                                     |   |
| <i>Principle:</i> Companies, in particular its directors, should treat shareholders and other investors equitably, namely by ensuring mechanisms and procedures are in place for the suitable management and disclosure of information.  |                                     |   |
| <b>I.1.1.</b> The Company should establish mechanisms to ensure, in a suitable and rigorous form, the production, management and timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the markets in general.  | <b>Adopted</b>                      | Part I, chapter 7.1.3. s. III 55 and chapters 7.1.2. s. II 18 and III 38 and 7.1.3. ss. III 54 and IV 56  |
| <b>I.2. Diversity in the composition and functioning of the company's governing bodies</b>   |                                     |   |
| <i>Principle I.2.A:</i> Companies ensure diversity in the composition of its governing bodies, and the adoption of requirements based on individual merit, in the appointment procedures that are exclusively within the powers of the shareholders.   |                                     |   |
| <i>Principle I.2.B:</i> Companies should be provided with clear and transparent decision structures and ensure a maximum effectiveness of the functioning of their governing bodies and commissions.   |                                     |   |
| <i>Principle I.2.C:</i> Companies ensure that the functioning of their bodies and committees is duly recorded, namely in minutes, which allow to know only the direction of the decisions taken, but also their grounds and the opinions expressed by their members  |                                     |   |
| <b>I.2.1.</b> Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable according to the roles to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with particular attention to gender diversity, which may contribute to a better performance of the governing body and to the balance of its composition. | <b>Adopted (equivalent explain)</b> | Part I, chapter 7.1.2. s. II.16, II.27, II.29 and Part II, chapter 3<br>The Nominations and Appraisals Committee follows the selection criteria described in Part I, chapter 7.1.2 s. II.16 |
| <b>I.2.2.</b> The company's managing and supervisory boards, as well as their committees, should have internal regulations — namely regulating the performance of their duties, their Chairmanship, periodicity of meetings, their functioning and the duties of their members — disclose in full on the company's website, and detailed minutes of the meetings of each of these bodies should be carried out.  | <b>Adopted</b>                      | Part 1, chapter 7.1.2. ss. II.22, II.27, II.29, II.34 and chapters 7.1.3, s. V.61 and 7.1.4. s. II.67   |
| <b>I.2.3.</b> The composition and the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website.  | <b>Adopted</b>                      | Part 1 chapter 7.1.2. ss. II.23, III.35 and chapter 7.1.4. s. II.67   |
| <b>I.2.4.</b> A whistleblowing policy should be adopted to ensure adequate means of communication and treatment of irregularities, safeguarding the confidentiality of the information transmitted and the identity of the notifier when requested.  | <b>Adopted</b>                      | Part 1, chapter 7.1.3. s. II.49, II.54 and Part II, chapter 3   |

| CORPORATE GOVERNANCE CODE   | ASSESSMENT                          | REFERENCE TO THE CORPORATE GOVERNANCE REPORT /COMMENTS  |
|---|-------------------------------------|---|
| <b>I.3. Relationships between the company bodies</b>  |                                     |   |
| <p><i>Principle: Members of the company's boards, especially directors, should create, considering the duties of each of the boards, the appropriate conditions to ensure balanced and efficient measures to allow for the different governing bodies of the company to act in a harmonious and coordinated way, in possession of the suitable amount of information in order to carry out their respective duties.</i></p>   |                                     |   |
| <b>I.3.1.</b> The bylaws, or other equivalent means adopted by the company, should establish mechanisms that, within the limits of applicable laws, permanently ensure the members of the managing and supervisory boards are provided with access to all the information and company's collaborators, in order to appraise the performance, current situation and perspectives for further developments of the company, namely including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the managing board, without impairing the access to any other documents or people that may be requested for information. | <b>Adopted</b>                      | Part 1, chapter 7.1.2. ss. II.18 and III 38   |
| <b>I.3.2.</b> Each of the company's boards and committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the bylaws, of each of the remaining boards and committees.   | <b>Adopted</b>                      | Part 1, chapter 7.1.2. ss. II 18 II 23 and III 38   |
| <b>I.4. Conflicts of interest</b>   |                                     |   |
| <p><i>Principle: The existence of current or potential conflicts of interest, between members of the company's boards or committees and the company, should be prevented. The non-interference of the conflicted member in the decision process should be guaranteed</i></p>  |                                     |   |
| <b>I.4.1.</b> By internal regulation or equivalent, the members of the management and supervisory bodies and internal committees shall be bound to inform their respective bodies or committees whenever there are facts which may constitute or give rise to a conflict between their interests and the company's interest.  | <b>Adopted</b>                      | Part 1, chapter 7.1.2. ss. II.18 and II 29  |
| <b>I.4.2.</b> Procedures should be adopted to guarantee that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request.   | <b>Adopted (equivalent explain)</b> | Part 1, Chapter 7.1.2. s. II.18 Notwithstanding the fact that a proposal to amend the internal regulation on "Assessing and Monitoring of Transactions with Related Parties and Prevention of Situations of Conflict of Interest" is under discussion and approval, a number of mechanisms are in place to prevent or contain the appearance of conflicts of interest and to avoid interference in the decision-making process, first and foremost, by the criteria for eligibility for its governing bodies, the obligation to report such circumstances on an ad hoc basis and the practice of non-interference in the process of discussion and, subsequently, voting. This issue is also expressly ensured in the Audit Committee's Regulation. |

| CORPORATE GOVERNANCE CODE  | ASSESSMENT                          | REFERENCE TO THE CORPORATE GOVERNANCE REPORT /COMMENTS  |
|--|-------------------------------------|---|
| <b>I.5. Related party transactions</b><br><i>Principle: Due to the potential risks that they may hold, transactions with related parties should be justified by the interest of the company and carried out under market conditions, subject to principles of transparency and adequate supervision.</i> |                                     |   |
| <b>I.5.1.</b> The management body shall disclose, in the government report or otherwise publicly available, the internal procedure for verification of transactions with related parties..   | <b>Adopted</b>                      | Part 1, chapters 7.1.1. s. II 10 and 7.1.5 s. I 89  |
| <b>I.5.2.</b> The management body shall report to the supervisory body the results of the internal procedure for verification of transactions with related parties, including the transactions under review, at least every six months.  | <b>Adopted</b>                      | Part 1, chapter 7.1.1. s. II 10   |
| <b>II. Shareholders and general meetings</b>   |                                     |   |
| <b>II.A</b> <i>Principle: As an instrument for the efficient functioning of the company and the fulfilment of the corporate purpose of the company, the suitable involvement of the shareholders in matters of corporate governance is a positive factor for the company's governance.</i>               |                                     |   |
| <b>II.B</b> <i>Principle: The company should stimulate the personal participation of shareholders in general meetings, which is a space for communication by the shareholders with the company's boards and committees and also of reflection about the company itself</i>                               |                                     |   |
| <b>II.C</b> <i>Principle: The company should implement adequate means for shareholders to participate and vote at a distance at the meeting.</i>   |                                     |   |
| <b>II.1.</b> The company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote.                  | <b>Adopted</b>                      | Part 1, chapter 7.1.2. s. II 12   |
| <b>II.2.</b> The company should not adopt mechanisms that make decision making by its shareholders (resolutions) more difficult, specifically, by setting a quorum higher than that established by law.  | <b>Adopted (equivalent explain)</b> | Part 1, chapter 7.1.2. s. II 14<br>The company deems that the majorities provided for in Articles 11(2) and (3) of the Bylaws, which are more strict than those defined by law, are justified by the fact that the matters in question are strategic and of structural importance, and as such requiring a broader consensus from shareholders.<br><br>With regard to the majority me to in Article 11(3), this is justified by the fact that the articles in question are aimed at enabling the company to monitor compliance with several legal obligations and ERSE (Energy Services Regulatory Authority) Decision on the full unbundling regime. |
| <b>II.3.</b> The company should implement adequate means for shareholders to participate in the General Meeting at a distance, in terms proportional to its size.  | <b>Adopted</b>                      | Part 1, chapter 7.1.2. s. II 12   |
| <b>II.4.</b> The company should also implement appropriate means for the exercise of voting rights at a distance, including by correspondence and by electronic means.   | <b>Adopted</b>                      | Part I, chapter 7.1.2. s. II 12   |

| CORPORATE GOVERNANCE CODE  | ASSESSMENT  | REFERENCE TO THE CORPORATE GOVERNANCE REPORT /COMMENTS  |
|--|-------------|---|
| <p><b>II.5.</b> The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution – without increased quorum in comparison to the legally established – and in that resolution, all votes cast will be counted without observation of the imposed limits.</p>   | N/A         | <p>Part 1, chapter 7.1.1. ss. I 2 e I 5</p> <p>There is no mechanism in the Articles of Association to renew or repeal these statutory rules, as they exist in compliance with legal and administrative requirements. Therefore, this recommendation must be considered not applicable to REN.</p>  |
| <p><b>II.6.</b> The company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body.</p>   | Adopted     | Part 1, chapter 7.1.1. s. I.4   |
| <b>III. Non executive management, monitoring and supervision</b>   |             |   |
| <p><b>III.A</b> <i>Principle: The members of governing bodies who possess non-executive management duties or monitoring and supervisory duties should, in an effective and judicious manner, carry out monitoring duties and incentivise executive management for the full accomplishment of the corporate purpose, and such performance should be complemented by committees for areas that are central to corporate governance.</i></p>  |             |   |
| <p><b>III.B</b> <i>Principle: The composition of the supervisory body and the non-executive directors should provide the company with a balanced and suitable diversity of skills, knowledge, and professional experience.</i></p>   |             |   |
| <p><b>III.C</b> <i>Principle: The supervisory body should carry out a permanent oversight of the company's managing body, also in a preventive perspective, following the company's activity and, in particular, the decisions of fundamental importance.</i></p>  |             |   |
| <p><b>III.1.</b> Without prejudice to question the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator, from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1.</p> | Not adopted | <p>Part 1 chapter 7.1.2. s. II.18</p> <p>Under the terms of the BoD Regulation, a number of mechanisms were adopted in 2020 for the efficient coordination and performance of the members with non-executive functions, in particular with a view to facilitating the exercise of their right to information and ensuring the necessary conditions and means to the performance of their duties, in the terms best described in the above section of this report. In addition, some of the independent board members are also members of board committees, thus the development of their functions therein should be preserved.</p> |
| <p><b>III.2.</b> The number of non-executive members in the managing body, as well as the number of members of the supervisory body and the number of the members of the committee for financial matters should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed.</p>  | Adopted     | Part 1, chapter 7.1.2. ss. II 18, II 31   |

