



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

## **Audit Committee Report on the Financial Year of 2022**

**(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 the management and supervision model which consists of the Board of Directors and the Executive Committee as corporate management bodies, the Audit Committee (hereinafter referred to as "Committee") as the corporate supervision body, and the Statutory Auditor (hereinafter referred to as "External Auditor").

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

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

Messrs. Manuel Sebastião and Gonçalo Gil Mata were re-elected at the General Meeting held on April 23, 2021, for the three-year term 2021-2023. Ms. Rosa Freitas Soares was elected for the same three-year term at the same General Meeting.

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 2022**

The Committee held 11 meetings in 2022. The members of the Committee participated in all meetings. In addition, the Head of the Internal Audit Department, the External Auditor, the Chief Financial Officer, and other REN managers took part in the meetings at the invitation of the Committee, whenever necessary.

When performing its duties, the Committee has the means and resources necessary for the purpose. The Committee's work focused on the following issues.



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

In 2022, the Committee continue monitoring the functioning of the corporate governance system implemented by REN.

Work carried out by the Committee in compliance with the law and the Articles of Association took into account the structure of Corporate Governance in force and included the analysis and assessment of the External Auditor.

The Committee also monitored *(i)* the evolution of legal and regulatory provisions and the relevant recommendations for the performance of its duties, including monitoring the activities of the External Auditor, and *(ii)* compliance with the provisions of Articles 29-G and 29-H of the Portuguese Securities Code regarding REN's Financial and Corporate Governance Reports.

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. The Committee received and analysed the minutes of meetings held by the Executive Committee in 2022. It also requested the supporting documents or additional clarifications whenever necessary, which were promptly provided.

### **2.2. Supervision of Financial Information**

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

The Committee supervised 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. It also analysed the audit conclusions and assessed the procedures carried out during the financial year by the External Auditor.

The Committee appraised REN, SGPS, S.A. Consolidated and Individual Financial Statements for the period ending 30 June 2022.

The Committee audited the legal review and external audit of accounts documents for the financial year of 2022. As a result, it concluded that the work complied with the activities required by Articles 446 and 451 of the Portuguese Commercial Companies Code (more specifically, concerning the correctness of accounting records and supporting



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documentation, accounting policies and evaluation criteria, the accuracy of documents and legal certification of accounts).

### **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 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.

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

The Committee held several meetings with the External Auditor as well as with the heads of different departments whose activities affect internal control and risk management processes.

The Committee monitored the implementation of the recommendations from internal audit reports, the work carried out by REN's Risk Management Committee, with which it held the regular mid-year meeting, and the External Auditor findings on the matter.

### **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 the annual plan approved by the Committee. In addition to normal audit commitments, starting in 2022, the staff of the Internal Audit Department also took responsibility concerning compliance with personal data protection, in support of the Data Protection Officer and Head of Internal Audit.

The Committee monitored the work carried out by the Internal Audit Department, specifically regarding findings about risks management in relation to company processes, systems and business units, and the proposals for improvement – presented as recommendations. In addition, the Committee had access to all Internal Audit reports.



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The Committee considers that the Internal Audit Department performed its duties with the necessary independence, objectivity and competence. When conducting internal audits, particular attention was paid to the assessment of internal control systems, 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 assessment and mitigation of identified risks.

The Committee informed the Executive Committee of the recommendations of the work carried out by the Internal Audit Department, whenever necessary. In addition, the External Auditor had access to the work and documents of both the Committee and the Internal Audit Department.

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

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

In 2022, the Committee assessed the activity of the External Auditor through regular monitoring of their actions, namely through the analysis of periodic reports and oversight of the performance of audit and review services, as well as assessment of any changes in procedures recommended by the External Auditor.

The Committee further conducted an annual assessment of the work by the External Auditor in 2022 and considered that their services provided in a satisfactory manner. The External Auditor also complied with applicable standards and regulations, including international standards on auditing in force, and they performed their duties with technical accuracy.

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

In compliance with the rules of independence established in relation to the External Auditor, 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



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for Audit Supervision. As a result, the Committee approved the provision of such services by the External Auditor when justified by its specific knowledge of REN.

In 2022, the Committee authorised the following eight requests for non-audit services: (i) Guarantee of reliability on Non-Financial Information 2022; (ii) Critical and Comparative Analysis of the Indemnity Setting Process; (iii) Independent report on reasonable assurance on TOS 2021; (iv) Financial Covenants report; (v) IAPMEI Application Reports - "Transform" Project; (vi) IAPMEI Application Reports - Project "H2 Green Valley"; (vii) Accounts Limited Review; and (viii) EMTN 2022 Comfort Letter.

### **2.6. Company business with related parties**

The 2022 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 five 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 Code of Conduct of the REN Group was subject to a review in 2022. The most important amendments focused on the chapter “Procedures applicable to the handling of the communication and investigation of irregularities” that describes the procedures applicable to the receipt and processing of such communications submitted by interested parties and to the investigation of alleged 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



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aims to prevent, stop and remedy irregularities, conclude settlements with claimants and apply sanctions if considered appropriate.

The entry into force of the General Regime for the Protection of Whistleblowers, which makes mandatory the availability of whistleblowing channels according to certain rules, was the main reason underlying the review of REN's Code of Conduct.

As part of the review, REN modified the profile of whistleblowers who can communicate an irregularity, in order to cover a wider range of people. For example, contractors can use REN's reporting channel. Also amended was the way REN deals with potential irregularities, for example concerning whistleblower's protection. Another important aspect was the broadening of the definition of what constitutes an irregularity.

In 2022, the Committee addressed one alleged irregularity. Communicated in March, after the investigation conducted according to REN's procedures, it was possible to reach a settlement with the claimant in June.

Lisbon, 16 March 2023

Mr. Manuel Ramos de Sousa Sebastião (Chairman)

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

Ms. Rosa Freitas Soares (Member)