



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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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 19th, 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;



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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 3rd, 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.



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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



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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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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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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



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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).



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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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(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,



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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 ¹
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 €

¹ 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.



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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) ²	-
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 €
Total		1 452 806.45 €	572 622.48 € 367 793.56 € 2 393 222.49 €

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);

² a) Renounced to the remuneration.



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- 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



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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 31st 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:



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

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.



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- 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:



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% of attained objective	% of Variable Remuneration to be granted as a global Variable Remuneration
≤ 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^{th} KPI;

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



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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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- 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.



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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.



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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 1st 2019.

Lisbon, March 31, 2019

The Remuneration Committee

João Duque

José Galamba de Oliveira

Fernando Neves de Almeida