INTEGRATED REPORT 2023

COMMITMENT IN ACTION

REN

INTEGRATED REPORT
2023

In a world where environmental and social challenges require decisive action, we have reaffirmed our unwavering commitment to building a sustainable future.

Committed to the transition to a decarbonized economy, we have reaffirmed our role as agents for positive impact for people, the country and everywhere where we operate. For present and future generations.

This is our responsibility.
This is our commitment.

COMMITMENT IN ACTION

Access all of REN's information on its applications.

REN Investidores

REN Energia

THE NETWORK OF ALL NETWORKS
www.ren.pt

We recognize that our concerns regarding equality and inclusion are reflected in the Report and in our practices set out herein. For this reason, we have chosen not to provide a breakdown of information by gender.

REN

INTEGRATED MANAGEMENT REPORT

CONSOLIDATED AND INDIVIDUAL ACCOUNTS

CORPORATE GOVERNANCE REPORT

ANNEXES

I INTEGRATED MANAGEMENT REPORT

COMMITMENT TO RESULTS

We transform challenges into achievements, shaping a more sustainable world for future generations.

ABOUT THE REPORT

This Integrated Report brings together the reporting of financial, non-financial/ sustainability, and corporate governance information regarding all REN Group companies. By consolidating the economic, social, and environmental information considered to be most relevant for the company and our stakeholders, together with our corporate governance practices, the report provides a transparent picture of REN's commitments and legal obligations in these areas.

This report, covering the period from 1 January to 31 December 2023, follows the Integrated Reporting (IR) guidelines for the preparation of integrated reports and consists of four main parts:

- Integrated Management Report, which includes our activity, strategy, commitments, risk management, governance and our performance and contribution to sustainable development;
- Consolidated and Individual Accounts;
- Corporate Government Report, which also includes the Remuneration Report; and
- Annexes, including alignment with sustainability reporting standards/ guidelines.

The consolidated and individual financial statements for the financial year and the social and environmental content of this report were approved by the Board of Directors at their meeting of 21 March 2024. It is the Board of Directors' opinion that this information accurately and suitably reflects the financial position of the Group and its different subsidiary companies and provides a balanced overview of its policies, organization, practices, and operating results in areas of sustainability considered to be most relevant, in compliance with the reference Standards and Directives as implemented.

GRI 2-2 GRI 2-3 GRI 2-4 GRI 2-5

REN seeks to adopt the best practices in financial, non-financial and corporate governance reporting.

REPORTING OF NON-FINANCIAL/ SUSTAINABILITY INFORMATION

REN has prepared its reporting of non-financial/ sustainability information in accordance with internationally recognized standards and guidelines:

Principles of the AA1000AP standard (AccountAbility Principles – 2018: Inclusion, materiality, response capability, and impact);

UNGC (United Nations Global Compact) principles;

GRI (Global Reporting Initiative) standards, an international standard for the development of sustainability reporting;

SASB Standards (Sustainability Accounting Standards Board);

TCFD Recommendations (Task Force on Climate-Related Financial Disclosure) on the disclosure of financial information related to climate risks and opportunities);

CMVM (Portuguese Securities Market Commission) reporting model for the disclosure of non-financial information; and

EU Taxonomy regulation (Regulation Nº 2020/852).

Additionally, this year, REN began to solidify reporting in line with the Corporate Sustainability Reporting Directive (CSRD), in the form of a correlation table between GRI Standards and ESRS (European Sustainability Reporting Standards).

The sustainability information was audited by EY (Ernst & Young, Audit & Associados, SROC , S.A.), in accordance with the principles of Standard ISAE 3000 (International Standard on Assurance Engagements 3000) and with reference to GRI standards (2021 version) and the AA1000AP standard. This check provides a limited level of assurance with respect to reliability.

REPORTING OF FINANCIAL INFORMATION

The consolidated financial statements were drawn up on the assumption that operations are to continue using the accounting books and records of the companies included in the consolidation see Part II - Consolidated and Individual Accounts. This accounting information is maintained in accordance with accountancy standards in effect in Portugal, adjusted during the consolidation process so that the consolidated financial statements are in accordance with International Standards on Financial Reporting as implemented throughout the European Union, in effect for financial years starting on 01 January 2023.

Both the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the International Accounting Standards (IAS), issued by the International Accounting Standards Committee (IASC) and respective interpretations – IFRIC and SIC, issued by the International Financial Reporting Interpretation Committee (IFRIC) and Standard Interpretation Committee (SIC), which have been implemented in the EU, should be understood as forming part of Financial Reporting Standards.

The individual financial statements were drawn up in accordance with Portuguese law, including Decree-Law No 158/2009 of 13 July 2009, updated by Decree-Law No 98/2015 of 2 June 2015 and by Ministerial Implementing Order No 220/2015 of 24 July 2015, and in accordance with the structural concept, accountancy standards, financial reporting (NCRF) and other requirements applicable to the financial year ending 31 December 2023 see Part II - Consolidated and Individual Accounts. The accounts were also audited by Ernst & Young, Audit & Associados, SROC, S.A.

CORPORATE GOVERNANCE REPORTING

The information for reporting on corporate governance is drawn up in accordance with that set out in legislation and in the regulations to which REN is subject and as a company issuing shares traded on the regulated market.

The report was drawn up in accordance with the recommendations set out in regulations in force and in the Code of Corporate Governance of the Portuguese Institute of Corporate Governance (IPCG) and respective interpretation standards. In this regard, the report also includes an analysis of compliance with the IPCG code, providing details of the terms of implementation for each recommendation.

MATERIALITY

Every two years, REN conducts a materiality review, a process deemed relevant to identify material issues, both for the purposes of reporting non-financial information and for the corresponding strategic planning.

In 2023, we conducted our latest materiality review, which formed the basis for updating our sustainability approach see chapter 2.1 Strategy.

The list of topics for the materiality assessment resulted from a review of REN internal information, as well as from external sources. The external sources consulted include some of the requirements of the double materiality from the European sustainability reporting standards (ESRS), GRI and SASB Standard guidelines, as well as an analysis of reference peers.

From a list with a total of 27 environmental, social and governance topics, 13 were identified as material (compared to the 20 material topics identified in the 2021 process). Among the 13 material topics, we categorized eight as extremely significant and five as significant, based on their impacts on people, the environment, and REN's capacity to create value. Details of this assessment, including the materiality matrix, are publicly accessible on our website for further reference.

Furthermore, when reviewing the sustainability strategy, four additional material topics were identified during an internal workshop.

17 MATERIAL **ISSUES IDENTIFIED**

MATERIALITY REVIEW PROCESS

IDENTIFICATION OF THE TOPICS AND IMPACTS OF THE ORGANIZATION

- Through benchmarking and analysis of the main sustainability trends

PRIORITIZATION OF TOPICS FOR IMPACT

- Direct stakeholder consultation process

PRIORITIZATION OF BUSINESS-RELEVANT TOPICS (FINANCIAL)

- Through direct consulting of internal stakeholders to analyse the relevance of the topics

MATERIALITY MATRIX

- Consolidation of the results and positioning of the different topics, through the materiality matrix

APPROVAL AND INTEGRATION OF THE TOPICS IN THE SUSTAINABILITY APPROACH

- Approval of the topics by top management (Executive Committee)
- Review of the sustainability approach

GRI 3-1 GRI 3-2 GRI 3-3

MATERIAL TOPICS

TOPIC	DESCRIPTION	MATERIALITY FINANCIAL	MATERIALITY IMPACT	LOCATION	GRI/ ESRS INDICATOR
EXTREMELY SIGNIFICANT MATERIAL TOPICS					
Economic performance	Efficient management of financial resources and enhancing REN's economic growth through sustainable practices, demonstrating a resilient, environmentally responsible business model based on fair and inclusive growth.	Significant	Significant	4.1 Financial performance	GRI 201-1
Operational excellence	Processes through which REN ensures the uninterrupted supply of electricity and gas, meeting quality and safety criteria, maintaining the balance between supply and demand in real time.	Significant	Significant	1.2 Electricity 1.3 Gas	-
Risk and crisis management	Incorporation of a governance model and robust risk and crisis management processes which consider different scenarios, enabling greater adequacy and responsibility in decision making, in order to better meet the short, medium and long-term interests of stakeholders, safeguarding the continuity of operations.	Moderate	Significant	2.3 Risk management	GRI 2-25 ESRS 2
Operational safety and emergency preparedness and response	Ability to solve emergency situations, through the definition of robust processes and practices, which enable the early detection of an incident, the adequate allocation of human and technical means and, consequently, a faster and effective restoration of normality.	Significant	Significant	1.2 Electricity 1.3 Gas 4.5 Human capital	GRI 403-2
Integration of renewable energies	Contribution and implementation of measures and projects to integrate renewable energy into the national electricity grid, in line with the EU-European energy and climate policies and strategy, as an active agent in combating climate change and the decarbonization of the industry.	Significant	Significant	1.1 Context 1.2 Electricity 1.3 Gas	-
Respect for human rights	Promotion of human rights (e.g., fight against child labour, modern slavery) throughout the value chain, through the practices implemented to ensure that such rights, particularly with regard to labour relations and rights, are respected in the organization as well as up and downstream.	Moderate	Significant	4.2 Responsible supply chain management 4.5 Human capital	GRI 408-1; 409-1; 410-1 ESRS S1

Significant impact   Moderate impact   Low impact

TOPIC	DESCRIPTION	MATERIALITY		LOCATION	GRI/ ESRS INDICATOR
		FINANCIAL	IMPACT		
Occupational health and safety	Management and promotion of the health and safety of REN employees in all company activities and operations, through different mechanisms and initiatives, more specifically those set out under the Occupational Health and Safety Management System.			4.5 Human capital	GRI 403-1 to 403-10 ESRS S1
Health and safety of surrounding communities	Prevention and mitigation of health and safety risks in communities located near REN infrastructure, taking appropriate action.			4.4 Communities 4.6 Natural capital	GRI 416-1 to 416-2
SIGNIFICANT MATERIAL TOPICS					
Anti-corruption	Implementation of anti-corruption practices, through codes, policies, procedures and control and investment in awareness and training on relevant matters to ensure the integrity of operations and transactions carried out by REN.			3.3 Ethical culture and fight against corruption	GRI 205-1 to 205-3 ESRS G1
Ethics and conduct	Establishing solid relationships, characterized by high levels of trust, achieved by implementing policies and practices consistent with the values and principles of the organization when dealing with issues such as privileged information, corruption and related infringements, discrimination, environmental compliance, anti-competitive behaviour, and corporate social responsibility.			3.3 Ethical culture and fight against corruption	GRI 2-23 to 2-27 and 205-1 to 205-3 ESRS G1
Climate change	Monitoring of greenhouse gas emissions directly attributable to the organization and throughout the value chain and promotion of eco-efficiency in the development of projects, seeking to be an active agent in the fight against climate change and to ensure adaptation and resilience of activities with respect to climate change.			4.6 Natural capital	GRI 305-1 to 305-7 ESRS E1
Energy efficiency	Generate the same amount of energy using fewer resources (natural or otherwise) resulting from the implementation of energy efficiency measures, including process improvement and equipment modernization in relation to REN's activities and operations.			4.6 Natural capital	GRI 302-1 to 302-5 ESRS E1

Significant impact Moderate impact Low impact

TOPIC	DESCRIPTION	MATERIALITY FINANCIAL	MATERIALITY IMPACT	LOCATION	GRI/ ESRS INDICATOR
Management of human capital and training	Attracting and managing talent effectively, development of knowledge and skills in alignment with operational needs, fostering training practices, promotion of REN values and recognition of employees through career progression.	Significant impact	Moderate impact	4.5 Human capital	GRI 2-7; 2-21; 2-30; 202-1; 401-1 to 401-3; 404-1 to 404-3; 406-1; 407-1; 408-1 and 409-1 ESRS S1
RELEVANT MATERIAL TOPICS					
Biodiversity and forestry	Implementation of best practices for the protection, conservation and restoration of biodiversity and natural ecosystems.	Moderate impact	Moderate impact	4.6 Natural capital	GRI 304-1 to 304-4 ESRS E4
Sustainable supplier chain	Responsible management of risks and opportunities related to the supply chain, namely through mechanisms to ensure the mitigation of negative social and environmental impacts, guaranteeing alignment with REN's principles of ethics and conduct.	Low impact	Moderate impact	4.2 Responsible supply chain management	GRI 204-1; ESRS G1
Diversity, equality, and inclusion	Diversity and equal opportunities through organizational practices that foster the fight against discrimination and an inclusive and safe environment, as a factor in improving operational efficiency and promoting innovation.	Low impact	Low impact	4.5 Human capital	GRI 405-1 to 405-2 ESRS S1
Community involvement and support	Investment in culture, education, and support for local communities, based on policies of proximity supported by initiatives with added social value and participation by employees in corporate volunteer actions.	Low impact	Low impact	4.4 Communities	GRI 203-1 to 203-2; 413-1 to 413-2 ESRS S3

Significant impact Moderate impact Low impact

MESSAGE FROM THE CHAIRMAN

Gonçalo Morais Soares
CFO AND MEMBER OF THE EXECUTIVE COMMITTEE

Rodrigo Costa
CHAIRMAN OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE

João Faria Conceição
COO AND MEMBER OF THE EXECUTIVE COMMITTEE

COMMITMENT IN ACTION

MESSAGE FROM THE CHAIRMAN

In 2023 we achieved most of the goals set, with service levels extremely close to 100% and with the conclusion of all infrastructure projects.

In 2023, we once again achieved most of the goals we had set for ourselves.

Service levels remained extremely close to 100% and all infrastructure projects which depended on our teams were concluded.

Given that the majority of our activities are regulated and entirely guided by directives issued by the Portuguese State, we've continued to closely collaborate with all the official entities we work with. We believe that we continue to be a benchmark and set an example in all matters relating to collaboration, accountability, transparency, and economic and financial efficiency.

We continue to work towards our aim of being a catalyst for a safe, rational, and efficient energy transition. In 2023, we were successfully engaged in a significant reinforcement of renewable power generation, with the entry into operation of new and significant capacity, including hydro, wind and solar, which helped break several national records for renewable energy production.

The social and economic environment in which we operate is complex and we face enormous challenges.

The licensing of projects is becoming increasingly challenging due to environmental, political, and financial issues, and it's normal to see projects that should've been concluded in two or three years, end up taking two or three times longer than initially expected. The costs of these projects are therefore significantly higher due to inflation, and the consequences of these delays impact negatively on the planning and management of the national energy system.

Although we understand the challenges that the energy transition poses and the complexity of all the aspects of licensing processes, we believe there is still much that can be done to improve project completion timelines. We continue to work with this goal in mind, always seeking to maintain constructive dialogue with the entities in charge and find the best suitable solutions to safeguard public interest.

Even though the regulations that apply to us are among the most demanding in Europe, we've still been able to progress in the right direction without compromising the services we provide.

I must also highlight that, beyond the challenges I've outlined, there are two additional critical issues that significantly impact our operations.

- First, the terrible changes we're witnessing in the climate: situations of almost disaster-like proportions, unprecedented storms, floods and drought are recurrent. Thanks to the good preparation of our technical teams and the multiple organizations that collaborate with us, and the quality of our infrastructure and equipment, we've managed to overcome these unexpected events and fulfil our mission to bring power to the whole country safely and without interruption. This will continue to take place, except in circumstances where the scale of the event requires solutions outside our operational capacity.

GRI 2-22

Our planning continues to point to the medium and long-term stability.

- Second, the level of taxes our company has to endure: corporation tax plus the Extraordinary Levy on the Energy Sector, created 10 years ago, means our tax burden remains high. In 2023, our effective tax rate stood at around 43%, almost twenty percentage points above the average paid by our European counterparts. It is clear that with a lower tax burden, we would have the capacity to invest significantly more than our current levels.

Despite the fall in our market value, 2023 was still a year with very positive results and within the forecasts set out in our 2021-2024 Strategic Plan.

We paid dividends and our planning continues to point to the medium and long-term stability that has been the norm in recent years.

There has been a positive evolution in terms of performance, particularly in the financial area, with the main financial ratings agencies classifying us as investment grade: Baa2 from Moody´s and BBB from FITCH and S&P.

In the sustainability domain, we once again listened to all stakeholders and streamlined our internal policies in line with the Sustainable Development Goals. This alignment addresses various challenges in combating climate change, including investments in natural, social, and human capital, alongside responsible governance. We are adhering to ever-more stringent non-financial reporting directives and have seen our short-term emission reduction targets approved by the Science-based Target Initiative, while maintaining our commitment to the principles of the United Nations Global Compact.

Regarding our human resources policy, we remain committed to significant investments in the training and development of our employees.

With a solid value proposition and a good working environment, in 2023 we took on around 65 new employees, 11 of which were to replace retiring colleagues. This was the highest growth in staff numbers over the last ten years and this change has been used to help pursue the goals we've set for equality, inclusion and diversity: 1/3 of first line management positions are now held by women.

The renewal of staff and the increase in average qualification of employees took place hand in hand with the reinforcing of the innovation area. In fact, this is an area that has been recognized through the granting of patents and the several industrial awards we've received.

Our mission is clear and our objective is to continue executing it with efficiency and safety. However, we must acknowledge that a company with our level of responsibility will inevitably attract its share of criticism and commentary. Managing an energy infrastructure as extensive as ours can sometimes lead to inconveniences for certain communities. However, without collective understanding and cooperation, it becomes impossible to ensure the safe and uninterrupted transmission of energy to the areas that need it most, which remains our sole mission.

No one likes pylons, high-voltage lines, gas storage facilities or gas pipelines, but the reality is that this infrastructure is essential and has to be installed in the most suitable places and with as little impact as possible.

The challenges we face and the focus on our mission are the same on all the fronts where we work. Whether in Portugal, Chile, or Mozambique, we follow the same principles and are committed to the same responsibility.

Some final words of appreciation to all those that make this work possible: our employees, the companies supplying equipment and services, the different public authorities responsible for energy and the environment, the promoters of projects that are linked to our infrastructure, our shareholders and financial partners, and our Board of Directors. This is the work of a great team, a team I'm proud to belong to.

Thank you,
Rodrigo Costa

VALUE CHAIN

	INPUTS	OUTPUTS	SDG
FINANCIAL PERFORMANCE Financial resources to support, develop and maintain the system and infrastructure	**302 M€** INVESTMENT (CAPEX) **65 M€** SALARIES AND BENEFITS	**59 M€** PAID TAXES (INCLUDES CESE) **149 M€** NET INCOME	08 DECENT WORK AND ECONOMIC GROWTH 09 INDUSTRY, INNOVATION AND INFRASTRUCTURE
MANAGEMENT OF THE SUPPLY CHAIN Follow-up and monitoring of the supply chain in order to support its sustainable development	**474 M€** TOTAL VOLUME OF PURCHASES **176** NO OF QUALIFIED SUPPLIERS	**95%** PURCHASES FROM LOCAL SUPPLIERS	08 DECENT WORK AND ECONOMIC GROWTH 13 CLIMATE ACTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
INNOVATION AND DEVELOPMENT Processes, procedures, information systems and infrastructure for business development, more specifically, in energy transition and the decarbonization of the sector	**1.5 M€** AVERAGE INVESTMENT IN INNOVATION AND DEVELOPMENT	**33** NO OF RDI PROJECTS IN PORTFOLIO **10** NO OF SCIENTIFIC ARTICLES	07 AFFORDABLE AND CLEAN ENERGY 09 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION 15 LIFE ON LAND 17 PARTNERSHIPS FOR THE GOALS

VALUE CHAIN

	INPUTS	OUTPUTS	SDG
COMMUNITIES Recognition of communities as an active agent, seeking their involvement in the different phases of projects	**670 K€** INVESTMENT IN THE COMMUNITY **1,535** VOLUNTEER HOURS	**20** ENTITIES SUPPORTED THROUGH REN PARTICIPATORY BUDGET **8** AWARDED DOCTORAL AND MASTER THESIS	04 QUALITY EDUCATION 09 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 CIDADES E COMUNIDADES SUSTENTÁVEIS 15 LIFE ON LAND 17 PARTNERSHIPS FOR THE GOALS
HUMAN CAPITAL Skills and experience of employees, necessary to achieve REN's strategic objectives	**748** NO OF EMPLOYEES **25%** WOMEN	**90%** LEVEL OF ENGAGEMENT **100%** TRAINED EMPLOYEES	03 GOOD HEALTH & WELL-BEING 04 QUALITY EDUCATION 05 GENDER EQUALITY 08 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
NATURAL CAPITAL Respect for the characteristics and wealth of the land on which we operate and adaptation of the business model to support energy transition	**55%** GREEN ENERGY IN OPERATIONS **171 ha** (RE)FORESTED AREA	**49%** ELECTRIFIED FLEET **79%** INSTALLED POWER IN THE ELECTRICITY SYSTEM FROM RENEWABLE SOURCES	13 CLIMATE ACTION 15 LIFE ON LAND 17 PARTNERSHIPS FOR THE GOALS

ACTIVITY MODEL

61% 33% 5% 1%

OTHER ACTIVITY

8,100 km
Fiber optic cable RENTELECOM

ELETRICITY

44.8 TWh
Energy transmitted by RNT

2.26%
Average interruption time

GAS

55.6 TWh
Energy transmitted by RNTG

100%
Availability rate

INTERNATIONAL

331.6 M€
Investment (aquisitions)

The percentages of the activity model were calculated based on EBITDA.

REN's strategic pillars

1. High environmental, social and corporate governance standards
2. Growth in investment, with excellence in quality of service
3. Solid financials and sustainable shareholder returns

OUR YEAR 2023

JAN

EMPLOYMENT, EQUALITY AND SUSTAINABILITY

Joined the pact to **promote youth employment.**

Joined the **Bloomberg Gender-Equality Index.**

Green financing of **150 million euros.**

MAR

NETWORK TRANSFORMATION AND ESG EXCELLENCE

REN and three partners sign an **agreement to drive the transformation of the gas network to hydrogen.**

MSCI ESG rating upgraded from **"A"** to **"AAA"**.

APR

FIRST INTEGRATED REPORT

Publication of the first Integrated Report, **awarded with the gold medal prize at the Davey Awards.**

MAY

RECOGNITION, INNOVATION AND PROXIMITY

Gold Medal from the League of Portuguese Firefighters.

1st self-consumption plant installed at the Sines LNG Terminal.

Stakeholder consultation and **materiality analysis.**

JUN

DIGITAL PRESENCE AND RECOGNITION

Launch of the **new corporate website.**

Auctions of guarantees of origin achieve record annual revenue.

REN in the top **10 places in the Brand Finance "Value of Sustainability Perception".**

JUL

ENVIRONMENT

Charter of **commitment to biodiversity.**

For the first time, **solar energy production reached 10% of electricity consumption in a single month.**

AUG

INFORMATION SECURITY

Certification of the information security management system in accordance with ISO 27001.

SEP

MEETINGS AND TRANSFORMATIVE COALITIONS

First event "Encontros com Futuro" (Meetings with a Future), in partnership with the Público newspaper.

REN is a founding member of the Med OCEaN the Offshore Coalition for Energy and Nature in the Mediterranean.

OCT

SUSTAINABLE EXCELLENCE

Certification of Portgás asset management system in accordance with ISO 55001.

"Wellbeing Award" awarded by Workwell.

Transemel wins bid to build and operate **two new substations and a power line in southern Chile.**

Wind energy with record supply of 69% of electricity consumption in mainland Portugal.

NOV

HISTORICAL SUSTAINABILITY

Mainland Portugal reaches a record of **149 consecutive hours of renewable energy production**, exceeding industrial and residential consumption throughout the country.

DEC

COMMITMENT

Review of REN's approach to sustainability.

Circular economy strategy.

Approval of **emissions reduction targets by 2030** by the Science Based Target Initiative.

OGMP 2.0 **"Gold Standard" Award** for continuous commitment to reduce methane emissions.

Signed onto the **anti-corruption call to action of the United Nations Global Compact initiative.**

Record production of electricity from renewable energy sources (31.2 TWh).

1. OUR ACTIVITY

OUR ACTIVITY

1.1 CONTEXT

ECONOMIC ENVIRONMENT[1]

Global economic activity remained strong in the first half of 2023, although there was a slowdown in the second quarter, greatly influenced by weaker performance in China, which is facing a real estate crisis negatively impacting on investor confidence. In the United States of America (USA), the economy remained robust with low unemployment and strong growth in household income driving growth in private consumption.

Looking back, resilience has been remarkable among economies, despite the global slowdown impacted by the disruption to energy and food markets caused by the war in Ukraine and the restrictive conditions of global monetary policy to combat inflation.

3.1% ESTIMATED GLOBAL REAL GDP FOR 2023

3.5% IN 2022

According to forecasts by the International Monetary Fund (IMF), global real GDP is expected to slow down from 3.5 per cent in 2022 to 3.1 per cent in 2023.

Global inflation decreased, although main inflationary pressures remained high. Not including the USA, the global inflation rate fell from a peak of 7.4% in October 2022 to 4.5% in August 2023, influenced by the decrease in commodity prices and the slowdown in global demand for goods.

[1] Source of information presented in the chapter: European Commission - European Economic Forecast, Autumn 2023, and FMI, World Economic Outlook Update, January 2024, except when a different source is indicated. The economic statistics for 2023 mentioned in this chapter refer to the European Commission Autumn Forecast, published on 15 November 2023, and should not be considered as final figures for the year.

In 2023, inflation continued on a downward trend and employment reached the highest level since 2006, in the eurozone.

0.3%
GDP GROWTH IN CHILE
THIRD QUARTER OF 2023

6%
HISTORAL MINIMUM
UNEMPLOYMENT RATE
IN 2023 IN THE EUROZONE

CHILE[2]

After a stronger than expected recovery in early 2023 following the pandemic, Chile's economic growth has decreased as the effects of the more restrictive policies to combat inflation have consolidated and the external environment has weakened. GDP grew by 0.3% in the third quarter of 2023, mainly due to the effect of net exports, as domestic demand remained weak. The recovery in consumption has been offset by the fall in investment.

Monetary policy restrictions helped bring down inflation, which stood at 3.9% in 2023, compared to 12.8% in 2022. In November 2023, the Central Bank of Chile reduced its reference interest rate from 11.25% to 9%.

EUROZONE

The European economy lost momentum in 2023, against a background of high cost of living, low external demand, and monetary restrictions. After solid expansion during most of 2022, real GDP contracted at the end of 2022 and remained effectively stagnant during the first three quarters of 2023.

Private consumption was affected by nominal wage growth which was below inflation. Nevertheless, in the semester of 2023, the labour market continued to perform strongly, with employment reaching the highest levels of recent decades. In the second quarter, the unemployment rate reached a new historical minimum of 6% of the active population. In the same period, employment rates reached the highest level since the beginning of 2006, standing at 65.3% of the population.

Investment – public and private – increased only marginally in the first half of 2023, with large disparities between Member States.

Inflation continues on a downward trend and has fallen to 2.9% in the eurozone in December 2023, compared to the peak of 10.6% in 2022. This is the lowest level of inflation since July 2021, but remains above the 2% target set by the European Central Bank for price stability.

The gradual elimination of temporary measures introduced during the pandemic and the reduction of subsidies for private investment have led to a further reduction in public deficits, despite the pressure on the budgetary balances of a less favourable economic environment and higher interest costs. As a result, the eurozone general government deficit is expected to have decreased to 3.2% of GDP in 2023, down 0.1 p.p. from the previous year.

[2] Source of information relating to Chile: OECD Economic Outlook, November 2023, and National Statistics Institute of Chile.

2.1%

DOMESTIC GDP GROWTH
IN 2023

0.6% EUROZONE

5.3%

HICP IN PORTUGAL
IN 2023

5.6% EUROZONE

0.8%

SURPLUS OF GDP
IN PORTUGAL IN 2023

3.2% DEFICIT IN EUROZONE

PORTUGUESE ECONOMY

Economic growth in Portugal slowed throughout 2023. With respect to domestic demand, both private consumption and investment contracted in the second quarter of 2023, mainly due to the increase in interest rates and the low confidence felt by companies. In the foreign sector, exports of goods also decreased, following weak demand by main trading partners, while exports of services continued to expand at a solid pace, supported mainly by tourism.

The labour market remained resilient against a background of employment and record-breaking activity and wage growth above inflation. Wages grew by 7.2% in the second quarter of 2023, while growth in employment increased from near-zero rates in early 2023 to 1.3% in the summer months. After a temporary increase of 7.0% in January 2023, unemployment resumed its downward trajectory reaching 6.4% in August of this year, compared to 6.0% in the previous year.

Average inflation, measured by the Harmonized Index of Consumer Prices (HICP), fell to 5.3% in 2023, after the 10.6% peak seen in the last quarter of 2022.

Strong growth in tourism together with the fall in energy prices have substantially improved the trade balance, which saw a return to surplus in 2023. The budget surplus forecast by the European Commission for 2023 was 0.8% of GDP, in line with the Government forecast. The ratio of public debt as a percentage of GDP, which has remained above 100% since 2010, reversed this trend in 2023, falling below 100%. According to estimates from the Bank of Portugal[3], the weight of public debt in GDP fell from 112.4% in 2022 to 98.7% in 2023.

FINANCIAL MARKETS AND MONETARY POLICIES

During 2023, global financing conditions remained restrictive, reflecting the monetary policy of major central banks to combat inflation.

However, global monetary policy rates seem to have peaked in mid-2023. To bring down inflation, many central banks continued to increase their policy interest rates, but stabilization in prices in the third quarter of 2023 allowed a pause in the rise of these rates. In September 2023, the European Central Bank increased its key interest rates for the last time by 25 bps, with the reference interest rate standing at 4.5% at the end of the year. Deposit and credit interest rates increased to 4% and 4.75%, respectively. Given the more restrictive credit conditions and the slowdown in the labour market, and after four increases during the year, the United States Federal Reserve also suspended increases in its key rates in September 2023, keeping them between 5.25% and 5.5%.

Euribor rates, which recorded historical lows in December 2021, started to rise more significantly in late February 2022 with the onset of the Russian invasion of Ukraine and rising inflation.

The 12-month Euribor rate stood at over 4% between June and November 2023 and reached a new maximum on 29 September 2023 of 4.228%, before falling to 3.513% on 29 December. Three and six-month Euribor rates also exceeded 4% in October 2023, before also falling. On 29 December, the three and-six-month rates stood at 3.909% and 3.861%, respectively.

[3] Bank of Portugal, 1st February 2024.

In 2023, the national system reached a total installed power of 21.4 GW, of which 16.9 GW comes from renewable energy sources (RES).

SECTORAL ENVIRONMENT

Electricity demand and production

In 2023, the highest electricity consumption from the public network since 2018 was recorded, reaching 50.7 TWh, representing an increase of 0.8% over figures for 2022, adjusted to 0.6% after temperature and working days correction. This figure is 2.8% lower than the historical maximum which occurred in 2010.

The trend towards growth in consumption, seen after the end of the pandemic and which remained in 2023, has been partially affected by the growth in photovoltaic self-consumption units, which have reduced supply through the public network. It is estimated that in 2023, self-consumption from photovoltaic production represented around 2% of national consumption.

Consumption of electricity (TWh)

	CONSUMPTION	VARIATION	CORRECTED
2023	50.7	0.8%	0.6%
2022	50.3	1.7%	2.3%
2021	49.5	1.3%	1.6%
2020	48.8	-3.0%	-3.6%
2019	50.3	-1.1%	-0.2%

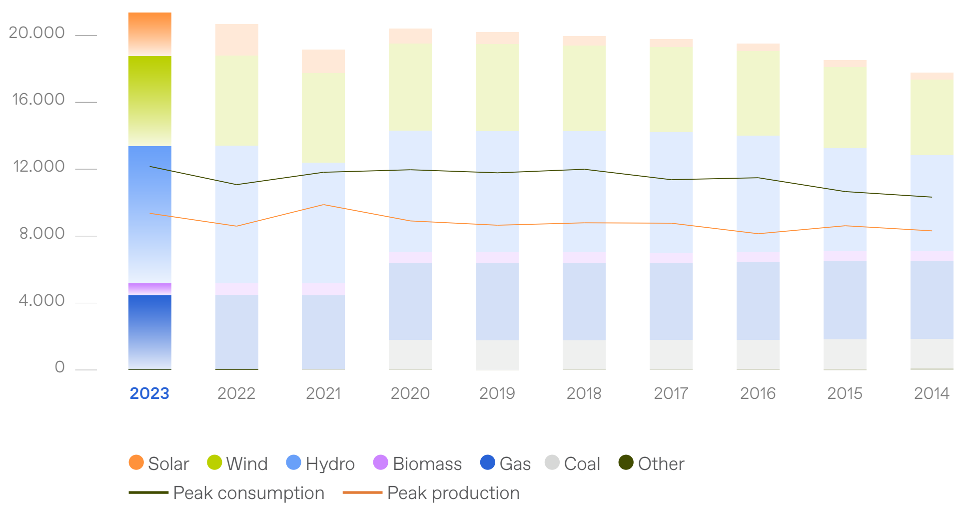
The maximum power requested in 2023 from the national electricity system took place on 26 January at 19:45, with 9,362 MW, around 500 MW below the historical maximum recorded in 2021, as a result of exceptionally low temperatures that year.

In relation to production, however, the highest peak of all time was recorded this year, on 5 December at 19:15, with Portuguese plants producing 12,166 MW, at a time when the national system recorded consumption of 8,940 MW, and where the remaining 3,226 MW was exported.

Installed power in the national electricity production system grew in 2023 by around 700 MW, corresponding to the entry into service of new photovoltaic plants that went from 1,900 MW at the end of 2022 to 2,600 MW at the end of 2023 (+37%). There have been virtually no changes with respect to other production technologies.

The national system now has a total installed power of 21.4 GW, the highest value ever, where 16.9 GW comes from renewable energy sources (RES). Among renewables, in addition to the 2.6 GW from photovoltaic plants, also of note are hydro plants with installed power of 8.2 GW, wind with 5.4 GW and biomass plants with 0.7 GW. Non-renewable, almost all gas-powered, account for 4.5 GW, of which 3.8 GW comes from combined-cycle power plants and 0.6 GW from cogeneration facilities. Most production facilities are connected to the National Transmission Grid, accounting for 14.9 GW, while the remaining 6.4 GW are connected to the Distribution Grid.

Evolution of installed power (MW)



61%

CONSUMPTION SUPPLIED BY RENEWABLE PRODUCTION IN 2023

25.4%

VS. 2022

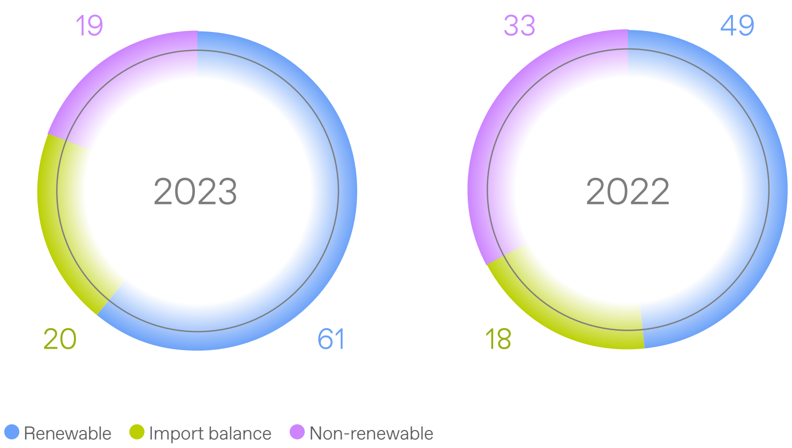
In 2023, renewable production supplied 61% of consumption, compared to 49% in the previous year, due to the recovery in hydroelectric production and the increase in photovoltaic as a result of new installations. The share of renewables achieved this year corresponds to the current average power of the Portuguese system, given that the three components dependent on weather conditions were in line with the expected average values, recording yields of 0.99 for hydro, 0.99 for wind and 1.01 for photovoltaic.

As was the case in the previous year, wind was once again the most significant RES, with a share of 25% of consumption, while hydro increased to 23%. In relation to other RES, for the first time photovoltaic exceeded biomass with a 7% share. Biomass represented a little less than 6% of consumption. In non-renewable production, which supplied 19% of consumption, there was production of only 10 TWh, including combined-cycle and cogeneration gas plants, which is the lowest value since 1988. While renewables play an increasingly important role, and in some periods can fully provide for consumption, which this year lasted for the longest consecutive period of time ever of a little over six days, gas plants continue to play a critical role, also supplying an important part of consumption and covering the intermittent nature of RES.

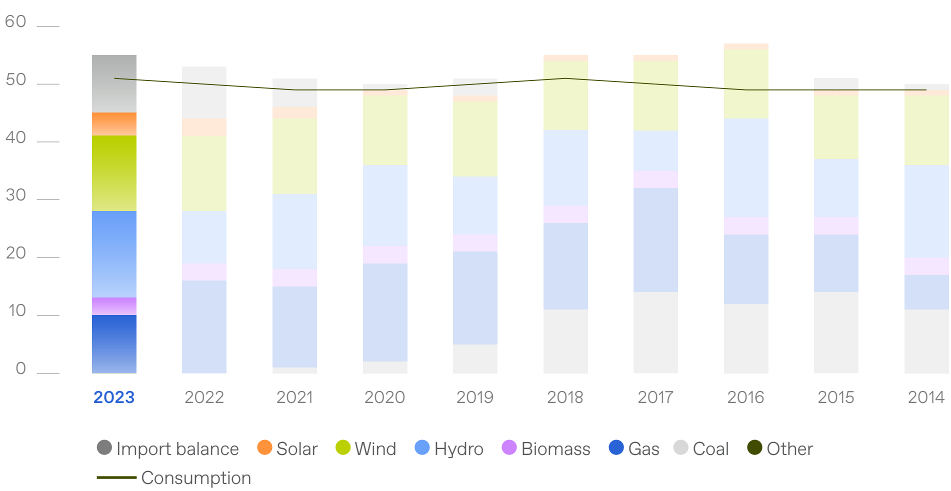
For the fifth consecutive year, foreign trade registered an import balance with the highest value ever and the highest share in the supply of consumption since 1981.

For a consumption of 50.7 TWh, national production accounted for 44.1 TWh, while imports stood at 10.2 TWh (as a result of imports of 13.5 TWh and exports of 3.3 TWh). Pumping operations are also playing an increasingly important role in the integration of renewables and guarantee of supply, as this involved the highest energy volume ever with consumption of 3.6 TWh.

Renewable and non-renewable production (%)



Meeting demand (TWh)



Gas consumption in the conventional segment fell by 3% to the minimum registered in 2009 (32.7 TWh, 57% of the total), while in the electricity production segment fell by 42% (16.3 TWh, 33% of the total), impacted by renewables.

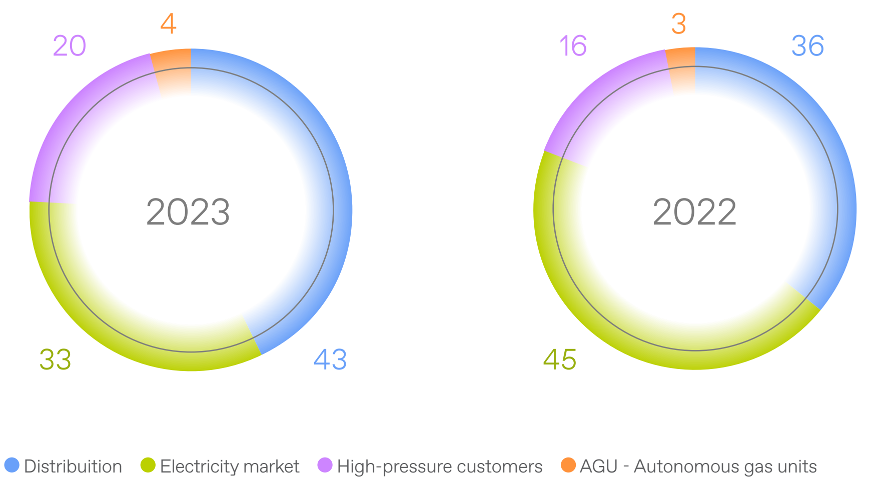
Gas demand and supply

In 2023, 49.0 TWh of gas was consumed, a fall of 21% over the previous year, driven mainly by the considerable contraction seen in the electricity market. Total consumption recorded this year was the lowest since 2014, standing at around 30% from the historical maximum of 2017.

Gas consumption (TWh)

	CONVENTIONAL MARKET	VAR. 22-23	ELECTRICITY MARKET	VAR. 22-23	TOTAL CONSUMPT.	VAR. 22-23
2023	32.7	-3.0%	16.3	-42.0%	49.0	-20.7%
2022	33.7	-18.8%	28.1	25.9%	61.8	-3.2%
2021	41.5	-1.6%	22.3	-9.7%	63.8	-4.6%
2020	42.2	-4.5%	24.7	3.8%	66.9	-1.6%
2019	44.1	0.2%	23.8	14.6%	67.9	4.8%

Gas consumption (%)



In the conventional segment, the market fell by 3%, representing the fourth consecutive year of contraction. With a consumption of 32.7 TWh, which is the lowest since 2009, the conventional market accounted for 67% of total gas consumption.

In the electricity production segment, consumption of 16.3 TWh was recorded, 42% lower than the previous year. This fall was due mainly to the higher availability of renewable energy during the year. Electricity power stations accounted for 33% of total gas consumption.

The maximum hourly consumption of the year was seen on 18 December at 20:00 with 11.2 GWh, 0.5 GWh below the previous year's maximum and 3.9 GWh below the historical maximum recorded in 2021. This is the lowest peak recorded in the national network since 2015.

The Sines LNG terminal remains the main source of supply of the national system, a trend that has been maintained since 2017. Over the last five years, the quota from the interconnections with Spain has continued to be residual.

At Sines, 56 ships were unloaded, 14 less than in the previous year, corresponding to 52 TWh and providing 95% of the total gas entering the system. With regasification of around 50 TWh, 16% lower than in the previous year, a high occupancy rate was maintained of around 70%.

Imports through Campo Maior and Valença fell by 38% to 2.7 TWh, accounting for only 5% of the national total, the lowest quota ever.

44%

NIGERIA LEAD THE GAS IMPORTS AT THE SINES LNG TERMINAL

42%

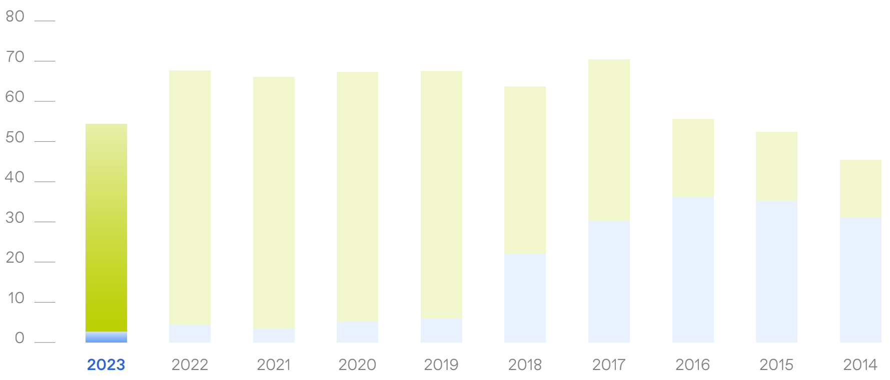
UNITED STATES OF AMERICA WITH THE SECOND HIGHEST SUPPLY EVER REGISTERED

Through the Campo Maior and Valença interconnections, 2.7 TWh was imported, which is 38% less than the previous year, and less than 5% of total gas entering the national system, the lowest quota ever.

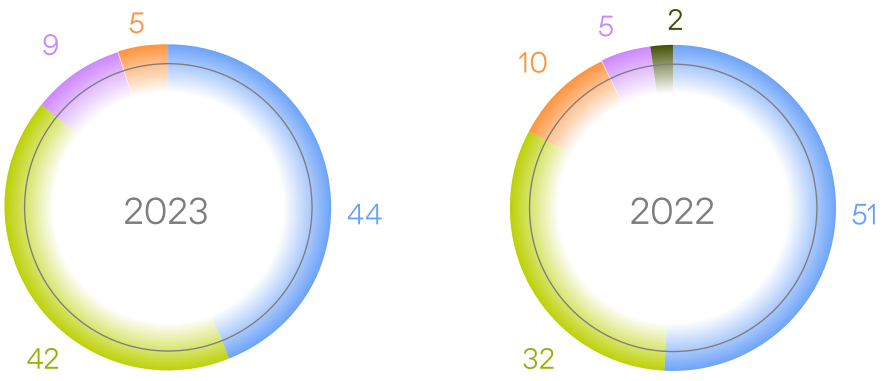
In the export direction, the interconnections saw the greatest use ever with respective operations totalling 6.3 TWh.

Nigeria remained the main source of the gas received at the Sines LNG terminal, as has been the case in previous years, with 44% of the total unloaded. The USA increased its share of supply to the national market this year to the highest figure ever of 42%, a value very close to that of Nigeria.

Supply (TWh)



Source of LNG (%)



REGULATORY FRAMEWORK

European energy policy

2023 proved to be a year of consolidation for the European Union's (EU) new legislative framework on energy and climate. Progress in this area forms the basis for Member States to implement concrete initiatives and solutions that lead to their compliance with commitments. In addition to the REPowerEU plan and the measures focusing on high energy prices, energy supply security and response to energy supply emergencies in the EU, which have been implemented since 2022 to address the disruptions caused by Russia's invasion of Ukraine, significant advances were made throughout 2023, more specifically:

Under the Fit for 55 package, a number of significant developments have been seen:

- Revision of the European Emissions Trading System (EU ETS), which has increased the target to achieve a 62% reduction by 2030 in the sectors covered by the EU ETS, compared to 2005 levels;
- Implementation of the new Regulation on Land Use, Land Use Change and Forestry (LULUCF), which establishes a binding commitment for the EU to reduce emissions and increase the use of sinks in land use and forestry. The new rules establish reinforced targets across the EU for the net removal of greenhouse gases (GHG) by sinks of at least 310 Mt of CO_2 equivalent by 2030. The sustainable management of the access corridors by REN will provide an effective contribution to the achievement of the Portuguese target. see 4.6 Natural capital;
- Review of the Effort Sharing Regulation, which sets mandatory annual targets for reducing GHG emissions for Member States in sectors not covered by the EU ETS or LULUCF. The new rules raise the EU greenhouse gas emission reduction target from 29% to 40% by 2030, compared to 2005 levels, and require a review in accordance with national objectives;
- Implementation of Regulations creating the Carbon Border Adjustment Mechanism (CBAM) and the Social Climate Fund;
- Revision of the Renewable Energy Directive (RED) to increase the EU target of 32% of renewable energy in the total energy matrix to at least 40% by 2030;
- Revision of the Energy Efficiency Directive (EED) to accelerate the energy efficiency efforts of Member States, reinforcing the obligation to achieve annual energy savings (a gradual increase of between 1.49% and 1.90% of final average energy consumption between 2024 and 2030) and reducing the energy consumption of public sector buildings;

Significant advances in the european energy policy

- Revision of the Energy Performance of Buildings Directive (EPBD), which will establish a series of measures focusing on poor performance buildings.
  Each Member State will implement its national trajectory to reduce the primary energy use of residential buildings by 16% by 2030 and by 20-22% by 2035;

- Implementation of the Alternative Fuels Infrastructure Regulation (AFIR), which aims to ensure the existence of a suitable infrastructure for charging or supplying road vehicles and vessels with alternative fuels to reduce the carbon footprint of the transport sector significantly;

- Implementation of the new FuelEU Maritime Transport and ReFuelEU Aviation Regulations, seeking to reduce GHG emissions by 80% from the energy used on board ships by 2050 and to promote the use of sustainable fuels – advanced biofuels and synthetic fuels – to reduce aircraft emissions;

- New rules governing CO_2 emissions from light vehicles and revision of the CO_2 emissions Regulation for heavy vehicles. These laws that aim to decarbonize the transport sector provide an essential incentive for investment in hydrogen and electric technologies, including filling infrastructure and high-power fast charging;

- New rules for monitoring and reducing methane emissions in the energy sector;

- Revision of the package relating to gas which aims to promote the introduction of renewable and low carbon gases and reduce the share of natural fossil gas.
  Of note are topics such as the setting up of a new European entity creating a European Network of Network Operators for Hydrogen (ENNOH), which will be independent of the current gas (ENTSOG) and electricity (ENTSO-E) bodies, but will leverage cooperation between the three sectors. Every national regulator will have the autonomy to establish their own network tariffs, but with the obligation to consult the neighbouring countries' regulators and to submit the proposal to the European Union Agency for the Cooperation of Energy Regulators (ACER). Discounts will be applied to access tariffs applicable to biomethane, and a regime will be set up for the separation of intra and inter-sector activities with derogations that create conditions to build up and improve the efficiency of the hydrogen market; and

- Revision of the Fluorinated Gases Regulation, seeks to align the use of such gases with the “European Ecological Pact”, the European Climate Law, recent international obligations (Montreal Protocol), and technological progress and lessons learned.

