



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

**Audit Committee Activity Report
for the financial year of 2023**

(pursuant to Article 423-F(1)(g) of the Commercial Companies Code)

1. Introduction

REN-Redes Energéticas Nacionais, SGPS, S.A. (REN) has adopted a management and oversight model with a Board of Directors and Executive Committee as management bodies, an Audit Committee as an oversight body, and a Statutory Auditor as the External Auditor.

The Audit Committee is composed 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 on April 23, 2021, for the three-year term 2021-2023. Ms. Rosa Freitas Soares was elected for the same term at the same General Meeting.

All members of the Audit Committee meet the compatibility criteria for the performance of their respective functions, as provided for in Article 4 of the Audit Committee Regulations. The main powers and competences, organization, and functioning of the Audit Committee are described in its Regulations, which can be consulted on REN's official website at <http://www.ren.pt/> in Portuguese and English.

2. Activities carried out by the AUDIT COMMITTEE in the financial year of 2023

The Audit Committee held 13 meetings in 2023, which were attended by all three members. Whenever appropriate, the Head of Internal Audit, the Head of Control, Accounting and Taxation, the External Auditor, the CFO, and other REN staff members attended, by invitation, in Audit Committee meetings.

In the performance of its functions, the Audit Committee had the necessary means and



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resources to carry out its mission.

In order to comply with its duties, and responsibilities, the Audit Committee carried out a wide range of initiatives throughout the year, which will be discussed below.

2.1 Oversight of management and compliance with company control laws

In 2023, the Audit Committee continued to monitor the operation of the corporate governance system implemented by REN.

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

To carry out its oversight work, the Audit Committee had access to all necessary information and to company employees to assess the situation and prospects for the development of the company. In particular, the Audit Committee received and analysed the minutes of the meetings held by the Executive Committee in 2023, and requested supporting documents or additional clarifications whenever necessary, which were promptly provided.

The work carried out by the Audit Committee in compliance with the law and the Articles of Association took into account the analysis of the governance in force and included the evaluation of the External Auditor.

In summary, as part of its duties, the Audit Committee assessed the governance practices of the Board of Directors and, further to the analysis conducted, is of the opinion that the management body had a positive performance throughout 2023 considering the standards, recommendations, and best practices applicable to the company.

A final note to mention that the corporate governance system continues to prove to be adequate, contributing to the transparency and accountability of company management.

2.2 Financial information oversight



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The Audit Committee met periodically with the External Auditor, the CFO, and the Head of Control, Accounting and Taxation.

The Audit Committee monitored compliance with accounting criteria, policies and practices, estimates, judgments, relevant disclosures, and their consistent application over different periods and the corresponding reliability of financial information. It also analysed the audit findings and evaluated the procedures performed during the year by the External Auditor.

The Audit Committee reviewed the Consolidated and Individual Financial Statements of REN, SGPS, S.A. for the financial year ended 30 June 2023.

The Audit Committee audited the legal review and external audit of the financial statements for the financial year of 2023. As a result, it concluded that the work complied with the activities required by Articles 446 and 451 of the Portuguese Commercial Companies Code (specifically, regarding the regularity of accounting records and supporting documentation, accounting policies and valuation criteria, accuracy of financial statements, and legal certification of accounts).

The Audit Committee also met regularly with the Company's External Auditors to discuss matters related to the audit process in general, including the company's internal controls. Accordingly, the Audit Committee also examined the issues referred to in the External Auditor's reports on the main accounting policies and practices used, and the estimates and assumptions considered and adopted in the preparation of financial information, including material risks and exposure.

It should be noted that the supervision of the adequacy of accounting policies, procedures, and practices, and of the valuation criteria adopted and their compliance, as well as the regularity and quality of the Company's accounting and financial information, was essentially carried out through analysis and discussion of the review/audit reports issued by the External Auditor and by the Control, Accounting and Taxation Department.

2.3 Monitoring and oversight of the effectiveness of internal control systems and risk management

One of the main concerns of the Audit Committee is the monitoring and supervision of the



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mechanisms implemented by the company to ensure an adequate internal control system, especially in financial information preparation processes.