| CORPORATE GOVERNANCE CODE   | ASSESSMENT                          | REFERENCE TO THE CORPORATE GOVERNANCE REPORT /COMMENTS  |
|---|-------------------------------------|---|
| <p><b>III.3.</b> In any case, the number of non-executive directors should be higher than the number of executive directors and the government's report should include the formulation of this adequacy assessment</p>  | <b>Adopted</b>                      | Part 1, chapter 7.1.2. s. II 18   |
| <p><b>III.4.</b> Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to:</p> <ul style="list-style-type: none"> <li>i) having carried out functions in any of the company's bodies for more than twelve years, either on a consecutive or non-consecutive basis;</li> <li>ii) having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years;</li> <li>iii) having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person;</li> <li>iv) having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties;</li> <li>v) having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings, or</li> <li>vi) having been a qualified holder or representative of a shareholder of qualifying holding.</li> </ul> | <b>Adopted</b>                      | Part 1, chapter 7.1.2. s. II 18   |
| <p><b>III.5.</b> The provisions of (i) of recommendation III.4 does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company's bodies and the new appointment, a period of 3 years has elapsed (cooling-off period).</p>   | <b>N/A</b>                          | There is no REN director in this situation.   |
| <p><b>III.6.</b> With regard to the powers conferred on it by law, the supervisory body shall assess and decide on strategic lines and risk policy prior to their final approval by the management body.</p>  | <b>Adopted (equivalent explain)</b> | <p>Part 1, chapter 7.1.2. s. III 38, chapter 7.1.3. s. III 50 et seq as regards the risk policy.</p> <p>The members of the supervisory body are also members of the Board of Directors. The Audit Committee, made up of non-executive members, evaluates and pronounces itself on the strategic lines and risk policy, prior to</p> |

| CORPORATE GOVERNANCE CODE   | ASSESSMENT     | REFERENCE TO THE CORPORATE GOVERNANCE REPORT /COMMENTS  |
|---|----------------|---|
| <p><b>III.7.</b> Companies must have specialised committees for corporate governance, appointments and performance evaluation, separately or cumulatively. If the remuneration committee provided for in article 399 of the Companies Code has been set up, and this is not prohibited by law, this recommendation can be complied with by attributing to this committee competence in the said matters.</p>  | <b>Adopted</b> | <p>its final approval, including evaluating the execution of the strategic plan by the executive members, within the management body. In fact, the Audit Committee, having evaluated the recommendation, considered that an autonomous opinion, which would repeat the one already adopted within the Board of Directors, by the same non-executive members, was not justified.</p> <p>Part 1, chapter 7.1.2. s. II 29, chapter 7.1.4. s. I 66</p> <p>Taking into consideration the functions attributed to the, the intrinsic connection between the Remunerations Committee and the Nominations and Appraisals Committee and the fact that the attributions of the Remunerations Committee exceed the mere setting of the remuneration of REN's directors, this committee is materially equivalent to the internal committee in question.</p> |
| <b>IV. Executive management</b>   |                |   |
| <p><b>IV.A</b> <i>Principle: As way of increasing the efficiency and the quality of the managing body's performance and the suitable flow of information in the board, the daily management of the company should be carried out by directors with qualifications, powers and experience suitable for the role. The executive board is responsible for the management of the company, pursuing the company's objectives and aiming to contribute towards the company's sustainable development.</i></p> |                |   |
| <p><b>IV.B</b> <i>Principle: In determining the number of executive directors, it should be taken into account, besides the costs and the desirable agility in the functioning of the executive board, the size of the company, the complexity of its activity, and its geographical spread.</i></p>  |                |   |
| <p><b>IV.1.</b> The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors and how these are to carry out their executive functions in entities outside of the group.</p>  | <b>Adopted</b> | Part 1, chapter 7.1.2. s. II 26   |
| <p><b>IV.2.</b> The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards: (i) the definition of the strategy and main policies of the company; (ii) the organisation and coordination of the business structure; (iii) matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.</p>  | <b>Adopted</b> | Part 1, chapter 7.1.2. s. II 21   |
| <p><b>IV.3.</b> In the annual report, the management body sets out in what terms the strategy and the main policies defined seek to ensure the long-term success of society and what the main contributions this will make to the wider community are</p>   | <b>Adopted</b> | Chapter 5.2 of the 2020 Annual Report   |
| <b>V. Evaluation of performance, remuneration and appointment</b>   |                |   |
| <p><b>V.1. Annual evaluation of performance</b></p> <p><i>Principle:</i> The company should promote the assessment of performance of the executive board and of its members individually, and also the assessment of the overall performance of the managing body and its specialized committees.</p>   |                |   |



| CORPORATE GOVERNANCE CODE   | ASSESSMENT     | REFERENCE TO THE CORPORATE GOVERNANCE REPORT /COMMENTS |
|---|----------------|--|
| <b>V.1.1.</b> The managing body should annually evaluate its performance as well as the performance of its committees and executive directors, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.   | <b>Adopted</b> | Part 1, chapter 7.1.2. s. II 24                        |
| <b>V.2.A</b> <b>Remuneration</b><br><b>Principle:</b> The remuneration policy of the members of the managing and supervisory boards should allow the company to attract qualified professionals at an economically justifiable cost in relation to its financial situation, induce the alignment of the member's interests with those of the company's shareholders – taking into account the wealth effectively created by the company, its financial situation and the market's – and constitute a factor of development of a culture of professionalization, sustainability, promotion of merit and transparency within the company. |                |  |
| <b>V.2.B</b> <b>Principle:</b> Directors must receive compensation: (i) that adequately contributes to the responsibility assumed, availability and competence placed at the service of the society; (ii) that guarantees an operation aligned with the long-term interests of shareholders and promotes the sustainable performance of the society; and (iii) that rewards performance.  |                |  |
| <b>V.2.1.</b> The company shall set up a remuneration committee, whose composition shall ensure its independence from the management, which may be the remuneration committee appointed under the terms of Article 399 of the Portuguese Companies Code   | <b>Adopted</b> | Part 1, chapter 7.1.4. s. I 66 and 67                  |
| <b>V.2.2.</b> The remuneration shall be fixed by the remuneration committee or the general meeting, on a proposal from that committee.  | <b>Adopted</b> | Part 1, chapter 7.1.4. s. I.66                         |
| <b>V.2.3.</b> For each mandate, the remuneration committee or the general meeting, on a proposal from that committee, shall also approve the maximum amount of all compensation to be paid to the member of any body or committee of the company due to the termination of their functions, and shall disclose such situation and amounts in the government report or remuneration report   | <b>Adopted</b> | Part 1, chapter 7.1.4. s. III 76 and IV 80 e V 83      |
| <b>V.2.4.</b> In order to provide information or clarifications to shareholders, the chair or, in case of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees or, if such presence has been requested by the shareholders.   | <b>Adopted</b> | Part 1, chapter 7.1.4. ss. II.67.                      |
| <b>V.2.5.</b> Within the company's limited budget, the remuneration committee should be free to decide whether the company should hire the consultancy services necessary or convenient for the performance of its duties.  | <b>Adopted</b> | Part 1, chapter 7.1.4. ss. II.67                       |
| <b>V.2.6.</b> The remuneration committee shall ensure that these services are provided independently and that the respective providers are not engaged to provide any other services to the company itself or to others in a control or group relationship with it without the express authorisation of the committee.  | <b>Adopted</b> | Part 1, chapter 7.1.4. ss. III.69 ss.                  |

| CORPORATE GOVERNANCE CODE   | ASSESSMENT        | REFERENCE TO THE CORPORATE GOVERNANCE REPORT /COMMENTS  |
|---|-------------------|---|
| V.2.7. In order to align interests between the company and the executive directors, a part of their remuneration should be of a variable nature that reflects the sustained performance of the company and does not encourage excessive risk taking.  | Adopted           | Part 1, chapter 7.1.4. ss. III 70 and 71  |
| V.2.8. A significant part of the variable component should be partially deferred over time, for a period of not less than three years, necessarily linked to the confirmation of the sustainability of performance, as defined in the company's internal regulations  | Adopted           | Part 1, chapter 7.1.4. ss. III 72   |
| V.2.9. When the variable remuneration comprises options or other instruments, directly or indirectly, dependent on the value of the shares, the start of the exercise period shall be deferred for a period of not less than three years.   | N/A               | Part 1, chapter 7.1.4. ss. III 74<br>The variable remuneration does not have the relevant characteristics for the application of the Recommendation   |
| V.2.10 The remuneration of non-executive directors should not include any component whose value depends on the performance of the company or its value  | Adopted           | Part 1, chapter 7.1.4. ss. III 69 and III 60  |
| V.3. <b>Appointments</b><br><b>Principle:</b> Regardless of the method of appointment, the profile, knowledge and curriculum of the members of the governing bodies and senior management should suit the function to be performed.   |                   |   |
| V.3.1. The company shall, as it deems appropriate, but in a demonstrable manner, promote that proposals for the election of members of the corporate bodies are accompanied by reasons as to whether the profile, knowledge and curriculum are appropriate to the function to be performed by each candidate. | Adopted           | Part 1, chapter 7.1.2. s. II. 16  |
| V.3.2. A significant part of the variable component should be partially deferred in time, for a period of no less than three years, thereby connecting it to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.                              | N/A               | Part 1, chapter 7.1.2. s. II.27 and 29<br>REN understands that the definition of senior management only encompasses the members of the company's management and supervisory bodies, hence REN hasn't created an additional nominations committee to the committee already established within the Board of Directors for the purpose of appointing other members of such body.   |
| V.3.3. This committee includes a majority of independent non-executive members.   | N/A / Not Adopted | REN understands that the definition of senior management only encompasses the members of the company's management and supervisory bodies, hence REN hasn't created an additional nominations committee to the committee already established within the Board of Directors for the purpose of appointing other members of such body.. As for the Nominations and Appraisals Committee, it only has one independent non-executive director, so the recommendation is not adopted, but it should be noted that the independent member is the chairman. |