The energy crisis caused by Russia’s invasion of Ukraine, with clear effects on supply security and energy prices in the EU, has reinforced the importance of energy independence and the urgency of European consumers to benefit from the energy transition. Accordingly, in March, the European Commission started the review process for the **European Electricity Market Design (EMD)** to accelerate the implementation of renewable energy projects, increasing EU energy security by reducing dependence on fossil fuel imports and making energy prices less volatile for consumers. In this regard, of note are the following developments:

- Revision of the Directive and Regulation on Common Rules for the Internal Market in Electricity, the Regulation establishing ACER and the Directive on the promotion of the use of energy from renewable sources. In addition to investing in contract instruments such as PPA (Power Purchase Agreements) and CFD (Contracts for Differences), to reduce the remuneration risks of renewable energy technologies and, as a result, promoting their implementation, the Commission proposal also includes other aspects that have warranted in-depth analysis and negotiation. Examples include the setting up of a single European entity for integrated market management, the creation of the peak-shaving product to provide support during periods of higher electricity demand, the reduction of lead time before the start of the relevant European Intraday market time (intraday market gate closure time), congestion rents to subsidise offshore generation, the setting up of virtual regional hubs, the introduction of an assessment of flexibility needs (preferably in coordination with existing methodologies for analysing supply security in the electricity sector) and greater flexibility in Member States' use of capacity compensation mechanisms; and

- Revision of the Regulation on Wholesale Energy Market Integrity and Transparency (REMIT). In this regard, of note are more sensitive topics such as the lack of a single central platform to publish information, which should be accessible free of charge, accountability for breaches by market agents and the extension of regulation to include gas blending contracts (renewable and low carbon).

CO_2

40%

OF EU ANNUAL NEEDS FOR STRATEGIC ZERO-IMPACT TECHNOLOGIES

Notably the publication of the sixth list of Projects of Common Interest (PCI) and Projects of Mutual Interest (PMI). The H2Med project, consisting of a link between Celorico da Beira and Zamora (CelZa) and a sea connection between Barcelona and Marseille (BarMar), form part of this sixth list of PCI.

The future's energy system's resilience will be determined particularly by secure access to the technologies that will support it (e.g. electrical cables, wind turbines, electrolysers, batteries, etc.). Furthermore, energy supply security is essential for sustainable economic growth and, ultimately, for public order and security. In response to these challenges, the European Commission has proposed the Net Zero Industry Act to drive the development and competitiveness of clean technologies in the EU, which are essential for the energy transition. This regulation stipulates that by 2030, at least 40% of the EU's annual needs for strategic zero-impact technologies shall be produced internally. The regulation emphasises the importance of technical competencies, the inclusion of equipment and services for future electricity networks, harmonising licensing procedures, and implementing rules for sustainable procurement.

In anticipation of the strategic priorities for 2024, the European Commission has also launched two particularly relevant action plans for the energy sector:

Wind Power Action Plan
the aim of which is to support EU wind power companies to improve their competitiveness to ensure that the EU wind power industry continues to play the role required for the energy transition. This plan is based on six pillars of action:

- Accelerate the implementation of wind power projects through greater predictability and faster licensing
- Solutions based on auctions
- Access to funding
- Fair and competitive international environment
- Development of competences
- Commitment by industry and Member States

Action Plan for Grids
where the aim is to ensure that power grids, a crucial element for the energy transition, act as a facilitator rather than a barrier. It identifies 14 significant lines of action to make Europe's electricity grids stronger, more interconnected, more digitalized, and more resilient, with clear effects that will help achieve the 2030 objectives. The challenges of the lines of action are to:

- Accelerate the implementing of existing PCI and the development of new projects
- Improve long-term planning
- Introduce a regulatory framework favourable to the development of network infrastructures for the future
- Improve the use of existing networks
- Improve access to funding
- Ensure faster licensing procedures without unnecessary complexities
- Strengthen the relevant supply chains

Portugal submitted a draft review of the NECP 2030 to the European Commission.

Domestic energy policy

Portugal has implemented specific initiatives and solutions to meet its commitments and ambitions in line with European energy policy.

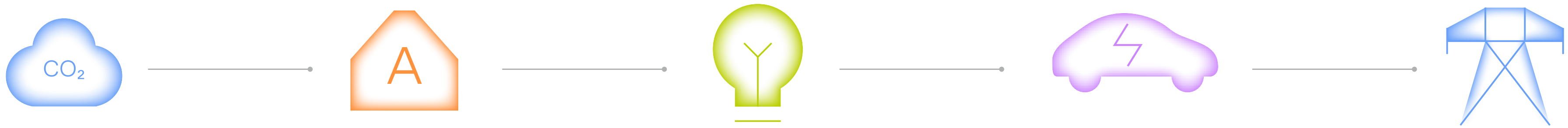
National Energy and Climate Plans (NECP) are a fundamental instrument for outlining strategies and monitoring their effects. As such, 2023 was a particularly active year as Member States reported progress for the first time in implementing their NECPs for 2021-2030. Progress was noted, particularly concerning the stated objectives, targets, and contributions, and proposals were submitted for their respective review. These interim reports on NECPs, crucial to the EU's goal of achieving climate and energy ambitions, have been subject to technical evaluation by the European Commission.

In 2023, the Portuguese Ministry of Environment and Climate Action submitted a draft review of the NECP 2030 to the European Commission. This review sets ambitious targets for reducing GHG emissions and integrating renewable energy sources (RES), to achieve the targets set out in the Roadmap for Carbon Neutrality 2050 (RCN 2050), particularly the goal to bring forward carbon neutrality by 2045. The review process is expected to continue until the final version is delivered on 30 June 2024.

With regard to the incorporation of renewables, the NECP 2030 review seeks to incorporate around 92% of RES in total installed power by 2030, namely: hydro (8.1 GW), wind/ offshore wind (12.4 GW), and solar photovoltaic (20 GW).

As part of the review of NECP 2030, the Portuguese Government plans to install 2 GW of new sea-based capacity by 2030, with a phased allocation target of 10 GW by 2030 of offshore wind capacity (most to be installed after 2030). This strategy aims not only to harness the potential of offshore RES, but also to foster social and economic development, accelerate progress to achieve the targets of RCN 2050, and align with the guidelines of the REPowerEU plan.

NECP Targets 2030



-55% GHG EMISSIONS

35% ENERGY EFFICIENCY

49% RENEWABLES IN FINAL ENERGY CONSUMPTION

23% RENEWABLES IN TRANSPORT

15% ELECTRICITY INTERCONNECTIONS

With this in mind, a working group was set up to plan and operationalise ocean based renewable energy production facilities (via Order No 11404/2022 of 23 September. In 2023, this group submitted the final version of a report with recommendations, in particular, on how capacity could be provided, the development of the offshore wind market and the network architecture to be adopted to connect the plants, it also identified the areas with the most significant potential.

Intended installed offshore wind capacity is expected to be allocated through competitive procedures, with the aim of allocating reserve rights to inject capacity into the Public Service Electricity Network (RESP). These rights will be allocated to power production facilities using primarily sea-based wind resources. Private rights to use national maritime space will also be allocated, taking into consideration the areas set out in the project Offshore Renewable Energy Plan (PAER), which underwent a public hearing from 30 October to 13 December 2023. It is expected that the first auction will take place in 2024, where initially, only private rights to use national maritime space will be available, based on the areas set out in the PAER. At a later date, a public tender procedure will be launched to allocate reserve rights to inject capacity into the RESP.

Also, on a national level, and to meet the consumption requirements of strategic industrial projects in high-demand areas, Decree-Law no 80/2023, of 6 September was established, introducing an exceptional procedure for allocating new power grid connection capacity. This decree recognizes the Sines area, served by the local substation, as a high-demand area. The procedure, managed by the Electricity Transmission System Operator, follows the guidelines set out in the Decree-Law to ensure that connection needs in these areas are met.

Announcements Nos 184-A/2023 and 196-A/2023, on the opening of public hearings to express interest in the allocation of capacity to connect to the public service electricity grid in the Sines High-Demand Area and further clarification were published on 12 and 22 September, respectively.

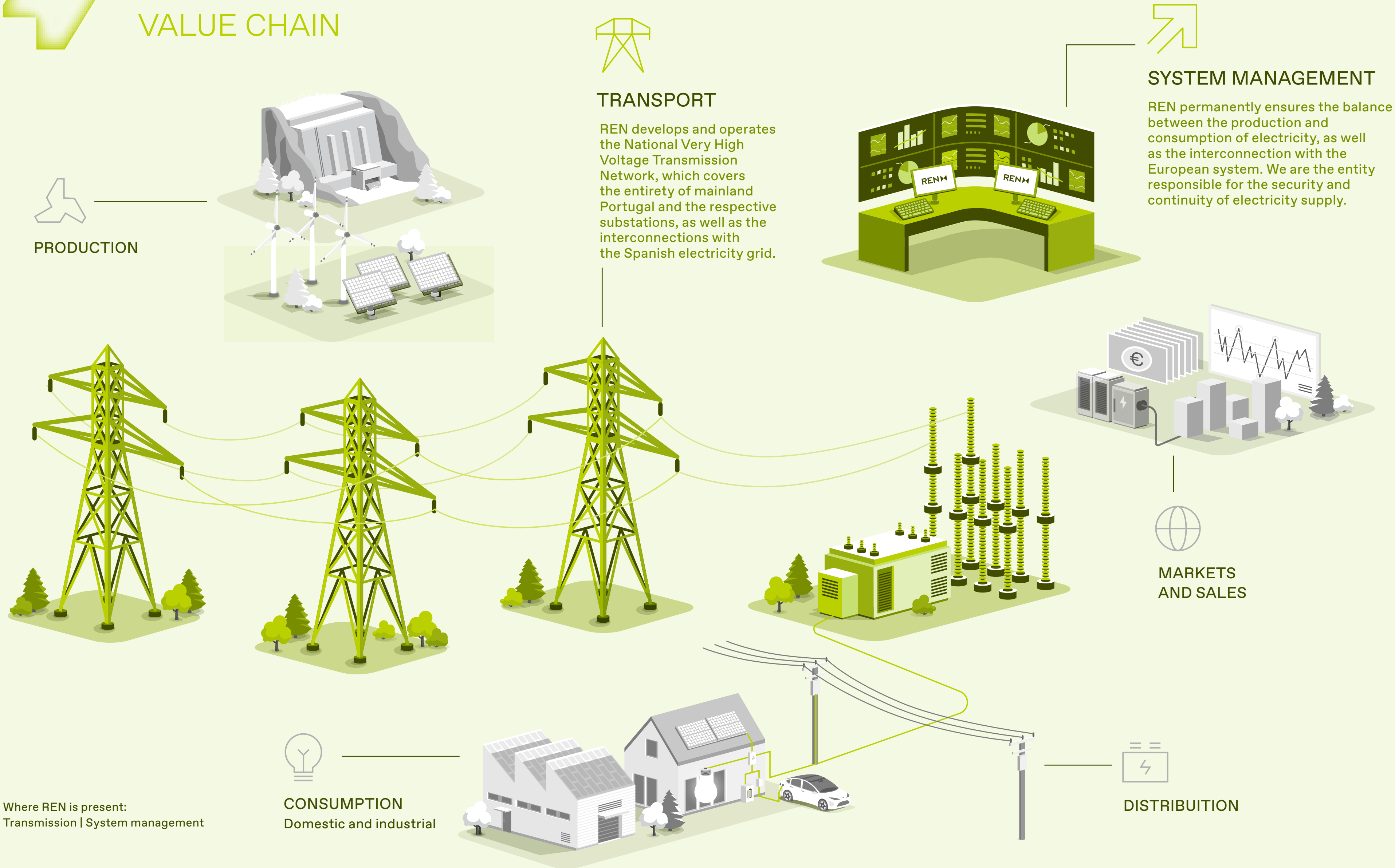
Concerning the decarbonization of gas networks, in 2023, government representatives announced the launching of measures to support new investments in green hydrogen and biomethane. As such, new developments are expected to take place in 2024. Bearing in mind the approval of the European Gas and Hydrogen Package by the European Commission, the European Council, and the European Parliament at the end of December 2023, the corresponding incorporation into national legislation is expected with the setting up of the Hydrogen Network Operator and other sector requirements set out in the package.

OUR ACTIVITY

1.2 ELECTRICITY

REN's mission is to ensure the uninterrupted supply of electricity, meeting quality and safety criteria, maintaining a real-time balance between supply and demand and ensuring system conditions that make the energy market viable. Further goals are to contribute to the development of communities and improve the quality of life of people living in Portugal.

ELECTRICITY
VALUE CHAIN



Where REN is present:
Transmission | System management

Main performance indicators

TRANSMISSION	UN	2023	2022	2021	2020	2019
Consumption	TWh	50.7	50.4	49.5	48.8	50.3
Annual variation in consumption	%	0.6	1.8	1.4	-3	-1.1
Installed power	MW	21,362	20,675	19,157	20,412	20,218
Installed Power Renewable Energy Sources (RES)	%	79	78	77	69	69
Energy transmitted by the National Transmission Network (RNT)	TWh	44.8	43.6	42.3	42.8	43
Length of lines	km	9,409	9,424	9,348	9,036	9,002
Transformation power	MVA	40,027	39,517	39,221	38,463	38,463
Losses in energy transmission	%	2.26	1.83	1.98	1.84	1.71
Equivalent Interruption Time	min	28.00	0.08	0.05	0.03	0.72

REGULATED ASSETS

Regulation of activities

Through REN – Rede Eléctrica Nacional, S.A., the REN Group performs two activities regulated by the Energy Services Regulatory Authority (ERSE):

- General System Management (GSM); and
- Transmission of Electrical Power (TEP).

The revenue allowed from GSM and TEP business is received by applying two regulated tariffs: the tariff for the General Use of the System (TUGS) and the tariff for the Use of the Transmission Network (TURT). Both tariffs are defined annually by the Energy Services Regulatory Authority (ERSE) based on demand, costs, revenue, and investment. The regulatory period underway started in 2022 and ends in 2025.

In the current regulatory period which started in 2022, the mechanism for indexing the annual remuneration rate to the annual arithmetic average of the daily trading yield on 10-year Portuguese Republic Treasury Bonds (TB) was maintained. The respective parameters were reviewed:

- the starting point was set at 0.302% for an initial base remuneration rate of 4.4%;
- a variation of 1 p.p. in TB yields requires a variation of 0.3 p.p. in the base rate; and
- variation limits for base remuneration between 3.7% and 7.0%. For 2023, the base remuneration rate was 5.27%.

The incentive regulation model was maintained, however, in the transmission activity, the application of incentives changed. Previously, Opex (operating expenses) and Capex (capital expenses) were applied individually. Now, they are applied in an integrated manner, through the Totex concept (Total Expenditure, or Total Expense, which combines Capex and Opex). This change favours more efficient economic management as it allows greater flexibility in the choice between operational and capital investment, optimizing the respective use of resources. Accordingly, once certain efficiency premises are met, regulation based on incentives with respect to Totex leads network operators to base their decisions within a more flexible regulatory environment, with the aim of ensuring good overall economic performance of the activities carried out.

In addition to this regulation methodology, a symmetric mechanism for sharing gains or losses was also introduced, which is activated only above certain yield thresholds. By applying this mechanism to the portion of the Totex cost base subject to efficiency targets, the aim is to guarantee an adequate margin and not overly limit incentive regulation indicators as applied to Totex. The goal is to limit deviations in the profitability of the business when they are significant when compared to a reference. This mechanism, which is calculated one year after the end of the regulatory period to which it applies, reflects the profitability of that period. Furthermore, the regulatory period has been extended to four years, providing a broader and more strategic view of the company's performance and operations.

In 2023, the **incentive model for asset base remuneration** and Opex incentive remained unchanged.

19 M€
INCENTIVE ESTIMATION FOR TECHNICAL PERFORMANCE IMPROVEMENT IN 2023

43.1 M€
AVERAGE RAB OF GGS ACTIVITY IN 2023

Electricity business

In the regulatory period of 2022-2025, the general system management business, the previous incentive model for the remuneration of the asset base and Opex incentive was maintained. As there are growing requirements on a European level imposed on Transmission System Operators (TSOs), which are beyond their control, a portion of costs not subject to efficiency targets is provided for, to accommodate costs of this nature not foreseen by the regulator when the cost basis for the regulatory period was calculated.

In the electricity transmission business, a regulation methodology based on revenue cap type incentives applied to total controllable costs (Opex + Capex) started to be applied, with an efficiency factor of 1.5% in a number of its components.

With respect to the 2022-2025 regulation period, this new methodology corresponds to the application of efficiency targets to a series of previously defined costs, which incorporate capital costs and operating costs, with the simultaneous introduction of a mechanism for sharing gains and losses between companies and consumers, that is activated only after certain profitability thresholds have been reached. Additionally, the incentive to improve technical performance was introduced, which replaced the previous incentive for the economic rationalization of investment (IREI) in its technical component.

This incentive seeks to encourage the operator of the National Electricity Transmission Network (RNT) to improve their technical performance. The technical performance of the RNT consists of the joint assessment of the transmission network's response to needs in terms of:

- equipment availability, measured through a combined availability rate for RNT elements;
- service quality level, measured via the equivalent interruption time; and
- the international interconnection capacity made available to the markets, measured by the capacity available for interzonal trade of 70% of the transmission capacity during a percentage of hours of the year.

In 2023, it is estimated that the incentive to improve technical performance will reach 19 million euros.

The electricity regulated assets base (RAB) consists of the assets net of amortizations and subsidies allocated to the TEP and GSM activities.

In GSM business, the principle of RAB valuation is based on historical costs. In these cases, the abovementioned indexed remuneration rate is applied.

In 2023, the average RAB for GSM business stood at 43.1 million euros. Assets used in this business also include land in the public water domain used in hydro power production, in the sum of 185 million euros, remuneration for which, in accordance with Ministerial Implementing Order No 301-A/2013 of 14 October, depends on the classification allocated to the performance of the RNT concession holder by a group formed especially for the purpose. The rate may vary between -1.5% and +1.5%. As no performance reports have been issued since 2015, ERSE stated that the rate would be zero with retroactive effects to 2017. Therefore, the value considered for 2023 was 0%.

With regard to the TEP, with the aim of promoting more efficient behaviour by the TSO in investment, the reference costs mechanism was introduced into the 2009-2011 regulatory period.

This mechanism was published in September 2010 through Official Order No 14 430/2010 of 15 September, with retroactive application to investment transferred to operations since 2009. The first update was in 2015 with the entry into force of ERSE Directive No 3/2015 of 29 January.

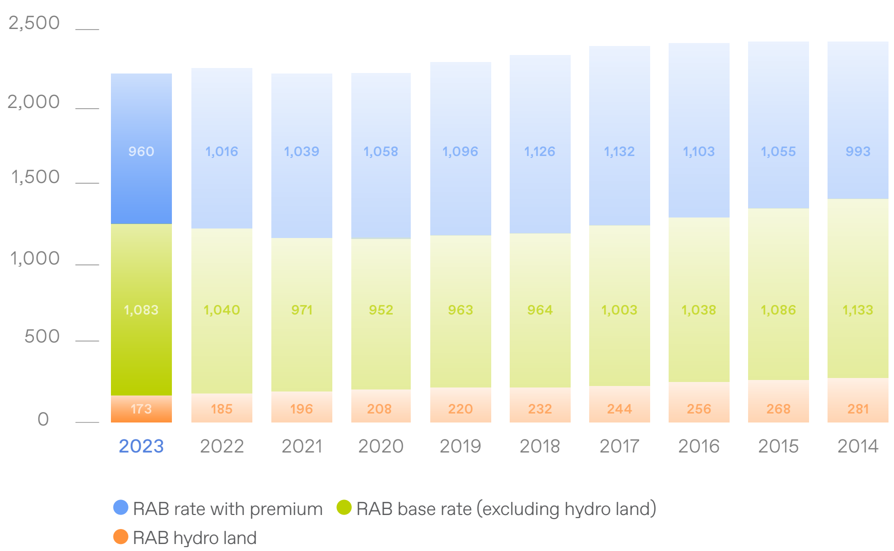
In the current regulatory period, this incentive no longer applies to assets that enter operation after 1 January 2022, but remains for assets that entered operation in the 2019-2021 period, which are remunerated at the base rate plus a premium of 75 p.p. In 2023, the remuneration rate for these assets was 6.02%.

The graph hereunder shows the RAB for the different asset groups.

The tariffs set by ERSE also reflect tariff deviations which, after two years, reconcile (to the extent they are justified and accepted by ERSE) the forecast and real values of income and costs and differences in demand.

The adjustments arising from the differences are recovered or returned two years after they have occurred. This sum is remunerated at a regulated rate equal to the 1-year Euribor average seen each year, plus a spread published annually by ERSE for the year in question.

RAB for the different asset groups (10^6 EUR)



The RNT ensures the transmission of electrical energy from the electricity generation centers to the transformer substations.

9,409 km
LENGTH OF
CIRCUIT LINES

70
TRANSFORMER
SUBSTATIONS

17
SWITCHING AND
TRANSITION STATIONS

TECHNICAL INFRASTRUCTURES

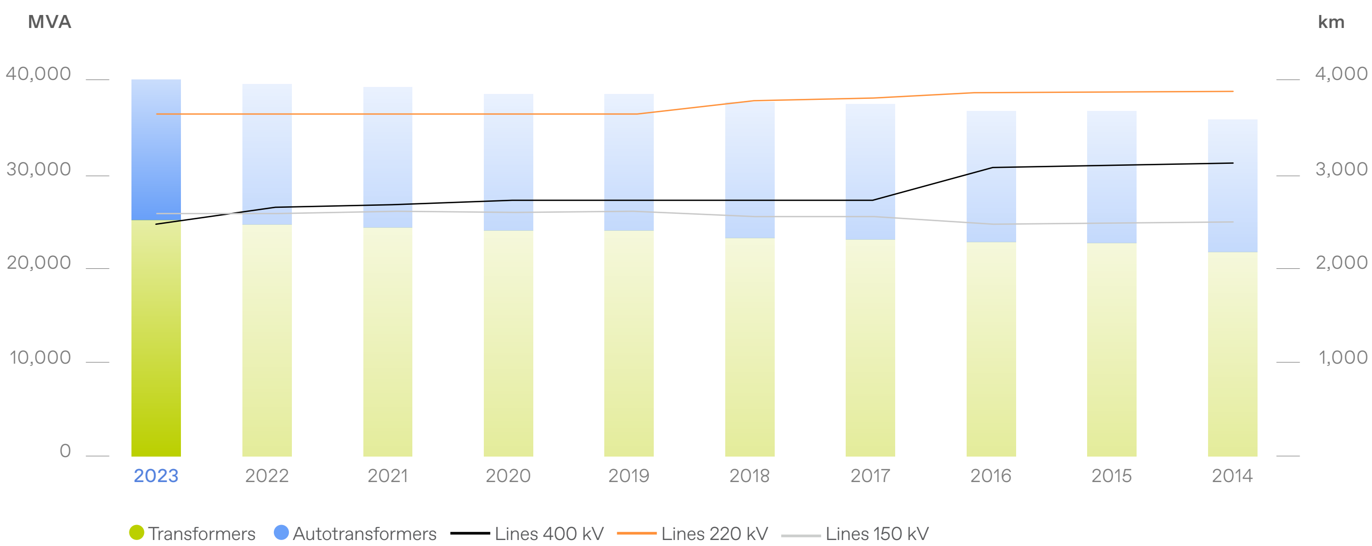
At the end of 2023, the RNT consisted of 9,409 km of line circuits, 70 transformer substations and 17 switching and transition stations. The RNT ensures the flow of electrical power from power plants to the transformer sub-stations where connections exist directly to very high voltage consumers and at high voltage between the national transmission and distribution networks.

THE NATIONAL ELECTRICITY TRANSMISSION GRID	2023	2022	VAR. 23/ 22
Length of circuit lines in service (km)	**9,409**	**9,424**	***-0.16%***
400 kV	3,080	3,075	*0.16%*
220 kV	3,849	3,848	*0.03%*
150 kV	2,480	2,501	*-0.84%*
Transformation power in service (MVA)	**40,027**	**39,517**	***1.29***
Autotransformation (MVA)	**14,920**	**14,920**	-
400/ 220 kV	7,650	7,650	-
400/ 150 kV	6,440	6,440	-
220/ 150 kV	830	830	-
Transformation (MVA)	**25,107**	**24,597**	***2.07%***
400/ 60 kV	5,270	4,760	*10.71%*
220/ 60 kV	13,071	13,071	-
150/ 60 kV	6,306	6,306	-
150/ 130 kV	140	140	-
220/ 30 kV	320	320	-

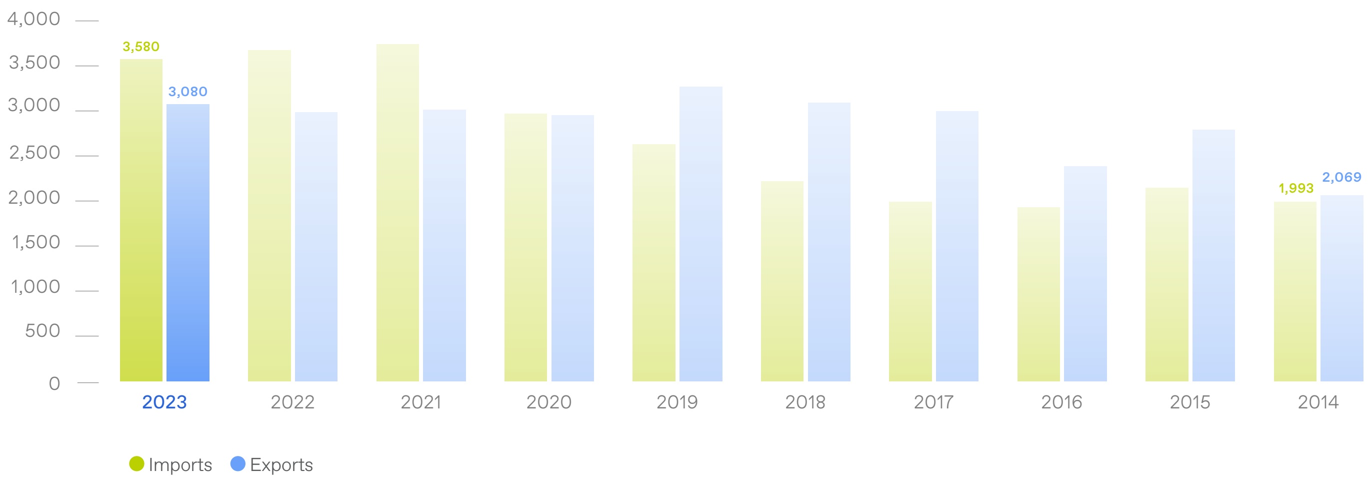
We establish the connection with the European electricity transmission network through nine interconnections.

The RNT also connects to the European transmission system via nine interconnection points (220 and 400 kV circuits) with the Spanish transmission network. This interconnection is provided by three 220 kV circuits at Douro International and by six 400 kV circuits, two between Minho and Galicia, one at Douro International, one at Tejo International, one between the Alentejo and the Extremadura and one between the Algarve and Andalusia.

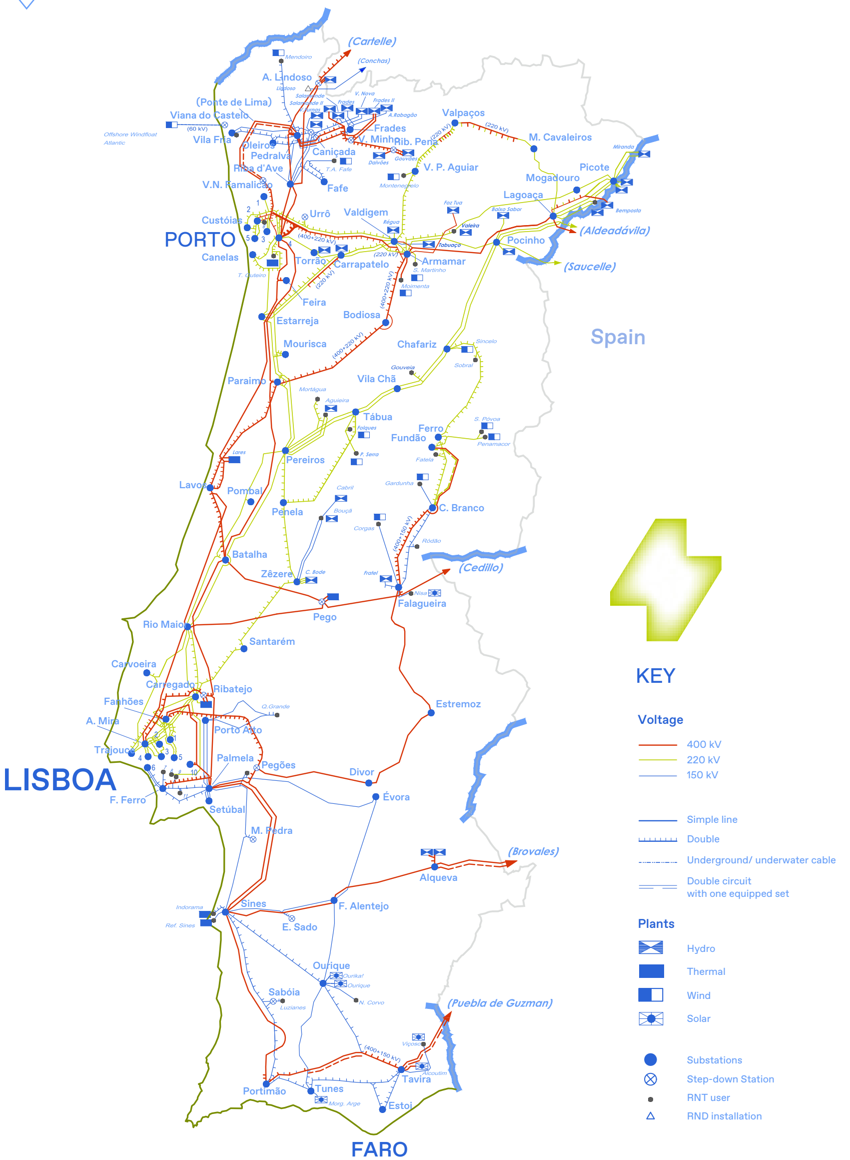
Line length and transformation power (MVA/ km)



Average import and export capacity (MW)



NATIONAL ELECTRICITY TRANSMISSION NETWORK



OPERATION

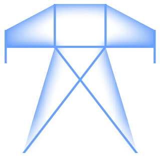
Use of transmission system

In 2023, the RNT transmitted 44.8 TWh, an increase of 2.9% over the previous year. The historical maximum of 2017 still stands at 47.2 TWh, a year when the national system saw considerable exports. However, maximum power in the network reached 9,870 MW on 5 December at 19:15, which became the highest value ever, exceeding the previous maximum in 2021.

Power plants connected to the transmission network injected 28.3 TWh, which was 0.5 TWh less than the previous year, due to the steep reduction in thermal power production which was not offset by an increase in hydro-power production. Power plants connected to the distribution network produced 15.1 TWh, 2.9 TWh of which was injected into the transmission network, due to lack of consumption on a distribution level. This injection into the transmission network, as well as the respective peak which reached 1,564 MW, were both close to their respective historical maximum figures.

Transmission network losses totalled 1,015 GWh, representing 2.26% of energy transmitted, higher than the 1.83% recorded in the previous year. This figure confirms a trend towards an increase in losses in recent years due to the greater geographical imbalance in production due to the closure of the two large coal-fired power plants in the centre and south of the country. This situation was aggravated this year due to the increase in hydro power production and consequent greater use of the 220 kV and 400 kV networks.

TRANSMISSION SYSTEM BALANCE (TWh)	2023	2022
Energy intake into the Network	**44.8**	**43.6**
Power plants	28.3	28.8
Interconnections	13.7	12.3
Distribution Network	2.9	2.5
Energy output by the network	**43.8**	**42.8**
Power plants/ direct customers	5.8	4.9
Interconnections	3.4	3.1
Distribution Network	34.6	34.8
Own Consumption	0.0	0.0
Losses	**1.0**	**0.8**
Losses (%)	**2.26%**	**1.83%**



AVERAGE INTERCONNECTION CAPACITIES

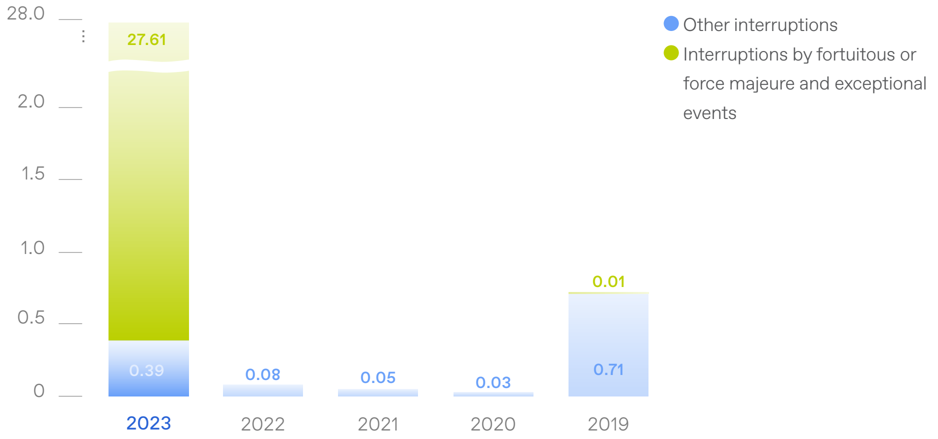
3,580 MW

FOR IMPORTS

3,080 MW

FOR EXPORTS

Average interruption time (minutes)



Average interconnection capacities provided to the daily wholesale market stood at 3,580 MW for imports and 3,080 MW for exports, both figures being close to those seen in the previous year. The national system continues to import significant power, even accentuating the trend of recent years and causing congestion in the daily market in the import direction during 4.6% of periods. This is the highest figure since 2012. Congestion was less significant in exports, occurring during less than 1% of periods.

Quality of service

The quality of service of the RNT was marked in 2023 by a large-scale fire on 22 October which affected the Carregado – Seixal line, causing one long-term interruption (2,225 minutes), corresponding to energy not delivered of 2,543.7 MWh, which, in accordance with the Quality of Service Regulations, is classified as an Incident of Major Impact. In addition to this event, there were a further six service interruptions (lasting more than three minutes) at the delivery points of Évora, Pegões, Quinta Grande, Lusosider, Porto Alto and Setúbal, and, with the exception of the Évora interruption, all other interruptions originated in the same incident at the Palmela substation. Despite these six interruptions, 99% of the total energy not delivered in 2023 originated in the event that affected the delivery point at the Seixal steelworks. In relation to the Quality of Service Regulations, REN requested ERSE to classify the occurrences caused by the fire next to the Carregado - Seixal line on 22 October as an exceptional event.

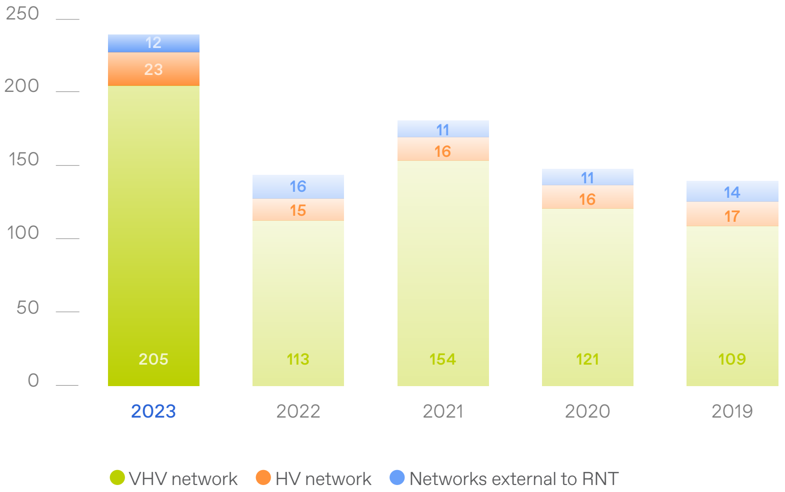
With the exception of this event, the quality of technical service provided - understood as being security and continuity of supply of electrical power with the necessary technical characteristics - was positive, thus consolidating the suitable performance of the RNT.

The general indicators for continuity of service set out in the Quality of Service Regulations, were naturally affected by the interruption of the Seixal steelworks delivery point, however, if we disregard this interruption (which is still awaiting classification as an exceptional event), generally positive values were recorded, similar to figures from previous years. In this regard, the policies and strategies implemented for electrical power transmission have promoted the suitability and efficiency of RNT operation.

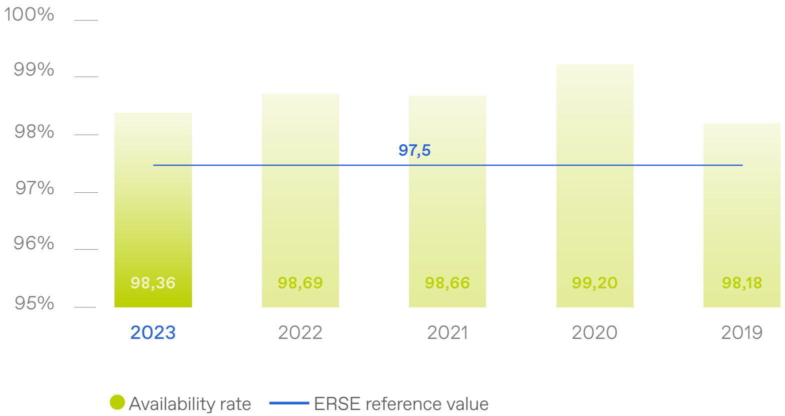
If we exclude the exceptional event, the total Average Interruption Time (AIT), (an indicator of overall performance commonly used by TSOs), attributed directly to REN, was 23.4 seconds. This corresponds to an energy not supplied of 35.7 Mwh, representing a significant variation with respect to the previous year (4.8 seconds). The interruptions observed at the Évora and Palmela substations, representing all interruptions greater than three minutes in length that took place in 2023 (excluding the exceptional event), led to improvement programmes that are already underway to eliminate possible future recurrence.

Should the interruption at the Seixal Steel Works be excluded, this overall AIT figure (23.4 seconds) represents what would be a practically uninterrupted supply of electrical power (99.99993% of the time) to a single 'equivalent' consumer (in mainland Portugal), with power and energy which would represent all the different delivery points to the national electricity distribution network and consumers directly connected to the RNT.

Evolution in the number of incidents



Combined availability rate (%)



The total number of incidents recorded in 2023 was 240, with an availability rate of 98.36%.

In 2023, the monitoring of voltage waveform quality continued at RNT delivery and interconnection points. The measurements carried out continued to show results that, with a limited number of exceptions in individual and localized cases, match the figures recommended in the Quality of Service Regulations.

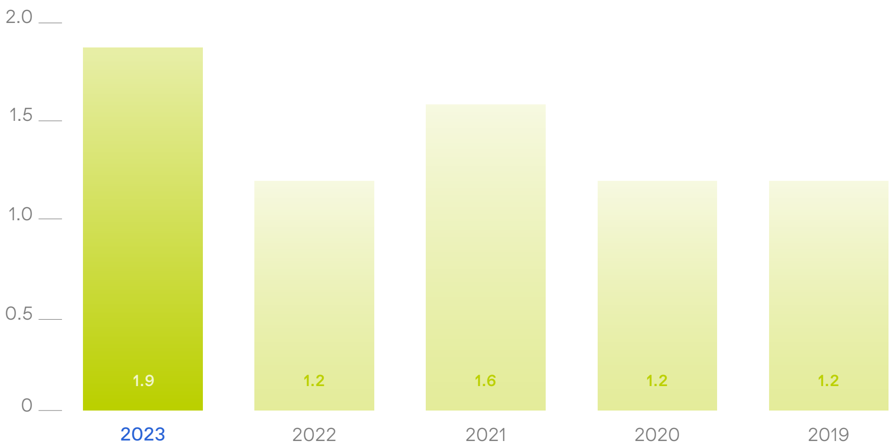
The overall level of the quality of electrical power depends on the number of incidents recorded or which impact on the transmission grid. In 2023, the total number of incidents increased by 66.7% compared to 2022. In 2023, there were a total of 240 incidents (144 in 2022), 205 of which originated in the Very High Voltage Network (VHV), 23 in the High Voltage Network (HV) and 12 in other networks but impacting on VHV networks and HV equipment in the grid. Only seven incidents (2.9% of the total) caused interruptions to the supply of electricity to consumers, having led to eleven interruptions at delivery points

Asset performance

Availability

The combined availability rate – an indicator defined by ERSE which analyses the availability of RNT transformers and lines – was 98.36% in 2023. This figure is slightly lower than in 2022 (98.69%). The following graph shows the annual evolution of this indicator over the last five years. This performance represents effective coordination and programming of grid outages during the period in question and to a certain extent, the reliability of RNT assets.

Evolution in the number of faults originating in RNT lines per 100 km of circuit



Performance of the lines and substation equipment

In general, substations and their respective equipment and systems recorded suitable performance. The number of power transformer failures increased slightly compared to 2022, while circuit breakers recorded figures in line with the previous year. More in-depth technical detail is available in the Quality of Service Report published annually by REN.

The majority of incidents originated in RNT lines, and in 2023, the number of faults per 100 km of circuit saw a rise over figures for 2022: 1.85 faults per 100 km of circuit, but in line with previous years. It should be noted that the second best figure ever was recorded in 2022. This increase was due to two main causes, storks and lightning discharges that increased by 62.2% and 62.0%, respectively compared to 2022.

Network Behaviour

In general, the behaviour of the RNT in 2023 was suitable, with maintenance activities, remodelling, and the construction of network infrastructure taking place normally.

The main constraints which took place in the RNT during the year involved network element outages which were solved by introducing topological changes into the grid or via generating and pumping restrictions.

In this regard, of special note are the outages which occurred in the area south of Palmela due to remodelling work on 400 kV lines to increase their transmission capacity. This work required the implementation of special topological measures at 150 kV at the Sines Substation with a view to minimizing restrictions on power generation and maximizing the interconnection capacity between Portugal and Spain.

System Operation

In 2023, consumption in mainland Portugal grew by +0.6 % over the previous year, totalling 50.7 TWh. Energy consumption from renewable sources reached 61% of the total, marking a significant increase of approximately 12% compared to 2022.

Market operation

Management of the electrical system in 2023 involved considerable effort to implement the platforms for the European Mari and PICASSO projects on a national basis. These projects seek to facilitate the cross-border exchange of energy relating to the frequency restoration reserve in the National Electric System (SEN), with manual activation in the case of Mari and automatic in the case of PICASSO.

Following approval by ERSE of the new Procedures Manual for the General Management of the Electrical Sector System (MPGGS), with the publication of Directive 19/2023 of 26 December, the regulatory framework and schedule were established to implement the product of the manual Frequency Restoration Reserve (mFRR) in the SEN with subsequent integration into the European platform for contracting mFRR. This Directive also set out the extension of the deadline to implement the process to quantify deviations to programming and the respective value, synchronized with the entry into operation of the national mFRR platform.

In accordance with the provisions of ERSE Directive 18/2023 of 22 December, the launching by REN of a new product auction - the mFRR band, replacing the previous Regulatory Reserve Band, awards were made under the terms of the respective call published by ERSE in annual (calendar year 2024), quarterly (1st quarter 2024) and monthly maturity (March 2024) to consumer facilities.

Work on the European projects with REN participation (Mari and PICASSO) is expected to be concluded during the first half of 2024. These projects represent a particularly challenging change, not only in National Dispatch operation, but also in the development of real-time computer applications, used to ensure balance the SEN (SIME application) and in the respective observation and control (SCADA application).

The investment projects carried out in 2023 contributed to the internal safety and reliability of the network.

INVESTMENT

Projects concluded in 2023

RNT projects concluded in 2023 also helped reinforce feeding to the National Electricity Distribution Network (RND) and create new connections (reinforcing intake capacity) for new production.These projects also contributed to the internal security and reliability of the network and the overall operation of the SEN. In this regard, the following projects are of note:

- Caniçada-Fafe 2 Line, which allowed 150 kV supply to the Fafe substation to be reinforced with connection to the Caniçada Step-down station;
- Sines-Repsol Polímeros 1 line and Sines-Repsol Polímeros 2, 150 kV lines, for connection to this new direct VHV customer;
- Strengthening of transformation at the Vila Nova de Famalicão substations, with the first and second 400/ 60 kV (170 MVA) unit, and at the Alcochete substation, with the second 400/ 60 kV (170 MVA) unit; and
- Conclusion of the new line panels at the following substations: Vila Nova de Famalicao, Estremoz, Valdigem, Sines, Pereiros, Castelo Branco, Fundão, Bodiosa and Carregado, to enable the connection of new renewable production to the RNT.

