



REN – REDES ENERGÉTICAS NACIONAIS, SGPS, S.A.

Audit Committee Report on the Financial Year of 2021

(pursuant to the provisions of Article 423-F(1)(g) of the Portuguese Company Code)

1. Introduction

REN-Redes Energéticas Nacionais, SGPS, S.A. (REN) has adopted an Anglo-Saxon management and supervision model which consists of a Board of Directors and an Executive Committee as corporate management bodies and an Audit Committee (hereinafter referred to as "Committee") and a Statutory Auditor (hereinafter referred to as "External Auditor") to supervise and monitor the Company's business activity.

The Committee comprises of the following three non-executive and independent members of the Board of Directors:

- Chairman, Manuel Sebastião;
- Member, Gonçalo Gil Mata; and
- Member, Rosa Freitas Soares.

The Chairman and Member Gonçalo Gil Mata were re-elected at the General Meeting held on April 23, 2021, for the three-year period 2021-2023. Member Rosa Freitas Soares was elected for the same three-year term at the General Meeting held on April 23, 2021.

Despite the challenges that have arisen during its term of office, the Committee has complied with its obligations and was aware of the needs and challenges facing the REN Group.

The year 2021 continued to be challenging due to the pandemic, which significantly changed the circumstances in which the Committee performed its activities.

All Committee members comply with compatibility criteria for performing their respective duties as set out in Article 4 of the Audit Committee Terms of Reference.

The main powers and competencies, forms of organisation and functioning of the Committee are described in the respective Terms of Reference, which may be consulted on REN's official Internet site at <http://www.ren.pt/> in Portuguese and English.

2. Audit Committee Activity during the Financial Year of 2021



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The year 2021 continued to be marked by the Covid-19 pandemic. The Committee held 14 meetings during the year. Three members were present at all of the meetings, and whenever necessary, meetings were held by video conference due to restrictions imposed by the pandemic.

At the invitation of the Committee, whenever reasonable, the Head of the Internal Audit Department, the External Auditor, the Chief Financial Officer, and other REN managers took part in these meetings.

When performing its duties, the Committee has the means and resources necessary for the purpose. The Committee's work concentrated on aspects which will be analysed below.

2.1. Supervision of REN management and observance of compliance with the law and the Articles of Association

In 2021, the Committee monitored the operation of the corporate governance system implemented by REN.

Work carried out by the Committee on compliance with the law and the Articles of Association progressed throughout the year and always took into account the structure of Corporate Governance in effect at the Company. This included, among others, the analysis and assessment of the conclusions of the External Auditor.

The Committee also monitored the evolution of legal and regulatory provisions and the relevant recommendations for it to perform its duties, more specifically concerning monitoring the activities of the External Auditor.

To perform its supervisory work, the Committee had access to all the necessary information and Company employees to assess the Company's situation and outlook for development. Notably, the Committee received and analysed the minutes of meetings held by the Executive Committee in 2021 (including the respective supporting documents). It also requested additional clarifications whenever considered reasonable, and these clarifications were duly provided.



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2.2. Inspection of Financial Information

In this regard, Committee meetings were held with the External Auditor, the CFO and the Head of Control, Accounting and Taxation.

Supervision of compliance with accounting criteria, policies and practices, estimates, judgements decisions, relevant disclosures and their consistent application over different financial years and the reliability of financial information was also conducted. This was achieved by analysing the audit conclusions and assessments of procedures carried out during the financial year by the External Auditor.

The Committee appraised the REN, SGPS, S.A. Consolidated Financial Statements for the period ending 30 June 2021.

The Committee audited the legal review and external audit to accounts documents for the financial year of 2021. It concluded that these processes were suitably carried out and covered the activities required by Articles 446 and 451 of the Portuguese Commercial Companies Code (more specifically, concerning the correctness of accounting records and supporting documentation, accounting policies and evaluation criteria, the accuracy of documents and legal certification of accounts).

The Committee also analysed the REN Corporate Governance Report.

2.3. Monitoring and inspection of the effectiveness of the internal control and risk management systems

The Committee conducted several actions to monitor, inspect and assess the operation and suitability of the internal control, risk management and internal audit processes.

The Committee continues to consider that the REN management and supervisory bodies have given appropriate relevance to the development and improvement of internal control and risk management processes, strategic, operating, economic and financial aspects, compliance, human resources, and safeguarding of assets.

Work undertaken concerning these processes has had a relevant effect on REN's company activity, in line with its size, business characteristics, and the complexity of the risks inherent to the operations.

The Committee took steps to monitor, audit and evaluate the functioning and adequacy of the internal control and risk management processes. It held several meetings with the External Auditor as well as with the heads of different departments whose activities affect the internal control and risk management processes, more specifically:



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- Purchasing;
- Control, Accounting and Taxation;
- General operations;
- Information Systems;
- Institutional Relations; and
- Legal Services.

The Committee analysed reports, in this regard, drawn up by the External Auditor. The company's management bodies were informed of the conclusions deemed relevant and provided with the reports prepared by the Internal Audit Department.

