



**REN - REDES ENERGÉTICAS NACIONAIS, SGPS, S.A.**

## **REGULATION OF THE BOARD OF DIRECTORS**

### **ARTICLE 1**

#### **(Purpose and scope)**

1. This Regulation establishes the rules applicable to the functioning of the Board of Directors of REN - Redes Energéticas Nacionais, SGPS, S.A. (hereinafter referred to as “REN” or the “Company”), as well as the rules of conduct of its members, to be read together with provisions of the Articles of Association and the Code of Conduct of the Company.
2. This Regulation is applicable to all members of the Board of Directors, who must comply with the rules established in it, regardless of the moment and form of their election. A full copy of the Regulation will be made available to such directors by the Secretary of the Company immediately after their election.

### **ARTICLE 2**

#### **(Chair of the Board of Directors)**

1. The Board of Directors is chaired by its Chair, elected by the General Shareholders’ Meeting, under the terms provided for in Article 14, no. 3 of the Company’s Articles of Association.
2. The Vice-Chair replaces the Chair in his or her absences and impairments.
3. The Board of Directors decides which of its members replaces the Chair if both the Chair and of the Vice-Chair are absent or impaired.
4. The Vice-Chair or the Director, as the case may be, who replaces the Chair, will have all powers of the Chair, including the casting vote in the resolutions of the Board of Directors.
5. The Chair of the Board of Directors will, in particular, be responsible for:
  - a) representing the Company in or out of court;



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- b) coordinating the activity of the Board of Directors, and to promote communication between the Company and its shareholders, and between the Board of Directors and the other corporate bodies and internal committees;
- c) convening, organising the agenda and chairing the meetings of the Board of Directors;
- d) organising, in the proper form, the proposals to be submitted to the Board of Directors;
- e) exercising the casting vote in the approval of resolutions by the Board of Directors;
- f) ensuring the correct execution of the approved resolutions.

### ARTICLE 3

#### (Powers of the Board of Directors)

1. The Board of Directors is the corporate body responsible for the management and representation of the Company, under the terms provided for in the applicable legal provisions and provisions of the Articles of Association.
2. The Board of Directors is responsible for managing the Company's businesses and for doing all acts and carrying out all operations concerning the corporate object that do not fall under the powers of other corporate bodies. The Board of Directors is also responsible for defining the strategic direction of the companies with which REN is in a control or group relationship under the terms of Article 21 of the Portuguese Securities Code (or any provision that replaces it, with the wording in force from time to time) (the "REN Group"), in accordance with the applicable legal provisions, in particular those concerning the sectors of activity of each of the companies of the REN Group.
3. In using its powers and without prejudice to numbers 6 and 7 of this Article, the Board of Directors is, in particular, responsible for:



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- a) defining the strategy and general policies of the Company;
- b) defining the REN Group's corporate structure;
- c) without prejudice to no. 6 of this Article, approving, on a case-by-case basis, any disposals of assets and/or rights, investments and the creation of encumbrances, to be made by the Company and/or by its affiliates and subsidiaries;
- d) defining the goals and management policies of the Company;
- e) approving the annual budget, the business plan and other long-term development plans;
- f) establishing the administrative and technical organisation of the Company and of the internal operation regulations, in particular, concerning personnel and their remuneration;
- g) representing the Company in or out of court, as claimant or as defendant, with the possibility to withdraw, settle and make admissions in any legal proceedings, and to enter into arbitration agreements;
- h) without prejudice to no. 6 of this Article, incorporating companies and subscribing, acquiring, encumbering or disposing of shareholdings;
- i) deciding to contract debt with maturity of no less than 3 years on the Portuguese or international financial markets, including through the issuance of bonds or any other securities;
- j) deciding on the provision by the Company of technical and financial support to the companies in which it owns shares, quota ("*quotas*") or other shareholdings, in particular, granting loans and providing guarantees to their benefit;
- k) presenting proposals to the General Meeting to acquire and dispose of own shares, own bonds or other own securities, within the limits established by law;