In addition to the network development projects mentioned above, investment was also made in uprating the transmission capacity and modernization of assets at the end of working life. This work included remodelling of the Palmela-Sines 2 Line, Pegões - Sines Line, Palmela - Pegões Line, and the Alcochete-Palmela Line, all at 400 kV, as well as the conclusion of remodelling work on protection equipment and systems and automation and control equipment at the Saboia, Pocinho, Alto Mira, Pereiros, Valdigem, Rio Maior, Palmela and Estoi substations.

Projects of Common Interest for Electricity (PIC)

In November 2023, the European Commission implemented the 1st PCI/PMI List (Projects of Common Interest/ Projects of Mutual Interest) including the project for the new 400 kV interconnection between the Portuguese and Spanish transport networks between Ponte de Lima (Minho) and Fontefria (Galicia).

Development and Investment Plan for the Electricity Transmission Network (PDIRT)
The new draft edition of the Development and Investment Plan for the Electricity Transmission Network (PDIRT) is under development and is expected to take into account the monitoring report on the security of supply of the electricity sector published in December 2023. It is also expected to integrate the update to PDIRT 2022-2031 approved in December 2022 (PDIRT 2022-2031 can be found on our website).

As part of our duties, REN is also conducting studies with a view to meeting national objectives to integrate the production of electricity from sea or sea-based renewable sources, as well as to connect multiple consumption projects, particularly to produce "green" hydrogen to decarbonize industry, in accordance with the guidelines of the Granting State in matters of energy policy. Of note in this regard was work forming part of the duties of the RNT operator, including i) the exceptional procedure for the allocation of connection capacity to the Public Service Energy Grid (RESP) for electricity consumption facilities, set out in Article 20 of Decree-Law No 80/2023 of 6 September, for the high-demand Sines area; and ii) the specific investment plan for the network reinforcement required to satisfy the demand of interested parties. The procedure in question was started at the end of 2023, and the work required to meet the obligations of the RNT operator to allocate the intended connection capacity to the RESP will also be ongoing in 2024.

Main investments underway

Of note ate the following main investments underway:

Connection of large hydro-plant to the RNT	400 kV line between the Feira and Ribeira de Pena substations to create conditions for connection stages 1 and 2 and full integration of new power generation throughout the Tâmega River hydro area (around 1,150 MW of installed power).
Connection to the RNT of production other than large hydro or thermal power	Studies on new RNT infrastructure and reinforcement of the transmission capacity of some infrastructure to provide additional capacity to receive new solar photovoltaic production as a result of the competitive procedures for awarding reservation of injection capacity into the Public Service Electricity Network (RESP) and connection applications under the agreement between the applicant and the RESP operator, as is the case between the transmission network operator and promoters of new power production centres.
Feeding of consumption centres in distribution networks and VHV clients	Introduction of RNT/ RND transformation or reinforcing of existing power in different network areas, more specifically, at the Pereiros, Tunes, Sines, and Feira substations to meet supply security requirements and adapt to regulatory standards.
Reinforcement of the RNT with respect to the shutting down of production at the Sines coal-fired thermal power plant	Development of the RNT 400 kV lines, as part of RNT reinforcement work in the Lisbon area and southern Portugal, which will help structurally adapt the performance of the network given the termination of production at the Sines coal-fired power plant, in particular the Ferreira do Alentejo – (Ourique) – Tavira 400 kV line, as well as the Fanhões – Rio Maior line, also at 400 kV.
Reinforcement of the interconnection capacity between Portugal and Spain	New 400 kV interconnection between the future substations of Ponte de Lima, on the Portuguese side, and Fontefría, on the Spanish side, to reinforce commercial exchange capacity between Portugal and Spain. This project is at the final stage of environmental licensing.
Remodelling and uprating of equipment and systems at the end of working life	Several projects for remodelling transmission network assets and replacing high and very high voltage equipment in substations, protection systems, automation and control equipment, power transformers and overhead lines included the Batalha-Ribatejo line and the two Chafariz-Pocinho lines, the Estarreja-Mourisca-Paraimo-Pereiros axis and the Tunis, Recarei, Palmela and Ferreira do Alentejo substations.

Processos de ligação à RNT concluídos em 2023

3
PHOTOVOLTAIC PLANTS

5
WIND FARM OVER-EQUIPPING PROCESSES

1
HYBRIDIZATION OF AN EXISTING WIND FARM WITH A NEW PHOTOVOLTAIC PLANT

NETWORK CONNECTIONS

With respect to connections to RESP, REN participates in connection and integration procedures for consumer and producer facilities which connect directly to the RNT, so as to ensure the respective safety and quality of service and the effective integration of RES into the National Electricity System.

Decree-Law No 15/2022 of 14 January sets out the rules for access to the RESP by power production centres, with injection power greater than 1 MW, through three methods for awarding reservation of injection capacity rights:

- the general regime, for existing reservation of reception capacity;
- the competitive procedure, under terms to be defined by the Portuguese State; and
- an agreement between the applicant and the RESP operator (Agreement) to build new infrastructure not provided for in the respective grid development and investment plans, aiming to create intake capacity to enable connection by the power production plant in question (in this case, the investment cost will be taken on by the applicant).

Under the new general regime, up to the end of December in 2023, REN issued 15 Capacity Reserve Rights (CRR), corresponding to 1,122 MVA.

In 2021, the Portuguese State launched two competitive procedures impacting on the RNT: one for the capacity which had been previously intended for the Pego coal-fired power plant (Pego Auction 2021) and another for connecting floating solar plants (Auction 2021 – Floating Solar). The respective Capacity Reservation Rights were issued by REN in 2022, corresponding to 70 MVA under the 2021 Floating Solar Auction (relating to the floating power plant to be connected to the RNT) and 224 MVA under the 2021 Pego Auction. Accordingly, under the new competitive procedure framework, up to the end of December 2023, REN issued 19 CRR, corresponding to 1,899 MVA.

In February 2020, total capacity requested through the agreement scheme to connect mainly photovoltaic plants to the RNT stood at around 129 GVA. In the same month, the Directorate General of Energy and Geology (DGEG) published the Terms of Reference (ToR) setting out the criteria to classify and order agreement applications for connection to the RNT and RND, allowing network reinforcements to be studied in power packages, thus maximizing their efficient and sustainable integration into RESP.

The list with the classification and final ordering, in accordance with the ToR, involves 78 agreement applications with REN and 17 GVA, and was published by DGEG on 6 July 2021. On 27 July 2023, a new reordered list was published by DGEG, following the entry into force of DecreeLaw No 72/2022 of 19 October, and REN is currently processing the agreement applications selected pursuant to the notice issued on 28 July 2023 by the Ministry of Environment and Climate Action and under the guidelines of the Granting State.

With regard to the agreement applications covered by the ToR, 11 agreements were concluded in 2023, with total injection power into the RESP of 3,185 MVA corresponding to power plants connecting to the RNT.

Connections underway in 2023

At the end of 2023, 71 procedures for connection to the RNT were underway (64 production facilities and seven consumption facilities).

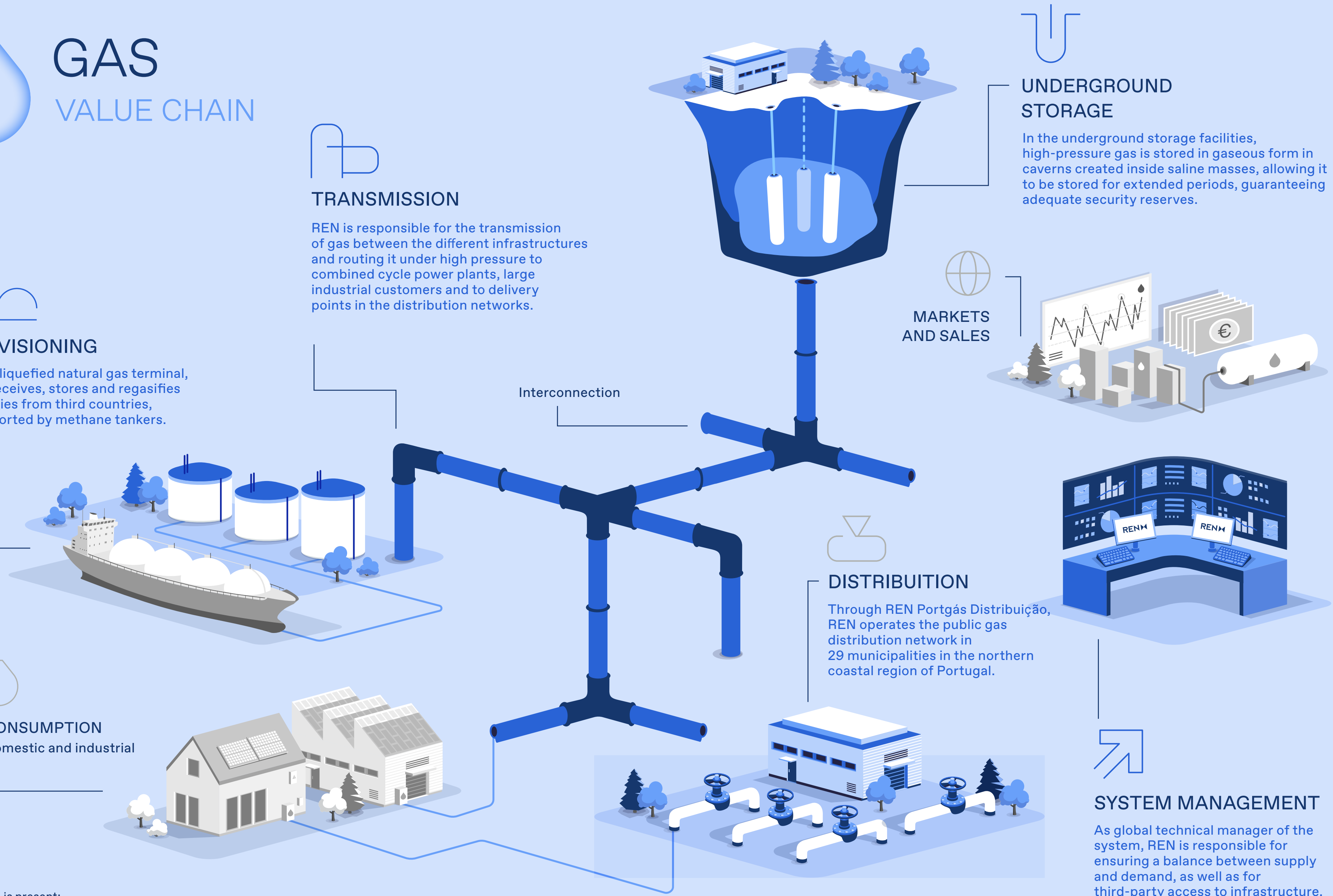
In 2023, three photovoltaic plants with a total 331.9 MVA connection power, concluded the process to connect to the RNT. Five wind farm over-equipping processes were also completed, increasing installed power by 151.5 MW and a process for the hybridization of an existing wind farm with a new photovoltaic plant with installed power of 22 MW was also concluded.

OUR ACTIVITY

1.3 GAS

REN's mission is to ensure the uninterrupted supply of gas, managing the National Gas Transmission Network (RNTG), the interconnections with the Spanish network, the Liquefied Natural Gas Terminal (LNG Terminal), the underground gas storage facilities and part of the gas distribution network through REN Portgás. This mission requires ongoing and dedicated work, based on values such as supply security, impartiality and promotion of competition, efficiency, and sustainable development.

GAS
VALUE CHAIN



TRANSMISSION
REN is responsible for the transmission of gas between the different infrastructures and routing it under high pressure to combined cycle power plants, large industrial customers and to delivery points in the distribution networks.

UNDERGROUND STORAGE
In the underground storage facilities, high-pressure gas is stored in gaseous form in caverns created inside saline masses, allowing it to be stored for extended periods, guaranteeing adequate security reserves.

PROVISIONING
At the liquefied natural gas terminal, REN receives, stores and regasifies deliveries from third countries, transported by methane tankers.

DISTRIBUITION
Through REN Portgás Distribuição, REN operates the public gas distribution network in 29 municipalities in the northern coastal region of Portugal.

CONSUMPTION
Domestic and industrial

SYSTEM MANAGEMENT
As global technical manager of the system, REN is responsible for ensuring a balance between supply and demand, as well as for third-party access to infrastructure, promoting effcient management of the high-pressure gas network.

Where REN is present:
Reception | Provisioning | Transmission | Distribution | System management

REGULATED ASSETS

Regulation of activities

The following REN activities are subject to economic regulation by the Energy Services Regulatory Authority (ERSE):

- The high-pressure transmission of gas – through REN Gasodutos. S.A.;
- General technical management of the SNG – through REN Gasodutos, S.A.;
- Reception, storage, and regasification of Liquefied Natural Gas (LNG) – through REN Atlântico Terminal de GNL, S.A.;
- Underground storage (US) of gas – through REN Armazenagem, S.A.; and
- Gas distribution – through REN - Portgás Distribuição, S.A.

MAIN PERFORMANCE INDICATORS	UN	2023	2022	2021	2020	2019
Transmission						
Consumption	TWh	49.0	61.8	63.8	66.9	67.9
Annual variation in consumption	%	-20.7	-3.2	-4.6	-1.6	4.8
Gas transmitted by the RNTG	TWh	55.6	65.6	69.0	68.9	71.1
Length of gas pipelines	km	1,375	1,375	1,375	1,375	1,375
Underground storage capacity	Mm^3	300	300	300	300	300
Average duration of interruptions	DIPS[4]	0.00	0.00	0.00	0.00	0.00
Distribution						
Consumption supplied	TWh	5.7	6.0	7.6	7.3	7.3
Length of primary and secondary networks	km	6,485	6,316	6,118	5,897	5,705
Average duration of interruptions	min/p[5]	5.80	4.26	3.88	3.85	10.55

2023 was the last year of the current regulatory period (2020-2023), during which the following changes were introduced: i) extension of the regulatory period to four years; ii) definition of parameters for the calendar year; iii) change of the annual gas period (to 1 October of year n-1 to 30 September of year n), which now coincides with the capacity year; and iv) the extension of the regulation by incentives to the general use of the system, excluding expenditure which cannot be controlled by the company.

In this period, the indexing of the remuneration rate was maintained at the annual arithmetic mean of the daily trading yield on 10-year Portuguese Republic Treasury Bonds. The starting point stood at 1.50% for an initial base remuneration rate of 5.2% for gas distribution business and 5% for remaining activities. Limits to the remuneration base rate indexed to the 2020-2023 period were changed to 4.7% and 9.0% of distribution business and 4.5% and 8.8%, for remaining activities.

The new regulatory period starting in January 2024 (2024-2027) did not change in relation to the 2020-2023 period, and only the regulatory parameters were updated, more specifically: i) those related to the recovery of operating costs (fixed costs, variable costs, and efficiency factors per activity); ii) the incentive to recover electricity costs at the Terminal; and iii) the reference remuneration rates.

The incentive to Optimise Demand Forecasts was introduced into Distribution with the aim of signalling to distribution system operators that they should make economically rational investment decisions from a long-term systemic perspective. The goal is to hold them responsible for their assumptions with respect to the evolution of gas demand (energy and number of customers), which serve as the basis for the investment considered in the approved Gas Network Development and Investment Plans (PDIRDG).

[4] Average time of interruptions per output point.
[5] Minutes per customer.

The balance of differences by the end of 2023 was 13.7 million euros to be recovered from/ returned to tariffs.

In this new period, the indexing of the remuneration rate is maintained at the annual arithmetic mean of the daily trading yield on 10-year Portuguese Republic Treasury Bonds. The starting point now stands at 3.177% for an initial base remuneration rate of 5.7% for gas distribution business and 5.3% for remaining activities. Limits to the remuneration base rate indexed to the 2024-2027 period were changed to 3.5% and 7.8% of distribution business and 3.1% and 7.4%, for remaining activities.

The efficiency targets to apply to Opex vary between 1% and 3% per year.

Gas business in 2023

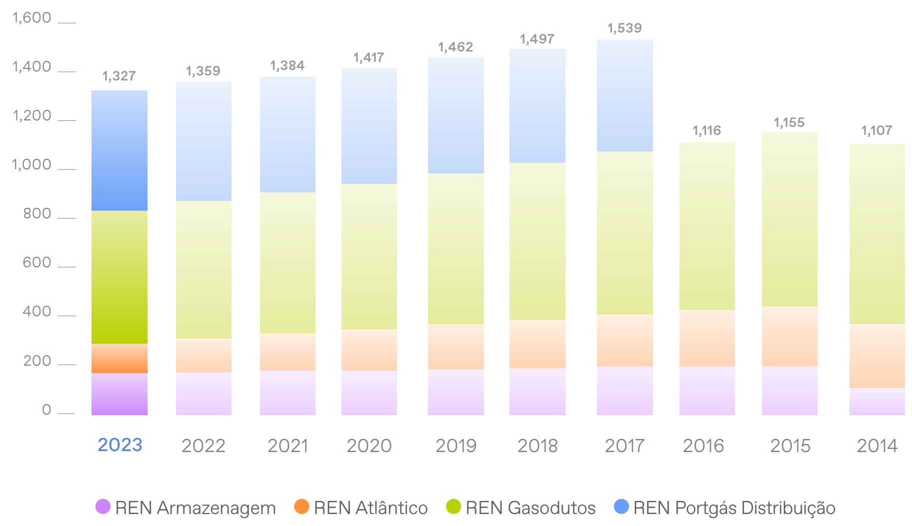
Currently, for the activities regulated under the incentive model, the calculation of accepted income incorporates a well-defined operating cost structure. This structure consists not only of a fixed parcel, but also variable components. The latter are adjusted according to specific cost inductors, which are previously recognized and validated by the regulator. This approach allows them to be adapted to the unique requirements of each type of infrastructure, ensuring a balance between operational efficiency and regulatory compliance.

In the first year of the current regulatory period, the approved amount for operating expenses (Opex) is established as a basis. In subsequent years, this value is adjusted in accordance with the efficiency targets defined and disclosed by ERSE. Furthermore, the rate of variation in the price index implicit in Gross Domestic Product (GDP) is considered, thus ensuring evolution aligned both with industry efficiency standards and broader economic trends. The variable associated with the consumption of electricity at the LNG Terminal (energy) evolves in line with the average annual variation in the price of electricity on the futures market, published by the Iberian Market Operator - Portugal (OMIP), and with the efficiency target set by ERSE.

The efficiency targets for the current regulatory period vary between 2% and 3% per year.

Income relating to invested capital stems from the return on fixed assets in operation, net of amortisations and subsidies (RAB), at a rate set by the Regulator at the start of every regulatory period, plus the corresponding amortisations. In 2023, the remuneration rate applied to the regulated asset base was 5.90% in the Gas Distribution business and 5.70% in remaining business.

Evolution of the regulated asset base (M€)



The evolution of the regulated asset base of the gas companies until the end of 2023 is shown in the graph above.

Tariffs are set based on estimates of quantity and the total income permitted as calculated for each business. They include remuneration on assets, the recovery of the value of amortizations and established operating costs, by business. Tariff adjustments from previous years are also included.

The adjustments are recovered or returned on a transitional basis every year based on estimates. The real value of adjustments arising from the differences is recovered or returned two years after they have occurred taking into account possible provisional adjustments. This sum is remunerated at a regulated rate equal to the 12-month Euribor average seen each year, plus a spread published annually by ERSE for the year in question.

At the end of 2023, the balance of differences was 13.7 million euros to be recovered from/ returned to tariffs.

TECHNICAL INFRASTRUCTURE

Transmission and storage

The RNTG, the Carriço underground gas storage infrastructure (AS) and the Sines LNG Terminal make up the so-called RNTIAT (National Transmission Network, Storage Infrastructure and LNG Terminals).

Main infrastructure

1,375 km of high-pressure gas pipelines

66 junction stations for pipeline branching

45 block valve stations

5 T-branch interconnection stations

85 gas pressure regulating and metering stations

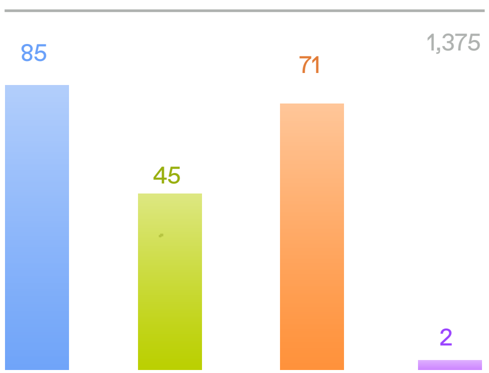
2 Portugal-Spain custody transfer stations

The length of the high-pressure gas (HP) transmission network, operation of which began in 1997, has remained unchanged over the last decade:

Length of the HP gas transmission network

	Ø (mm)	km
Batch 1: Setúbal – Leiria	700	173
Batch 2: Leiria – Gondomar	700	164
Batch 2: Gondomar – Braga	500	50
Batch 3: Campo Maior – Leiria	700	220
Batch 4: Braga – Valença	500	74
Batch 5: Monforte – Guarda	300	184
Batch 6: Mealhada – Viseu	500	68
Batch 7: Sines – Setúbal	800	87
Batch 8: Mangualde – Celorico – Guarda	700/300	76
High-pressure lines	150-700	278
Total	**-**	**1,375**

RNTG – characteristics



2013-2023
RNTG characteristics have been the same since 2013.

- GRMS
- BV
- ICJCT/ JCT
- CTS
- Gas pipeline length (km)

In 2023, the maximum values of available capacities for commercial purposes at the relevant points of the RNTG are shown in the following table.

AVAILABLE CAPACITY OF RELEVANT POINTS FOR COMMERCIAL PURPOSES	GWh/ day	$Mm^3(n)$/ day
Intake		
Sines	200	17
Carriço (withdrawal US)	85.70	7
VIP[6] – Ibérico	144	12
Output		
Sines[7]	-	-
Carriço (injection US)	24	2
VIP – Iberian	80	7
Total	**95**	**-**

The RNTG, supervised from a national dispatch centre using redundant fibre-optic technology telecommunication systems, connects the gas pipeline stations with the Sines LNG Terminal and the Carrico US facility. All systems are equipped with digital communication, especially with regard to the reading of network input and output flows. This allows for the best practices to be adopted both in relation to information quality and supervision response.

[6] Iberian VIP: virtual interconnection point between the Portuguese and Spanish gas systems which includes the capacities of both the existing physical interconnections, more specifically, Badajoz/ Campo Maior and Valença do Minho/ Tuy.

[7] Daily stated capacity, considering the forecast operating conditions for each day.

Operational capacities of the Sines LNG Terminal:

8 bcm **annual gas regasification capacity;**

390 thousand m³ **storage capacity;**

216 thousand m³ **capacity of the landing quays adapted to accommodate methane tankers ("non-small scale"); and**

36 **loading capacity of tanks/ days.**

At the end of 2023, underground gas storage facilities had the following features (dimensions expressed for gas):

Underground storage capacity:

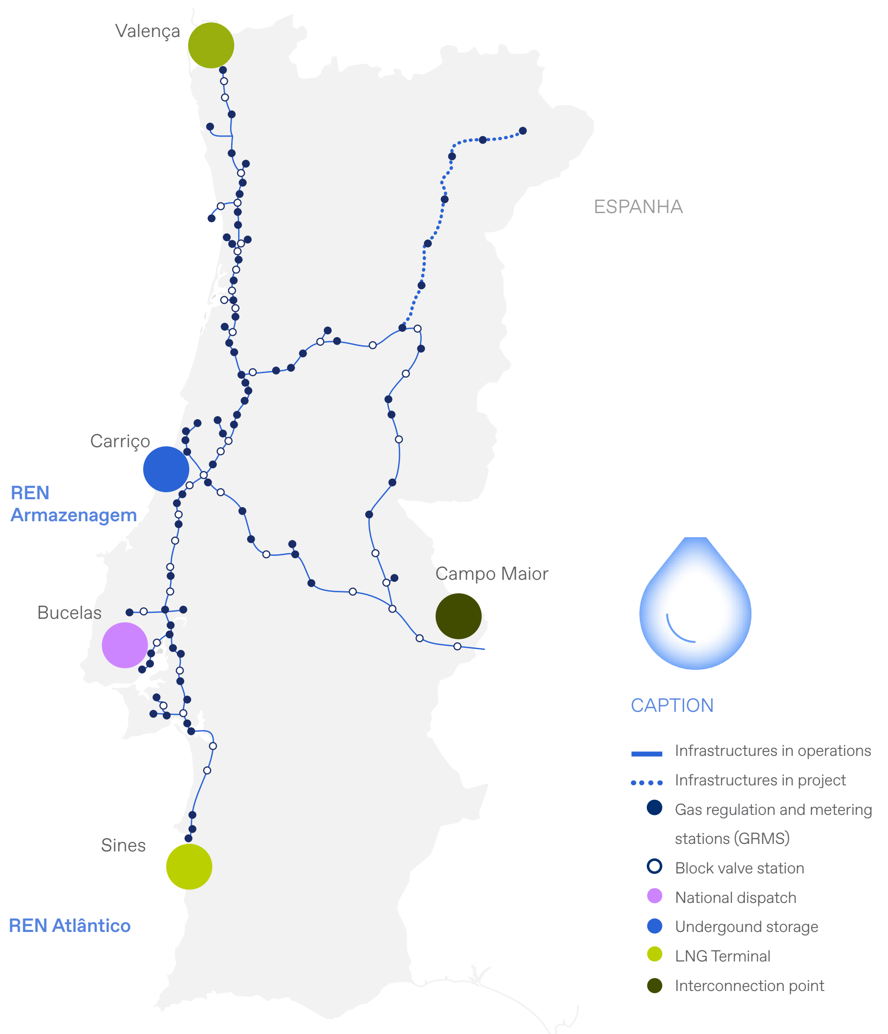
6 caverns **in operation;**

333 Mm³(n) ; and

REN Armazenagem **operates the surface station.**

Injected gas is stored at great depth in underground salt caverns which connect to a gas station and is managed by employing gas compressors. Withdrawal takes place through natural gas dehydration systems for subsequent injection into the gas transmission network.

GAS NETWORK MAP



29
MUNICIPALITIES
ALONG THE NORTHERN PORTUGUESE COAST

6,485 km
TOTAL NETWORK LENGTH

5.7 TWh
GAS TRANSMITTED IN 2023

Distribution

REN Portgás Distribuição (Portgás) is a public service concessionaire company working in pipeline gas distribution, operating in 29 municipalities along the northern coastal region of Portugal, in the districts of Porto, Braga and Viana do Castelo.

In demographic terms, the concession zone corresponds to 4,366 km^2 in area, divided into 29 municipalities with 840 wards, which have a resident population of approximately 2,627 thousand, representing around 1,257 thousand dwellings.

One of the company's main activities is capturing and connecting new supply points to the distribution network. Ensuring transparent and non-discriminatory treatment of customers, Portgás has a clear investment policy in projects to connect new supply points to the existing network and to develop new areas. The main goal of this policy is to motivate new customers to gas and guarantee the return on investment in the National Gas System.

At the end of 2023, the Portgás gas distribution infrastructure included assets consisting of:

- 12 interconnection points with transmission network;
- 410 km medium-pressure gas pipelines;
- 660 block valve stations in the medium-pressure network;
- 91 regulating and metering stations;
- 6.074 km of low-pressure network; and
- 52.278 block valve stations in the low-pressure network.

Portgás infrastructure is supplied by 12 Gas Regulating and Meeting Stations (GRMS) that inject gas into medium-pressure networks, which, in turn, supply 91 network Reduction and Metering Stations (RMS). There are six GRMS interconnected by primary network ring systems (medium-pressure) while the other six GRMS are isolated, ensuring the supply of the secondary network sub-systems (low-pressure).

The six interconnected GRMS supply the following systems:

- Metropolitan Porto Area Network;
- Vale do Ave Network; and
- Vale do Cavado Network.

In addition to these three systems which consist of two GRMS each, there are a further two systems which are fed directly by the REN Gasodutos high-pressure network, as there is practically no medium-pressure distribution network. This is the case in the Valença and Ponte de Lima GRMS. In Viana do Castelo, Paredes de Coura, Vila Nova de Gaia and Avintes, Portgás has built a primary network with some extension lines up to the supply of RMS.

With respect to the secondary network, the 91 RMS are distributed throughout the concession area and are concentrated in the large urban areas - Metropolitan Porto and Braga - and in Vale do Ave, where there is a high concentration of industrial clients. A significant number of the regulating and metering stations are interconnected, with a total of 41 network sub-systems, 25 of which are isolated and 16 are in ring formation.

Up to the end of 2023, the safe and continuous supply of gas was provided to the 29 municipalities in the concession area, supported by a distribution network with a total length of 6,485 km and with 406,000 active supply points, corresponding to a penetration rate of 32%. Around 5.7 TWh of was transmitted during the year.

Segmentation relates to the level of consumption and type of connection to the network. Most supply points are concentrated in the "Lower Low-Pressure" segment, with annual consumption of up to 10,000 m^3, with 404,471 supply points, corresponding to 99.6% of total active supply points.

The "Higher Low-Pressure" segment, with annual consumption greater than 10,000 m^3, represents 0.4% of the total, with 1,605 active supply points at the end of 2023. The "Medium-Pressure" segment - supply points billed as medium-pressure, represents the smallest weighting in total supply points, with 133 active points at the end of 2023.

In 2023, energy provided through the REN Portgás Distribuição network stood at 5,716 GWh of gas in the municipal districts currently supplied. Energy supplied by each of these market segments is evenly distributed and the segment referred to as "Lower Low-Pressure" accounted for 1,052 GWh while the "Higher Low-Pressure" segment accounted for 1,214 GWh and the "Medium-Pressure" segment 3,450 GWh.

AVAILABLE CAPACITY OF RELEVANT POINTS FOR COMMERCIAL PURPOSES	2023	2022	2021
Gas distributed (TWh)	5.7	6.0	7.6
Network length (km)	6,485	6,316	6,118
No of supply branch lines	151,739	147,149	141,457
Active supply points	406,209	402,754	395,353
Active penetration rate (%)	32%	32%	31,7%
Supply points/ km of secondary network, accumulated	74.41	75.88	77.0

OPERATION

Quality of service

The indicators set out in the Gas Quality of Service Regulations (QSR) had the following annual values.

The remaining indicators for gas supply and characteristics fell within the limits set by the QSR. At the end of 2023, the aggregate indicator for the frequency of incident occurrence per year, per 1,000 km of high-pressure transmission infrastructure, stood at 0.00, i.e. maximum performance. The figure for the same indicator published by the European Gas Pipeline Incident Data Group (EGIG) in December 2020 for all member TSOs is 0.155 for the period from 2015 to 2019.

With regard to LNG Terminal operation, in 2023, there was an availability rate of 99.95%. This value shows a very small unavailability rate of only 0.05%. The rare occurrences of stops were mainly due to interruptions in the supply of electricity from the public network.

General quality of service indicators for REN Gasodutos

zero
AVERAGE NO OF INTERRUPTIONS PER OUTPUT POINT[8]

zero min/ p
AVERAGE INTERRUPTION TIME PER OUTPUT POINT[9]

zero min/ p
AVERAGE DURATION OF INTERRUPTION[10]

General quality of service indicators for the Carriço US facility

100%
COMPLIANCE WITH NOMINATIONS FOR GAS WITHDRAWAL[11]

100%
COMPLIANCE WITH NOMINATIONS FOR GAS INJECTION[12]

100%
COMPLIANCE WITH ENERGY STORAGE[13]

General indicators for the quality of service of the LNG Terminal

100%
COMPLIANCE WITH COMMERCIAL SERVICE (NOMINATIONS)

99.90%
GAS INJECTED INTO THE NETWORK (INJECTED/ REQUESTED)

99.95%
AVAILABILITY OF FACILITY

[8] Average No of interruptions per output point: ratio between the total number of interruptions at output points during a specific period, divided by the total number of output points at the end of the period under consideration.
[9] Average duration of interruptions per output point: ratio between the sum of interruption durations at output points during a specific period, divided by the total number of output points at the end of the period under consideration..
[10] Average duration of interruption: ratio between the sum of interruption durations at output points, divided by the total number of interruptions at output points, in the period under consideration.
[11] Compliance with nominations for gas withdrawal: the ratio between the number of nominations complied with and the total number of nominations.
[12] Compliance with nominations for gas injection: the ratio between the number of nominations complied with and the total number of nominations.
[13] Compliance with energy storage: determined based on the root mean square error of the energy withdrawn and injected into the underground storage relative to the energy withdrawn and injected.

In 2023, monitoring was continued on indicators for quality of technical and commercial service.

GENERAL QUALITY OF SERVICE INDICATORS FOR REN PORTGÁS DISTRIBUIÇÃO	2023	2022	2021
Average No of interruptions per thousand customers. not controllable[14]	9.6	7.5	7.6
Average duration of interruptions per customer. not controllable (min.)[14]	1.8	1.0	1.6
Average duration of interruptions. not controllable (min.)[14]	189.2	140.7	170.2
Percentage of emergency situations with response time up to 60 min.	98.9%	98.7%	98.3%
Technical assistance – time limit of four hours after notification of the breakdown	100%	100%	100%

SYSTEM OPERATION

In 2023, gas intake into the infrastructure operated by the RNTG concessionaire was predominantly from the Sines LNG Terminal (90.8%).

Intake at Campo Maior, through the interconnection with the Maghreb gas pipeline, which supplies Portugal with gas mainly from Algeria, accounted for 3.8% and the network intake point via the Carriço US network corresponded to 3.6%. The Valença do Minho intake also contributed with 1.8% of total intake into the infrastructure.

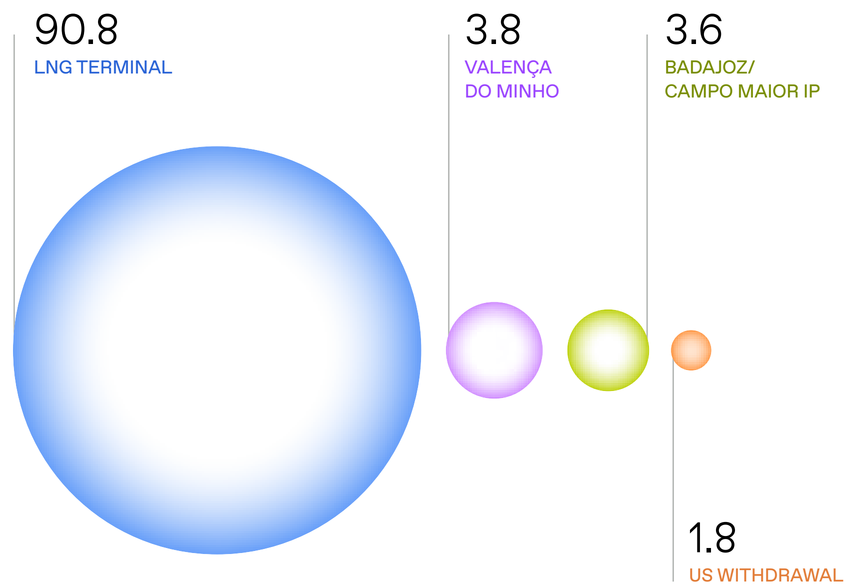
The side graph shows the breakdown of intakes into the transmission system.

In 2023, the 55,598 GWh (around of 4.67 bcm) transmitted through the RNTG included high-pressure national consumption, with a total of 47,065 GWh (3.96 bcm), the withdrawal of 6,477 Gwh (around 0.54 bcm) of natural gas to Spain, the injection of gas into the Carriço US facility, which reached 1,841 Gwh (0.15 bcm) and the withdrawal of 215 GWh (around 0.02 bcm) from the national system through the Valença do Minho-Tuy interconnection.

With regard to the use of system capacity, in 2023 the maximum daily intake figure for the RNTG through the Virtual Interconnection Point (VIP), Campo Maior and Valença do Minho, was 75.2 Gwh, recorded on 22 February and 200.4 GWh through Sines on 25 July.

With respect to use of capacity at RNTG entry points, in 2023 a level equivalent to 84% was recorded of the maximum aggregate value made available commercially to the market at the three entry points in the transmission network, the Sines LNG Terminal, the Iberian VIP (between Portugal and Spain) and the Carriço US facility. This figure was below that recorded in 2022 (94%).

Transmission system intake (%)



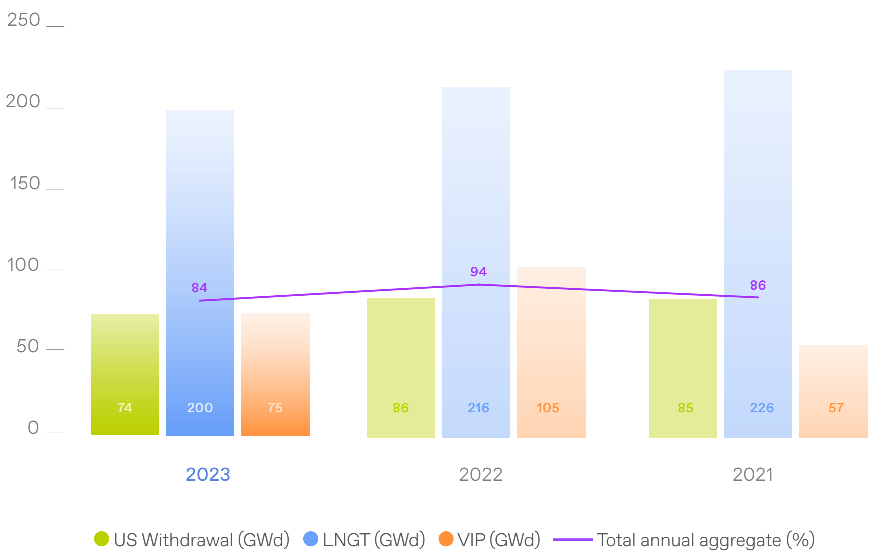
[14] Only accidental.

56
METHANE TANKERS UNLOADING OPERATIONS IN 2023

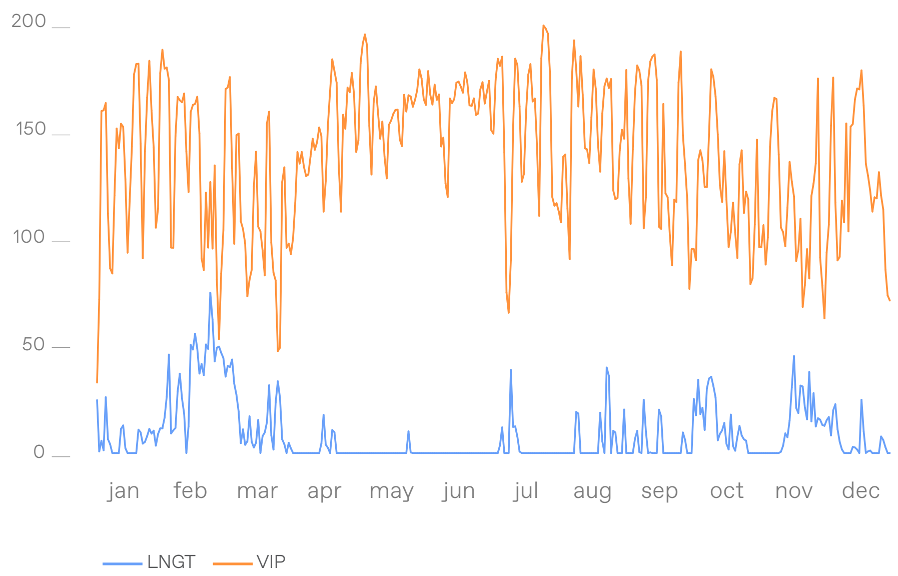
824
METHANE TANKERS UNLOADING OPERATIONS SINCE THE OPENING OF THE INFRASTRUCTURE

The increase seen in the use of the Sines LNG Terminal with respect to the Iberian VIP was based on a market logic which has been followed since the start of the second semester of 2018. The following graph shows the daily use of each of the abovementioned infrastructures.

Maximum intakes to RNTG : VIP + LNG Terminal + US withdrawal (% of max. commercial cap.)



Supply of the RNTG: Sines Terminal vs. Iberian VIP (GWh)



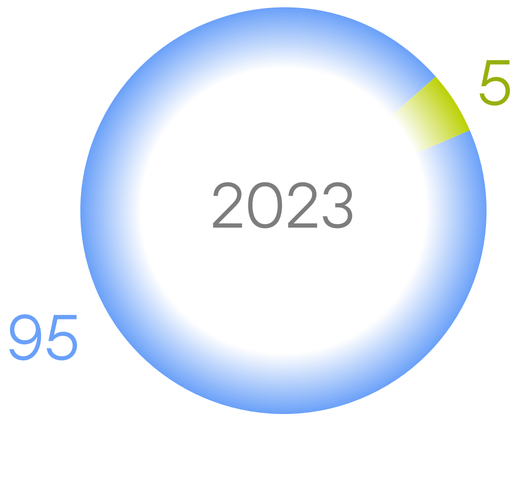
In relation to the interface with underground storage, maximum daily withdrawal reached 73.5 GWh on 30 November while injection reached 27.4 GWh on 13 August.

In 2023, 56 methane tankers were unloaded at the Sines LNG Terminal to supply the national gas system. There was a fall in the number of unloading operations with respect to the previous year of 21.1%. One gasification operation and one gasification and cooling operation of ship tanks were also carried out, representing a total of transferred energy of 35.01 GWh. Taking into account the amounts actually unloaded, the final variation in energy terms corresponded to -18.6%. At the end of 2023, the total number of tanker reception operations since the infrastructure opened stood at 824.

With regard to annual accumulated figures, gas intakes into the transmission network were broken down into the Sines LNG Terminal, to supply LNG to the national gas network, and natural gas through the Iberian VIP, standing at 95% and 5%, respectively.

The following graph highlights the use of LNG in Portugal:

Use of LNG in Portugal (%)



In relation to system management of the high-pressure infrastructure of the national gas network, in 2023, different activities were carried out which required system management for work relating to the coordination of gas flows. This had significant impact on several entities with infrastructure in the SNG. Of note in this regard:

- Managing RNTIAT operation appropriately during the replacement of damaged piping in two sections;
- Support for the interconnected network operator when performing inspections of the respective high-pressure transmission network;
- Logistics management to allow the implementation of the commercial vessel programme, including liaison with market agents, submission to the regulatory authority and implementation of new detailed rules regarding "Processes for the allocation of vessel reception and operational storage capacities at the Sines LNG Terminal"; and
- Guarantee of normal operation of the Transmission System.

MARKET OPERATION

Since 2021, with the entry into operation of the Organized Gas Market, there has been an increase in the number of market agents registered on MIBGAS. At the end of 2023, there were 24 agents registered on the platform (+9% more than in the previous year). There were no changes to the short-term gas product offers that may be traded in the abovementioned market, with delivery in Portugal, and it is still possible to transact intraday, daily and weekend products. In 2023, 170,445 MWh of gas were traded on the MIBGAS platform, which represents 113,663 MWh more than that recorded in 2022, corresponding to growth of around 200%.

With respect to network code for network balancing, a significantly more comprehensive role was seen for infrastructure users. Users have a key responsibility to ensure continuous balance between incoming and outgoing flows in transmission networks. Moreover, it is the responsibility of the General Technical Manager to perform balancing actions on the network whenever necessary. In order to achieve this, transactions conducted on the organized market platform are employed, thus ensuring the efficiency and stability of the system. The General Technician Manager carried out eight network balancing actions at MIBGAS for the purchase of gas, totalling 18,400 MWh and 19 network balancing actions for the sale of gas in a total of 42,650 MWh.

With regard to market agents qualified to operate in high-pressure infrastructure, 2023 ended with a total of 45 suppliers with signed contracts of which 34 were active in the SNG. Contributing to this number were four new market agents starting up in 2023.

	Month	MWh	Average purchase value €/ MWh
No of purchasing actions			
5	July	12,900	33.30
2	August	4,500	29.80
1	December	1,000	32.78
No of sales actions			**Average sales value €/ MWh**
7	October	14,500	40.20
9	November	23,150	36.11
3	December	5,000	36.93

With respect to coordination responsibilities regarding information of a commercial nature, the response to information requests and complaints plays an important role in ensuring the ongoing satisfaction of infrastructure users.

In 2023, REN Gasodutos received 398 information requests and 68 complaints, corresponding to 190 less requests and nine more complaints over the previous year. In 2023, information requests were processed with an average response time of 1.1 days and complaints with an average response time of 0.7 days, slightly different to the average times recorded for 2022 of 1.2 days and 0.5 days, respectively.

REN Atlântico received one information request and two complaints, four fewer information requests and one fewer complaint than in 2022. Information requests were processed with an average response time of 11.0 days, a higher figure to that of the previous year of 8.0 days. Complaints were processed with an average response time of 0.5 days, a faster time than the average seen in the previous year of 1.7 days.

As was the case in 2022, no requests for information or complaints were made to REN Armazenagem in 2023.

NETWORK OPERATION

REN Gasodutos

With respect to RNTG infrastructure operation, work in 2023 was continued on programmes to update technology in management systems and applications. Highlights include:

- Upgrading of chromatograph to allow H_2 analysis;
- Work on setting up the Gas Remote Access Centre;
- “Safety Induction” training in a second language (English), in an e-learning environment; and
- Development of applications in the asset maintenance management tool, MAXIMO.

Other activities of note:

- Emergency work for tube replacement with defects detected during on-line inspection operations, using smart tools (Pipeline Inspection Gauge);
- Line 08000 (GT: Bridge of Sor – Bidoeira, Lote 3: Campo Maior — Leiria) – work conducted while under charge, with double load, without temporary by-pass or interruption of supply to any SNG consumer;
- Line 05000 (Lote 4: Braga — Tuy) – using cold cutting and without interruption of supply to any SNG consumer;
- Commissioning of the two-way automation project of the interconnection station with Spain, CTS 07000/ Campo Maior;
- Multi-annual programmes, coating inspection, defect characterization, anticorrosion treatment, high-pressure calibration, etc.; and
- Analysis of interferences and expert opinions.

Operation of the Sines LNG Terminal (REN Atlântico)

In 2023, the LNG Terminal maintained a very high level of activity, having received a total of 56 tankers to unload LNG, corresponding to total unloaded energy of 51.58 TWh and the issue of 52.52 TWh (NG+LNG). One gasification operation and one gasification and cooling operation of ship tanks were also carried out, representing a total of transferred energy of 35.01 GWh. Overall, the Sines LNG Terminal carried out 58 operations with vessels during 2023.

In the same period, 6,805 tanks were loaded, corresponding to a total of 2.0 TWh, which represents an increase in activity of around 3.23%.

The maximum daily issue from the Terminal into the network took place on 25 July, with a total of 200.4 GWh.

REN Atlântico conducted five audits, all with positive results, including:

- One external audit (APA) under the SEVESO Directive;
- One external audit (APCER) related to verification of the Integrated Quality, Environment, Safety and Occupational Health Management System;
- One audit conducted by a third party under the APS concession contract;
- One audit relating to the quality of service for gas; and
- One audit with respect to compliance with the ISPS code.

In 2023, REN Atlântico performed three drills:

- One safety drill (PEI-SEVESO), with the involvement of external entities;
- One relating to autoprotection measures (APM); and
- One for the protection (ISPS) of the LNG Terminal, conducted by APS.

