



GREEN BOND REPORT 2023



REN created its Green Finance Framework, mainly for the purpose of aligning its financing strategy with its mission, strategy and sustainability objectives.

REN - Redes Energéticas Nacionais (“REN”) has as its mission guaranteeing the uninterrupted supply of energy to the entire country, while maintaining its commitment to the development of communities and improving citizens’ quality of life. This is its mission, which it fulfils by aligning itself with the Sustainable Development Goals (SDGs), namely SDG 7 (Renewable and Affordable Energy), 8 (Decent Work and Economic Growth), 9 (Industry, Innovation, and Infrastructure), 11 (Sustainable Cities and Communities), 13 (Climate Action), and 15 (Protect Earth Life).

It is from this perspective that REN created its “Green Finance Framework”, mainly

for the purpose of aligning its financing strategy with its mission, strategy and sustainability objectives. Under its “Green Finance Framework”, REN selects and controls a set of projects eligible for green financing, while strictly observing the principles of the ICMA – International Capital Markets Association and of the LMA – Loan Markets Association, with regard to green financing (the so-called “ICMA Green Bond Principles” and “LMA Green Loan Principles”). REN believes that green financing instruments are an effective tool for channelling investment into projects that demonstrate significant benefits with regard to climate action and, therefore, make a valuable contribution to the Sustainable Development Goals.



Category **RENEWABLE ENERGY**

Eligible green projects

- Electricity grid assets built for the sole purpose of connecting renewable energy sources to the grid
- Electricity grid assets aimed at integrating and enhancing the transmission capacity for renewable energy in the Portuguese electricity grid



Category **ENERGY EFFICIENCY**

Eligible green projects

- Fibre optic cable and network assets



Category **GREEN BUILDINGS**

Eligible green projects

- New, existing, or refurbished office buildings (with environmental performance certification)
- Refurbished buildings where the remodelling leads to energy savings of at least 30%



Category **CLEAN TRANSPORTATION**

Eligible green projects

- Low-carbon transportation vehicles: fully electrified vehicles within REN’s own fleet

Among the categories listed above, and which are listed in its “Green Finance Framework”, REN, for now, has only considered eligible assets under the “Renewable Energy” category.

Following the publication (in February 2021) of its “Green Finance Framework”, in April 2021, REN launched its first green bond issue, for an amount of 300 million euros, with a coupon of 0.50% p.a. and a maturity of eight years.

REN has also negotiated four Commercial Paper Programs, totaling 350M€, with a green label falling in the scope of its Green Finance Framework. Outstanding under this category, as of 31st December 2023, there is a 50M€ commercial paper issue with 2 months maturity, to be repaid in January 24.

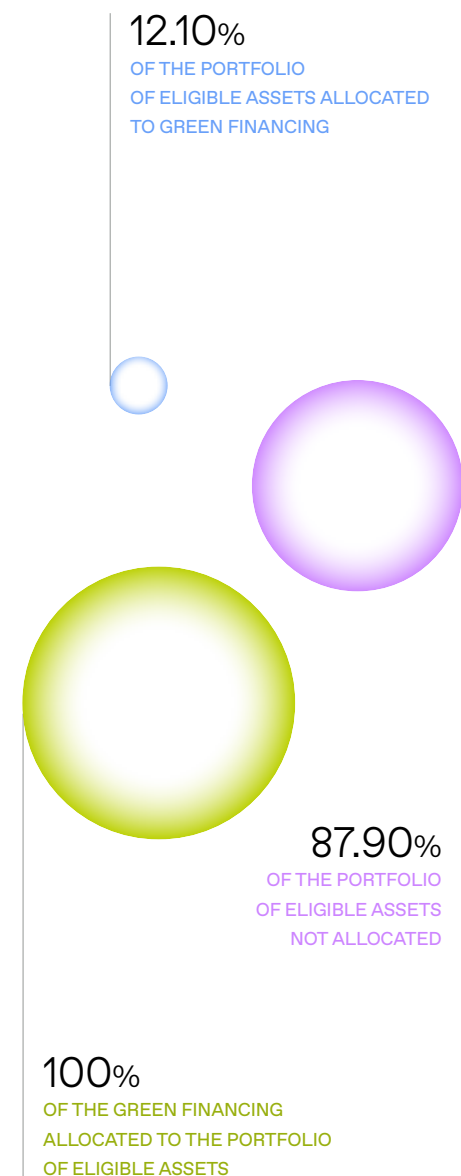
REN’s Green Finance Framework was subject to a Second Party Opinion by the Institutional Shareholder Services (ISS-ESG), thus joining the certifications verified by external entities already incorporated in REN’s Sustainability Report, namely standard ISAE 3000 (International Standard on Assurance Engagements 3000), with reference to GRI and standard AA1000AP (Accountability Principles – 2018).

This document enables REN to materialise its commitment to annually provide information on the allocation of the green financing made to the eligible assets under consideration and on their associated environmental impacts.

