

# Financial 2009

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Unofficial Translation

This is an unofficial translation of the proposal indicated below and it has been prepared for information purposes only. In the case of any discrepancy between this translation and the Portuguese version, the Portuguese version will prevail.

**REN - Redes Energéticas Nacionais, SGPS, S.A.**



# 0. Statement of compliance



## 0. Statement of compliance

REN - REDES ENERGÉTICAS NACIONAIS, SGPS, S.A. (hereinafter "REN" or the "Company"), being an issuer of shares listed in the NYSE Euronext Lisbon (Eurolist by Euronext) securities market, is subject to the Portuguese Securities Market Commission (CMVM) Regulation no. 1/2007, published in the Official Gazette ("Diário da República") no. 224, II Series, Part E, of 21 November 2007, and to the corporate governance recommendations contained in the "Corporate Governance Code" approved by CMVM on September 2007, which is available on the CMVM's website at [www.cmvm.pt](http://www.cmvm.pt).

Within this context, REN adopts in full the said CMVM recommendations on matters of corporate governance contained in CMVM's Corporate Governance Code, with the sole exception of the one mentioned in paragraph I.4.1 of the said code, which is not adopted due to the reasons mentioned below. The chart below schematically identifies CMVM's Recommendations provided in the Corporate Governance Code and mentions those that were fully adopted by REN and the one that was not, indicating as well the place in this report where a more detailed description of their adoption may be found.

### Recommendations provided in the Corporate Governance Code

Recommendation/chapter (1)	Degree of compliance	Description in this report
<b>I. General meeting</b>		
<b>I.1 Board of the general meeting</b>		
I.1.1 The chairman of the general meeting shall have the necessary human and logistical resources, considering the company's economic situation.	Adopted	4.6
I.1.2 The compensation paid to the chairman of the general meeting shall be disclosed in the annual corporate governance report.	Adopted	6.1
<b>I.2 Participation in the general meeting</b>		
I.2.1 The period for depositing or blocking shares prior to participating in a general meeting imposed by the articles of association shall not exceed five business days.	Adopted	4.5
I.2.2 If a general meeting is suspended, the company shall not oblige shareholders to block shares for the whole period until the session is resumed. The ordinary period required for the first convening date shall suffice.	Adopted	4.5
<b>I.3 Voting and exercising voting rights</b>		
I.3.1 Companies may not impose any statutory restriction on postal voting.	Adopted	4.2
I.3.2 The statutory deadline for receiving early voting ballots by mail shall not exceed 3 business days.	Adopted	4.2
I.3.3 The company's articles of association shall provide for the one share-one vote principal.	Adopted	4.3



Recommendation/chapter (1)	Degree of compliance	Description in this report
<b>I.4 Quorum and resolutions</b>		
I.4.1 Companies shall not set a constitutive or deliberating quorum that outnumbers that which is prescribed by Law.	Not adopted	4.7 (The constitutive and deliberative quorum for a first convening date general meeting is 51% and the deliberative quorum at a second session for decisions on amendments to the Articles of Association, demerger, merger, restructuring or dissolution is two-thirds of the votes cast in order to ensure that the shareholders are properly represented.)
<b>I.5. Minutes and information on resolutions passed</b>		
I.5.1 The minutes of the general meetings shall be made available to shareholders on the company's website within a 5 day period, irrespective of the fact that such information may not be legally classified as material information. The list of attendees, agenda items of the minutes and resolutions passed during such meetings shall be kept on file on the company's website for a 3 year period.	Adopted	4.8
<b>I.6 Measures on corporate control</b>		
I.6.1 Measures aimed at preventing successful takeover bids, shall respect both the company's and the shareholders' interests.	Adopted	5.9
I.6.2 In observance to the principle of the previous sub-paragraph, the company's articles of association that restrict/limit the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the general meeting, (5 year intervals, at least) on whether that statutory provision is to prevail - without super quorum requirements as to the one legally in force - and that in said resolution, all votes issued be counted, without applying said restriction.	Non applicable	4.1
I.6.3 In cases such as change of control or changes to the composition of the board of directors, defensive measures should not be adopted that instigate an immediate and serious asset erosion in the company, and further disturb the free transmission of shares and voluntary assessment of the performance of the board of directors by the shareholders.	Adopted	5.9





Recommendation/chapter (1)	Degree of compliance	Description in this report
<b>II. Managing and supervisory boards</b>		
<b>II.1. General points</b>		
<b>II.1.1. Structure and duties</b>		
II.1.1.1 The board of directors shall assess the adopted model in its governance report and pin-point possible hold-ups to its functioning and shall propose measures that it deems fit for surpassing such obstacles.	Adopted	1.1 5.1 5.2 5.3 5.4
II.1.1.2 Companies shall set up internal control systems in order to efficiently detect any risk to the company's activity by protecting its assets and keeping its corporate governance transparent.	Adopted	5.8
II.1.1.3 The Management and supervisory boards shall establish internal regulations and shall have these disclosed on its website.	Adopted	5.5
<b>II.1.2 Governance incompatibility and independence</b>		
II.1.2.1 The board of directors shall include a number of non-executive members that ensure the efficient supervision, auditing and assessment of the executive members' activity.	Adopted	5.2
II.1.2.2 Non-executive members must include an adequate number of independent members. The size of the company and its shareholder structure must be taken into account when devising this number and may never be less than a fourth of the total number of directors.	Adopted	5.2
<b>II.1.3 Eligibility criteria for appointment</b>		
II.1.3.1 Depending on the applicable model, the chair of the audit committee, the audit committee or the financial matters committees shall be independent and be adequately capable to carry out its duties.	Adopted	5.4
<b>II.1.4 Policy on the reporting of irregularities</b>		
II.1.4.1 The company shall adopt a policy whereby irregularities occurring within the company, are reported. Such reports should contain the following information: i) the means through which such irregularities may be reported internally, including the persons that are entitled to receive the reports; ii) how the report is to be handled, including confidential treatment, should it be required by the reporter.	Adopted	5.10
II.1.4.2 The general guidelines on this policy should be disclosed in the corporate governance report.	Adopted	5.10



Recommendation/chapter (1)	Degree of compliance	Description in this report
<b>II.1.5. Remuneration</b>		
II.1.5.1 The remuneration of the members of the board of directors shall be aligned with the interests of the shareholders. Thus: i) The remuneration of directors carrying out executive duties should be based on performance and a performance assessment shall be carried out periodically by the competent body or committee; ii) the variable remuneration shall be consistent with the maximization of the long term performance of the company, and shall be dependent on sustainability of the levels of the adopted performance; iii) when the remuneration of non-executive members of the board of directors is not legally imposed, a fixed amount should be set.	Adopted	6.2 6.3 6.4
II.1.5.2 The remuneration committee and the board of directors shall submit a statement on the remuneration policy to be presented at the annual shareholders general meeting on the management and supervisory bodies and other directors as provided for in article 248/3/b of the Portuguese Securities Code. The shareholders shall be informed on the proposed criteria and main factors to be used in the assessment of the performance for determining the level (share bonuses; option on share acquisition, annual bonuses or other awards).	Adopted	6.4
II.1.5.3 At least one of the remuneration committee's representatives shall be present at the annual shareholders' general meeting.	Adopted	6.5
II.1.5.4 A proposal shall be submitted at the general meeting on the approval of plans for the allotment of shares and/or options for share purchase or further yet on the variations in share prices, to members of the management and supervisory boards and other directors within the context of article 248/3/B of the Portuguese Securities Code. The proposal shall mention all the necessary information for its correct assessment. The proposal shall contain the regulation plan or in its absence, the plan's general conditions. The main characteristics of the retirement benefit plans for members of the management and supervisory boards and other directors within the context of article 248/3/B of the Portuguese Securities Code, shall also be approved at the general meeting.	Non applicable	6.6





Recommendation/chapter (1)	Degree of compliance	Description in this report
II.1.5.5 The remuneration of the members of the management and supervisory boards shall be individually and annually disclosed and, information on fixed and variable remuneration must be discriminated as well as any other remuneration received from other companies within the group of companies or companies controlled by shareholders of qualifying holdings.	Adopted	6.7
<b>II.2. Board of directors</b>		
II.2.1 Within the limits established by Law for each management and supervisory structure, and unless the company is of a reduced size, the board of directors shall delegate the day-to-day running and the delegated duties should be identified in the annual report on corporate governance.	Adopted	1.6 1.7 5.3 5.4
II.2.2 The Board of Directors shall ensure that the company acts in accordance with its goals, and should not delegate its duties, namely in what concerns: i) definition of the company's strategy and general policies; ii) definition of the corporate structure of the group; iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.	Adopted	1.5
II.2.3 Should the chair of the board of directors carry out executive duties, the board of directors shall set up efficient mechanisms for coordinating non-executive members that can ensure that these may decide upon, in an independent and informed manner, and furthermore shall explain these these mechanisms to the shareholders in the corporate governance report.	Adopted	5.2
II.2.4 The annual management report shall include a description of the activity carried out by the non-executive committee members and shall mention any restraints encountered.	Adopted	5.2
II.2.5. The management body should promote member replacement for financial matters at least after a 2 year mandate.	Adopted (The board of directors was only elected in March 2007)	
<b>II.3 Chief executive officer (CEO), executive committee and executive committee of directors</b>		
II.3.1 When directors that carry out executive duties are requested by other board members to supply information, the former shall do so in a timely manner and the information supplied must adequately suffice the request made.	Adopted	5.3



Recommendation/chapter (1)	Degree of compliance	Description in this report
II.3.2 The chair of the executive committee shall send the convening notices and minutes of the meetings to the chair of the board of the directors and, when applicable, to the chair of the supervisory board or the auditing committee.	Adopted	5.3
II.3.3 The chair of the executive committee of directors shall send the convening notices and minutes of the meetings to the chair of the general and supervisory board and to the chair of the financial matters committee.	Non applicable	
<b>II.4. General and supervisory board, financial matters committee, audit committee and audit committee</b>		
II.4.1 Besides fulfilling its supervisory duties, the general and supervisory board shall advise, follow-up and carry out on an on-going basis, the assessment on the management of the company by the executive committee of directors. Besides other subject matters, the general and supervisory board shall decide on: i) definition of the strategy and general policies of the company; ii) the corporate structure of the group; and iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.	Non applicable	
II.4.2 The annual reports and financial information on the activity carried out by the general and supervisory committee, the financial matters committee, the audit committee and the audit committee shall be disclosed on the company's website together with the financial statements.	Adopted	5.4
II.4.3 The annual reports on the activity carried out by the general and supervisory board, the financial matters committee, the audit committee and the audit committee shall include a description on the supervisory activity and shall mention any restraints that they may have come up against.	Adopted	5.4
II.4.4 The financial matters committee, the audit committee and the audit committee (depending on the applicable model) shall represent the company for all purposes at the external auditor, and shall propose the services supplier, the respective remuneration, ensure that adequate conditions for the supply of these services are in place within the company, as well as being the liaison officer between the company and the first recipient of the reports.	Adopted	5.4
II.4.5 According to the applicable model, the committees for financial matters, audit committee and the audit committee, shall assess the external auditor on an annual basis and advise the general meeting that he/she be discharged whenever justifiable grounds are present.	Adopted	1.7 5.4 Annex IV



Recommendation/chapter (1)	Degree of compliance	Description in this report
<b>II.5. Specialized committees</b>		
II.5.1 Unless the company is of a reduced size and depending on the adopted model, the board of directors and the general and supervisory committees, shall set up the necessary committees in order to:	Adopted	1.1 5.1 5.6
i) ensure that a competent and independent assessment of the executive directors' performance is carried out, as well as its own overall performance and further yet, the performance of all existing committees;		
ii) study the adopted governance system and verify its efficiency and propose to the competent bodies, measures to be carried out with a view to its improvement.		
II.5.2 Members of the remuneration committee or alike, shall be independent from the members of the board of directors.	Adopted	1.8
II.5.3 All the committees shall draw up minutes of the meetings held.	Adopted	1.7 1.8 5.3 5.4
<b>III. Information and auditing</b>		
<b>III.1 General disclosure duties</b>		
III.1.1 Companies shall maintain permanent contact with the market thus upholding the principle of equality for shareholders and ensure that investors are able to access information in a uniform fashion. To this end, the company shall create an Investor Assistance Unit.	Adopted	2.1 2.2
III.1.2 The following information that is made available on the company's Internet website, shall be disclosed in the English language:	Adopted	2.3
a) The company, public company status, headquarters and remaining data provided for in article 171 of the Commercial Companies Code;		
b) Articles of association;		
c) Credentials of the members of the corporate bodies and the Market Liaison Officer;		
d) Investor Assistance Unit - its functions and access tools;		
e) Accounts reporting documents;		
f) Half-Yearly calendar on company events;		
g) Convening notices of the general meetings.		
(1) Chapter means that the reference is made to CMVM's Corporate Governance Code.		

### Statement relating to compliance of the independence criteria

Taking the independence appraisal criteria provided in article 414(5) of the Portuguese Companies Code, REN's board of directors considers the following non executive directors independent:

José Isidoro d'Oliveira Carvalho Neto  
 José Luís Alvim Marinho  
 (Chairman of the audit committee)  
 José Frederico Vieira Jordão  
 (Member of the audit committee)  
 Fernando António Portela Rocha de Andrade  
 (Member of the audit committee)

Within the scope of the board of directors, only members of the audit committee comply with the requirements provided in article 414-A(1), of the Portuguese Companies Code (with exception of paragraph b), which does not apply) regarding the inexistence of incompatibility for those members to hold their respective offices. One should note that the incompatibilities regime provided in article 414-A(1), of the Portuguese Companies Code only applies to members of the supervisory body which comply with the requirements provided in the said legal provision.



# 1. Corporate governance structure

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## 1.1 Corporate governance model of REN - Redes Energéticas Nacionais, SGPS, S.A.

REN's corporate governance structure, as a form of organizing and running the company, is a relevant, stimulating factor in the pursuit of the goals and objectives of the company and its business group, in line with its social and economic position in the energy sector and the public service status of most of its activities under the concessions granted to it. The recent public offer for sale of REN's share capital in mid-2007 in the first phase of its reprivatization and consequent admission to trading of 49% of this capital, thereby making REN a listed company, was a reason and particularly important opportunity to foster reflection on the company's corporate organization model.

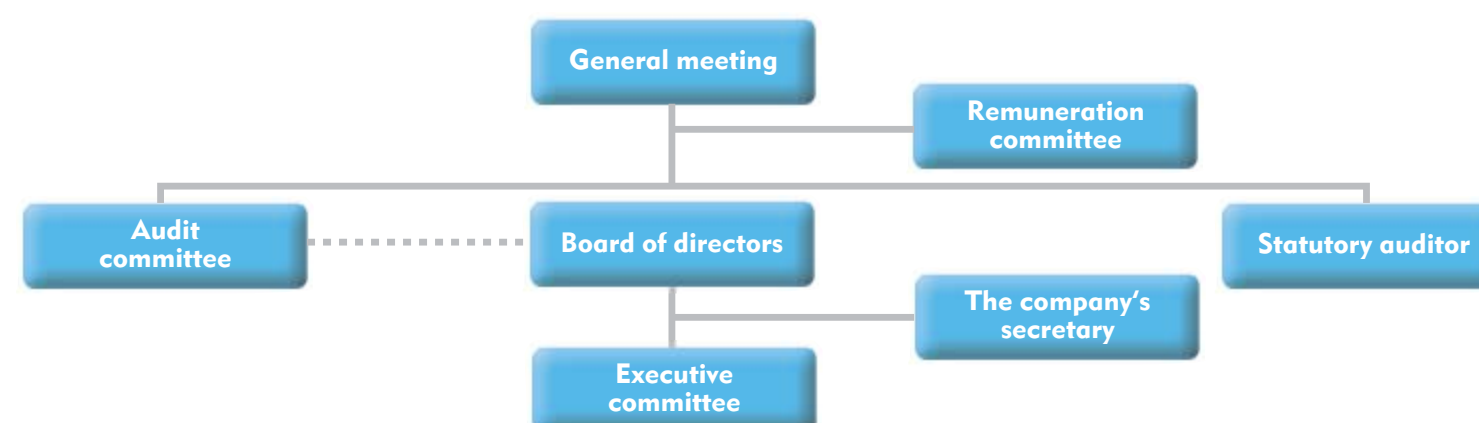
The different organizational models in the company's life in Portugal and abroad and the best practices recommended by the capital market regulators were monitored and considered. The purpose was to define a model that would not only abide by legal and regulatory criteria and requirements applicable to companies with shares quoted in a regulated market but would also take into account the specificities of REN's positioning in the energy sector. REN's shareholders therefore decided to approve amendments to REN's articles of association prior to its acquisition of the status of a listed company. This involved adopting the basic principles of good corporate governance, such as transparency, separation of functions, prevention of conflicts of interest and specialization of supervision and control. These amendments resulted in a corporate governance model by which the board of directors is responsible for directing the company, the executive committee is in charge of its management and the audit committee is charged with supervising and monitoring its activity. The statutory auditor examines the company's financial statements.

