



REN - REDES ENERGÉTICAS NACIONAIS, S.G.P.S., S.A. - listed company

Registered Office: Avenida dos Estados Unidos da América, no. 55, Lisbon

Share capital: 667,191,262 Euros

Company and registration number with the Lisbon Commercial Registry Office: 503 264 032

*Non-binding translation  
For information purposes only*

## NOTICE TO CONVENE

### General Shareholders Meeting

I hereby convene all the Shareholders of this Company to meet at the General Shareholders Meeting, on **May 3<sup>rd</sup>, 2019, at 10:30 am (Lisbon time)**, which will take place at Rua Cidade de Goa, no. 4, 2685-038, Sacavém (due to the fact that the registered office does not offer the appropriate conditions for that purpose) with the following

#### AGENDA

1. Resolve on the approval of the consolidated and individual accounts' reporting documents referring to the financial year ended on December, 31<sup>st</sup>, 2018, accompanied, notably, by the legal certification of the accounts, the opinion of the supervisory body, the activity report of the Audit Committee and the corporate governance report.
2. Resolve on the proposal for the allocation of profits in relation to the financial year ended on December 31<sup>st</sup>, 2018.
3. Perform the general appraisal of the management and supervision of the Company, in accordance with article 455 of the Portuguese Companies Code.
4. Resolve on the granting of authorization to the Board of Directors for the acquisition and sale of own shares by REN and subsidiaries of REN.
5. Resolve on the granting of authorization to the Board of Directors for the acquisition and sale of own bonds or other own debt securities by REN and subsidiaries of REN.



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6. Resolve on a statement of the Remuneration Committee on the remuneration policy of the members of the management and supervisory bodies and of the General Shareholders Meeting Board.
7. Resolve on the election of a member of the Board of Directors in order to complete the ongoing 2018-2020 term of office.

#### INFORMATION TO THE SHAREHOLDERS AND QUORUM

If on the date set for the meeting, the General Shareholders Meeting may not be held, by absence of quorum, a second meeting is hereby convened, to be held on 18<sup>th</sup> May, 2019 at the same place and at the same time.

In accordance with the provisions of number 1 of Article 11 of the Articles of Association, in order for the General Shareholders Meeting to be held and adopt resolutions on the first meeting, Shareholders representing at least 51% of the share capital must be present or represented.

All the information and preparatory documents regarding the Agenda (including those required by numbers 1 and 2 of article 289 of the Portuguese Companies Code and by number 1 of article 21-C of the Portuguese Securities Code) will be made available to Shareholders for consultation purposes at REN's registered office, during business hours, and at REN's website [www.ren.pt](http://www.ren.pt), from the date of the publication of the present Notice to Convene.

The accounts' reporting documents of the Company regarding the last financial year may equally be consulted as from the same date, at the Portuguese Securities Market Commissions' ("CMVM") website [www.cmvm.pt](http://www.cmvm.pt).



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## REQUIREMENTS FOR THE PARTICIPATION AND EXERCISE OF THE VOTING RIGHT

Without prejudice to the applicable mandatory legal provisions, we would like to stress the following facts to the Shareholders:

- a) Only the Shareholders that are holders of voting shares may attend the General Shareholders Meetings;
- b) Each share corresponds to one vote;
- c) In accordance with the provisions of number 3 of article 12 of the Articles of Association and of paragraph (i) of number 2 of article 25 of the Decree-law no. 29/2006, of February 15<sup>th</sup>, of paragraph (b) of number 3 of article 20-A and of paragraph (h) of number 3 of article 21, both of Decree-law no. 30/2006, of February 15<sup>th</sup>, all as amended, the votes inherent to shares exceeding 25% of the total number of votes corresponding to the share capital will not be counted if issued by any Shareholder, on its own behalf or as representative of another;
- d) Voting rights shall be deemed cast by the same Shareholder, whenever they are attributed to the latter under number 1 of article 20 of the Portuguese Securities Code;
- e) For the purposes of numbers 3 and 4 of article 12 of the Articles of Association, and in accordance with article 13, Shareholders have the duty to provide to the Board of Directors, in a complete, objective and true manner, all the information requested that relates to the calculation of the votes which they are entitled to, under penalty of prevention of the exercise of voting rights with any shares that exceed the limit applicable under the terms of number 3 of article 12 of the Articles of Association;
- f) In accordance with provisions set forth in number 1 of article 23-C of the Portuguese Securities Code, Shareholders that at **00:00 hours (Lisbon time) of April 25<sup>th</sup>, 2019** (“Record Date”) are owners of shares which grant the right to, at least, one vote are entitled to participate and vote at the General



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Shareholders Meeting (without prejudice of other legal and statutory requirements demanded, namely the ones referred in the als. g), h), k) and l));

- g)** In accordance with number 3 of article 23-C of the Portuguese Securities Code, Shareholders that wish to participate in the General Shareholders Meeting must state such intention in written form to the Chairman of the General Shareholders Meeting Board<sup>(\*)</sup> and to the financial intermediary with which they have opened the relevant individual securities account, at the latest until **11:59 pm (Lisbon time) of April 24<sup>th</sup>, 2019** and may, for such purpose, use the forms available on REN's website at [www.ren.pt](http://www.ren.pt) or the e-mail address [AG2019@ren.pt](mailto:AG2019@ren.pt);
- h)** The financial intermediary that, under the terms of the last paragraph, has been informed of the Shareholder's intention to participate in the General Shareholders Meeting must send to the Chairman of the General Shareholders Meeting Board<sup>(\*)</sup>, at least until **11:59 pm (Lisbon time) of April 25<sup>th</sup>, 2019<sup>1</sup>**, information regarding the number of shares registered in the Shareholder's name, with reference to the Record Date, and may send such information to the e-mail address [AG2019@ren.pt](mailto:AG2019@ren.pt);
- i)** The exercise of the right to participate and to vote at the General Shareholders Meeting will not be affected by the transfer of shares at any time after the Record Date and does not depend upon their blocking between the Record Date and the date of the General Shareholders Meeting, but the Shareholders who have declared their intention to participate in the General Shareholders Meeting, according to paragraph (g) above, shall immediately report such transfer to the Chairman of the General Shareholders Meeting Board<sup>(\*)</sup> and to the Portuguese Securities Market Commission;
- j)** Shareholders that, on a professional basis, hold shares in their own name but on behalf of their clients, may vote differently with their shares, provided that, besides the statement of participation and the information to be provided by

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<sup>1</sup> Since 25 April is a national holiday in Portugal, this statement will be accepted until 23:59 (GMT) of the following business day, i.e. 26 April.



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the respective financial intermediary with regards to the number of shares registered in the Shareholder's name, pursuant to paragraphs g) and h) above, such Shareholders submit to the Chairman of the General Shareholder Meeting Board <sup>(\*)</sup>, until **11:59 pm (Lisbon time) of April 25<sup>th</sup>, 2019<sup>2</sup>**, by using sufficient and proportionate means of proof: (i) the identification of each client and the number of shares to vote on such client's behalf; and (ii) the voting instructions given by each client specifically regarding each item of the Agenda;

- k) Shareholders will only be admitted to participate and vote at the General Shareholders Meeting if the statement expressing their intention to participate in the General Shareholders Meeting has been received until **11:59 pm (Lisbon time) of April 24<sup>th</sup>, 2019**, and the information provided by the financial intermediary, with whom they have opened the relevant individual securities registry account, regarding the number of shares registered in its client's name on the Record Date, has been received until **11:59 pm (Lisbon time) of April 25<sup>th</sup>, 2019<sup>3</sup>**.
- l) Shareholders intending to participate, personally or through representative, in the General Shareholders Meeting on May 3<sup>rd</sup>, 2019, shall state, in a written document delivered to the Chairman of the General Shareholder Meeting Board until the day before the Record Date, that:
1. The shareholder does not exercise, directly or indirectly, control over an undertaking that performs one of the activities from among the generation and supply of electricity or natural gas; or
  2. The shareholder is not prevented from exercising political shareholder rights inherent to any shares representative of the share capital of REN, by virtue of the acknowledgement by ERSE of the non-existence of a risk of conflict of interests concerning the shareholder.

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## SHAREHOLDERS RIGHTS

### 1. Information right in the General Shareholders Meeting

In the course of the General Shareholders Meeting, any Shareholder may request truthful, complete and elucidating information which enables him/her/it to form a grounded opinion on the items included in the Agenda.

The requested information will be provided by the competent corporate body, and may only be refused in case the disclosure may cause serious damage to the Company or to other company related thereto, or breach of a secrecy duty imposed by law.

### 2. Right to request the inclusion of items in the Agenda

Shareholders holding shares corresponding to at least 2% (two percent) of the Company's share capital have the right to request the inclusion of items in the Agenda, by way of a written request addressed to the Chairman of the General Shareholders Meeting Board <sup>(\*)</sup>, within 5 days following the publication of the present Notice to Convene.

The abovementioned written request shall be accompanied by a document proving ownership of said percentage of the share capital, a proposal of resolution on each item which inclusion is requested and, furthermore, the statement mentioned in paragraph 1) concerning the abovementioned requirements for participation and exercise of voting rights in the General Shareholder Meeting.

### 3. Right to present resolution proposals

Through a written request addressed to the Chairman of the General Shareholders Meeting Board <sup>(\*)</sup>, presented within 5 days following the publication of the present Notice to Convene, Shareholders holding shares corresponding to at least 2% (two percent) of the Company's share capital have the right to present resolution proposals on the items on the Agenda, which will be made public prior to the General Shareholders Meeting.