1,992 GWh
GAS WITHDRAWAL

1,841 GWh
GAS INJECTION

Operation of underground storage (REN Armazenagem)

With regard to the use of underground storage (US), total movement of gas in energy terms was 3,833 GWh, broken down into 1,992 GWh of withdrawals and 1,841 of injection. Overall own consumption by the gas station in 2023 corresponded to 15 GWh.

At the end of the year, compared with 2022, the following balance of stocks was seen:

BALANCE OF STORED AMOUNTS[15]	2023	2022	VAR. 23/ 22
Gas stocks at REN Armazenagem (GWh)[16]	3,286	3,453	*-5%*
Average daily level of gas stocks at REN Armazenagem (GWh)	3,200	2,997	*7%*

The average level of gas stocks in the US infrastructure during 2023 had a small variation of 7% compared to the previous year. The figure reflects use of stocks by trading agents, broken down into low, in the first four months, and intensive during the rest of the year. However, injection always balanced gas withdrawal, allowing stable high reserves all year round.

Variation in Carriço US stocks throughout 2023 was minimal (-5% than in 2022), and the levels of reserves for supply security were never compromised. High stock stocks made it possible not only to guarantee that consumption requirements were covered during the winter, but also to provide gas availability to fill contingencies generated by possible supply disruptions through the usual channels, resulting from market uncertainties caused by the armed conflict in Ukraine.

At 31 December 2023, the nominal capacity characteristics for REN Armazenagem's six caverns in operation were as follows:

NOMINAL CAPACITY CHARACTERISTICS FOR THE SIX CAVITIES IN OPERATION	2023	2022
Maximum capacity[17]	3,967	3,967
Effective maximum capacity after technical restrictions[18]	3,570	3,570
Commercially available capacity[19]	3,570	3,570
Cushion gas[20]	2,381	2,381

[15] Figures do not include cushion gas (permanent volume of gas maintained in caverns in order to safeguard their structural stability.
[16] The figures shown do not include cushion gas.
[17] Maximum capacity: total capacity minus cushion gas.
[18] Maximum effective capacity after technical restrictions: maximum capacity minus technical restrictions on cavity use.
[19] Commercially available capacity: maximum effective capacity after technical restrictions minus the capacity allocated to the national gas system general technical manager for operation gas.
[20] Volume of gas maintained in cavities in order to safeguard the structural stability of caverns.

Portgás figures

5.9
DETECTED LEAKS
PER 100 KM IN 2023

VS. 21.9 LEAKS/ KM IN 2022

5,415
EMERGENCY INTERVENTIONS AND TECHNICAL ASSISTANCE
IN 2023

7,864
PLANNED INTERVENTIONS
IN 2023

In addition to US concession activities, in 2023 REN Armazenagem also successfully carried out a number of important actions for the development and conservation of the infrastructure:

- Technological update and operationalization of the Gas and Cavern Station command and control systems;
- Technological update and operationalization of the Gas Station and Cavern Station automatic emergency systems;
- Technological updating of metering and chromatography systems;
- Migration of video surveillance systems to the TCP/ IP network;
- Construction of network and water catchment for human consumption in REN Armazenagem buildings; and
- Improvement of processing infrastructures through the anti-corrosion protection programme (ongoing until the first quarter of 2024).

Distribution operation (REN Portgás)

A series of obligations underlie distribution activity so as to ensure the operation and maintenance of the respective infrastructure under conditions of safety, reliability and quality of service. A further requirement is to ensure the management of gas flows in the respective network, guaranteeing non-interruptibility with other connected infrastructures, in compliance with applicable regulations.

Accordingly, the company carries out an annual maintenance plan involving work to optimize infrastructure use, guaranteeing its good condition and a suitable balance between compliance with technical requirements and impact on the environment and communities.

The distribution network, with total length of more than 6,485 km in 2023, requires ongoing management, monitoring, diagnostics, and maintenance. One of the company's priorities is to increase the overall quality of the gas distribution system, maintaining a high level of safety and reliability in the operation of the distribution network. This management is highly demanding with respect to the optimization of infrastructure development programmes, requiring the periodic review of network condition simulation models, ongoing monitoring of activities, the introduction of new materials and technologies via innovation, improvement of asset condition assessment methods and improved methodologies for crisis management and business continuity.

Both preventive as well as corrective maintenance are very important. On the one hand, this ensures that the equipment is well maintained while also identifying and anticipating possible weaknesses in the infrastructure.

With regard to Portgas's main activities in 2023, the following are of note:

- Systematic leak detection: stems from a legal obligation that sets out a frequency of every four years for medium-pressure networks and every five years for low-pressure networks. This year, due to the change in the internal policy to reduce methane emissions, (as a result of ESG commitments), the frequency of leak checks was changed to every four years for the secondary network. 5.9 leaks/ 100 km were detected in 2023, lower than in the previous year (21.9 leaks/ 100 km);
- Insulation failure detection: aims to locate insulation failures via indirect inspection and assessment of the severity of insulation failure, identifying areas where corrosion may have occurred or is occurring, in order to ensure infrastructure integrity and safety. In 2023, 78 km of network was surveyed with 160 faults being detected, a ratio of 2.05 failures/ km. This figure is higher than the average of the last four years (1.90 failures/ km);
- Preventive maintenance of primary and secondary network valves: valves are safety devices installed in the network and, as such, it is necessary to ensure they are properly maintained. Secondary network valves are inspected in line with five-year visit plans, where the goal is to maintain the valves fully operational. Similarly, primary network valves are subject to an annual inspection plan. 7,864 planned interventions were carried out, 773 in the medium-pressure network and 7,091 in thelow-pressure network. As a result, 1,372 repairs were

72 thousand operations carried out at consumption points.

carried out, 285 on the primary network and 1,087 on the secondary network. The number of covered valves found during periodic visits was high, requiring significant corrective work.

- Network sensing: reinforced in order to ensure network integrity, via the installation of equipment for the remote monitoring of cathodic protection. Currently, there are 98 units installed;

- Improvement in Reduction and Metering Stations (RMS) and Pressure Reduction Stations (PRS): equipment for pressure control was installed in the infrastructure, reinforcing commitment to continuity of supply, more specifically the pilot installation of 10 SCADA remote sensing devices in PRS, with real-time monitoring and increased response capacity in relation to pressure variations. In terms of improvement to RMS, seals were installed in four reduction and metering stations; two new odorant monitoring stations were installed and the RMS was also upgraded to meet the requirements for the introduction of renewable gases;

- Emergency interventions and technical assistance: 5,415 interventions (-5.1% compared to 2022) were carried out at consumption points as a result of emergency and breakdown requests in 2023. 61% were considered as emergency situations and 39% as technical assistance work. The reduction in the total number of interventions compared to the previous year was achieved both due to the reduction in the number of emergencies (-6.2%) and the reduction in the number of technical assistance call outs (-3.3%). Despite this, there was a slight increase in average response times, both for emergencies as well as technical assistance, when compared to 2023. The average emergency response time increased by two minutes (from 27 to 29 minutes) and the response time for technical assistance increased by one minute (from 38 to 39 minutes). Although there was a slight increase compared to the previous year, greater effort has been made to raise awareness among partners, together with improved allocation of resources. This performance is favoured by the strong dynamics of the other operations, enabling active work teams to be deployed. Teams can be mobilized at any time to deal with emergencies and technical assistance; and

- Operations at consumption points: in 2023, around 72,000 operations were carried out at consumption points, in line with figures for the previous year. Although the total number of operations was similar, there was a reduction in the number of supply activations of about 22%, offset by the 44% increase in the number of supply interruptions and, consequently, by the 43% increase in supply reactivations. Despite this reduction compared to the previous year, supply activations form the majority of operations, representing 28% of the operations at points of consumption, with a total of 20,000 interventions. Around 12,000 supply disconnections were carried out, which represented 17% of all operations, in line with the previous year. In 2023, there was a sharp increase in the number of supply interruptions due to commercial reasons, with around 7,000 disconnection orders executed due to non-payment, an increase of 3,144 compared to 2022. Similarly, 8,200 supply reactivation orders were carried out, 2,457 more than the previous year. In 2023, supply interruptions and reactivations represented 14% and 11% of total service orders, respectively. In 2023, the replacement of approximately 13,800 volumetric membrane meters was planned as part of a campaign to scrap meters at the end of working life. However, due to the delay in the 2022 campaign, due to successive delays in the delivery of equipment by the supplier, in 2023 it was necessary to replace 6,500 more meters than were planned in 2022. For this reason, in 2023, it was also not possible to replace all the meters as planned, and the replacement of around 2,700 thousand meters was postponed until 2024. Despite these delays, in 2023 18,700 technical alteration orders were carried out, representing an increase of 10% compared to 2022. In 2023, Portgás carried out around 2,700 technical check orders, representing a reduction of 39% compared to the previous year. In the first quarter of 2023 some verification campaigns were completed on reduction and metering equipment first started in 2022 (sealing campaign, no consumption meter campaign, and service pressure checking campaign). These campaigns were not relaunched in 2023 due to the publication of the "Energy Appropriation Regulation" in July, which resulted in the need to change the way this type of situation was being processed. It should also be noted that Portgás improved its success in meeting work orders, having achieved the best result in the last four years, with a success rate of 89% in 2023.

During 2023, a total of 121 occurrences was recorded which were considered as a threat to company infrastructure. Network and branch ruptures are the most common type of occurrence, representing 60% of the total number of registered occurrences. Despite this, the ratio of ruptures per 1,000 km of network has decreased compared to previous years.

	2023	2022	2021
Ruptures	73	78	79
Kilometres of network	6,485	6,316	6,118
Ruptures/ 1,000 km	11	12	13

2023 was also marked by the completion of several digitization and decarbonization projects. These projects sought to study the injection of gases of renewable origin into the infrastructure, as set out in the national ambitions for the decarbonization of the energy sector, contributing to the company's vision of being the benchmark utility in the creation of value, innovation, and sustainability, having a greater positive impact on society. Accordingly, Portgás has invested in several projects to determine the actions necessary to ensure the transmission of gases of renewable origin, biomethane and hydrogen in the infrastructure. Given the characteristics of biomethane, which are similar to those of gas, injection does not present any great challenges, however, the characteristics of hydrogen pose challenges to transmission, which is why the projects largely relate to H_2. These projects address different issues relating to the transmission of hydrogen, in a gas mixture and pure, such as: compatibility of existing assets, identification of possible changes, requirements to be applied to future assets to be acquired, changes in operating procedures and adaptation/creation of IT systems that ensure quality control of the gas transmitted and correct energy billing to end customers.

INVESTMENT

RNTIAT Development and Investment Plan

In 2023, the draft Development and Investment Plan for RNTIAT for the 2024-2033 period was prepared (PDIRG 2024-2033). After public consultation held by the Energy Services Regulatory Authority (ERSE) and after reasoned opinions had been received from ERSE and the Directorate-General for Energy and Geology (DGEG), the draft PDIRG 2024-2033 was reviewed and the final version sent to DGEG in November 2023. The final proposal of the PDIRG 2024-2033 is then sent to the government minister responsible for the area of energy and discussed in parliament. The minister then makes the final decision.

Common Interest Projects for Hydrogen

In November 2023, the European Commission implemented the 1st European Union List of Projects of Common Interest (PCI) and Projects of Mutual Interest (PMI). This included two national projects for 100% hydrogen in the H_2 MED corridor: the Celorico de Beira – Zamora interconnection ("CelZa") and to other national hydrogen transmission network.

6.9 M€

INVESTMENT TO CAPTURE
NEW SUPPLY POINTS IN 2023

947

REGULATORS INSTALLED

23.5 k

METERS INSTALLED

REN Gasodutos, REN Armazenagem, and REN Atlântico

With respect to the REN Gasodutos, REN Armazenagem, and REN Atlântico concessions, several projects were completed with a view to ensuring supply security and availability of gas storage.

In addition to the adequacy and/or replacement of a range of end-of-life equipment and systems, such as safety valve actuators, of note was the conclusion of the remodelling of the CTS 7000 in Campo Maior and the fitting of solar panels at several GRMS and the Sines LNG Terminal. The LNG Terminal also carried out remodelling of the fire prevention network.

Video surveillance systems were also restructured (Phase 1) for four gas stations (Arruda dos Vinhos, Bucelas, Cartaxo and Valongo) and metering systems were replaced in the GRMS stations of Alenquer, Carregado, Valongo, Sabacheira, and Frielas.

REN Portgás Distribuição

The Portgás investment plan is implemented in compliance with infrastructure growth strategy based on two pillars:

- distribution of required volumes of gas, on time and under suitable pressure in the network; and
- capture of new supply points in order to ensure the profitability and sustainability of the gas distribution system.

Investment in 2023 resulted in the application of 24.6 million euros in different projects across the 29 municipalities of the concession area. In compliance with established regulations, around 0.5 million euros was obtained via contributions to infrastructure investment, bringing net investment to 24.1 million euros.

Investment in the distribution network was 14.7 million euros, 13% below that seen in 2022, resulting in an increase of 0.1 km in the length of the primary network, 151.5 km in the secondary network and 17.3 km in branch lines.

Total network length in 2023 reached 6,485 km, corresponding to growth of 2.7% over the previous year.

To ensure the interconnection of the gas distribution networks to customer premises, 4,590 branch lines were built, corresponding to a ratio of 1.6 supply points per branch line, in line with figures from the previous year.

In 2023, focus on the densification of the supplied areas continued, with the ongoing aim of maximizing the use of existing infrastructures. However, with the advance made into more peripheral areas and due to the greater dispersion of housing stock, even greater effort is required to achieve this objective. For this reason, careful selection of network layout and deciding on the best investment opportunities become even more critical if our goals are to be achieved.

Efforts to capture new supply points resulted in investment of 6.9 million euros, 0.8 million euros less than in 2022. Interior network for natural gas supply was provided for 4,224 new dwellings, while 1,910 facilities with interior network were adapted for gas consumption. Additionally, 1,170 new supply points were acquired in the new market, i.e. homes already equipped for gas, and 66 new supply points for large-scale consumption, which made it possible to reach a total of 7,361 new supply points in the year.

Investment in supply points required the installation of around 947 regulators and the installation of around 23.5 thousand meters. Of these, around 14.9 thousand refer to renovation in compliance with the legal requirement to replace metering equipment after 20 years in operation.

As part of the decarbonization and digitalization strategy for REN Portgás assets, around 1.5 million euros was invested to leverage the energy transition in relation to gas distribution and provide for the injection of renewable gases into the infrastructure.

With a view to the technological updating of basic hardware and software, as well as operating systems and applications to support the business and ensure the high standards of quality and efficiency required by law and regulations in force, 1.2 million euros was invested in information systems in 2023.

1.5 M€
INVESTED
IN THE GAS DISTRIBUTION ENERGY TRANSITION

1.2 M€
INVESTED IN
INFORMATION SYSTEMS

Innovation and sustainability

The strategy of the Portgás Innovation Policy is to improve distribution assets while also enhancing the development of new consumption hubs in order to ensure a fair energy transition, with high resilience, quality of service and integration with the electricity sector. This strategy is based on the national aim of allowing gas distribution infrastructure to act as vehicles for local resources of renewable origin, which can enable industrialization and generate value for the country, where gas distribution infrastructures play a relevant role in implementing national and European directives, on a path to carbon neutrality. Based on this strategy, REN Portgás has launched projects to ensure the compatibility of its infrastructures with 100% of renewable gases, more specifically, hydrogen and biomethane.

In 2023, the different projects started in 2022 were continued with a view to assessing the impact of hydrogen injection into existing infrastructure. These projects required significant commitment, and for this reason considerable allocation of human resources.

The first steps were also taken to ensure the installation of a self-consumption unit (UPAC) in the Portgás building, thus reducing scope 2 emissions from its activity. In this UPAC project, the electricity requirements of the building were calculated, including the installed power of electric car chargers, and an additional reserve was included for the possibility of installing an electrolyzer for the production of green hydrogen.

REN Portgas Distribuição continued as a member of the Eurogas association and Gold partner of Innoenergy, having attended the annual event “The Business Booster” and “ECOFIZZ - Portuguese Energy Ecosystem Event”, thus continuing the existing partnership.

During 2023, the company also participated in different forums on energy transition, including the “European Clean Hydrogen Alliance”, “World Hydrogen Leaders”, “World Hydrogen Congress”, “Hydrogen & Fuel Cells Energy Summit” and in the working group “Ready4H_2”, thus continuing the scouting of new industry trends and mindful of how it will evolve.

Projects carried out in 2023 for hydrogen injection

Study of the impact of hydrogen injection into low-pressure networks, with the **support of the company KIWA NV;**

Review of Technical Specifications, **with the support of IDOM;**

Certification of external entity, **with the support of Bureau Veritas Certification Portugal;**

Advisory, **with the support of Open Grid Europe;**

Design of hydrogen mixing stations, **with support from Penspen;**

Study of the impact of hydrogen injection into medium-pressure networks, **conducted with the support of the Institute of Science and Innovation in Mechanical Engineering and Industrial Engineering (INEGI);**

Development of the gas quality control system architecture, **which aims to determine the quality of the gas in a network where other gases are injected, so that it is possible to determine, among other factors, the calorific value of the gas distributed at each point, with the support of DNV; and**

Development of the Management Architecture for Smart Gas Meters, **with the support of SIA-Partners.**

CONNECTIONS TO RNTG

With regard to connecting new “green” hydrogen and biomethane production centres to the RNTG, as part of our General Technical Management of the National Gas System, REN is responsible for coordinating injection conditions along the gas route. The goal is to maximize the intake capacity of renewable or low-carbon gases by the Public Gas Network, while maintaining quality and safety conditions, contributing to the integration of renewable energy sources and the decarbonization of the natural gas system.

Decree-Law No 62/2020 of 28 August established the organization and operation of the SNG and the respective legal regime. In accordance with Article 70 of this Decree-Law, the processes to connect new renewable gas production centres to the RNTG are subject to the prior registration procedure with DGEG. For RNTG connection processes, the RNTG operator pronounces on whether technical conditions exist for connection to the network and on compliance with applicable regulations. Once the RNTG operator has made a decision, DGEG either accepts or rejects applications for prior registration made by the promoters of projects to inject renewable gas into the RNTG.

Accordingly, in 2023, under the prior registration procedure, the RNTG operator received a total of 15 applications for a decision by DGEG for connection to the RNTG for “green” hydrogen production projects. In this period, no applications for decisions by DGEG were received for connection to the RNTG for biomethane projects.

OUR ACTIVITY

1.4 OTHER ACTIVITIES

100%

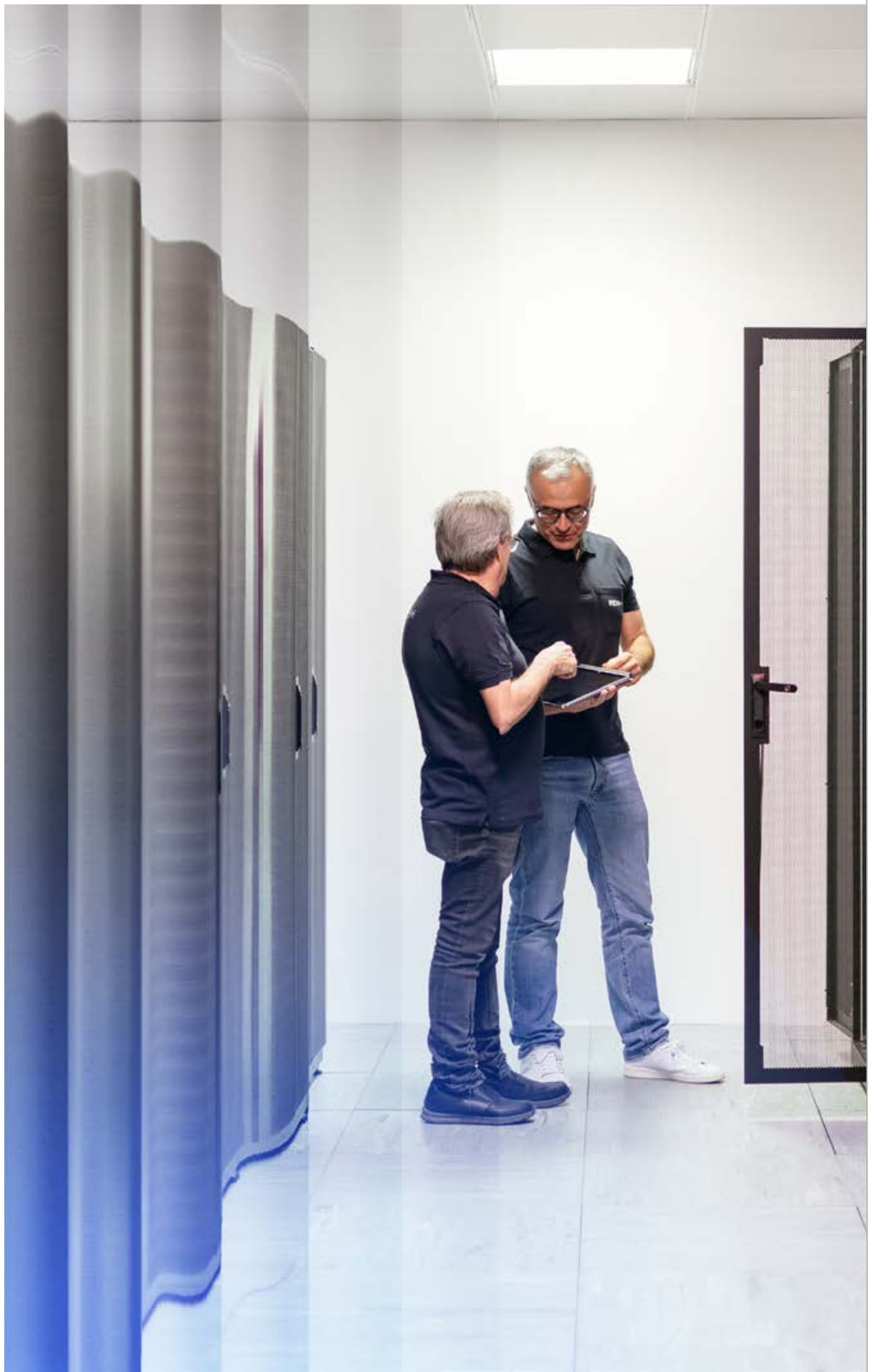
PUBLIC TELECOMMUNICATIONS NETWORKS OPERATOR

100% OWNED BY REN

RENTELECOM

Established in 2002, RENTELECOM – Comunicações, S.A. (RENTELECOM) is the REN Group Information and Communication Technologies (ICT) company. RENTELECOM operates telecommunications networks that are vital for the transmission of gas and electricity, providing fibre optic services, connectivity, telecommunications projects, and datacenter services.

RENTELECOM provides access to the optical fibres of the largest and most stable neutral trunk network in Portugal, with the largest number of interconnections between Portugal and Spain. The company is a supplier of reference in this market, in partnership with counterpart companies in the Spanish market. This joint Iberian offer supports a highly significant part of internet and data traffic on the Iberian Peninsula, and where RENTELECOM is assisting in the digital transformation of the economy.



RENTELECOM is the main neutral provider of datacenter services in Portugal.

48%

Corporate market

52%

Telecommunications operators' market

1.4%

INCREASE
IN TURNOVER

As part of this digital transformation process, RENTELECOM provides datacenter services through four hubs in Portugal, with emphasis on the Ermesinde and Riba de Ave datacenters, which position the company as the main neutral provider of datacenter services in Portugal.

With respect to connectivity and other ICT services, RENTELECOM provides connectivity and tailor-made services, such as: design and implementation and operation of telecommunications solutions.

With unique know-how based on the experience of operating critical networks and the market knowledge acquired by its teams over many decades, RENTELECOM assists customers and partners in creating differentiating value with special focus on utilities, telecommunications operators, and IT integrators, working with national and international clients.

In order to maximize market opportunities and leverage the knowledge that the company has accumulated, a strategic review of RENTELECOM's work was carried out in 2023. This study led to opportunities for growth being identified for both the fibre optics and datacenter markets. To address these opportunities, the company plans to strengthen its team throughout 2024, with the aim of prospecting and analysing these opportunities with a view to investment.

In an unusual year in the ICT market, RENTELECOM recorded a slight increase in turnover (1.4%). The company focus is divided between the corporate market (48%), and the telecommunications operators' market (52%).

In the area of datacenter services, company revenue slightly increased (+1%), while fibre optic rental remained stable. In the latter area, RENTELECOM has made multiple bids with solid perspectives of being able to close a number of these business opportunities, reinforcing RENTELECOM's role as a supplier of reference in this market.

In the field of circuit rental, there was an increase in turnover (+5%) due to the awarding of new contracts. In the area of design and management and maintenance services, significant growth was also seen (+5%) following the implementation of key telecommunications projects at power plants.

Concession for the exclusive production of wave energy.

ENONDAS

ENONDAS, Energia das Ondas, S.A. (ENONDAS), a company entirely owned by REN, is the result of a concession for the exclusive production of wave energy in a pilot area to the north of Sao Pedro de Moel, granted in 2010 by the Portuguese State. The concession has been granted for a period of 45 years and includes authorization to build the infrastructures required to connect to the public power grid.

In 2023, ENONDAS continued to promote and publicize the pilot zone among potential promoters in the marine energy sector, participating in conferences and seminars, the most relevant being those held by the Fórum Oceano.

With regard to commercial activity, contact has been maintained with potential promoters and sector organizations/ companies with the aim of maintaining their interest in the Portuguese Pilot Zone.

In accordance with the ENONDAS legal framework and as there have been no amendments to the provisions of Council of Ministers Resolutions No 81-A/2016 and No 12/2018, investment in 2023 was nil.

100%

CONCESSION

TO PRODUCE WAVE ENERGY 100% OWNED BY REN

100%

POWER PURCHASE
AGREEMENT MANAGEMENT
100% OWNED BY REN

REN TRADING

REN Trading S.A. (REN Trading), a company 100% owned by REN, manages Power Purchase Agreements (PPA) that are not subject to early termination in accordance with Decree-Law No 172/2006 of 23 August. In the management of the respective PPAs, REN Trading acquires all the power and system services from the Tapada do Outeiro Power Plant (Turbogás S.A.).

Production from the non-terminated Power Purchase Agreement (PPA) from the Turbogás thermal power plant is placed on the market (MIBEL) by REN Trading.

The difference between the contract cost under the PPA and the income from the market sale of power and system services supplied by the power plant, plus the operating costs, is incorporated into the General System Use tariff paid by power consumers.

As part of its regulated activity as a Commercial Agent, REN Trading is a company that plays an active role in the challenges presented by climate change. The management of the Turbogás PPA plant is conditioned by the rules of the European Emissions Trading Scheme (EU ETS).

This situation is the result of a multilateral international negotiation process, which culminated in 1997 with the signing of the Kyoto Protocol by Portugal as a member of the EU (European Union). The aim is to mitigate climate change by reducing emissions of greenhouse gases (GHG).

ETS was the tool implemented in the EU to comply with the Kyoto objectives and continues to be a key-element in policies to limit GHG, after the international consensus achieved in the Paris Agreement of 2015 and the implementation agreed at the Katowice Conference in December 2018. Through the allocation of a price on CO_2 (one of the main greenhouse gases, and the measurement unit for remaining gases, in accordance with the UN Intergovernmental Panel on Climate Change, IPCC), under ETS, the goal is to reduce the emissions of the main industrial facilities, and covers sectors such as the production of electricity from fossil fuels, steel making, ceramics and petrol refineries etc., and more recently, aviation.

ETS rules are integrated into national law under Decree-Law No 233/2004 of 14 December 2004, and additional legislation

The sale of electricity on the market is mainly through the:

IBERIAN ELECTRICITY MARKET (MIBEL)

Placement of daily and intraday sale and repurchase orders on the OMIE (Iberian Energy Market Operator) exchange platform.

SYSTEM SERVICES MARKET (MARKET OPERATED BY THE GENERAL SYSTEM MANAGER)

During 2023 active participation in the system services market increased as a result of the increase in the quantities of energy traded, despite a decrease in prices. The decrease in prices was due to the increase in renewable electricity production. In this field, in addition to the Gas Consumption Management Agreement (AGC) established with GALP Gás Natural, S.A., REN Trading also accompanied the fuels markets (oil and gas) and their respective price indexes.

that came about further to the transposition of Community Directive No 2009/29/EC of the European Parliament and of the Council of 23 April transposed by Decree-Law No 38/2013 of 15 March 2013.

With the aim of minimizing annual expenditure on emissions licences (on the total amount of emissions made by the PPA power plant, given the end of allocations for the national electricity production sector), as a result of the total costs incurred by electricity consumers, in compliance with that stipulated by ERSE, REN Trading worked in 2023 as an order-router member of the ICE Endex, the key market in CO_2 emissions licence futures trading in the EU.

It is the responsibility of REN Trading to acquire CO_2 emission licenses in line with the environmental requirements of the PPA plant, which requires buying EUA (European Unit Allowance) licenses.

The strategy of REN Trading with regard to the market sale of electricity production from this plant has always taken into account the most recent emissions forecast and the associated cost, measured through the EUA market price. In essence, through ELT, an impact is caused on the operation of the electricity market, where a consequence of this European mechanism can be seen on the emissions of the plant and on the electrical power programme.

In general terms, the activity of the Turbogás plant in 2023, the PPA for which will be in force until March 2024, was affected by a significant fall in the spot price on the electricity market (OMIE) with respect to figures for 2022. Also with regard to REN Trading activity in the futures market for CO_2 licences, a series of licence acquisitions has been around 1.364 million tons, in other words, 2% less than in 2022. The price of gas influenced the price of production at the Turbogás Power Plant to fall by 13%.

REN Trading is a regulated company whose permissible operating earnings stem from the accepted operating costs for 2022, 2023 and 2024. The company's operating earnings in 2023 thus correspond to the sum of REN Trading's operating costs.

REN Trading's income comes from the recognition of the entity's costs and remuneration on assets defined by ERSE. For 2023, the remuneration rate was 4.75%.

In 2023, the balance of the tariff difference account from the purchase and sale of electrical power, within the scope of PPA management, was 266 million euros to be recovered.

ENGINEERING CONSULTANCY

REN provides specialized engineering services in the fields of electricity, gas and telecommunications. The competences that the company has are the result of its extensive experience and knowledge in the operation and management of power and communications transmission systems, as well as from ongoing technological training and innovation.

CO_2

1.364 M

TONS OF CO_2 LICENSES ACQUISITIONS

-2%

CO_2 LICENCES VS. 2022

With respect to engineering services in 2023, of note are the following activities:

Active prospecting for the provision of consultancy services Consumption, through meetings with the promoters of renewable power generating and consumption facilities to promote and inform on REN consultancy services and draw up technical-commercial proposals to meet their needs.

Provision of consultancy services in Portugal for the supervision of construction of access corridors and environmental monitoring of equipment connecting power plants and consumers to the national grid.

OUR ACTIVITY

1.5 INTERNATIONAL

The REN Group's international presence reflects a conservative growth strategy, prioritising investments aligned with its domestic business, in markets that offer favourable economic, institutional, regulatory and legal conditions, such as Chile.

INTERNATIONAL

CHILE

Electrogas

In February 2017, REN completed the purchase of a 42.5% stake in the share capital of Electrogas S.A., for 169 M€.

42.5%
STAKE IN ELECTROGAS

169 M€
AQUISITION VALUE

166 km
REVERSIBLE GAS PIPELINES

CHILE

Transemel

On 1 October 2019, REN acquired the entire share capital of Empresa de Transmisión Eléctrica Transemel, S.A., for 155 M€.

155 M€
AQUISITION VALUE

92 km
ELECTRICITY TRANSMISSION

5
SUBSTATIONS

MOZAMBIQUE

Cahora Bassa

Located in Tete province, central-west Mozambique, the Cahora Bassa dam is operated by Hidroeléctrica de Cahora Bassa, S.A. (HCB). Created in February 1970 and started operations in 1977.

7.5%
FINANCIAL PARTICIPATION SINCE JULY 2012

Three new electricity transmission concessions awarded to Transemel.

92 km
OF ELECTRICITY TRANSMISSION LINES
+ 5 SUBSTATIONS

100%
OWNED BY REN

100%
AVAILABILITY RATE OF ASSETS IN 2023

99.8%
AVERAGE AVAILABILITY RATE OF ASSETS OVER THE PAST THREE YEARS

TRANSEMEL

Transmision Elétrica Transemel S.A. (Transemel), whose share capital was 100% acquired by REN in 2019, was established in 1999. The company owns and operates 92 km of electricity transmission lines and five substations in the northern and central regions of Chile.

The acquisition of Transemel is REN's second inorganic investment in the Chilean market. As with the acquisition of Electrogas, which is described later on, the operation fell within REN's strategic directives, more specifically, a conservative growth strategy that favours investment related to the core domestic business in markets that benefit from suitable economic, institutional, and legal and regulatory factors.

REN is now fully responsible for the management and operation of the company's assets, and a local team has been set up which oversees this work. Approximately 90% of Transemel income is regulated, corresponding to perpetual licences.

The company is currently in the final phase of implementing a plan to expand its assets that represents an investment of around 56 million euros.

As a result of an organic growth strategy, Transemel was awarded three new electricity transmission concessions in 2022 and 2023 further to public bidding for new concessions carried out by the "National Electric Coordinator" of Chile. The projects include the construction and operation of four electrical substations (Buenavista, Buli, Las Delicias and Coiquén) and an electricity transmission line of around eight kilometres. It is expected that the construction of these assets will be concluded by mid-2028.

The northern region of Chile, where most of the company's assets are located, is strongly influenced by the mining industry and one of Transmel's substations is located close to the largest copper mine in the world, in Calama. It is also influenced by a significant increase in renewable power generation projects, mainly photovoltaic, due to the high solar irradiance in this area of the country.

Quality of service

The company has shown a good quality of service, with an asset availability rate of 100% in 2023 (average rate over the last three years was 99.8%). Furthermore, as part of the execution of the company's expansion and operation projects, there were no accidents involving either internal or subcontracted personnel.

Service level characterized as excellente.

3.2 bcm

AVERAGE TRANSMITTED GAS PER YEAR IN FOUR YEARS

ELECTROGAS

REN acquired a 42.5% stake in the capital of Electrogas, S.A. (Electrogas), in 2017. This acquisition allowed REN to achieve one of the main goals set out in the strategic plan for the period 2015-2018, more specifically that of an international investment project.

Electrogas owns and operates a natural gas transmission system located in central Chile consisting of around 166 km that connects the Quintero LNG Terminal to the metropolitan area of Santiago, to a branch line feeding power plants and refineries and the GasAndes gas pipeline, which connects the natural gas systems of Chile and Argentina.

The remaining shareholder structure of Electrogas is composed of Colbun S.A. (42.5%) and the Empresa Nacional del Petróleo (ENAP) (15%), a company which is wholly owned by the Chilean State. The relationship between the parties is governed by a shareholders' agreement. As a shareholder of Electrogas, REN actively participates on the company's Board of Directors and at General Meetings, contributing to strategic, financial, and operational decision making.

As the sole infrastructure in the region, the Electrogas gas pipeline is vital for supplying the power plants providing electricity to central Chile as well as to the gas distributor companies in the Santiago and Valparaíso regions. The gas pipeline is technically reversible, allowing both the export and import of gas to neighbouring Argentina.

The Electrogas business model is based on solid Take-or-Pay gas transmission contracts, with no volume risk. The tariffs are indexed to the evolution of specific USA and Chilean price indexes and are updated every six months. The company's main clients include key electrical power generation companies (ENEL and Colbún), industrial organizations (ENAP), and gas distributors (Metrogas and GasValpo).

166 km

OF GAS TRANSMISSION SYSTEM

42.5%

HOLDINGS IN ELECTROGAS SHARE CAPITAL

Quality of service

In the last four years, Electrogas has transmitted an average of 3.2 bcm of gas per year. According to an annual customer satisfaction survey, the company's level of service is characterized as excellent, and in 2023, as in previous years, there were no interruptions in the supply of gas in the Electrogas transmission system.

REN plays an active role in the management of the company and its future development.

CAHORA BASSA HYDRO PLANT

Since 2017, REN has held a stake of 7.5% in the share capital and voting rights of Hidroeléctrica de Cahora Bassa, S.A. (HCB), a Mozambican company that manages the hydroelectric power of the Cahora Bassa Dam, one of the largest hydroelectric plants in Africa, located in the Tete province, central-west Mozambique.

HCB holds the concession for the management, operation, and maintenance of the facility, which consists of a hydroelectric power plant with installed generating capacity of 2,075 MW, two substations, 1,400 km of high voltage direct current (HVDC), and high voltage alternating current (HVAC) lines. Additionally, HCB maintains and operates a 400 kV transmission line in Zimbabwe, owned by EDM.

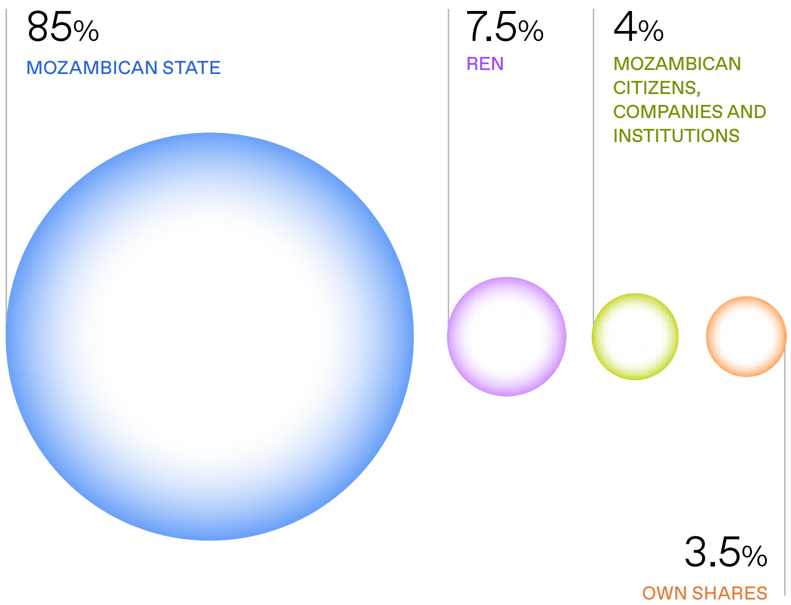
The company started operations in 1977, supplying electricity to Mozambique, South Africa, Zimbabwe, and other member countries of the Southern African Development Community.

In addition to REN, the company's shareholder structure is made up of the Mozambican State, which holds 85% of share capital, and Mozambican citizens, companies, and institutions, with 4% of share capital, with a further 3.5% of capital held by the company itself through own shares.

HCB remains committed to its mission to contribute to the expansion of Mozambique's energy potential and the implementing of its investment plan, referred to as Capex Vital 10 Years, with the aim of improving its performance in the areas of power generation, conversion, and transmission.

In 2023, the company achieved the highest production figure in the last five years, totalling 16,058 GWh, the result of careful management of the dam's water availability and the implementation of reinforced operation and permanent maintenance of hydroelectric generation and transport equipment.

REN plays an active role in the management of the company and its future development, and is represented on the Board of Directors, while also assisting in the training of Mozambican staff and development of local skills.



2,075 MW
GENERATING CAPACITY
OF THE HYDRO PLANT

1,400 km
OF HIGH VOLTAGE LINES
IN DIRECT AND ALTERNATING CURRENT

16,058 GWh
ELECTRIC ENERGY
PRODUCTION IN 2023

2. STRATEGY AND RISK MANAGEMENT

STRATEGY AND RISK MANAGEMENT

2.1 STRATEGY

As a facilitator in the energy transition, REN actively contributes to shaping a socially responsible future, thereby generating substantial positive impacts for both the community and our diverse stakeholders.

STRATEGIC PLAN 2021-2024

The REN Strategic Plan for 2021-2024, presented during 2021 and drawn up with the aim of accelerating the energy transition, reflects commitments to sustainability, the investment necessary for the energy transition and the Group's financial solidity.

The Plan is based on three strategic pillars

1. Commitment to high environmental, social, and corporate governance standards
2. Growth in investment anchored in the trend towards the electrification of economic activities, the decarbonization of gas networks, and promoting resilience and innovation, all while upholding stringent criteria for service quality
3. Strong financial indicators and sustainable shareholder return, with credit metrics consistent with an Investment Grade credit rating

REN

1 HIGH ENVIRONMENTAL, SOCIAL, AND CORPORATE GOVERNANCE STANDARDS

Greenhouse gas emissions
Approval of the scope 1+2 and 3 emissions reduction targets in accordance with the methodology and criteria of the Science Based Target Initiative (SBTi)

Diversity
For the third consecutive year REN was included in the Bloomberg Gender Equality Index

Human capital management
Signing of the "More and Better Jobs for Young People Pact", promoted by the Secretary of State for Labour

Biodiversity
Publication of the Biodiversity Commitment Charter for all company operations and infrastructure

Suppliers
Organization of meetings and training and awareness-raising sessions for suppliers, promoting knowledge relating to REN's ESG commitments and the theoretical aspects on which they are based

Ratings
Improvement in ESG rating (B to A- in CDP, A to AAA in MSCI)

Anti-corruption
Pre-audit of the anti-bribery management systems in accordance with ISO 37001 with a view to future certification

Electricity production for self-consumption
Installation of the first solar unit for self-consumption (250 kW at the Sines LNG Terminal) and start of the installation of two other units (1 MW at the Ermesinde substation and 2 MW at Riba de Ave substation)

2 GROWTH IN INVESTMENT, WITH EXCELLENCE IN SERVICE QUALITY

Integration of renewable energy
Commitment to the growing integration of renewable energy to enable the goals announced under the 2030 National Energy and Climate Plan (NECP) to be achieved, updated in 2023, and which require an increase in installed renewable capacity of 181% compared to 2021 figures

Investment
Increase in REN Capex of around 90% vs. the annual average of the 2018-2020 strategic cycle (from 156M€ to 296 M€), mainly driven by the domestic electricity transmission segment

Innovation
The Speed-E solution for charging electric vehicles through the electricity transmission network developed by REN has obtained an exclusive patent in the United States. The solution was also honoured at the Ibero-American Regional Meeting of the International Council of Large Electrical Systems (CIGRE)

Service quality
Continued high levels of service quality, with an average of 0.39 minutes of interruption in electricity supply and 100% combined availability rate in the gas infrastructure

Hydrogen
The mobilizing agenda "H_2 Green Valley" led by REN, guaranteed access to the investment grant allocated under the Recovery and Resilience Plan (RRP). This agenda consists of estimated total investment of 34 million euros, 27.5 million of which corresponds to investment to be made by REN. Furthermore, REN has invested 5 million euros in an Asset Compliance Programme to prepare for the adaptation of the gas transmission, storage, and distribution infrastructure to hydrogen

3 SOLID FINANCIAL INDICATORS AND SUSTAINABLE SHAREHOLDER RETURN

Credit metrics
Continued credit metrics which are consistent with an Investment Grade credit rating from the three major rating agencies – Moody's, Fitch and S&P

Green loan of 450 M€ from the EIB
The European Investment Bank (EIB) has allocated a 450 million euros loan to REN to finance connections from renewable energy sources to the grid, as well as the strengthening and modernization of the Portuguese electricity transmission network

Business indicators
Compliance with all financial targets communicated

REN was one of the ten Portuguese companies best ranked in the annual Brand Finance report "Portugal 25 2023", with respect to the 'Sustainability Perceptions Score'.

90 M€

CAPEX
OF THE THREE NEW ELECTRICITY TRANSMISSION CONCESSIONS AWARDED TO TRANSEMEL IN 2022 AND 2023

In relation to the goals set out in the Strategic Plan for environmental, social, and corporate governance sustainability, REN will continue to pursue and reinforce measures that will enable the monitoring and reduction of emissions, the strengthening of the company's role with local communities, the promotion of human capital and the environment, and alignment with the best corporate governance practices. As a result of this effort, in 2023, REN was one of the ten Portuguese companies best ranked in the annual Brand Finance report "Portugal 25 2023", with respect to the 'Sustainability Perceptions Score'.

Regarding investment and service quality, REN will continue to meet, both in Portugal and Chile, the needs arising from the goal to decarbonize energy systems, with a commitment to continue to provide a service of excellence.

In Portugal, aware of our responsibility as a provider of a public service critical to society and the national economy, REN will maintain its active liaison role with the different public and private bodies responsible for analysing, defining, and implementing solutions that promote the introduction of renewable power. According to the NECP 2030, announced in 2023, a significant increase in installed renewable capacity is expected by 2030, particularly in relation to solar energy, installed capacity for which could reach 20.4 GW by 2030, compared to 1.7 GW in 2021. In response to this national energy system requirement, REN has established direct agreements with solar power promoters to connect 3.5 GW by 2026 and an additional 3.2 GW by 2029. Regarding the gas sector, REN, together with the Spanish transmission system operator (Enagás) and the French operators (GRTgaz and Teréga), formalized the "Green2TSO" initiative, with the aim of transforming the gas network into a hydrogen network, using open innovation.

For the Chilean market, as in 2022 where, under a competitive bidding process, Transemel was awarded two new electricity transmission concessions with estimated Capex of 47 million euros, in 2023, Transemel was awarded a new electricity transmission concession which involves the construction and operation of two new substations and one line, with estimated Capex of 43 million euros.

With regard to financial indicators, the prevailing macroeconomic environment demand the ongoing active and prudent management of the company's financial strategy. While REN's core business model provides partial protection against rising interest rates and inflation, the company will continue its policy of enhancing efficiency in operating and financial costs. This strategy aims to safeguard results and ensure an appropriate return for shareholders.