| CORPORATE GOVERNANCE CODE   | ASSESSMENT | REFERENCE TO THE CORPORATE GOVERNANCE REPORT /COMMENTS   |
|---|------------|--|
| V.3.4. When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years.  | N/A        | REN understands that the definition of senior management <sup>108</sup> only encompasses the members of the company's management and supervisory bodies, hence REN hasn't created an additional nominations committee to the committee already established within the Board of Directors for the purpose of appointing other members of such body. |
| <b>VI Internal Control</b>  |            |  |
| <b>Principle: The managing body should debate and approve the company's strategic plan and risk policy, which should include the establishment of limits on risk-taking.</b>  |            |  |
| VI.1. The Board of Directors should discuss and approve the company's strategic plan and risk policy, including the setting of risk taking limits   | Adopted    | Part 1, Chapter 7.1.2.s II.21 and II.24; Chapter 7.1.3. s. III 50 ss   |
| VI.2. The supervisory body should organise itself internally, implementing mechanisms and procedures of periodic control in order to ensure that the risks effectively incurred by the company are consistent with the objectives set by the management body  | Adopted    | Part 1, Chapter 7.1.3. s. III.50, III.51 and III. 54   |
| VI.3. The internal control system, comprising the risk management, compliance and internal audit functions, must be structured in terms appropriate to the size of the company and the complexity of the risks inherent to its activity, and the supervisory body must assess it and, within the scope of its competence to supervise the effectiveness of this system, propose any adjustments that prove necessary. | Adopted    | Part 1, Chapters 7.1.2. s. III 38 and 7.1.3. s. III 50 ss  |
| VI.4. The supervisory body shall give an opinion on the work plans and resources allocated to the internal control system services, including risk management, compliance and internal audit functions, and may propose any adjustments that may be necessary   | Adopted    | Part 1, Chapters 7.1.2. s. III.38 and 7.1.3. s. III 50   |
| VI.5 The supervisory body should receive reports from internal control services, including risk management, compliance and internal audit functions, at least when matters relating to the rendering of accounts, identification or resolution of conflicts of interest and the detection of potential irregularities are concerned.  | Adopted    | Part 1, Chapters 7.1.2. s. III.38 and 7.1.3. s. III 50   |
| VI.6. Based on its risk policy, the company should establish a risk management function, identifying (i) the main risks to which it is subject in the development of its activity, (ii) the probability of their occurrence and their impact, (iii) the instruments and measures to be adopted with a view to their mitigation, and (iv) the monitoring procedures, with a view to monitoring them.                   | Adopted    | Part 1, Chapters 7.1.3. s. III 50, III.53 and III.54   |
| VI.7. The company should establish procedures for monitoring, periodic evaluation and adjustment of the internal control system, including an annual assessment of the degree of internal compliance and of the performance of that system, as well as the prospect of a change in the risk framework previously defined.   | Adopted    | Part 1, Chapters 7.1.2. s. III.38 and 7.1.3. s. III 50   |

<sup>108</sup> In accordance with the Note on the Interpretation of the IPCG Code – note 3, recommendation V.3.4 should be interpreted as referring only to the commission provided in recommendation V.3.2.

| CORPORATE GOVERNANCE CODE   | ASSESSMENT         | REFERENCE TO THE CORPORATE GOVERNANCE REPORT /COMMENTS |
|---|--------------------|--|
| <b>VII. Financial statements</b>  |                    |  |
| <b>VII.1 Financial information</b>  |                    |  |
| <p><b>Principle VII.A:</b> The supervisory body should, with independence and in a diligent manner, ensure that the managing body complies with its duties when choosing appropriate accounting policies and standards for the company, and when establishing suitable systems of financial reporting, risk management, internal control, and internal audit.</p> <p><b>Principle VII.B:</b> The supervisory body should promote an adequate coordination between the internal audit and the statutory audit of accounts.</p> |                    |  |
| <b>VII.1.1.</b> The supervisory body's internal regulation should impose the obligation to supervise the suitability of the preparation process and the disclosure of financial information by the managing body, including suitable accounting policies, estimates, judgments, relevant disclosure and its consistent application between financial years, in a duly documented and communicated form.   | <b>Adopted</b>     | Part 1, Chapter 7.1.3. ss. III 38 and III.55           |
| <b>VII.2 Statutory audit of accounts and supervision</b>  |                    |  |
| <p><b>Principle:</b> The supervisory body should establish and monitor clear and transparent formal procedures on the company's their relationship with the statutory auditor as well as on the supervision of compliance, by the auditor with rules regarding independence imposed by law and professional regulations</p>   |                    |  |
| <b>VII.2.1.</b> The supervisory body shall, in accordance with the applicable legal framework, define the supervisory procedures to ensure the statutory auditor's independence.  | <b>Not Adopted</b> | Part 1, Chapter 7.1.2. s. III 38, V.46                 |
| <b>VII.2.2.</b> The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports, having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company.  | <b>Adopted</b>     | Part 1, chapter 7.1.2. s. III 38                       |
| <b>VII.2.3.</b> The supervisory body should annually assess the services provided by the statutory auditor, their independence and their suitability in carrying out their functions, and propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause.  | <b>Adopted</b>     | Part 1, chapter 7.1.2. s. III 38                       |

### 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.

In relation to 2020, for the purpose of paragraph r) of Article 245-A of the Securities Code, it should be highlighted that REN has in force (i) a Code of Conduct for the REN Group, which establishes a rule of equal treatment and non-discrimination, in particular, based on race, gender, age, physical disability, sexual orientation, political views or religious beliefs; and (ii) a "Plan for Equal Gender Equal Treatment" applicable to the REN Group.

REN considers diversity as a value that encourages efficiency, creativity and innovation, in selection of candidates for members of the corporate bodies, as a cross-pillar. As such, diversity has been adequately promoted in relation to qualifications and skills required for the exercise of those functions, as well as an adequate gender representation without negative discrimination of any kind. In addition, with regard to the procedures for selecting members of corporate bodies, which are supported by the Nominations and Appraisals Committee, the adoption of a policy formally encompassing these guiding principles is in the process of discussion.

In addition, in this respect, in 2015 REN also endorsed the commitment agreement with the Portuguese Government for gender equality in the corporate bodies of listed companies.

REN has continued the work of evaluating the implementation of an integrity policy at the REN Group to establish the principles of action and duties of Group companies and respective employees, so as to combat and prevent illicit actions, such as corruption, money laundering, or the financing of terrorism. This policy also promotes ethics, integrity and transparency in business conducted. In particular, in 2018, REN once again consulted its stakeholders. The result of this process, which takes place every two years, reflects stakeholder perception in relation to the performance of the company and it will serve as basis for reflecting on REN's sustainability strategy, as well for establishing the company's communication priorities.

REN has defined a sustainability strategy in line with the 17 Sustainable Development Goals (SDOs) created in 2015 by the United Nations, and the materially relevant themes for REN are identified in Chapter 5 of the 2020 Annual Report. Transforming the defined goals into reality implies that all REN's activities be guided by principles of sustainability. Every two years, REN consults its stakeholders to assess their perception of the company's performance in terms of sustainability, and validate materially relevant issues. In the last survey, which was concluded at the beginning of 2019, new materially relevant themes were detected, thus justifying an update of REN's Sustainability Strategy. The three fundamental pillars already existing, Promotion of Internal Welfare, Stakeholder Involvement and Satisfaction and Protection of the Environment, were also given priority in the themes of Governance and Ethics. Actions are defined and implemented for all, as can be seen in Chapter 5.2 of the 2020 Annual Report. In 2021 a new consultation will be made with the company's stakeholders.

REN does not possess any other additional information which is relevant for understanding the governance model and practices implemented.

# ANNEX 1 TO THE GOVERNANCE REPORT

## ANNUAL REPORT ON THE REMUNERATION OF THE CORPORATE BODIES OF REN – REDES ENERGÉTICAS NACIONAIS

18 MARCH 2021

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## 1. PRESENTATION OF THE REPORT

The Board of Directors da REN – Redes Energéticas Nacionais, SGPS, S.A. (“REN” or “Company”) approved the remuneration report for the members of the Board of Directors, the Audit Committee and the Board of the General Meeting, as well as the Statutory Auditor (“Corporate Bodies”) of REN, prepared under the terms and for the purposes set out in Article 245-C of the Portuguese Securities Code, with the support of the Remuneration Committee.

On the path that has been taken towards full transparency on the principles underlying the remuneration policy of Corporate Bodies, in particular in clarifying their criteria and the respective operationalisation, thus responding to a legal change, but above all to an adequate aspiration of shareholders and other stakeholders to follow this path, this report takes another step towards full understanding of the philosophy for the remuneration of REN’s governing bodies.

We believe in the importance of the remuneration policy for Corporate Bodies to be clear, understandable and, above all, a factor contributing for the corporate strategy of the Company and for the long-term interests of all its stakeholders.

However, in addition to complying with these key principles, it is also important that the remuneration policy of Corporate Bodies is a factor that enhances internal equity without neglecting the creation of shareholder value.

We believe that the remuneration policy for Corporate Bodies of REN currently in force fully responds to the challenges described above.

As you navigate your way through the chapters of this report, you will be able to know in detail a remuneration system that, from the perspective of the Board of Directors and the Remuneration Committee, is in line with the best market practices.

We take this opportunity to acknowledge all REN’s employees and Corporate Bodies who, despite dramatic changes in context, managed to fully respond, in 2020, to the new challenges that have arisen and to those previously defined.

A final work of thanks to everyone who has provided information and collaborated with the Board of Directors, in particular the Remuneration Committee, allowing it to fully fulfil its mission.

## 2. THE REMUNERATION COMMITTEE

### MEMBERS OF THE REMUNERATION COMMITTEE FOR THE 2018/20 TRIENNIUM

|            |                          |                           |
|------------|--------------------------|---------------------------|
| João Duque | José Galamba de Oliveira | Fernando Neves de Almeida |
| Chairman   | Member                   | Member                    |

The REN General Meeting is responsible for appointing the members of the Remuneration Committee, which is responsible for setting the specific remuneration and for submitting a proposal to the General Meeting of a remuneration policy for members of the management and supervisory bodies.

The Remuneration Committee is therefore responsible for presenting and proposing to the shareholders the principles of the corporate bodies’ remuneration policy and setting the respective remuneration, in each specific case, including complements.

It should be noted that, within the scope of internal committees, the Nominations and Appraisals Committee, in accordance with its regulation, is responsible for supporting the Board of Directors in the annual assessment of its executive members and for submitting the respective report to the Remuneration Committee by March of each year. The Nominations and Appraisals Committee has no powers with regard to setting the remuneration of the Board of Directors, notwithstanding the fact that the assessment made by this Committee may indirectly influence such remuneration.

REN complies with the recommendations of the IPCG Code, with regard to remunerations, namely III.9, as a result of both the competences provided for in the Regulation of the Remuneration Committee and also the connection that the Nominations and Appraisals Committee has with the Remuneration Committee through the former's obligation to present the above-mentioned evaluation report annually.