The model is based on a corporate balance that takes into account the shareholders' role in choosing the management body and supervisory bodies and the need for efficient, professional management that will enable the company's business to thrive. The shareholders are jointly responsible for electing the board of directors, from which the audit committee is chosen, and for appointing the chairman of the managing and supervisory bodies. The board of directors is responsible for appointing the members of the executive committee, including its chairman. The year 2009 provided a new opportunity to verify the adequateness and the balance of the corporate

governance model that REN specifically applied to the group's operational requirements in the areas of electric power and gas in which it is involved, there being no reasons to justify the introduction of any changes in the said organization model during the relevant mandate.

In order to provide a better understanding of the way REN is organized and operates in respect of corporate governance, the company has made available to the general public the updated articles of association, as well as the corporate bodies' regulations in its website at [www.ren.pt](http://www.ren.pt).

## 1.2 The Group's corporate bodies



## 1.3 General meeting

The general meeting is the company's maximum authority and is composed of all the shareholders. The general shareholders' meetings is responsible for electing and dismissing its chairman and vice - chairman, the members of the managing and supervisory bodies, the statutory auditor and the members of the remuneration committee. It also approves the annual report and accounts, the proposal for appropriation of profits and the audit committee's opinion, decides on amendments to REN's articles of association, authorizes the board of directors to purchase or sell assets, rights or shareholdings with an economic value higher than 10% of the company's fixed assets and to authorize the board of directors to purchase and sell the company's own shares. In general, the general

meeting also decides on any matters for which it has been convened, all matters for which it is responsible by law or under REN's articles of association and those that do not fall within the remit of the company's other bodies.

For the general meeting to be able to meet and make decisions, shareholders owning at least 51% of the share capital must be present or represented at the first convening date. At the first or second session, amendments to REN's articles of association, demerger, merger, transformation or winding-up of the company are only deemed to be approved if they obtain two-thirds of the votes cast.

Until the current mandate lapses, the board of the general meeting has the following composition:

Name	Age	Position
José Manuel Ribeiro Sérvulo Correia	72	Chairman
Duarte Vieira Pestana de Vasconcelos	52	Vice-chairman
Pedro Cabral Nunes	43	Company's secretary

## 1.4 Members of the board of directors

The board of directors consists of thirteen members, three of whom are on the audit committee.

The board of directors which is currently holding office until the end of the mandate (2007-2009) is composed by the members elected at REN's general meeting of 28 March 2007, the members elected at the 2008 annual general meeting and the members which have been co-opted, its current composition being as follows:

Name	Age	Position
José Rodrigues Pereira Penedos	64	Chairman (suspended)
Rui Manuel Janes Cartaxo	57	Acting chairman
Aníbal Durães dos Santos	62	Director
Vítor Manuel da Costa Antunes Machado Baptista	57	Director
João Caetano Carreira Faria Conceição	35	Director
Luís Maria Atienza Serna	52	Director
Gonçalo José Zambrano de Oliveira	39	Director
Manuel Carlos Mello Champalimaud	63	Director
José Isidoro d'Oliveira Carvalho Neto	64	Director
Filipe de Botton	51	Director
José Luís Alvim Marinho	57	Chairman of the audit committee
José Frederico Vieira Jordão	64	Member of the audit committee
Fernando António Portela Rocha de Andrade	38	Member of the audit committee

Annex I contains a more detailed description of the members of the management body currently in office. The chairman of the board of directors, Mr. José Rodrigues Pereira dos Penedos, was suspended from the exercise of its management duties on 25 November 2009, following the coercive measures ordered by the Court of Aveiro, and the board of directors, by unanimous resolution dated as of 27 November 2009, appointed Mr. Rui Manuel Janes Cartaxo to serve as chairman of the board of directors in place and chief executive officer until the election of new members of the board, to be held at the next annual general meeting.

Up until 30 March 2009, Fernando Henrique Viana Soares Carneiro served as REN's director, being member of the executive committee, having resigned from his position with immediate effect as of that date.

Following the aforesaid resignation, director João Caetano Carreira Faria Conceição was co-opted to carry out such duties, further to a unanimous resolution of the board dated 11 May 2009.

## 1.5 Responsibilities of the board of directors

The board of directors is responsible, particularly, for:

- Setting the company's management goals and policies;
- Drafting annual financial and business plans;
- Managing business affairs and performing all the acts and operations relating to the corporate purpose that do not fall within the duties of other corporate bodies of REN;
- Representing REN in or out of court, as plaintiff or defendant, in which capacity it may discontinue, reach a compromise or accept liability in any legal proceedings, and execute arbitration agreements;
- Acquiring, selling or by any manner transferring or creating encumbrances over rights or real state and any other types or assets;
- Incorporating companies and subscribing for, acquiring, creating encumbrances over and transferring stakes;
- Presenting to the general meeting proposals on long and medium term financing;
- Presenting to the general meeting proposals on the acquisition of own shares, in accordance with the applicable legal restrictions;
- Establishing the technical and administrative organization and the standards for the internal operation, notably concerning personnel and their remuneration
- Appointing the company secretary and the substitute;
- Granting powers of attorney, as deemed appropriate, including those of sub-delegation
- Performing any other duties conferred on it by law or by the general shareholders' meeting.

Under article 15(2) of REN's articles of association, the board of directors shall submit to the prior approval of the general shareholders' meeting the acquisition and transfer of assets, rights or shareholdings with an economic value higher than 10% of the company's fixed assets.

The chairman of the board of directors is chosen by the general shareholders' meeting, among the elected directors, and holds casting vote. The board of directors determines which of its members replaces the chairman, in case of absence or impairment. The director that acts in replacement of the Chairman also holds casting vote.

Under article 17 of REN's article of association, the chairman of the board of directors is incumbent to:

- Represent the board of directors;
- Coordinate the activity of the board and convene and preside the respective meetings;
- Oversee the correct execution of the approved resolutions.

## 1.6 Executive committee

The executive committee is REN's management body. Its composition and management powers are established by the board of directors. Under article 407(3) and 407(4) of the Portuguese Securities Code and Article 16 of REN's articles of association, the board of directors decided on 13 April 2007, to delegate the company's day-to-day management to an executive committee then composed of five members.

Until 25 November 2009, Mr. José Rodrigues Pereira dos Penedos served as chief executive officer, having been suspended from the exercise of its duties by order of the Court of Aveiro, in the context of on-going legal proceedings.

Following the chief executive officer's suspension, the executive committee was dissolved, having been appointed, by unanimous vote of the board of directors on 27 November 2009, a new four-member executive committee chaired by Mr. Rui Manuel Janes Cartaxo. Until 30 March 2009, director Fernando Henrique Viana Soares Carneiro was part of the REN's executive Committee, having resigned from his position with immediate effect as from that date.

Following the aforesaid resignation, the director João Caetano Carreira Faria Conceição was co-opted to carry out such duties, by unanimous vote of the board dated 11 May 2009.

Therefore, the current composition of the executive committee, in which every member bore office in exclusiveness, is the following:

Name	Position
Rui Manuel Janes Cartaxo	Chairman
Aníbal Durães dos Santos	Member
Vítor Manuel da Costa	Member
Antunes Machado Baptista	
João Caetano Carreira Faria Conceição	Member



Under the decision to set up and delegate powers to the executive committee, the everyday management powers, within the limits fixed every year in the operating budget and strategic plan submitted by the executive committee and approved by board of directors, include the following:

- Establishing the company's functional and administrative organization, in-house rules, including those governing human resources and their compensation, and internal control systems and procedures;
- Implementing operating budgets and medium and long-term investment and development plans;
- Negotiating, signing, amending and terminating any contracts, including, among others, contracts for the purchase or sale of assets or rights, service contracts, employment contracts and bank contracts, such as those for financing of REN or group companies except for medium- or long-term loan contracts;
- Purchasing, selling or encumbering (except in the case of real guarantees) the company's fixed assets;
- Leasing or letting any property or parts thereof;
- Coordinating the activity of REN's subsidiaries and issuing binding instructions under the law to those owned 100%;
- Managing the shareholdings owned by REN, including appointing representatives to management bodies and laying down guidelines for their actions;
- Representing the company actively and passively in and out of court, proposing and pursuing lawsuits or arbitration, with the power to concede, acquiesce and plead in any suits and to sign arbitration agreements;
- Opening, using and closing bank accounts and;
- Appointing proxies with the powers that it sees fit.

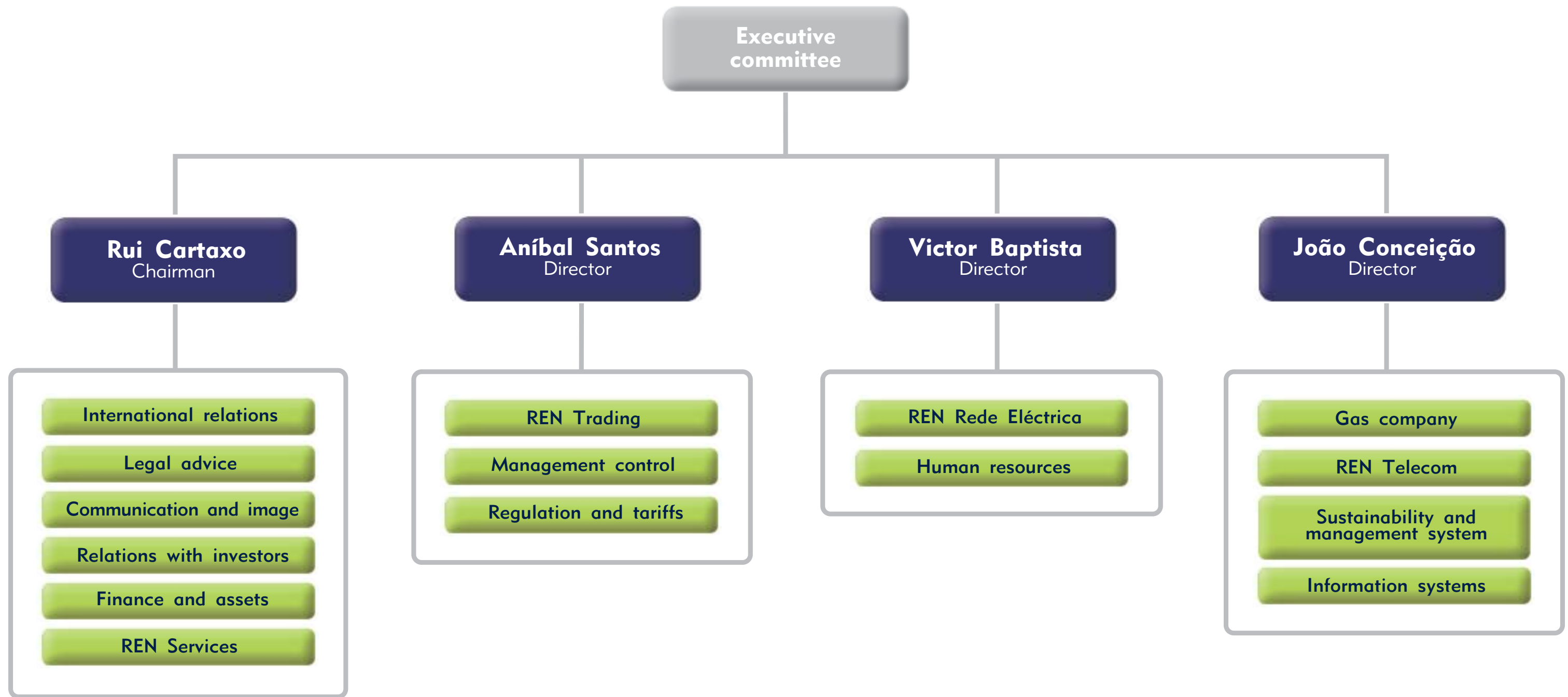
Under the terms provided for in article 407(4) and 407(8) of the Portuguese Companies Code and the mentioned resolution, delegation of powers to the executive committee does not exclude the power of the board of directors to resolve in delegated matters, nor does it cover the following matters:

- Appointment of the chairman of the executive committee;
- Co-optation of directors;
- The request of notice to convene of the general shareholders' meetings;
- The approval of the report and annual accounts to submit to the general shareholders' meeting;
- The approval of semi-annual and quarter accounts to be published under the terms applicable by law;



- The lodging of bond and personal or *in rem* guarantees by the company;
- The transfer of the registered office and the performance of social capital increases;
- The approval of merger, demerger and transformation of REN.

In view of the optimization of the management efficiency, the members of the executive committee distributed among themselves the responsibility for the direct accompaniment of specific performance areas of the company, under the terms presented in the following graphic:





## 1.7 Audit committee

The supervision of the company's business is the responsibility of an audit committee with three members who also belong to the board of directors. The current members of the audit committee are:

Name	Position
José Luís Alvim Marinho	Chairman
José Frederico Vieira Jordão	Member
Fernando António Portela Rocha de Andrade	Member

The audit committee has the powers and the duties provided for in law and in the articles of association. The audit committee shall in particular be responsible:

- To supervise the management of the company and the compliance with the law and the articles of association;
- To verify the accuracy of the accounting documents and auditing the respective revision;
- To supervise the preparation and disclosure of financial information;
- To propose to the general shareholders' meeting the appointment of the statutory auditor;
- To call the general shareholders' meeting whenever the Chairman of the board of the general shareholders' meeting does not do it, despite it being its obligation.

The audit committee shall prepare the activity report annually and shall give opinion concerning the board of directors' report.

## 1.8 Remuneration committee

The remuneration committee proposes to the shareholders' the principles of the remuneration policy of the corporate bodies, as well as establishes the respective annual remunerations, including the respective remuneration supplements. The members of the remuneration committee elected until the end of the mandate (2007-2009) are: João Manuel de Castro Plácido Pires, chairman, Francisco Manuel Marques Bandeira and José Alexandre de Oliveira. At the general meeting held on 30 March 2009 a statement on remuneration policy of the management and supervisory bodies and for the remaining managers pursuant to article 248-B(3) of the Portuguese Securities Code was submitted to the shareholders consideration. The remuneration committee's members are independent from the management. To that extent, the remuneration committee does not include any member of another governing body which remuneration it determines. Its three members do not have a family tie with members of other bodies, while spouses or husbands, relative and kin in a direct line, up to and including the 3rd degree. Minutes of every meeting of the remuneration committee are drawn up.