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- l) approving the Company's systems of internal control, risk management and internal audit;
  - m) appointing the secretary of the Company and their alternate;
  - n) appointing attorneys-in-fact with the powers it considers appropriate, including those of sub-delegation;
  - o) appointing the Company's representative in the General Meetings of all affiliates and subsidiaries;
  - p) indicating the persons to be appointed by the Company to go on the lists of members of the corporate bodies to be elected in all affiliates and subsidiaries, and appointing the Company's Chief Technical Officer, upon a proposal of the Executive Committee;
  - q) deciding on all the matters considered strategic, particularly because they are related to strategic framework agreements entered into by the Company or due to their risk or special characteristics;
  - r) exercising any other powers attributed by law, by the Company's Articles of Association or by the General Meeting.
4. The Board of Directors is also responsible for deciding on the matters provided for in Article 406 of the Portuguese Companies Code.
5. The matters included in Article 407(4) of the Portuguese Companies Code, the passing of resolutions on the matters included in paragraphs a), b), d), e), i), k), l), m), p) and q) of no. 3 of this Article, and the following matters cannot be delegated to the Executive Committee:
- a) the approval, on a case-by-case basis, of the disposal of assets and/or rights, of investments and of the creation of encumbrances to be carried out by the Company and/or by its affiliates or subsidiaries, with an individual or total value higher than €15,000,000 (fifteen million euros), except if already approved in the Company's annual budget and the



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corresponding value does not exceed individually or in total €25,000,000 (twenty five million euros);

- b) the incorporation of companies and the subscription, acquisition, creation of encumbrances and disposal of shareholdings (in any case except if these acquisitions, encumbrances or disposals are between REN Group companies), except when those companies or shareholdings are special purpose vehicles (SPV) for specific investments with an individual or total value of investment by REN Group, that does not exceed €7,500,000 (seven million five hundred thousand euros), or if already approved in the Company's annual budget;
- c) the indication of the persons to be appointed by the Company to form part of the lists of members of the corporate bodies to be elected in all affiliates and subsidiaries, except for the two transmission system operators, that is, REN - Rede Eléctrica Nacional, S.A. and REN Gasodutos, S.A. and in the SPVs referred to in b) above;
- d) the participation of the Company or any of its affiliates or subsidiaries in activities outside their core activities, in other words, transmission of power and natural gas, storage of natural gas and regasification and/or storage of liquid natural gas (LNG), in particular, by means of the acquisition or subscription of shareholdings or commercial establishments, whose corporate object does not include those activities;
- e) the entry of REN or any of its subsidiaries into joint ventures, partnerships or strategic cooperation agreements and the selection of the relevant partners;
- f) transactions with related parties with a value exceeding €500,000 (five hundred thousand euros) or, regardless of the amount in question, any transactions with related parties which may be considered as not being made on an arms' length basis or not in the ordinary business of REN or the subsidiary in question;



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- g) approval of the half-yearly and quarterly accounts to be published in accordance with the applicable legal provisions.
- 6. The Board of Directors must submit to the prior approval of the General Meeting the acquisition and disposal of assets, rights or shareholdings with an economic value higher than 10% of the consolidated fixed assets of the Company.
- 7. The Board of Directors or the Executive Committee must consult with the strategic partnership committee referred to in the Framework Agreement entered into between the Company and its main industrial strategic partner prior to passing any resolution on related or ancillary matters concerning the Framework Agreement, without prejudice of the Board of Directors being kept informed about this.

**ARTICLE 4**

**(Meetings of the Board of Directors)**

- 1. The meetings of the Board of Directors take place at the registered office of the Company or in any other place designated for this purpose, with the possibility of using telematic means and of passing unanimous resolutions in writing, under the terms established by law or in the Articles of Association.
- 2. The Board of Directors will meet ordinarily at least 4 times a year, on dates to be determined, in each year, by its members.
- 3. The Board of Directors will meet whenever convened by its Chair, or in his or her absence by the Vice-Chair or by two other directors, or also further to a request from the Statutory Auditor. The notice convening the meeting and the corresponding agenda, together with the preparatory documentation for the resolutions, which must be in English or accompanied by a translation into English language, must be communicated to the board members with notice of at least five business days in advance of any meeting of the Board of Directors.