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The request must be accompanied by a document proving ownership of said percentage of the share capital and include the information which must be enclosed with the resolution proposal and, furthermore, accompanied by the statement mentioned in paragraph l) concerning the abovementioned requirements for participation and exercise of voting rights in the General Shareholder Meeting.

#### REPRESENTATION IN THE GENERAL SHAREHOLDERS MEETING

- a) Any Shareholder may be represented in the General Shareholders Meeting by any person with full legal capacity, provided that he/she/it notifies the appointment of the representative to the Chairman of the General Shareholders Meeting Board<sup>(\*)</sup>, through a written document to be received at the Company's head office until **5:00 pm (Lisbon time)** of the second to last working day prior to the date of the meeting, i.e. **April 30<sup>th</sup>, 2019**, and said notification may be sent by e-mail to the address [AG2019@ren.pt](mailto:AG2019@ren.pt).
- b) From the date of publication of the present Notice to Convene, the Company provides to the Shareholders a representation letter form which may be obtained directly in the respective website at [www.ren.pt](http://www.ren.pt), or through request addressed to the Investors Relation Office.
- c) Any Shareholder may appoint different representatives in relation to shares held in different securities accounts, without prejudice to the principle of uniform vote, under the terms of article 385 of the Portuguese Companies Code.
- d) The request for a representation document submitted to more than 5 Shareholders shall include the following elements:
  1. Specification of the General Shareholders Meeting, indicating venue, date, time and Agenda;
  2. Information on document consultation by Shareholders;



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3. Precise details on the person or persons appointed as representatives;
4. The manner in which the representative will exercise the vote if no instructions are given by the represented Shareholder;
5. Statement according to which, in case of unforeseen circumstances, the representative shall vote in the manner it deems to best satisfy the represented Shareholder's interests;
6. The voting rights that are attributed to the requesting Shareholder pursuant to number 1 of article 20 of the Portuguese Securities Code; and
7. The grounds for the manner in which the votes are to be exercised by the requesting person/entity.

#### EXERCISE OF THE VOTING RIGHT BY CORRESPONDENCE

- a) Under article 22 of the Portuguese Securities Code and Article 12, no. 5 and no. 6 of the Articles of Association, Shareholders that may attend the General Shareholders Meeting may also exercise their voting right by correspondence in relation to each of the items in the Agenda by letter bearing a signature identical to the one on the identification card or equivalent identification document, which must be recognized (or, alternatively, if the Shareholder deems appropriate, accompanied by a legible copy of the identification document), addressed to the Chairman of the General Shareholders Meeting Board<sup>(\*)</sup> and sent by registered mail with acknowledgement of receipt, provided that this letter is received at the registered office of the Company until the third business day prior to the date of the meeting, that is, until **April 29<sup>th</sup>, 2019**, without prejudice to the previous statement of the intention to participate and to the information on the respective financial intermediary referred to in paragraphs g) and h) of Section "REQUIREMENTS FOR THE PARTICIPATION AND EXERCISE OF THE VOTING RIGHT" above and the previous statement mentioned in paragraph l) of said Section.





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- b) According with article 12, no. 7 of the Articles of Association, the Chairman of the General Shareholders Meeting Board <sup>(\*)</sup> shall verify the authenticity and regularity of the votes issued by correspondence, as well as ensure their confidentiality up to the moment of the casting of votes. Votes exercised by correspondence are deemed negative votes in relation to proposals of resolution proposals presented after the date on which those votes have been issued.
- c) In order to allow the exercise of the vote by correspondence in accordance with the legal rules and the provisions of the Articles of Association, it is recommended that the Shareholders intending to use such means of voting submit the corresponding request to the Company, through letter addressed to the Chairman of the General Shareholders Meeting Board <sup>(\*)</sup> or through the form available in the respective web site at [www.ren.pt](http://www.ren.pt), with the necessary prior notice, in order to allow the dispatch of the available documentation, without payment of postal transportation costs, as well as the timely delivery to the Company of the documentation sent by mail.

- <sup>(\*)</sup> Contacts of the Chairman of the General Shareholders Meeting Board:  
Address: Avenida dos Estados Unidos da América, no. 55, 1749-061 Lisbon  
Telefax: (+351)210013950  
E-mail: [AG2019@ren.pt](mailto:AG2019@ren.pt)

Lisbon, April 2, 2019

The Chairman of the General Shareholders Meeting Board

(Pedro Maia)



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## PROPOSAL OF RESOLUTION

### ITEM 2 OF THE AGENDA FOR THE ANNUAL GENERAL SHAREHOLDERS MEETING OF MAY 3, 2019

According to the annual financial statements of REN - Redes Energéticas Nacionais, S.G.P.S., S.A. (hereinafter "REN"), in the financial year ended on December 31<sup>st</sup>, 2018, the amount of 115,714,629.94 Euros (one hundred and fifteen million, seven hundred and fourteen thousand, six hundred and twenty nine Euros and ninety four cents) has been established as net income in the IFRS consolidated accounts, and the amount of 113,533,261.98 Euros (one hundred and thirteen million, five hundred and thirty three thousand, two hundred and sixty one Euros and ninety eight cents) has been established in the individual accounts, in accordance with the National Accounting System Rules (SNC).

Considering the above, and pursuant to Article 28 of REN's Articles of Association and Articles 31 to 33, Article 66 (5) (f), Articles 294 and 295 and of Article 376 (1) (b) and (2), all from the Portuguese Companies Code, the Board of Directors hereby proposes that the net profit for the financial year of 2018, as seen in the individual financial statements, in accordance with SNC rules, amounting to 113,533,261.98 Euros (one hundred and thirteen million, five hundred and thirty three thousand, two hundred and sixty one Euros and ninety eight cents) be transferred as follows:

- To the legal reserve: 5,676,663.10 Euros (five million, six hundred and seventy six thousand, six hundred and sixty three Euros and ten cents); and
- To retained earnings: 107,856,598.88 Euros (one hundred seven million, eight hundred and fifty six thousand, five hundred and ninety eight Euros and eighty eight cents).



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Furthermore, the Board of Directors also proposes the following distribution:

- As dividends to shareholders from accumulated available reserves: 114,089,705.80 Euros (one hundred and fourteen million, eighty nine thousand, seven hundred and five Euros and eighty cents) corresponding to a distribution of 98.6% of REN, S.G.P.S., S.A. consolidated profit for the financial year of 2018, standing at 115,714,629.94 Euros (one hundred and fifteen million, seven hundred and fourteen thousand, six hundred and twenty nine Euros and ninety four cents), equivalent to a gross dividend per share of 0.171 Euros;
- For distribution to the employees of REN and its subsidiaries: 3,585,765,01 Euros (three million, five hundred eighty five thousand, seven hundred sixty five Euros and one cent). Due to the accounting rules in force, this amount is already reflected in the net profit of the financial year ended on 31 December 2018 of REN, S.G.P.S., S.A. (290,514.95 Euros - two hundred and ninety thousand, five hundred and fourteen Euros and ninety five cents) and its subsidiaries (3,295,250.06 Euros - three million, two hundred ninety five thousand, two hundred and fifty Euros and six cents).

Lisbon, March 21, 2019

By the Board of Directors of

REN - Redes Energéticas Nacionais, S.G.P.S., S.A.



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## PROPOSAL OF RESOLUTION

### ITEM 3 OF THE AGENDA FOR THE ANNUAL GENERAL SHAREHOLDERS MEETING

OF MAY 3<sup>RD</sup>, 2019

#### Whereas:

- A) Under paragraph c) of number 1 of Article 376 and number 1 of Article 455 of the Portuguese Companies Code, the general appraisal by the Annual General Shareholders Meeting of the management and supervision of REN - Redes Energéticas Nacionais, S.G.P.S., S.A. (hereinafter referred to as “REN” or “the Company”) is mandatory.
- B) In 2018, REN’s Board of Directors had a very good performance, delivering in all their responsibilities, having concluded with success the strategy for 2015-2018 and presented a new strategic plan for the Group to 2018-2021, according to the best expectations. 2018 has been an historical year for REN, that has seen for the first time the approval of the Electricity Transmission Network Development and Investment Plan (PDIRT) and the Natural Gas Transportation, Infrastructure and Storage Network Development and Investment Plan (PDIRGN), for the period 2018-2027.
- C) Finally, the diligent, professional and committed performance of functions by REN’s Audit Committee and Statutory Auditor during 2018 has been equally remarkable, and has favorably contributed to the Company’s good performance.

**It is thus proposed that the General Shareholders Meeting of REN approves:**



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1. A vote of positive appraisal and praise to the Board of Directors of the Company for the performance of its management functions during 2018;
2. A vote of positive appraisal and praise to the Audit Committee of the Company for the performance of its supervisory functions during 2018;
3. A vote of positive appraisal and praise to the Statutory Auditor of the Company for the performance of its functions during 2018.

Lisbon, March 28, 2019

The Shareholders,

State Grid Europe Limited

Mazoon BV

Fidelidade - Companhia de Seguros, S.A.