The current Remuneration Committee is made up of members who are independent from management. To this extent, the Remuneration Committee does not include any member of another corporate body for which it defines the respective remuneration, and the three members in office do not have any family relationship with members of these other corporate bodies, as their spouses, relatives or kin in a direct line up to the third degree, inclusive.

### **Profile of the members of the Remuneration Committee**

All members of the Remuneration Committee have the appropriate knowledge, acquired through their academic training and/or professional experience, to reflect, process and decide on all matters within the remit of the Remuneration Committee.

The members of the Remuneration Committee have academic training in the areas of management, except for one of its members whose specific training is in human resources management, which provides them with the necessary and appropriate theoretical knowledge to carry out their functions.

It should also be noted that the Remuneration Committee is composed of three members with vast professional experience in consultancy firms, the government and companies in various sectors of activity, in Portugal and abroad. In fact, all members of the Remuneration Committee have continuously performed functions as members of the management body of several national and international entities, from the most varied sectors of activity, management and consultancy positions in financial regulators, and management positions in consultancies in the areas of management, technology and human resources, thus consolidating relevant and complementary practical knowledge regarding remuneration policy, performance assessment systems and related matters.

### **External Consultants**

The Remuneration Committee has resorted, where appropriate, to external support for the purposes of, *inter alia*, reviewing the assessment model of the Executive Committee already approved at the 2019 General Meeting and salary benchmark analyses.

It should be noted that the Remuneration Committee may, under the terms of its regulation, freely decide for the Company to contract the necessary or appropriate consulting services for the exercise of its functions, within the budgetary limits of the Company, ensuring that the services are provided independently and that the respective providers will not be hired to provide any other services to the Company itself or to others that are in a control or group relationship with it without its express authorization.

### **Obligations of the Remuneration Committee**

The regulation of the Remuneration Committee, approved in January 2019, which establishes, in particular, the exercise of its powers, chairmanship, frequency of meetings, functioning and the framework of duties of its members, is available on REN's institutional website.

As provided in its regulation, detailed minutes of its meetings are drawn up, approved and signed by all members present.



The Remuneration Committee is always represented at annual General Meetings, and, at the 2020 General Meeting, its Chairman, in accordance with the provisions of its regulation, was available to provide information or clarification as requested by shareholders at that Meeting or at any other meetings if the respective agenda includes a matter related to the remuneration of members of the company's bodies and committees or if such presence was requested by shareholders.

| Activities  | 1Q 2020 | 2Q 2020 | 3Q 2020 | 4Q 2020 |
|---|---------|---------|---------|---------|
| Assessment of 2019 KPI of the EC  | ■       |         |         |         |
| Assessment of the members of the EC   | ■       |         |         |         |
| Definition of the 2019 variable remuneration of the EC                        | ■       |         |         |         |
| Approval of the KPIs and its metrics for the 2020 assessment of the EC        | ■       |         |         |         |
| Approval of the 2020 remuneration policy                                      |         | ■       |         |         |
| Monitoring of the evolution of the Company's activity                         | ■       | ■       | ■       | ■       |
| Monitoring of the evolution of the KPIs relevant for the assessment of the EC |         |         | ■       | ■       |
| Analysis of the retributive benchmark   |         |         |         | ■       |

The most relevant activities carried out by the Remuneration Committee over the course of 2020 in relation to the meetings held are indicated below.

### 3. RESULTS AND INCENTIVES

#### REN EBITDA (UNIT: €10<sup>^6</sup>)



The annual results of a company can be assessed according to operational, financial and sustainability indicators.

2020 was a generically challenging year for everyone, in general, and particularly for REN, due to the pandemic, which has affected the generality of citizens since the middle of its first quarter.

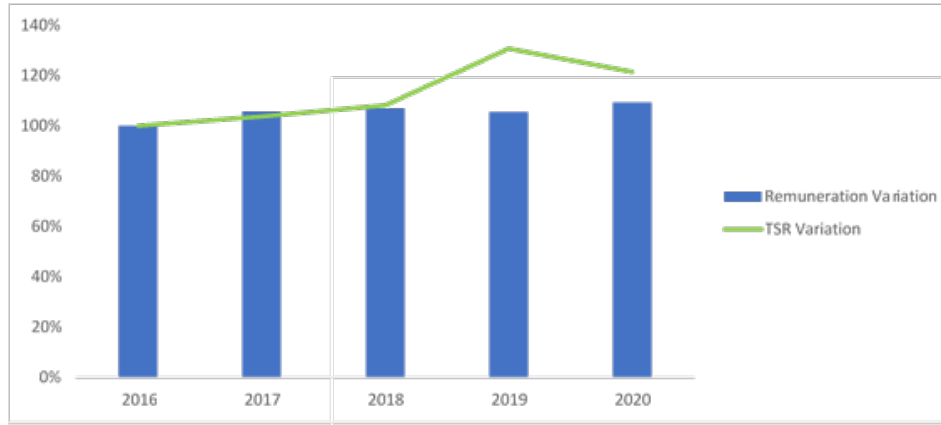
REN, despite the inherent difficulties, has always been able to respond properly to the new challenges that have been posed in terms of service quality. In addition, the operating and financial objectives initially defined were maintained and even exceeded, allowing the operating results measured through the EBITDA figure to remain aligned with the trend of the last 5 years.



The value of a remuneration is generally a function dependent on various associated variables, namely, specific skills, the complexity of problems and the magnitude of challenges, as well as the impact of the position on the final results.

Without prejudice to the foregoing, which defines the main pillars for the construction of the values of remuneration, the analysis of the percentage evolution of payments made to the Board of Directors (BoD) in the last 5 years, with the TSR (Total Shareholder Return), allows to compare the annual variations of payments to the BoD with the creation of value for the shareholders.

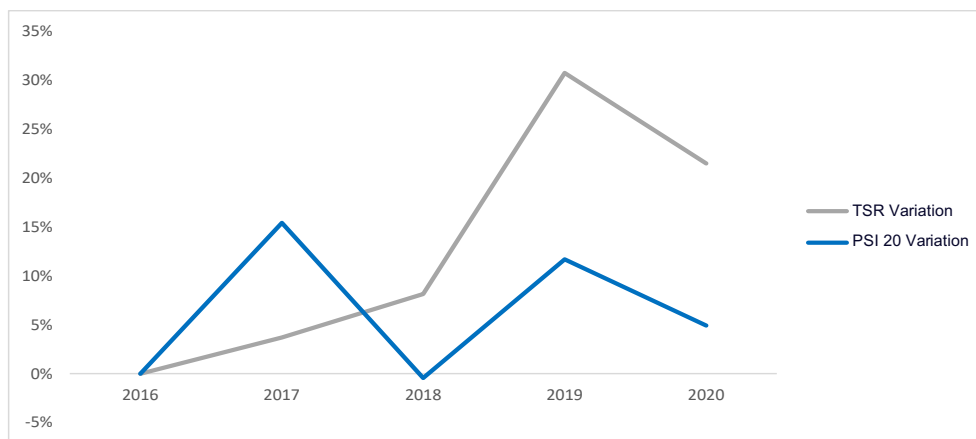
**EVOLUTION OF REMUNERATION TO THE BOD VERSUS TSR (2016 = 100)**



Explanatory notes: The remuneration considered concerns to the value approved annually by the Remuneration Committee, after the appraisal, in the fixed, short-term and medium-term variable components. The TSR, Total Shareholder Return, is the total return of the share and include, in addition to the respective price, the reinvestment of dividends.

The following graph provides another vision between the creation of value at REN, measured by TSR, and the performance of the main national stock index – PSI 20.

**EVOLUTION OF REN'S TSR VERSUS PSI 20 INDEX (2016 = 100)**



The best practices of the remuneration systems are a strategic element in the ability to attract, retain and motivate the best professionals in the market. The models for executive members, from the listed companies, favour the integration of the different components, namely a fixed component, operating as “base” remuneration, and a variable component, usually broken down into short-term and medium/long-term. In this context, it should be noted that the components of REN’s remuneration system for executive members of the Board are aligned with those practiced by other comparable companies.

The variable remuneration associated with the fulfilment of management objectives is exercised by awarding a short-term annual bonus and a medium-term annual bonus.

The value of the variable remuneration proposed by the Remuneration Committee to shareholders depends on the individual appraisal of each executive member and the respective alignment with the results achieved.

The medium/long-term variable remuneration is paid over time through Remuneration Units, which are explained in detail in the specific chapter called "Alignment of the remuneration policy with the creation of sustainable value", and aims to ensure the alignment of individual interest with the corporate objectives and the interests of REN shareholders, rewarding the fulfilment of objectives that presuppose the creation of value in a sustained way.

Non-executive members of the Board of Directors, since they do not have responsibilities in the operationalisation of the defined strategies, have a compensation system that does not provide for any of the components of the variable remuneration, including only a fixed component.

Aware of the importance of compensation models for the achievement of the Company's policies, a benchmark analysis was carried out by a reputed international entity.

This study analysed a few companies comparable to REN with regard to the remuneration of executive and non-executive members:

- 77 companies in the domestic market;
- 385 companies in the European market.

In the following sectors:

#### List of sectors subject to benchmark in Portugal and Europe

|                     |                     |                          |            |
|---------------------|---------------------|--------------------------|------------|
| Construction        | Consumption         | Distribution             | Energy     |
| Banking & insurance | Automotive industry | Manufacturing            | Paper pulp |
| Chemistry           | Health              | Information technologies | Transport  |

And countries:

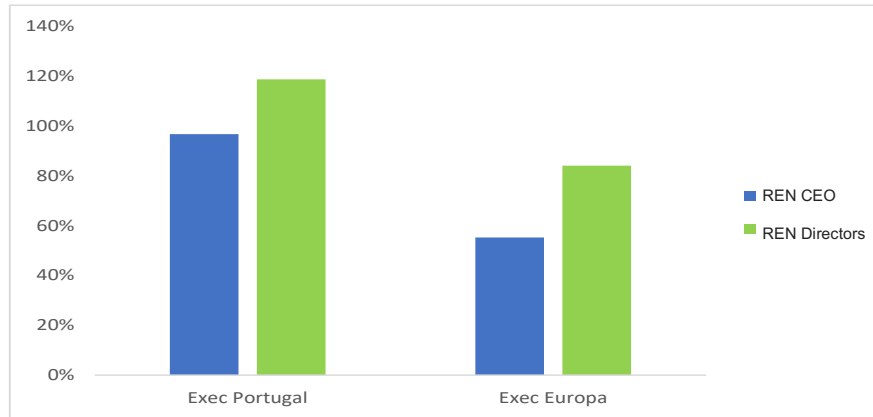
#### List of European countries subject to benchmark

|         |                |         |                |        |                 |          |
|---------|----------------|---------|----------------|--------|-----------------|----------|
| Germany | Austria        | Belgium | Denmark        | Spain  | Finland         | France   |
| Greece  | Ireland        | Italy   | Luxembourg     | Norway | The Netherlands | Portugal |
| Poland  | Czech Republic | Russia  | United Kingdom | Sweden | Switzerland     | Turkey   |

### Executive members

The analysis of the remuneration with groups of executives in similar positions in comparable companies proves that the remuneration policy followed by REN has a conservative profile in the perspective of the benchmark carried out with European executives – the remuneration of REN's CEO corresponds to the 55th percentile of the median value for positions in comparable companies - demonstrating to be more aligned with the median value of equivalent positions in the domestic market.