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4. The Chair of the Board of Directors or in his or her absence, the Vice-Chair may, in the event of force majeure or urgency, convene the Board of Directors without the prior notice referred to in the previous number.
5. The directors must communicate to the Chair of the Board of Directors, with appropriate prior notice or immediately after receipt of the documentation referred to in the previous numbers, any other matters to be included on the agenda, and they must provide the proposal for resolution and the documentation to be analysed.
6. The members of the Board of Directors who are also members of the Audit Committee will participate in the meetings of the Board of Directors, but they cannot perform executive functions.
7. The content of the meetings of the Board of Directors is confidential in nature, as is all the documentation relating to its preparation and to its works.
8. The meetings are convened in writing and messages sent by email are understood to be in writing for this purpose.
9. As far as possible, each of the Directors must inform the Secretary of the Company of whether or not the Director will attend the meeting. This information must be communicated at least two business days before the date scheduled for the meeting.
10. The directors and personnel of other companies belonging to the REN Group, and their consultants, may be invited to participate (but not vote) in meetings of the Board of Directors, whenever the Board of Directors considers their presence necessary or appropriate to the smooth conduct of its business.



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## **ARTICLE 5**

### **(Quorum and resolutions)**

1. The Board of Directors may only approve a resolution when the majority of its members are present or represented.
2. The resolutions of the Board of Directors are approved by the majority established by the law.
3. The minutes of each meeting, together with their translation into English will be prepared by the Secretary of the Company and will be subject to the approval of the Board of Directors by e-mail until the subsequent ordinary meeting, and will be signed in that meeting..

## **ARTICLE 6**

### **(Representation in the meetings)**

Any Director may be represented in a meeting by any other member, by means of a simple letter (which will only be valid for that meeting) addressed to the Chair of the Board of Directors, or to the Vice-Chair in case of the Chair's absence. The following situations are not allowed:

- a) the representation by the same person of more than one director in each meeting;
- b) the representation of a director with executive powers by a member of the Audit Committee;
- c) the representation of a member of the Audit Committee by a director with executive powers.

## **ARTICLE 7**

### **(Absences)**





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1. Any absences of the Directors from the meetings of the Board of Directors must, to the extent possible, be communicated in advance to the Secretary of the Company.
2. Any member of the Board of Directors that cannot attend the meeting may, in the case of a resolution considered urgent by the Chair of the Board of Directors, express her or his vote by letter addressed to the Chair, which is only valid for that one meeting.
3. If a Director fails to attend more than half of the ordinary meetings of the Board of Directors during a calendar year, whether consecutively or not, and his or her justification is not accepted by the Board of Directors, this conduct is deemed to amount to the definitive absence of that Director.
4. The definitive absence of a Director will be declared by the Board of Directors and that Director will be replaced in accordance with the law and the Articles of Association.
5. In the case of death, resignation or definitive impediment of any of the members of the Board of Directors, the Board of Directors will decide on the co-option of such member or on its non co-option, under the applicable law at the time.

### **ARTICLE 8**

#### **(Delegation of powers)**

1. The Board of Directors must form an Executive Committee, to which it will delegate the management of the business of the company, under the terms of Article 407(3) and (4) of the Portuguese Companies Code and of Article 16 of the Articles of Association.
2. The matters provided for in Article 407(4) of the Portuguese Companies Code and in Article 3, no. 5 of this Regulation cannot be delegated.



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3. Any resolution of the Board of Directors that delegates duties to an Executive Committee must determine the limits of the delegation, which must respect the limits established in this Regulation. The resolution must also determine the composition, appointment of the respective Chair and the rules of functioning of that corporate body.
4. The delegation of powers to the Executive Committee will end by resolution of the Board of Directors at any time or automatically, when one of the following situations occurs:
  - a. replacement of the Chair of the Executive Committee or of the majority of its members;
  - b. the end of the term of office of the Board of Directors.