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## PROPOSAL OF RESOLUTION

### ITEM 4 OF THE AGENDA FOR THE ANNUAL GENERAL SHAREHOLDERS MEETING

OF MAY 3<sup>RD</sup>, 2019

#### Whereas:

- A) Pursuant to no. 2 of Article 5 of the Articles of Association of REN - Redes Energéticas Nacionais, S.G.P.S., S.A. (hereinafter “REN” or the “Company”), *“the company may acquire, hold, and sell treasury shares, within the situations and limitations set by law”*;
- B) In order to comply with Articles 319 and 320 of the Portuguese Companies Code, the acquisition and transfer of treasury shares is subject to the approval of the General Shareholders Meeting;
- C) Regulation (EU) no. 596/2014 of April 16, of the European Parliament and of the Council, as complemented by the Delegated Regulation (EU) no. 2016/1052 of March 8, of the European Commission, established a special framework for certain treasury share buy-back programs, containing, notably, exemption requirements from the general framework of market abuse, which is convenient to comply with, even when if it is outside the scope of the acquisitions within the relevant programs by the mentioned regulation;
- D) A share buy-back program is expressly exempt from the prohibitions of articles 14 and 15 of the Regulation (EU) no. 596/2014 of April 16, when its purpose is to meet obligations arising from share option programmes, or other allocations of shares, to employees or to members of the administrative, management or supervisory bodies of the issuer or of an associate company;
- E) Regulation no. 5/2008 of the Portuguese Securities Market Commission, as amended, establishes certain duties of communication and disclosure concerning treasury share transactions for companies with shares listed in regulated markets;



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- F) An authorization to acquire, hold and transfer treasury shares was granted to the Board of Directors by the General Shareholders Meeting on May 3<sup>rd</sup>, 2018, and REN currently holds 3.881.374 treasury shares;
- G) It is still useful, from the corporate interest point of view, to have an authorization in order for the Company or its subsidiaries to acquire, hold or transfer treasury shares, notably in order to undertake actions which are necessary or convenient to pursue the interest of the Company, under the appropriate conditions in light of the current circumstances of the capital markets and in accordance with the law applicable at the time;

**The Board of Directors hereby proposes to the General Shareholders Meeting of REN the approval of the following resolutions:**

1. To approve the acquisition of treasury shares by REN and/or its subsidiaries, current and/or future, including rights to its acquisition or allocation, subject to a decision of the Board of Directors of REN, and in the following terms:
  - a) **Maximum number of shares to be acquired:** until the limit corresponding to 10% (ten per cent) of the respective share capital, with deduction of any transfers carried out, notwithstanding the exceptions laid down in no. 3 of article 317 of the Portuguese Companies Code and the numbers of shares required to comply with the obligations of the acquirer under the law, contract or terms of issuance of securities or other instruments, and subject, if applicable, to a subsequent transfer, pursuant to the legal terms, of the shares which exceed such limit;
  - b) **Deadline within which the acquisition may be carried out:** within the eighteen months subsequent to the date of this resolution;
  - c) **Forms of acquisition:** subject to the mandatory terms and conditions laid down by the law, the acquisition of shares or rights of acquisition or allocation of shares may be carried out for consideration, in any form, in a regulated market or outside of a regulated market, through a private negotiation or through an offer to the public, in compliance with the legally



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established principle of equal treatment of shareholders, notably through (i) transaction carried out with entities appointed by the Board of Directors of REN, notably strategic partners and financial institutions with which REN or any of its subsidiaries has entered or may enter into an share exchange agreement, equity swap agreements or other similar derivative financial instruments; or (ii) the acquisition, by any means, to enable, or as a consequence of, compliance with an obligation arising from law or contract, including the contractual undertaking to the implementation of the share allocation plan of REN or its subsidiaries, conversion or exchange of securities or other convertible or exchangeable securities, issued by the relevant company, in accordance with its respective issuance terms or agreements related to the abovementioned conversion or exchange;

- d) **Minimum and maximum consideration for the acquisitions:** the price of acquisition shall have as maximum and minimum limits respectively, 120% and 80% of the weighted average of the daily closing listing prices of the Company's shares, during, at least, the last three sessions and, at most, the last thirty sessions of *Euronext Lisbon* immediately prior to the date of the acquisition or establishment of the share acquisition or allocation right, or correspond to the acquisition price resulting from the share exchange agreement, from the financial instruments entered into by REN or a subsidiary, from the terms of issuance of securities or other instruments convertible to or exchangeable with REN shares, carried out by any of the aforementioned entities, or agreements entered into in relation to such conversions or exchanges, or share allocation plan in force at any given moment concerning REN;
- e) **Moment of acquisition:** to be determined by the Board of Directors of REN, especially considering the conditions of the securities market and the convenience or the obligations of REN, its subsidiaries or the acquirer(s), to be carried out one or more times and in the proportions defined by the Board of Directors of REN.





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2. To approve the transfer of treasury shares, including the rights to its acquisition or allocation that have been acquired by REN or any of its subsidiaries, current or future, through a decision of the Board of Directors of REN and in the following terms, and without prejudice of the conditions applicable to the transfer or attribution of shares in accordance with the Share Attribution Plan:
  - a) **Minimum number of shares to be transferred:** the number of shares to be transferred shall be defined by the Board of Directors of REN, by virtue of what, at any given moment, is deemed necessary or convenient to the pursuit of the corporate interest or in order to comply with obligations assumed by REN, arising from the law, contract, or the issuance of securities or other instruments, with a minimum being 100 shares;
  - b) **Deadline within which the transfer may be concluded:** within eighteen months following the date of this resolution;
  - c) **Forms of transfer:** subject to the mandatory legal terms and restrictions, the transfer of shares or rights of acquisition or allocation of shares may be undertaken for consideration, in any form, notably through sale or exchange, through a private negotiation or through an offer to the public, in compliance with the principle of equal treatment of shareholders in accordance with the law, in a regulated market or outside of a regulated market, notably through a transaction carried out with entities appointed by the Board of Directors of REN, including the financial institution with which REN or any of its subsidiaries has entered into an equity swap agreement or other similar derivative financial instruments; or when resolved within the scope or in connection with a proposal for the allocation of results or distribution of retained earnings in kind, without prejudice to, in case of a transfer in compliance with an obligation or stemming from the issuance of other securities by REN or any of its subsidiaries, or from agreements related with such issuance, or from a contractual commitment to the implementation of a share attribution plan



REN - REDES ENERGÉTICAS NACIONAIS, S.G.P.S., S.A. - listed company

Registered Office: Avenida dos Estados Unidos da América, no. 55, Lisbon

Share capital: 667,191,262 Euros

Company and registration number with the Lisbon Commercial Registry Office: 503 264 032

*Non-binding translation  
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of the Company, the transfer being made in accordance with applicable terms and conditions;

- d) **Minimum price:** consideration no less than 80% of the weighted average of the daily closing listing prices for REN's shares in Euronext Lisbon during at least the three sessions and at most the thirty sessions in the regulated market immediately prior to the date of transfer, or a price which is determined or results from the terms and conditions of the sale offer to the public of the Company's shares, launched by the latter or by its shareholders, the issuance of other securities, notably securities or other convertible or exchangeable instruments, or from agreement entered into concerning such issuance, conversion or exchange, whenever the transfer arises from it;
  - e) **Moment of transfer:** to be determined by the Board of Directors of REN, especially taking into account the conditions of the securities market and the convenience or obligations of REN, of any of its subsidiaries, or the transferring entity(ies), and to be implemented one or more times and in the proportions defined by the Board of Directors of REN.
  - f) **Share Attribution Plan:** should the transfer of Shares have the purpose of complying with a resolution to attribute shares to Employees, upon approval of a Share Attribution Plan by the Board of Directors, the transfer of Shares to Employees will not be subject to the form of transfer and minimum price requirements established above.
3. To approve that the Board of Directors of REN be informed, in a nonbinding manner, that, notwithstanding its discretion in deciding and acting within the framework set by the resolutions of numbers 1 and 2 above, it shall take into consideration, in light of the circumstances deemed relevant and without prejudice to the compliance with the legal provisions established in the Portuguese Securities Code and in the regulations of the Portuguese Securities Market Commission, the following relevant practices regarding the acquisition



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For information purposes only*

and transfer of treasury shares under the authorizations granted in the abovementioned numbers:

- a) Public disclosure, before the beginning of transactions of acquisition and transfer of treasury shares, of the content of the authorization established in numbers 1 and 2 above, especially its purpose, the maximum and minimum counter value, the total number of shares to be acquired and the authorized deadline to perform the transaction;
- b) Maintenance of the registry of each transaction undertaken pursuant to the abovementioned authorizations;
- c) Implementation of the transactions in such a timing, form and volume that does not interfere with the regular functioning of the market, notably avoiding the implementation in sensitive moments of negotiation, in particular, in the opening and closing of the session, in moments of market disturbance and in moments that are close to the disclosure of material information, including the disclosure of financial statements;
- d) Performance of the acquisitions for a price not exceeding the highest between the price of the last independent transaction and the price of the independent offer of highest amount at the time of the acquisition in the *Euronext Lisbon*;
- e) Limitation of the acquisitions to 25% of the daily average negotiation volume;
- f) Public disclosure of the transactions which are relevant pursuant to the applicable regulatory terms, until the end of the third working day counting from the transaction date;
- g) Communication to the competent authority, until the end of the third working day following the date of the transaction, of all the acquisitions and transfers performed;



**REN - REDES ENERGÉTICAS NACIONAIS, S.G.P.S., S.A. - listed company**

**Registered Office: Avenida dos Estados Unidos da América, no. 55, Lisbon**

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*Non-binding translation  
For information purposes only*

- h) Abstention from transferring shares during the potential implementation of the repurchase program encompassed by Regulation (EU) no. 596/2014 of April 16, of the European Parliament and of the Council, as complemented by the Delegated Regulation (EU) 2016/1052 of March 8, of the European Commission and/or other mandatory rules that may be imposed by law, if applicable.