## 1.10 Company secretary

The company secretary and his/her substitute are appointed by the board of directors and their office ceases with the end of the mandate of the members of the board of directors that designated him/her. The secretary keeps the minutes of the meetings of the corporate bodies, certifies their acts and the powers of their members, answers shareholders' requests for information and certifies copies of the minutes and other company documents. Until the end of the current mandate of 2007-2009, the secretary and substitute are:

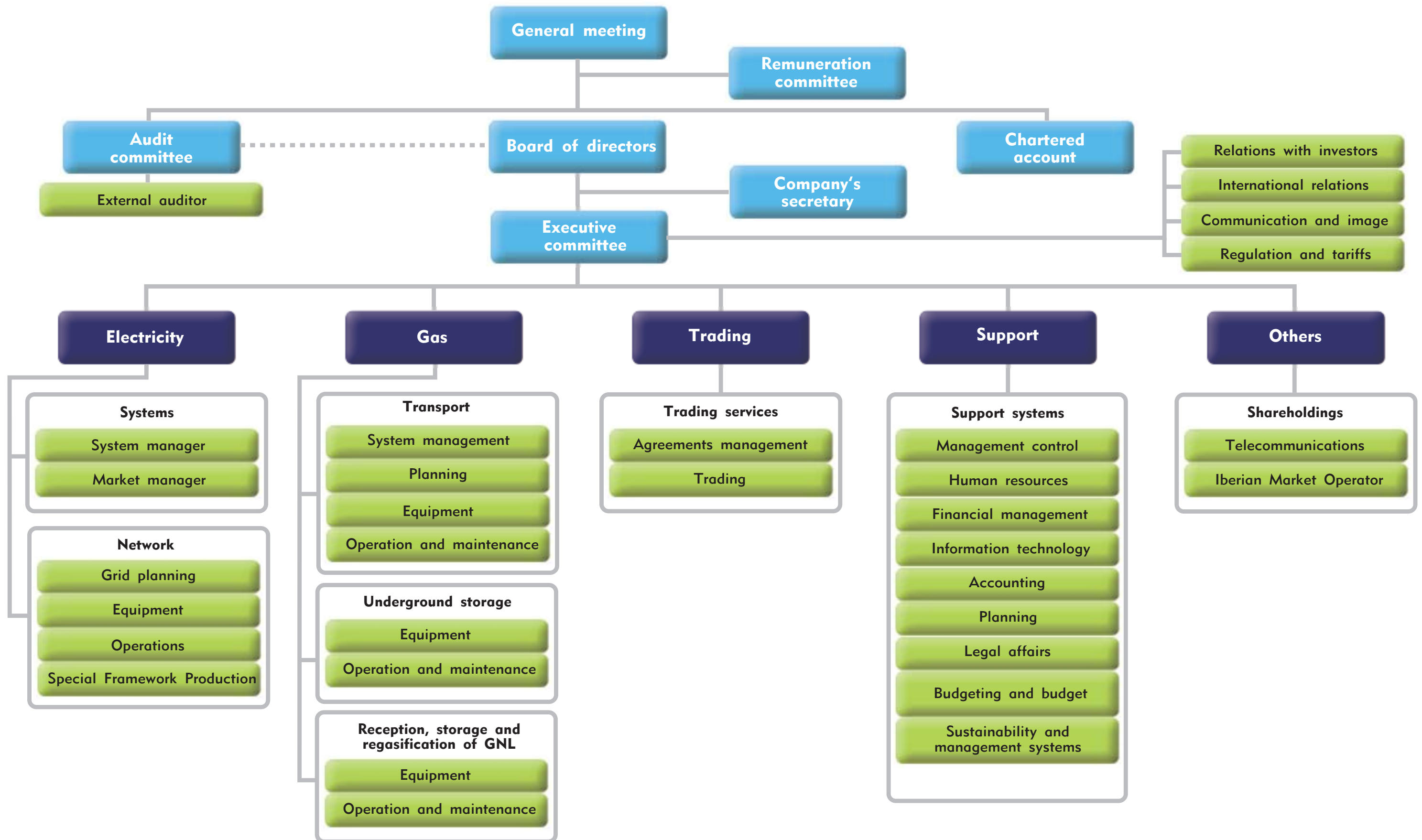
Name	Position
Pedro Cabral Nunes	Secretary
Daniela Alexandra Pinto Pizarro de Sá	Substitute

## 1.9 Statutory auditor

The statutory auditor is responsible for conducting the necessary examinations and checks for the legal auditing and certification of the accounts. The company's current statutory auditor is J. Monteiro e Associados, SROC, a certified auditing firm registered with the Statutory Auditors Association under no. 169 and at the CMVM under no. 9155, represented by José Manuel Carlos Monteiro (licence no. 592). The substitute statutory auditor is Salvador Figueiredo Vás e Lima, registered with the statutory auditors Association under no. 543.



### 1.11 Organizational chart





## 2. Market relations

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## 2.1 Obligation to provide information

REN ensures permanent contact with the market, abiding to the principle of equality of shareholders and preventing asymmetries in access to information by investors. REN therefore endeavors to provide all relevant information on the progress of its activities and results achieved transparently and consistently through constant contact with shareholders, capital market investors and financial analysts, with special attention to the criteria used in the provision of regular information in order to promote an easy comparison of information between reporting periods. REN considers that investors must have at their disposal all information that may influence their investment (or disinvestment) decisions. Within this context, the availability of easy to access and transparent information constitutes a basic principle for REN, that will allow a general knowledge on the company's real situation and activity. Therefore, REN uses its website, at [www.ren.pt](http://www.ren.pt), as a vehicle for that information, which is regularly updated.

## 2.2 Investor Relations Office (IRO)

The Investor Relations Office (IRO) was set up in July 2007, devoted exclusively to the relations with investors and the market in general, under the coordination of the representative for the liaison with the market, Mr. Rui Manuel Janes Cartaxo, who acts, simultaneously, as chief financial officer (CFO) and chairman of the board of directors. The IRO reports directly to the CFO and its main duties are:

- a) To guarantee the timely fulfillment of obligations to the Portuguese Securities Market Commission and other financial authorities;
- b) To coordinate, prepare and release all information provided by the REN group, in the form of disclosure of relevant circumstances and other market communications or the publication of periodic financial statements;
- c) To pass on feedback to the executive committee from institutional investors on operational or strategic issues and potential implementation;
- d) To systematically monitor analysts' research to ensure a correct assessment of the company's strategy and results;
- e) To prepare and constantly monitor competitors' and the peer group's financial and operating benchmarks;
- f) To attract potential institutional investors and more financial analysts;
- g) To develop and maintain the investor relations page on the company's website.

### Activity in 2009

The activity in the year 2009 was marked by additional issue of debt instruments under the Euro Medium Term Notes (EMTN) and before the European Investment Bank, by the completion of the first Investor Day, by the upward revision of the Investment Plan for the period of 2009 to 2014 and, finally, by the announcement of a new piece of pipeline that includes a new interconnection of natural gas. The develop market agreement executed last year with the Global Investment Bank was also renewed and, between the months of February and August, a program of acquisition of own shares for the establishment of an own portfolio was implemented. All presentations of results, annual and interim, were led by the CFO and were followed by conference call's moderated by the IRO. Analysts and investors

were able to submit their questions directly and discuss the group's results; upon request and through meetings, the IRO has provided more than a hundred explanations to investors and shareholders in person, by telephone and by email.

The activity of IRO, which, in 2009, had as its central purpose increase the visibility of the company (compared to the business plan of 2008), also included the presence in several events held in Portugal and in major financial centers like London, Paris, Madrid, New York and even meetings with investors in Edinburgh and Sardinia.

Overall, there have been over 80 meetings (70 last year) in thirteen events carried out by 11 different promoters (8 last year), which were attended by over 150 domestic and foreign investors (in 100 years earlier). It must be also highlighted the completion of the first Investor Day held at the company's offices in Bucelas, numerous conference calls and the participation in the first Forum of Savings and Investment.

REN regularly releases information before the opening or after the closing of Euronext Lisbon<sup>1</sup>, making it available at the CMVM information system and on REN's institutional website, in the area of the relations with investors. Information is also provided by email to all those asking to be placed on the IRO mailing list, such as shareholders, investors, analysts, news agencies or international mass media, such as Reuters or Bloomberg, or anyone requesting it through the email address posted on the website and indicated in all IRO publications. During the year 2009, there were new 60 registries in REN's website through the option "receive alerts". Additionally, one may request to this office all the public information about the REN group, through the contact page on the site, by phone, email, fax or mail.

concessions, the main business areas and strategy. It also includes information on certification of quality, environment and safety, listing of shares held by REN within projects having as purpose the management and operation of the national energy transportation, sustainability, and, finally, an area for employment opportunities.

- Corporate governance  
This contains the composition of the corporate bodies and of the board of directors, the company's regulations and Articles of Association and full information on general meetings, such as invitations, motions and participation and voting conditions. It also contains information on general meetings in previous years, the corporate governance report, the code of conduct and the audit committee's report.

- Shareholder information  
This contains all announcements of relevant circumstances and other communications (after publication in the CMVM information system), key indicators, annual, semi-annual and quarterly results and the respective results, consolidated accounts reports and shareholding structure, company information (which include the company name, the listed company status, the headquarters and other elements mentioned in article 171 of the Portuguese Companies Code), and, finally, information on all prospects of shares and debt issuance published up to this date.

## 2.3 Online company information

REN has a website, [www.ren.pt](http://www.ren.pt), entirely devoted to the disclosure of public information about the group. It is available in Portuguese and English and contains a section entirely dedicated to investors, including:

- REN group  
This contains a description of the company's activity, recent history, organization, shareholder structure and the regulations on the electricity transmission and gas

<sup>1</sup> A NYSE Euronext regulated market.



## 3. Shares and dividend policy

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### 3.1 Shares description

REN's share capital, with a value of € 534,000,000 (five hundred thirty four million euros) is fully paid up. The shares of REN total 534,000,000 (five hundred thirty four million euros) with a face value of € 1.00 (one euro), in the form of registered nominal shares, divided as follows:

- a) 261,660,000 (two hundred sixty one million six hundred sixty thousand euros) class A shares, corresponding to 49% of REN's share capital;
- b) 272,340,000 (two hundred seventy two million three hundred forty thousand euros) class B shares, corresponding to 51% of REN's share capital.

Portuguese Securities Code the shares traded are freely transferable, holders of class A shares are still subject to the statutory protection regime concerning the non exercise of voting rights provided in article 12(3) of REN's articles of association, applicable in case of acquisition of shares exceeding the legal limits provided in paragraphs (e) and (f) of article 25(2) of Decree-Law no. 29/2006, of 15 February, and in paragraphs (e) and (f) of article 21(4) of Decree-Law no. 30/2006 of 15 February as well. Class B shares are those which are still in the privatization process. They grant their holders all the rights granted to holders of class A shares plus a single special right, namely the fact that they or those who represent them are not subject to the statutory

#### REN's shares

##### REN - Redes Energéticas Nacionais, SGPS, S.A.

Listed in:	Euronext Lisbon	REUTERS RIC:	RENE.LS
Share capital	€ 534.000.000	Bloomberg:	RENE PL
No. of shares	534.000.000		
Nominal value	1 €		
Admission to trading:	9-Jul-07		

At 31 December 2009

ISIN	No. of shares	Description	Type
PTRELXAM0009	272.340.000	Capitalpor, Parpública e CGD	B
PTRELOAM0008	261.660.000	Shares admitted to Euronext Lisbon	A

Class A shares are ordinary shares that grant their holders no special rights. Their main rights are as follows:

- The right to information;
- The right to vote at general meetings and challenge decisions made by the corporate bodies;
- The right to receive dividends;
- The right to a share of the assets in the event of liquidation.

Although there are no limitations to the assignment of REN's shares, given that under the terms of the

protection regime regarding the limitation of voting rights, applicable in the case of purchase of shares exceeding the legal limits provided in paragraphs (e) and (f) of article 25(2) of Decree-Law no. 29/2006, of 15 February, and in paragraphs (e) and (f) of article 21(4) of Decree-Law no. 30/2006, also of 15 February.

On 31 December 2009, code PTRELOAM0008 shares traded under the RENE symbol had been admitted to trading at Euronext Lisbon, up to a total of 261 660 000 shares, i.e., 49% of the share capital of REN.

<sup>3</sup> "[T]he votes inherent to class A shares shall not be cast if issued by any shareholder, on its behalf or as representative of any other shareholder, which exceed 10% or, in case of entities with activities or interests in the energy sector, 5% of the total votes corresponding to the share capital."

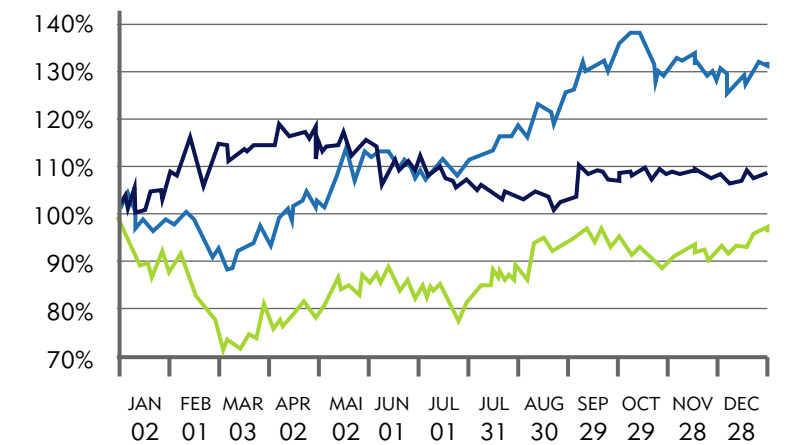
### 3.2 Evolution of share prices and transactions

Since 1 January 2009 until the 31 December 2009, REN's shares had registered an appreciation of more than 9%, in the context of an increase in the PSI 20 at the same period of 32%. After being, in 2008, the PSI 20's company with the lowest index depreciation, the year 2009 was characterized by stability in share prices with an average price which was around € 3. Having started the year trading at the minimum value of € 2.74 (January 2), the maximum value of € 3.25 per share was reached on April 21, that is, the last day on which the shares of REN transacted with rights to dividends for the year 2008. The largest number of shares traded was held on 4 February, being traded 1,800,000 (one million eight hundred thousand) shares.

#### Evolution and transactions

Euronext Lisbon		02 Jan to 31 Dec 2009	
<b>Price</b>			
Close			3.00
Maximum			3.25
Minimum			2.740
Average			3.00
<b>Transactions</b>			
Volume (Millions)			78.4
Average daily volume (Millions)			0,306
Cumulated transactions			M€ 235.34
Average daily transactions			M€ 0.92
<b>Value</b>			
Capital Stock (31 Dec 2009)			M€ 1,602.0
<b>Evolution since the beginning of the year (Δ%)</b>			
PSI20			31.7%
REN			9.4%

#### REN vs PSI20 and Dow Jones Euro Stoxx Utilities

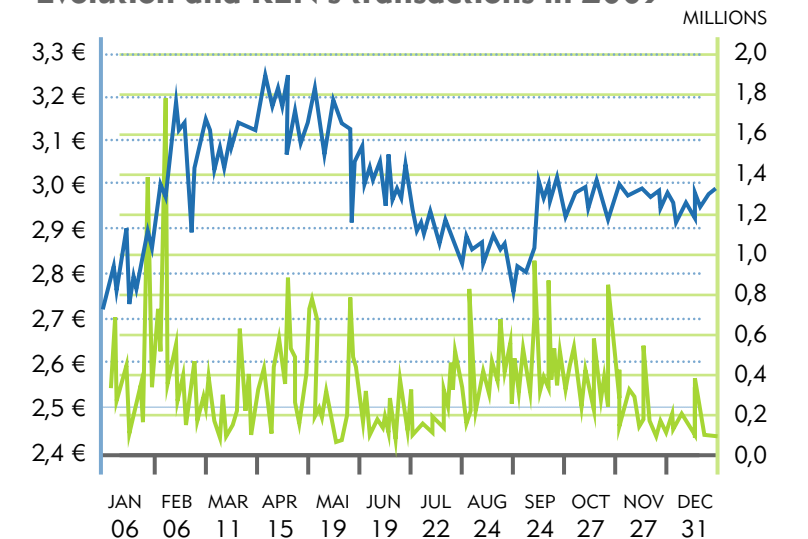


Source: Bloomberg ■ DJ Euro Stoxx Util. ■ PSI20 ■ REN

In the course of the year, REN traded a total of 78.4 million shares, corresponding to an average of 306 thousand shares per day and ended 2009 with a market capitalization of 1.6 billion, being one of PSI20's members - the benchmark index of the domestic market - with a weight of 1.5 percent. REN's shares are also included in the following indexes:

- PSI General Index;
- Euronext PSI Utilities;
- Euronext Top 150;
- WisdomTree International Small Cap Dividend
- Fund Intraday Indicative Value Index;
- S & P Developed Ex-US Small Cap Index.

#### Evolution and REN's transactions in 2009



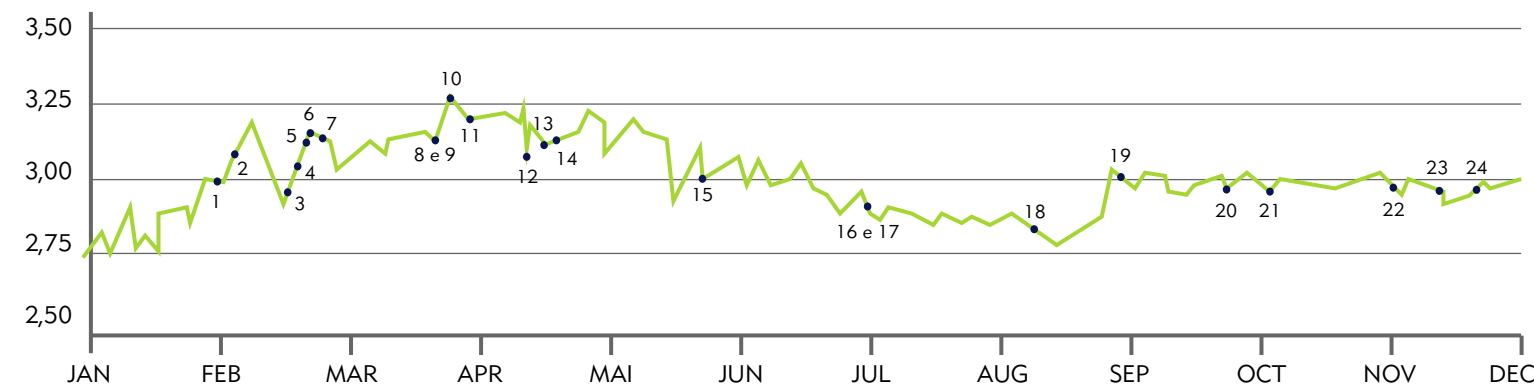
Source: Bloomberg ■ Volume ■ Price



In 2009, several announcements were made to the market regarding important events and other circumstances affecting REN's share price. The graph and table below summarize the most significant ones.