**REMUNERATION COMPARISON OF REN'S CEO AND DIRECTORS WITH THEIR PEERS IN PORTUGAL AND EUROPE (100 = MEDIAN REMUNERATION FOR EXECUTIVE PEERS IN PORTUGAL AND/OR IN EUROPE)**

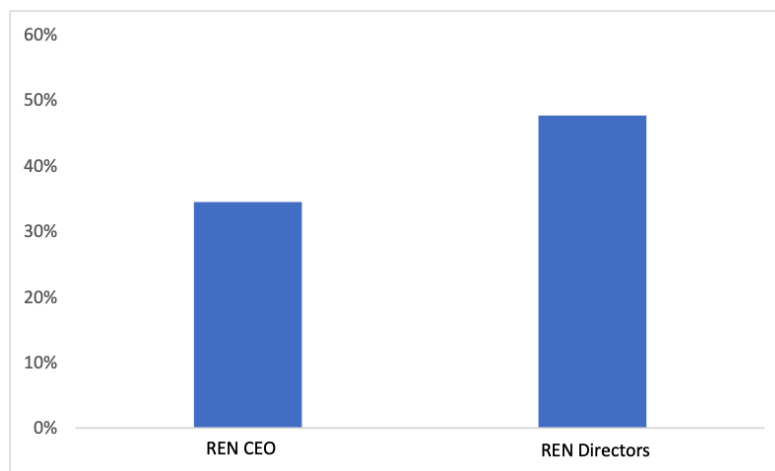


A salary analysis was also carried out with 11 European utilities comparable to REN, and the results reinforced the conclusions of the previous study regarding the moderate salary profile practiced by the Company, compared to the average of its peers.

**LIST OF EUROPEAN UTILITIES SUBJECT TO BENCHMARK**

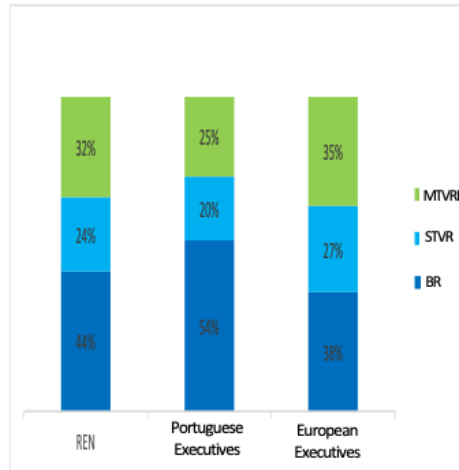
|                |                                |                         |                |
|----------------|--------------------------------|-------------------------|----------------|
| EON (Germany)  | RWE (Germany)                  | Elia Group (Belgium)    | Enagas (Spain) |
| REE (Spain)    | EDF (France)                   | SNAM (Italy)            | Terna (Italy)  |
| EDP (Portugal) | National Grid (United Kingdom) | Swissgrid (Switzerland) |                |

**REMUNERATION COMPARISON OF REN'S CEO AND DIRECTORS WITH PEERS FROM 11 COMPARABLE EUROPEAN UTILITIES (100 = AVERAGE REMUNERATION OF PEERS)**

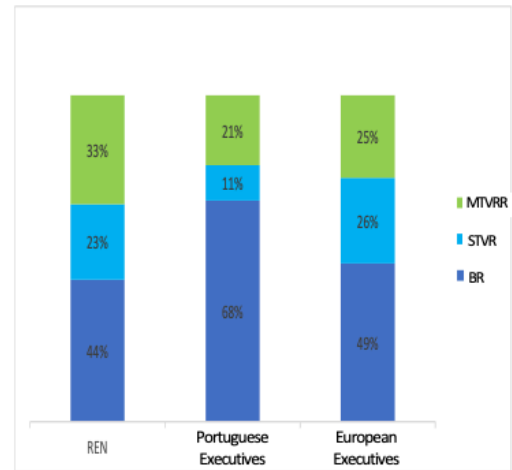


Within the scope of the components that make up the remuneration policies, the study carried out shows that the remuneration principles in force at REN, namely the remuneration mix between fixed and short- and medium/long-term variable, whose details will be included in the respective chapter, are in line with good market practices.

**REMUNERATION COMPONENTS OF REN'S CEO COMPARED TO PEERS**



**REMUNERATION COMPONENTS OF REN'S DIRECTORS COMPARED TO PEERS**

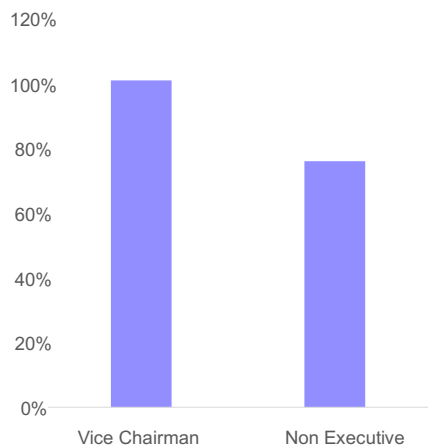


**Non-executive members**

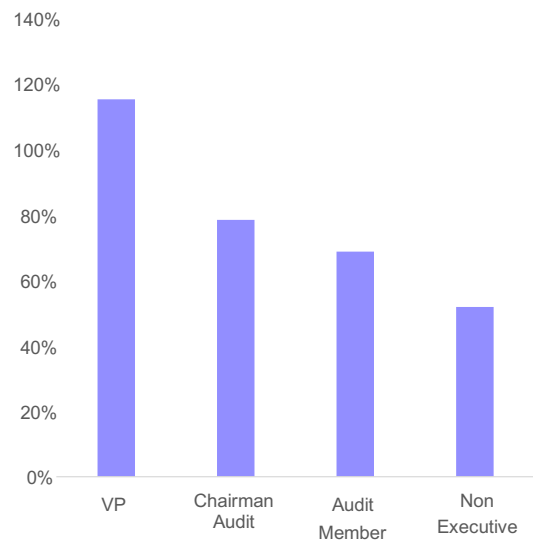
The benchmark analysis that has been referred to also examined the value of the remuneration of the non-executive members of REN Board of Directors, comparing with its peers in the abovementioned Portuguese and European peer companies.

**REMUNERATION COMPARISON OF REN'S NON-EXECUTIVE DIRECTORS WITH THEIR PEERS IN PORTUGAL AND EUROPE (100 = MEDIAN REMUNERATION FOR NON-EXECUTIVE PEERS IN PORTUGAL AND/OR IN EUROPE)**

**PORTUGAL**



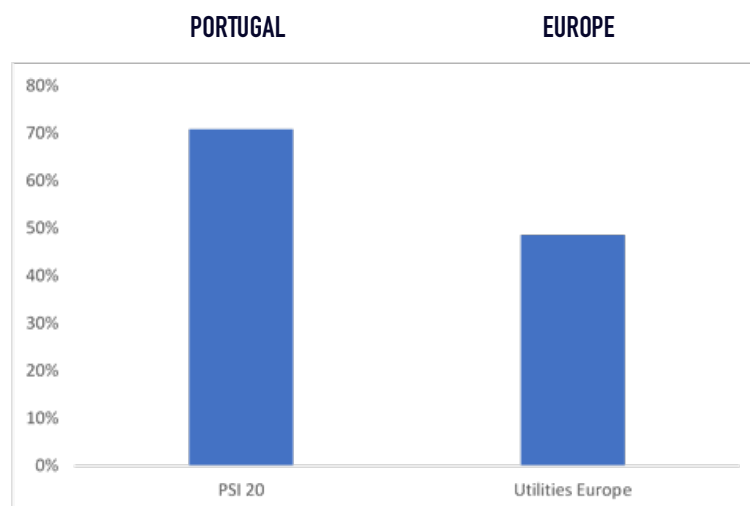
**EUROPE**



The data analysed from these samples demonstrate the existence of a below-average compensation, regardless of the market considered, for the majority of the non-executive members of the Board.

Other significant groups of companies were also analysed, namely those in the PSI 20 and 11 European utilities, which were also studied for the executive members' benchmark.

**WEIGHTED AVERAGE REMUNERATION OF REN'S NON-EXECUTIVE DIRECTORS IN RELATION TO THE AVERAGE OF THEIR PSI20 PEERS AND 11 EUROPEAN UTILITIES  
(100 = MEDIAN REMUNERATION FOR EXECUTIVE PEERS IN PORTUGAL AND/OR IN EUROPE)**



Reading the above graph corroborates the conclusions already inferred from the other samples with national and European companies, with regard to the non-alignment of the compensation of non-executive members of REN, with both the average and median values of the multiple companies that took part in this study.

## 4. REMUNERATION POLICY

In the interest of transparency and legitimacy of the remuneration policy and in compliance with legal provisions and recommendations, the Remuneration Committee submitted a statement on the remuneration policy for corporate bodies for the 2019 financial year to the annual General Meeting held on 7 May 2020 for approval, as well as its respective continuity in 2020.

In accordance with recommendation V.2.3 of the IPCG Code, according to the wording in force at that time, the aforementioned statement must contain, where applicable, the following reference, which actually occurred:

- i) the total remuneration broken down into the different components, the relative proportion of fixed remuneration and variable remuneration, an explanation of how total remuneration complies with the remuneration policy adopted, including how it contributes to the long-term performance of the Company, and information on how performance criteria have been applied;
- ii) remuneration from companies belonging to the same group, where applicable;
- iii) the number of shares and stock options granted or offered, and the main conditions for exercising the respective rights, including the price and date of such exercise and any change in those conditions, if applicable;
- iv) information on the possibility or impossibility of requesting the return of variable remuneration;
- v) information on any deviation from the procedure for the implementation of the approved remuneration policy, including an explanation of the nature of the exceptional circumstances and the indication of the specific elements subject to derogation, if any;
- vi) information on the enforceability or unenforceability of payments for the termination of the directors' service.