Lisbon, March 21, 2019

By the Board of Directors of

REN - Redes Energéticas Nacionais, S.G.P.S., S.A.



REN - REDES ENERGÉTICAS NACIONAIS, S.G.P.S., S.A. - listed company

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## PROPOSAL OF RESOLUTION

### ITEM 5 OF THE AGENDA FOR THE ANNUAL GENERAL SHAREHOLDERS MEETING

OF MAY 3<sup>RD</sup>, 2019

#### Whereas:

- A) In accordance with number 1 of Article 6 of the Articles of Association of REN - Redes Energéticas Nacionais, S.G.P.S., S.A. (hereinafter “REN” or the “Company”), *“the company may issue bonds or other securities within the categories and under the terms of the applicable legislation at the time of the issuance, as well as to carry out any legally permitted operations regarding its own bonds or securities issued by the company”*;
- B) Pursuant to Articles 319 and 320, applicable by virtue of Article 354, all from the Portuguese Companies Code, the acquisition and transfer of own bonds is generally subject to the approval of the General Shareholders Meeting;
- C) It is REN’s interest, as well as its subsidiaries’ interest, to have the possibility to carry out transactions over own bonds, in accordance with the applicable legal provisions, including transactions of acquisition and transfer of own bonds or other securities or debt securities issued by the company, under the conditions deemed appropriate in light of the present circumstances of the capital markets;

**The Board of Directors hereby proposes to the General Shareholders Meeting of REN the approval of the following resolutions:**



REN - REDES ENERGÉTICAS NACIONAIS, S.G.P.S., S.A. - listed company

Registered Office: Avenida dos Estados Unidos da América, no. 55, Lisbon

Share capital: 667,191,262 Euros

Company and registration number with the Lisbon Commercial Registry Office: 503 264 032

*Non-binding translation  
For information purposes only*

1. To approve the acquisition of own bonds or other securities or debt securities issued by REN and/or by its subsidiaries (current and/or future), subject to the decision of REN's Board of Directors, in the following terms:
  - a) **Maximum number of bonds or other securities or debt securities to be acquired:** corresponding to the entirety of each issuance, without prejudice to the limits established by law, deducting any transfers that may have been carried out;
  - b) **Deadline within which the acquisition may be carried out:** within eighteen months following the date of the present resolution;
  - c) **Forms of acquisition:** the acquisition of bonds or other securities or debt securities may be implemented, for a consideration, in any legally permitted form, in regulated or non-regulated markets, through private negotiation or through an offer to the public, through a direct transaction or via derivatives, with or without the resort to financial intermediaries, always in compliance with the applicable mandatory legal rules;
  - d) **Minimum and maximum consideration to be paid for the acquisitions:** the price of acquisition shall fall within an interval of 20% less or more, and measured according to: *(i)* whenever a market listing price is available regarding the bonds or other securities or debt securities to be acquired, the weighted average of the closing listing prices of such bonds or other securities or debt securities in the market where the acquisition is carried out, during, at least, the last three sessions and, at most, the last thirty sessions prior to the date of the acquisition, or corresponding to the price of purchase resulting from any executed financial instruments or from the respective terms of issue; *(ii)* in case a market listing price is not available regarding the bonds or securities or debt securities to be acquired, the average purchase price referenced by an entity with international reputation in the market of debt securities; *(iii)*



REN - REDES ENERGÉTICAS NACIONAIS, S.G.P.S., S.A. - listed company

Registered Office: Avenida dos Estados Unidos da América, no. 55, Lisbon

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Company and registration number with the Lisbon Commercial Registry Office: 503 264 032

*Non-binding translation  
For information purposes only*

when there is no issuance market listing price or reference under the terms of paragraph (ii), the estimated value calculated by a qualified and independent consultant appointed by the Board of Directors; (iv) in case of an acquisition in connection with, or in compliance with, conditions of issuance of other securities, or an agreement related to such issuance, the price resulting from the terms of such issuance or agreement;

- e) **Time of acquisition:** to be determined by REN's Board of Directors, taking especially into account the situation of the securities market and the convenience or the obligations of REN, of one of its subsidiaries or of the acquirer(s), and to be carried out in one or more times and in such proportions as determined by REN's Board of Directors.
2. To approve the transfer of own bonds or other securities or debt securities issued by REN and/or its subsidiaries (current or future) which were acquired, subject to a decision by REN's Board of Directors, in the following terms:
- a) **Minimum number of bonds to be transferred:** corresponding to the minimum lot which, at the time of the transfer, is legally stipulated for REN's or its subsidiaries' bonds, or to a lesser amount which complies with the obligations assumed, resulting from the law, the agreement or the issuance of other securities;
  - b) **Deadline within which the transfer may be concluded:** within eighteen months following the date of the present resolution;
  - c) **Forms of transfer:** subject to the legally established and mandatory terms and limits, the transfer of bonds shall be carried out for a consideration, by any legally permitted means, through private negotiation or through an offer to the public, in regulated or non-regulated markets, to entities appointed by REN's Board of Directors, always in compliance with the applicable mandatory legal rules, without prejudice to, in case of a transfer to comply with an obligation or



REN - REDES ENERGÉTICAS NACIONAIS, S.G.P.S., S.A. - listed company

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Share capital: 667,191,262 Euros

Company and registration number with the Lisbon Commercial Registry Office: 503 264 032

*Non-binding translation  
For information purposes only*

resulting from the issuance of other securities by REN or any of its subsidiaries, or from any agreements related to such issuance, its implementation being made pursuant to the applicable terms and conditions;

- d) **Minimum price:** a consideration no more than 20% below the prices referred to in paragraph d) of no. 1 of the present resolution, as applicable, in relation to situations of disposal of bonds, of other securities or of debt securities;
- e) **Time of transfer:** to be determined by REN's Board of Directors, taking especially into account the situation of the securities market and the convenience or the obligations of REN, one of its subsidiaries or the transferring entity(ies), and to be carried out one or more times and in such proportions as REN's Board of Directors determines.

Lisbon, March 21, 2019

By the Board of Directors of

REN - Redes Energéticas Nacionais, S.G.P.S., S.A.





**REN - REDES ENERGÉTICAS NACIONAIS, S.G.P.S., S.A. - listed company**

**Registered Office: Avenida dos Estados Unidos da América, no. 55, Lisbon**

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*Non-binding translation  
For information purposes only*

## **PROPOSAL OF RESOLUTION**

### **ITEM 6 OF THE AGENDA FOR THE ANNUAL GENERAL SHAREHOLDERS' MEETING OF 3 MAY 2019**

#### **STATEMENT OF THE REMUNERATION COMMITTEE ON THE REMUNERATION POLICY FOR THE MEMBERS OF THE CORPORATE BODIES**

1. Pursuant to paragraph 1 of article 2 of the Law no. 28/2009, of June 19<sup>th</sup>, the management body or the remuneration committee, if any, of a company with securities admitted to trading on a regulated market shall submit annually to the approval of the General Shareholders Meeting a statement on the remuneration policy for the members of the management and supervisory bodies;
2. In turn, Recommendation V.2.3 of the Corporate Governance Code approved by the Portuguese Institute of Corporate Governance (hereinafter referred to as "PICG") in 2018, recommends that the statement referred to in the preceding paragraph should also contain the additional information described therein, particularly in relation to (i) the total itemized remuneration and the application of the criteria in force; (ii) the remuneration from other entities of the group; (iii) the shares and options that were granted; (iv) the possibility of claw back of variable remuneration; (v) possible discrepancy from the policy, in its application and (v) any entitlement to payments relating to termination of office;
3. Pursuant to article 26 of the Articles of Association of REN - Redes Energéticas Nacionais, SGPS, S.A. (hereinafter referred to as "REN"), the Remuneration Committee of REN is competent and responsible for determining the fixed and, if applicable, the variable remuneration of each Director, as well as for determining the remuneration to be ascribed to the members of the remaining corporate bodies;



REN - REDES ENERGÉTICAS NACIONAIS, S.G.P.S., S.A. - listed company

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Share capital: 534,000,000 Euros

Company and registration number with the Lisbon Commercial Registry Office: 503 264 032

*Non-binding translation  
For information purposes only*

4. Under the applicable legal terms, as well as pursuant to the Articles of Association, the Remuneration Committee was appointed by the General Meeting on May 3<sup>rd</sup>, 2018, being composed by three members who are independent towards the members of the managing and supervisory bodies of REN and with appropriate experience regarding remuneration issues;
5. Therefore, on the one hand, in the interest of transparency and legitimacy of the fixing of remuneration according to the *say-on-pay* principle, internationally recognized as a best practice in corporate governance and, on the other hand, for purposes of compliance with the legal and recommendatory provisions described above, the Remuneration Committee submits to the appraisal of the annual General Meeting, the following statement on the remuneration policy of the corporate bodies, which terms were subject to prior resolution of this Committee, as follows.