In this regard, one of the Audit Committee's duties is to monitor the financial information process and evaluate the operation of internal control and risk management systems, supervise internal audit activities, and receive reports of irregularities in financial and accounting matters submitted by shareholder employees.

It is the opinion of this Committee that these internal control mechanisms are vital to ensure the reliability of the financial information that the company prepares and communicates to the market.

During the quarterly follow-up of the account closing process, in addition to analysing the main accounting processes and the results of the external auditor's work, the Audit Committee also regularly analyses any possible internal control non-conformities identified that may affect the reliability of financial information.

In view of the above, the Audit Committee acted to monitor, oversee, and evaluate the operation and adequacy of internal control processes, risk management, and internal audit. The Audit Committee continues to consider that REN management and oversight bodies have given due attention to the development and improvement of internal control and risk management processes.

The work carried out in these processes has had a significant impact on REN's activity, in line with its size, business characteristics, and the complexity of the risks inherent in its operations.

The Audit Committee held several meetings with the External Auditor, as well as with the responsible parties from different departments whose activities affect internal control and risk management processes.

The Audit Committee monitored the implementation of recommendations from internal audit reports, the work carried out by REN's Risk Management Committee, with which it met twice, and the conclusions of the External Auditor on this matter.



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2.4 Supervision of Internal Audit Department activity

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

As such, the Audit Committee reviewed and approved the Annual Activities Plan of the Internal Audit Department.

The Audit Committee held quarterly meetings with Internal Audit to monitor the work performed, as well as the implementation of proposals and recommendations approved in their reports.

The Internal Audit Department carried out its work in accordance with the annual plan approved by the Audit Committee. In addition to the normal audit engagements, since 2022, Internal Audit Department staff have also taken on the responsibility for overseeing compliance with personal data protection, supporting the Data Protection Officer, who is also the Head of Internal Audit.

The Audit Committee monitored the work carried out by the Internal Audit Department, particularly regarding the management of risks related to the company's processes, systems, and business units, and proposals for improvement, submitted in the form of recommendations. In addition, the Audit Committee had access to all Internal Audit reports.

The Audit Committee considers that the Internal Audit Department performed its functions with the necessary independence, objectivity, and competence. When conducting internal audits, special attention was paid to evaluating internal control systems, the integrity of information produced and disclosed, the efficient use of resources, effective process monitoring, compliance with laws and regulations, and the evaluation and mitigation of identified risks.

The Audit Committee informed the Executive Committee of the recommendations from the work performed by the Internal Audit Department, as necessary. Furthermore, the External Auditor had access to both Audit Committee and Internal Audit work and documents.



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2.5 Analysis of activity and oversight of the independence of the External Auditor

In accordance with regulations, the Audit Committee is responsible for supervising and overseeing the work and independence of the External Auditor.

Accordingly, the Audit Committee analysed the work plans of the External Auditor and held regular meetings to assess the work performed and analyse the respective results.

Throughout 2023, the Audit Committee represented the company, for all purposes, with respect to the External Auditor, and their reports were subject to review by this committee. Additionally, the Audit Committee also took the necessary measures to ensure that suitable conditions were available for the provision of their services.

In 2023, the Audit Committee evaluated the activity of the External Auditor through the regular monitoring of its performance, namely through the analysis of periodic reports and the monitoring of the execution of audit and review services, as well by evaluating any procedural changes recommended by the External Auditor.

The Audit Committee also carried out the annual evaluation of the work of the External Auditor in 2023 and considered that its services were provided satisfactorily. The External Auditor also complied with applicable standards and regulations, including current international auditing standards, performing its functions with technical accuracy.

It is also the responsibility of the Audit Committee to supervise and assess the activity and independence of the External Auditor, as well as to approve the fees for audit services and additional services.

In compliance with the independence rules established for the External Auditor, the Audit Committee monitored the provision of non-audit services, to ensure that situations of conflicts of interest did not arise and costs complied with the limits established by the Articles of Association of the Order of Chartered Accountants and the Legal Regime of Audit Supervision.