Implementation was also monitored of the recommendations arising from diverse internal audits and the work carried out by the REN Risk Management Committee, whose mission is to support the Board of Directors about Group risks. Accordingly, the Committee held a hearing with the Risk Management Committee.

2.4. Supervising the activity of the REN Internal Audit Department

The Committee supervised the activity of the REN Internal Audit Department, which reports functionally to the Committee.

The Internal Audit Department carried out its work following an annual plan authorised by the Committee. To determine the priority of activities, the Committee considered the scope of the initiatives, their relevance and the availability of resources used in this activity.

Work carried out by the Internal Audit Department was regularly monitored by the Committee, more specifically concerning findings about how risks are managed in relation to company processes, systems and business units. Proposals for improvement – presented as recommendations – to internal control and risk management processes were targeted for monitoring. For this purpose, the Committee had access to all the reports drawn up by the Internal Audit Department, including internal control, risk management and compliance.

The Committee considers that the Internal Audit Department performed its duties with independence, objectivity and competence and that when conducting internal audits, particular attention was paid to the assessment of internal control systems, compliance with established procedures, the integrity of the information produced and disclosed, the efficient use of resources, the effective monitoring of processes, compliance with laws and regulations in force and to the assessment and minimisation of identified risks.



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Whenever deemed suitable, the results of the work carried out by the Internal Audit Department were conveyed to the Executive Committee, the Board of Directors and the External Auditor, in line with the duties performed by each of these bodies in the management and supervision of the Company business.

2.5. Analysis of the activity and inspection of the independence of the External Auditor

During the year, the Committee performed its duty as the company's interlocutor with the External Auditor. The Committee received the respective reports and took all steps necessary to ensure that suitable conditions existed, enabling their services to be provided.

In 2021, the Committee assessed the activity of the External Auditor through regular monitoring of their actions, namely through the analysis of periodic reports and overseeing the performance of audit and review services, as well as by assessing any changes in procedures recommended by the External Auditor.

The Committee further conducted an annual assessment of work by the External Auditor in 2021 and considered that they provided their services in a satisfactory manner. They also complied with applicable standards and regulations, including international standards on auditing in effect, and they performed their duties with reasonable technical accuracy.

The Committee is also responsible for supervising and assessing the activity and independence of REN's External Auditor, as well as for approving the respective fees for audit services and contracting of additional services.

In compliance with the rules of independence established in relation to the External Auditor, over the year, the Committee monitored the provision of non-audit services to ensure that situations of conflict of interests did not arise and that the costs respected the limits established by the Statutes of the Association of Statutory Auditors and the Legal Regime for Audit Supervision. The Committee approved the provision of these services by the External Auditor because it involved matters about which their specific knowledge of REN in terms of auditing, as well their complementarity regarding audit services, justified such award.

In 2021, the Committee authorised four requests for non-audit services, relating to the following requirements (i) limited review of the interim accounts of 30 June 2021; (ii) reliability guarantee procedures provided by the External Auditor regarding the issue of letters of comfort relating to the EMTN – Euro Medium Term Notes programme, under



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which the REN Group issues bonds; (iii) financial ratios defined in the financing contract with EIB – European Investment Bank; and (iv) examination of the repercussion of subsoil occupancy rates, for reporting to ERSE, relating to the period ending 31 December 2020.

2.6. Company business with related parties

The 2021 Corporate Governance Report describes the main elements of the business and operations carried out between REN Group companies and holders of qualified shareholdings or entities with which they are in any relationship, under the terms of Article 20 of the Portuguese Securities Code.

During the year, the Committee conducted prior verification of three commercial transactions, as the criteria arose in which such intervention is required, in accordance with Internal Regulations (Analysis and control of transactions with related parties and prevention of conflict of interests).

Following the analysis of the suitability of pre-contractual and contractual procedures adopted for the operations and the reasonableness and suitability of the justification presented - particularly about corporate interests and comparability with normal market conditions - the Committee decided to issue favourable prior opinions.

2.7. Communication of irregularities

The Chapter “Procedures applicable to the handling of the communication and investigation of irregularities”, included in the REN Group Code of Conduct, which was updated in 2021, describes the procedures applicable to the receipt and processing of such communications submitted by interested parties and to the investigation of possible irregularities and their remedy.

Shareholders, members of corporate bodies, employees, service providers, clients, suppliers and other stakeholders in REN or REN Group companies may communicate any irregular practices they know of. In addition, these stakeholders have the ability to communicate situations where they have substantiated doubts, including whistleblowing. This procedure aims to prevent, stop and remedy irregularities and allow the sanctioning of whoever is considered an infringer.

In 2021, the Committee was informed of two cases liable to constitute potential irregularities, both cases having been duly concluded in 2021, in accordance with the



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investigation conducted by REN. In 2021, two instances of possible irregularities reported in 2020 were complemented.

Lisbon, 8 March 2022

Mr. Manuel Ramos de Sousa Sebastião (Chairman)

Mr. Gonçalo Miguel Marques dos Santos Gil Mata (Member)

Ms. Rosa Freitas Soares (Member)