Following the amendment to the Portuguese Securities Code, in particular with the addition of Article 245-C, as well as with the amendment to the Corporate Governance Code of the Portuguese Institute of Corporate Governance, the statement on the remuneration policy has been repealed, and a remuneration report must be submitted, which shall include:

- a) The total remuneration broken down by the different components, including the relative proportion of the fixed remuneration and variable remuneration;
- b) An explanation of how the total remuneration complies with the adopted remuneration policy, including how it contributes to the Company's long-term performance and information on how the performance criteria have been applied;
- c) The annual variation of the remuneration, the performance of the Company and of the average remuneration of the Company's employees in full-time equivalent terms, excluding the members of the management and supervisory bodies, in the last five years, presented together in order to allow their comparison;
- d) Remuneration from companies belonging to the same group, in the meaning of Article 2(1)(g) of Decree-Law No. 158/2009, of 13 July;
- e) The number of shares and stock options granted or offered, and the main conditions for the exercise of rights, including the price and date of such exercise and any changes to these conditions;
- f) The possibility of requesting the refund of a variable remuneration;
- g) Information on any deviation from the procedure for applying the remuneration policy and on the derogations applied, including an explanation of the nature of the exceptional circumstances and an indication of the specific elements subject to derogation.

The remuneration policy of REN follows the guidelines set out below:

- a) To be simple, clear, transparent and in line with REN interest and culture;
- b) To be suitable and adjusted to the size, economic conditions, nature, scope and specificity of REN's business;
- c) To ensure total remuneration which is competitive and equitable and in line with the best practices in Portugal and in Europe, particularly regarding REN's peers and that, while attracting qualified professionals, induces the alignment of interests with those of shareholders, constituting a factor for the development of a culture of professionalisation and to promote merit and transparency at REN;
- d) To be evolutionary, but not disruptive; and
- e) To incorporate a fixed remuneration component adjusted to functions, availability, competence and responsibilities of the Members of the Board of Directors.

In the procedure for applying the remuneration policy, there was no deviation from the policy, nor were any derogations applied.

The remuneration of the executive members of the Board of Directors is also based on the following principles:

- i) Competitiveness, taking into consideration the practice of the Portuguese market;
- ii) Based on objective, uniform, consistent, fair and balance criteria that reward performance;
- iii) Performance assessment in accordance with the duties and level of responsibility, as well as the effective performance, assumption of suitable levels of risk and compliance with rules applicable to REN's activity, taking into account the 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;

- iv) Incorporating a variable remuneration component which is reasonable overall in relation to the fixed remuneration component, without encouraging excessive risk taking;
- v) Alignment of the interests of the executive members of the Board and those of the Company, its sustainability and creation of long-term value, including by indexing medium/long-term remuneration to the evolution of REN's share price; and
- vi) Variable remuneration indexed to the effective performance of REN, measured against specific, objective and measurable goals which are in line with the interests of REN stakeholders.

The remuneration of the executive directors includes a fixed component and a variable component, being the latter a non-fixed amount dependent on the performance appraisal.

The members of the Board of Directors cannot enter into contracts with REN or with third parties which have the purpose or effect of directly mitigating the risk inherent to the variability of their remuneration established by REN.

Non-executive directors (including the members of the Audit Committee) earn a fixed remuneration, monthly paid and defined in line with the best practices of large companies in the Portuguese market. The remuneration policy for these members of the Board of Directors is guided by the core objective of compensating dedication and responsibility required for the performance of their functions.

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

## 5. ALIGNMENT OF THE REMUNERATION POLICY WITH THE CREATION OF SUSTAINABLE VALUE

As mentioned above, the remuneration of non-executive directors (including the members of the Audit Committee) is composed exclusively of a fixed component, thus not depending on REN's performance or value, thus meeting the recommendations applicable to this matter.

The remuneration structure for executive directors consists of a fixed component and a variable component, and there is adequate proportionality between both components, as detailed below.

In accordance with the remuneration policy applicable to remuneration awarded in 2020 and described in accordance with the annex to the Remuneration Committee's statement approved by the annual General Meeting in 2020, the variable component of remuneration for 2020 may include a short-term parcel (STVR) and a medium/long-term parcel (MLTVR). Both parcels are based on performance assessment, reflecting a weighting of key individual performance indicators of the director and the performance of the Company itself. Such indicators, as described below, aim to bring the interests of executive directors closer to the long-term interest of REN and its shareholders.

In particular, MLTVR has a set of characteristics that contribute to the alignment of the interests of executive directors with those of REN and its shareholders:

- A MLTVR shall be awarded in Remuneration Units (RU), and the number of RU is calculated by dividing the value attributed to MLTVR by the unit value of the RU.
- Each RU has an initial value corresponding to the average closing price of REN's shares on Euronext Lisbon in the 30 days prior to the date of the General Meeting approving the annual accounts for the relevant financial year. This value will be adjusted subsequently over time in an amount equal to the Total Shareholder Return (TSR) of REN's shares. The number of value of RUs attributed may be adjusted considering the facts/corporate actions that affect, in particular, the number and nominal value of REN's shares or equity.



The main objective of the proportionality between the fixed and variable component and the limits to the variable remuneration (that is, between a minimum of 0% and a maximum of 120% of the annual fixed remuneration, gradually, without prejudice to the evolution in RU) is to discourage excessive risk taking, while encouraging the pursuit of an adequate risk management strategy.

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

- Annual appraisal of the Executive Directors' performance for the purpose of granting the variable component of remuneration is carried out by the Remuneration Committee, based on the opinion of the Company's main shareholders, as well as of non-executive directors, considering a report to be prepared by the Nominations and Appraisals Committee by March of each year, based on the achievement of predefined objectives [Key Performance Indicators (KPIs)] indexed to metrics of REN's strategic plan;
- By the end of March each year, the Audit Committee shall validate the figures that serve as reference for the assessment of compliance with REN's KPIs;
- Annual final performance appraisal and the setting of variable remuneration by the Remuneration Committee must be concluded before the General Meeting that approves the accounts for the financial year in question, in accordance with the level of compliance with the KPIs defined and is subject to the approval of the annual accounts by the General Shareholders' Meeting in their exact terms;
- Individual performance appraisal in relation to an Executive Director shall only be taken into account when negative, in which case the variable remuneration shall not be awarded to that Executive Director;
- The degree of achievement of the defined goals is measured through an annual performance appraisal, based on a predefined model. Therefore, if compliance with targets is below 80% (minimum performance level), no variable remuneration shall be awarded. On the other hand, if compliance with targets lies between 80% and 120% or above, the corresponding total variable remuneration will gradually be set between 20% and 120% of the fixed remuneration. If compliance is between 100% and 119% of objectives achieved, the percentage of fixed remuneration to be awarded, as global variable remuneration, is fully proportional to the level of compliance (instead of being indexed by tiers).

The table below summarises the philosophy underlying the degree of achievement of objectives.

| % OF OBJECTIVES ACHIEVED | % OF FIXED REMUNERATION TO BE AWARDED AS GLOBAL VARIABLE REMUNERATION |
|--------------------------|---|
| ≤ 79.99%                 | 0%  |
| 80% - 89.99%             | 20%   |
| 90% - 94.99%             | 40%   |
| 95% - 99.99%             | 80%   |
| 100% - 119.99%           | 100% to 119.99%, proportionately to the level of compliance           |
| ≥ 120%                   | 120%  |

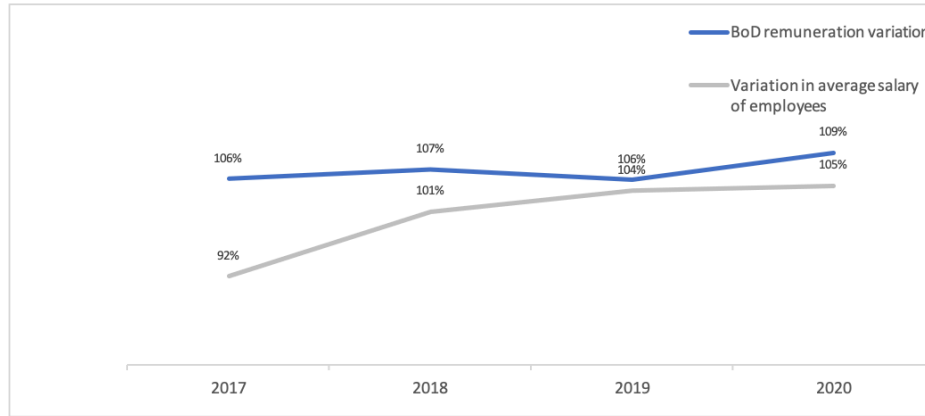
## KPIs (Key Performance Indicators)

The objectives related to REN's KPIs, defined on a consolidated basis, are the following:

| REN'S KPIS                        | KPIS WEIGHTING |
|-----------------------------------|----------------|
| Cost of Debt                      | 25%            |
| ROIC (Return on Invested Capital) | 15%            |
| EBITDA in investments abroad      | 12.5%          |
| EBITDA in investments in Portugal | 12.5%          |
| Earnings per Share                | 15%            |
| Health & Safety                   | 10%            |
| Service Quality                   | 10%            |

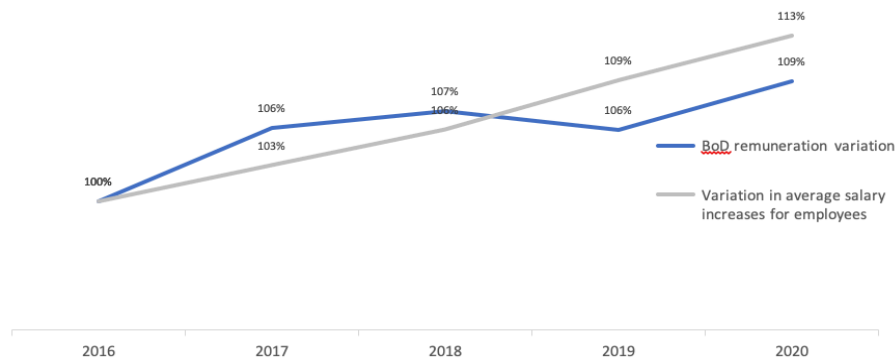
Within the scope of the Company's sustainability, it must be noted how the remuneration policy has contributed to the development and balance between the Company's Corporate Bodies and employees, taking into account the variations in the salary mass of the BoD and the average salary of employees over the last 5 years.