### **ARTICLE 9**

#### **(Audit Committee)**

The supervision of the Company is the responsibility of the Audit Committee of the Board of Directors appointed under Article 21 of the Articles of Association, which holds the powers and the attributions provided for in Article 423-F of the Portuguese Companies Code and in Article 22 of the Articles of Association.

### **ARTICLE 10**

#### **(Appointment of specialised committees)**

Under Article 407(1) of the Portuguese Companies Code, the Board of Directors may especially allocate certain management matters to one or more of its Directors, including by appointing Committees. In relation to these committees, it must define their composition and designate their Chair and establish, through regulation, their rules functioning and their powers.

### **ARTICLE 11**



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**(Non-executive Directors)**

1. Without prejudice to exercising the powers not delegated to the Executive Committee, the non-executive directors of the Company will be responsible for supervising the executive management actions.
2. With a view to approving informed and independent decisions, the non-executive directors may obtain the information considered necessary or appropriate to performing their powers, competences and duties (in particular, information relating to the powers delegated to the Executive Committee and to their performance), requesting that information from the Executive Committee. The answer to their requests must be provided in an appropriate and timely fashion to all non-executive Directors.

**ARTICLE 12**

**(Compliance with the Legal and Ownership Unbundling Rules  
applicable to the Directors and Conflicts of Interests)**

1. Anyone appointed as member of the Board of Directors must declare that (i) he or she does not and will not engage in activities of production or supply of electricity or natural gas during his or her term of office, directly or indirectly, by him or herself or in partnership with other entities in Portugal or in geographical areas that have a direct or indirect interface or connection with the Portuguese grids, (ii) he or she does not control or exercise any right, and will not do so during his or her term of office, in relation to entities that engage in or have any interest in such an activity in those areas, either directly or indirectly, and (iii) he or she is not a member of the corporate bodies, does not participate in the structures or provide services, directly or indirectly, to entities that engage in have any interest in such activities in those areas, and that he or she will not do so during his or her term of office.
2. As an alternative to the presentation of the declaration described in the preceding paragraph, the person appointed as board member and who is in one



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of the situations set out in the preceding paragraph must submit a document issued by *ERSE - Entidade Reguladora dos Serviços Energéticos* in which this entity recognises the absence of any conflict of interest.

3. Directors must inform REN and *ERSE - Entidade Reguladora dos Serviços Energéticos* promptly of any and all circumstances, changes and/or transactions that may in any way conflict with the provisions of the preceding paragraphs, which may create doubts about a potential conflict or, generally, that may conflict with REN's duties of legal and ownership unbundling of the transportation and transmission activities.
4. Within five days of the end of each quarter, Directors must send a statement confirming that, during the relevant period, that have not engaged in or at the date of that statement, they are not engaging in the activities described in no. 1 of this Article or that *ERSE - Entidade Reguladora dos Serviços Energéticos* has acknowledged that engaging in such activities does not create a conflict of interest.
5. The Directors acknowledge that any breach of the requirements of the preceding paragraphs may have serious reputational, financial and/or other consequences for REN, including, in particular, the imposition of fines for failure to comply with mandatory laws and regulations and also, ultimately, the loss of its certification.
6. The members of the Board of Directors must inform the other members whenever there are facts that may constitute or give rise to a conflict of interest between their interests and the corporate interest.
7. In the event of a conflict of interests, even if only potential, that member must not interfere in the decision-making process in question, but he or she is still subject to the duty to provide information and clarifications requested, in particular:



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- a) He or she must not receive information regarding that matter (including preparatory information that is sent in anticipation of the meeting where that point will be discussed and voted on);
- b) He or she must refrain from discussing the matter with other members;  
and
- c) He or she must not participate in or be present at the discussion and voting on the matter in question.