### REN - Market announcements and other facts

(Millions of euros - mEuros)



Source: Bloomberg ■ REN

### List of events

Nº. of Event	Date	Description	Type
1	04 Feb 2009	Rating	Inside information
2	06 Feb 2009	Issuance of debt instruments in the amount of 300 million euros	Inside information
3	20 Feb 2009	Revision of investment plan for 2009	Inside information
4	23 Feb 2009	Notice convening the general meeting	Notice
5	25 Feb 2009	Beginning of the of own shares' acquisition period	Event
6	25 Feb 2009	Presentation of 2008 results	Inside information
7	26 Feb 2009	Disclosure of documentation related to the general meeting	Event
8	30 Mar 2009	Resolutions approved in the general meeting	Inside information
9	30 Mar 2009	Director resignation	Event
10	02 Apr 2009	Qualified shareholdings - Split of Gestmin, SGPS, S.A.	Event
11	08 Apr 2009	Payment of dividends related to the fiscal year of 2008	Payment of dividends
12	22 Apr 2009	Ex-dividend date and issuance of a set of EMTN	Event
13	24 Apr 2009	Investor day	Event
14	29 Apr 2009	Presentation of 2009 1st quarter results	Inside information
15	05 Jun 2009	Issuance of long term debt (EMTN)	Event
16	28 Jul 2009	Presentation of consolidated results for the 1st semester of 2009	Inside information
17	28 Jul 2009	Financing transaction with the European Investment Bank	Event
18	31 Aug 2009	End of the own shares' acquisition period	Event
19	17 Aug 2009	New interconnection of natural gas announcement	Event
20	15 Sep 2009	Renewal of market promotion agreement	Event
21	28 Sep 2009	Presentation of consolidated results for the 3rd semester of 2009	Inside information
22	27 Nov 2009	Substitution of the chairman of the board of directors	Inside information
23	07 Dec 2009	Rating	Inside information
24	18 Dec 2009	Conclusion of the arbitration on the purchase price of the regulated natural gas' assets	Inside information

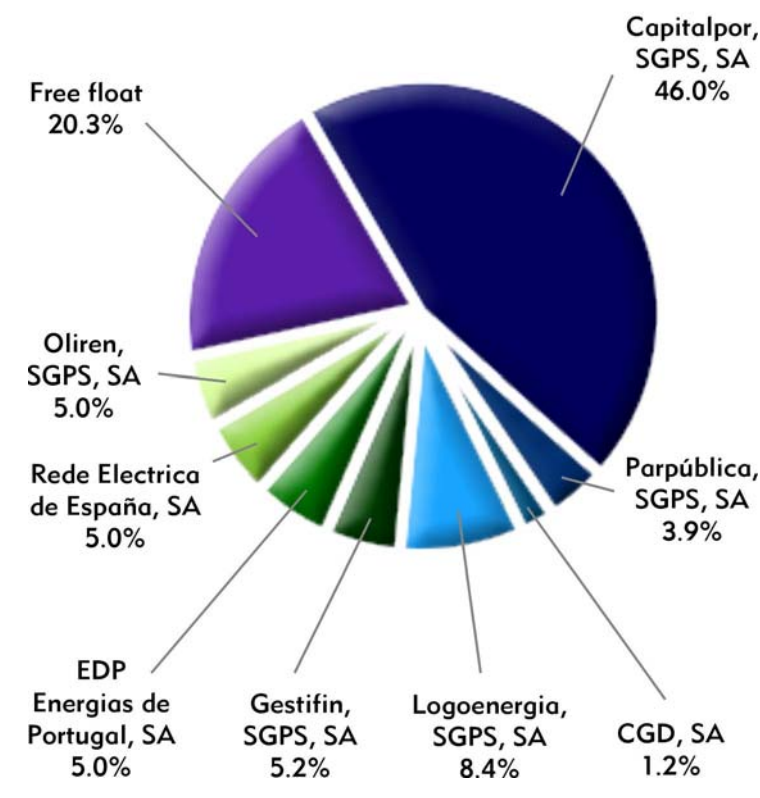
### 3.3 Shareholding structure

The year 2009 was marked by changes in equity attributable to the Portuguese state, particularly those held by Parpública - Participações Públicas, SGPS, SA (Parpública), Caixa Geral de Depósitos, SA (CGD) and Gestmin SGPS, SA, that is to say:

- On 2 April 2009, Gestmin SGPS, SA announced that, due to a simple merger, activities and voting rights of REN became property of Gestfin, SGPS, SA, with value date of 31 December 2008;
- On 31 December 2009, Parpública announced that it had acquired from CGD 20,826,000 not privatized REN shares (type B), representing 3.9% of the capital but attributable to Parpública directly and indirectly, 49.9% of REN's voting rights.
- Since 30 December, CGD holds directly 5 868 660 shares not privatized (type B) representing 1.12% of share capital and voting rights of REN, and, indirectly, 331,895 re-privatized shares (type A), thus not being deemed holder of a qualified shareholding pursuant to Article 20(1) of the Portuguese Securities Code.

Therefore, the shareholding structure on 31 December 2009 may be summarized as follows:

### Shareholding structure



Qualified interests in REN's share capital as of 31 December 2009 are identified in Annex III, which also includes the identification of the shares held by members of the management and supervisory bodies and by the officials of the general meeting, as well as the transactions performed by these members of the corporate bodies.

### 3.4 Dividend policy

REN has been distributing annual dividends between 50% and 70% of its net profits to shareholders. Its dividend policy depends on a number of factors, including REN's profits, financial situation, funding needs (in particular capital expenditure and investment plans) and prospects and other factors deemed relevant at time of distribution.

On 24 April 2009, the day set aside for the investors, the board of directors of REN undertook to maintain a growth rate of dividend distribution until the year 2014. Historically, REN, aiming to maintain an attractive dividend that falls within the range of its peers, has offered shareholders an annual dividend distribution from approximately 50% to 70% of the net value, as shown in next page table:

**Dividend historical data**

Related to year	Amount (M€)	Type	Payment year	Net value year (M€)	Pay out ratio	Gross dividend per share (€)
2005	66,40	Ordinary	2006	110,7	60%	0,124
2006	87,00	Ordinary/advance	2006	550,1	33%	0,3
	97,00	Ordinary	2007			
2006	78,90	Extraordinary	2006	550,1	52%	0,5
	209,70	Extraordinary	2006			
2007	87,04	Ordinary	2008	145,2	60%	0,163
2008	88,11	Ordinary	2009	127,4	69%	0,165

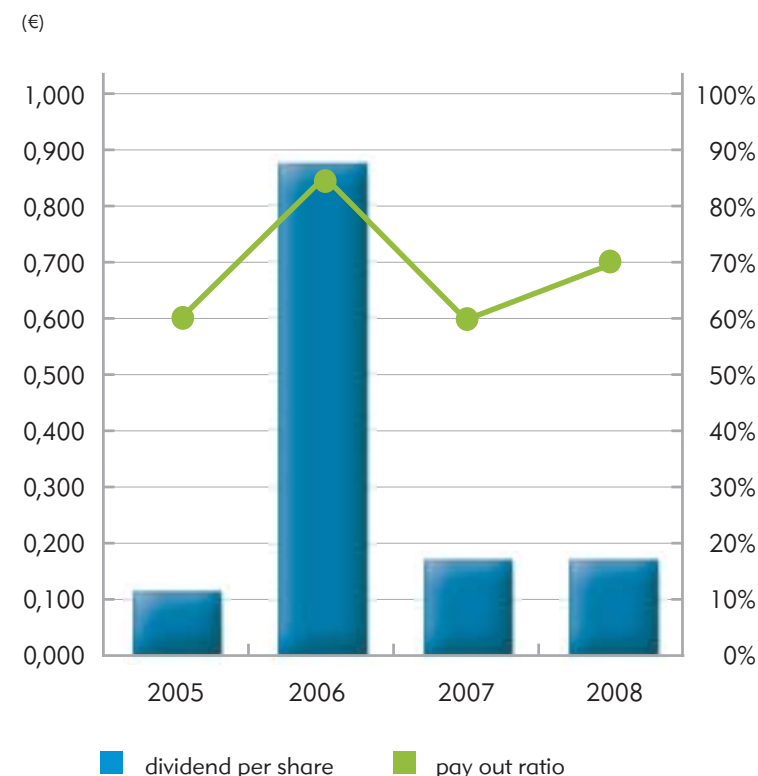
Note: The dividends per share in the table above are based on the share capital consisting of 534 million shares with a face value of 1 euro each.

In 2009, REN distributed to shareholders as dividend for the year 2008 a total of € 88,110,00, corresponding to a value of € 0.165 gross per share and a net value of 0.132 per each action (regardless of share type), which was in line with the previous years, disregarding the extraordinary events outside the normal activity of REN group in 2006, related to the sale of the shareholding in GALP to Amorim Energia.

**3.5 Shareholder full remuneration**

Although in the second half of 2009 the shares of REN have diverged from the general trend of the market, from the IPO which took place in July 2007 on REN offers its shareholders a positive return, significantly higher in comparison with the return provided by comparable benchmarks, particularly considering, namely, PSI20 (over 50%) and Dow Jones Euro Stoxx Utilities (over 40%).

**Shareholders distribution**



**Total return to shareholders (9 Jul a 31 Dec 2009)**



Note: Assuming dividends' reinvestment

**Return from 9 Jul 2007 to 31 Dec 2009**

	Period	equivalent year
REN	21%	8%
Euro Stoxx Utilities	-23%	-10%
PSI20	-32%	-15%

**3.6 Analysts' share monitoring**

During 2009, although there has been no change in the number of analysts who regularly monitor REN, nine analysts were responsible for seven recommendations to buy, and only two recommendations to maintain shares in portfolio. On 31 December 2009, the average price target of several investment houses was € 3.57, which represents a potential for recovery of about 20% over the closing of 2009.

**Analysts' share monitoring**

Institution	Name	Target price	Recommendation	Date	Analyzing
Millennium	João Mateus	3,75 €	Buy	02 Dec 2009	15 Sep 2007
Caixa BI	Helena Barbosa	3,65 €	Buy	30 Nov 2009	14 Apr 2008
Lisbon Brokers	Sara Amaral	3,60 €	Strong Buy	29 Oct 2009	22 Jan 2008
UBS	Alessandro D'Erme	3,30 €	Neutral	28 Oct 2009	15 Mai 2008
Santander	Joaquin Ferrer	3,70 €	Buy	15 Oct 2009	24 Oct 2007
Espirito Santo Research	Fernanda Garcia	3,64 €	Buy	24 Sep 2009	14 Jan 2008
BPI	Flora Trindade	3,10 €	Accumulate	08 Sep 2009	11 Sep 2007
EQUITA	Bonacina	4,00 €	Buy	07 Aug 2009	01 Feb 2008
Banif	Rita Carles	3,35 €	Buy	29 Jul 2009	19 Oct 2007

Note: target prices and recommendations on 31 December 2009



## 4. Shareholders participation

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## 4.1 Vote and exercise of voting rights

Holders of shares representing the share capital of REN have the inherent right to vote, regardless of the type of shares in which they are included, the principle one share, one vote being into force. REN's articles of association do not provide for any limitation on the exercise of voting rights according to the ownership or allocation of a certain percentage of voting rights or any other criteria.

From a legal standpoint, there are legal limits in respect of ownership of REN's share capital, which result from the nature of the activities developed by the REN group in the energy sector. As a matter of fact, requirements resulting from European Community directives that apply to the electricity and natural gas sectors in respect of legal segregation and ownership between transmission operators and operators in charge of the remaining activities of each sector, aimed to promote market competition and equal access of operator's to transport infrastructures, have been transposed to Portuguese law under terms which imply restrictions to ownership of interests in the share capital of the transmission operator.

In accordance with the provisions of paragraphs (e) and (f) of article 25(2) of the Decree-law no. 29/2006, of 15 February, and of paragraphs (e) and (f) of Article 21(4) of Decree-law no. 30/2006, of 15 February, as long as the situations of holding shares in contradiction with those legal provisions are not declared invalid, without prejudice of other legally applicable consequences, votes inherent to class A shares shall not be cast if issued by any shareholder, on its behalf or as representative of another shareholder, which exceed 10%, or, in case of entities with activities or interests in the energy sector, 5% of the total of the votes corresponding to the share capital. In light with the current legal framework, article 12(3) of REN's articles of association provides that, until situations of stock ownership breaching those legal rules and without are declared invalid and without prejudice of other applicable legal consequences, the votes inherent to class A shares issued by any shareholder, on its own behalf or as representative of others in excess of 10% or, in the case of an entity whose activities or interests in the energy sector, 5% the total voting share capital of REN, shall not be cast. Holders of class B shares or their representatives have a single special right, they are not subject to the above-mentioned limitation on voting rights. In accordance with article 12(4) of REN' article of association and article 20 of the Portuguese

Securities Code, for purposes of calculation of votes corresponding to the percentage of capital held by a shareholder in the general assembly, shall be aggregated, in addition to the votes inherent to the shares held by the shareholder or regarding which he/she has legal usufruct rights:

- a) Those held by third parties in their own name but on the account of the participant;
- b) Those held by a company that is a subsidiary of or in the same group as the participant;
- c) Those held by owners of the voting right with whom the participant has signed an agreement to exercise those rights, unless the agreement binds him to follow a third party's instructions;
- d) If the participant is a company, those held by the members of its managing or supervisory bodies;
- e) Those that the participant can acquire under an agreement signed with their holders;
- f) Those belonging to shares held as a guarantee or managed by or deposited with a participant, if he is entitled to the voting rights;
- g) Those held by owners of the voting rights that have granted the participant discretionary powers to exercise them;
- h) Those held by persons who have signed an agreement with the participant aimed at taking over the company or preventing a change of ownership or in any other way constitute an instrument of concerted influence over the company in question;
- i) Those belonging to any of the persons mentioned in the previous paragraphs as a result of applying a criterion set forth in any of the other paragraphs, with the appropriate adaptations.

Under article 13 of REN's articles of association, shareholders must provide the board of directors with all the information it requests, truthfully and objectively, for the purpose of calculating the percentage of share capital that they own. If shareholders do not abide by this obligation, the voting rights belonging to their REN shares, exceeding the limits of 5% or 10%, depending on whether or not they belong to the energy sector, cannot be exercised.

The owners of shares with voting rights may be represented at a general meeting by power of attorney granted to persons with full legal capacity, by writing document addressed to the chairman of the general meeting which may be received in the company's registered office until 5pm on the penultimate day prior to the session of the general meeting. The powers of attorney must be signed and are valid for a single meeting only.

## 4.2 Vote by correspondence

Under article 22 of the Portuguese Securities Code and article 12 of REN's articles of association, REN shareholders are allowed to submit votes by correspondence. Under paragraph (f) of article 377(5) of the Company Code, public invitations to general meetings shall mention the possibility of submitting vote by correspondence and specify the procedures that shareholders must follow in order to do so, including a postal address and the deadline for receipt of votes. Presently, the exercise of voting rights by correspondence through electronic means is not yet possible.

Under article 12(5) of REN's articles of association, shareholders may submit voting ballots by mail on each matter on the agenda, by registered letter with recorded delivery addressed to the chairman of the general meeting at REN's registered office, signed with the same signature as on their identity card or identification document with equivalent legal strength, enclosing a legible photocopy of such document. This letter must be received in REN's registered office at least three business days prior to the date of the general meeting, except if the notice to convene established a different anticipation period. Under article 12(6) of REN's articles of association, the chairman of the general meeting is responsible for verifying the authenticity and conformity of vote by correspondence and ensuring that they remain confidential until the vote takes place. These votes are considered to be votes against for motions submitted after the date on which they were cast.

In order to facilitate postal votes, REN provides a voting ballot on [www.ren.pt](http://www.ren.pt) and also sends shareholders a voting ballot, envelope and additional information, upon request.

## 4.3 The principle of "one share, one vote"

Following recommendations and best practices regarding shareholder participation in listed companies, article 12(2) of REN's articles of association enshrines the principle of "one share one vote". As mentioned above in point 4.1, the provision of article 12(3) of REN's articles of association does not limit this principle, given that holders whose shareholdings are within the limits established by law regarding the ownership of the share capital of electricity and natural gas networks transmission operators are not subject to any restriction to the exercise of voting rights inherent to their shareholdings.

## 4.4 General meetings and participation therein

The provision of the principle "*one share, one vote*" has as its corollary the right to attend, participate and intervene in the general meeting by any person who holds one or more registered shares in their name until at least five business days before the date of the meeting and provided that they maintain that quality until such date. Article 12(6) of REN's articles of association complies with what has been stated herein.