3.5 GW

DIRECT AGREEMENTS WITH SOLAR POWER PROMOTERS
UNTIL 2026

3.2 GW

ADDITIONAL
UNTIL 2029

Sustainability approach

Our company's sustainability approach is inherently connected with fulfilling REN's mission of being an active agent in the energy transition. We are committed to creating sustainable value and to having a tangible positive impact, both in communities and ecosystems. We take on a conscious and responsible role of leadership, oriented toward building a greener and more resilient future. Under the strategic review carried out at the end of 2023, and with a view to the next strategic cycle, we have **established five priority axes** that reflect our dedication to sustainability:

ENERGY TRANSITION AND CLIMATE CHANGE

AIM

To be a facilitator by integrating renewable energy sources into networks, maintaining our commitment to security of supply, service quality and the decarbonization of our activities

MATERIAL TOPICS*

- Integration of renewable energies
- Energy efficiency
- Climate change

NATURAL CAPITAL MANAGEMENT

AIM

To be recognized as an environmentally responsible company, acting in accordance with the best environmental management practices and playing an active role protecting the environment and natural capital

MATERIAL TOPICS*

- Biodiversity and forestry

VALUING OUR PEOPLE

AIM

To value our employees through training, earnings, and protection, ensuring a working environment that is inclusive, safe, and focused on well-being

MATERIAL TOPICS*

- Human capital management and training
- Occupational health and safety
- Diversity, equality, and inclusion
- Respect for human rights

CREATING VALUE FOR STAKEHOLDERS

AIM

To promote the engagement and support of stakeholders, while also ensuring safety, reliability, and quality in the supply of electricity and gas, acting in a socially responsible manner

MATERIAL TOPICS*

- Health and safety of surrounding communities
- Community engagement and support
- Respect for human rights

RESPONSIBLE GOVERNANCE

AIM

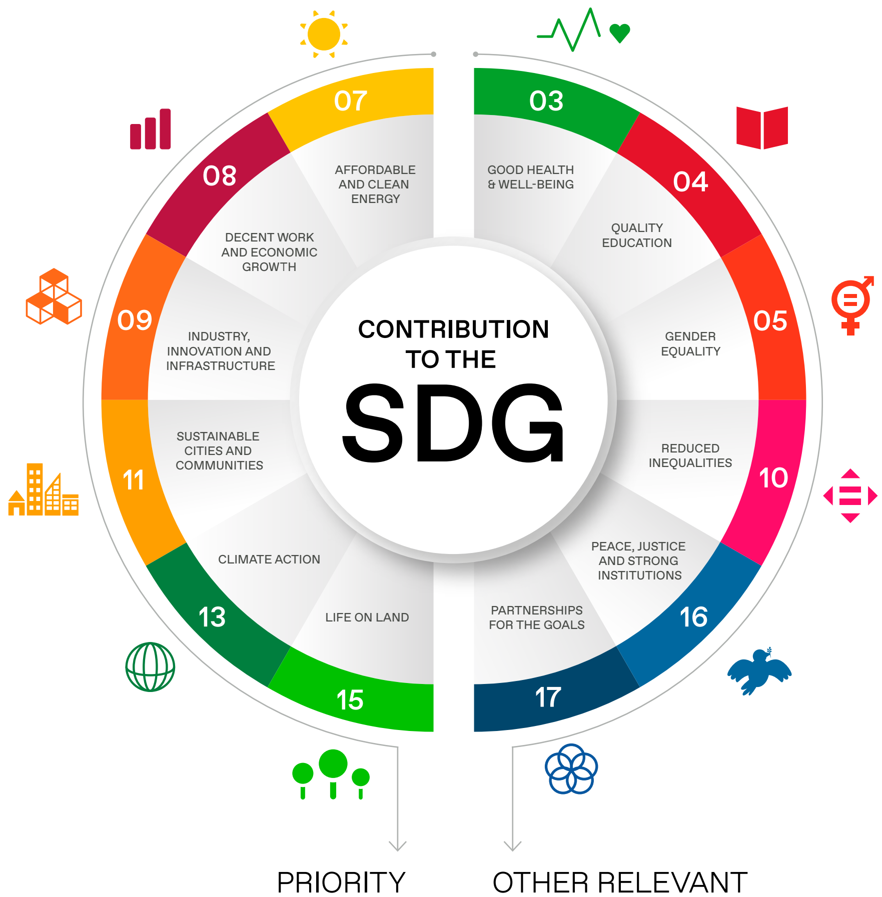
To base our work on the best international practices in ethics and governance, promoting a culture of fighting corruption and risk management

MATERIAL TOPICS*

- Anti-corruption
- Ethics and conduct
- Operational safety, emergency preparedness and response
- Risk and crisis management

*Transversal topics: Operational excellence | Economic performance | Sustainable supplier chain

REN has been strengthening its approach to sustainability, notably by defining action plans aimed at achieving the set goals.



Our sustainability approach, which reinforces and operationalizes sustainability as a REN strategic pillar, reflects a solid approach, based not only on the internal size of the company, but also on the external environment. The diagnosis carried out for the review of our sustainability approach in 2023 focused on the results of a consultation held with stakeholders and the application the double materiality concept, the analysis of internal and external commitments already taken on, the ESG initiatives underway at REN, as well as an analysis of context and trends, benchmarking and an analysis of sustainability indexes and ratings. Moreover, a workshop was held involving a group of internal decision-makers to calibrate and align our ambition and how we intend to achieve it.

Greater accountability of the company with regard to how our ESG goals are to be achieved see chapter 2.2 Commitments will require strengthening and adaptation within the Group with a view to implementing initiatives and projects that will enable the stated targets to be achieved.

To ensure the alignment and integration of sustainability in REN activity, we have defined a sustainability management model see chapter 3.1 Governance to define, coordinate and monitor our sustainability strategy.

A new ESG action plan will be launched in 2024 to promote initiatives that will allow the priorities set out for sustainability to be achieved. Initiatives are developed in conjunction with the different REN departments, promoting the active participation of everyone in order to comply with shared objectives.

Contribution to the Sustainable Development Goals

Our sustainability approach is directly linked to the Sustainable Development Goals (SDGs) created in 2015 by the United Nations, to define the priorities and aspirations of global sustainable development for 2030. Based on the impact of our activities, as well as on the results of stakeholder consultations, we have defined the above SDGs relevant to REN.

Main stakeholder groups

- Employees
- Shareholders
- Financial sector
- Clients
- Official entities
- Suppliers
- Local communities
- Associations and strategic partners

Stakeholder consultation

In 2023, a new stakeholder consultation process was conducted, with an impressive 83% participation rate increase compared to the previous process held in 2021. The outcomes of this consultation played a crucial role in reviewing REN's material topics. This process was partially aligned with the concept of double materiality. The result of this review is publicly available on our *website*.

Stakeholders

At REN, we seek to establish solid and constructive relationships that meet the needs and expectations of our stakeholders to ensure the continuity and sustainability of our activity.

The relationship with each group of stakeholders is tailored to their needs and their impact on the company's activities.

Given the importance of stakeholders for the development of REN's activity, we hold stakeholder consultation processes every two years in accordance with the AA1000AP – Accountability Principles 2018. These processes have a direct impact on REN's sustainability approach, as well as on the initiatives conducted in this regard.

The sustainability topics submitted for stakeholder consideration are identified based on a benchmarking analysis of national and international companies of reference and the main trends in the industry. The results of previous stakeholder consultations are also considered. This was the sixth consultation process carried out since 2011.

Recognizing its significance to REN, we have established a Stakeholder Relationship Policy. The objective of this Stakeholder Relationship Policy is to reinforce our dedication to stakeholders by outlining key principles aimed at fostering a transparent, ethical, and mutually beneficial relationship. Moreover, and so that every stakeholder has proper follow-up, since 2022 we have provided a contact, opinion, and complaint mechanism, which is publicly accessible on the REN *website*. This mechanism, available as a form, has predefined categories and contact topics, allowing communications to be handled efficiently as they are forwarded directly to the respective REN department.

CONTACT MECHANISM

CATEGORIES:

- Contact
- Opinion
- Complaint

SUBJECTS/ SUBCATEGORIES:

- Environment
- Communication
- Local communities
- Statistical information
- Innovation
- Media
- Investor relations
- Owners and access corridors

STRATEGY AND RISK MANAGEMENT

2.2 COMMITMENTS

The definition and disclosure of commitments and targets promotes greater transparency about our planned path. REN has established ambitious goals and the respective progress is described in this Report with the aim of disclosing our strategic actions, well as the current situation in relation to the targets set.

1

HIGH ENVIRONMENTAL, SOCIAL, AND CORPORATE GOVERNANCE STANDARDS

Commitments	2023[27]
To reduce scope 1 and 2 emissions by 55%[25] by 2030 (in comparison to 2019)	-45%
To achieve carbon neutrality by 2040	*on track*
To have 1/3 of primary management positions occupied by women by 2030	33%
Increase the weighting of ESG in manager performance metrics as of 2022	√
100% of new bonds issued are green (green bonds)	√

2

GROWTH IN INVESTMENT, WITH EXCELLENCE IN SERVICE QUALITY

Commitments	2023[27]
Up to 40% increase in average annual Capex of domestic businesses *vs.* last strategic cycle (from 156 M€/ year to 190-220 M€/ year)[26]	57%
Capex in Electricity Transmission of 150-175 M€/ year (vs. 118 M€)	243
Capex in Gas Transmission of 15-20 M€/ year (vs. 13 M€)	28
Capex in Gas Distribution of 25 M€/ year (vs. 25 M€)	25
Growth of up to +2x of the average annual Capex of Transemel vs. last strategic cycle (from 8 M€/ year to 10-15 M€/ year)[26]	-27%

3

SOLID FINANCIAL INDICATORS AND SUSTAINABLE SHAREHOLDER RETURN

Commitments	2023[27]
EBITDA of 450-470 M€	514
Net profits of 90-105 M€	149
Net debt of 2.7-2.5 (B€)	2.7

[21] Updated target from 50% to 55%.
[22] Average 2021-2023.
[23] Performance in 2023.

STRATEGY AND RISK MANAGEMENT

2.3 RISK MANAGEMENT

REN faces a number of risks which are inherent to our work and require effective and strategic risk management. This process involves careful analysis of the operational environment, accurate risk assessment, and the implementing of mitigation measures. These actions are key to ensuring the continuity of REN's operations and maximizing emerging opportunities.

Contribution to SDG

08 DECENT WORK AND ECONOMIC GROWTH

09 INDUSTRY, INNOVATION AND INFRASTRUCTURE

MAIN INITIATIVES

Review of REN's risk profile

E-learning on the risk management process

Certification of the Information Safety Management System in accordance with ISO 27001

Certification of the Asset Management System in accordance with ISO 55001

MAIN INDICATORS

8 — 8 RISKS (of greater severity) MONITORED USING 34 KEY RISK INDICATORS

7 — ECONOMICALLY QUANTIFIED CLIMATE-RELATED RISKS AND OPPORTUNITIES

ZERO — SERIOUS INFORMATION SECURITY INCIDENTS

ABOUT THE FUTURE

Evolution and optimization of REN's corporate risk management

Ongoing analysis of climate-related risks

GOVERNANCE

Risk management, as a transversal system and driver of ongoing risk exposure analysis, is essential for the efficient management of REN's critical activities and our efficient operation. To this end, REN has dedicated and reinforced structures, particularly the area created for integrated risk and insurance management, which directly supports the Risk Management Committee. Internal control involves systemic prospecting methodologies and mechanisms for the regular monitoring of the risks to which we are exposed and the adequacy of the respective coverage, especially the most severe risks. Action is taken on three levels:

1

OPERATIONAL

Provided by those in charge (Risk Owners) of the different areas of Group companies

2

TACTICAL

Provided by the Executive Committee assisted by the Risk Management Committee

3

STRATEGIC

Includes the Board of Directors as the managing body of the company which has the Audit Committee as an independent supervisory and control body

REN has specific structures dedicated to risk management, namely a Risk Management Committee.

The strategy definition, the risk management policy, the objectives, and the degree of risk acceptance ("risk appetite") are established by the Board of Directors and implemented by the Executive Committee, after collecting the different contributions from Risk Owners, relevant commissions, and committees. As an independent supervisory and internal control body, the Audit Committee plays a key role in advising the Executive Committee with respect to the analysis of the efficiency of internal control and risk management systems. The Audit Committee also submits proposals for improving the functioning of these systems and adjustment to any needs identified. Advice is also provided on the effectiveness of implementing the internal control and risk management model, and on defining a periodic internal audit plan (carried out by the internal audit department).

Furthermore, the Audit Committee checks compliance with legal provisions and other obligations of Group companies, particularly compliance with concession contracts, as well as the reports produced by the different departments. More specifically, this involves matters relating to the legal reporting of accounts, the identification and resolution of conflicts of interest and the detection of potential irregularities, to ensure that the risks actually incurred are consistent and do not impact negatively on our strategy or the goals set by the Board of Directors.

RISK MANAGEMENT PROCEDURE

In order to ensure effective risk management, REN has adopted the NP EN ISO 31000 standard for the implementation of the risk management system as a support process for the integrated management system, and has developed a corporate risk management methodology that applies to all Group companies.

1 IDENTIFICATION
Identification of risks based on a context assessment (external and internal).

2 CHARACTERIZATION
Identification of risks by category, subcategory and nature, as well as likelihood of occurrence and magnitude of impact.

3 PRIORITIZATION
Determination of priority risks for assessment.

4 ACTION
Definition and application of strategies to eliminate, control and mitigate risks.

5 MONITORING
Monitorization and follow-up of risk evolution, as well as correction of any deviation.

Based on a context assessment (external and internal) and the references under which operations take place, REN characterizes the risks to which the company is exposed, defining a risk profile and criteria to specify the magnitude and type of risks we may or may not take on (level of acceptance of risk or "risk appetite") and suitable treatment thereof.

The characterization of risk allows
i) the identification by category, subcategory and nature, the establishing of the likelihood of occurrence and the magnitude of the impact and ii) determining priority risks for handling and the respective control and mitigation strategies. This process is undertaken on an annual basis and is conducted in three stages:

1. The risks are first characterized by the heads of the different business areas (Risk Owners);

2. Greater severity risks are communicated and monitored by REN's Corporate Risk Management Committee; and

3. REN's Corporate Risk Management Committee reports them to the Executive Committee and the Audit Committee.

The severity or level of risk (low, moderate, or high) is assessed based on the analysis of the likelihood and severity of occurrence of potential risks. Likelihood is appraised as the possibility of a situation occurring during a specific period and classified as one of five levels (1 – Very low; 2 – Low; 3 – Medium; 4 – High; 5 – Very high). The impact is based on the consequences of the risk and reflects the extent of the damage caused by the effect of a risk occurring. It is analysed from five different perspectives (Financial, Image and Reputation, Environment, Health and Safety and Compliance) and is also classified as one of five levels (1 – Very low; 2 – Low; 3 – Medium; 4 – High; 5 – Very high). The Risk Management Committee also assesses the potential impact on business continuity. This process determines REN's risk profile and the risks that will be subject to monitoring and follow-up, based on the following principles, including those associated with ESG:

Principles to determine REN's risk profile

Alignment with defined strategy and aims;

Strengthening and improvement of effectiveness and efficiency in the use of resources;

Resolution of vulnerabilities and protection of assets;

Preventing and detecting Irregularities, fraud, and other associated offences;

Analysis of the system for producing, handling, and processing of information;

Checking of the reliability and accuracy of financial, accounting and other kinds of information;

Checking for compliance of the Group's operations and business with applicable legal and regulatory provisions, as well as with general policies and company regulations; and

Promoting of operational effectiveness and efficiency.

Risk Management Training

The e-learning course on the risk management system implemented at REN currently covers all persons responsible for the different areas (Risk Owners) and other employees with direct responsibility in the implementation of the process and the monitoring of the risks. Attendance of this course is compulsory and it is held every year.

The course seeks to inform on the risk management process, how to implement it correctly and equip employees with the necessary skills enabling them to use the REN Risk Management Application.

The training provides tutorial videos for the correct use of the application, how to perform effective risk monitoring, manage control and mitigation measures, promote communication and consultation between the different areas, and propose the implementation of any opportunities identified.

In 2024, the course will be gradually extended to all REN employees, regardless of whether they perform duties or tasks directly associated with REN's corporate risk management.

It is intended that all employees undergo training on risk management during 2024.

After identifying and assessing the risks, the Risk Management Committee identifies suitable measures to eliminate, mitigate or control such risks and notifies the Executive Committee and the Audit Committee of the results of its analysis. The Risk Management Committee also seeks to apply preventive, control, and mitigation measures, by drawing up an action plan with priorities established in accordance with the degree of risk and internally disseminates the best practices in the management of corporate risks.

The reassessment of risks centres on characterization (category, subcategory, and nature) of identified and/ or emerging risks, and is carried out by the Risk Owners, based on the analysis and assessment of the external and internal contexts in which REN operates, among other factors. As a result of this characterization, the risks are managed and monitored by the areas themselves, in accordance with the levels of competences assigned and communicated to the Risk Management Committee, where REN's overall risk profile is updated.

The risk management process is audited every year under the Integrated Management System and by the Statutory Auditor.

Through the risk management process and based on the methodology implemented, REN seeks to guarantee compliance with the strategy and objectives set by the Board of Directors. This involves ensuring legal compliance, the establishing of suitable policies, managing the needs and expectations of stakeholders, identifying risk factors, and the consequences of the risk occurring and the mechanisms for handing and minimizing impacts. Furthermore, the process aims to align permissible risk with the REN Group strategy, ensure the quality, reliability, and integrity of information, ensure the prudent and proper operation, maintenance, safeguarding, and evaluation of assets, improve the quality of decisions, and promote the rational and efficient use of resources. This process results in the production, reporting and disclosure in a comprehensive, reliable, and timely manner of all information, including financial and accounting information, as well as the application of an appropriate information control and management system.

Prevention, control, and risk mitigation measures are applied, notably through an action plan with priorities set according to the risk degree.

Risk categories at REN

1 RISK CATEGORY 1 - SURROUNDING ENVIRONMENT

1.1 External context
Risk nature

- Sovereign/ political
- Legal
- Regulatory
- Industry
- Energy markets (electricity and natural gas)
- Financial markets
- Availability of capital
- Relationships with shareholders
- Technological Innovation
- Stakeholder needs and expectations
- Natural phenomena and disasters (climate change)
- Social
- Public health

2 RISK CATEGORY 2 - PROCESSING

2.1 Operational
Risk nature

- Interruption of service/ business
- Service quality
- Investment projects
- Sourcing (purchases)
- Partners
- Efficiency of operations
- Technology and information security
- Asset security
- Health and safety
- Environment
- Client satisfaction
- Image and reputation

2.2 Human resources
Risk nature

- Leadership/ authority/ delegation of powers
- Knowledge/ competence
- Communication
- Workplace climate

2.3 Compliance
Risk nature

- Laws and regulations
- Concession contracts
- Financial contracts
- International agreements and standards
- Fraud and connected infringements

2.4 Financial
Risk nature

- Credit quality
- Liquidity
- Base interest rate (market index)
- Credit spread
- Exchange rate
- Capital
- Financial instruments
- Price of commodities
- Collateral risk

3 RISK CATEGORY 3 - QUALITY OF INFORMATION FOR DECISION MAKING

3.1 Processing
Risk nature

- Performance indicators
- Cost/ price of products/ services
- Contract management
- Alignment

3.2 Reporting
Risk nature

- Accounting/ tax
- Employee benefits
- Reporting to regulatory bodies
- Evaluation of investments

3.3 Surrounding environment/ strategy
Risk nature

- Analysis of surrounding environment
- Business model and portfolio
- Appreciation
- Organizational structure
- Allocation of resources

MAIN RISKS AND OPPORTUNITIES

REN adopts a conservative and preventive stance with regard to controlling and mitigating risk, maintaining a prudent approach to our "risk appetite", which is reflected by the low level of risk that we are willing to take on or retain in pursuit of our objectives.

In 2023, the Risk Management Committee, with the support of the Risk Owners and in line with the current external context (e.g., regulatory, financial markets, interest rates) and other factors relating to the our operations and responsibility in compliance with the targets established for decarbonization, started to reassess the different risks to which REN is exposed, leading to an updating of the risk profile and, naturally, to the redefinition of indicators (and monitoring metrics) that are essentially prospective in nature, so as to provide quality information for decision-making.

Risks of greater severity and their evolution are continuously monitored using specific indicators. The main risks to which REN is exposed, according to their category, subcategory, and nature, are as follows:

GRI 2-25

1

RISK CATEGORY 1 - SURROUNDING ENVIRONMENT

External context

Nature of the risk	Risk event
Regulatory	1. Changes to the regulatory model and parameters
Financial Markets	2. Evolution of REN's rating

2

RISK CATEGORY 2 - PROCESSING

Operational

Nature of the risk	Risk event
Investment projects	3. Delay in the execution of investment plans (due to licensing procedures) 4. Delay in project execution
Interruption of business	5. Disruption in the networks
Health and safety	6. Occurrence of serious work accidents
Technology and information security	7. Unavailability of information systems o 8. Occurrence of events in information security–Cybersecurity

Description and management of risks with greater severity.

RISK CATEGORY 1

1 CHANGES TO THE REGULATORY MODEL AND PARAMETERS

Description: As most REN activities are regulated, the risk associated with the impact resulting from changes to the regulatory model and/ or decisions by the regulator may affect the company's ability to manage operations efficiently.

Management: This risk is managed by systematically monitoring the progress of the regulatory strategy as well as European regulatory trends in relation to REN operations so as to prevent/ analyse the impacts of possible changes. It is important to note that, following the change to the regulatory model for the electricity sector and its impact on REN's activity, the indicators associated with this risk were reviewed to reconcile our strategic objectives with the model in force.

Likelihood: High
Impact: Very high
Level of risk: High

2 EVOLUTION OF REN'S RATING

Description: REN's rating may be affected by our financial performance and business, by the international environment, or the rating of the Portuguese Republic. The fluctuation of interest rates and spreads can impact on remuneration from regulated assets and on servicing REN's debt. A change to relevant benchmarks of market interest rates and credit spreads could result in higher financing charges for the REN Group.

Management: REN manages this risk by building a solid position of liquidity and the efficient management of our financing requirements based on the prospective evolution of the associated indicators and perceived knowledge. Risk exposure to the evolution of interest rates and credit spreads is managed by contracting financial derivatives and the appropriate selection of financial instrument maturity and the timing of financing to obtain a balance between fixed and variable interest rates and adequate debt maturities with the goal of achieving low financial charges over the medium and long-term. These measures are usually accompanied by communication and consultation actions to the market and to the different financial agents.

Likelihood:Medium
Impact: High
Level of risk: Moderate

RISK CATEGORY 2

3 DELAY IN THE EXECUTION OF INVESTMENT PLANS (due to licensing procedures)

Description: Processes to obtain authorizations, environmental licensing or involving protective measures brought by third parties may compromise the entry into operation of assets, within the deadlines planned for projects covered by investment plans.

Management: REN has adopted preventive management procedures with regard to this risk that involve ongoing monitoring actions with the competent authorities, as well as the local communities and other entities involved in the investment authorization and approval procedure.

Likelihood: High
Impact: High
Level of risk: High

4 DELAY IN PROJECT EXECUTION

Description: Delays in the approval of either our investment plans or of execution plans by the respective authority or other responsible entities, together with financial/ operational difficulties experienced by service providers and suppliers to ensure compliance with outsourced services or sub-contract work, could cause significant hold ups in the entry into operation of new infrastructures, impacting on the level of the quality of service provided, compliance with agreements signed with promoters, and in meeting the goals of decarbonization and combating climate change.

Management: To minimize the impact of this risk, based on prospective indicators and mitigation measures, REN promotes a series of actions with the competent entities and other bodies involved in these processes to obtain the necessary approvals and promote the timely execution of projects for development and reinforcement of networks.

Likelihood: High
Impact: Very high
Level of risk: High

RISK CATEGORY 2

5 DISRUPTION IN THE NETWORKS

Description: The infrastructures supporting REN's operations are exposed to a series of conditions (pollution, atmospheric conditions, natural events, fires, birds, etc.), which could cause interruptions to the service. The company's performance could be influenced by the occurrence of events causing disruption to the electricity and/ or gas supply service and by any difficulty in restoring the service in a timely manner.

Management: The actions taken to minimize the potential impact of this risk include the development and implementation of the business continuity plan (internally and with other European operators), and other technological and network monitoring measures. Effectiveness is tested by conducting simulations to verify responsiveness to emergency and crisis situations, activating of recovery plans, and subsequent restoring of operations, should an incident take place.

Likelihood: Low
Impact: Very high
Level of risk: Moderate

6 OCCURRENCE OF SERIOUS WORK ACCIDENTS

Description: Non-compliance with safety and operational procedures for equipment could result in the occurrence of serious work accidents with personal injury and damage to property during work organized by REN.

Management: This risk is managed through awareness-raising, monitoring, and effective implementation of the occupational safety management system, involving all REN employees and service providers. Specific training is provided for operations involving associated risks and the development and implementation of corrective and preventive actions based on lessons learned, resulting from the investigation and detailed analysis of incidents occurred in order to avoid recurrence.

Likelihood: High
Impact: High
Level of risk: High

7 UNAVAILABILITY OF INFORMATION SYSTEMS

Description: REN's activities rely heavily on the information systems and technologies used within the Group. Therefore, the availability of information systems and their capacity to meet company needs is crucial to the work carried out by REN.

Management: This risk is managed through the continuous updating of systems, communication networks and the respective support services via the review and periodic updating of network and safety configurations. At the same time, performance testing and measures are in place which ensure the availability of systems deemed to be critical, such as the existence of redundant communications and the shielding of such systems from potentially dangerous traffic/ access.

Likelihood: Low
Impact: High
Level of risk: Moderate

8 OCCURRENCE OF EVENTS IN INFORMATION SECURITY – CYBERSECURITY

Description: In the current environment of far-reaching technological disruption, REN, as an operator of critical infrastructure in the energy sector, is required to reinforce information security capability. This is the result of not only the increased complexity of system architectures, but also the areas in which REN operates.

Management: REN has built capacity to manage these risks, investing in good cybersecurity practices both in terms of resilience as well as prevention, using specific systems, processes, and controls to identify vulnerabilities and promote the implementation of solutions that ensure that systems are resilient and information is protected.

Likelihood: High
Impact: High
Level of risk: High

We conducted a diagnostic process of climate-related risks and opportunities to identify, characterize, prioritize, and quantify the most relevant climate-associated risks and opportunities.

MANAGEMENT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

The global agreement signed at the 2023 United Nations Climate Change Conference (COP28) introduced benchmarks for reduction commitments to transition away from all fossil fuels and promote the transition of energy systems in a fair, orderly, and equitable manner, accelerating climate action during this critical decade to achieve carbon neutrality by 2050. Moreover, the agreement promises to triple installed capacity from renewable energy sources (RES) and double energy efficiency by 2030.

In the European Union (EU), public policies have been intensified and, in 2023, a series of new guidelines for the Climate Delegated Act were released and the Environmental Delegated Act was published, the latter focused on the remaining four EU sustainability objectives:

- Sustainable use and protection of water and marine resources;
- Transition to a circular economy;
- Pollution prevention and control;
- Protection and restoration of biodiversity and ecosystems.

See Annex 7 - European Environmental Taxonomy.

Investment to ensure the development of electricity and gas transmission and distribution networks, including interconnections, will play a vital role in increasing the integration of electricity production from RES and renewable gases, contributing to supply security, diversification of energy sources and a reduction in energy dependence.

The main commitments of the 2015 Paris Agreement are to achieve a global balance between emissions and anthropogenic removals in the second half of the century, to prepare and communicate successive nationally determined contributions (NDC) for the global emission reduction effort, which must be successively more ambitious and prepare and communicate "long-term emission reduction strategies". Accordingly, in conjunction with the Roadmap for Carbon Neutrality 2050 (RCN) objectives, and following developments on international, community and national levels, the targets for 2030 have been revised upwards. This complex review exercise, which requires changes in energy and climate policy, has prompted the need to review PNEC 2030 to ensure the alignment of the established policies, objectives and targets. Portugal has updated its national renewable energy targets in final energy consumption (from 47% to 49%) and increased the incorporation of RES in the SEN (from 80 to 85%).

Climate scenario analysis

REN has been working on climate risks and opportunities based on several international references, including recommendations from the Task-Force on Climate-related Financial Disclosures (TCFD). Accordingly, and further to an initial process, last year REN initiated a new process to diagnose climate-related risks and opportunities with the goals of identifying, characterizing, prioritizing, and quantifying the most relevant with potential financial impact on the business. This process allows us to fine-tune on a regular basis, the way we analyse and manage materially relevant climate risks and opportunities, helping identify and quantify the potential financial impacts. This dynamic and ongoing work and the conclusions reached thus far are presented in this report.

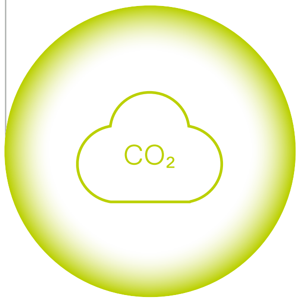
An Internal Working Group has assessed the potential financial impacts from climate change on REN. Relevant risks were identified through the collaboration of internal and external experts in the field. Risks and opportunities were classified in accordance with TCFD recommendations and relevance was based on an assessment of the "probability of occurrence" and the "magnitude of impact" of each risk. The first is the probability of the risk taking place and the second is the quantification of the damage that the risk could cause to REN, based on internal (financial) assessment criteria set out in the REN Corporate Risk Management Methodology.

The scenario analysis, to model physical impacts, is conducted based on two distinct possible future frameworks.

+1.5°C

DECARBONIZATION INCREASE

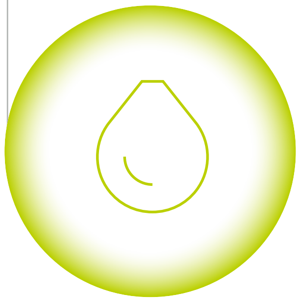
GO GREEN SCENARIO



+4.0°C

FOSSIL FUELS INCREASE

BAU SCENARIO



Employing TCFD recommendations to model physical impacts, REN based the analysis on the scenarios developed by the IPCC. To model impacts of the transition to a low-carbon economy, the scenarios developed by the International Energy Agency (IEA) were consulted. While these sources provided the main reference points, they were not exclusive or unique. In terms of the trajectory for temperature increase, two main scenarios were considered (increase of ~1,5°C and increase of ~4,0°C). Relating the sources/ scenarios with the trajectories, REN defined the following scenarios: an increase of 1.5°C (decarbonization scenario - Go Green) and an increase of 4.0°C (fossil fuel scenario – Business as Usual), aligned with the main references: IEA-WEO (Net zero [~1,5°C] and STEPS [~4°C]); IPCC (RCP/ SSP-2.6 [~1.5°C] and RCP/ SSP-8.5 [~4°C]). With respect to timelines, whenever possible, the diagnosis of climate risks and opportunities analysed the current timeline (~2030), the medium term (~2030) and the long term (~2050).

The above-mentioned scenarios provide a better understanding of climate impacts for REN under two possible distinct future frameworks:

- an ambitious reduction in GHG emissions, through political drivers (e.g., climate regulation and legislation), technological, reputational, and behavioural drivers, where the main climate risks of transition have greater preponderance; and
- a situation where there is little consensus on climate policies to reduce emissions, little pressure or interest from consumers or other stakeholders, and slow technological development, resulting in higher GHG emissions where physical (acute and chronic) climate risks are clearly evident.

Risks and opportunities affecting REN activities

As a strategic energy infrastructure concessionaire tasked with achieving public policy objectives, REN is fully aware of and maps the challenges and uncertainties which could impact on business, more specifically, those arising from climate-related risks and opportunities.

Given the current environment and the relevance of the topic, as already mentioned, REN identified, characterized, prioritized and quantified the most relevant climate-related risks and opportunities.

The need for considerable investment in infrastructure is an opportunity, however, current or future regulation which places constraints on the use of such assets and extreme weather events constitute general risks. Accordingly, REN works with the aim of being able to face both the physical changes associated with climate parameters (physical risks) and other changes (e.g., political, technological, reputational) associated with the fight against climate change (transition risks).

Of note, from a risk perspective for example, is the emergence of new regulations to reduce the carbon footprint of equipment and/ or good practices in terms of operation and maintenance, such as the recent F-gas Agreement. This agreement between the European Parliament, the European Council and the European Commission seeks to reduce the use of fluorinated gases in electricity transmission network infrastructure, with the goal of eliminating sulphur hexafluoride (SF6) as an insulating gas. In the area of gas, ever more demanding guidelines are being seen with regard to the reduction of methane emissions.

Set out below are the climate risks and opportunities that affect REN's activities, based on the current environment (further details on risks and opportunities, the main measures for adapting to and mitigating such risks and managing and realizing opportunities are available in the Appendix 5: Recommendations of the Task-Force on Climate-Related Financial Disclosures (TCFD). In addition to the qualitative component, this process, carried out in accordance with TCFD recommendations and methodology, also presents the financial quantification of the impacts of climate-related risks and opportunities.

	RISK CATEGORY	RISK AGENT	POTENTIAL IMPACT			TIMELINE
		TRANSITION RISKS		MINIMUM	MAXIMUM	
TRANSITION RISKS	**Policy/ legal:** Current/ emerging regulations **Activity:** Electricity	Regulating of existing products and services: F- gas Agreement, future discontinuation of SF_6.	Increase in Capex (replacement of equipment containing SF_6).			Medium-term
	Policy/ legal: Emerging regulations **Activity:** Gas	Mandates and regulation of existing products and services: depreciation of RNTG assets if decarbonization progresses faster than expected.	Reduction in the value/ useful life of assets leading to their depreciation or early withdrawal.			Long-term
PHYSICAL RISKS	**Severe:** Extreme climate events **Activity:** Electricity and gas	Extreme weather events (wind, storms, ice formation, etc.), with physical impact on REN's assets, in particular, the RNT infrastructure.	Increase in Opex/ Capex due to repair, maintenance, and replacement of assets.			Current, medium and long-term
	Severe: Extreme climate events **Activity:** Electricity and gas	Extreme weather events (fires), with physical impact on REN assets, in particular, the RNT infrastructure.	Increase in Opex/ Capex due to repair, maintenance, and replacement of assets.			Current, medium and long-term
CLIMATE-RELATED OPPORTUNITIES	**Products and services** **Activity:** Electricity	Development and/ or expansion of low-carbon products and services: development and new investment in the RNT to enable the energy transition (integration of RES - renewable electricity).	Increased revenue associated with increased demand for products and services: increased annual remuneration due to the growth of the regulated asset base (REN investment in the RNT and the integration of RES).			Medium-term
	Products and services **Activity:** Gas	Development and/ or expansion of low-carbon products and services: development and new investment in the RNT to enable the energy transition (integration of RES - renewable gases (H_2).	Increased revenue associated with increased demand for products and services: increased annual remuneration due to the growth of the regulated asset base (REN investment in the RNTIAT and the integration of RES).			Medium-term
	Markets: Access to new markets **Activity:** Electricity	Access to new markets (unregulated business): development of new solutions promoting decarbonization (Speed-E).	Increased revenue associated with increased demand for products and services: increased revenue associated with the Speed-E project.			Medium and long-term

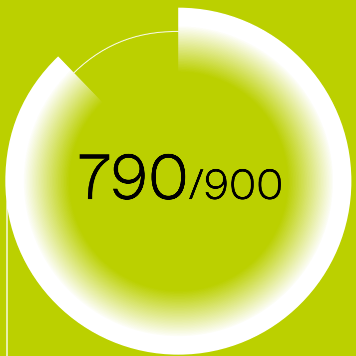
Caption of potential financial impact: < 25 M€ 25-50 M€ 50-75 M€ > 75 M€

ISO 27001 Certification

In 2023, REN underwent an external audit under its Information Security Management System (ISMS) by SGS – Société Général de Surveillance, an internationally renowned entity. This process culminated in the company's certification in accordance with the ISO 27001 standard, reflecting our full commitment to information security practices.

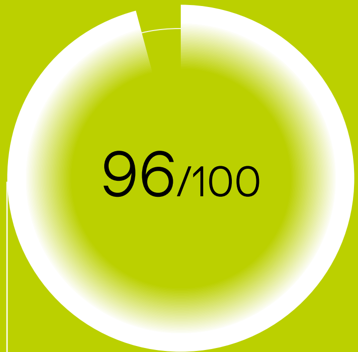
Cibersecurity Rating

REN is classified on the following cybersecurity rating platforms:



Bitsight

Redes Energéticas Nacionais – Corporate



SecurityScorecard

REN - Redes Energéticas Nacionais SGPS., S.A.

Note: ratings in December 2023.

INFORMATION SECURITY

In recent years, information security risk management has emerged as a key component in the operations of organizations. Driven by a significant increase in legal and regulatory requirements, focused strictly on risk management, this evolution has enabled companies such as REN to effectively safeguard assets and strengthen trust and relationships with stakeholders.

REN is classified as an operator of essential services in accordance with Law No 46/2018 and other regulations. This law establishes the legal framework for cyberspace security regarding measures to ensure a high common level of network and information security. Accordingly, REN is covered by a series of rules that set out the conduct to be adopted so as to comply with the security requirements laid down in the Cyberspace Legal Framework.

To guarantee the effective management of information security, REN has implemented several control measures

Training and awareness

- Communication programme and raise awareness about good information security practices for internal and external employees including, phishing tests; and
- Compulsory e-learning courses every two years for internal and external employees.

Knowledge

- Participation in national and international associations and in crisis management exercises, allowing knowledge to be shared in national and European forums with focus on critical infrastructure; and
- Cooperation with the national cybersecurity authority, enabling knowledge to be shared and enhancement of the cybersecurity capabilities of critical infrastructure operators.

Control measures

- Implementation of an Information Security Management System based on ISO 27001 Standard, with the aim of protecting the most critical information assets in a setting of risk management;
- Focus on the management of access and the vulnerabilities of information assets with the aim of reducing the risk of threats which could lead to exploitation;
- Ongoing improvement in the security-by-design approach, ensuring the implementation of security requirements in the design, development, and operation of systems, including supply chain security;
- 24/7 monitoring of information asset security for effective and early incident detection and management, including Threat intel[28] and Threat hunting[29] capabilities; and
- Security operations based on an in-depth and multilayer approach to increase the likelihood of interrupting the attack chain.

[24] Threat intel: a process to identify and analyse potential cyber threats based on information obtained from different sources, such as DarkWeb forums.

[25] Threat hunting: a process based on attempts to proactively identify any compromised systems or internal threats that may not have been detected during regular monitoring processes.

PERSONAL DATA PROTECTION

REN is committed to ensuring the protection of the personal data of our employees, candidates, customers and suppliers, in strict compliance with all applicable privacy regulations and standards. The Personal Data Protection Policy, applicable to all employees, sets out the internal rules and describes how REN and our subsidiary companies comply with applicable legislation for the protection of personal data. Compliance with this Policy assumes that personal data is processed in accordance with **nine principles**:

THE PERSONAL DATA

1. Are treated on a **legal basis;**
2. Are processed for **specific and limited purposes;**
3. Are processed in a **transparent manner in relation to the Data Subject;**
4. **Are adequate, relevant and limited to what is necessary** in relation to the purpose for which they are processed;
5. **Are rigorous** and, where necessary, kept up to date;
6. **Are kept for as long as is strictly necessary** for the purpose for which they are processed and then destroyed or anonymized;
7. **Are processed in accordance** with the rights of the data subject;
8. **Are handled safely and confidentially** and only by those authorized to carry out the Processing;
9. **Are only transferred to other REN companies or third parties if this is permitted or required by law** and in accordance with a data processing contract and other additional clauses that are necessary.

With respect to Group risk management, REN has implemented comprehensive data protection policies and procedures. These guidelines ensure the protection of personal data in new projects, products, and services, including impact assessments and integration of data protection by design and by default. The Group has also implemented effective and decentralized procedures to ensure continued Recording of Processing Activities, subcontracting, replying for the exercise of rights of the data subjects and responding to personal data breaches. Furthermore, REN follows procedures to minimize, limit storage times and protect against unauthorized access to personal data.

The Executive Committee has appointed a Data Protection Officer (DPO) to the Group, thus ensuring continuity in the implementation of the Personal Data Protection Policy and the performance of the duties set out in this Policy. The responsibilities assigned to the DPO are to control the compliance of personal data processing with the provisions of the General Data Protection Regulation (GDPR), inform and advise REN and our employees on matters related to the GDPR, as well as act as a point of contact with the National Data Protection Authority.

Given of the importance of raising the awareness of employees and service providers with respect to privacy as a critical component to ensuring the protection of personal data, REN strives to promote full transparency in data processing. As such, in addition to the information provided in the Policy, we also provide terms and conditions which can be accessed via our *websites*.

REN has a Data Protection Officer who monitors compliance with personal data processing under the GDPR.

Our concern with the provision of information is also reflected in the service provided to communicate with the DPO and the provision of information required for data subjects to exercise their rights, request further clarification or submit complaints relating to the processing of their personal data. Communication on data protection is a topic that has been reinforced through the promotion of news on the Group intranet, as well as through participation by the DPO in different internal and external initiatives. In 2023, an optional webinar was also transmitted on “Personal data: trends and challenges of Portuguese companies”.

With regard to training, we provide compulsory e-learning to all REN Group employees, including interns. We also ensure the proper training for the DPO as well as for the internal audit team.

At REN, we ensure that corrective and preventive measures are taken in relation to personal data breaches. To this end, we have set out a Policy and Procedure to respond to Personal Data Breaches.

In order to obtain a reasonable assurance of compliance by REN's suppliers with data protection standards, a service provision acquisition process is underway to verify compliance with the subcontracting clause included in contracts with suppliers, in compliance with the GDPR.

During 2023, internal audit work was conducted with the goal of analysing the implementation of the procedures in the processes analysed. These audits sought to ensure that the controls assessed are adequate, appropriate, and effective in providing a reasonable assurance that the risks inherent to the process are managed and that the objectives of the process are met. They also aimed to ensure compliance with applicable internal standards and that these procedures comply with current legislation.

EMPRESAS	NP 4457	ISO 9001	ISO 14001	ISO 45001	ISO 22301	ISO 27001	ISO 55001
REN Rede Eléctrica Nacional	2021	2020	2003	2020		2023	
REN Serviços	2021	2008	2008	2020		2023	
REN Gasodutos	2021	2009	2009	2020			
REN Atlântico	2021	2009	2009	2020			
REN Armazenagem	2021	2010	2010	2020			
REN Telecom		2010	2010	2020			
R&D Nester	2015	2014	2014	2020			
Enondas		2014	2014	2020			
REN PRO		2019	2019	2020			
REN Portgás	2019	2012	2006	2019	2021		2023

CERTIFICATION

REN has focused on the certification of management systems, seeking to establish principles of excellence which go beyond legal requirements. We currently have six certified Management Systems: Quality (ISO 9001); Environment (ISO 14001); Occupational Health and Safety (ISO 45001); Research, Development, and Innovation (NP 4457); Business Continuity (ISO 22301); and Information Security (ISO 27001).

Furthermore, the legal verification required by some certification processes ensures regular monitoring of the main requirements, an exercise that proves to be essential in areas where the legal framework is diverse and complex, as is the case with areas such as the environment and health and safety. As a positive aspect, of note are the regular audits, both internal and external, which provide constant monitoring of practices and ensure greater involvement by employees, who are now fully aware of the principles in the management system.

With the exception of ISO 27001, which was certified by SGS – Societé Générale de Surveillance, all other management systems were certified by APCER – Portuguese Certification Association.

3. GOVERNANCE AND ETHICS

GOVERNANCE AND ETHICS

Contribution to SDG

3.1 GOVERNANCE STRUCTURE

The governance structure is a key element in our performance. It provides a solid foundation to our strategic decision-making processes, fostering transparency and facilitating conscious, and responsible growth. This, in turn, instils confidence in our investors and other stakeholders, contributing to the sustainability of our company and the longevity of our operations.

MAIN INITIATIVES

Approval of the External Auditor Regulations

Reinforcement of the Selection and Diversity Policy

Review of the Remuneration Policy

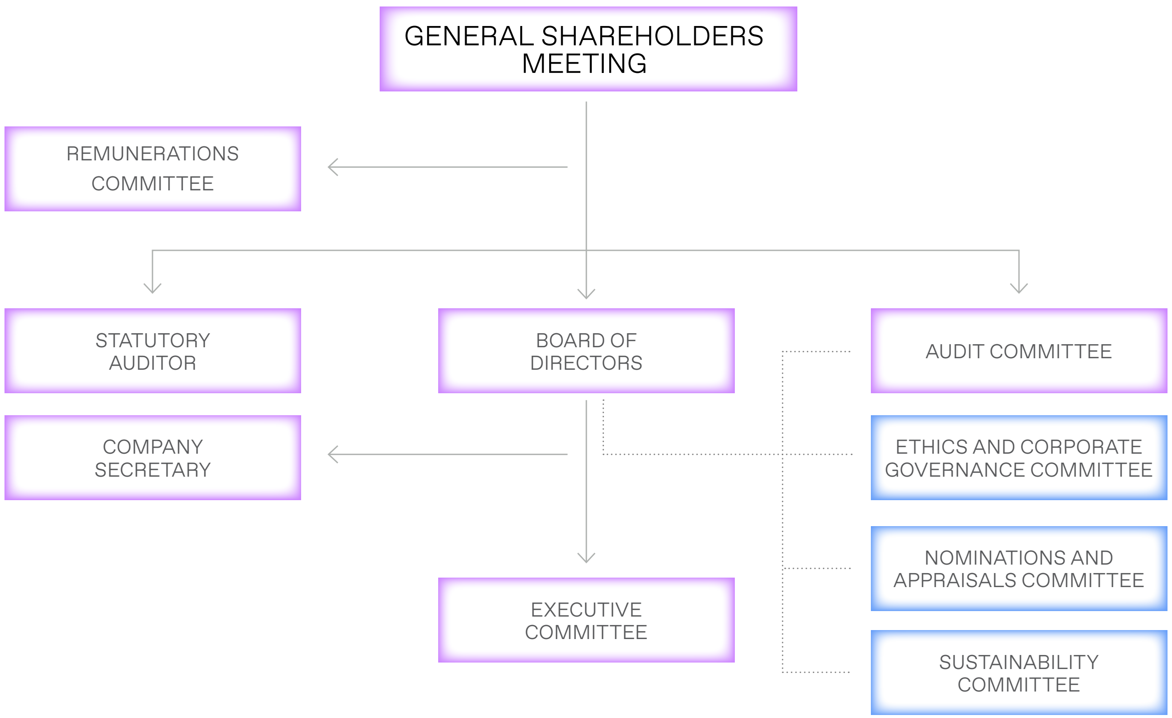
MAIN INDICATORS

15%

KPI ESG
in the variable component of Executive Directors

ABOUT THE FUTURE

ONGOING REINFORCEMENT
of the sustainability role



The energy sector faces numerous challenges that can have a significant impact on REN's activities. REN addresses these challenges to ensure the Group's resilience, particularly through our organizational structure.

REN's governance structure follows the Anglo-Saxon model and consists of the following corporate bodies elected by the General Meeting:

- **Management body**
  The Board of Directors (BD), which delegates the day-to-day management of the company to the Executive Committee (EC) and is supported by three specialized internal committees; and

- **Supervisory Bodies**
  The Audit Committee (composed exclusively of non-executive directors) and the external statutory auditor.

The General Meeting also elects a Remuneration Committee, consisting exclusively of independent external members, to which it delegates part of its powers relating to the remuneration of the corporate bodies.

For a detailed description of the powers of each of REN's corporate bodies and committees, see part III - Corporate Governance Report.

COMPOSITION OF CORPORATE BODIES

The diversity of REN's governing bodies is essential to encompass a variety of perspectives and to consider the unique aspects of the company and the Group. The diversity among the members of our corporate bodies fosters more robust discussions and leads to better decision-making. This approach is aimed at advancing the goals of efficiency, excellence, innovation, and dynamism within the REN Group.

The corporate bodies members must have recognized integrity and ethical credibility and conditions must be ensured that allow decisions to be made which are independent of any external influences or conflicts of interest. To this end, REN is governed by the Corporate Governance Code of the Portuguese Institute of Corporate Governance (*Instituto Português de Corporate Governance - IPCG*).