## I. CONTEXT

- 1.1. During 2018, the Remuneration Committee adopted, directly and through the specialized and independent advisors, several proceedings, notably market analysis and study of the legal framework and recommendations applicable to the remuneration policy;
- 1.2. The remuneration policy and conditions approved in 2018 (through the statement about the remuneration policy of the corporate bodies) was also deeply analyzed and a new remuneration policy of the corporate bodies was approved, which shall be applied to the current term of office and is included as an annex of this statement.
- 1.3. For such purpose, the Remuneration Committee submits to the General Meeting the approval of the following statement about the remuneration policy of the corporate bodies and which will enter into force after such approval.



REN - REDES ENERGÉTICAS NACIONAIS, S.G.P.S., S.A. - listed company

Registered Office: Avenida dos Estados Unidos da América, no. 55, Lisbon

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Company and registration number with the Lisbon Commercial Registry Office: 503 264 032

*Non-binding translation  
For information purposes only*

## II. POLICY AND CONDITIONS APPLICABLE DURING THE FINANCIAL YEAR OF 2018

### A. REMUNERATION OF THE EXECUTIVE DIRECTORS

#### 1. Guiding principles

1.1. The remuneration policy regarding the executive directors follows the following guiding principles:

- Be simple, clear, transparent and aligned with REN's corporate culture;
- Be appropriate and adjusted to the size, nature, scope and specificity of REN's activity;
- Ensure a total remuneration that is competitive and fairly aligned with the best practices and the latest trends at national and European level, in particular with REN's peers;
- Incorporate a fixed component adjusted to the directors' functions and responsibilities;
- Incorporate a reasonable overall variable component in relation to the fixed remuneration, with a short-term and medium-term component, both with maximum limits;
- Define a variable remuneration indexed to the evaluation of the individual and organizational performance, according to the achievement of specific objectives, measurable and aligned with the Company's and shareholders' interests; and
- Define a variable medium / long term remuneration component indexed to the development in REN's share price, ensuring the linkage of the executive directors' remuneration to the results' sustainability and to the value creation to the shareholders.

1.2. Bearing this principles in mind, the remuneration of the executive members of the Board of Directors is mainly determined on the basis of four general criteria: (i) competitiveness, taking into account the practices of the Portuguese market; (ii) fairness, whereas the remuneration must be based on uniform, consistent, fair and balanced criteria; (iii) performance evaluation, in accordance with the functions and level of responsibility of each person and



REN - REDES ENERGÉTICAS NACIONAIS, S.G.P.S., S.A. - listed company

Registered Office: Avenida dos Estados Unidos da América, no. 55, Lisbon

Share capital: 534,000,000 Euros

Company and registration number with the Lisbon Commercial Registry Office: 503 264 032

*Non-binding translation  
For information purposes only*

with the assumption of appropriate levels of risk and compliance with the rules governing the activities of REN; and (iv) the alignment of director's interests with the Company's interests and its sustainability and wealth creation in the long term.

1.3. Executive directors' remuneration has a fixed component and a variable component. The latter is comprised by a short-term performance portion and a medium-term performance portion.

## **2. Fixed component**

2.1. The fixed component of the remuneration is exclusively composed by the base remuneration, as there is no other remuneration.

2.2. This component is paid monthly, in cash.

2.3. The fixed remuneration of executive directors corresponds to an annual gross amount of 385,000.00 Euros (three hundred and eighty-five thousand euros), regarding the Chief Executive Director, and of 305,000.00 Euros (three hundred and five thousand euros), regarding the remaining executive directors. There is not any fixed remuneration to be added to said amount, without prejudice to complementary benefits concerning the use of a company vehicle, related expenses and insurances (with an annual cost of approximately 20,000 Euros (twenty thousand euros) per Director).

## **3. Variable component**

3.1. The variable component integrates a short-term and a medium-term components.

3.2. Common requirements to both components:

a) The allocation of the variable component of the remuneration only occurs after the approval of the accounts of each financial year and the evaluation of the performance concerning the year to which the payment relates, and only occurs if there is compliance with the pre-defined objectives, measured using indicators of individual performance and



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Share capital: 534,000,000 Euros

Company and registration number with the Lisbon Commercial Registry Office: 503 264 032

*Non-binding translation  
For information purposes only*

company metrics linked to the strategic plan of REN. The evaluation of the performance of the Executive Members of the Board of Directors is carried out by the Remuneration Committee, based on the opinion of the main shareholders of the company, as well as of the Non-Executive Members of the Board of Directors, considering a report to be prepared by the Nominations and Appraisals Committee. The Audit Committee shall validate the numbers that will serve as reference to such evaluation process;

- b) The degree of achievement of defined objectives is measured by means of the annual performance evaluation, based on a pre-defined matrix. Accordingly, if the compliance of objectives is below 80% (minimum level of performance) there is no payment of variable remuneration, but if the level of compliance with objectives is between 80% and 120% or higher, the total variable remuneration allocated will correspond, gradually, to a percentage between 20% and 120% of the fixed remuneration; if it is between 100% and 119% of objectives achieved, the percentage of fixed remuneration to be awarded as a global variable remuneration is fully proportional to the level of compliance (instead of being indexed by steps);
- c) The annual performance evaluation is based on the Key Performance Indicators (KPI) of REN on a consolidated basis and on an individual performance evaluation, which is only taken into account when it is negative, which leads to the variable remuneration not being granted;
- d) The following Key Performance Indicators will be considered for this purpose: (i) Average Cost of Debt, (ii) Return on Invested Capital, (iii) EBITDA in investments abroad, (iv) Earnings per share and (v) EBITDA;
- e) Taking into account the goals of the remuneration policy herein described, the executive directors cannot enter into contracts that mitigate the risk inherent to the variability of their remuneration.
- f) Considering the criteria and requirements applicable to the variability of the remuneration and the value of the fixed remuneration, as referred on



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Registered Office: Avenida dos Estados Unidos da América, no. 55, Lisbon

Share capital: 534,000,000 Euros

Company and registration number with the Lisbon Commercial Registry Office: 503 264 032

*Non-binding translation  
For information purposes only*

2.3., the maximum potential amount (annual gross value) of the variable remuneration may correspond to 462,000.00 Euros (four hundred and sixty-two thousand euros), regarding the Chief Executive Officer, and 366,000.00 Euros (three hundred and sixty-six thousand euros), regarding the remaining executive directors, without prejudice to the evolution of the value of the allocated remuneration units, as described below. The said amount corresponds to a maximum potential amount, defined according to maximum performance goals which essentially envisage to motivate the management team, and which depend on the degree of completion of said goals for a three-year term of office and on the annual performance evaluation, and are also subject to immeasurable aspects inherent to the sector's and the country's context, as well as to the business and commercial specificities.

### 3.3. Short Term Variable Remuneration

- a) The Short Term Variable Remuneration (STVR) is paid in cash and relates to the annual performance evaluation, and its amount varies according to the degree of performance of the objectives set forth in the abovementioned *Key Performance Indicators*.
- b) Therefore, if the annual performance evaluation is below 80% (minimum level of performance), the payment of the STVR will not occur. But, if the annual performance evaluation is between 80% and 120% or higher, the STVR will correspond to between 10% and 60% of the fixed remuneration.
- c) The allocation of the STVR shall correspond to an amount up to 50% of the global variable remuneration granted in relation to each relevant financial year.

### 3.4. Medium Term Variable Remuneration

- a) The Medium Term Variable Remuneration (MTVR) has the purpose to strengthen the alignment of interests of REN's executive directors with those of REN and its shareholders. Its amount depends on the annual performance evaluation (i.e. on the requirements already mentioned in



**REN - REDES ENERGÉTICAS NACIONAIS, S.G.P.S., S.A. - listed company**

**Registered Office: Avenida dos Estados Unidos da América, no. 55, Lisbon**

**Share capital: 534,000,000 Euros**

**Company and registration number with the Lisbon Commercial Registry Office: 503 264 032**

*Non-binding translation  
For information purposes only*

3.2. above) and varies according to the same matrix as STVR. Moreover, the STVR to be allocated shall correspond to between 10% and 60% of the fixed remuneration;

- b) The MTRV is fixed in Remuneration Units (RU), concerning each financial year of the term of office in which an executive director has performed his/her duties;
- c) Each RU will have a value corresponding to the listing price of REN's shares, based on the average closing price of REN's shares on the Euronext Lisbon market in the 30 days prior to the General Meeting which approves the accounts for the respective financial year, and said value shall have a development equal to the Total Shareholder Return (TSR) of REN's share.
- d) If REN's shares are delisted, various situations for the calculation of the delisting price are defined (as applicable);
- e) The right of each executive director to the conversion of the RU is established progressively, and it consolidates regarding 1/3 of the total amount in the end of the respective financial year, and each remaining 1/3 will consolidate in the end of each of the following two financial years, provided that the director performs executive duties in the respective financial year. The right of each executive director to the conversion of the RU will persist even if the termination of functions occurs due to the change of shareholder control of REN, by virtue of the director having been effectively in office during the period at stake (and thus said conversion not having a compensatory nature), as well as the non-voluntary nature of the termination of functions (contrary to what occurs, notably, due to resignation).
- f) The RU will automatically be converted into cash or, if the General Shareholders Meeting of REN resolves correspondingly (and pursuant to the terms and conditions laid down by the same), in part or in whole into shares representative of REN's share capital, after a period of 3 years from the date of its allocation (one third per year, beginning in the year after its allocation).