## 4.5 Deposit or blocking of shares

Shareholders must send to the chairman of the general meeting, at least five business days in advance to the date of the meeting, a certificate issued by a financial intermediary confirming that the shareholder owns the shares as on the date five days prior to the meeting and that the shares will be blocked from that date until that of the meeting. In accordance with the understanding adopted by the company before the current chairman of the general meeting, the requirement regarding advance of the blocking of shares for participation in the general meeting is deemed to have taken place since



the blocking and the expenditure of the relevant certificate are made in five business days before the date of the general meeting, although the receipt may only occur in the subsequent day.

Considering that no obligation in this respect is provided for in REN's articles of association, and without prejudice to the general meeting chairman's decision in each case, the understanding set forth in CMVM recommendation 1.2.2 in the Corporate Governance Code is accepted, that being that in the event of suspension of a general meeting, shares do not need to be blocked for the whole period until it is reconvened. The shares need only be blocked for the time required for the first convening date.

## 4.6 Supporting human and logistic resources

The officers of the general meeting have at their disposal the human and logistics resources that they need, considering the company's economic situation, using for such purpose the support of the company's secretary, legal in-house counsel and from an external law firm, as well as the technical and voting counting services made available by a financial institution.

## 4.7 Constitutive and deliberative quorum

The constitutive and deliberative quorum of a general meeting when first called to order is 51% of the share capital. When called to order for the second time, a general meeting may be constituted and deliberate irrespective of the number of shareholders present or represented.

However, both in first and second call, the resolutions on amendments to the articles of association, demerger, merger, or dissolution of the company must be approved by two-thirds of the votes cast to ensure adequate representation of shareholders, considering the nature of activities undertaken by the company.

## 4.8 Minutes and records of general meetings

Considering that in July 2007 REN became a listed company with shares admitted to trading and taking into account CMVM recommendation in the Corporate Governance Code, the [www.ren.pt](http://www.ren.pt) website will carry in a five day period, the minutes and other documentation from general meetings as of the 2009 general shareholders meeting, in order to maintain records of attendance, resolutions adopted and the quorum related to the convened meetings.

## 4.9 Shareholders' agreements

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 voting rights.





## 5. Management and supervision system

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## 5.1 Structure, organization and functioning

### Overview

Within the framework of corporate governance models authorized by the Portuguese Securities Code, REN has adopted an Anglo-Saxon management and supervision model with a board of directors and executive committee to manage the company's affairs and an audit committee to supervise and monitor the company's business activity.

Where managing the company is concerned, there is a clear delimitation between the competences of each body, thanks to the meticulous, objective delegation of powers by the board of directors on April 13th, 2007, as mentioned above. The fact that the chairman of the board of directors is the same as the executive committee's chairman ensures the coherence and transparency necessary to the company's management and its supervision by other members of the management body.

The audit committee acts as an internal control mechanism, independently supervising and monitoring the company's management.

These functions are laid down by law (article 423-F of the Portuguese Securities Code) and REN's articles of association (article 22) and include, among others, supervising the company's management, compliance with the law and articles of association, the preparation and release of financial information, the effectiveness of internal control systems and risk management. It monitors the work and ensures the independence of the statutory auditor and external auditors.

The dual capacity of the director sitting on the audit committee, as a member of both the supervisory body and management body, renders the control process even more transparent, in view of the special access afforded.

## 5.2 Structure, organization and functioning of the board of directors

Under article 14 of REN's articles of association, the board of directors consists of a minimum of seven and maximum of 15 members fixed by the general meeting that elects them.

The board of directors currently has 13 members.

It includes eight non-executive members, which guarantees its effective capacity to monitor and evaluate the work of the executive members. The non-executive directors include four independent directors, which is an appropriate number considering the company's size and shareholder structure and complies with the recommendation 2.1.2.2 set forth in CMVM's Corporate Governance Code.

The members of REN's board of directors are elected (and dismissed) by the general meeting, under the terms of article 14 of REN's articles of association.

When directors are elected, the articles of associations allow for a minority of shareholders voting against the winning proposal to appoint at least one director, provided that this minority represents at least 10% of the company's share capital. Should it be necessary to replace a director (who is not a member of the Audit Committee), then this replacement may take place according to one of the following procedures: whenever there are no substitute directors, the board of directors will be entitled to co-opt a director. This co-optation shall be subject to ratification in the first subsequent general meeting; should the co-optation not take place within 60 days, then the audit committee shall appoint a substitute director and this appointment shall also be subject to ratification in the first subsequent general meeting; should that not occur, then the replacement shall be made by electing a new director in the general meeting.

In accordance with its regulations, the board of directors holds ordinary meetings at least bimonthly, on dates fixed by agreement among its members for each calendar year, and extraordinary meetings whenever convened by its chairman, any two directors or the statutory auditor. During the financial year of 2009, the board of directors held twelve meetings.

Any director may be represented at a meeting by another director, addressing a letter to the chairman, which is only valid for the meeting in question. No director may represent more than one director at any one meeting.

The executive directors may not be represented by members of the audit committee and audit committee members may not be represented by executive directors.

Pursuant to article 19(2) of REN's articles of association, REN's board of directors may not take decisions unless a majority of its members is present or represented.

In accordance with article 20 of REN's articles of association, the board of directors' decisions are passed by a majority of votes cast by directors present or represented.

The chairman of the board of directors has the casting vote. The board of directors appoints one of its members to stand in for the chairman when s/he is unable to attend. The director replacing the chairman also has the casting vote.

The supporting documentation for meetings of the board of directors and decisions taken by the executive committee is passed on to the management body's non-executive members and there are no constraints on access to information by these members. Under article 7 of the board of directors' regulations, the minutes of its meetings are kept by the company secretary and must be submitted to the board of directors for approval at the following ordinary meeting. The board of directors acts in line with its objectives, which is why it does not delegate its powers to define the company's general strategy and policies or the group's corporate structure. In the same way, the board of directors does not delegate its power to approve strategic decisions if they involve added value or risks or have special characteristics.

Regarding the incompatibilities and the maximum number of offices that may be accumulated by the directors of REN in bodies of other companies the relevant rules of the Portuguese Companies Code are applicable, not existing, besides these, any limitations established internally.

Concerning the activity of non-executive directors during 2009, three of the non-executive directors, José Luís Alvim Marinho, José Frederico Vieira Jordão and Fernando António Portela Rocha de Andrade, have exercised their office as members of the audit committee. The remaining non-executive directors exercised their office not only within the scope of participating in the meetings of the board of directors which were held on a regular monthly basis, but also by permanently following the works of the executive committee, by presenting, in a coordinated and efficient manner, additional information requests concerning matters which have been analyzed by the board of directors, namely financial matters, governance matters and matters related to regulatory

issues. Non-executive directors had no constraints in the exercise of their duties.

## 5.3 Structure, organization and functioning of the executive committee

The board of directors can delegate the day-to-day running of the company to an executive committee, under article 407(3) and 407(4) of the Portuguese Securities Code and article 16 of REN's articles of association, naming its directors and appointing its chairman.

The executive committee has four members. Under article 8 of the board of directors' regulations and article 407(4) of the Portuguese Securities Code, the following powers cannot be delegated: co-opting directors, requesting general meetings, approving the annual report and accounts to be submitted to the general meeting, approving the quarterly and six-monthly accounts to be published as required by law, providing performance bonds and personal or real guarantees for the Company, changing the company's registered office or increasing the company's share capital as provided for in the articles of association and approving plans for merger, demerger or restructuring of REN. The decision by the board of directors delegating powers to the executive committee must fix the limits thereof and the committee's composition, appoint its chairman and establish the way it operates.

The powers delegated to the executive committee cease by decision of the board of directors or automatically in either of the following circumstances: replacement of the member of the board of directors appointed as chairman of the executive committee or of the majority of its members and end of the mandate of the board of directors that delegated the powers.

The chairman of the executive committee appointed by the board of directors may choose one of the committee members to replace him or her when she/he is unable to attend.

In accordance with the executive committee regulations, its meetings are convened and presided over by its chairman and must be held once a week. Minutes are kept of each meeting.

During 2009, the executive committee held 49 meetings.

The executive committee may only make decisions when the majority of its members are present or represented. They can appoint, as representative, another member of the committee, through a simple letter addressed to its chairman. The representation of more than one director is not allowed at any meeting. If the executive directors are unable to attend an executive committee meeting and if the chairman considers that the decision is urgent, they are allowed to address a letter with their vote to him/her, valid only for the meeting in question. The executive committee's decisions are approved by majority vote of members present or represented. The chairman and his/her substitute have the casting vote in case of a tie. Under the executive committee's regulations, at each meeting a member is appointed to monitor the implementation of each decision and take any necessary additional measures. The chairman of the executive committee sends invitations to and minutes of meetings to the chairmen of the board of directors and of the audit committee. The executive committee provides, on a timely manner, appropriate information to members of other corporate bodies upon request. The executive committee also prepares and proposes to the board of directors draft decisions on matters falling within its sphere of competence and submits important matters requiring its approval.

## 5.4 Organization and functioning of the audit committee

The audit committee must have three members elected (and their dismissal must be based on good and sufficient cause only) by the general meeting. Its chairman is appointed at the time of the election. The chairman of the audit committee, José Luís Alvim Marinho, and the incumbent member, José Frederico Vieira Jordão, are independent and appropriately qualified for their duties. The audit committee has its own regulations on organization and functioning. In particular, they lay down that it must hold monthly meetings at the company's registered office and that the chairman must send out the invitation to the meeting with the agenda and supporting documents. In addition to its ordinary meetings, the audit committee may meet whenever convened by its chairman or two members. Minutes are kept of each meeting. During 2009, the audit committee held sixteen meetings. The audit committee is the company's main interlocutor and first recipient of reports from the external auditors, whose activity is monitored and supervised by it. The audit committee may obtain independent opinions or hire specialized consultancy services as it deems necessary. The audit committee can also have access to any of REN's resources required to perform its duties. Annual reports on the audit committee's activities are posted on the company's website on [www.ren.pt](http://www.ren.pt).

## 5.5 Publication of regulations of managing and supervisory bodies

The regulations of the board of directors, audit committee and executive committee of the board of directors are available at [www.ren.pt](http://www.ren.pt) in Portuguese, as well as in English.

## 5.6 Specialized committees

Considering the corporate governance model implemented by REN, which integrates an audit committee as an internal control procedure and which supervises and controls REN's management activity as well as its corporate businesses, it was deemed that there was no room to create specialized committees with the single purpose of assessing the performance of executive directors or the activity of the existing committees, given that this is achieved through the assessment activity developed by the audit committee. The assessment of the performance of the executive committee members is made by non executive directors, in order to create an adequate internal balance and an effective performance of non-executive tasks by all members of the board of directors and not only by some of them. Non-executive directors also follow the global performance of the board of directors and analyze the way the corporate governance system works.

## 5.7 Businesses with related parties

Annex II of this corporate governance report contains the description of the main elements of the business and operations held between the company on the one hand, and holders of qualified interests or companies, on the other, which are in a control or group relation and that are deemed significant in economical terms: they neither correspond to businesses or operations at arm's length for similar operations, nor are part of the company's current activity. There are no businesses between the company and members of its governing bodies.

## 5.8 Risk management and internal control systems

The managing and supervision bodies of the company have been giving accrued importance to the development and improvement of the internal control systems and risk management, in relation to operational, economic and financial aspects with material impact in the Group's companies activities, in line with national and international recommendations, including CMVM's recommendations on Listed Companies Corporate Governance and the Good Governance Principles set forth in the Council of Ministers resolution no. 49/2007, of March 28. REN understands that a control system should meet the following goals, among others:

- Guaranteeing and overseeing fulfillment of the goals set by the board of directors;
- Ensuring that information is reliable and complete;
- Producing and reporting complete, reliable, timely financial and accounting information and having an appropriate management information system;
- Safeguarding assets;
- Ensuring prudent, appropriate appraisal of assets and liabilities;
- Promoting the rational, efficient use of resources.

As a result, in order to monitor the main aspects of REN's activity and guarantee the compliance of procedures, regular evaluations are made of the main internal control systems of the different group companies, based on the following principles:

- Timely identification of business and internal control risks with an impact on financial information;
- Analysis of the information processing system;
- Identification and prevention of fraud risks;
- Control of risks arising from the group's activity in areas with the most substantial operating risks;
- Compliance of the group's operations and transactions with the law and applicable regulations and the company's general rules and policies.

The internal control and the accompanying of the control systems are carried out by the executive committee and, in last instance, by the board of directors. On the other hand, the audit committee contemplated in its plan of activities for the financial year of 2009, the performance of several diligences to accompany the internal control systems.



In 2009, by decision of the executive committee of 13 May 2009, an internal audit department was set up, being its main attributions the following:

- Review of risk management policies and internal control in force;
- Development and updating of the risk matrix of REN group concerning the elements, areas, impacts and probabilities of occurrence and level of responsibility of each risk area;
- Assessment on the implementation of internal control (organizational structure and governance, delegation of powers, ethics and conduct code, policies and procedures);
- Implementation of financial, informatics, operational and management audits in various areas of the REN Group;
- Identification of risk alerts, through systematic monitoring of indicators;
- Definition, within the different areas, of remedial measures for the weaknesses and non-conformances identified during the audits;
- Monitoring the implementation of corrective measures, through follow-up reports;
- Top management support in defining and / or implementation of measures.

The internal audit department reports to the audit committee and its responsible is Mr. Gil Vicente Jorge Marcelino.

## 5.9 Absence of defensive measures that automatically cause serious erosion of the company's assets in the event of transfer of control

REN has not adopted any defensive measures which have as an effect a serious, automatic erosion of the company assets in the event of transfer of control or a change in the composition of the management body, thus preventing any limitations to the free transfer of shares and shareholders' free appraisal of the performance of the members of the management bodies.

As far as the board of directors is aware, there are no any significant agreements to which REN is a party to and that would come into effect, be amended or terminated in case of change of control of the

company following a public tender offer for its shares, nor any agreements between REN and the members of the management body or employees that would attribute indemnifications in case of employees' resignation requests, dismissal without fair cause or termination of the working relationship following a public tender offer of its shares.

Similarly, REN did not adopt any measure aimed at preventing the success of takeover bids. However, one should highlight the existence of legal limits to the ownership of REN's shares, given that paragraphs (e) and (f) of article 25(2) of the Decree-Law no. 29/2006, from 15 February, and paragraphs (e) and (f) article 21(4) of the Decree-Law no. 30/2006, from 15 February, prohibit the ownership of shareholding interests above 5% or 10% of REN's share capital, depending on whether those entities are engaged, directly or indirectly, in activities in the energy sector.

## 5.10 Policy on the reporting irregularities

REN's employees are required to report to any of the managing or supervisory bodies, particularly the audit committee, any irregular practices of which they become aware or suspect in order to prevent irregularities liable to cause financial losses or harm REN's image. Similarly, the audit committee receives notices of irregular practices from any stakeholders. Reports must be submitted in writing and contain all the information that the employee has and considers necessary to assess the irregularity. Employees may also ask for their identity to be kept confidential. The audit committee shall assess the described situation and determine or propose actions that, in each case, are deemed appropriate, in accordance with the internal regulation approved by the audit committee.

In 2009, two potential cases of irregularities within the REN group were reported to the audit committee, the adequate investigation diligences having been made, following which recommendations for the adaptation of internal procedures and adoption of adequate measures were submitted to the executive committee.

## 5.11 External auditors

The audit committee represents the company for all effects before the external auditors. It is responsible for proposing providers for these services and their remuneration, ensuring that, within the company, the right conditions for the services to be performed are met.

In accordance with article 3.2.2 of the audit committee's regulations, it monitors the activities of the external auditors and statutory auditor by analyzing their periodic reports and overseeing audits. It also assesses any changes in procedures recommended by the external auditors or statutory auditor.

By resolution of the board of directors of 29 June 2009, Deloitte was appointed as external auditor, following competitive procedure for selecting a new auditor, promoted by the audit committee, since it was understood that the fact that the previous auditor (PricewaterhouseCoopers) had remained in office since 2000 was, *per se*, justification for such replacement.

Annex IV indicates the annual fee paid to the external auditors, including the percentage for legal certification of accounts, other guarantees of accuracy and tax consultancy and other services. Taking into consideration the activity developed during 2009, the audit committee has proceeded to evaluate the activity performed by the external auditors of the company. Thus, the audit committee considers that the external auditors have performed its services in a positive way, complying with the applicable rules and regulations, including the international auditing standards in force, acting with technical accuracy.



## 6. Remuneration of the corporate bodies

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## 6.1 Remuneration of the officers of the general meeting

The officers of the general meeting are remunerated on the basis of attendance slips. The chairman and the vice-chairman of the general meeting board were remunerated, having the chairman received € 2,000, the vice-chairman € 1500, and the board secretary € 1,000.