In 2023, the Audit Committee authorized the following services:

- i) Provision of services for the issuance of a certification report on the Investment Expense Map for the first payment request of the rePLANT project Implementation



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- of Collaborative Strategies for Integrated Forest and Fire Management;
- ii) Provision of services for agreed procedures on REN SGPS financial ratios set out in the European Investment Bank financing contracts, reported for the periods ending on 30 June 2023, and 31 December 2023;
 - iii) Issuance of a Comfort Letter regarding the update of the base prospectus of the Euro Medium Term Note (“EMTN”) programme of 5,000,000,000 Euros, issued by REN -Redes Energéticas Nacionais, SGPS, S.A. and REN Finance B.V.;
 - iv) Provision of services to REN Portgás Distribuição, S.A. for an analysis of the impact of Subsoil Occupation Levies (“TOS”) REN Portgás for 2022;
 - v) Provision of independent limited assurance review services on the financial information contained in the Integrated Report of REN – Redes Energéticas Nacionais, SGPS, S.A. of 31 December and respective annexes;
 - vi) Provision of services to REN – Redes Energéticas Nacionais, SGPS, S.A. for the issuance of an independent limited assurance review report on the reliability of the Green Bond Report, with reference to 31 December 2023.

Finally, as a result of the work carried out, the Audit Committee is of the opinion that the External Auditors acted independently.

2.6 Internal Regulations regarding the External Auditor

In 2023, the Audit Committee approved the Internal Regulations regarding the External Auditor, following a recommendation contained in the assessment of REN carried out by the Executive Monitoring and Monitoring Committee (CEAM) of the Corporate Governance Code IPCG 2018, revised in 2023.

Under the terms set out in the protocols signed between the CMVM (Portuguese Securities Market Commission) and the IPCG (Portuguese Institute of Corporate Governance) and between the IPCG and the AEM (Association of Companies Issuers of Listed Securities), the current model of self-regulation of the corporate governance recommendatory regime includes the aforementioned monitoring.

And it was in this context that the Audit Committee decided to accept CEAM's assessment in order to comply with Recommendation VIII.2.1. of the Corporate Governance Code, according to which “*By means of regulation, the supervisory body defines, in accordance*



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with the applicable legal regime, the supervisory procedures to ensure the independence of the statutory auditor”.

2.7 Transactions with related parties

The 2023 Corporate Governance Report describes the main elements of the business and operations carried out between REN Group companies and qualified shareholders or entities related to them, in accordance with Article 20 of the Securities Code.

During the year, the Audit Committee analysed transactions with related parties, to ensure the prevention of situations of conflict of interest.

After analysing the suitability of the pre-contractual and contractual procedures adopted for transactions and the reasonableness and adequacy of the justifications presented, particularly regarding corporate interests and comparability with normal market conditions, the Audit Committee decided to issue favourable prior opinions in these circumstances.

2.8 Reporting of irregularities

The chapter “Procedures applicable to the treatment of reports of irregularities and the investigation of irregularities”, included in the REN Group Code of Conduct, describes the procedures applicable to the receipt and treatment of reports of irregularities submitted by interested parties and the investigation of their effective existence and conclusion.

Shareholders, members of corporate bodies, employees, service providers, customers, suppliers, and other stakeholders of REN or REN Group companies may report irregularities they become aware of or situations where they have well-founded doubts, including anonymous reports (whistleblowing). This procedure aims to prevent, suppress, and remedy irregularities, conclude agreements with claimants, and apply sanctions.

As part of the review of its Code of Conduct, REN modified the profile of whistleblowers who can report irregularities, to cover a broader range of people while also ensuring greater protection for the whistleblower.

The Audit Committee monitors the functioning of the Whistleblowing channel and is regularly informed about its activity.



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In 2023, the Audit Committee became aware of two alleged irregularities which were given close attention with a view to finding adequate mechanisms to ensure that these types of situations do not recur.

3. Conclusions

Considering the work conducted on the activities carried out during 2023, the Audit Committee considers that it performed the necessary tasks to comply with its duties and responsibilities, having had the necessary means to do so and not having encountered any constraints or limitations on its actions.

Lisbon, 14 March 2024

Manuel Sebastião

Gonçalo Gil Mata

Rosa Freitas Soares