**EVOLUTION OF THE BOD REMUNERATION / EVOLUTION OF AVERAGE SALARY OF EMPLOYEES (2016=100)**

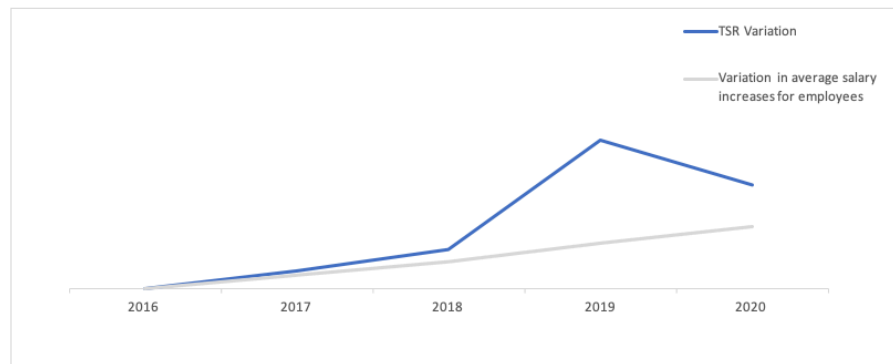


However, we must keep in mind that increases in the average wages of employees are negatively affected whenever there is more marked mobility, namely through programmes to rejuvenate the active population. When only the constant population over the period is considered, the variation in the average salary increases for employees is greater compared to that of the Board of Directors.

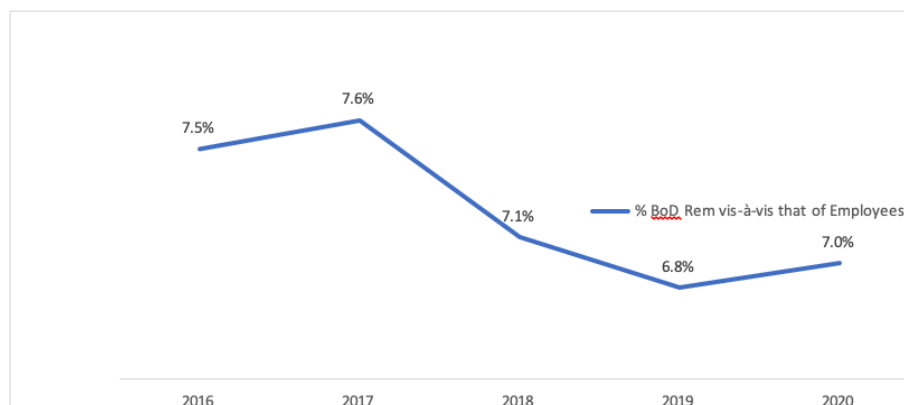
**EVOLUTION OF BOD REMUNERATION VS EVOLUTION OF INCREASE OF AVERAGE SALARY FOR EMPLOYEES (2016=100)**



When analysing the evolution of the increase of the average salary of employees with the TSR (total shareholder return), a correlation can be found over the last 5 years.



Finally, it should be noted that the weight of remuneration paid to the Board vis-à-vis that of other employees has been decreasing in the period that we have been considering as a reference.



It can be deduced from what has been explained that the remuneration policy has been actively contributing to the Company's business strategy, its long-term interests and its sustainability, as summarised below.

#### WHAT WE DO TO ENSURE SUSTAINABILITY

- Variable remuneration dependent on objectives.
- Objectives linked to the Strategic Plan.
- Objectives include sustainability KPIs.
- 50% of variable remuneration is deferred over time.
- Malus clause in the long-term variable remuneration.
- Long-term variable remuneration in line with the creation of shareholder value.
- Variable remuneration limited to 120% of fixed remuneration.
- Remuneration policy following the best market practices.
- Balance in the evolution of the salary mass of the BoD compared to that of employees.
- Moderation in the weight of the salary mass of the BoD vis-à-vis that of employees.
- Regular benchmark on remuneration policies.

#### WHAT WE DO NOT TO ENSURE SUSTAINABILITY

- Non-existence of discretionary variable remuneration.
- Non-existence of contracts aiming to guarantee remuneration.
- Non-existence of objectives that promote excessive risk taking.
- Non-existence of advance payments of future remuneration.

## 6. OPERATIONALISATION OF THE REMUNERATION POLICY

### Short-term variable remuneration

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.

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.

The awarding of STVR shall correspond to an amount of up to 50% of total variable remuneration awarded with regard to each financial year in question.

### Medium / long-term variable remuneration

MLTVR aims to strengthen the alignment of the interests of REN's executive directors with those of the Company and its shareholders. This payment will vary depending on the annual performance assessment (already specified above) and according to the same model of STVR.

For payment purposes, the variable remuneration shall be divided into two components, each corresponding to 50% of the total variable remuneration granted for the relevant annual period.

STVR is allocated and paid in cash within 30 days following the annual shareholders' meeting that approves the annual accounts.

In turn, MLTVR is structured to ensure the deferral of its payment in cash for a period of three years from the date of the award, one third being paid per year, starting one year after the award and within 30 days from the date of the General Meeting of shareholders approving the accounts for each financial year.

The right of each Executive Director to receive MLTVR is conditioned upon:

1. 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 that occurred after the end of year t, and deducted, for each financial year, an amount corresponding to a pay-out of 40% on the net income calculated in the consolidated accounts of each deferral period (regardless of the actual pay-out), must be higher than that calculated at the end of year t;

For these purposes, extraordinary movements shall mean, for the period between year t and t+3, namely, capital increases, sale or purchase of own shares, extraordinary distribution of profits, annual pay-out other than 40% of the consolidated result for the respective financial year or other movements that, affecting the net position, do not result from the Company's operating results.

The net position of years t+1, t+2 and t+3 must be determined based on the accounting rules applicable to year t, in order to ensure comparability;

2. The non-violation by the Executive Director of any mandatory rules applicable to REN, whether they are legal, regulatory or internal;
3. The non-occurrence of any termination event that leads the Executive Director to terminate his mandate or terminate his professional relationship with REN, taking into account what is mentioned below.

### Termination Events

- a) In case any Executive Director ceases his/her term of office before the end of the term and during an assessment period, the pro-rata Variable Remuneration relating to such assessment period when he/she served shall be due, except if such termination is caused by or attributable to that Executive Director;

- b) In case any Executive Director ceases his/her term of office after the end of the assessment period, but before the date of award, the Variable Remuneration shall be due, except if such termination results from a Termination Event;
- c) In case any Executive Director terminates his/her professional relationship with REN due to other facts not qualified as a Termination Event, this shall not trigger the loss of the MLTVR already awarded but not yet paid. In this case, REN may agree with the Executive Director that the MLTVR shall be paid on termination of the professional relationship with REN, in which case the condition of REN's positive performance above shall be based on REN's performance until that date;
- d) The following shall be considered Termination Events for the purpose of this Policy: (i) termination of the professional relationship due to dismissal with cause of the Executive Director; and (ii) material default or breach by the Executive Director.

Without prejudice to the foregoing, no situations are foreseen in which it is possible to claim the refund of the variable remuneration already paid.

### Other Benefits

In 2020, executive directors were entitled to use a vehicle for the performance of their duties, as well as to a health insurance, life insurance and personal accident insurance, for the performance of their duties. It is estimated that the value of these benefits is around 25 thousand euros per director.

## 7. INDIVIDUAL REMUNERATION OF THE CORPORATE BODIES

The remuneration of the members of the Board of Directors includes, as detailed above, a fixed component and, in the case of Executive Directors, a variable component, broken down into short-term and medium/long-term.

### Fixed component

The fixed component of the remuneration is exclusively composed of the base remuneration, as there is no other remuneration or payment of any costs or allowances (e.g., travel expenses or meal allowance), without prejudice to "Other monetary and non-monetary benefits" with a total annual cost of around EUR 25,000 per director), as described above.

### This component is paid monthly, in cash.

The fixed remuneration of the Company's executive directors corresponded in 2020 to an annual gross amount of EUR 388,888.08 (three hundred and eighty-eight thousand eight hundred eighty-eight euros and eight cents) for the Chief Executive Director, and of EUR 308,080.20 (three hundred and eight thousand and eighty euros and twenty cents) for the remaining executive directors. No other fixed remuneration shall be added to this amount, without prejudice to "Other monetary and non-monetary benefits" described above.

The Fixed Remuneration of the executive directors shall be updated according to the Consumer Price Index (CPI) whenever there has been no nominal change in relation to the Fixed Remuneration paid at the end of the previous term of office. The update according to the CPI shall be carried out provided that it has not presented negative values and is applied from the first year of the term of office in which there was no nominal change in the remuneration. That is, if in the first year of the term of office started in year  $t$  there was no change in the nominal value of the fixed remuneration compared to the fixed remuneration paid at the end of the term of office of the previous year, then the update shall follow the equation below, which will be maintained year after year until new nominal update of the fixed remuneration:

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

Where:

$\text{CPI}_t$  = Consumer Price Index of year  $t$ .

## Variable component

The variable component of the remuneration is composed of a short-term and a medium-/long-term component, each component corresponding to 50% of the Variable Remuneration, as described below.

For payment purposes, the Variable Remuneration is divided into two components, each of them corresponding to 50% of the total Variable Remuneration granted with reference to the relevant annual period, as follows:

- A short-term variable remuneration (STVR), which is awarded and paid in cash within 30 days following the annual shareholders' meeting which approves the relevant annual accounts; and
- A medium-/long-term variable remuneration (MLTVR), which is awarded and paid under the terms and conditions established hereunder.

### Common requirements applicable to both components:

The allocation of the variable component of the remuneration only occurs after the approval of the accounts of each financial year, after the performance appraisal concerning the year to which the payment relates, and only occurs if there is compliance with the predefined objectives, measured using individual and corporate performance indicators, indexed to metrics of REN's strategic plan. The appraisal of the performance of executive directors shall be carried out by the Remuneration Committee, based on the opinion of the main shareholders of the Company, as well as the non-executive directors, considering a report to be prepared by the Nominations and Appraisals Committee by March of each year. The Audit Committee shall validate the figures that will serve as reference to such appraisal process by the end of March.