## 6.2 Remuneration of the board of directors

The remuneration committee is the company body responsible for determining the annual remuneration to be paid to the members of REN's corporate bodies. The remuneration paid to the executive directors at REN includes a fixed and a variable component, as decided by the remuneration committee on 23 April 2007. The executive directors may use a vehicle and a cell phone for the performance of their duties. The non-executive directors receive a fixed remuneration.

No complementary pension regime or anticipated retirement plans are available for directors. The fixed and variable remuneration were designed to come into effect as of the beginning of their mandate and included the following considerations, among others:

- i) Policies of other companies in the sector, while taking different specificities and dimension into account;
- ii) The need to adopt a model that encourages improvements in performance and the creation of value, with a fixed and a variable component.

The members of the board of directors do not receive extra remuneration for their positions as directors of other REN group companies, with the exception of the non-executive Director José Isidoro d'Oliveira Carvalho Neto, who, until the 9 March 2009, acted as director in REN Armazenagem and since 10 March 2009 as chairman of the board of directors of OMIP - Operador do Mercado Ibérico de Energia, SGMR, S.A., being paid by the exercise of such duties.

## 6.3 Performance-based and variable component and fixed amount

The maximum variable remuneration paid to the chairman of the board of directors/executive committee and the executive directors is the same as the fixed component.

## 6.4 Statement on remuneration policy

Taking into consideration the competence provided under Article 26 of REN's articles of association, the company's remuneration committee has the responsibility to determine the fixed and variable remunerations of each director, as well as the remuneration of the members of the remaining social bodies.

Therefore, within the scope of its duties, the remuneration committee approved, in relation with the year 2009 and to be applicable until the appointment of the governing bodies to be elected in the present general meeting, the statement on pay policy of REN's social bodies attached to this report. Complying with the obligation provided under article 2(1) of Law no. 28/2009, of 18 June, this statement is subject to the general meeting's approval, in autonomous voting.

This policy is based on the following assumptions:

- a) Members of the general meeting are remunerated on the basis of attendance slips.
- b) Members of the audit committee receive a fixed payment, which is carried out in 12 monthly payments during the year.
- c) Remuneration of the members of the board of directors is essentially based on four general criteria:

- i) competitiveness, taking Portuguese market practices into consideration;
- ii) equity, bearing in mind that the remuneration practice must be based in uniform, consistent, fair and balanced criteria;
- iii) performance assessment, according to the duties and responsibilities of the relevant person; and
- iv) alignment of the directors' interests with the company's interests.

- d) The remuneration of the management and supervision bodies does not include any mechanism

of allocation or acquisition of shares or options or other rights related to the Company's shares or to any of its affiliates.

e) Remuneration of the members of the board of directors comprises exclusively a fixed amount and, in the case of the members of the Executive Committee, it comprises as well a variable amount.

f) The remuneration committee stipulates the granting of a fixed amount in the remuneration of executive and non executive directors, bearing in mind the policies followed in other companies in the sector, namely the national listed company's and its Spanish correspondent, safeguarded the different specificities and dimensions.

g) The annual value of the variable amount of executive committee members' remuneration is limited for the year of 2009 to a value corresponding to six months of the fixed monthly amount remuneration, and it is calculated based on a technical study and a model which includes the definition of the parameters and a goal to be applied based on the pursuit of strategic objectives, which are related to, namely, the compliance of the following performance assessment criteria:

- i) The creation of value for shareholders;
- ii) The efficient management and the obtained results;
- iii) The uninterrupted nature of electricity and gas services;
- iv) The development of non regulated business;
- v) The maintenance and development of a favorable image and sustainability.

h) The weighing of objectives such as the uninterrupted electricity and gas services and the maintenance and development of a favorable image and sustainability in the determination of the variable amount of the remuneration of the members of the executive committee beyond the creation of value and the promotion of efficiency, are mechanisms aimed to grant the promotion of an adequate alignment with the medium and long term interests of the company and of the shareholders.

i) Payment of 50% related to the variable component of remuneration of the executive committee members, if due, shall be made after the committee's decision to be adopted after the accounts' approval, and the remaining 50% shall be deferred to the end of the year following the formal term of office.

j) It was not year possible in the current term of office to conclude the individual assessment of the executive directors, which is expected to occur in the next term.

k) Considering the general guidelines applicable to companies in which government holds shareholdings, there is no expectation of any remuneration increase for the next term of office.

On the other hand, the definition of the remuneration policy of the managers (according to that provided under article 248-B(3) of the Portuguese Securities Code) which are not members of the management and supervisory bodies falls to the board of directors. Within this scope, the board approved the said remuneration policy of managers who are not members of the management and supervisory bodies, under the terms contained in an attachment to this report. Such remuneration policy is based on the following factors:

- The adopted policy for the determination of the remuneration of REN's managers which are not members of the management and supervisory bodies is similar to the one defined for the majority of the company's employees;
- Under these terms, the remuneration of company managers which are not members of the management and supervisory bodies is composed of a fixed remuneration on the one hand and, on the other, of a possible performance premium;
- The quality assessment / performance quantification is established according to previously defined assumptions by the board of directors;
- Under these terms, for the definition of the possible performance premium for managers who do not integrate the management and supervisory bodies, one shall take into consideration not only the behavior of each worker, namely taking into account both the level of responsibility of his/her duty and the worker's capacity to adapt to the company and its procedures, as well as the economical and financial performance of the business area in which the worker is integrated and REN's economical performance.

## 6.5 Evaluation by the general meeting regarding the company's pay policy and the evaluation of the corporate bodies' performance

The general meeting is responsible for appointing the remuneration committee and the board of directors, which are responsible for the submission of statements on the remuneration policy of the corporate bodies and other company's managers, which are attached hereto and that, therefore, are subject to the general meeting's consideration, being the statement issued by the remuneration committee subject to the general meeting's approval.

On the other hand, and under the terms of article 455 of the Portuguese Companies Code, the general meeting also has the duty to assess the performance of the corporate bodies, and shall adopt an annual resolution concerning the maintenance of its confidence in members of the corporate bodies. One should highlight the fact that at least one representative of the remuneration committee attended the annual general meeting, and it is expected that this will always happen.



## 6.6 Proposal on approval of share or share option allocation plans or plans based on changes in share prices

There are no variable remuneration plans consisting of the allocation of shares or share options or any other incentive system with shares.

There is also no retirement benefit system for the members of the managing and supervisory bodies and other managers, as provided in article 248-B(3) of the Portuguese Securities Code, except for the benefits resulting from the collective agreement in force in REN's activity area, which applies only to managers who are not members of REN's management and supervisory bodies.

## 6.7 Annual disclosure of individual remuneration of members of the managing and supervisory bodies

Further to the entry into force of Law no. 28/2009, and in view of its article 3, under the title of "Remuneration Information", REN considered it should discriminate the individual and aggregate amounts of remuneration paid to the management and supervisory bodies.

In 2009, fixed and variable remunerations received by executive and non executive directors were, individually and in aggregate, the following:

Name		Fixed rem. <sup>1</sup>	Variable rem. <sup>2</sup>	Total
José Penedos	Executive committee	377,066.12	243,750.00	620,816.12
Rui Cartaxo	Executive committee	302,206.60	195,000.00	497,206.60
Victor Baptista	Executive committee	300,491.45	195,000.00	495,491.45
Aníbal Durães Santos	Executive committee	302,306.88	195,000.00	497,306.88
João Caetano Conceição	Executive committee	193,359.75	-	193,359.75
Fernando Soares Carneiro	Executive committee	90,433.78	195,000.00	285,433.78
Manuel Champalimaud	Board of directors	30,000.00	-	30,000.00
Gonçalo Oliveira	Board of directors	30,000.00	-	30,000.00
Luis Atienza	Board of directors	30,000.00	-	30,000.00
José Carvalho Netto	Board of directors	286,464.97	-	286,464.97 <sup>3</sup>
Filipe Maurício Button	Board of directors	30,000.00	-	30,000.00
José Luís Alvim	Audit committee	60,000.00	-	60,000.00
José Frederico Jordão	Audit committee	48,000.00	-	48,000.00
Fernando Rocha de Andrade	Audit committee	48,000.00	-	48,000.00
<b>Total</b>		<b>2,128,329.55</b>	<b>1,023,750.00</b>	<b>3,152,079.55</b>

1) Includes daily of € 10,03 for the members of the executive committee

2) Related to 2008 fiscal year

3) Includes the remuneration received as member of the board of directors of REN REN Armazenagem, S.A. (until 09/03/2009) and as chairman of the subsidiary company OMIP - Operador de Mercado Ibérico de Energia (Pólo Português), S.G.M.R., S.A. (since 10/03/2009), in the amount of € 251,693.12.

There are no agreements between the company and members of the managing and supervisory bodies providing the granting of indemnities in case of a director's resignation or dismissal.

## 6.8 Remuneration of the Statutory Auditor

The fees of the statutory auditor are based on the tariffs of the Statutory Auditors Association. In its supervisory activities, the REN group uses the services of two statutory auditors, one for REN SGPS, REN Trading and REN Serviços and another for the remaining companies. The statutory auditors were paid a total of € 250,463.00 in 2009, according to the following distribution:

- J. Monteiro & Associados SROC, Lda. - € 123,120.00;
- Luis Borges de Assunção, ROC - € 127,343.00.



## 7. Sustainability and social responsibility

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A brief description of the most relevant aspects of REN's activity in 2009, in the context of sustainable development, follows.

Being the sustainability report a key communication instrument on REN's performance in this area, more detailed information can be found in the 2009 Sustainability Report and respective brochure summary, to be published in the first half of 2010. These documents are available at the company's website.

## 7.1 Quality, environment and safety management systems

REN's intervention in the context of the national energy sector can not be detached from the company's activity in the areas of service quality management, improvement of performance in environment and safety, hygiene, health and labor safety and serious accidents prevention. As a result of the work developed in these areas, the scope of management systems certification of REN SGPS - which included, by the end of 2008, Rede Eléctrica Nacional, REN Serviços and REN Trading - was broadened. APCER - Associação Portuguesa de Certificação granted an extension of the triple certification in quality, environment and safety to companies such as REN Gasodutos and REN Atlântico. By the end of 2009, certification grantal audits were carried out in the three specified areas, involving REN Armazenagem and REN Telecom, allowing that all REN companies were certified in those respects by the end of that year.

## 7.2 Environmental impact assessment

REN benefits from a wide experience in assessing its investment projects' environmental impact, notably through its concessionaire Rede Eléctrica Nacional. Thus, in 2009, and in the context of Rede Eléctrica Nacional, a total of 5 Environmental impact studies and 7 environmental incidence studies were made, leading to the grantal of 10 environmental impact statements for the new power lines and substations. Following the execution of the measures defined in the Environmental Impact Evaluation, a total of 25 monitoring actions of several environmental descriptors were carried out, namely regarding the sound environment (noise), avifauna and electric and magnetic fields.

In what concerns compensation measures associated to new investment projects of Rede Eléctrica Nacional and further to the group of actions previously set in motion, it is worth mentioning in 2009 the definition of a methodological program for the adoption of compensation measures resulting from crossing of Parque Natural do Douro Internacional and the Távora river valley by Armamar-Lagoaça Lines at 400 kV, Lagoaça-Aldeadávila 1 Lines at 400 kV and Pocinho-Aldeadávila 1 Lines at 220 kV. Most of REN's responsibility activities are carried out by specialized service renderers. For that reason, REN considers that the conveyance of knowledge and the divulgence of good practices in what concerns the environment are crucial for the incorporation of these actions in all its activities. In this domain, the year 2009 was singled out by the publication of a modular technical specification on environmental management applicable to several types of REN activities carried out by service renderers. The publication of this document, used by all REN group companies, created speedy mechanisms of verification of environmental legal conformity during the rendering of services, either supervised by autonomous supervision teams or by REN employees. It is still worth mentioning that, in 2009, the implementation of a set of activities of improvement of corporate environmental performance through four Environmental Performance Marketing Plans (EPMP), one for each concessionary. The EPMP is a regulation instrument promoted by ERSE, aiming at the adoption of voluntary improvement measures by the concessionary companies in what regards their environmental performance. The measures proposed by REN companies comprehend several areas of intervention, including the improvement of the landscape and visual setting of their infra-structures, the investigation in the area of electric and magnetic fields (EMF), protection of biodiversity and training of employees in the environment and use of renewable energies related matters.

## 7.3 Corporate social responsibility

REN, as a regulated and a listed company, has special obligations in terms of transparency, involvement with its relevant interested parties and communication of its performance through three sustainability exes. Acknowledging this fact and the advantages of developing a structured project in this area, REN started, in March 2009, an internal project of performance, within those three pillars of sustainable development, know as "+ Sustainability", based in a set of actions from which we would point out the following:

- Drafting and publication of sustainability reports level A+ (the most thorough one) regarding adoption of GRI (Global Reporting Initiative) Directives;
- Definition and implementation of a communication plan in this area, including the set up of a website totally dedicated to REN's performance in this regard (project phase);
- Evaluation and preparation of a Social Responsibility Management System in accordance with Norma NP 4469-1 and its subsequent integration in REN's Integrated System of Quality, Environment and Safety;
- Evaluation and identification of relevant themes in the perspective of REN's most important interested parties.

By the end of 2009, and within this project, an assessment of the execution of the three principles required by Norma AA1000 APS (Accounting Principles Standard) was made, in order to evaluate the gaps still existing in the company in this regard. Norma AA1000 APS is addressed to organizations which aim at establishing, evaluating and divulging information on their strategy, goals, performance and, in particular, their relationship with several interested parties.

During 2009, REN saw its work and communication in this area of sustainability and social responsibility acknowledged, though the following distinctions:

- Notable Global Compact's COP (Communication on Progress): attributed in the scope of United Nations initiative known as Global Compact (<http://www.unglobalcompact.org/>), which REN joined in 2005. This initiative, which gathers several companies at a worldwide level, is based on the organizations commitment with ten principles regarding human and labor rights, environment protection and anti-corruption policies.
- European Label on Social Responsibility (CEEP/CSR Label), in the scope of DISCERNO

3 project launched by the European Centre of Employers and Enterprises providing Public services (CEEP).

The dialogue and involvement with several interested parties have been a constant concern of REN. As evidence of this commitment, we can point out the second edition of perceived quality evaluation and client satisfaction study in respect to the natural gas business, which was concluded with a positive global average of satisfaction: 7,1 in a scale of 1 to 10. Another study was carried out, which targeted a set of official entities with which REN is related, for evaluation of quality of involvement and render of information by this company and degree of satisfaction. In 2009, the following communication actions were carried out on sustainability:

- Renata tv series: launched in RTP 1, it is focused on a cartoon addressed to a younger audience, with the help of advanced animation techniques. In each episode, a small piece of advice or information is given about environment protection, energetic efficiency and the population is enlightened in regard to efforts developed by REN in terms of minimizing environment impact;
- Webstork Project: developed in partnership with Publico newspaper and the Fundação para a Computação Científica Nacional (FCCN), with the goal of informing the public about REN's contribute to preserve the white-stork, with the possibility to visualize a nest of this species through a video camera installed in a post of a very high tension line;
- Participation, since September 2009, in a weekly program of a cable television channel (Porto Canal). In this program REN employees participate live, as well as employees of other organizations with which the Company has partnership in place, addressing several of REN's projects in the area of sustainability.



## 7.4 Codes of conduct

The group companies, in their relationship with market agents, are obliged to comply with principles of impartiality, non-discrimination and guarantee of access to the network.

These principles, among others, and the ethical values governing the relationship among employees and between employees and third parties are set forth in a code of ethics and three codes of conduct applicable to specific jobs - system manager, commercial agent and account adjustment. By the end of 2009, these codes of conduct were subject to a revision and merger into one single code applicable to all group companies.





# 8. Annexes

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## Annex I

Description of the board of directors, namely concerning:

- names of its members, distinguishing between executive and non-executive members and between independent and non-independent non-executive members;
- positions that its members hold in other companies, listing those in other companies in the same group;
- their qualifications, previous positions held in at least the last five years, the number of company shares that they own, the date of their first appointment and the end of their mandate.

## Annex II

Description of the main details of the transactions and operations between the company and the members of its managing and supervisory bodies who own qualified shareholdings or subsidiary or group companies, provided that they are of monetary significance to any of the parties involved, with the exception of transactions or operations that are not only carried out in normal market conditions for similar operations but are also part of the company's current activity.

## Annex III

Qualified interests in REN's share capital as of 31 December 2009 and shares held by members of board of directors, audit committee and general shareholders meeting board.

## Annex IV

The annual fee paid to the auditor and other natural or legal persons belonging to the same network borne by the company or subsidiary or group companies and a breakdown of the percentage paid for the following services:

- legal audits,
- other services guaranteeing accuracy,
- tax consultancy services,
- services other than legal audits.

## Annex V

Statement on the remuneration policy regarding members of the managing and supervisory bodies by the remuneration committee.