GRI 2-9 GRI 2-11

As at 31 December 2023, REN's organizational structure was as follows:

15 MEMBERS OF THE BOARD OF DIRECTORS

33% WOMEN ON THE BOARD OF DIRECTORS

66% MEN ON THE BOARD OF DIRECTORS

AGE DIVERSITY

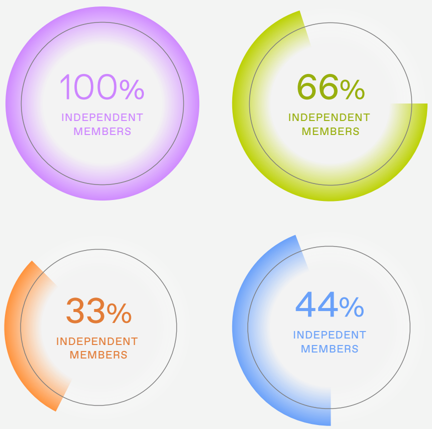
71% OVER 55 YEARS

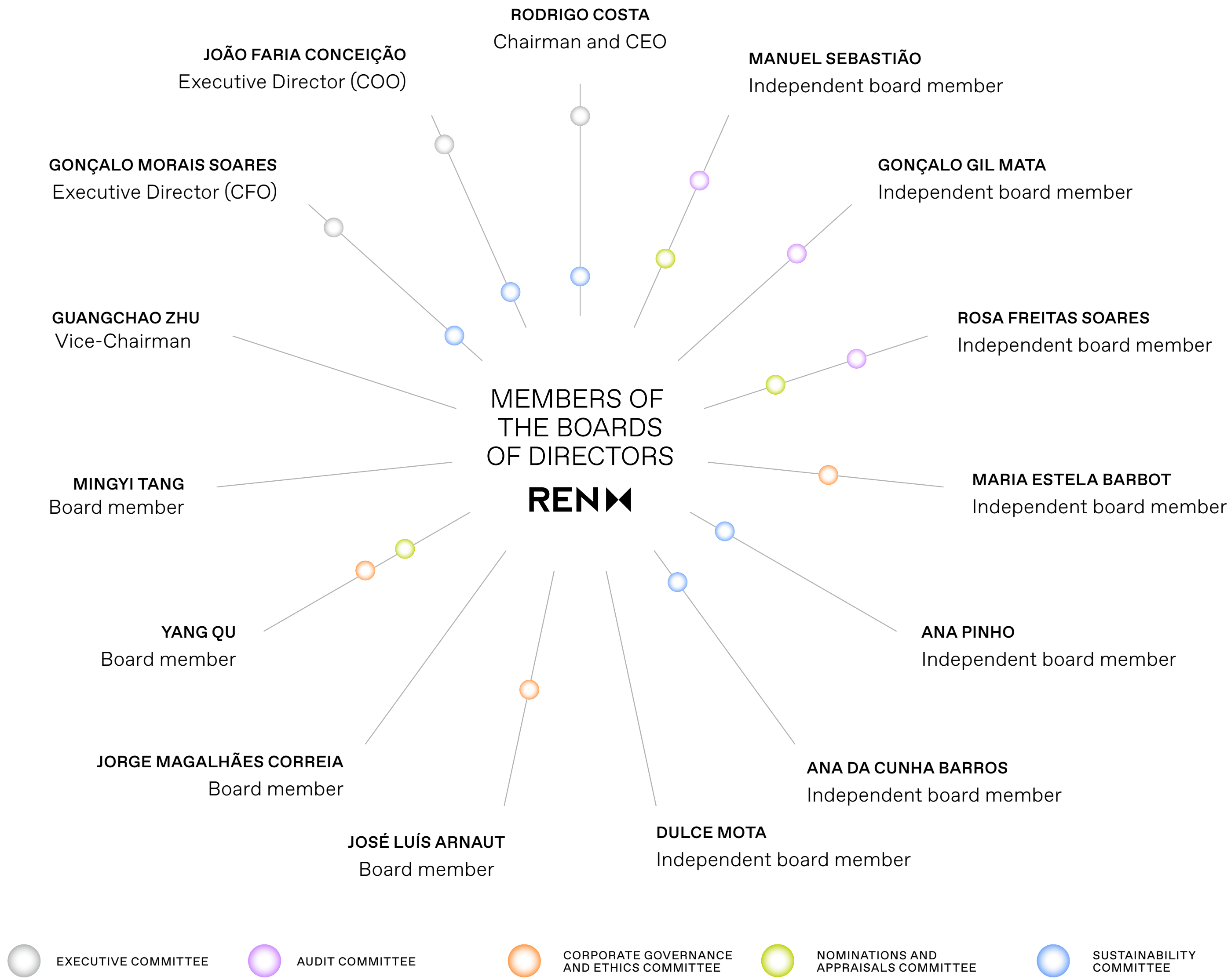
29% BETWEEN 50-55 YEARS

7% UNDER 50 YEARS

AVERAGE MANDATE LENGHT **6.4** YEARS

47% INDEPENDENT MEMBERS ON THE BOARD OF DIRECTORS





Remunerations Committee João Duque (Independent); João Galamba de Oliveira (Independent); Fernando Neves de Almeida (Independent)
Statutory Auditor Ernst & Young, Audit & Associados, SROC, S.A.; Alternate - Ricardo Miguel Barrocas André

Selection and Diversity Policy

REN approved a Selection and Diversity Policy that establishes the guiding principles followed by the REN Nominations and Appraisals Committee when assisting in the process to identify and select potential candidates for the Board of Directors.

In 2023, REN reinforced the implementation of this policy, particularly in the co-optation processes of the directors of REN's Board of Directors.

External Auditor Regulations

Adoption of the External Auditor Regulations, which establish the principles for selecting, contracting, and appointing REN's External Auditor. This includes provisions for possible re-election and/ or termination of duties, as well as the contracting of non-audit services that are not prohibited by law.

SUSTAINABILITY GOVERNANCE

Given the increasingly important role of sustainability, REN has strengthened its structure to ensure effective management at director level and in key decisions in such matters. We consider it essential to employ an approach to sustainability which is aligned and integrated into our business plan and ensures that the necessary structures exist to comply accordingly, including the following:

- Board of Directors;
- Sustainability Committee;
- Sustainability and Communication Department; and
- Operational Sustainability Department.

The company strategic lines and business plan, which incorporate sustainability issues, are defined by the Board of Directors. To support and advise the Board of Directors on the integration of sustainability principles into the REN Group decision-making and management process, a Sustainability Committee was established within the BD, composed of five of its members. This advisory Committee is governed by regulations which are available on the company's *website* detailing its powers and operating standards.

The Sustainability Committee has the following competences:

- Collaborate in defining, updating, and reviewing the REN Group sustainability strategy;
- Provide an opinion on the necessary resources and monitor the implementation of the sustainability strategy;
- Monitor and report to the BD the application of policy and company performance in economic, social, and environmental indicators;
- Desempenhar outras competências ou responsabilidades em matérias de sustentabilidade delegadas na Comissão de Sustentabilidade pelo CA;
- Issue opinions on any sustainability related topic, at the request of the BD or at its own initiative; and
- Collaborate in the preparation of the annual sustainability report.

GRI 2-12 GRI 2-13 GRI 2-14 GRI 2-17

The Sustainability Committee monitors REN's performance in various environmental, social, and governance aspects, including topics related to climate change.

In 2023, the Sustainability Committee met twice with the aim of furthering issues such as sustainability reporting, environmental, social and governance performance, stakeholder consultation, review of the sustainability approach, sustainability due diligence duty, science-based targets checking, economic quantification of climate-related risks and opportunities, as well as performance in ratings.

Additionally, the Executive Committee report to REN's Board of Directors – monthly, quarterly, half-yearly and annually – covers information on sustainability issues, both with respect to this body's meetings as well as through periodic management reports. Following these reports and based on the information provided by the different areas, the Board of Directors approves the sustainability report and the financial and non-financial information to be disclosed by the Company to stakeholders and the market in general.

The management, monitoring, and general strategic coordination of the approach to sustainability is the responsibility of the Sustainability and Communication Department. The focus is to ensure that sustainability practices are aligned with the company's strategic objectives, ensuring implementation as well as promoting transparency. At the same time, the Operational Sustainability Department plays a key role in operational management. Its responsibility involves the practical implementation of the sustainability strategy in Group operations, ensuring that sustainability is addressed effectively at REN.

REMUNERATION POLICY

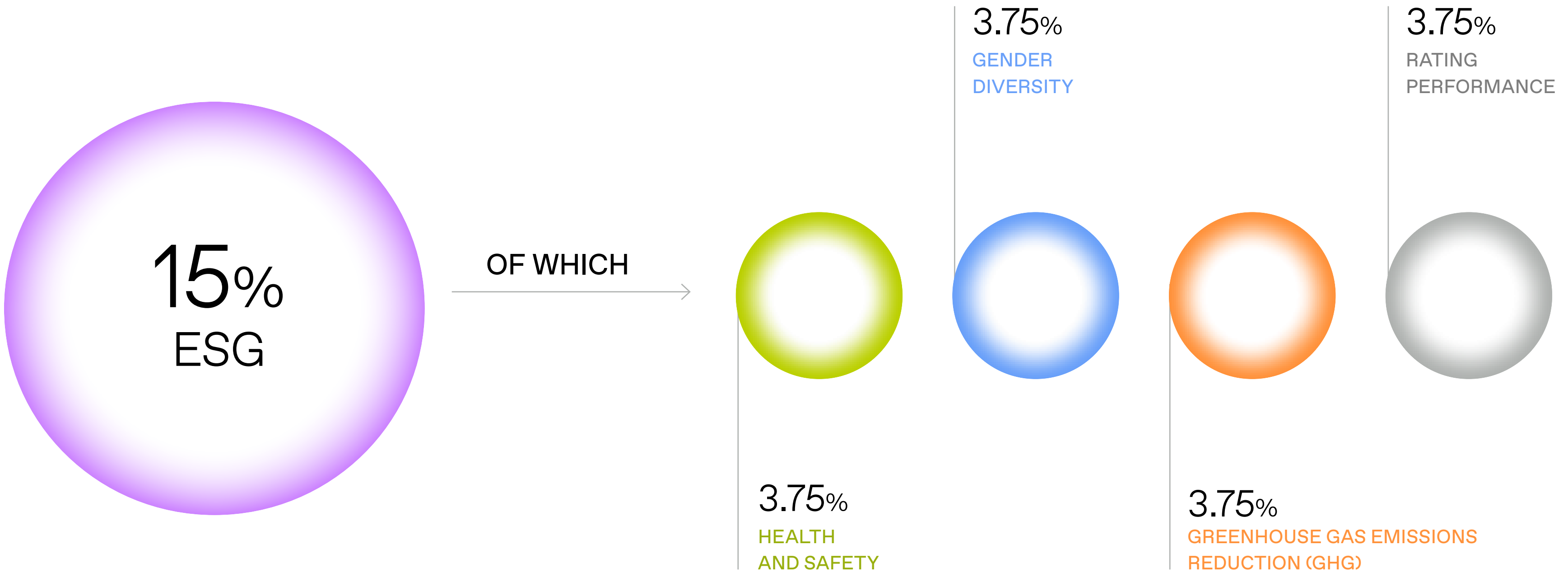
REN seeks to align remuneration policy with its strategic objectives, establishing suitable remuneration policies that reflect the Group's strategic priorities.

With regard to the remuneration components of the executive members of the Board of Directors, including the CEO, REN's Remuneration Policy is based on several principles:

- Alignment of the interests of the executive directors with those of the company;
- Sustainability and the generation of long-term value, which includes linking medium-to-long-term remuneration with the performance of REN's share price;
- Competitiveness, taking into account the practices of the Portuguese market;
- Objective, uniform, consistent, fair, and balanced criteria that reward performance;
- Performance assessment in accordance with duties and level of responsibility, as well as effective performance, assumption of suitable levels of risk and compliance with the rules applicable to REN's activity;
- Incorporation of a variable remuneration component that is reasonable overall in relation to the fixed remuneration component, without encouraging the taking of excessive risks; and
- Variable remuneration indexed to REN's actual performance, measured against specific, unambiguous, and measurable objectives in line with REN's interests.

The remuneration of executive directors, including the CEO, contains both fixed and variable components. The variable component comprises a portion aimed at rewarding short-term performance and another designed to incentivize performance over the medium-to-long-term.

GRI 2-18 GRI 2-19 GRI 2-20



The amount of variable remuneration is established based on the achievement of predefined targets and adherence to key performance indicators (KPIs), including ESG (Environmental, Social, and Governance) indicators. This approach is designed to steer management towards optimal practices in environmental stewardship, social responsibility, and good governance.

In terms of incorporating sustainability into remuneration, other indirectly related notable factors taken into account include:

- Sustainability forms part of REN's strategy, so compliance with the strategic plan is also a sustainability KPI;
- The fact that remuneration has a medium/long-term component and disincentives from taking on excessive risk contributes to the company's long-term sustainability; and
- The Remuneration Committee consists exclusively of independent members who are external to the company.

The 2021-2024 strategic plan for the REN Group has put sustainability at the core of our priorities. In 2023, a new objective within the area of ESG was included in the Remuneration Policy, called rating performance. This new goal evaluates the evolution of REN's performance in the main ESG indices, as well as our performance compared to the industry and counterpart organizations.

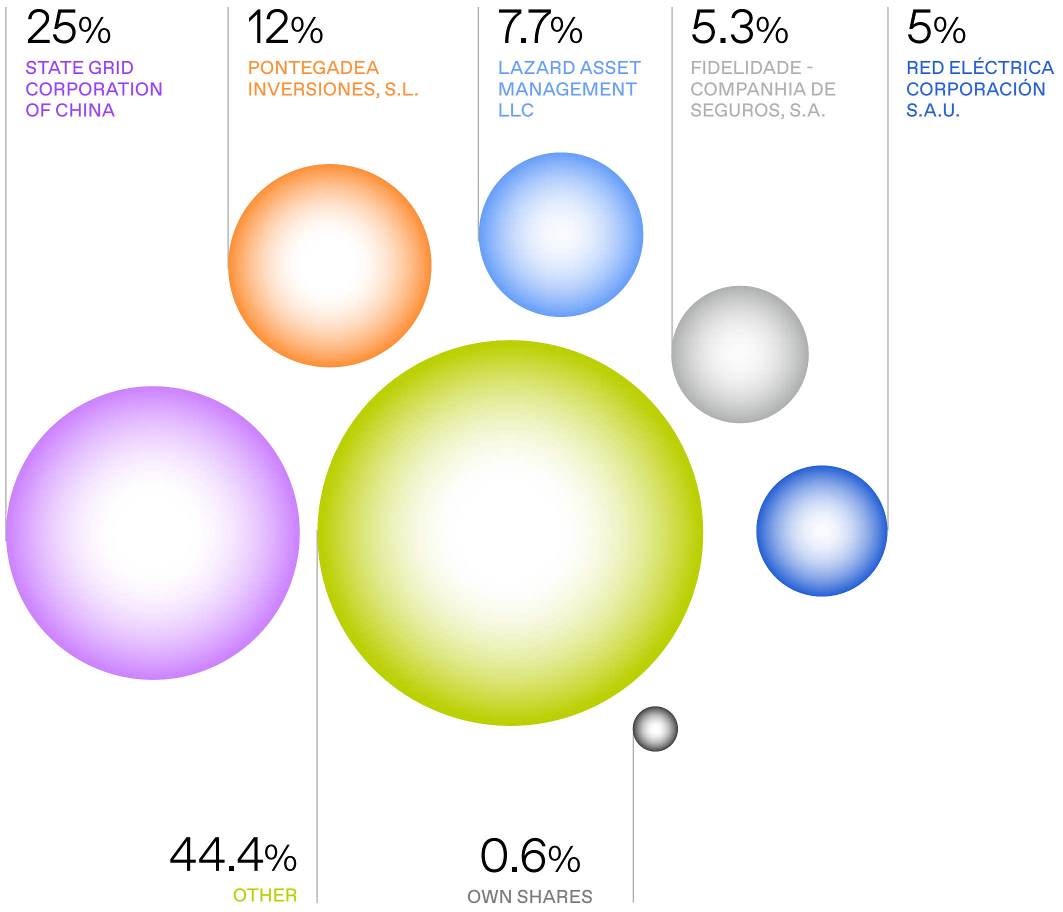
With the amendment approved in 2023, the assessment will continue to be carried out from three macro perspectives - financial, operational and ESG. The only change is within the area of ESG where weighting is now divided into the following four criteria, each with a weighting of 3.75% (instead of the previous 5%): i) Health and Safety; ii) Gender Diversity; iii) Greenhouse Gas Emissions (GHG) reduction; and, the new criterion, IV) Rating performance.

For a more detailed description of the assessment process and the remuneration policy, see the Corporate Governance Report and the respective Annex.

GOVERNANCE AND ETHICS

3.2 SHAREHOLDER STRUCTURE

On December 31, 2023:



GOVERNANCE AND ETHICS

3.3 ETHICAL CULTURE AND FIGHT AGAINST CORRUPTION

At REN, our actions are guided by principles and values that emphasize ethics and integrity, prevention of corruption and related offenses, management of conflicts of interest, and the promotion of fair competition. These pillars enable us to establish robust relationships characterized by high levels of trust and transparency, which are crucial in our interactions with all stakeholders.

Contribution to SDG

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

MAIN INITIATIVES

Pre-audit of the Corruption Prevention Model with a view to future certification in accordance with the ISO 37001 standard

Approval of the Policy of Accepting and Rejecting Courtesy Gifts

Training in all areas covered by the Regulatory Compliance Plan

MAIN INDICATORS

2

COMMUNICATIONS of irregularities registered, analysed, and dealt with

ABOUT THE FUTURE

Implementation of the improvement measures identified under the pre-audit of the Corruption Prevention Model with a view to future certification in accordance with the ISO 37001 standard

Continued implementation and follow-up of the Risk Prevention Plan concerning Corruption and Related Offences

Implementation of internal procedures related to revised and/ or approved policies

We have a wide range of mechanisms **to ensure compliance with the best ethical management practices.**

Given the nature of the REN Group as a public service concessionaires and public utility infrastructure manager, our companies are especially accountable for implementing an ethical and responsible management model. To this end, using a wide range of mechanisms, REN is committed to ensuring compliance with the best practices and standards of ethics and integrity, which include the following management instruments:

ETHICAL MANAGEMENT

Policies and regulations[30]

- REN Group Code of Conduct
- REN Group Integrity Policy
- Approval and Rejecting of Courtesy Gifts Policy
- Procedures applicable to whistleblowing
- Plan for the Prevention of Risks of Corruption and Related Offences
- Regulations on Transactions with Related Parties and Prevention of Situations of Conflict of Interest
- Regulation on procedures relating to the compliance with the Market Abuse Regulation
- Regulations on the Transactions of Financial Instruments by Persons Discharging Managerial
- Responsibilities Functional Codes of Conduct
- Supplier Code of Conduct

Actions and initiatives

- Communication and awareness
- Training programme focusing on the prevention of corruption and related offences under the REN Training programme (including across-the-boards e-learning for all employees and face-to-face training for employees in business units with greater risk exposure)
- Implementation of the Regulatory Compliance Programme
- Monitoring the degree of compliance with the Regulatory Compliance Programme

Mechanism for communicating irregularities

Any irregular practices can be communicated to the Audit Committee, through the **reporting channels**:

E-mail: comissao.auditoria@ren.pt

Telephone: +351 210 013 511

[26] Policies and regulations are available on the REN *website*.

Approval of then Accepting and Rejecting Courtesy Gifts Policy

During 2023, REN drew up and approved the Accepting and Rejecting Courtesy Gifts Policy.
This Policy is aimed at all REN employees, proxies and representatives and seeks to establish rules and procedures for accepting or rejecting courtesy gifts, in compliance with the ethical principles set out in the REN Group Code of Conduct, in the Integrity Policy, and in the Plan for the Prevention of Corruption Risks and Related Offences.

Pre-audit of the Corruption Prevention Model with a view to future certification in accordance with the ISO 37001 Standard

REN has set a target of achieving certification under the ISO 37001 standard on anti-bribery management systems. With this goal in mind, in 2023, we conducted a pre-audit of the Corruption Prevention Model, with a view to future certification under ISO 37001. This pre-audit resulted in a number of improvement measures, which will be implemented in the short term.

Compliance with established ethical principles is monitored by a set of bodies and committees.

From a management and governance standpoint, as outlined in the preceding sub-chapter, it is important to note that REN possesses several entities responsible for ensuring adherence to various regulations, codes, and policies, as well as for overseeing and monitoring the outcomes of their implementation.

These entities and committees include the Ethics and Corporate Governance Committee, the Audit Committee, the Regulatory Compliance Officer, and the Risk Management Committee, all of which are elaborated upon in the Corporate Governance Report.

In the Corporate Governance Report, we present in greater detail the role of each body and committee.

PREVENTION OF CONFLICTS OF INTERESTS SITUATIONS

The Regulations on Transactions with Related Parties and Prevention of Conflicts of Interest are among the mechanisms implemented at REN. These are aimed at preventing and identifying conflict of interest situations, thereby ensuring a higher degree of market transparency. Among other aspects, the Regulations state that whenever there is a significant transaction with related parties, this transaction must be submitted by the Board of Directors to the Audit Committee for appraisal.

In the event of a conflict of interest, even during the investigation stage, where those concerned are directors or members of corporate bodies or committees, they must not interfere in the respective decision-making process, more specifically they:

- must not receive information related to such matters (namely preparatory information that is sent in anticipation of a meeting where this point will be discussed and voted on);
- must refrain from discussing the matter with other members of management; and/ or
- must not participate in or be present at the discussion and voting on the matter in question.

As part of compliance with the independence rules established in relation to the external auditor/ statutory auditor, the Audit Committee monitors the provision of non-audit services to ensure that they do not give rise to situations of conflict of interest.

Information regarding conflicts of interest is disclosed to stakeholders in the Audit Committee's Activity Reports and, in the case of specific information on transactions with relevant related parties that occurred during the year, in the accounting documents and in the Corporate Governance Report, without prejudice to other notifications required by legislation and regulations in force.

CONTRIBUTIONS TO POLITICAL PARTIES

Any direct or indirect monetary or cash contributions to political parties on behalf of REN Group companies or in any other way associated with the duties of employees in the Group are prohibited. This commitment to ethics and integrity is described in our Integrity Policy.

GRI 2-15

COMMUNICATION OF IRREGULARITIES

REN provides a channel for reporting irregularities committed by stakeholders within the REN Group. This includes shareholders, members of corporate bodies, managers, directors, employees, service providers, partners, consultants, clients, suppliers, and collaborators. The channel is accessible to a wide range of individuals including, but not limited to, officers, staff, contractors, subcontractors, volunteers, interns, and other stakeholders or entities associated with REN or its group companies. It is available for use regardless of whether the information is sourced from a professional relationship that has ended, during the recruitment process, or at any stage of pre-contractual negotiations of an established or prospective professional relationship.

The procedures established for reporting irregularities are designed to ensure (i) the timely identification of situations that could potentially harm the REN Group, with the aim of rectifying such situations, and (ii) the protection of whistle-blowers. This protection is extended to those who, in good faith and with reasonable grounds to believe the information is true at the time of reporting or public disclosure, report or disclose an irregularity. The process to deal with irregularities consists of **five main phases**, with the intervention of different officers.

CONCEPT OF "IRREGULARITY"

The concept of "irregularity" includes all situations that are detected, where there is knowledge or well-founded suspicions of possible illegal acts, offences or irregularities relating to breaches of the law, statutory, deontological or professional ethics standards, more specifically those set out in the Code of Conduct and Integrity Policy or the rules set out in any internal documents or regulations, recommendations, directives or guidelines applicable to REN, or to any company within the REN Group.

Procedure for reporting and investigating irregularities

GRI 2-26

Reports of irregularities are properly analyzed and addressed by the Audit Committee, which can be anonymous.

The Audit Committee acknowledges receipt of the reported irregularity to the complainant and informs them of the envisaged or implemented measures to address the report, along with their respective justifications. This is done unless sharing such information conflicts with legal obligations or legitimate orders from authorities.

Communications of irregularities must be made voluntarily by complainants, orally or in writing, and may be anonymous, and contain the items and information required to assess the irregularity in question. Communications will be dealt with confidentially.

REN and other companies in the Group may not dismiss, threaten, suspend, intimidate, harass, pursue, withhold or suspend payment of salaries and/ or benefits, demote, transfer or, in any other way, adopt any discriminatory or retaliatory behaviour or threat in relation to (i) a complainant, who has good grounds, even if not declared, as a result of communicating an irregularity that has been made in good faith, truthfully and in compliance with the respective procedure or (ii) any person who provides any information or collaborates in an investigation process or participates in any investigation.

2 COMPLAINTS **REGISTERED**

2 COMPLAINTS **DULY ANALYSED AND DEALT WITH**

ZERO COMPLAINTS **UNDER ANALYSIS**

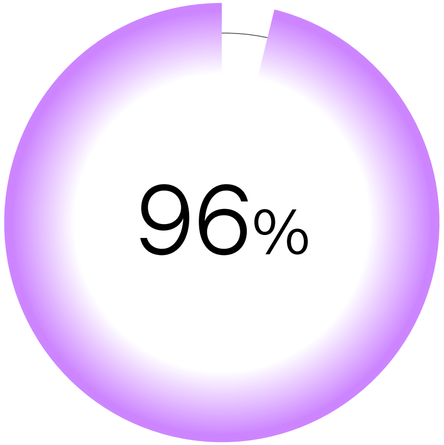
Course on “Ethics and Code of Conduct and Prevention of Corruption Risks”

Updating of training in 2023, with the new name of “Ethics, Code of Conduct and Prevention of Corruption Risks”. This course is compulsory for all REN employees and will be renewed every two years.

The course, with both theoretical and practical components, seeks to inform on the most relevant concepts concerning ethics, the Code of Conduct, REN's Integrity Policy, and the Plan for the Prevention of Corruption Risks and Related Offences, as well as to explain how such staff members should act in the performance of their duties. The course also focuses on the procedures applicable to reporting and dealing with communications of irregularities.

The course is available permanently online and can be taken by any employee wishing to complete it more than once and whenever they need to analyse in more detail any of the topics covered by the course.

This course must be **completed mandatorily** every two years.



OF EMPLOYEES **CONCLUDED THIS TRAINING IN 2023**

TRAINING AND AWARENESS

REN has strengthened communication and tools for learning and raising awareness among employees on these matters, particularly with respect to the prevention of corruption and related offences and reporting of irregularities (whistleblowing), including training (e-learning and face-to-face formats), as well through information provided on the intranet.

From the point of hiring, regardless of the employment relationship, employees are trained in the REN Group's Code of Conduct, the procedures applicable to the communicating of irregularities, the REN Group Integrity Policy and the Plan for the Prevention of Corruption and Related Offences. These regulations and policies are provided to all employees and are permanently available in REN buildings, on websites (internet and intranet) and are subject to regular testing.

Furthermore, in 2023, in collaboration with an external provider, face-to-face training was given which was adapted to each of the business units most exposed to corruption risks and related offences in accordance with the Plan for the Prevention of Corruption Risks and Related Offences.

GRI 2-23 GRI 205-2

4. OUR CONTRIBUTION

OUR CONTRIBUTION

4.1 FINANCIAL PERFORMANCE

Financial performance is essential to REN's resilience and to maintain our approach to investment and innovation enabling us to act as an agent in energy transition. These aspects are recognized as strategic by REN and make up two of the three pillars of the 2021-2024 Strategic Plan.

Contribution to SDG

08 DECENT WORK AND ECONOMIC GROWTH

09 INDUSTRY, INNOVATION AND INFRASTRUCTURE

MAIN INITIATIVES

Investment growth

Investment in environmental prevention

Green financing for new RNT assets

MAIN INDICATORS

3.548 B€
AVERAGE RAB

149 M€
NET PROFIT

302 M€
INVESTMENT (CAPEX)

ABOUT THE FUTURE

Solid financial indicators

Continued focus on green financing

Sustainable returns

RESULTS IN 2023

In 2023, the net profits of the REN Group increased by 33.5% (+37.5 million euros) compared to the previous year, reaching 149.2 million euros. This performance reflected:

i) Good operating performance resulting in an increase of 26.7 million euros in Group EBITDA (+22.8 million euros in EBIT) of which +19.3 million euros was in domestic business (+16.2 million euros in EBIT) and +7.4 million euros in international business (+6.6 million euros in EBIT);

ii) The increase in the financial profits of 3.4 million euros (+7.7%), as a result of the income recorded via interest from tariff deviations; and

iii) The reduction of 11.6 million euros in income tax (-21.4%), reflecting the non-recurring tax effect related to the capitalization of operating companies.

It is important to note that the Extraordinary Levy on the Energy Sector continues to be seen in results for 2023 as has been the case in previous years (28.4 million euros in 2023 and 28.0 million euros in 2022).

The average cost of financing stood at 2.5%, an increase of 0.7 p.p. from the previous year, reflecting the conditions of the finance market, while net debt stood at 2,748.7 million euros, an increase of 34.5% (705.0 million euros) over the previous year, mainly impacted by the evolution of the REN Trading tariff deviations. Excluding the tariff deviation effect, net debt fell by 121.8 million euros (-4.8%) over the previous year.

Group investment was 301.5 million euros in 2023, a growth of 49.6% compared to the previous year (+100,0 million euros), while transfers to RAB grew by 36.3% (+59.3 million euros) to 222.6 million euros. Average RAB was 3,547.8 million euros, a fall of 61.9 million euros (-1.7%) over figures for 2022.

Of note was expenditure on environmental prevention, which stood at 11.6 million euros in 2023, reinforcing the Group's important role in this area, specifically with regard to the management of natural capital, and the energy transition and climate change, two of the priority axes in the REN approach to sustainability.

149.2 M€
NET INCOME
IN 2023

+33.5 %
VS. 2022

Main performance indicators (M€)

	2023	2022	2021	VAR. 23/ 22
EBITDA	514.0	487.3	460.8	5.5%
Financial profits[27]	-40.6	-44.0	-42.6	7.7%
Net income	149.2	111.8	97.2	33.5%
Recurrent net income	125.0	108.7	94.8	15.1%
Investment (Capex)	301.5	201.5	247.1	49.6%
Transfers to RAB[28] (at historic costs)	222.6	163.3	309.1	36.3%
Average RAB (at reference costs)	3,547.8	3,609.8	3,602.8	-1.7%
Net debt	2,748.7	2,043.7	2,362.0	34.5%
Net debt (without tariff deviations)	2,421.2	2,543.1	2,628.5	-4.8%
Average cost of debt	2.5%	1.8%	1.6%	0,7 p.p.

[27] Financial income of 0.03 million euros in 2021, the cost of 1.7 million euros in 2021 and 2.9 million euros in 2023 from electricity interconnection capacity auctions between Spain and Portugal – referred to as FTR (Financial Transaction Rights), and the ReplacementReserve Exchange were reclassified from Financial Income to Revenues.

[28] Includes direct acquisitions (RAB related).

Operating income - EBITDA

Domestic power transmission and distribution business

In 2023, EBITDA from domestic business was 486.4 million euros, an increase of 4.1% (+19.3 million euros) over the previous year.

Contributing to the favourable evolution in EBITDA were:

- An increase in Revenues from Opex of 50.6 million euros (+49.0%), essentially reflecting the increase of 43.5 million euros in pass-through costs (non-core costs fully accepted by the tariff);
- The increase in regulated revenues from the electricity transmission business (+10,9 million euros), mainly due to the increase in the base remuneration rate (RoR) to 5.3% in 2023, compared to 4.7% in the previous year, due to the increase in interest rates on 10-year Portuguese Republic Treasury bonds; and
- The increase in remuneration from the regulated asset base of 5.1 million euros (+6.8%), essentially due to:
  - An increase of 1.1 million euros in remuneration from gas transmission regulated assets[29], due to the increase in the base remuneration rate (RoR) from 5.3% in 2022 to 5.7% in 2023, reflecting the increase seen in the rate of 10-year Portuguese Republic Treasury Bonds, partially offset by the reduction of 43.9 million euros (-5.0%) in average RAB;
  - An increase of 2.4 million euros in remuneration from gas distribution regulated assets, reflecting i) the increase in the base remuneration rate (RoR) from 5.5% in 2022 to 5.9% in 2023, due to the increase seen in the interest rate of 10-year Portuguese Republic Treasury Bonds; and ii) an increase of 7.7 million euros in average RAB (+1.6%); and
  - An increase of 1.6 million euros in the remuneration of regulated assets in the electricity sector from system management business and assets of the electricity transmission business outside the Totex remuneration model. This increase reflected i) the increase in the base remuneration rate (RoR) from 4.7% in 2022 to 5.3% in 2023, due to the increase seen in the interest rate of 10-year Portuguese Republic Treasury Bonds; and ii) an increase of 23.9 million euros in average RAB (+37.6%).

[29] Excludes Electricity Transmission (TEE) activity. Includes TEE assets accepted as extra Totex.

[30] Includes costs for training and seminars and provisions related to Personnel costs.

EBITDA - domestic (M€)

	2023	2022	VAR. 23/ 22
1) Revenues from Assets	215.3	209.4	2.8%
RAB remuneration	80.9	75.8	6.8%
Lease revenues from hydro protection zone	0.7	0.7	-1.4%
Incentive for improvement of the TSO's technical performance	19.0	20.0	-5.2%
Recovery of amortizations (net of investment subsidies)	95.5	94.7	0.9%
Amortization of investment subsidies	19.2	18.3	4.9%
2) Revenues from Totex	281.9	271.0	4%
3) Revenues from Opex	153.7	103.2	49%
4) Other Revenues	8.4	16.7	-49.5%
5) Own works (capitalised in investment)	28.3	22.3	26.8%
6) Earnings on Construction (excl. own work capitalised in investment) - Concession Assets	267.8	175.1	53%
7) OPEX	197.6	152.5	29.6%
Personnel Costs[30]	64.1	58.8	9%
External Costs	133.5	93.6	42.6%
8) Construction Costs – Concession Assets	267.8	175.1	53%
9) Provisions/ (reversal)	0.1	1.7	-95.5%
10) Impairments/ (reversal)	3.5	1.4	158.2%
11) EBITDA (1+2+3+4+5+6-7-8-9-10)	486.4	467.1	4.1%

486.4 M€

DOMESTIC
EBITDA

27.6 M€

INTERNATIONAL BUSINESS
EBITDA

These effects were partially offset by the increase of 45.2 million euros in Opex (+29.6%), essentially caused by the increase of 43.5 million euros in pass-through costs (non-core costs accepted by the tariff with neutral impact on EBITDA), of which +35.2 million euros was in cross-border tariff costs and +6.3 million euros in ERSE charges. Excluding pass-through costs, core Opex increased by 1.6 million euros (1.3 5.3%), reflecting i) the increase of 5.3 million euros (+9.0%) in personnel costs, resulting from the increase in the number of employees and wage increases, partially offset by ii) the reduction of 3.6 million euros in core external costs (-5.7%) mainly due to the reduction in electricity costs at the Sines LNG Terminal.

With respect to domestic business, it is also important to note that the gas distribution business contributed with EBITDA of 50.8 million euros, an increase of 0.6 million euros (+1.2%) over figures for 2022.

International business

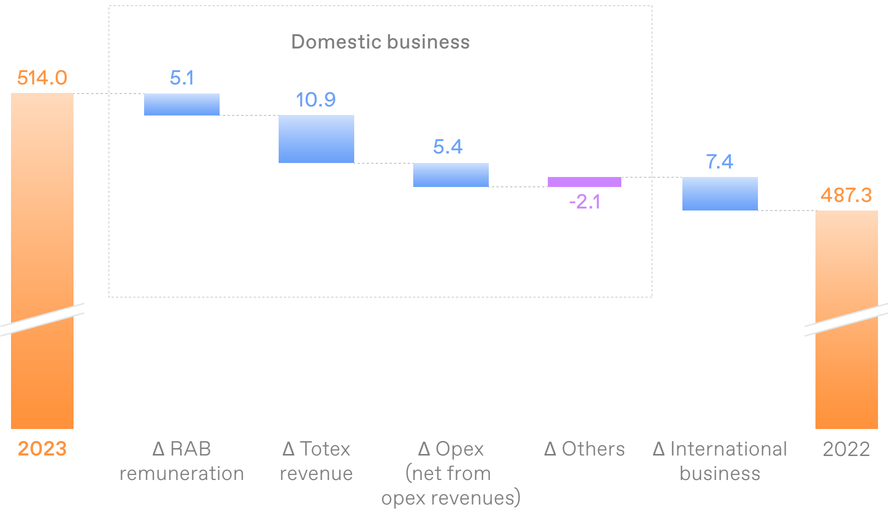
International business contributed with 27.6 million euros to the Group EBITDA, an increase of 7.4 million euros (+36.6%) over the previous year, reflecting:

- Growth of 6.8 million euros (+77.8%) in EBITDA of Transemel - Empresa de Transporte de Energia Elétrica in Chile - which reached 15.5 million euros; and
- An increase of 0.6 million euros in recognized income from the 42.5% stake held by REN in the Chilean company Electrogas, which stood at 12.2 million euros in 2023.

EBITDA- international (M€)

	2023	2022	VAR. 23/ 22
1) Revenues from the Transmission of Electrical Power	19.5	13.3	46.7%
2) Other revenues	12.2	11.6	5.2%
3) Own works (capitalised in investment)	1.2	0.4	180.9%
4) OPEX	5.2	5.0	4.3%
Personnel Costs[31]	1.1	0.7	47.6%
External Costs	4.1	4.2	-3%
5) Provisions / (reversal)	0.1	0.0	n.m.
6) Impairments / (reversal)	0.0	0.1	-137%
7) EBITDA (1+2+3-4-5-6)	27.6	20.2	36.6%

Evolution in REN Group EBITDA (M€)



[31] Includes costs for training and seminars and provisions related to Personnel costs.

Recurrent net income increased by 16.4 million euros.

125 M€
RECURRENT NET INCOME IN 2023

+15.1%
VS. 2022

514 M€
GROUP EBITDA

+19.3 M€
DOMESTIC BUSINESS VS. 2022

+7.4 M€
INTERNATIONAL BUSINESS VS. 2022

Net income

In 2023, net income stood at 149.2 million euros, an increase of 37.5 million euros (+33.5%) over the previous year.

This increase was mainly due to the following effects:

i) Aumento de 22,8 milhões de euros no EBIT do Grupo (+26,7 milhões de euros no EBITDA), dos quais +16,2 milhões de euros no negócio doméstico (+19,3 milhões de euros em EBITDA) e +6,6 milhões de euros no negócio internacional (+7,4 milhões de euros em EBITDA);

ii) An increase in financial profit of 3.4 million euros (+7.7%) reflecting i) the evolution of interest on tariff deviations, which went from a cost of 7.1 million euros in 2022 to a financial gain of 14.4 million euros in 2023 (+21.5 million euros), as a reflection of the tariff deviations seen at REN Trading; and ii) partially offset by the increase in financial costs, as a result of the increase in the average cost of debt from 1.8% to 2.5% (+0.7 p.p.) and the increase in net debt to 2,748.7 million euros (+705.0 million euros). The increase in net debt was mainly due to the evolution of tariff deviations.

iii) A reduction of 11.6 million euros in corporation tax (-21.4%), reflecting the positive contribution of the non-recurring tax effect related to the capitalization of operating companies of 18.6 million euros.

When non-recurring effects are removed, the Recurrent Net Income for 2023 rose by 16.4 million euros (+15.1%). Non-recurring items considered in 2023 and 2022 are as follows:

In 2023: i) Gains from the recovery of taxes from previous years (18.6 million euros); ii) non-recurring tax effect related to the capitalization of operating companies of 18.6 million euros; and iii) correction of Transemel's income from previous years (3.9 million euros); and

In 2022: i) Gains from the recovery of taxes from previous years (3.1 million euros).

Net income (M€)

	2023	2022	VAR. 23/ 22
EBITDA	514.0	487.3	*5.5%*
Depreciation and amortization	253.2	249.3	*1.6%*
Financial profits	-40.6	-44.0	*7.7%*
Income tax expenser	42.7	54.3	*-21.4%*
Extraordinary Levy on the Energy Sector	28.4	28.0	*1.2%*
Net income	**149.2**	**111.8**	***33.5%***
Non-recurring items	-24.2	-3.1	*n.m.*
Recurrent net income	**125.0**	**108.7**	***15.1%***

INVESTMENT AND AVERAGE RAB

In 2023, total REN investment was 301.5 million euros, an increase of 49.6% (+100.0 million euros) than the previous year, while transfers to RAB increased by 59.3 million euros to 222.6 million euros.

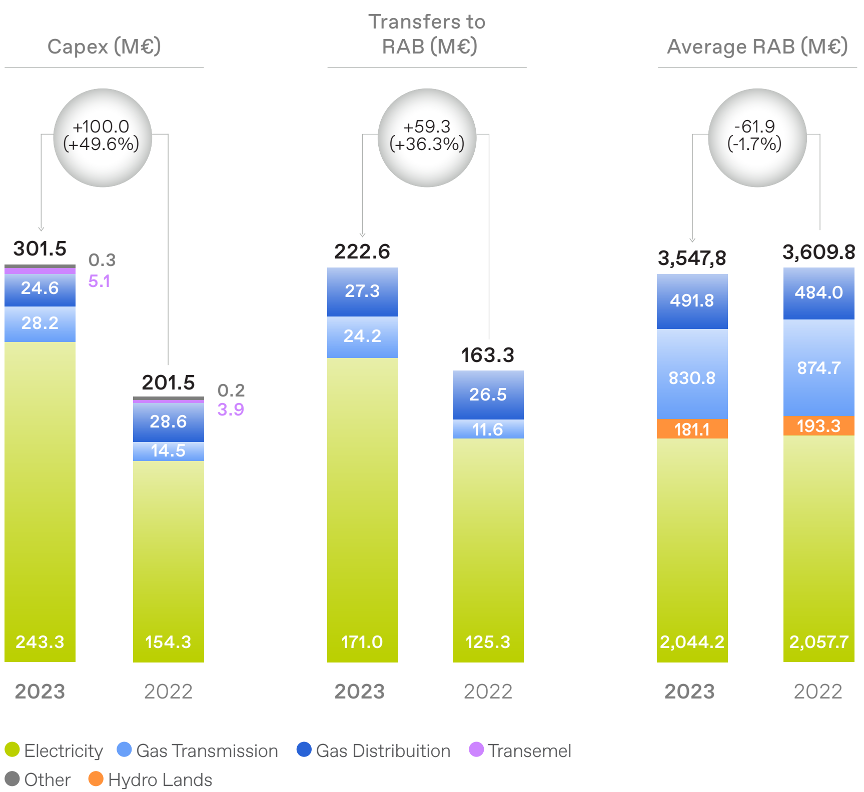
243.3 M€

INVESTMENT IN THE **ELECTRICITY SECTOR**

+57.7%

VS. 2022

Evolution of REN Group investment and average RAB



Investment

In the electricity sector, in 2023 investment stood at 243.3 million euros, an increase of 89.0 million euros over the previous year (+57.7%). Of note are the following investments made in the year: i) the construction of new power lines (99.9 million euros), namely the 400kV Ferreira do Alentejo - Ourique - Tavira power line and the 400 kV power line between the Ribeira de Pena and Feira substations; ii) new substations and extensions (38.2 million euros), more specifically in the new Panóias and Sobrado substations; iii) the remodelling of equipment, protection systems, automation and control at various substations (34.8 million euros); and iv) the remodelling of several lines (33.7 million euros).

In the gas transmission segment, investment in 2023 grew by 13.7 million euros compared to the previous year, reaching 28.2 million euros. In the total amount invested, REN Gasodutos contributed with 7.1 million euros, REN Atlantic with 9.7 million euros and REN Armazenagem with 1.4 million euros.

In the gas distribution segment, investment in 2023 was 24.6 million euros, a decrease of 4.0 million euros (-14%) over figures for 2022. Of the total invested in the year, 58% was in the expansion of distribution networks and around 28% in the capture of new supply points. As part of the decarbonization and digitalization strategy, REN Portgás invested around 1.5 million euros to leverage the energy transition of gas distribution.

Transemel investment was 5.1 million euros in 2023, representing a growth of 1.2 million euros compared to the previous year, highlighting the expansion investment in the Buli substation as part of the public tender for new electric transmission concessions awarded to Transemel in 2022.

Main projects undertaken in 2023

ELECTRICITY

99.9 M€	New lines
38.2 M€	New and expanded substations
34.8 M€	Remodelling of equipment and systems of protection, automation and control at several substations
33.7 M€	Remodelling of overhead lines
8.7 M€	I.T. system projects
28 M€	Other projects

GAS TRANSMISSION

10.3 M€	Remodelling/ conservation of REN Gasodutos technical assets
9.5 M€	Investment in Sines LNG Terminal
1.1 M€	Investiments in REN Armazenagem
7.3 M€	Other projects

GAS DISTRIBUTION

14.2 M€	Network expansion
6.9 M€	Supply points
2.4 M€	I.T. system projects
1.1 M€	Other projects

ELECTRICTY: 243.3 M€

GAS TRANSMISSION: 28.2 M€

GAS DISTRIBUTION: 24.6 M€

TRANSEMEL: 5.1 M€

OTHER BUSINESS: 0.3 M€

GROUP INVESTMENT IN 2023: 301.5 M€

171 M€
TRANSFERS TO RAB IN THE ELECTRICITY SECTOR
IN 2023

45.7 M€
GROWTH COMPARED TO 2022

24.2 M€
TRANSFERS TO RAB IN THE GAS TRANSMISSION SECTOR
IN 2023

12.7 M€
GROWTH COMPARED TO 2022

27.3 M€
TRANSFERS TO RAB IN THE GAS DISTRIBUTION SECTOR
IN 2023

0.9 M€
GROWTH COMPARED TO 2022

Transfers to RAB

In the electricity sector, transfers to RAB reached 171.0 million euros in 2023, a growth of 45.7 million euros (+36.5%) in relation to the previous year. Of note were the completion of the remodelling of the Palmela-Sines 2 lines (18.7 million euros) and Palmela-Sines 3 lines (20.6 million euros), the Caniçada-Fafe 2 line (12.1 million euros), and the transformation reinforcement at the Vila Nova de Famalicão (7.8 million euros) and Alcochete (3.3 million euros) substations.

In the gas transmission sector, transfers to RAB were 24.2 million euros in 2023, which represents a growth of 12.7 million euros in relation to 2022.

In the gas distribution sector, transfers to RAB were 27.3 million euros, growth of 0.9 million euros in relation to the previous year.

Average RAB

At the end of 2023, average RAB stood at 3,547.8 billion euros, a fall of 61.9 million euros over figures for 2022 In the electricity sector, average RAB (excluding hydro land) was 2,044.2 billion euros the end of the year, a decrease of 13.5 million euros (-0.7%) over the previous year, while hydro land stood at 181.1 million euros (-2.2 million euros, -6.3%). In the gas transmission sector, average RAB was 830.8 million euros (-43.9 million euros, -5.0%), while in the gas distribution sector, RAB was 491.8 million euros, a growth of 7.7 million euros (+1.6%) in relation to the previous year.