ALLOCATION REPORT

Portfolio date: 31 December 2023

PORTFOLIO OF ELIGIBLE ASSETS		GREEN FINANCING			
Renewable energy	Value of eligible investments (M€)	Instrument (ISIN)	Issue date	Maturity	Amount (M€)
Electricity grid assets developed to interconnect renewable energy sources with the grid	187.1	XS2332186001	14/04/2021	14/04/2029	300.0
Electricity grid assets aimed at integrating and improving the transmission capacity of energy from renewable sources in the Portuguese electricity grid	2,705.7	PTRE1QJM0051	28/11/2023	29/01/2024	50.0
Total eligible assets	2,892.8	Total green financing			350.0



IMPACT REPORT

Portfolio date: 31 December 2023

	RENEWABLE ENERGY
Eligible Investments (M€)	2,892.8
% of the Portfolio	12.10%
Evolution of RES Power/ Total NES Power ¹	21 pp ⁴
Installed Renewable Capacity (MW) ¹	6,235 ⁵
Evolution of Renewable Generation/ Total Generation ¹	32 pp ⁶
Additional Renewable Generation (GWh/ year) ¹	12,887 ⁷
Estimated avoided emissions of the portfolio of eligible assets (tCO ₂ / year) ²	11,302,226
Estimated avoided emissions of the green financing allocated to the portfolio of eligible assets (tCO ₂ / year) ²	1,367,569
Contribution to the SDGs	SDGs 7 and 13

¹ Source: REN, Evolution 2012 to 2023.

² Source: REN, Emissions avoided in 2023 with reference to 2012
 Estimated avoided emissions (tCO₂) = [National Electricity Emission Factor 2023 (tCO₂/ GWh) – National Electricity Emission Factor 2012 (tCO₂/ GWh)] * [Total Portuguese Electricity Production 2023 (GWh)]
 Note: baseline is considered all of the Portuguese Electricity Production 2023 but using the National Electricity Emission Factor 2012.

³ Source: REN, Emissions avoided in 2023 with reference to 2012 Pro rata considers the percentage of investments compared to the total amount of investments and the correspondent contribution to avoided emissions.

⁴ Evolution from 58% in 2012 to 79% in 2023 (represents the difference between the ratio of the installed renewable capacity and total installed capacity in 2012 and the same ratio in 2023).

⁵ Represents the additional capacity of renewable energy generation connected to our transmission and distribution systems, between 2012 and 2023.

⁶ Evolution from 44% in 2012 to 76% in 2023 (represents the difference between the ratio of the renewable electricity generation and the total electricity generation in 2012 and the same ratio in 2023).

⁷ Represents the additional renewable energy generation between 2012 and 2023.





2024

PORTUGAL REVISES NECP FOR SUBMISSION

FOCUSED ON HIGHER CLIMATE AND ENERGY AMBITION

Tackling climate change places decarbonisation at the centre of public policies, thus generating significant changes on the energy sector. From an energy transition perspective, adapting the power grid's infrastructure is therefore critical to achieve Portuguese and European energy policy goals. To address these the European Union (EU) and the respective Member States sought to review their energy and climate strategies. Exploring opportunities and the comprehensive revision and implementation of Member States' National Energy and Climate Plans (NECP) will play a key role in achieving higher climate and energy ambition in the EU by 2030. The NECPs need to be further update to guarantee alignment, allowing the implementation of the EU's higher climate and energy ambition. The Portuguese authorities have been working on the revision of NECP for submission by 2024 focused on higher climate and energy ambition.

In Portugal, it is also important to note the publication of the National Electric System (NES) Law and it is worthwhile to mention the approval of measures to simplify procedures for the production and storage of energy from renewable sources (RES). All the initiatives above are necessary steps towards the decarbonization of the economy.

Building on these goals and targets, REN's role in the energy transition and contribution to the European Energy Policy and Domestic Energy Policy can be seen as follows: with regard to the electricity sector infrastructures, the growth targets for Renewable Energy Sources (RES), combined with the decrease of thermal power plant generation in the current Portuguese National Electricity System (SEN), determine that there is a permanent need to adapt and develop transmission network infrastructures in order to guarantee security of supply. The investments carried out by REN (as the concession holder of the electricity transmission activity through the Portuguese National Electricity Transmission Grid – RNT), in the construction of new infrastructure needed to receive and integrate new renewable generation and the necessary adaptation to guarantee the quality, security of supply, and management of the system have been crucial to enable the goals of energy transition, namely the progressive reduction of Greenhouse Gas (GHG) emissions in the energy sector.

The development and investment plans for the transmission grid include multiple kinds of projects to achieve the decarbonisation goals in the electricity sector.