## Annex VI

Statement on the remuneration policy regarding managers (pursuant to article 248-B, no 3, of the Portuguese Securities Code) that are not part of the managing and supervisory bodies.

## Annex I

### Description of the board of directors

At the time of this report, the current composition and description of the board of directors is as follows:

Name	Age	Position	First election	Date of mandate
Rui Manuel Janes Cartaxo	57	Chairman (replacement) Chief executive officer	2007	2009
Aníbal Durães Santos	62	Executive director	2001	2009
Victor Manuel da Costa Antunes Machado Baptista	57	Executive director	2001	2009
João Caetano Carreira Faria Conceição	35	Executive director	2009	2009
Luís Maria Atienza Serna	52	Director	2007	2009
Gonçalo José Zambrano de Oliveira	39	Director	2007	2009
Manuel Carlos Mello Champalimaud	63	Director	2007	2009
José Isidoro d'Oliveira Carvalho Neto	64	Director	2008	2009
Filipe de Botton	51	Director	2008	2009
José Luís Alvim Marinho	57	Chairman of the audit committee (independent)	2007	2009
José Frederico Vieira Jordão	64	Member of the audit committee (independent)	2007	2009
Fernando António Portela Rocha de Andrade	38	Member of the audit committee (independent)	2008	2009

#### Rui Manuel Janes Cartaxo

Holds a degree in Economics from the Universidade Técnica de Lisboa. Between 2002 and 2006, was an executive director of Galp Energia, director of several companies of the GALP group, since 1997, and chairman of the board of directors of LisboaGás and GDP Distribuição. From 1992 to 1995 he was executive director of CN - Comunicações Nacionais SGPS. In the early stages of his professional career he was an economist at Banco de Portugal.

#### Aníbal Durães dos Santos

Holds a degree in Finance from ISCEF and a PHD in Economics from Universidade Católica Portuguesa ("UCP"). Professor Santos is a member of REN SGPS's board of directors, has been a member of the board of directors of ELECPOR since December 2006 and a member of the consultative board of Portugal Telecom SGPS, S.A. Professor Santos has also been a board member of several companies, director-general of European Affairs at the Ministry of Industry and Energy, president of the Portuguese Section of CEEP and European Vice-President. A former director of the Department of Economics of the Universidade Católica Portuguesa (1987-1993), Professor Santos has been a professor at the Economics Department of this University.

### **Victor Manuel da Costa Antunes Machado Baptista**

Holds a degree in Electrotechnical Engineering from Faculdade de Engenharia da Universidade do Porto ("FEUP"), as well as advanced studies in Energy Planning from the University of Chicago and the Argonne National Lab (USA) and advanced studies from USW Universitätsseminar der Wirtschaft Burg Disternich in Germany. Mr. Baptista has been working with REN since January 2001, is one of the non executive members of the board of directors of OMIP, a member of the board of directors of ELECPOR and REN's representative in ASAE - the Association of the External Agents of the Spanish Electric System and in IESOE - Interligação Eléctrica do Sudoeste da Europa.

### **João Caetano Carreira Faria Conceição**

Holds a degree in Aerospace Engineering from Instituto Superior Técnico, having as well advanced studies in Von Karman Institute for Fluid Dynamics in Brussels and in 2005, an MBA from Insead (France). Between 2000 and 2007, he was consultant at The Boston Consulting Group and, for two years, served as ministry of economy and Innovation. He began his career at JPMorgan in Brussels.

### **Luís Maria Atienza Serna**

He holds a degree in Economic and Company Sciences from the Universidad de Deusto. Among other positions, Mr. Serna is now the chairman of the board of directors of Red Eléctrica de España, S.A. and member of the board of directors of Red Eléctrica Internacional Unipersonal, S.A. Throughout his working life, Mr. Luis Serna acted, among other duties, as Spanish minister of Agriculture, Fisheries and Food of, secretary general for Energy and Mineral Resources of the Ministry of Industry and Energy of Spain, president of the Spanish Institute for the Diversification and Energy Investment (IDEA) and general secretary of the Spanish Agricultural Structures Department of Agriculture, Fisheries and Food.

### **Gonçalo José Zambrano de Oliveira**

Holds a degree in economics and finance from the Bentley College and an MBA from the University of Miami. Mr. Oliveira is presently a director of Esconcessões, SGPS, S.A., Ipodec Portugal - Gestão de Resíduos, Lda. and of Auto-Vila - Reciclagem Resíduos, S.A. Since 2000, Mr. Oliveira has been a director of Sociedade Central de Cervejas e Bebidas, S.A. and of Sociedade de Águas do Luso, S.A. and

since January 1999 has been an executive director of Olinveste, SGPS, Lda. Mr. Gonçalo de Oliveira has also been chairman of the board of directors of Medios del Pacifico, S.A.

### **Manuel Carlos de Mello Champalimaud**

Is currently the chairman of the board of directors of Gestmin SGPS, S.A., of Prodimed, S.A. and of Sogestão, S.A., is member of the board of directors of Winreason, S.A. and executive-manager of the companies Da Praia - Promoção Imobiliária, Lda., Sogolfe - Empreendimentos Turísticos, Lda. and Agrícola São Barão, Lda.

### **José Isidoro d'Oliveira Carvalho Neto**

Holds a degree in Mechanical Engineering from the Instituto Superior Técnico (6 year degree). Has been a director of Transgás and of GDP, SGPS, S.A. and chairman of the boards of directors of the natural gas distribution companies - Dianagás; Duriensegás; Medigás; e Paxgás. He held several positions in the then called Directorate General for Energy, where he was technically responsible for the coordination of the base Works of the National Energy Plans of 1982 and 1984. From 1984 to 1988, by dispatch of the prime minister, he held a position in the Secretariat of the International Energy Agency of OECD. Between 1988 and 1995 he was a high ranking officer of the Directorate General for Energy of the European Commission. In 2002 he held office in ERSE. From 2005 to 2007 he was assessor for the energy area of the deputy secretary of state for Industry and Innovation (2005-2007) and for the minister of Economy and Innovation (2007-2009). He led several international projects of which resulted the publishing of several articles on energy matters.

### **Filipe de Botton**

Holds a degree in Business Management from the Universidade Católica Portuguesa. He is director of Logoenergia SGPS, SA, and founding partner of LOGOPLASTE (CEO), NORFIN and INVESFIN (Manager) and of the companies LOGOVINHA and LOGOHOTÉIS. He was also a founding partner and director of INTERFINANÇA and FONSECAS & BURNAY - Sociedade Gestora de Patrimónios. From 1990 to 1994, he was director of Hotel da Lapa. He also acts as chairman of ELO - Associação Portuguesa para o desenvolvimento Económico e Cooperação and director of the Entrepreneurial Council of CPLP. He is also Foreign Trade counselor of France e member of the Strategic Council of the University of Minho and of the Management of Sporting Clube de Portugal.

### **José Luís Alvim Marinho**

Holds a degree in Economics from the Faculdade de Economia do Porto and, since November 2009, has been (non-executive) chairman of the board of directors of Microprocessador - Sistemas Digitais, SA. Since March 2007, he has been a non-executive director of CUF-SGPS and teaches in Escola de Gestão do Porto - Business School of the University of Porto. Mr. Marinho was a director of Banco Pinto e Sotto Mayor, S.A., of Chemical Finance, of Totta e Açores, S.A., and of Banco Santander de Negócios Portugal, S.A. During his career he was also director of IAPMEI and of several companies and groups of companies (Amorim and Tabaqueira).

### **José Frederico Vieira Jordão**

Holds a degree in Finance from the Instituto Superior de Ciências Económicas e Financeiras. Mr. Jordão has held, among other positions, those of director of RAR (Holding) and of chairman of the boards of directors of Iberholding, RAR Imobiliária, RAR (Genève), and RAR (London). Mr. Jordão was director of Finantipar (holding which controls the Finantia group) and member of the general counsel and chairman of the general meeting of the insurance companies Global and Global Vida. Mr. Jordão also acted for Shell Portuguesa, Cuf Group, Mobil Oil Portuguesa and Dow Chemical, among other companies.

### **Fernando António Portela Rocha de Andrade**

Master in Law in the area of legal and economic sciences from the Law School of the University of Coimbra. Assistant professor of the Law School of the University of Coimbra since 1995. He acted as Home Affairs undersecretary of state from March 2005 to 1 February 2009. He was assistant of the minister of Justice (2001-2002), assessor of the chairman of the Constitutional Court (1999-2000) and assistant of the minister of Parliamentary Affairs (1995-1999). He has been author and co-author of books and articles covering areas like taxes, public finances and electoral law.

The professional address of each of these members of the board of directors is that of REN's registered office at no. 55 Avenida Estados Unidos da América, parish of Alvalade, Lisbon. There are no family ties between the members of the board of directors or between the statutory auditor and the members of the board of directors. The following table shows the positions held by the members of the board of directors in managing or supervisory bodies in the last five years. Their current positions have been highlighted.

<b>Name</b>	<b>Positions</b>
Rui Manuel Janes Cartaxo	Chairman in replacement of the board of directors of REN SGPS REN Rede Eléctrica Nacional - chairman in replacement of the board of directors REN Gasodutos - Member of the board of directors REN Atlântico - Terminal de GNL - Chairman in replacement of the board of directors REN Armazenagem - Chairman in replacement of the board of directors REN Serviços - Chairman in replacement of the board of directors RENTELECOM - Chairman in replacement of the board of directors Executive director of Galp Energia Chief executive officer of Galp Power Chairman of the board of directors of GDP Distribuição, S.A. Chairman of the board of directors of Lisboagás Chairman of the board of directors of Água Solar Chairman of the board of directors of Porten Member of the board of directors of Petrogal Member of the board of directors of GDP Member of the board of directors of Transgás Member of the board of directors of Galp Energia España Member of the board of directors of Ecogen





Name	Positions
Aníbal Durães dos Santos	Member of the board of directors of REN SGPS REN Rede Eléctrica Nacional - member of the board of directors REN Gasodutos - member of the board of directors REN Atlântico - Terminal de GNL - member of the board of directors REN Armazenagem - member of the board of directors REN Serviços - member of the board of directors Member of the directive council of Elecpor Member of the disciplinary committee of the Economists' Bar Member of the advisory council of Portugal Telecom, SGPS, S.A. REN Telecom - member of the board of directors REN Trading - member of the board of directors
Victor Manuel da Costa Antunes Machado Baptista	Member of the board of directors of REN SGPS REN Rede Eléctrica Nacional - member of the board of directors REN Gasodutos - member of the board of directors REN Atlântico - Terminal de GNL - member of the board of directors REN Armazenagem - member of the board of directors REN Serviços - member of the board of directors RENTELECOM - member of the board of directors Non executive director of OMIP REN Trading - member of the board of directors
João Conceição	Member of the board of directors of REN SGPSS REN Rede Eléctrica Nacional - member of the board of directors REN Gasodutos - member of the board of directors REN Atlântico - Terminal de GNL - member of the board of directors REN Armazenagem - member of the board of directors REN Serviços - member of the board of directors RENTELECOM - member of the board of directors Non executive director of OMIP
Luís Maria Atienza Serna	Member of the Board of Directors of REN SGPSS Chairman and Executive member of the Board of Directors of Red Eléctrica de España, S.A. Joint Director of Red Eléctrica Internacional, S.A., unipersonal Chairman of the Board of Directors of Red Eléctrica del Sur, S.A. (peruvian company) Chairman of the Board of Directors of Transportadora de Electricidad, S.A. (sociedade boliviana) Chairman of Fundación Doñana 21, para el Desarrollo Sostenible del Entorno de Doñana
Gonçalo José Zambrano de Oliveira	Member of the board of directors of REN SGPSS Director of Esconcessões - SGPS, SA, Ipodec Portugal - Gestão de Resíduos, Lda. and Auto-Vila - Reciclagem de Resíduos, S.A. Director of Central de Cervejas e Bebidas, S.A. and Sociedade da Água do Luso, S.A. Grupo Oliveira - executive director of Olinveste SGPS Lda.
Manuel Carlos Mello Champalimaud	Member of the board of directors of REN SGPSS Delegated manager - Agrícola São Barão - Unipessoal, Lda. Manager - Da Praia - Promoção Imobiliária, Lda. Chairman of the board of directors of Gestfin SGPS, S.A. Chairman of the board of directors of Sogestão - Administração e Gerência, S.A. Delegated manager - Sogolfe - Empreendimentos Turísticos, Sociedade Unipessoal, Lda. Member of the board of directors of Prodimed, S.A. Member of the board of directors of Winreason, S.A.
José Isidoro d'Oliveira Carvalho Neto	Member of the board of directors of REN SGPSS OMIP - chairman REN Armazenagem - member of the board of directors Member of the supervisory board of APE - Associação Portuguesa da Energia



Name	Positions
Filipe de Botton	Member of the board of directors of REN SGPSS Director of Logoenergia, SGPS, S.A. Chairman of the board of directors of Logoplaste Chairman of the board of directors of Logoinveste, SGPS, SA Manager of Norfin Manager of Invesfin Manager of Logovinha Manager of Logohotéis
José Luís Alvim Marinho	Chairman of the audit committee of REN SGPSS Non executive director of CUF-SGPS Non executive chairman of the board of directors of Microprocessador - Sistemas Digitais, S.A. Coordinator director of Banco Santander Portugal, S.A. and Banco Totta, S.A. Member of the board of directors of Banco Santander de Negócios Portugal, S.A. Member of the board of directors of Totta-Crédito Especializado, IFIC, S.A.
José Frederico Vieira Jordão	Member of the audit committee of REN SGPSS Consultant of the chairman of the board of directors of RAR, Sociedade de Controle (Holding), S.A.
Fernando António Portela Rocha de Andrade	Member of the audit committee of REN SGPS

## Annex II

### Description of the main elements of the relations WITH related parties

#### Transactions with related parties

On 31 December 2009, REN Group is quoted at Euronext de Lisboa. Its main shareholders, with registered transactions, are: EDP's Group and Caixa Geral de Depósitos. Its related entities are as follows:

#### Shareholders:

- EDP Group:  
EDP - Energias de Portugal, S.A.  
EDP Distribuição - Energia, S.A.  
EDP Serviços Universal, S.A.  
EDP Valor - Gestão Integrada de Serviços, S.A.  
EDP - Gestão da Produção da Energia, S.A.  
SÁVIDA - Medicina Apoiada, S.A.  
Labelec - Estudos, Desenvolvimento e Actividades Laboratoriais, S.A.

- CGD Group:  
Caixa Geral de Depósitos, S.A.  
Caixa - Banco de Investimento, S.A.

#### Joint-ventures:

Sociedade Gasoduto Campo Maior - Leiria - Braga, S.A.  
Sociedade Gasoduto Braga - Tuy, S.A.

During the financial year, REN group carried out the following transactions with these entities:

#### Transactions and balances with shareholders and their participated entities

A detailed summary of the related entities concerning the entities participated by the REN group's shareholders is shown below:

#### Sales of products and services

	2009	2008
Electricity - EDP	948,813	796,796
Other services - EDP	13,212	2,091
<b>Total</b>	<b>962,025</b>	<b>798,887</b>

The amounts shown for the sale of products refer to energy movements due to REN Trading's role as agent in relation to the CAE of the powerhouses of Pego (Tejo Energia) and Tapada do Outeiro (Turbogás).

### Purchase of products and services

	2009	2008
<b>Purchase of products</b>		
Electricity - EDP	370,440	340,196
	<b>370,440</b>	<b>340,196</b>
<b>Purchase of services</b>		
Miscellaneous services - EDP	11,543	5,351
Interests on commercial paper - CGD	769	7,817
Commissions on loans - CGD	284	266
Other interest - CGD	10	22
	<b>12,606</b>	<b>11,456</b>

The amounts shown for the purchase of products are recognized under Customers and other receivables, due to the role of intermediary that REN plays in the purchase and sale of electricity.

In the end of the financial year of 2009, the balances resulting from transactions made with related parties are as follows:

### Debit and credit balances

	2009	2008
<b>Debtors</b>		
EDP - Balance before customers	62,436	50,476
EDP - Balance before other debtors	3,067	2,487
	<b>65,503</b>	<b>52,963</b>
<b>Creditors</b>		
EDP - Balance before suppliers	4,843	10,012
EDP - Balance before other creditors	2,421	2,240
CGD - Commercial paper program	100,000	-
	<b>107,264</b>	<b>12,252</b>

### Transactions and balances with joint ventures

At the end of 2009, the transactions and balances with joint venture entities are as follows:

#### Transactions and balances with joint ventures

	2009	2008
<b>Sale of products and services</b>		
Services provided		
Gasoluto Braga - Tuy	358	358
Gasoluto		
Campo Maior - Leiria - Braga	21,164	21,164
	<b>21,522</b>	<b>21,522</b>
<b>Purchase of products and services</b>		
Services purchased		
Gasoluto Braga - Tuy	854	848
Gasoluto		
Campo Maior - Leiria - Braga	5,331	5,292
	<b>6,185</b>	<b>6,140</b>
<b>Financial costs</b>		
Gasoluto		
Campo Maior - Leiria - Braga	887	1,771

The purchase of services by the REN's group refers to the amount paid for transporting natural gas through these pipelines, in accordance with the utilization capacity of each pipeline and with the price agreed between the joint venture partners, REN - Gasodutos, S.A. and Enagás.