REN - REDES ENERGÉTICAS NACIONAIS, S.G.P.S., S.A. - listed company  
Registered Office: Avenida dos Estados Unidos da América, no. 55, Lisbon  
Share capital: 534,000,000 Euros

Company and registration number with the Lisbon Commercial Registry Office: 503 264 032

*Non-binding translation  
For information purposes only*

### 3.5. Termination of office

In the event of termination of office of an executive director by resignation or by dismissal without fair grounds (“*justa causa*”), no compensation will be paid, other than the legally due, if the dismissal or resignation is due to inappropriate performance by the director. The consequences of the early termination of the term of office are defined according to the grounds of that termination.

In 2018, no compensation was paid to former members of the Board of Directors, or members of other corporate bodies, for the termination of their offices.

## B. REMUNERATION OF NON-EXECUTIVE DIRECTORS

The non-executive directors (including the members of the Audit Committee) obtain the fixed remuneration mentioned below, monthly paid and defined in line with the best practices of large firms in the Portuguese market, being applicable the established in 3.5. above:

- An annual gross amount of 80,000.00 Euros (eighty thousand euros) to the Vice-Chairman of the Board of Directors;
- An annual gross amount of 75,000.00 Euros (seventy-five thousand euros) to the Chairman of the Audit Committee;
- An annual gross amount of 60,000.00 Euros (sixty thousand euros) to the remaining members of the Audit Committee;
- An annual gross amount of 36,000.00 Euros (thirty-six thousand euros) to the remaining non-executive directors.
- The members of the Corporate Governance Committee and the Appointment and Evaluation Committee obtain the following additional remuneration (except for the Chairman of the Board of Directors and/or to the Chairman of the Audit Committee, which will not receive any additional remuneration for the performance of these functions):
  - (i) Chairman: € 5,000.00 (five thousand euros); and





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Company and registration number with the Lisbon Commercial Registry Office: 503 264 032

*Non-binding translation  
For information purposes only*

(ii) Other members: € 3,000.00 (three thousand euros).

### **C. REMUNERATION OF THE BOARD OF DIRECTORS INTENDED TO PROMOTE THE ALIGNMENT OF INTERESTS WITH REN, SUSTAINABILITY AND CREATION OF WEALTH IN THE LONG TERM**

As mentioned above in detail, the remuneration policy of the members of the Board of Directors shall allow the pursuit of the following objectives:

- A global remuneration that is competitive and fair and is aligned with the best practices and recent trends on both national and European levels;
- The motivation of the management team for the pursuit of the established objectives and the attraction and retention of qualified staff;
- The balance between a fixed remuneration component that is in line with the directors' functions and responsibilities and a variable remuneration component that is globally appropriate in relation to the fixed remuneration; and
- A variable remuneration that is indexed to the performance evaluation, both individual and organizational, in accordance with specific and measurable objectives that are in line with the Company's and the shareholders' interests.

Considering the principles of the remuneration policy listed herein, as well as the abovementioned sections concerning each of its components, the maximum potential amount (gross annual value) of the global aggregate remuneration of the members of the Executive Board and the Audit Committee regarding the year 2018 may correspond to 2,666,000.00 Euros (two million six hundred sixty-six thousand euros), plus the complementary advantages referred to in 2.3. above and without prejudice to the evolution of the granted RU. Said amount (i) corresponds, as stated above, to a maximum potential amount, which includes all members of the Board of Directors (three executive members and eleven non-executive members) and the members of the Audit Committee (three of the non-executive members) and all components of the remuneration, including the variable remuneration of the executive directors,



**REN - REDES ENERGÉTICAS NACIONAIS, S.G.P.S., S.A. - listed company**  
**Registered Office: Avenida dos Estados Unidos da América, no. 55, Lisbon**  
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and (ii) will only be fully paid if the corresponding maximum performance goals are reached, according to the terms better described above.

Indeed, and regarding the variable remuneration, the latter will not be granted if the compliance with the pre-determined goals is below 80%, and it holds a gradual character, i.e., the global variable remuneration shall correspond to between 20% and 120% of the fixed remuneration, in the event that the completion of the maximum performance goals is between 80% and 120% or higher. The completion of said maximum performance goals intended to motivate the management team and to align the management interests is, thus, contingent upon an evaluation process, on the company's evolution and on the involving context.

Taking into account the previous sections and the performance evaluation carried out, the following is the total remuneration broken down by the different components, the relative proportion of the fixed remuneration and the variable remuneration paid in 2018, which complies with the remuneration policy adopted, without any detachment of the approved remuneration policy implementation procedure):

Name	Office	Fixed Rem.	Variable Rem. Short Term	Variable Rem. Short Term	Total <sup>1</sup>
Rodrigo Costa	Chairman of the Board of Directors and of the Executive Committee	385 000.00 €	221 567.48 €		606 567.48 €
João Faria Conceição	Executive Committee	305 000.00 €	175 527.50 €	183 896.78 €	664 424.28 €
Gonçalo Morais Soares	Executive Committee	305 000.00 €	175 527.50 €	183 896.78 €	664 424.28 €
Guangchao Zhu	Vice-Chairman of the Board of Directors	80 000.00 €			80 000.00 €
Mengrong Cheng	Board of Directors	36 000.00 €			36 000.00 €
Li Lequan	Board of Directors	23 806.45 €			23 806.45 €
Longhua Jiang	Board of Directors	15 000.00 €			15 000.00 €

<sup>1</sup> The values presented do not include the already owed remunerations for the appointment for corporate committees, given that they were already issued on January 2019.



**REN - REDES ENERGÉTICAS NACIONAIS, S.G.P.S., S.A. - listed company**  
**Registered Office: Avenida dos Estados Unidos da América, no. 55, Lisbon**  
**Share capital: 534,000,000 Euros**

**Company and registration number with the Lisbon Commercial Registry Office: 503 264 032**

*Non-binding translation  
For information purposes only*

Omar Al-Wahaibi	Board of Directors	36 000.00 €	36 000.00 €
Jorge Magalhães Correia	Board of Directors	36 000.00 €	36 000.00 €
Manuel Sebastião	Audit Committee	75 000.00 €	75 000.00 €
Maria Manuela Velo	Board of Directors	a) <sup>2</sup>	-
Gonçalo Gil Mata	Audit Committee	60 000.00 €	60 000.00 €
Maria Estela Barbot	Audit Committee	60 000.00 €	60 000.00 €
José Luís Arnaut	Board of Directors	36 000.00 €	36 000.00 €
<b>Total</b>		<b>1 452 806.45 €</b>	<b>572 622.48 € 367 793.56 € 2 393 222.49 €</b>

No amounts were paid by other companies in a controlling or group relationship with REN.

No form of remuneration by which there is an allocation of shares or options or any other system of incentives in shares or options is foreseen or in force.

#### **D. REMUNERATION OF THE STATUTORY AUDITOR**

The remuneration of the Statutory Auditor, proposed by the Audit Committee, is defined considering the remuneration criteria and practice for this kind of services according with the standard market conditions and is not related with the performance of REN.

#### **E. REMUNERATION OF THE MEMBERS OF THE BOARD OF THE GENERAL SHAREHOLDERS MEETING**

The remuneration of the members of the Board of the General Shareholders Meeting corresponds to a fixed annual amount, which from 2016 was established in the following amounts:

- To the Chairman, an amount of 15,000.00 Euros (fifteen thousand euros);

<sup>2</sup> a) Renounced to the remuneration.



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For information purposes only*

- To the Vice-Chairman, an amount of 5,000.00 Euros (five thousand euros);
- To the Secretary, an amount of 3,000.00 Euros (three thousand euros).

### III. REMUNERATION POLICY OF THE MEMBERS OF THE CORPORATE BODIES FOR THE FINANCIAL YEAR OF 2019 OF THE CURRENT TERM OF OFFICE

For the financial year of 2019 of the current term of office, the Remuneration Committee approved the remuneration policy attached to this statement, that has an evolutionary and non-disruptive nature of this policy, maintaining its structure and guiding principles.

Lisbon, April 1, 2019

The Remuneration Committee

João Duque

José Galamba de Oliveira

Fernando Neves de Almeida



REN - REDES ENERGÉTICAS NACIONAIS, S.G.P.S., S.A. - listed company

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Company and registration number with the Lisbon Commercial Registry Office: 503 264 032

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## REMUNERATION POLICY OF THE MEMBERS OF THE CORPORATE BODIES

(For the year 2019)

### A – INTRODUCTORY RULES

#### 1. SCOPE

- 1.1. Under Article 26 of the Articles of Association of REN - Redes Energéticas Nacionais, S.G.P.S., S.A. (herein after “**REN**”), the Remuneration Committee of REN is the corporate body responsible to propose the principles of the remuneration policy of the members of the corporate bodies, as well as to establish the annual remuneration, including any related benefits.
- 1.2. The Remuneration Committee has been working and adopting the necessary diligences in order to prepare the remuneration conditions and policy of REN’s corporate bodies for the current term of office, in particular through a market benchmarking analysis carried out together with specialised consultants and assessing the legal framework and governance recommendations applicable to remuneration matters.
- 1.3. The present document defines the remuneration rules and policy (“**Remuneration Policy**” or “**Policy**”) of the following members of the corporate bodies:
  - a) Board of Directors (including the members of the executive committee and non-executive members) and Audit Committee of REN;
  - b) Board of the General Meeting; and
  - c) Statutory Auditor. (hereinafter, the “**Corporate Bodies**”)
- 1.4. This Remuneration Policy has been approved by the Remuneration Committee on March 31<sup>st</sup> 2019 for the year 2019 of the current term of office (“**Term of Office**”).