FINANCING AND DEBT

Despite the significant correction of inflation against figures for 2022, in 2023, the climate of uncertainty and geopolitical risks resulted in a continued increase in market rates and, as a result, REN's debt cost rose from 1.8% to 2.5% (an increase of 0.7 p.p. over 2022), although this was a much more modest increase than the increase in general market rates, as a result of REN's high level of fixed rate debt.

Despite the less favourable macro-economic environment, REN carried out a series of financing operations, pursuing the company financing strategy and maximizing market opportunities leading to a strengthening of our liquidity at competitive prices.

2.749 B€

CONSOLIDATED NET DEBT
2023

+705 M€

VS. 2022

During 2023, the following financing operations were undertaken:

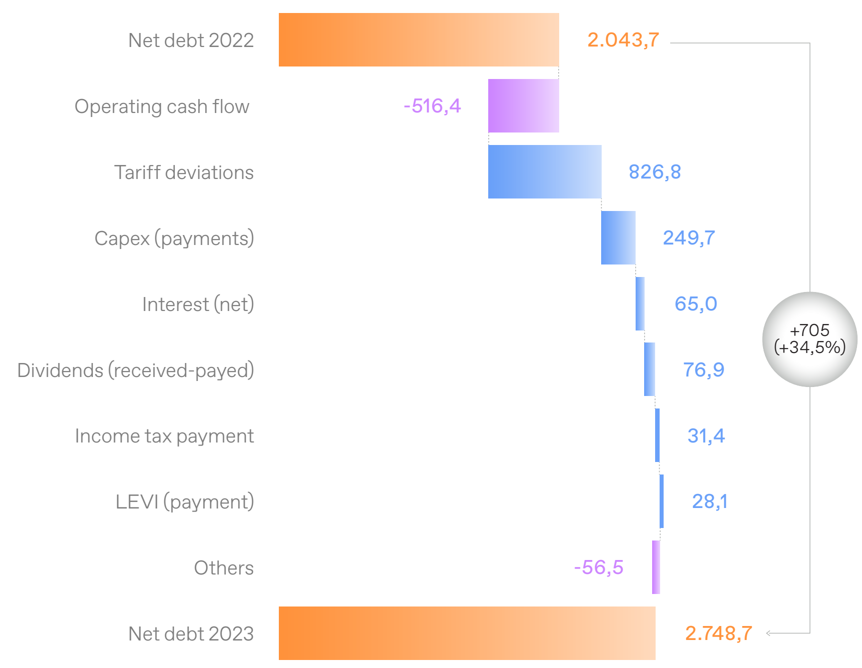
- Two commercial paper programmes were also renegotiated, with a total amount of 650 million;
- In February, we renegotiated our facility agreement with the Bank of China of 250 million euros;
- In May, the company signed a new commercial paper contract with subscription guarantee of 100 million euros;
- In July, the company signed a new commercial paper contract with subscription guarantee of 50 million euros; and
- In December, the company repaid the first tranche, in a sum of 150 million euros, of a long-term financing agreement (12 years) with the European Investment Bank. This is a "green financing" agreement to acquire new assets in in the National Electricity Transmission Network.

Financing operations negotiated in 2023 were approximately 1.2 billion euros.

At the end of 2023, REN Group consolidated net debt stood at 2.749 billion euros, an increase of 705 million euros over the previous year.

The favourable tariff deviations generated in 2022, together with high availability in deposits (mainly brought about by favourable tariff deviations generated in 2021), led to substantially lower net debt than REN's net structural debt. The return of these deviations to the system led to a correction of net debt levels.

Net debt (M€)



Financial debt (M€)

IFRS	2023	2022	CHANGE ABSOLUTA	CHANGE %
Gross debt	2,733.6	2,334.3	399.3	*17.1*
Minus hedging swaps	-55.2	-74.7	19.5	*-26.1*
Minus cash and cash equivalents	40.1	365.3	-325.1	*-89.0*
Net debt	**2,748.7**	**2,043.7**	**705.0**	***34.5***

Sources of financing (M€)

			CHANGE		RELATIVE WEIGHTING	
CAPITAL OWED	2023	2022	ABSOLUT	%	2023	2022
Bond issues	1,172.9	1,722.9	-550.0	*-31.9*	42.3%	72.0%
Bank overdrafts	488.3	416.6	71.7	*17.2*	17.6%	17.4%
Commercial paper	1,106.0	250.0	856.0	*342.4*	39.9%	10.4%
Others	4.9	3.8	1.1	*29.4*	0.2%	0.2%
Total	2,772.1	2,393.3	378.8	*15.8*	100.0%	100.0%

Bond issues were the primary source of financing during 2023, representing 42% of total net debt, followed by commercial paper with a weighting of around 40%.

During 2023, net debt increased by around 379 million euros with respect to 2022. Net financing costs also recorded an increase of 18.9 million euros to stand at 68.7 million euros in 2023 (in 2022, this figure was 49.8 million euros). This increase is essentially due to the continued increase in market rates and the refinancing of maturing debt at less favourable conditions on financial markets.

The average cost of gross debt in 2023 was 2.5%, up 0.7 p.p. over rates for 2022, an increase that proved to be much more modest than the rise in market rates.

Interest rate risk management policy focused on reducing the volatility of earnings. REN's fixed rate debt represented 62% of total debt.

REN maintained an investment grade rating at the three main ratings agencies. At 31 December 2023, REN's risk ratings were BBB at Fitch (outlook stable), Baa2 at Moody's (outlook stable) and BBB at S&P (outlook stable).

OUR CONTRIBUTION

4.2 RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN

Through an effective strategy of responsible supply chain management, we identify and manage associated risks and opportunities, fostering the creation of shared and sustainable value that extends beyond our operations.

Contribution to SDG

08 DECENT WORK AND ECONOMIC GROWTH
13 CLIMATE ACTION
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

MAIN INITIATIVES

- Annual requalification of suppliers
- Analysis and inclusion of ESG criteria in procurement processes
- Alignment meetings held to share best practices and provide training sessions in ESG to suppliers
- Consultation on the General Data Protection Regulation to assess the level of maturity at suppliers

MAIN INDICATORS

474 M€

TOTAL VOLUME OF PURCHASES

95% PORTUGAL

98% CHILE

PURCHASES MADE FROM LOCAL SUPPLIERS

ABOUT THE FUTURE

- Implementation of the new sustainability performance assessment and supplier development model
- Inclusion of ESG requirements in supplier management regarding supplier qualification and evaluation
- Definition of the supplier due diligence process
- Implementation of an audit plan based on the supplier risk management model

Sustainability and ethics principles are promoted and applied throughout the entire value chain.

REN fosters and applies sustainability and ethics principles throughout the value chain, striving to continuously create value for our stakeholders. This commitment is rooted in our mission to provide an essential public service in the national energy sector. Moreover, the cooperation and partnership relationships REN maintains with its suppliers and business partners are governed by demanding ethical and professional standards. These practices are in full compliance with current legislation and the regulatory framework and are consistent with the company's medium and long-term sustainability policies.

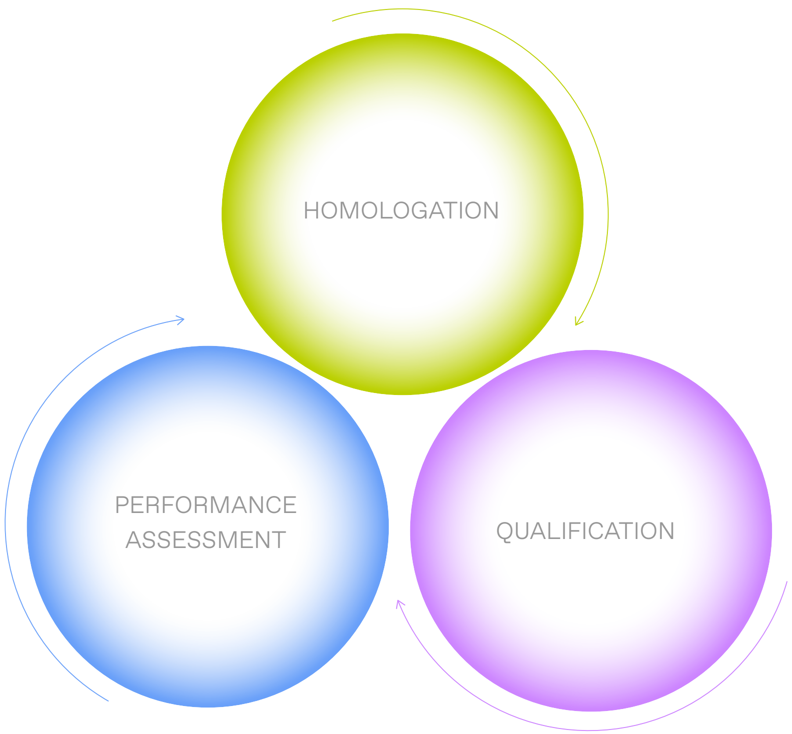
SUPPLY CHAIN MANAGEMENT MODEL

Our supply chain management model is based on the principles of competition, equal treatment, and opportunities for all potential REN suppliers and on clear and objective rules and criteria with the aim of gauging the real capacity of each potential supplier.

The supplier management model has a robust structure and well-defined responsibilities which ensure the proper separation of functions, from economic and financial analysis to technical analysis, with a view to assessing full compliance with defined requirements, and where the approval model is based on risk management.

Through this model, we ensure across-the-boards integration of values of diligence and transparency in supplier management processes so that the organization acquires the necessary resources in an efficient, economic, and ethical manner, thus contributing to our successful operation and ability to achieve objectives.

REN's supplier management model consists of three phases:



GRI 308-1 GRI 308-2 GRI 414-1 GRI 414-2

In relation to the approval of suppliers, and to ensure the capacity and adequacy of suppliers to company requirements, the qualification model is divided into three levels, depending on the complexity, criticality, and representativeness of the expenditure, in accordance with the following information.

There are three qualification levels:

LEVEL 1

BASE

Series of purchase subcategories with:

- lower impact on infrastructure security and operability;
- lower technical complexity; and/ or
- minor representation in annual expenditure.

An analysis of a series of issues is included to evaluate capacity to comply with minimum requirements with regard to financial, legal, and compliance aspects.

For approval purposes, customer/ project references are required.

LEVEL 2

RELEVANT

Series of purchase subcategories that:

- can impact on the security and operability of the infrastructure;
- can be of high technical complexity; and/ or
- represent high annual expenditure.

In addition to the level 1 questions, an analysis of a broader series of questions is included to evaluate the technical capacity of the supplier.

LEVEL 3

STRATEGIC

Series of purchase subcategories that:

- have a high impact on the security and operability of the infrastructure;
- have high technical complexity; and/ or
- represent high annual expenditure.

This includes the analysis of a broader series of issues to evaluate the technical capacity of a supplier in greater detail, which can be complemented by audits and/ or technical certifications.

The success of REN's operations depends on everyone who works with our company. To this end, we have a Supplier Code of Conduct applicable to the entire supply chain.

10

THE SUPPLIER CODE OF CONDUCT IS BASED ON THE **10 FUNDAMENTAL PRINCIPLES ADVOCATED BY THE UN GLOBAL COMPACT**

The aim of the supplier qualification process is to provide a pool of suppliers to meet the Group's needs with a view to facilitating and accelerating the supplier selection process, with regard to both procurement procedures governed by the Public Procurement Code (PPC) as well as those outside this code. This process seeks to mitigate economic-financial, compliance, and governance risks. By applying this process, REN consolidates basic information providing a selection of suppliers that, while not being entirely risk-free, is based on objective criteria.

The aims of the assessment process, a key tool in the improvement of quality and risk management, are to maintain a pool of quality suppliers, enable potential risks to be identified in the supply of goods and services to REN, and develop partners by identifying areas for improvement and defining corrective actions.

Moreover, REN complies with Portuguese law and human rights and sustainability are also clearly defined in the Supplier Code of Conduct. Legal compliance, from both social and environmental perspectives, is validated during the supervision of subcontracting and is complemented with audits.

SUPPLIER CODE OF CONDUCT

The success of REN operations depends on everyone who works with our company, so the conduct of our partners is decisive in the pursuit of our goals.

In order to ensure alignment with the principles and values that guide the conduct of suppliers and partners, REN has a Supplier Code of Conduct. This is a structural document for the comprehensive management of the supply chain, to which all suppliers are required to commit, thus forming a contractual obligation. Moreover, by subscribing to the Code, suppliers and partners accept REN's right to conduct audits and inspections to ensure compliance with the Code.

The Supplier Code of Conduct is based on the 10 fundamental principles advocated by the United Nations Global Compact, which are in turn based on universally accepted declarations and focus on the areas of human rights, labour practices, environmental protection, and anti-corruption.

Suppliers must fully comply with applicable law and observe internationally recognized environmental, social, and corporate governance criteria, as well as ensure their best efforts to implement these standards with their own suppliers and subcontractors.

The Principles of REN Group Supplier Conduct are based on:

1. Supporting and respecting fundamental human rights in the workplace;
2. Respecting applicable standards and principles in terms of the environment and safety and health in the workplace; and
3. Ensuring that high standards of ethics and business integrity are maintained.

Protection and processing of personal data

Under the General Data Protection Regulation (EU) 2016/679 of 27 April and the Portuguese Data Protection Law No 58/2019 of 8 August, which transposes the GDPR into Portuguese law, REN questioned a group of more relevant suppliers with respect to how the REN Group's personal data is processed and protected.

This Code also addresses the topic of ESG, encouraging the efficient and sustainable use of resources, increased circularity of products and/or services, the implementing of more efficient and environmentally friendly technologies, as well as the minimization of potential negative impacts on biodiversity. This document promotes active participation and commitment by suppliers, especially in the ongoing process to decarbonize the value chain, considering that these are key elements in REN's effort to achieve the carbon neutrality target to be achieved by 2040.

In recent years, REN has gradually included technical specifications in tender offers setting out criteria that reinforce the pillars of ESG, particularly in terms of the environment, quality, and safety. These specifications also address the General Data Protection Regulation (GDPR), information security, and the reporting of irregularities in matters of anti-corruption, in line with the Group Integrity Policy.

SUSTAINABLE PROCUREMENT

Given the criticality of matters relating to sustainability, REN is also fully committed to achieving our goals through liaison with our supply chain, thus forming a collective effort. Our aim is to strengthen sustainability in the value chain and increase tangible impact. For this reason, we carried out a number of actions throughout 2023, with impacts in 2024, in order to ensure best environmental, social and economic practices.

Among the different ESG initiatives conducted, of note in 2023 were the alignment and awareness raising meetings with key suppliers which have the greatest impact on REN's ESG commitments. Further events included the promotion of training sessions to address relevant issues such as the establishing of SBT (Science Based Targets) and the development of environmental product declarations (EPD).

With respect to ESG information management, and to strengthen decision-making criteria when selecting and monitoring the performance of current partners in such matters, an information application was also acquired in 2023. This application will be implemented in 2024 and provide access to relevant and consolidated ESG information on suppliers.

> We have gradually included technical specifications in tender offers setting out criteria that reinforce the ESG pillars.

The challenge of sustainability in subcontract work and services provision

REN has held several meetings with contractors and service providers (CSP) which are most relevant in terms of ESG impacts. The aims of these meetings were to reiterate our commitments to sustainability, provide updates on progress and new commitments, and emphasise the importance of supplier collaboration in the achievement of these goals.

Suppliers were also invited to present their commitments to sustainability, as well as ongoing or planned actions to achieve these objectives.

The solid commitment to sustainability by suppliers was evident and they also emphasised that the support REN has provided to help build a decarbonized and competitive supply chain has been particularly useful.

With regard to the calculation of GHG emissions from the provision of services, and based on primary information, REN published a procedure and provided training to CSP. To assess the degree of alignment and maturity of the supply chain with the establishing of SBT, particularly among level 3 suppliers, it is estimated that concrete results will be achieved by 2025. As part of this ongoing process, individual meetings were held and additional information was requested on a series of topics which led to areas of improvement being identified.

Inclusion of ESG criteria in procurement processes

ESG requirements are now gradually being incorporated into REN procurement processes, supporting the Group's strategic vision, in line with our environmental and social policies.

Additional information requested during procurement processes includes the mandatory reporting of carbon footprint and the gradual provision of the Environmental Product Declaration, in the case of equipment, the service provided and the setting of rules and maximum emission limits, depending on the type of services contracted.

ESG risks and impacts relating to the supply chain

The work carried out with our supply chain further seeks to support the management of risks and associated opportunities, allowing us to anticipate them and implement the appropriate mitigation and elimination measures, whenever necessary.

In relation to risks in the supply chain, some of the main risks and respective mitigation measures have been identified:

MAIN RISKS

- Risks relating to basic Human Rights in the workplace
- Risks relating to the environment
- Risks relating to health and safety in the workplace
- Risks relating to legal compliance
- Risks relating to ethics and corporate integrity

MITIGATION MEASURES

- Supplier qualification and assessment
- Supplier Code of Conduct
- Supplier development plan
- Integrity policy
- Anti-Corruption Plan
- Assessment of the maturity level of suppliers with respect to GDPR
- ISO 27001 Certification – Information Security Management
- Process to communicate and deal with irregularities
- Audits/ inspections

Digitalization of purchasing activities

During 2023, the digitalization of procurement and supplier management activities continued as a pillar of action. Of note were the entry into operation of several improvements in the new platform to support integrated supplier management SOURCE 360° and the development of an information management model to support supplier qualification decisions.

A further example of an ongoing improvement project underway was the integration of the procurement platform (FLUXO) with SAP ERP, with a view to the gradual automation of orders and completion of the P2P (Purchase-to-Payment) cycle.

New developments in SOURCE 360°

SOURCE 360° is a unique repository holding full information on REN partners, which allows:

- each supplier's portfolio be linked and preferred contacts to be defined in line with REN requirements, by purchase category, through the Approval process.
- qualification applications to be created and submitted, allowing suppliers to be invited to submit bids for tenders covered by public procurement, under the Qualification System; and
- reply to tenders not covered by public procurement, further to an invitation sent via "Source Market Consultation".

Throughout 2023, REN developed new features on this platform to streamline, simplify, and support suppliers in their Approval and Qualification processes.

Of note among the different improvements introduced:

- new model to identify compulsory documentation for Qualification, which was not addressed in the approval procedures;
- consolidation of access to the technical qualification questionnaires; and
- simplification of the procedure for adding purchase subcategories to the approval procedures.

The development of more functionalities on the platform is planned for 2024, in particular the automating of supplier performance assessment by integrating SOURCE 360° with the FLUXO procurement platform and the development of the new purchasing category management model. Furthermore, also planned is the development and implementation of the 360° information management model, consolidating purchasing and supplier management information.

474 M€
VOLUME OF GROUP
PURCHASES IN 2023

+65%
COMPARED
TO 2022

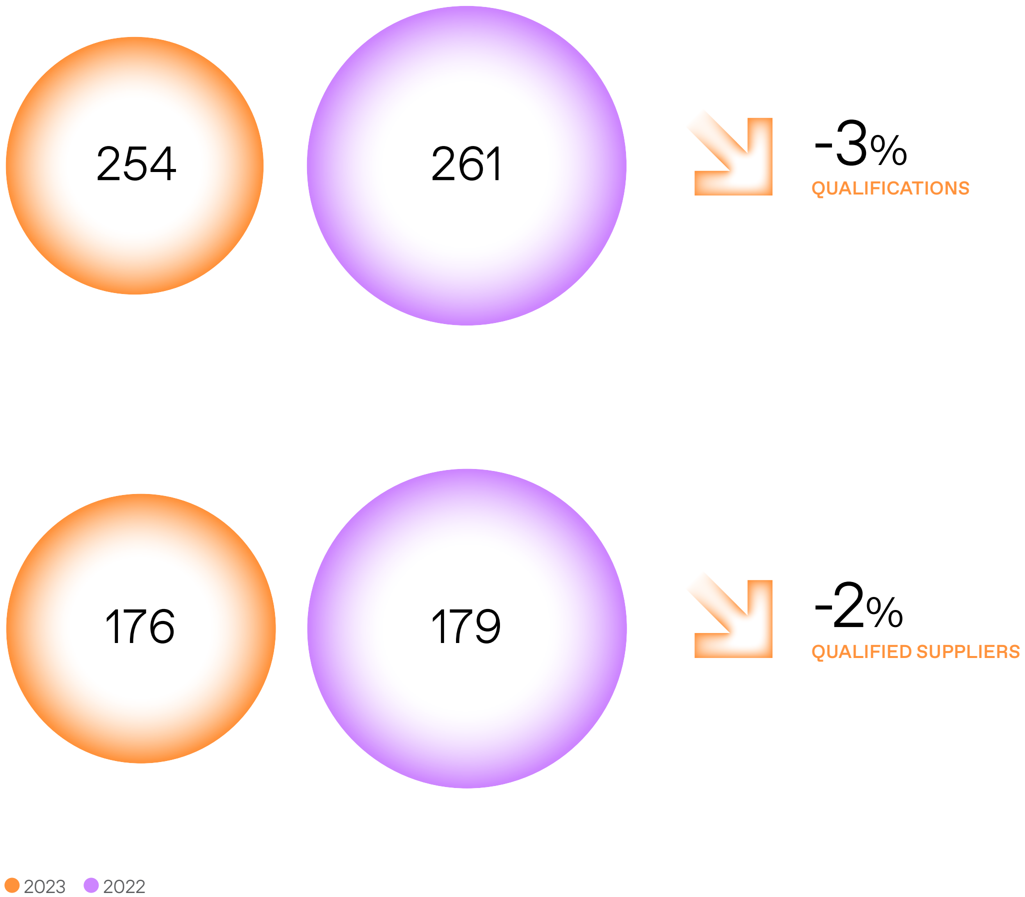
DESCRIPTION OF PURCHASES

In 2023, total volume of purchases stood at 474 million euros (an increase of 65% over figures for 2022) which corresponded to 1,303 purchase processes awarded. The Procurement Department recorded total purchase volume of 445 million euros, an increase of 68% over figures for 2022, which corresponded to 330 purchase processes awarded.

Regarding the payment of purchases to suppliers, in 2023 an average of 38 days was recorded for payments made by REN.

Evolution in purchase volume	2023	2022	2021	VAR. 22-23
Total volume of group purchases (M€)	474	287	264	*65%*
Total volume of purchases by the Procurement Department (M€)	445	265	245	*68%*
No of purchasing processes awarded	1,303	1,306	1,519	*0.2%*
No of purchasing processes awarded by the Procurement Department	330	335	347	*-1%*

No of qualifications in 2022 and 2023



REN Group procurement requirements mainly involve equipment and products related to the specificities of the business, directly involved in the development of conditioned infrastructure. It is therefore possible to break down our main needs into two large groups, as can be seen below:

BUSINESS-SPECIFIC GOODS AND SERVICES

- **Subcontract work for the construction, remodelling, and maintenance** of very high voltage (VHV) power lines
- **Establishing and maintaining** access corridors
- **Subcontract work for the construction and remodelling** work on buildings and infrastructure
- **Integrated supervision services** for quality, environment, and safety
- Bare cables **for VHV lines and substations**
- **General electrical installation**
- **Control and protection systems**
- Among others

CORPORATE GOODS AND SERVICES

- **Industrial sound** systems
- **Software**
- Application **management and project implementation**
- Automobile fleet **management, conservation, and maintenance**
- **Micro IT and IT consumables**
- Among others

Suppliers are characterized in three levels, in terms of type, size, geographical location and service complexity.

DESCRIPTION OF SUPPLIERS

REN categorizes suppliers according to different levels, in terms of type, size and geographical location so as to adapt the respective management and monitor the management of associated risks.

	GOODS SUPPLIERS	SERVICE PROVIDERS	CONTRACTORS
LEVEL 1 16% OF QUALIFIED SUPPLIERS	SMALL, NATIONAL COMPANIES supplying standardized, low-value goods	SMALL, NATIONAL COMPANIES providing standardized, low-value services	SMALL, NATIONAL BUILDING COMPANIES with a single, low-value speciality
LEVEL2 71% OF QUALIFIED SUPPLIERS	MEDIUM AND LARGE EUROPEAN COMPANIES supplying standardized goods or goods with customer specific requirements of medium or high value	SMALL AND MEDIUM-SIZED NATIONAL COMPANIES providing specific, medium or high value services	MEDIUM AND LARGE NATIONAL CONSTRUCTION COMPANIES with multiple specialities, medium or high value
LEVEL 3 13% OF QUALIFIED SUPPLIERS	MULTINATIONALS supplying complex goods of very high value	MEDIUM AND LARGE EUROPEAN COMPANIES providing complex high value services	LARGE IBERIAN CONSTRUCTION COMPANIES with multiple specialities of very high value and complexity (turnkey)

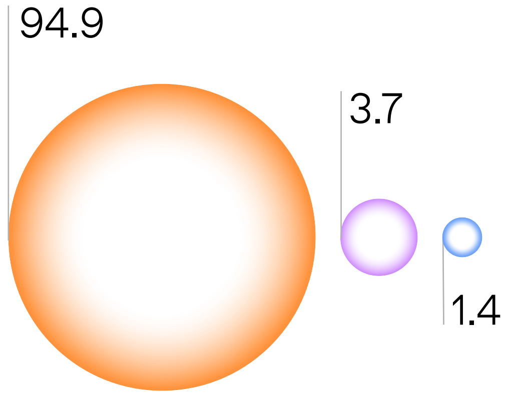
Based on the Group's payment volume, and so as to describe suppliers, REN analyses the percentage of expenditure and the percentage of suppliers to determine the breakdown of payments by area. In 2023, 94.9% of expenditure with suppliers for the companies registered in Portugal involved Portuguese suppliers (compared to 96.8% in 2022) and 98.3% of expenditure for the company based in Chile involved Chilean suppliers (compared to 97.8% in 2022).

With a view to consolidating REN Group expenditure and streamlining recurrent purchases, the incentive to create electronic catalogues was maintained through the catalogue platform for previously negotiated contracts with integration with ERP SAP. At the end of 2023, there were more than 130 active catalogues.

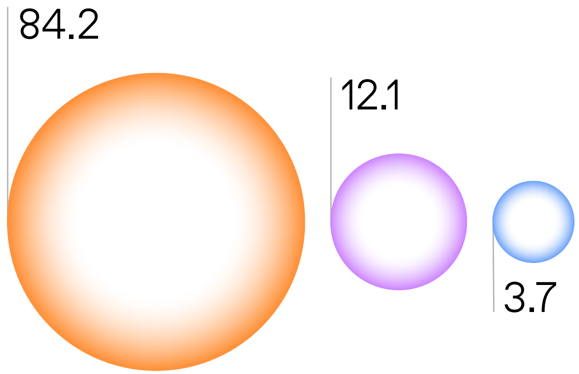
Description of suppliers based on payment volume[36] in 2023:

Companies registered in Portugal (%)

% VOLUME OF EXPENDITURE



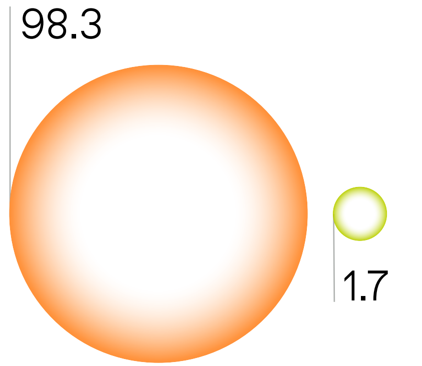
% OF SUPPLIERS



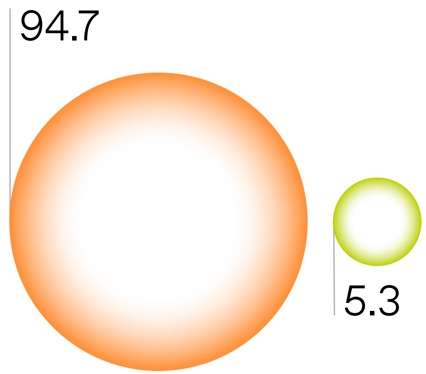
Locals Intra-community Extra-community

Companies registered in Chile (%)

% VOLUME OF EXPENDITURE



% OF SUPPLIERS



Locals Other geographies

GRI 204-1

[32] The volume of expenditure corresponds to all payments made by REN, in euros, excluding the main payments derived from national regulations and European laws.

OUR CONTRIBUTION

Contribution to SDG

4.3 INNOVATION AND DEVELOPMENT

Innovation and development are essential for the evolution of REN. We believe that the excellence of the quality and continuity of service that we provide is the result of our technological, innovative and sustainable vision, focused on a culture of innovation that challenges and promotes our teams.

MAIN INITIATIVES

- Innovation Leaders
- World Creativity and Innovation Day
- Cotec Open Day held at REN
- Publication of scientific articles

MAIN INDICATORS

- 33 — RDI PROJECTS IN PORTEFOLIO
- 34 — PROJECTS WITH APPLICATIONS SUBMITTED TO SIFIDE
- 1.5 M€ — AVERAGE INVESTMENT

ABOUT THE FUTURE

- Monitoring of emerging topics such as robotization, satellites, digitalization, artificial intelligence and hydrogen & renewable gases
- Promotion of Open Innovation
- Participation in the definition of European research, development and innovation policies
- Participation in international events in the sector

REN has the ambition to make its innovation culture both distinctive and exemplary.

The challenges in the field of innovation and development require an across-the-boards response from the company. At REN, the culture of innovation is disseminated throughout the different areas of the company, through the Operational Innovation Department, as well as through the REN Energy Research Centre – State Grid, S.A. (R&D NESTER), an entity owned by the REN Group for conducting research, development, and innovation (RDI) activities in energy systems solutions.

Our ambition at REN is to make our innovation culture both distinctive and exemplary, thus contributing to the development and implementation of innovative solutions, which can be incorporated into the different Group companies and help to position REN as a facilitator of energy transition.

OPERATIONAL INNOVATION

Innovation forms part of REN's global strategy. We have strengthened our focus on creating and developing solutions that allow energy transition goals to be achieved efficiently and effectively, while helping fight climate change and contributing to the company's excellent performance in terms of security and quality of energy supply.

Main initiatives

OPEN DAY COTEC
HELD AT REN

WORLD CREATIVITY
AND INNOVATION **DAY**

Main indicators

13
RDI PROJECTS
IN PORTFOLIO

5
PROJECTS
IN ROLLOUT

13
PROJECTS WITH APPLICATIONS
SUBMITTED TO SIFIDE

Innovation strategy

With tomorrow's energy in mind, the REN innovation strategy is based on four strategic pillars that demonstrate the company's focus on finding new ideas to create value and impact:

QUALITY AND BUSINESS CONTINUITY

Contribute to the operational improvement of the company by identifying new methodologies, processes and technologies focusing on maximizing the guarantee of supply, continuity and quality of service, as well as infrastructure robustness and resilience.

SMART AND DIGITAL OPERATIONS AND NETWORKS

Modernize assets and implement a smart vision of infrastructure and operation management, and also in process efficiency and the constitution of the most technological component applied to operational areas.

SUSTAINABLE DEVELOPMENT

Develop initiatives that promote the pursuit of innovative and sustainable practices throughout the value chain, as well as drive and support proposals for new regulatory models and legal framing that reflect the needs arising from paradigm changes in the energy sector.

NEW BUSINESS MODELS

Contribute to the enhancement of Research, Development and Innovation initiatives that may be applicable in new contexts beyond the REN Group, contributing to the creation of new businesses.

We look for the development of an open innovation ecosystem and the integrated management of RDI projects.

Innovation policy

The REN Group innovation strategy, supported by its Research, Development, and Innovation Policy, is based on fostering a culture of innovation that not only adds value to the Group, but also generates new business. This approach includes the development of an open ecosystem for innovation and the integrated management of RDI projects, focusing on identifying and implementing sustainable and competitive advantages and strengthening the strategic pillars of RDI.

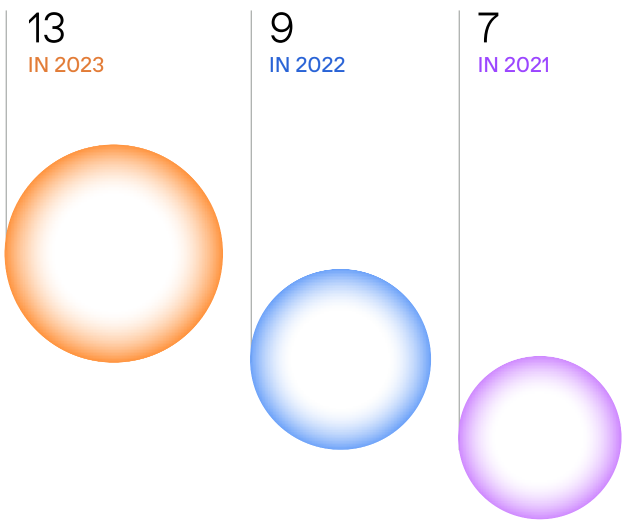
The strategy is aligned with the Group's mission and values, ensuring compliance with legislation and regulations, and aimed at the ongoing improvement of innovative performance while also meeting stakeholder expectations.

Operational innovation portfolio

The projects currently under development have different scopes and impact on both gas and electricity activities. Although a greater number of projects relate to electricity transmission, it is also expected that the number of projects in the field of gas will increase due to the extensive transformation that this sector is to undergo with the introduction of hydrogen and renewable gases into the infrastructure.

Investment in innovation projects has followed a growing and consistent trend where around two million euros has been invested since 2019. In 2023, the figure is close to 500 thousand euros.

Evolution of projects submitted to SIFIDE



The projects under development result from the identification of the specific needs of operational departments and fall into areas such as digitalization, robotization, drones and sensing, based mainly on the strategic pillars for sustainable development, smart and digital networks and operations and quality and continuity of business.

The project portfolio currently consists of 13 RDI projects, at different stages of development, with total forecast investment of 6.8 million euros and five projects currently being rolled out with an estimated investment of 1.9 million euros.

In 2023, 13 projects that form part of the operational innovation portfolio were submitted to SIFIDE, four more than in 2022.

Due to their relevance and alignment with our sustainability strategy, of special note are the following:

QUALITY AND BUSINESS CONTINUITY

Pipeline monitoring using distributed fibre sensing

The pilot project seeks to test an innovative sensing technology using the fibre optics already in pipelines, with the aim of detecting methane leaks and possible external interference.

This initiative will allow the capabilities of this technology to be evaluated for future large-scale implementation in the gas pipeline network, which is already equipped with fibre optics. The goal is to increase the sensor and monitoring capacity of gas pipelines, thus reducing GHG emissions from methane losses and improving the detection of possible defects that may compromise integrity and safety.

Use of robots to clean electricity substations and gas stations

REN is required to maintain the technical facilities of gas stations and electricity substations permanently free of spontaneous vegetation, regardless of the season or volume. These areas are currently manually cleaned at least once every three months. This project aims to develop an autonomous robot for cutting and spraying operations at technical facilities.

SMART AND DIGITAL OPERATIONS AND NETWORKS

Pilot project for internal capacity building via fixed-wing drones

This project aims to monitor the infrastructure and access corridors of the National Electricity Transmission Network and the National Gas Transmission Network though the use of drones and evaluate impacts on the activities considered critical to REN.

The goal is to test drones in the field and use the images to assess any impact on REN's activities. Aims include the training of a team to fly the drones, the processing of images and raising awareness with respect to flight authorization and image capture.

SUSTAINABLE DEVELOPMENT

***TransForm* – Agenda for the digital transformation of forest value chainsl**
RRP (Recovery and Resilience Programme - Funding Programme)

The *TransForm* Agenda is the result of an ambitious and unprecedented collaborative effort in Portugal to respond effectively to the challenges currently presented by digitalization and carbon neutrality. The agenda consists of an integrated approach based on 28 interrelated collaborative projects that will create 11 products, processes and services of greater added value in the priority areas of intervention identified by sector agents in the different pillars making up the base forest supply chains. REN will participate in the agenda with the following projects:

CENTRODEC – Decision Support Centre with multi-sensory data for forest protection:

Implementation of a decision support centre with multi-sensory data to help protect REN infrastructure, and the respective land and surrounding infrastructure against extreme weather phenomena (fire and other events); and

Scale-up under the rePLANT project, more specifically, infrastructure and respective land monitoring systems.

OPTIVEG – Sustainable optimization of vegetation management operations

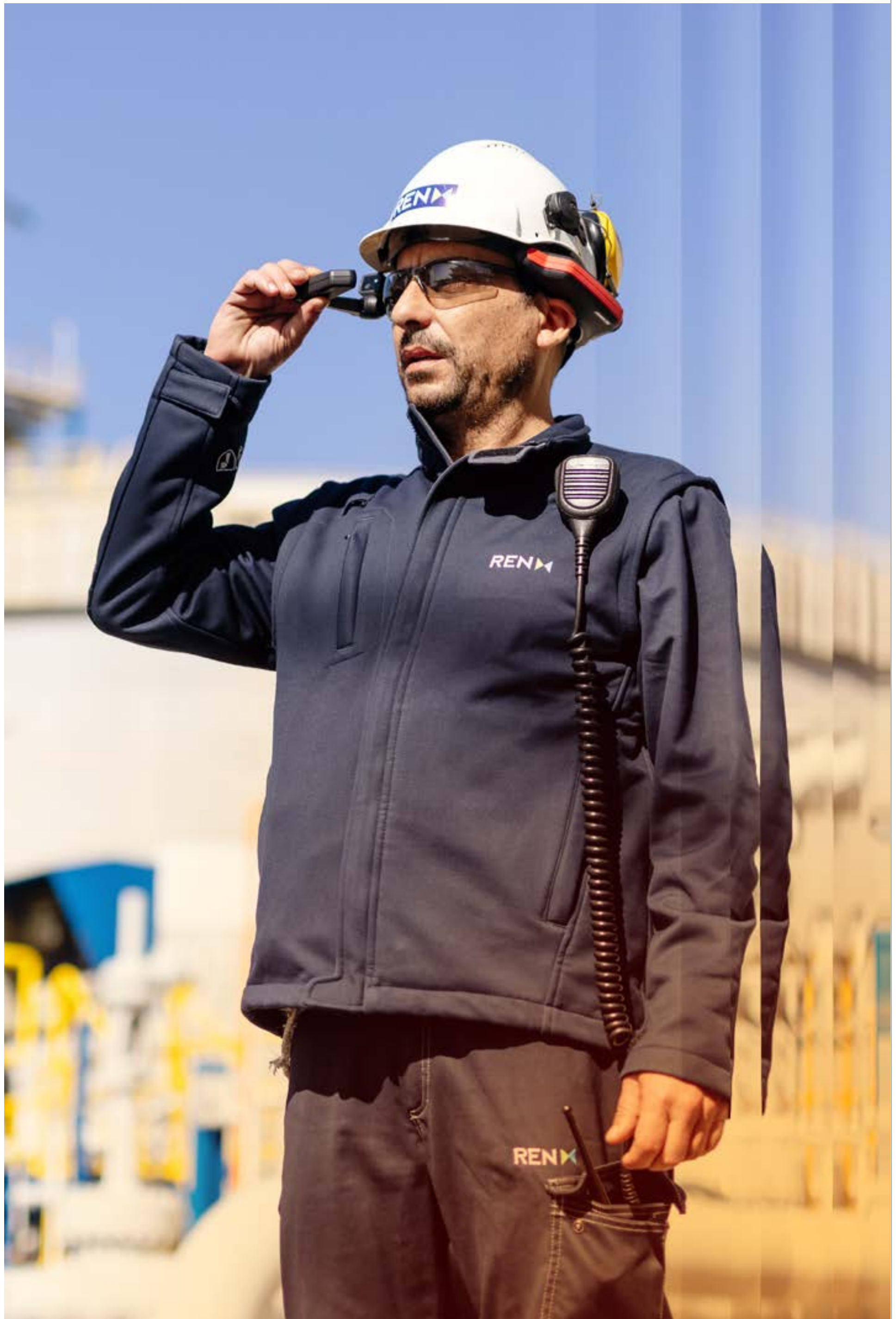
Development of an innovative technological solution to support operational planning with a view to increasing the sustainability of vegetation management operations. Incorporate augmented reality into this project to enable the viewing of access corridors and any limiting factors.

Promote the implementation of electric drive motors in Portuguese forestry operations

Carry out studies and action plans to accelerate the electrification of forestry operations in Portugal.

DFOS – Distributed Fibre Optic Sensing to detect collisions on Very High Voltage lines (VHV)
SIFIDE 2022 (tax incentive program)

Development of a bird collision detection system against VHV lines, using sensors distributed along the optical fibres within guard cables. The project consists of testing the application of distributed detection technology in optical fibre based on optical microphones which can detect anomalous movements in VHV lines.



Three initiatives that focus on strengthening the culture of innovation

1. INNOVATION LEADERS

Annual internal programme that brings employees together from different departments in a highly challenging environment, which is relevant and focused on our innovation strategy. These groups aim to promote creativity, and identify opportunities and ideas that can enhance new RDI projects to ensure they are carried through while also inducing a culture of innovation within the organization.

In 2023, the 4th edition of this programme was held. Since its inception, a total of 65 employees from different REN operational departments have participated in this initiative.

Over a period of one year and under the motto "innovation is vital to survive transformation", 21 new team members presented a number of new ideas that met the challenge of identifying the needs of operational departments and, by developing these ideas, helped enhance RDI projects.

2. INNOVATION PROGRAMME FOR TRAINEES

This trainee programme aims to encourage and strengthen the REN innovation culture among our youngest staff members, actively involving them in this process.

In 2023, the 4th edition of this programme took place, where the topics of innovation and sustainability were addressed closely together, as they are two essential pillars for REN.

3. WORLD CREATIVITY AND INNOVATION DAY

Creativity and Innovation were celebrated on 21 April at REN with a demonstration of some of the innovative solutions developed by the company. More than 100 visitors, including employees, children of employees and members of the Board of Directors, passed through the specially prepared showroom to mark this commemorative date. This exhibition took place at REN's facilities in Lisbon and Ermesinde.

We will continue to focus on disseminating a culture of innovation and invest in innovation workshops.

Innovation programme

More than a simple series of initiatives, REN's innovation programme has its own identity "RENenergy for tomorrow", which is aligned with the values of the organization and our innovation strategy.

Of note are three initiatives that focus on strengthening the culture of innovation within the organization while also promoting both the creation of value and greater proximity to the ecosystem.

In addition to the initiatives mentioned, and with the aim of developing a strong innovation culture in employees, two webinars were held: the first was on the topic of "ENERGY 4.0: Innovation, digitalization, flexibility... is REN and the industry ready for change?", while the second was entitled "Sustainability and innovation – two megatrends in energy transition".

REN's participation in the Innovation Working Group, under the coordination of ENTSO-E, called "Research, Development and Innovation Committee" (RDIC), is also of note. This Working Group developed and shared best practices among the Transport System Operator (TSO) community regarding the modernization of the energy system, system security and stability, energy system flexibility, efficiency, and digitalization.

In 2024, we will continue to focus on disseminating a culture of innovation and generating new ideas. We will also continue to invest in innovation workshops in the different models that have been tested (online, in person, exclusively for internal employees and with the collaboration of external entities). We will continue with this work due to its relevance in identifying new needs and in the across-the-boards nature of knowledge among the different departments within the organization.

50%

R&D NESTER
ENTITY IN WHICH REN GROUP HAS A STAKE

R&D Nester aims to contribute to the development of a smart, efficient, clean and sustainable energy system.

ENERGY RESEARCH CENTRE

R&D Nester, an entity in which the REN Group has a 50% stake, was established in May 2013 with the goal of creating an international and independent research and development centre with a multicultural DNA and long-term strategic thinking. The aim is to innovate so as to contribute to the development of a smart, efficient, clean and sustainable energy system.

R&D Nester's main areas of expertise include simulation of electrical energy systems, operating and planning electrical energy systems, renewable energy management, smart grid technologies and energy markets.

Main initiatives

PUBLICATION OF MORE **THAN 10 SCIENTIFIC ARTICLES**

PARTICIPATION IN **12 INTERNATIONAL WORKING GROUPS**

COMPLETION **OF SIX PROJECTS UNDER THE HORIZON 2020 PROGRAMME**

Main indicators

20 — RDI PROJECTS **IN PORTFOLIO**

21 — PROJECTS WITH APPLICATIONS **SUBMITTED TO SIFIDE**

more than 30 — ENTITIES **IN OUR NETWORK OF PARTNERS**

R&D Nester strategy:

OBJECTIVES	STRATEGY
KNOWLEDGE	Build a knowledge platform, developing innovative solutions applied to energy systems. Establish a strategic "triangle", including universities, RDI Centres, and industrial partners.
TECHNOLOGICAL DEVELOPMENT	Develop new tools and strategies in line with shareholder requirements. The results of RDI projects should promote the creation of more efficient energy systems.
SPECIALIZED SERVICES	Catalyse specialized services (e.g. consultancy and training) to be provided to shareholders and external entities, guiding RDI projects to business needs.
GLOBAL RDI NETWORK	Establish partnerships with international RDI institutions to set up a global technological network. This strategy seeks to explore opportunities in Europe, Brazil, Angola, Mozambique, and China.

1 M€
ANNUAL INVESTEMENT TREND CONTINUES TO **EXCEED 1 M€**

100%
ANNUAL SIFIDE APPLICATIONS APPROVAL RATE

R&D Nester Strategy

The Energy Research Centre’s mission is to establish an international knowledge platform to act as a catalyst for innovative solutions and approaches. The knowledge gained is applied to the operating and planning of energy transmission networks and the development of new tools and strategies well-tuned to the new energy paradigm. Further aims are to promote the construction of more efficient and sustainable energy systems while also enhancing the shareholders’ international reputation in energy system operation and planning.

R&D Nester portfolio

In 2023, the R&D Nester project portfolio consisted of 20 projects including those which were already completed, underway and approved to for short term start-up.

The annual investment trend continues to exceed one million euros. This sum relates essentially to expenditure on a series of R&D and Innovation projects conducted internally and/ or in cooperation with national and international organizations, including academic institutions recognized by the national scientific and technological system.

In addition to internal investment, the company regularly uses sources of external funding for RDI. This is achieved through applications to European programmes (e.g.: Horizon 2020, European Space Agency, Interreg Programme, and more recently, Horizon Europe) and national programmes (e.g.: Portugal 2020 and the RRP), or as tax Incentives through annual applications to SIFIDE (National System of Tax Incentives for Corporate R&D). An approval rate of 100% has been repeatedly achieved as a result of the effective nature of R&D in projects submitted in applications.

Of note among collaborative RDI projects with external funding are the completion of six projects, an ongoing project under the Recovery and Resilience Plan, as well as the start of the first project funded by the last European framework programme – Horizon Europe:

PROJECTS CONCLUDED IN 2023 WITH EXTERNAL FUNDING (Horizon 2020 Programme)

GIFT– *Geographical Islands Flexibility*

- The GIFT project was an innovation action to decarbonize the energy mix of European islands. Several innovative solutions were developed to increase the penetration rate of renewable energy sources in the network, thus reducing greenhouse gas emissions directly related to energy production and use.
- The consortium brought together 17 partners from seven countries, including an industrial partner, nine small and medium-sized enterprises, two municipalities, three research centres and two universities. The aim of this consortium was to provide sustainable solutions with solid market acceptance along with plans to disseminate these solutions on a wide-ranging basis, as well as replicate them on all relevant islands both inside and outside the EU.