### Debit and credit balances

	2009	2008
<b>Debtors</b>		
Gasoluto Braga - Tuy	297	61
Gasoluto		
Campo Maior - Leiria - Braga	2,074	357
	<b>2,371</b>	<b>418</b>
<b>Creditors</b>		
Gasoluto Braga - Tuy	72	297
Gasoluto		
Campo Maior - Leiria - Braga	4,233	2,116
	<b>4,305</b>	<b>2,413</b>
<b>Shareholders loans</b>		
Gasoluto		
Campo Maior - Leiria - Braga	33,392	40,054

### Transactions with Auto Vila Reciclagem de Resíduos Industriais

Gonçalo José Zambrano de Oliveira is member of the board of REN - Redes Energéticas Nacionais, SGPS, S.A., being also director of Auto Vila Reciclagem de Resíduos Industriais, S.A.

As a result of public procurements, Auto-Vila has provided services to the REN - Rele Eléctrica Nacional, S.A. under the waste management agreement, having billed in 2009 the amount of 10,4 thousand euros (0.1 in 2008).

## Annex III

### Qualified shareholdings in REN's share capital as of 31 December 2009 and shares held by members of board of directors, audit committee and general shareholders meeting board

With reference to 31 December 2009, the shareholders that, in accordance with article 20 of the Portuguese Securities Code, held qualifying shareholdings representing at least, 2% of the share capital of REN - Redes Energéticas Nacionais, SGPS, S.A. were the following:

	No. of shares	% Capital	% Vote
Capitalpor SGPS, S.A. <sup>1</sup>	245,645,340	46.00	46.00
Parpública, SGPS, S.A. <sup>2</sup>	20,826,000	3.90	3.90
Logoennergia, SGPS, S.A. <sup>3</sup>	45,045,306	8.44	8.44
EDP - Energias de Portugal, S.A. <sup>4</sup>	26,700,000	5.00	5.00
Gestfin, SGPS, S.A. <sup>5</sup>	27,687,445	5.18	5.18
Oliren, SGPS, S.A.	26,700,000	5.00	5.00
Red Eléctrica de España, S.A.	26,700,000	5.00	5.00

<sup>1</sup>) The votes inherent to the shareholding Interest of Capitalpor - Participações Portuguesas, SGPS, S.A. are ascribable to Parpública, SGPS, SA, given that this company holds the full share capital of Capitalpor - Participações Portuguesas, SGPS, S.A.

<sup>2</sup>) Parpública acquired on December 31, 2009 CGD, 20,826,000 type B shares of the share capital of REN, representing 3.9% of its share capital and voting rights;

<sup>3</sup>) Logoennergia SGPS, S.A. holds 39,123,185 shares directly and 2,941,389 shares indirectly, namely 2,862,959 shares through Logoinveste SGPS, S.A., a company in a group relation with Logoennergia SGPS, S.A., 77,460 shares held on his behalf, or under that provided in article 447 of the Portuguese Companies Code, by the member of the board of directors of that company, Dr. Filipe Maurício de Botton, and 970 shares held on his behalf, or under that provided in article 447 of the Portuguese Companies Code, by the chairman of the board of directors of that company, Dr. Alexandre Relvas.

<sup>4</sup>) EDP - Energias de Portugal, S.A. holds 18,684,578 shares directly and 8,010,000 shares indirectly through EDP Pension Fund, a partnership affiliated with EDP - Energias de Portugal, S.A.

<sup>5</sup>) Gestmin, SGPS, S.A. holds 27,471,645 shares directly and 232,920 shares indirectly, held on his behalf by the chairman of the board of directors of that company, Mr. Manuel Champalimaud.



In accordance and for the purposes of article 447 of the Portuguese Companies Code, the number of shares held by the members of the corporate bodies at the end of the 2009 financial year was as follows:

<b>31 December 2009</b>	<b>No. of shares <sup>1</sup></b>
<b>Officials of the general meeting</b>	
José Manuel Ribeiro Sérvulo Correia (Chairman)	0 (zero)
Duarte Vieira Pestana de Vasconcelos (Vice-chairman)	0 (zero)
<b>Company secretary</b>	
Pedro Jorge Cabral da Silva Nunes	2,830
<b>Audit committee</b>	
José Luís Alvim Marinho	0 (zero)
José Frederico Vieira Jordão	0 (zero)
Fernando António Portela Rocha de Andrade	0 (zero)
<b>Board of directors</b>	
José Rodrigues Pereira dos Penedos	150,490 <sup>2</sup>
Aníbal Durães dos Santos	10,250 <sup>3</sup>
Vítor Manuel da Costa Antunes Machado Baptista	8,810 <sup>4</sup>
Rui Manuel Janes Cartaxo	19,162 <sup>5</sup>
João Caetano Carreira Faria Conceição	500
Luis Maria Atienza Serna	26,700,000 <sup>6</sup>
Gonçalo José Zambrano de Oliveira	26,700,000 <sup>7</sup>
Manuel Carlos Mello Champalimaud	27,687,445 <sup>8</sup>
José Isidoro d' Oliveira Carvalho Netto	970 <sup>9</sup>
Filipe Maurício de Botton	45,044,336 <sup>10</sup>

1) It comprises the shares of the members of REN's management and supervisory bodies, as well as, if applicable, of: (i) the not judicially separated spouse, regardless of the matrimonial property regime; (ii) descendants who are minors; (iii) persons in whose name the shares or bonds are registered, having been acquired on behalf of the persons mentioned in paragraphs (a) and (b) of article 447(4) of the Portuguese Companies Code; and (iv) those pertaining to a company in which the persons mentioned in no. 1 and in paragraphs a) and b) of the said number are partners with unlimited liability, exercise the management or one of the offices mentioned in no. 1 or hold, individually or together with persons mentioned in paragraphs a), b) and c) of the said number, at least half of the company's share capital or votes corresponding thereto.

2) It comprises 150.000 shares held directly e 490 shares held by the spouse.

3) It comprises 10.000 shares held directly e 250 shares held by the spouse.

4) It comprises 3.330 shares held directly e 480 shares held by the spouse.

5) It comprises 18.672 shares held directly e 490 shares held by the spouse.

6) It corresponds to the shares held by the shareholder Red Eléctrica de España, S.A., which are ascribable for the purposes of article 447 of the Portuguese Companies Code, pursuant to being chairman of the management body of that company.

7) It corresponds to the shares held by the shareholder Oliren, SGPS, S.A., which are ascribable for the purposes of article 447 of the Portuguese Companies Code.

8) It comprises 232,920 shares held directly and 27,471,645 shares held by the shareholder Gestmin, SGPS, S.A., which are ascribable for the purposes of article 447 of the Portuguese Companies Code.

9) It comprises 490 shares held directly e 480 shares held by the spouse.

10) It comprises 109,190 shares held directly, 1,970 shares held by the spouse and minor descendants and 39,123,185 shares held by the shareholder Logoenergia, SGPS, S.A., 2,862,959 held by the shareholder Logoinveste, SGPS, S.A. which are ascribable for the purposes of article 447 of the Portuguese Companies Code, pursuant to being director and chairman of the board of directors of those companies.

During the financial year of 2009, the following members of the corporate bodies performed the following trade operations of shares of REN:

	<b>Number of shares <sup>1</sup> acquired</b>	<b>Date</b>	<b>Counterparty paid per share <sup>2</sup></b>
Officials of the general meeting	0 (zero)		0 (zero)
Audit committee	0 (zero)		0 (zero)
<b>Board of directors</b>			
Victor Manuel da Costa Antunes M. Baptista	5.000	5 June 2009	€ 3,075
Filipe de Maurício de Botton	33.700	2 January 2009	€ 2,950
Manuel Carlos de Melo Champalimaud	35.800	15 September 2009	€ 2,912

1) It comprises the list of shares covered by article 447(1) and (2) of the Portuguese Companies Code in relation to reach of the persons mentioned in said article 447(1), referring the facts listed in the said numbers and in said article 447(3) of the Portuguese Companies Code.

2) Acquisition price or average price in case of several acquisitions.

	<b>Number of shares sold</b>	<b>Date</b>	<b>Counterparty received per share</b>
<b>Board of directors</b>			
Manuel Carlos de Melo Champalimaud	52.920	30 March 2009	€ 3,150

## Annex IV

### Annual remuneration of the auditor

#### Fees billed by PriceWaterhouseCoopers in 2009

	Amount (€)	Percentage
Audit services	124,017.00	28,58%
Other guarantee of accuracy services	93,708.00	34,97%
Tax consultancy services	64,404.20	21,60%
Other services than audits	7,890.00	14,84%
IDI Management System	14,000.00	1,82%
Assessment on the effectiveness of control system	26,110.00	3,23%
Training	16,404.20	6,02%
Assessment on the sustainability report	-	3,78%
<b>Total</b>	<b>433,854.20</b>	<b>100,00%</b>

#### Fees billed by Deloitte in 2009

	Amount (€)	Percentage
Audit services	100,750.00	17,46%
Other guarantee of accuracy services	69,000.00	11,96%
Other services than audits	407,380.00	70,59%
Project "custos de referência"	265,000.00	45,92%
Project Sinergias	107,000.00	18,54%
RENTELECOM Costing	28,000.00	4,85%
Translation of the annex to the accountings	4,500.00	0,78%
Training on International Standards	2,880.00	0,50%
<b>Total</b>	<b>577,130.00</b>	<b>100,00%</b>

Pursuant to article 423-F, sub-paragraph o), of the Portuguese Companies Code, the audit committee is responsible for supervising and evaluating the activity and the independence of the Chartered accountant of REN, as well as to approve the respective fees for the audit services and the contracting of additional services. In this sense, audit committee carried out in 2009 the evaluation and supervision of the external auditors' activity, mainly taking into consideration the following factors: correction, presentation and clarity of the external auditors' activity plans, quality of the

conclusions submitted within the scope of the developed work, effectiveness of the recommendations made and competence and effectiveness within the scope of the development of the procedures. Within the scope of the compliance with the independence rules established in relation to the external auditors, REN's audit committee accompanied, during the course of 2009, the rendering by PriceWaterhouseCoopers and Deloitte of non-audit services, in order to ensure that situations of conflict of interests would not rise.

## Annex V

### Declaration on the remunerations policy for the members of the managing body and of the supervisory body by the remuneration committee

#### DECLARATION OF THE REMUNERATION COMMITTEE ON THE REMUNERATIONS POLICY OF THE CORPORATE BODIES OF REN - REDES ENERGÉTICAS NACIONAIS, SGPS, S.A.

1. Under the terms of Article 26 of the articles of association of REN - Redes Energéticas Nacionais, SGPS, S.A. (REN), the remuneration committee of REN avails itself of the responsibility for fixing the fixed and variable salaries of each of the directors, as well as determining the remuneration to be attributed to the members of other corporate bodies.

2. Under the applicable statutory terms, the remuneration committee was appointed by the shareholders general meeting on 30 March 2007, being composed by three members, independent in relation to the members of the managing and supervisory bodies of REN.

3. In the interest of transparency and legitimacy of the fixing of remunerations of the members of the corporate bodies, the remuneration committee submits to the appraisal of the annual general meeting, for the effects of adoption of the provision set forth in Article 2(1) of the Law no 28/2009, of 18 June, a document containing the guidelines observed by that committee in the fixing of the remuneration of the members of the various corporate bodies regarding the fiscal year of 2009 and to be applicable to the corporate bodies to be elected on this general meeting start performing their duties.

The disclosure of individual remuneration perceived by members of governing bodies is provided in the corporate governance report.

4. Under these terms, the remuneration committee presents the following declaration on the policy adopted concerning the fixing of the remuneration of the corporate bodies of REN, which terms were subject to consideration by this committee on 13 April 2007.

a) Members of the general meeting are remunerated on the basis of attendance slips.

b) Members of the audit committee receive a fixed payment, which is carried out in 12 monthly payments during the year.

c) Remuneration of the members of the board of directors is essentially based on four general criteria:

- i) competitiveness, taking Portuguese market practices into consideration;
- ii) equity, bearing in mind that the remuneration practice must be based in uniform, consistent, fair and balanced criteria;
- iii) performance assessment, according to the duties and responsibilities of the relevant person; and
- iv) alignment of the directors' interests with the company's interests.

d) The remuneration of the management and supervision bodies does not include any mechanism of allocation or acquisition of shares or options or other rights related to the company's shares or to any of its affiliates.

e) Remuneration of the members of the board of directors comprises exclusively a fixed amount and, in the case of the members of the executive committee, it comprises as well a variable amount.

f) The remuneration committee stipulates the granting of a fixed amount in the remuneration of executive and non executive directors, bearing in mind the policies followed in other companies in the sector, namely the national listed company's and its Spanish correspondent, safeguarded the different specificities and dimensions.



g) The annual value of the variable amount of executive committee members' remuneration is limited for the year of 2009 to a value corresponding to six months of the fixed monthly amount remuneration, and it is calculated based on a technical study and a model which includes the definition of the parameters and a goal to be applied based on the pursuit of strategic objectives, which are related to, namely, the compliance of the following performance assessment criteria:

- i) The creation of value for shareholders;
- ii) The efficient management and the obtained results;
- iii) The uninterrupted nature of electricity and gas services;
- iv) The development of non regulated business;
- v) The maintenance and development of a favorable image and sustainability.

h) The weighing of objectives such as the uninterrupted electricity and gas services and the maintenance and development of a favorable image and sustainability in the determination of the variable amount of the remuneration of the members of the executive committee beyond the creation of value and the promotion of efficiency, are mechanisms aimed to grant the promotion of an adequate alignment with the medium and long term interests of the company and of the shareholders.

i) Payment of 50% related to the variable component of remuneration of the executive committee members, if due, shall be made after the committee's decision to be adopted after the accounts' approval, and the remaining 50% shall be deferred to the end of the year following the formal term of office;

j) It was not year possible in the current term of office to conclude the individual assessment of the executive directors, which is expected to occur in the next term;

k) Considering the general guidelines applicable to companies in which government holds shareholdings, there is no expectation of any remuneration increase for the next term of office.

#### THE REMUNERATION COMMITTEE

(João Manuel de Castro Plácido Pires)

(Francisco Manuel Marques Bandeira)

(José Alexandre Oliveira)

## Annex VI

### Declaration on the policy of remuneration of the managers (in the meaning of article 248-B(3) of the Portuguese Securities Code who are not part of the managing and supervisory bodies

#### DECLARATION OF THE BOARD OF DIRECTORS ON THE POLICY OF REMUNERATION OF THE MANAGERS OF REN - REDES ENERGÉTICAS NACIONAIS, SGPS, S.A.

1. Under the terms of article 15 of the articles of association of REN - Redes Energéticas Nacionais, SGPS, S.A. (REN), the board of directors avails itself of the responsibility for the definition of the general policy for remunerations and incentives for the directors and all the technical and administrative staff of the company.

2. In the interest of transparency and legitimacy of the fixing of remunerations for the managers (in the meaning of that provided in article 248-B(3) of the Portuguese Securities Code who are not part of the managing and supervisory bodies of the company, the board of directors submits for the appraisal of the annual general meeting, for the effects of adoption of recommendation II.1.5.2 of the Corporate Governance Code of the CMVM on the matter, a document containing the guidelines observed by itself in the fixing of the aforementioned remunerations.

3. Under these terms, the board of directors presents the following declaration on the policy adopted concerning the fixing of the remunerations of the managers of REN, as explained here:

a) The policy adopted in the fixing of remuneration of the managers of REN coincides with that defined for the generality of the company's workers;

b) That being said, the remuneration of the managers of the company includes a fixed remuneration and, possibly, an bonus for performance;

c) The quality/quantification of the performance is established in accordance with criteria that were previously defined by the board of directors.

4. Under these terms, for the definition of any bonus for performance of managers, not only the performance factors of each worker will be taken into account, *i.e.*, both the degree of responsibility of his position and his capacity to adapt to the company and to its procedures, but also the technical and/or economic performance of the area of business in which the worker is inserted and the economic/financial performance of REN.

#### The Board of Directors

**Design**



Francisco Pacheco  
fp.design@netcabo.pt





REN - Redes Energéticas Nacionais, SGPS, S.A.  
Avenida dos Estados Unidos da América, 55  
1749-061 LISBOA - Portugal  
Tel: +351 210 013 500