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## **2. General Principles**

**2.1. The Remuneration Policy of REN shall comply with the following general principles:**

- a) To be simple, clear, transparent and aligned with REN's interests and culture;**
- b) To be suitable and fitting to the size, nature, scope and specificity of REN's activity;**
- c) To ensure that overall remuneration is competitive and equitable and in line with the best practices and latest trends in Portugal and in Europe, particularly with regard to REN's peers, and that attracts, at an economically justifiable cost, qualified professionals to induce the alignment of interests with those of shareholders - taking into account the wealth effectively created by the company, the economic situation and the market - and constitute a factor of development of a culture of professionalism and promotion of the merit and transparency in REN;**
- d) To be evolutionary, but not disruptive; and**
- e) To incorporate a fixed component which matches the duties, availability, competence and responsibility of the Members of the Board of Directors.**

## **B – COMPONENTS OF THE REMUNERATION OF THE MEMBERS OF REN'S CORPORATE BODIES**

### **3. Remuneration of the Executive Members of the Board of Directors**

#### **3.1. Principles**

**3.1.1. Regarding the remuneration of the executive members of the Board of Directors, the Remuneration Policy is based on the following principles:**



REN - REDES ENERGÉTICAS NACIONAIS, S.G.P.S., S.A. - listed company

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Share capital: 534,000,000 Euros

Company and registration number with the Lisbon Commercial Registry Office: 503 264 032

*Non-binding translation  
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- a) Competitiveness, taking into consideration the practice of the Portuguese market;
- b) Based on objective, uniform, consistent, fair and balanced criteria that reward performance;
- c) Performance assessment in accordance with duties and level of responsibility as well as the effective performance, assumption of suitable levels of risk and compliance with rules applicable to REN's activity, taking into account the compliance with the strategic plan and the budget of REN, the risk management, the internal functioning of the Board of Directors and the contribution of each member for this purpose, as well as the relationship between the Company's bodies and committees;
- d) Incorporating a variable remuneration component which is reasonable overall in relation to the fixed remuneration component, without encouraging excessive risk taking;
- e) Alignment of the interests of executive members of the Board and those of the Company, its sustainability and creation of long-term value including by indexing medium / long-term remuneration to the evolution of the REN's share price; and
- f) Variable remuneration indexed to effective REN's performance, measured against specific, objective and measurable goals which are in line with REN stakeholders' interests.

### 3.2. Remuneration Structure

3.2.1. The remuneration of the executive members of the Board of Directors ("Executive Members") includes:

- a) a fixed component, corresponding to a fixed annual amount ("Fixed Remuneration"); and
- b) a variable component, the latter corresponding to a non-fixed amount dependant of the annual performance assessment, which may vary



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Company and registration number with the Lisbon Commercial Registry Office: 503 264 032

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between a minimum of 0% and a maximum of 120% of the annual Fixed Remuneration (“**Variable Remuneration**”).

- 3.2.2. The Variable Remuneration is composed by a short-term component and by a medium/long-term component, each component corresponding to 50% of the global Variable Remuneration, as described below.
- 3.2.3. The members of the Board of Directors shall not enter into any agreements with REN or with any third parties which intend to or have the effect of mitigating the risk inherent to Variable Remuneration established by REN.

### **3.3. Fixed Remuneration**

- 3.3.1. The Fixed Remuneration of the Executive Members of the Board of Directors corresponds to a gross fixed annual amount of € 385,000.00 (three hundred eighty-five thousand euros) in case of the Chairman of the Executive Committee, and € 305,000.00 (three hundred five thousand euros), in case of the other Executive Members of the Board of Directors, which shall be paid in 12 monthly instalments.
- 3.3.2. The Fixed Remuneration of the Executive Members of the Board of Directors will be updated according to the Consumer Price Index (CPI) whenever there has been no nominal change in relation to the Fixed Remuneration paid on the term of the previous term of office. The update according to the CPI will be carried out provided that it has not presented negative values and is applied from the first year of the term of office in which there was no nominal change in the remuneration. That is, if in the first year of the term of office started in year t there was no change in the nominal value of the fixed remuneration compared to the fixed remuneration paid at the term of the term of office of the previous year, then the update will follow the equation below, which will be maintained year after year until new nominal update of the fixed remuneration:





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Company and registration number with the Lisbon Commercial Registry Office: 503 264 032

*Non-binding translation  
For information purposes only*

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

Where:

$CPI_t$  = Consumer Price Index of year t.

3.3.3. The Fixed Remuneration is composed only by the base remuneration, not including the payment of any other costs or allowances (*i.e.* travel expenses or meal allowance), without prejudice of “*Other monetary and non-monetary benefits*” described under 3.5 below.

#### 3.4. Variable Remuneration

3.4.1. The Variable Remuneration of the Executive Members is attributed based on the performance assessment which is executed in accordance with 3.4.2 below, being the relation between performance and Variable Remuneration established as per 3.4.2 below.

#### 3.4.2. Calculation of the Variable Remuneration on the basis of the Performance Assessment

3.4.2.1. The annual performance evaluation of the Executive Members for the purpose of granting the Variable Remuneration is carried out by the Remuneration Committee, based on the opinion of the Company’s major shareholders, as well as that of the Non-Executive Members and considering a report to be prepared by the Nominations and Appraisals Committee until March of the following year, based on the fulfilment of predefined objectives, based on the Key Performance Indicators (“KPIs”), indexed to metrics of the strategic plan of REN.

3.4.2.2. Up to the end of March of each year, the Audit Committee must validate the numbers that serve as reference to the evaluation of compliance with REN's KPIs.



REN - REDES ENERGÉTICAS NACIONAIS, S.G.P.S., S.A. - listed company  
Registered Office: Avenida dos Estados Unidos da América, no. 55, Lisbon  
Share capital: 534,000,000 Euros

Company and registration number with the Lisbon Commercial Registry Office: 503 264 032

*Non-binding translation  
For information purposes only*

- 3.4.2.3. The annual final assessment of performance and the setting of the Variable Remuneration by the Remuneration Committee shall be completed before the General Meeting approving the accounts for the financial year in question, according to the level of achievement of the KPIs defined in 3.4.2.5. below and is subject to the approval of the annual accounts by the general meeting of shareholders in the exact same terms.
- 3.4.2.4. The individual performance evaluation of an Executive Member of the Board of Directors will only be taken into account when it is negative, in which case the Variable Remuneration will not be granted to that Executive Member.
- 3.4.2.5. The KPIs of REN are defined on a consolidated basis, as follows:

Objectives related with KPIs of REN	% KPIs
Cost of Debt	25%
ROIC (Return on Invested Capital)	15%
EBITDA in investments abroad	12.5%
EBITDA in investments in Portugal	12.5%
Earnings Per Share	15%
Health & Safety	10%
Service Quality	10%

- 3.4.2.6. The percentage of achievement with the established objectives will correspond to a certain Variable Remuneration as indicated in the Variable Remuneration metric below:



REN - REDES ENERGÉTICAS NACIONAIS, S.G.P.S., S.A. - listed company  
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Share capital: 534,000,000 Euros

Company and registration number with the Lisbon Commercial Registry Office: 503 264 032

*Non-binding translation  
For information purposes only*

<b>% of attained objective</b>	<b>% of Variable Remuneration to be granted as a global Variable Remuneration</b>
≤ 79.99%	0
80% - 89.99%	20%
90% - 94.99%	40%
95% - 99.99%	80%
100% - 119.99%	100% - 119.99%, proportionally to the level of compliance
≥ 120%	120%

3.4.2.7. The final performance evaluation for the calculation of the Variable Remuneration is calculated by the arithmetic average of the degree of achievement of each KPI weighted by the respective weight, and this degree of achievement is expressed by the percentage of Fixed Remuneration to be granted as global Variable Remuneration and quantified in the table in 3.4.2.6. Its equation is as follows:

$$P = \sum_{i=1}^n KPI_i * A_i$$

Where:

$P$  = Performance;

$KPI_i$  =  $i^{\text{th}}$  KPI;

$A_i$  = Degree of achievement of the  $i^{\text{th}}$  KPI, *i.e.*, the percentage of the Fixed Remuneration to be granted as a global Variable Remuneration for a certain KPI.