Considering the requirements and criteria applicable to the variable component of the remuneration and the value of the fixed remuneration, the maximum potential amount (annual gross value) of the variable remuneration may correspond to EUR 466,666 (four hundred and sixty-six thousand six hundred and sixty-six euros), for the Chief Executive Officer, and EUR 369,696 (three hundred and sixty-nine thousand six hundred and ninety-six euros), for the remaining executive directors, without prejudice to the evolution of the value of allocated remuneration units, as described below. This amount corresponds to a maximum potential amount, defined according to maximum performance goals which essentially envisage to motivate the management team. As mentioned above, these figures depend on the degree of achievement of the goals for a three-year term of office and on the performance appraisal to be carried out annually and are also subject to imponderable aspects related to the sector's and the country's context or the specificities of the business and of the Company.

## Non-executive directors

Non-executive directors (including the members of the Audit Committee) receive a fixed remuneration paid monthly and defined in line with the best practices of large companies in the Portuguese market, which is described as follows:

- An annual gross amount of EUR 80,807.88 (eighty thousand eight hundred and seven euros and eighty-eight cents) for the Vice-Chairman of the Board of Directors;
- An annual gross amount of EUR 75,757.44 (seventy-five thousand seven hundred and fifty-seven euros and forty-four cents) for the Chairman of the Audit Committee;
- An annual gross amount of EUR 60,606.00 (sixty thousand six hundred and six euros) for the remaining members of the Audit Committee;
- An annual gross amount of EUR 36,363.60 (thirty-six thousand three hundred and sixty-three euros and sixty cents) for the remaining non-executive directors;
- The members of the Corporate Governance Committee and the Nominations and Appraisals Committee received the following additional remuneration (except for the Chairman of the Board of Directors and/or the Chief Executive Officer, who does not receive any additional remuneration for the exercise of this functions):
  - i) Chairman: EUR 5,000.00 (five thousand euros); and
  - ii) Other members: EUR 3,000.00 (three thousand euros).

The Remuneration of the Non-Executive Directors shall be updated according to the CPI whenever there has been no nominal change in relation to the Fixed Remuneration paid at the end of an earlier term of office and follows the same rules applicable to the executive directors and already expressed above.

The remuneration of the non-executive members of the Board of Directors does not include the payment of any bonuses linked to REN's performance, or the payment of any costs, allowances or benefits.

The individualised and aggregated remuneration of members of the Board of Directors is explained in the table below:

| Name                    | Position                             | Fixed Remuneration  | Committees       | Variable Short Term | Variable Medium/Long Term Remuneration                             |                     | Total |
|-------------------------|--------------------------------------|---------------------|------------------|---------------------|--|---------------------|-------|
|                         |                                      |                     |                  |                     | regarding the financial years of 2016, 2017 and 2018, paid in 2020 |                     |       |
| Rodrigo Costa           | Chairman of the Board and CEO        | 388,888.08          |                  | 214,277.33          | 367,990.42   | 971,155.83          |       |
| João Faria Conceição    | Executive Director                   | 308,080.20          |                  | 169,752.19          | 291,524.90   | 769,357.29          |       |
| Gonçalo Morais Soares   | Executive Director                   | 308,080.20          |                  | 169,752.19          | 291,524.90   | 769,357.29          |       |
| Guangchao Zhu           | Vice-Chairman                        | 80,807.88           |                  |                     |  | 80,807.88           |       |
| Mengrong Cheng          | Director                             | 36,363.60           |                  |                     |  | 36,363.60           |       |
| Lequan Li               | Director                             | 36,363.60           | 6,000.00         |                     |  | 42,363.60           |       |
| Omar Al-Wahaibi         | Director                             | 36,363.60           | 3,000.00         |                     |  | 39,363.60           |       |
| Jorge Magalhães Correia | Director                             | 36,363.60           | 3,000.00         |                     |  | 39,363.60           |       |
| Manuel Sebastião        | Director/Chairman of Audit Committee | 75,757.44           | 5,000.04         |                     |  | 80,757.48           |       |
| Gonçalo Gil Mata        | Director/Member of Audit Committee   | 60,606.00           |                  |                     |  | 60,606.00           |       |
| Maria Estela Barbot     | Director/Member of Audit Committee   | 60,606.00           |                  |                     |  | 60,606.00           |       |
| José Luís Arnaut        | Director                             | 36,363.60           | 5,000.04         |                     |  | 41,363.64           |       |
| Ana Pinho (*)           | Director                             | 60,410.50           |                  |                     |  | 60,410.50           |       |
| <b>Total</b>            |                                      | <b>1,525,054.30</b> | <b>22,000.08</b> | <b>553,781.71</b>   | <b>951,040.22</b>  | <b>3,051,876.31</b> |       |

(\*) The amounts earned by the Director Ana Pinho correspond to the months of May to December 2019 and January to December 2020, as these amounts were only paid in 2020.

STVR paid in 2020 refers to the financial year of 2019.

Members of the Executive Committee were also awarded (but not paid) an additional remuneration parcel, as MLTVR referring to the financial year of 2019, set in RU. Considering that the REN share price on the date the MLTVR was set was EUR 2,439, the number of RU awarded to each member of the Executive Committee was as follows:

- Rodrigo Costa – 87,872.60 RU;
- João Faria Conceição – 69,613.36 RU and
- Gonçalo Morais Soares – 69,613.36 RU.

### Other sums paid for any reason

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.

### Remuneration paid in the form of profit sharing

There were no, nor are expected any, payments in the form of profit sharing and/or payment of bonuses, beyond the variable component of remuneration described above.

### Compensation paid or due to former executive directors

In 2020, there were no amounts due or paid in the form of compensation to former executive directors for the termination of their duties during such financial year.

### Remuneration of the Members of the Board of the General Meeting

The remuneration of the members of the Board of the General Meeting corresponds to an annual fixed amount which has the following values since 2016:

- For the Chairman, an amount of EUR 15,000.00 (fifteen thousand euros);
- For the Vice-Chairman, an amount of EUR 5,000.00 (five thousand euros);
- For the Secretary, an amount of EUR 3,000.00 (three thousand euros).

### Remuneration of the Statutory Auditor

The remuneration of the Statutory Auditor, proposed by the Audit Committee, is defined taking into account the criteria and remuneration practices for this type of service under normal market conditions and is not related to REN's performance.

### Agreements with remuneration implications

In the event of unfair dismissal or resignation by agreement of an Executive Director, no compensation, other than that legally owed, shall be due in the event of inadequate performance of that Executive Director.

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 period for which he/she was elected.

There are no agreements between REN and the members of the management body or officers (in the meaning of Article 3(1)(23) of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014) 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.

### Plans to allocate shares or stock options

There are no variable remuneration programmes or plans that consist of the awarding of shares, options to acquire shares or other incentive scheme based on a variation of the price of shares, notwithstanding the method for calculating the medium/long-term variable remuneration (MLTVR) for members of the management or supervisory bodies or officers, in the meaning of Article 3(1)(23) of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014.

### Retirement Benefits or equivalent

There is no retirement benefit system for the members of the management or supervisory bodies (or officers, in the meaning of Article 3(1)(23) of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014).

Furthermore, bearing in mind the objectives sought through the remuneration model stipulated herein, members of the management body 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.

### Control mechanisms available in a possible scheme for employee participation in the share capital

There are no schemes for employee participation in the Company's share capital.



## 8. ALIGNMENT OF THE GENERAL MEETING WITH THE REMUNERATION POLICY

At the annual General Meeting held on 7 May 2020, a 99.61% majority approved the Remuneration Committee's statement on the remuneration policy for members of the Corporate Bodies, in relation to 2019, which was expected to be adopted in 2020.

The level of approval obtained over the years proves that the remuneration policy designed and presented by the Remuneration Committee has earned the consensus of its shareholders, taking into account the percentage of approval obtained and expressed in the table below, which is adequate in a perspective of creating sustained value for stakeholders.

### GENERAL MEETING VOTE REGARDING THE REMUNERATION COMMITTEE STATEMENT ON THE REMUNERATION POLICY FOR CORPORATE BODIES

| DATE OF GENERAL MEETING | IN FAVOUR | AGAINST | ABSTENTIONS |
|-------------------------|-----------|---------|-------------|
| 7 May 2020              | 99.61%    | 0.39%   | -           |
| 3 May 2019              | 99.80%    | 0.20%   | -           |
| 3 May 2018              | 99.88%    | 0.12%   | -           |
| 11 May 2017             | 99.25%    | 0.75%   | -           |
| 13 April 2016           | 99.73%    | 0.27%   | -           |

## 9. CONCLUSION

Remuneration Committees face today a considerable set of challenges, often expressed at General Meetings and even in the media. The value of the respective remuneration, clarity in the relationship between compensation and performance, among other issues, are topics discussed outside the stricter scope of the Remuneration Committees.

The vectors of REN's remuneration policy, explained in detail in this report, are based on clear principles that ensure both transparency and intelligibility of the model.

The prior clarification of the role of each member of the Board of Directors is an important element in the definition of this policy. In addition, there is an awareness that compensation, although truly relevant, is only one of the elements that influence the behaviour of executive members, through variable remuneration, and that other aspects, such as career and individual satisfaction of success, should not be overlooked.

The weight of the Board of Directors' remuneration vis-à-vis that of employees has a reduced percentage.

The model of REN, providing for a relationship between performance and compensation, seeks to ensure that the achievement of KPIs (Key Performance Indicators) depends, as much as possible, on the direct action of the respective executive members.

There is concern about an alignment between executive remuneration and the creation of value for shareholders, without prejudice to the understanding that this analysis must be relative since the evolution of the share price depends on several other forces exogenous to the Company.

The Company's compensation model is aware that there is a specific market for executives and that their attraction/retention presupposes an alignment with that same market.

The remuneration of executive members has incorporated the risk associated with compliance with KPIs, which may fluctuate positively or negatively over the years.

The Remuneration Committee, besides being composed of independent members, has full power to propose to shareholders the respective remuneration policy for members of the Corporate Bodies and any revisions thereto. However, as independent members, they must ensure the monitoring of the activity by meeting, throughout the year, with members of the Board of Directors, and they may be supported, whenever deemed appropriate, by external consultants.

The Remuneration Committee, as responsible for the design of the compensation plan, has managed to ensure, over time, total alignment with the shareholders, which is reflected in the almost unanimous vote of the General Meeting regarding the approval of this policy.

In summary, REN's compensation model, as shown above, complies with all the good practices instituted by Corporate Governance bodies in the vectors of:

- Transparency of the compensation amounts and respective business context;
- Independency of the body responsible for defining the compensation policy;
- Alignment with shareholders;
- Objectives adjusted to the strategic plan, ensuring medium- and long-term sustainability;
- Accountability of executives in the medium and long term, namely through the *malus* clause.



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