In 2023, the following examples stand out:





Within the scope of connections to the Public Service Electric Network (RESP), REN participates in the connection and integration processes of consumer and producer power installations, which are connected to the RNT, in order to guarantee its safety and quality of service and the effective integration of renewable energy sources into the National Electricity System (NES);



Within the framework of the general regime, until the end of December 2023, REN issued 15 Capacity Reserve Titles (TRC), corresponding to 1,122 MVA;



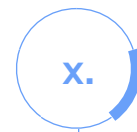
Within the scope of the Agreement requests covered by the ToR, 11 Agreements were signed in 2023, with a total injection power in the RESP of 3,185 MVA corresponding to electrical production centers for connection to the Portuguese National Electricity Transmission Grid;



Grid development to create additional capacity for new photovoltaic solar production integration, arising from the competitive procedures, to award capacity reserve for connecting to the electric public grid, launched by the Portuguese State. New grid studies were and are underway to identify the necessary new grid infrastructure and/ or reinforcement of existing ones for the connection requests from agreements signed between the Transmission System Operator (TSO) and power plant promoters;



As part of RNT reinforcements in the areas of Lisbon and the south of mainland Portugal, REN started the construction of the new 400 kV overhead line, which will contribute to structurally adapt the network's performance, with emphasis on the Baixo Alentejo axis, between Ferreira do Alentejo – new Panóias Substation – Tavira;



For the reinforcement of the interconnection capacity between Portugal and Spain, aiming at the implementation of the new 400 kV interconnection, in Minho – Galiza regions, between the future substations of Ponte de Lima, on the Portuguese side, and “Fontefría”, on the Spanish side, environmental and detailed engineering studies were completed and are waiting for licencing;



Other important environmental impact studies and engineering projects were carried out by REN and submitted to the Environmental Authority for new overhead lines (over 800 km) and 3 substations that regard the integration of solar energy producers, as for example the Sines – Vale Pereiro – Ferreira do Alentejo 400kV OHL and the Ferreira do Alentejo – Pegões – Rio Maior axis of 400 kV;



REN is fully committed, within the scope of its competences, to the objectives foreseen for offshore wind production, and also to creating conditions for the connection of multiple consumption projects, in particular for the production of green H₂ for the decarbonisation of the industry, in line with the guidelines of the Portuguese State;



In addition to RNT development investments, several projects are underway to modernize transmission grid assets, by refurbishment and replacing of high and very high voltage equipment in substations, protection, automation and control systems, power transformers and overhead lines; and



At the end of 2023, several new power plants, mainly from solar energy source, were in the process of connecting to the transmission grid.



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Independent Limited Assurance Report

To the Board of Directors of
REN – Redes Energéticas Nacionais, S.G.P.S., S.A.

Scope

We have been engaged by REN – Redes Energéticas Nacionais, S.G.P.S., S.A. ("REN") to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, to report on the Green Bond Report 2023 ("Green Bond Report"), for the year ended 31 December 2023.

Criteria applied

REN prepared the Green Bond Report in accordance with the REN Green Finance Framework (the "Criteria").

Responsibilities of the Management

REN's management is responsible for selecting the Criteria, and for preparing the Green Bond Report in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining an appropriate internal control system, maintaining adequate records and making estimates that are relevant to the preparation of the Green Bond Report, such that it is free from material misstatement, whether due to fraud or error.

Responsibilities of the Auditor

Our responsibility is to examine the Green Bond Report prepared by REN and to issue a limited assurance report based on the evidence obtained.

Our engagement was conducted in accordance with the International Standards for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information – ISAE 3000 (Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and other technical standards and recommendations issued by the Portuguese Institute of Statutory Auditors (*Ordem dos Revisores Oficiais de Contas*). These standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Green Bond Report is prepared in accordance with the Criteria.

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. In these circumstances, our independent review procedures comprised the following:

- ▶ Conducting interviews with management and other personnel involved in the preparation of the Green Bond Report, in order to understand the characteristics of the (re)financed projects and how the information system is structured;
- ▶ Inquiries with the personnel responsible for preparing the Green Bond Report in order to understand the processes for collecting, collating, reporting, and validating the allocation and impact report data for the reporting period;
- ▶ Checking the Green Bond net proceeds allocation in the eligible project portfolio has been made in accordance with the criteria;
- ▶ Performing analytical review procedures to support the reasonableness of the allocation and impact report data, including information related to indicators disclosed in the report;
- ▶ Verification of the conformity of the Green Bond Report with the results of our work and with the Criteria applied.

Sociedade Anónima - Capital Social 1.340.000 euros - Inscrição n.º 178 na Ordem dos Revisores Oficiais de Contas - Inscrição n.º 20161480 na Comissão do Mercado de Valores Mobiliários
Contribuinte N.º 905 988 263 - C. R. Comercial de Lisboa sob o mesmo número
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REN – Redes Energéticas Nacionais, S.G.P.S., S.A.
Independent Limited Assurance Report
31 December 2023

We consider that the evidence obtained is sufficient and appropriate to provide the basis for our conclusion.

Quality and Independence

EY applies the International Standard on Quality Management ISQM 1, which requires that we design, implement, and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the *Ordem dos Revisores Oficiais de Contas'* Code of ethics and of the International Code of Ethics for Professional Accountants (including international independence standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Conclusion

Based on our work and evidence obtained, nothing has come to our attention that cause us to believe that the Green Bond Report, for the year ended 31 December 2023, has not been prepared, in all material respects, in accordance with the Criteria.

Lisboa, 21 March 2024

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

Manuel Ladeira de Carvalho Coelho da Mota - ROC n.º 1410
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REN



GREEN BOND
REPORT
2023

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