REN - REDES ENERGÉTICAS NACIONAIS, S.G.P.S., S.A. - listed company

Registered Office: Avenida dos Estados Unidos da América, no. 55, Lisbon

Share capital: 534,000,000 Euros

Company and registration number with the Lisbon Commercial Registry Office: 503 264 032

*Non-binding translation  
For information purposes only*

### 3.4.3. Payment of the Variable Remuneration

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

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

### 3.4.4. The MLTVR:

- a) Shall be awarded in Remuneration Units (“RU”);
- b) The number of RU is calculated by dividing the value attributed to RVMLP by the unit value of the UR, which is calculated in accordance with subparagraph d) below;
- c) The value of each RU for the purposes of award of MLTVR shall be equal to the average closing price of REN’s shares on Euronext Lisbon in the 30 days before the date of the general meeting of shareholders approving the annual accounts of the relevant financial year;
- d) The RU value will be adjusted, over time after its initial calculation, in an amount equal to the *Total Shareholder Return* (TSR) of REN’s shares and the number or value of RUs attributed may also be adjusted considering facts / corporate actions that affect REN’s shares (such as stock splits, reverse stock splits, reduction of nominal value of shares, share capital reduction, among others), in order to obtain a remuneration financially equal to the actual holding of a number of shares equal to the RUs initially attributed;



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Share capital: 534,000,000 Euros

Company and registration number with the Lisbon Commercial Registry Office: 503 264 032

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- e) The payment of MLTVR shall be deferred during a three-year period, after the awarding date, being paid one third per year, starting in the year after attribution. MLTVR is paid each year within 30 days from the general shareholders meeting which approves each year's accounts. That is, assuming that the attribution of RVMLP for year  $t$  is made in general meeting that occurs in year  $t + 1$ , payment is deferred for years  $t + 2$ ,  $t + 3$  and  $t + 4$ ;
- f) In case REN's shares are delisted, the value of the RU's to be paid after such delisting shall be (i) the price offered on a takeover bid, in case that was the reason of such delisting, or (ii) the last closing price on other situations;
- g) The right of each Executive Member to the payment of MLTVR is subject to:
  - (i) REN's positive performance during the relevant period, which means: the consolidated net financial situation in the years  $t+1$  or  $t+2$  and  $t+3$ , excluding any extraordinary events which have occurred following the year  $t$ , and deducted in every financial period the amount corresponding to a pay-out of 40% over the net profit assessed on the annual consolidated accounts of each financial period of deferral (independently of the effective pay-out), shall exceed the assessed amount in the financial period  $t$ .  
For this propose, an extraordinary movement within the period between year  $t$  and  $t+3$  are, in particular, share capital increases, acquisition or sale of own shares, extraordinary delivery of dividends, annual pay-out other than 40% of the consolidated results of the respective financial year and other movements which, affecting the net financial situation of REN, are not derived from its operational results.  
The assessment of year  $t+1$ ,  $t+2$  and  $t+3$  net financial situation of shall be based on the accounting rules applicable to financial year  $t$  for comparing proposes.
  - (ii) such Executive Member not breaching any mandatory legal, regulatory or REN's internal rules; and
  - (iii) no occurrence of any termination event, as described below.



REN - REDES ENERGÉTICAS NACIONAIS, S.G.P.S., S.A. - listed company

Registered Office: Avenida dos Estados Unidos da América, no. 55, Lisbon

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Company and registration number with the Lisbon Commercial Registry Office: 503 264 032

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#### 3.4.4.1. Termination Events

- a) In case any Executive Member ceases its term of office before the end of the term and during an evaluation period, the pro-rata Variable Remuneration relating to such evaluation period will be due, except if such termination is caused by or due to causes attributed to such Executive Director.
- b) In case any Executive Member ceases its term of office after the end of the evaluation period but before the awarding date, the Variable Remuneration shall be due, except in case of a Termination Event.
- c) In case the Executive Member terminates its professional relationship with REN due to other facts not qualified as Termination Events, this shall not trigger the loss of the MLTVR already awarded but not yet paid. In this case REN may agree with the Executive Director that the MLTVR will be paid on termination of the professional relationship with REN in which case the condition of REN's positive performance above shall be based on REN's performance until that date.
- d) The following events shall be considered Termination Events for the purpose of this Policy: (i) the Executive Member ceasing the professional relationship with REN due to dismissal with cause; and (ii) in case of material default practiced by the Executive Member.

### 3.5 Other monetary and non-monetary benefits

3.5.1 The Executive Members are entitled to the means of communication and transportation, for the performance of their duties, as well as health insurance, life insurance and personal accident insurance, under the terms and conditions approved by the Remunerations Committee in accordance with the best market practices.

3.5.2 No other benefits, including any retirement benefits or pensions, are attributed to the Executive Members.



REN - REDES ENERGÉTICAS NACIONAIS, S.G.P.S., S.A. - listed company

Registered Office: Avenida dos Estados Unidos da América, no. 55, Lisbon

Share capital: 534,000,000 Euros

Company and registration number with the Lisbon Commercial Registry Office: 503 264 032

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3.5.3 In case of dismissal without cause or resignation upon agreement with REN of an Executive Member, no compensation shall be due except if and to the amount legally due, if such termination results from inadequate performance of the director.

**4. Remuneration of the Non-Executive Members of the Board (including the members of the Audit Committee)**

4.1. Regarding the other members of REN's Board of Directors, including the members of the supervisory board (Audit Committee), the remuneration policy is guided by the main goal of compensating the dedication and the responsibility demanded by the performance of their duties.

4.2. The Non-Executive Members of the Board of Directors are awarded a remuneration corresponding to an annual fixed amount, paid in 12 monthly instalments, as follows:

- a) For the Vice-Chairman of the Board of Directors, the gross amount of € 80,000.00 (eighty thousand euros);
- b) For the Chairman of the Audit Committee, the gross amount of € 75,000.00 (seventy-five thousand euros);
- c) For the other members of the Audit Committee, the gross amount of € 60,000.00 (sixty thousand euros); and
- d) For the other members of the Board of Directors, the gross amount of € 36,000.00 (thirty six thousand euros).

4.3. The members of the Board of Directors' internal committees are awarded the following additional remuneration, from the date of their appointment;

- a) Chairman: €5,000.00 (five thousand euros); and
- b) Other members of the related committees: € 3,000.00 (three thousand euros).



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- 4.4. Should the Chairman of the Board of Directors and/or the Chairman of the Executive Committee be members of the Corporate Governance Committee or of the Nominations and Appraisals Committee, they will not receive any additional remuneration for the performance of such duty.
- 4.5. The Remuneration of the Non-Executive Members of the Board of Directors will be updated according to the Consumer Price Index (CPI) whenever there has been no nominal change in relation to the Fixed Remuneration paid on the term of an earlier term of office and follows the same rules applicable to the executive directors expressed in 3.3.2.
- 4.6. The remuneration of the Non-Executive Members of the Board of Directors does not include the payment of any other bonuses linked to REN's performance, any costs or allowances or any other benefits (such as retirement benefits or pensions plans).
- 4.7. Unless any of the Directors expressly disagree, a deduction of the costs with the mandatory insurance of civil liability of the Directors (which shall be paid by them) shall be deducted from the amounts referred to above.

## **5. Remuneration of the members of the Board of the General Meeting**

- 5.1. The members of the Board of the General Meeting shall be awarded a fixed annual amount, as follows:
  - a) For the Chairman, the gross amount of € 15,000.00 (fifteen thousand euros);
  - b) For the Vice-Chairman, the gross amount of € 5,000.00 (five thousand euros); and
  - c) For the Secretary, the gross amount of € 3,000.00 (three thousand euros).





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## **6. Remuneration of the Statutory Auditor**

- 6.1.** The remuneration of the Statutory Auditor will be proposed by the Audit Committee and includes the audit and legal review of accounts services and will be engaged under standard market conditions and will, in any case, not be linked to REN's performance.

## **7. Entry into force**

This remuneration policy enters into force from January 1<sup>st</sup> 2019.

Lisbon, March 31, 2019

The Remuneration Committee

João Duque

José Galamba de Oliveira

Fernando Neves de Almeida



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## PROPOSAL OF RESOLUTION

### ITEM 7 OF THE AGENDA FOR THE ANNUAL GENERAL SHAREHOLDERS MEETING OF MAY 3<sup>RD</sup>, 2019

#### Whereas:

- A) Under article 27(1) of the bylaws of REN - Redes Energéticas Nacionais, S.G.P.S., S.A. (hereinafter “REN” or “Company”), the members of the governing bodies are elected for a 3 year term;
- B) The 2018-2020 term of office of the Board of Directors, elected at the 2018 General Shareholders Meeting, is ongoing;
- C) Following the resignation presented by a Member of the Board of Directors elected for the term of office mentioned in B), it is in the Company’s best interest to elect a new Member of the Board of Directors to complete the current term of office (2018-2020).

#### It is thus proposed that the General Shareholders Meeting of REN approves:

The election of Ana Pinho Macedo Silva as Member of the Board of Directors to complete the current term of office (2018-2020).

Lisbon, March 28, 2019

The Shareholders,

State Grid Europe Limited

Mazoon BV

Fidelidade - Companhia de Seguros, S.A.



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**ANNEX**  
**TO**  
**ITEM 7 OF THE AGENDA FOR THE GENERAL SHAREHOLDERS MEETING**  
**OF MAY 3<sup>rd</sup>, 2019**

**Election of a member of the board of directors**  
**in order to complete the ongoing 2018-2020 term of office**

**(CV)**



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## **ANA PINHO**

Ana Pinho is President of the Board and of the Executive Committee of the Serralves Foundation since January 2016, and member of the Board since January 2010. She is also member of the Board of TAP SGPS since June 2017, member of the Board of Directors of Associação de Turismo do Porto since September 2017, and member of the Board of Oporto British School since April 2014.

Previously, she was member of the Board of Directors of the Associação Comercial do Porto, Chief Executive Officer of UBS Portugal and Member of the Executive Committee of UBS Spain, and she held several other positions of responsibility at UBS AG. She was Equity Analyst at Schroder Securities, in London and Financial Analyst at Banco Português de Investimentos, in Porto.

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

She has attended several Art Courses at Serralves Foundation, Sociedade Nacional de Belas Artes Lisboa, Christie's Education London and Sotheby's Institute London.

**Ownership of shares representative of the share capital of REN - Redes Energéticas Nacionais, SGPS, S.A. (REN)**

Holds no shares representative of REN's share capital.