INTERRFACE – *TSO-DSO - Consumer: Large-scale demonstration of innovative grid services through DR, storage and small-scale (RES) generation*

- The main objective of the INTERRFACE project was to design, develop and use the interoperability of a pan-European network service architecture to act as an interface between the power system (transmission system operators and distribution system operators) and customers, and to allow integrated and coordinated operation by all stakeholders in the use and acquisition of common services.
- This four-year project involved 42 partners from 16 countries, where R&D NESTER, REN and EDP Distribuição represented Portugal.

INTERCAST – *TSO-DSO-Consumer INTERface energy flow foreCAST*

- The purpose of INTERCAST was to provide a technical solution for the short-term forecast (24 hours) of energy flows in interfaces throughout the electricity supply chain.
- The project was particularly relevant for the substations that form the interfaces between TSOs, DSOs and consumers.

FLEXPLAN – *Advanced methodology and tools taking advantage of storage and Flexibility in transmission and distribution grid Planning*

- The aim of FlexPlan was to create a new tool to optimize the planning of transmission and distribution networks, taking into consideration the installation of sources of flexibility as an alternative to traditional methods of network planning.
- The tool was initially validated and subsequently used to analyse six regional scenarios (on a European level) with three timelines (2030-2040-2050), to evaluate the potential of flexibility resources, including energy storage solutions.

I-NERGY – *Artificial Intelligence for Next Generation Energy*

- The goal of the I-NERGY project was to implement and demonstrate innovative applications based on artificial intelligence (AI) and the development of digital twins that have been validated through nine pilot projects focusing on i) network asset management; ii) processes that promote greater efficiency and reliability of power grid operation; and iii) systems that optimize and promote the involvement of local and virtual energy communities in flexibility markets. This project involves 17 partners from ten countries.

BD4NRG – *Big Data for Next Generation Energy*

- The growing need for information sharing in the operating of electricity networks is providing significant opportunities to develop algorithms to support decision-making based on Big Data and AI technologies.
- As such, the BD4NRG project involved 35 partners from 12 different countries in the development of a reference architecture that will allow B2B multi-party data to be shared, while simultaneously providing the full interoperability of big data technologies.

ONGOING PROJECT WITH EXTERNAL FUNDING (Recovery and Resilience Programme)

NGS – *NEXT GENERATION STORAGE*

- **SUMMARY**
  The aim of the NGS project was to transform national production capability on a structural level, creating the necessary conditions at a technological and human resource level, for an industrial ecosystem capable of mass-producing innovative technologies in the battery industry and an entire value chain proving world-class end-of-life management.
- The project has the cooperation of 47 organizations.

PROJECT STARTED IN 2023 WITH EXTERNAL FUNDING (European Horizon Europe Programme)

WEFORMING – *Buildings as Efficient Interoperable Formers of Clean Energy Ecosystems*

- WeForming, an acronym for buildings as efficient and interoperable formers of clean energy ecosystems, offers a revolutionary approach to energy management where buildings are strategic actors in supporting and shaping the energy networks of the future. At the centre of this added value proposal is the goal to optimize the efficiency and self-sufficiency of buildings, prioritizing the well-being of occupants while also increasing comfort, convenience, and safety.
- Participating in the project are 30 partners from 10 countries.

Main actions undertaken by R&D Nester

In 2023, the following initiatives undertaken by the Energy Research Centre are of note:

- Approval of applications for six projects submitted to European funding (Horizon Europe and Digital Europe Programme), with topics related to smart grids, the resilience of European electricity systems, and green and digital transformation of ecosystems through AI and cybersecurity;
- Participation in European Commission working groups in the energy transition;
- Participation in external events as part of ongoing international projects and scientific publications;
- Publication and presentation of more than 10 scientific papers;
- Renewal of three international patents, in Europe, the USA and China;
- Hosting of six students for summer internships, with work undertaken used in real projects underway; and
- Inclusion of a R&D Nester success story on the OPAL-RT partner *website*.

Recognition ISGAN “Award of Excellence 2023”

Completed in 2022, the Flexunity project was recognized with the award for AI excellence for smart grids by the International Smart Grid Action Network (ISGAN) “Award of Excellence 2023”. This award recognizes excellence in innovation, integration and the transformation of smart grid systems and policies.

About the project:
Flexunity sought to implement new services for the management of energy communities and their integration into the electricity system and the energy and system services markets.

COLLABORATION AND PARTNERSHIPS

Through active interaction and collaboration with national and international associations and organizations, we have closely followed the most relevant advances in the sector, particularly with respect to the energy transition. We aim to capture and disseminate critical knowledge, as well as anticipate and prepare for current and future challenges in the energy industry. Against this background, of note are the following partnerships and collaborations:

MAIN INTERNATIONAL INITIATIVES

- *Oil and Gas Methane Partnership (OGMP 2.0):* Members of OGMP 2.0, which is part of the United Nations Environmental Programme. OGMP 2.0 aims to reduce methane emissions and supports the implementation of a well-structured and suitable monitoring, reporting and verification system to detect and quantify emissions by sector operators with greater accuracy;
- *European Hydrogen Backbone:* Members of the European Hydrogen Backbone (EHB), an initiative bringing together 29 European energy infrastructure operators in the common goal of accelerating Europe's decarbonization through a thriving market for renewable and low-carbon hydrogen.
- *Renewables Grid Initiative* (RGI): Members of RGI, an entity that seeks the collaboration of NGOs and Energy Transmission System Operators (TSO) from across Europe and that promotes the development of transparent and environmentally sustainable networks in line with the Paris Agreement.
- *Hydrogen Europe:* Members of Hydrogen Europe, an institution representing the hydrogen and Fuel Cell sectors on a European level with more than 150 member companies, including the main TSOs, more than 100 RDI organizations and national associations. Hydrogen Europe is committed to supporting and facilitating its members in the transition to a carbon-neutral circular economy while also creating sustainable jobs;
- *European Clean Hydrogen Alliance:* Member of the European Clean Hydrogen Alliance, an initiative run by the European Commission seeking to accelerate the development of the hydrogen value chain by 2030;
- *European Network of Transmission System Operators for Electricity* (ENTSO-e): Participation in the committee on the topics of RDI – Research, Development, and Innovation Committee (RDIC);
- *Conseil International des Grands Réseaux Électriques* (CIGRÉ): Participation in the committees C5 - "Electricity Markets and Regulation" and B5 -"Protection and Automation", as well as the working group B5.73 - "Experiences and Trends related to Protection Automation and Control Systems Functional Integration";
- *European Technology & Innovation Platforms* (ETIP-SNET): Active participation in the following working groups – WG1 - "Reliable, economic and efficient smart grid system", WG2 - "Storage technologies and sector interfaces", WG4 - "Digitalization of the electricity system and customer participation" and WG5 - "Innovation implementation in the business environment";
- *European Energy Research Alliance* (EERA): Ongoing monitoring of the different activities and initiatives carried out by this organization, contributing through scientific publications;
- *Horizon 2020 Task Force for R&I Priorities* (BRIDGE): Participation in the working group on regulation;
- *International Electrotechnical Commission* (IEC): Participation in working group WG6 - "Operational Behavior and Coordinated Control between Renewable Energy and HVDC System (External Organization)" as part of the committee - SC8 TC8A; and
- *Institute of Electrical and Electronics Engineers* (IEEE): Participation in several international conferences held by this organization of excellence in the sector, with the publication and presentation of scientific articles.

MAIN DOMESTIC INITIATIVES

- **ForestWISE Collaborative Laboratory:** Participation in this laboratory as a member, thus forming part of ForestWISE's share capital and with responsibilities relating to participation in management bodies and in the definition, implementation, and supervision of the CoLAB innovation agenda.

- **Porto Business School:** Protocol with the Porto Business School under the rePLANT project with the aim of studying new uses and applications of data obtained by the monitoring systems to be installed in REN's assets for observing surrounding areas as a way of identifying ignition points and forecasting the spread of forest fires. rePLANT, which brings together more than twenty entities – companies, universities, and research centres –, is a project of national interest that will create new technologies for the development of the Portuguese forest and make it safer;

- **CIBIO/ BIOPOLIS:** As a founding member of Biopolis, REN maintains its Chair in Biodiversity, promoting a line of work and research on biodiversity management and conservation, including technological development as applied to Biodiversity;

- **Business Association for Innovation (COTEC):** As an associate company of COTEC Portugal - Business Association for Innovation, REN and R&D Nester regularly participate in events promoted by this association;

- **Portuguese Renewable Energy Association (APREN):** In addition to participating as a member in various events organized by this association in the renewable energy sector, R&D Nester also has a partnership with this entity in a Portuguese TV feature entitled “Renewable Energy Bulletin" which presents a weekly forecast of renewable energy production in Portugal; and

- **The Portugal-China Chamber of Commerce and Industry (CCILC):** REN and R&D Nester are members of CCILC, where one of the main objectives is to promote business and work opportunities between entities in both countries.

MAIN DOMESTIC INITIATIVES

- **University of Coimbra:** Collaboration in different innovation projects under the rePLANT project where REN and the University of Coimbra are co-responsible in one of the main activities for monitoring and managing fire risks;

- **University of Évora:** Protocol with the University of Évora to study and protect animal communities below power transmission lines;

- **Higher Technical Institute:** REN supports Técnico Fuel Cell, a multidisciplinary team of students from the Higher Technical Institute, who are developing an urban vehicle powered purely by hydrogen; and

- **Lisbon Higher School of Engineering (ISEL):** R&D Nester occasionally welcomes ISEL students working on Master’s and PhD theses with topics that align with research underway.

OUR CONTRIBUTION

Contribution to SDG

4.4 COMMUNITIES

Interacting with local communities is a key aspect of our activity. Focusing on active and constructive engagement, we are committed to working closely with communities in the regions where we operate. This collaboration aims, above all, to promote sustainable development and to improve the well-being of everyone living near our infrastructure. This approach reflects our commitment to acting as a conscious and responsible partner in community development.

MAIN INITIATIVES

Promotion of the REN and AGIR Awards

Organization of the events **"Meetings with a future"** dedicated to sustainability

Corporate volunteering in the areas of environment, education, and social support

Reforestation initiative with schools from "Parque das Serras do Porto"

MAIN INDICATORS

7 — VEHICLES **DONATED**

20 — ENTITIES SUPPORTED **VIA THE REN PARTICIPATORY BUDGET**

1.535 — HOURS OF **VOLUNTEER WORK**

ABOUT THE FUTURE

AGIR 2024 AWARD seeking to provide support and inclusion for homeless people

REN 2024 AWARD to select the best Master's degree thesis

Scope of actions in local communities

- Engagement with the communities where REN works
- Close work with local stakeholders
- Promotion of REN's institutional representation during the different stages of the project life cycle
- Promotion of transparency through proximity and clarification sessions
- Compiling relevant information to improve projects and minimize impact on communities
- Relationship with regional press
- Work carried out in partnership for greater proximity with school communities, privately run charities, volunteer fire fighters and other stakeholders

We encourage constructive relationships and active corporate citizenship, contributing to the development of the country and local communities.

ENGAGEMENT WITH THE COMMUNITY

The nature of our work requires considerable involvement and alignment with the community, particularly academic and scientific institutions, business associations, owners of the access corridors for our infrastructure, neighbouring communities around our facilities and the public in general, as well as official entities.

We have specific communication mechanisms for each stakeholder group see 2.1 Strategy, we also run initiatives to ensure interaction.

The relationships established with official entities form an integral part of REN's daily activity. Based on close, clear, and transparent communication, REN holds meetings and clarification sessions with local authorities and other local stakeholders.

Support for local communities

At REN, we promote constructive relationships and active corporate citizenship, contributing to the development of the country, communities, and people.
We design, build, and operate our infrastructure to address specific social issues and develop joint solutions for a more sustainable future.

GRI 203-1 GRI 413-1

We value strong and transparent relationships with the local community.

1,416
TELEPHONE CALLS RECEIVED

810
E-MAILS AND LETTERS RECEIVED

39,298
OWNERS OF ACCESS CORRIDORS CONTACTED

Interaction with land and access corridor owners

For REN, relationships with land and access corridor owners are of particular importance. As such, we strive to maintain ongoing and real dialogue with owners, ensuring the efficient management of the access corridors. We are also committed to establishing formal mechanisms for fair and transparent compensation for the use of properties, thereby strengthening our goal to build relationships of trust and mutual respect.

Contacts with owners

To meet the needs and expectations of land owners where access corridors are installed for electricity and gas transmission networks, REN provides a multi-channel telephone contact mechanism called Go Contact which operates on weekdays from 09:00 to 19:00. Written communications can be sent via the form available on our *website*.

Since 2021, contacts from the access corridors owners have been received and registered centrally, thus ensuring a more professional service, and correct forwarding and tracking of all communications. This has enabled the full scope of the relationship between REN and our interlocutors to be monitored and analysed. Go Contact also makes it possible to identify the status of requests sent by the owners and to measure response times, thus facilitating the management and ongoing improvement of processes.

In addition to Go Contact, contacts can also be made via email or post.

Recognition of social responsibility and sustainability practices

Two REN projects were singled out by the Portuguese Association of Business Ethics (APEE) at the 9th edition of the event Recognition of Practices in Social Responsibility and Sustainability.

The project using the endangered garrano horse breed in the prevention of forest fires, which brings REN together with local stakeholders to create shared value, was the winner in the category "Environment: Impact Reduction".

The AGIR Award also received an honourable mention in the category of "Community".

The APEE awards recognize the implementation of policies and models of good governance in public and private sector organizations which create value for stakeholders and actively contribute to sustainable development.

2 PROJECTS
distinguished by APEE in categories "Environment: impact reduction" and "Community"

SOCIAL RESPONSIBILITY AND SUSTAINABLE COMMUNITIES

We remain faithful to our commitment to maintain and improve an ethical and socially responsible management model and continue to act in full awareness of the importance of promoting corporate social responsibility and developing sustainable communities. Our work in this area has been guided by a logic of real impact on local communities. The actions we take, both ongoing and targeted, are conducted jointly with the communities themselves.

Main actions undertaken to address social issues

In 2023, with a view to reinforcing our commitment to the safety and well-being of local communities, REN donated seven vehicles, mostly to be used by volunteer firefighters and in civil protection. This action is a clear reflection of our commitment to the prevention of rural fires and support for local emergency infrastructure. The Volunteer Firefighters Humanitarian Associations of Lamego, Vila Pouca de Aguiar, abua and the Civil Protection Teams of the municipality of Alenquer were among the organizations receiving vehicles this year. Since 2009, REN has donated 96 vehicles to firefighting corporations and local authority fire prevention teams.

Gold Medal from the Portuguese Firefighters' League

Due to the support provided to voluntary fire brigades in several regions of the country, **the Portuguese Firefighters' League awarded REN with the gold medal for distinguished services**. This recognition reflects the vital work carried out by REN teams on the ground in cleaning and reforestation work, as well as donations made as part of our commitment to the safety and well-being of local communities.

This medal is given to entities that, through their practices, have provided a significant contribution **to the growth and prestige of protection and assistance institutions.**

1,048

VOTER IN REN PARTICIPATORY BUDGET EM 2023

+12%
VS. 2022

20

ENTITIES SUPPORTED IN 2023

93 ENTITIES SUPPORTED SINCE 2019

78

APPLICATIONS
10TH EDITION OF THE AGIR AWARD DEDICATED TO "PROMOTING SUSTAINABLE DEVELOPMENT"

The REN Participatory Budget (OPR), an internal initiative run by the company that lets employees choose the associations and/ or initiatives to be supported, broke the record for participation in 2023, with a total of 1,048 voters (vs. 934 in 2022, +12%). 20 different entities were supported in 2023. A total of 93 entities have now been provided with funding since this initiative was launched in 2019. Through the OPR, all employees can vote for the projects, causes and initiatives that they consider worthy of our financial support. Projects submitted to the OPR should fall under the company's sustainability strategy. This initiative continues to be considered as high-relevance by employees, according to a questionnaire completed about events in 2023.

We also remodelled a playground, providing infrastructure for around 600 young people and children from five schools in the joint wards of Algoz and Tunes. The multi-purpose playground remodelled by REN is located in Tunes, next to a REN substation and the ward now has another leisure area with new flooring, new goalposts and surrounding fencing, lighting and a new public park. This new space also involved the planting of 20 native pine trees and new park benches. This project is the result of a collaboration agreement between the joint wards of Algoz and Tunes and REN. The wards are responsible for managing and maintaining the park, while REN takes on the annual cleaning of the surrounding land, making sure it is properly looked after and safe.

In the field of sports, we continued to support the REN Pedome Race – Oliveira Santa Maria, a solidarity event with the start and end on the track close to the REN Riba d'Ave substation. The money raised through this initiative, organized jointly by the municipality of Vila Nova de Famalicão and the wards of Pedome and Oliveira Santa Maria, was donated to the Riba de Ave Volunteer Firefighters, reinforcing our commitment to the community and local security.

As part of the "Giving Tuesday" initiative, a day that remembers the importance of giving to make a difference, we held a clothing collection campaign. The clothes were then given out at the Christmas celebrations of the Life and Peace Community (Comunidade Vida e Paz). We also sponsored young people taken in by the House for Boys (Casa dos Rapazes), through gift cards given by our employees. Under the slogan "You & Me", we once again participated in the Food Bank against Hunger (Banco Alimentar contra a Fome) in Lisbon, Porto and Vila Nova de Santo André (Sines).

The Dignitude Association, a private charity whose mission is to run high-impact solidarity programmes (more specifically, access to medicine), once again benefited from money raised by recycling 24 tons of electrical and electronic equipment collected in June and July of this year. Since 2021, the association has benefited from this support as a result of the sales contract established with Electrão for the recycling of REN's electrical and electronic waste (computers, printers, monitors and all kinds of electronic waste). The contract was signed in 2019 and has already led to more than 90 tons of this type of waste being recycled over the last three years.

In 2023, we celebrated the 10th edition of the AGIR Award, dedicated to "Promoting Sustainable Development", which reflects our commitment to the 2030 Agenda and is based on the 17 Sustainable Development Goals. 78 applications were submitted to this Award, which forms part of REN's social responsibility policy. The winning project was submitted by "Leaders Gang", from the Accessible Success Association (Associação Êxito Acessível). This project focused on the professional development of young adults from vulnerable backgrounds, who completed secondary education to help increase employability and maintain their trajectory of social mobility. The Rural Move "Academy of Rural Leaders" was second placed. This project aims to train and prepare future local leaders in

30 k

TO THE WINNER OF
THE AGIR AWARD AND
TO THE BEST DOCTORAL
THESIS FROM REN AWARD

The AGIR Award recognizes projects by non-profit organizations, focused on social impact. The REN Awards distinguishes the best doctoral and master thesis, promoting research and anticipating the challenges of the energy sector.

low-density population areas, by improving the skills of local actors to lead sustainable development initiatives and projects in their rural regions. In third place was the project “Sustainable Cork Oak Forest Development”, submitted by the Association for the Defence of Mértola Heritage” (Associação de Defesa do Património de Mértola), whose aim is the conservation of traditional Alentejo cork oak forests through the dissemination of knowledge, cooperation and innovation. This project involved the development of a decision support tool working within the integrated management system for cork oak forests against a background of climate change.

The AGIR Award recognizes projects submitted by associations, companies, and non-profit organizations. The winning project is awarded 30 thousand euros, while second place receives 15 thousand euros and third 5 thousand euros. Selection falls under the responsibility of REN in partnership with Stone Soup Consulting.

Main actions undertaken for education and development

Given the importance of education for the sustainable future of communities, in 2023 we again promoted the REN Award, one of the oldest scientific prizes in Portugal. Every two years, the REN Award recognizes the best PhD thesis and the winner receives 30 thousand euros. The three best Master’s theses also receive awards every year, with first place receiving a prize of 25 thousand euros, second place 15 thousand euros and third place 10 thousand euros. Every honourable mention receives a prize of 2.5 thousand euros.

In 2023, the REN Award singled out the doctoral thesis submitted by Justino Rodrigues for his work to improve and consolidate the controllability of hybrid micro-grids in view of the expected increase in energy resource integration. Nuno Mendes, from the University of Coimbra (UC), was awarded first prize for the Master’s thesis “Federated Learning for the Prediction of Net Energy Demand in Communities of Buildings”.

For the third year running, the REN Scientific Merit Medals – Science LP – FCT were awarded, the result of a partnership between REN, the Portuguese Language Science Centre (LP) and the Foundation for Science and Technology (FCT). These medals recognize work on energy transition carried out by young people from Portuguese-speaking African countries and are inspired by the REN Award. The winner in the REN Scientific Merit Medals – Science LP – FCT receives 5 thousand euros and second place 2.5 thousand euros. Rosa Chilundo, from Mozambique, won first prize with her thesis “Study of the Photovoltaic Water Pumping System for Irrigation and Supply of other Energy Requirements: Case of Tomato, Boane District, Maputo Province”, which studies ways of optimizing energy use in crop irrigation. Second place went to Chaido Lacerda Diogo, also from Mozambique, for the thesis “Renewable Energies as a Solution for Electrification in Rural Communities from a Perspective of Sustainability, Reliability and Safety – Case Study: Chinamacondo

THIRD
CONSECUTIVE YEAR

Scientific Merit Medals – Science LP – FCT were awarded, as the result of a partnership between REN, the Portuguese Language Science Centre (LP) and the Foundation for Science and Technology (FCT).

Administrative Post, Dondo District", which evaluated the advantages and disadvantages of using renewable energy in rural communities, based on practical cases.

The MEDEA project, promoted in partnership with the Portuguese Physics Society, returned in 2023 for its 14th edition. This initiative seeks to promote knowledge of physics and the study of electromagnetic fields among young Portuguese people and society in general. This year the award went to a team of four students from the Garcia de Orta Secondary School, in Porto. The work of this team included carrying out several experiments with the respective dissemination of results, with emphasis on the study of the magnetic field in the vicinity of a medium/ high voltage line. The project sought to check if it complied with the standards set by the World Health Organization. The team also conducted small experiments at school to raise awareness among students about electromagnetism.

The MEDEA project seeks to promote knowledge of physics and the study of electromagnetic fields among the Portuguese youth.

600
OAK TREES PLANTED
BY 150 STUDENTS FROM YEARS 5 AND 6

Main actions undertaken for environmental protection

In 2023, REN once again ran a reforestation initiative involving young people. In the "Parque das Serras do Porto", to help protect the native forest, REN brought together around 150 students from years 5 and 6 of schools in the municipalities of Gondomar, Paredes and Valongo. The students planted 600 oak trees in an area of two hectares where the three municipalities meet. This initiative came about as part of a larger REN project, which allowed 11,000 oak trees to be planted in 42 hectares of the "Parque das Serras do Porto".

In a digital format, we continue to provide "Heroes of All Kinds", a teaching initiative that aims to raise awareness among young people about the importance of protecting biodiversity, preserving the forest and conserving animal and plant species that are endangered or threatened with extinction.

Employees valorization of internal supports

93%
INTERNAL MONTHLY NEWSLETTER

97%
INTRANET

Internal communication

140
NEWS ITEMS

70
VIDEOS

Main actions undertaken regarding communication

Our communication strategy continues to be guided by and reflects company values and vision, our pillars of action, and strategic goals focusing on the transparent and thorough sharing of relevant information. We aim to achieve the close participation, engagement, and satisfaction of all our internal and external stakeholders while also creating value for the REN brand and for the work we carry out under our mission and through the commitments we make.

The characteristics most highly-prized, by employees, regarding REN communication are the up-to-date nature and diversity of content, the ability to bring people and teams closer, and a range of topics that goes beyond the business. In 2023, employees once again considered the sharing of information as important, in both internal as well as external contexts – 97% (the same figure as in 2022). Based on the results obtained in the Annual Communication Questionnaire, the intranet (97%) and the internal monthly newsletter (93%) continue to be the most valued forms of communication by employees. For information provided outside the company, of note were the REN website (83%), LinkedIn (59%) and Instagram (46%).

Social responsibility and sustainability, innovation, gender equality, company initiatives and operational projects, training and development, personal stories, and achievements, both professionally and personally, continue to be the preferred topics among employees.

Our internal communication reflects the company values and vision, promoting engagement with employees.

Encounters with the Future

In 2023, we launched "Encounters with the Future", with the aim of promoting debate and analysis on sustainability issues. This initiative reflects REN's commitment to raise awareness about ESG issues and sustainable development.

This was the first edition of the initiative promoted in partnership with the Público newspaper in Lisbon, Porto and online and was attended by the speakers Jonathan Neilan, from FTI Consulting, Chrissa Pagitsas, from Pagitsas Advisors, and James Spurgeon, from Sustain Value. Each of the three days was dedicated to one ESG pillar: "Is it time to rethink the 'S' in ESG?", "What we learned from green accounting" and "Natural Capital: Rethinking the company accounts".

The three sessions can be seen in full on the REN YouTube page, where video reports of each meeting are available.

REN's new website

Launched in June 2023, REN's new website is more up to date and easier to navigate, enabling visitors to find full information quickly and intuitively on the work we do. New content includes areas dedicated to our work, innovation, and sustainability. The new version of the REN website also has audio descriptions to facilitate accessibility.

Silver medal winner at the Vega Digital Awards 2023 in three categories: Energy; Best user experience; and Best data viewing, in computer and mobile versions.

- **Energy;**
- **Best user experience; and**
- **Best data viewing, in computer and mobile versions.**

In 2023 we celebrated important dates with **actions that promote awareness in sustainability, safety and gender equality.**

In relation to special editorial projects, in 2023, Innovation "made in" REN continued to feature in videos informing on the ideas and solutions designed and developed "in-house" to meet current operational challenges and that can be implemented in the future. "What does 'Being a Woman at REN or in the Energy Sector' mean? Or how is the role of women seen in both situations?" were titles that set the scene for an internal communication initiative that marked International Women's Day. The content chosen for this initiative sought to convey bonds of common interest and solidarity. The entry most voted for by employees raised funds for the Northern Life Association (Associação Vida Norte), an institution carrying out highly regarded work with vulnerable pregnant women and babies. Also marking an important date on the world calendar, on World Day for Safety and Health at Work, we launched the video "5 Golden Safety Rules", the first of a set of five videos on the safety rules to be followed at all electricity and gas network facilities.

In 2023, we continued to promote awareness and literacy about sustainability, focusing on the three ESG dimensions, and on data protection, through quizzes and fun facts that challenged and enriched our employees' knowledge. Also, on issues relating to information security in digital media, the CyberUP internal programme continued to raise awareness among employees and strengthen and test knowledge of best cybersecurity practices.

The focus on digital and the best technological solutions form the basis of a wide-ranging project to renew our different communication platforms. The process began with the REN website and a new version was launched in June 2023. This was continued with the new **EEGO** website in late November, and in 2024, remodelling will include the intranet, REN TV and the REN Energia and Investor applications.

Presence on social networks

53,931 FOLLOWERS | +16% VS. 2022
LINKEDIN

265 FOLLOWERS | +50% VS. 2022
YOUTUBE

TWITTER (X)
945 FOLLOWERS | +14% VS.2022

INSTAGRAM
1,095 FOLLOWERS | +25% VS. 2022

Interactions/ views

+550 INTERACTIONS

+1 MILLION IMPRESSIONS

+4,000 INTERACTIONS

+22,000 VIEWS

REN's external communication was reinforced this year with a revamped institutional website, which allowed new communication resources to be created on Group operational activity and strategy. The area of sustainability was expanded in the main menu, due to the importance of ESG, and the sharing of energy consumption data in Portugal was reinforced, directly from the REN DataHub. New content created included the areas dedicated to the main gas and electricity projects, innovation projects and sustainability initiatives. The contact area was also renewed and now has a form which is simpler to use thus facilitating communication and feedback in line with best ESG practices see subchapter 2.1 Strategy.

REN's digital presence continues to play a key role in the communication and dissemination of corporate initiatives, allowing us to reach a wider audience while also strengthening the core values of our mission and strategy. The focus on social networks where REN is present – LinkedIn, Instagram, Twitter (X) and YouTube – has consistently generated interest among users with increases being seen in the number of followers, impressions, and interactions across all platforms.

We reinforced our external communication with the launch of the new corporate website.

SHARE - REN'S VOLUNTEER WORK PROGRAMME

Aims to put the skills and time of employees at the service of the community.

Volunteer initiatives and actions are aligned with the three main axes of action:

EDUCATION

ENVIRONMENT

SOLIDARITY

The actions under this programme fall into three distinct areas:

THE VOLUNTEERING OF SKILLS

GUIDANCE AND COACHING

VOLUNTEERING AS A TEAM

VOLUNTARY ACTIONS FOR THE SEA AND THE ENVIRONMENT

This year, two new voluntary actions were launched under the Share Programme.

Volunteers working in the sea collected around half a ton of waste from the Sado Estuary, in partnership with the Ocean Alive corporate volunteering programme, an entity that won the REN AGIR Award in 2016.

Land-based environmental volunteers cleaned the North Coast Nature Reserve by eradicating and controlling invasive non-native species of plants in collaboration with the Institute for Nature Conservation and Forests and the Rio Neiva Environmental Defence Association. 89 of our employees participated in this action, the largest action held during 2023 under the Share Programme.

254 VOLUNTEERS IN 2023

43 VOLUNTEERING ACTIONS

1,535 VOLUNTEERING HOURS

VOLUNTEER WORK

Corporate volunteering represents a commitment by REN to the community and forms one of the pillars of our social responsibility policy.

REN's Volunteering Policy, available internally to all staff, enables employees to volunteer for a maximum of 16 hours per year.

During 2023, 43 voluntary actions were carried out, with participation by 254 volunteers, which resulted in a total of 1,535 hours of volunteer work (74% more than in the previous year).

Of note among the actions carried out in 2023:

- **Comfort phone calls to AREP (EDP and REN Pensioners' Association)** – REN employees come together to interact with pensioners, "lending their ear" to former colleagues who are now in retirement;
- **EPIS** – maths tutoring initiative in partnership with the Association of Business People for Inclusion (EPIS), to help students with difficulties;
- **Junior Achievement Portugal (JAP)** – participation by employees for the tenth year running in the JAP programmes;
- **Apps for Good** – participation by employees as experts in programmes promoted by Apps for Good;
- **Life and Peace Community (Comunidade Vida e Paz, CVP)** – Participation in the preparation of evening meals for homeless people delivered by CVP street teams; and
- **Food Bank Against Hunger** – sorting of food products and preparation of boxes with donations for delivery to beneficiary institutions.

2023 also marked the return of more than 60 of our employees to the National Hunting Grounds of Mafra (Tapada de Mafra), with the shared mission of cleaning and preserving the ecosystem. This initiative is part of a more comprehensive project that REN has carried out at the Tapada de Mafra, which after this action, has covered a total of 23 hectares. REN has thus once again strengthened commitment to sustainability and our compliance with targets set out in Agenda 2030.

OUR CONTRIBUTION

Contribution to SDG

4.5 HUMAN CAPITAL

People are our main asset. Their performance, comprehensively based on their satisfaction, diversity, capabilities, and skills, is the company's true driver in the creation of value.

MAIN INITIATIVES

- Strengthening our value proposition – to attract and retain talent
- Reinforcement of the equality, inclusion, and diversity plan
- New organizational model and team training
- Evolution of the training and development model

MAIN INDICATORS

- 748 EMPLOYEES
- 25% WOMEN
- 51h HOURS OF TRAINING PER EMPLOYEE, ON AVERAGE

ABOUT THE FUTURE

- Continuation of cultural evolution and organizational agility
- Succession and leadership development
- Training, development, and knowledge management
- Digital transformation

We seek to respond to the challenges of the energy transition and decarbonization with an agile, collaborative and innovative model.

At REN, our people play a central and strategic role and are the driving force behind operational excellence, innovation, and the ability to meet the challenges of our industry. The human resource development plan for the medium-term takes into consideration the different aspects of development and cultural transformation that enhance employee satisfaction, safety, and well-being in a sustainable manner.

The cultural and management transformation of diverse talent allows the organization to evolve into a collective which is aligned with and committed to our goals. It makes us more agile, more collaborative, more innovative, and more resilient allowing us to overcome the challenges of the coming years in a highly uncertain environment.

2023 was marked by progress toward a more robust organizational model able to meet the challenges posed by the rapid energy transition and decarbonization. This progress included the short and medium-term succession strategy, the streamlining of our talent capture and management programmes, as well as the reformulating of our training and professional development model. The main goal was to establish solid new foundations to master essential and emerging skills in the industry.

These challenges continued to be accompanied by a strong commitment to integrated wellness and a sustainable strategy for diversity and equality in the talent we hire. This is coupled with a strategy to actively listen to our employees as part of the company's cultural transformation and evolution.

Highlighted below are the main aspects of the human resource development plan in 2023:

- **Organizational model** – Ongoing implementation of a new organizational model aligned with REN's value chain, involving leaders in order to align responsibilities and promote teamwork;
- **Attracting talent and training teams** – Revisiting our employer branding programme and initiatives to attract talent, as well as strengthening the ability of teams to meet the challenges in the industry, including the promoting of internal mobility programmes;
- **Succession planning and talent management** – As part of workforce planning, mapping talent and designing succession plans for key management positions, working closely with leaders;
- **Development and training** – Design of the evolution of REN's training model, REN Campus, to be implemented in 2024. With goals to develop new skills through new functional schools and new career paths and training programmes, the aims of the new design include the promotion of training and converting employee profiles to meet new challenges;
- **Rewards and benefits** – Ongoing improvement of salary conditions and standardization of the benefits package;
- **Well-being programme** – Implementation of an integrated wellness program, which is held in high regard both internally as well as externally. This programme focuses on a holistic approach to physical, financial, social, and mental well-being, including actions to promote mental health, promotion of free health screening, sports clubs, a discounts programme, a social support fund and provision of financial mentoring;
- **Equality, inclusion, and diversity** – Promotion of equality, inclusion, and diversity as strategic REN priorities, maintaining our commitment to achieving more than 1/3 of women in first line management positions by 2030.

748
EMPLOYEES

+4%
THAN IN 2022

BREAKDOWN OF EMPLOYEES BY HIRING POLICY AND GENDER	2023	2022	2021
Full time employees	743	716	697
Men	555	534	524
Women	188	182	173
Fixed term contracts/ internships	5	3	4
Men	5	3	4
Women	0	0	0
Total No of employees	748	719	701

DESCRIPTION OF HUMAN RESOURCES

At REN, we continue to focus on facilitating stable and secure contractual relationships. The growth in employee numbers in 2023, mostly as permanent staff, is a clear reflection of the company's response to the challenges of the near future, more specifically, for our role relating to the energy transition and carbon neutrality. The teams working in these areas were once again strengthened this year.

As a result of REN's continued commitment to ensure a balance between professional and personal life, around 74% of employees have a flexible schedule (+1% more than in 2022). The remaining timetables relate to duties requiring fixed or shift-based working times.

BREAKDOWN OF EMPLOYEES BY EMPLOYMENT TYPE AND GENDER	2023	2022	2021
No fixed working hours	191	198	200
Men	136	141	144
Women	55	57	56
Flexible working hours	359	327	307
Men	240	218	203
Women	119	109	104
Set working hours	115	111	115
Men	114	110	115
Women	1	1	0
Shift work	83	83	79
Men	70	68	66
Women	13	15	13
Total No of Employees	748	719	701

AVERAGE AGE AND LENGTH OF SERVICE	2023	2022	2021
Average age overall	45.5	45.8	45.8
Men	46.1	46.4	46.4
Women	43.5	43.9	44.2
Average length of service overall	16.5	17.0	17.2
Men	17.3	17.7	17.8
Women	13.9	14.9	15.3

As a result of a hiring policy based on diversity and rejuvenation of the structure, average age and average length of service saw a slight decrease compared to 2022, standing at 45.5 and 16.5 years, respectively.

GRI 2-7

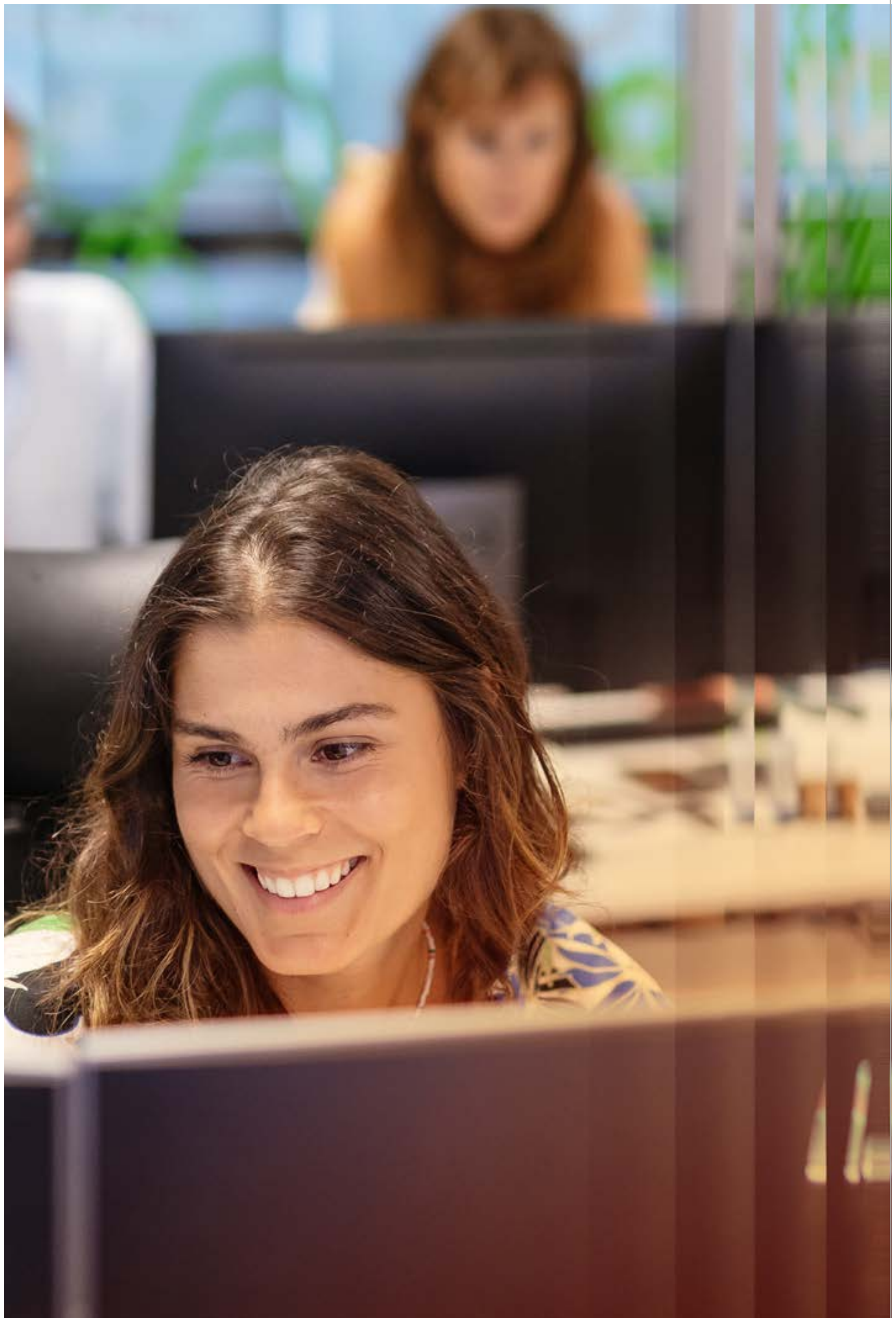
HIRING RATE	2023	2022	2021
Men (%)	8.2	6.8	2.8
Women (%)	10.7	12.5	5.8
Overall new hiring rate (%)	8.8	8.2	3.6
Internal recruitment rate (%)	44.0	37.5	28.6

Business challenges and the expansion of the company's workforce made it once again possible to increase the rate of new hires and promote internal recognition and recruitment. The new opportunities and organizational challenges served as the anchor for streamlining of internal mobility programmes. Also noteworthy is the growth in the number of women hired over the last three years, reflecting REN's commitment to gender equality issues.

EMPLOYEE TURNOVER RATE	2023	2022	2021
Men (%)	6.1	5.9	2.8
Women (%)	9.1	9.9	4.7
Overall turnover (%)	6.9	6.9	3.3
Voluntary departure rate (%)	2.7	3.5	1.3

The employee turnover rate was 6.9% (of which only 2.7% relates to voluntary departures), due to the company's growth plan and the current dynamism of the labour market.

GRI 401-1



TALENT MANAGEMENT

Talent management, planned as a motor to drive the growth and development of the organization, is key to attracting, retaining, and developing the full potential of the company's employees.

REN's value proposition, based on respect for employees, principles of equality, diversity, and inclusion, and on the promotion of a healthy working environment, is aimed both at younger talent as well as experienced professionals, regardless of their gender or origin. Preference is also given to profile (science, technology, engineering, and mathematics profiles – STEM and specialized technical profiles).

BREAKDOWN OF EMPLOYEES BY ACADEMIC QUALIFICATIONS AND GENDER	2023	2022	2021
Advanced training	216	189	169
Men	143	124	112
Women	73	65	57
Higher education	302	303	305
Men	213	215	218
Women	89	88	87
Secondary education	193	188	187
Men	172	165	165
Women	21	23	22
Primary education	37	39	40
Men	32	33	33
Women	5	6	7
Total	748	719	701
Higher education (%)	69.3	68.4	67.6
Men (%)	63.6	63.1	62.5
Women (%)	86.2	84.1	83.2

The weighting at REN of employees with a degree was 69%.

REN was one of the pioneering companies to the "More and Better Jobs for Young People Pact".

Promoting the representation of women in STEM is key to reducing gender inequalities in society, so the contribution of REN in this regard is of particular importance in the organization. Approximately 52% of our workforce is in STEM-related areas.

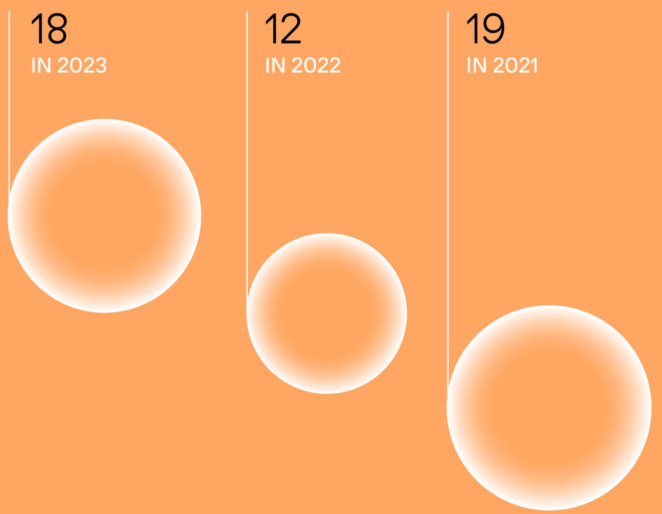
	2023	2022	2021
No of employees in STEM areas	392	366	355
Men	305	286	281
Women	87	80	74

Despite a diversified goal of achieving a mix of young and experienced talent, REN has strengthened its commitment to improving the employability of young people, having been one of the pioneers when we joined the "More and Better Jobs for Young People Pact", an initiative run by the José de Neves Foundation.

Participation at events

REN was present at the ISCTE and FCT-NOVA Job Fairs, as well as at the Chemistry, Electrotechnical, Mechanical and Environmental Workshops held by the Lisbon University - Higher Technical Institute. Furthermore, we were present at several FEUP events including the Company's Day, Engineering Days and Career Fair. We participated in initiatives at ISEG such as Summer Internship, Mock Interviews and the ISEG Career Forum, without forgetting our involvement in the Talent Bootcamps held by FCT-NOVA, NOVA-SBE, ISCTE-IBS and AEFEUP, as well as presence at the ATEC Technical School in Palmela. Once again, REN also took part in the largest strategy and management competition, the Global Management Challenge.

Events/ job fairs



Attracting talent

REN has strengthened its brand as an employer company through greater presence on social networks and by participating in various events and initiatives, such as Talent Bootcamp and Job Fairs held by universities and other institutions. This allows us to share our commitment to our value proposition, promoting topics that represent our culture, such as sustainability and gender equality.

Maintaining our focus on the proximity between REN and universities, in 2023, we launched the REN Ambassador Programme – "Plug-in Ambassador Programme". In this programme, we challenge degree and master's students from universities and courses of reference to play an active role in letting students from their universities know about the opportunities available at REN. The mission of a REN Ambassador also includes attending job fairs, open days, events, and other initiatives where REN is present and to let people know about the company's values at universities.

Aware of the importance of the role young people play in changing mentalities and eliminating stereotypes related to professions, we maintained our connection with the 3rd cycle of primary and secondary education in national schools. This year, we held the 6th edition of the REN Open Day – "Talent has no gender". The event was attended by around 150 students from years 9 and 10 at schools in the Lisbon region as well as the children of employees, who all enjoyed the opportunity to dive into the universe of engineering and get to know better what REN does. Moreover, REN was also present at "Girls in ICT Day", an event organized by the Portuguese Association for Diversity and Inclusion (APPDI) with the aim of encouraging girls to explore career opportunities in the areas of Information and Communication Technologies (ICT), Computing and Engineering. These are initiatives which form part of the Annual Gender Equality Plan 2023.

REN has also implemented a Gender Equality Plan with the aim of ensuring, whenever possible, greater representation for the underrepresented gender in the recruitment and selection processes, as well as guiding the specialized external selection and recruitment agencies which we work with directly to ensure that the same principle is applied. Although 60% of the applications we received were from male applicants, our defined target was reached in 30% of the recruitment processes conducted in 2023.

Participation in NETT - The Network of European TSO Trainees

NETT, founded in 2019, is a network of interns in European electricity TSOs. This working group is seen as the energy transition generation, whose careers will focus on ensuring the success of decarbonization throughout the energy sector. NETT aims to support this ambitious goal by creating a solid knowledge-sharing network on ongoing projects. REN is represented by two trainees which form part of the NETT Board.

New training components

In addition to the component for training and developing technical skills, the Trainee Programme also has several initiatives ranging from reception to integration (e.g.: the VIVA and Buddy programmes), participation in Sustainability and Innovation programmes and training in transversal areas such as behaviour and management (e.g.: Personal Development, Communication Skills, and Project Management). The aim of the Buddy Programme is to offer guidance to new trainees through a methodology of sharing between a buddy and a trainee, thus enabling trainees to integrate more quickly into REN.

63%
YOUNG TALENTS
JOINED REN

TRAINEE PROGRAMME

The REN Trainee Programme is a consolidated initiative consisting of professional, academic, and summer internships, where interns can work on specific projects, with a focus on creating value for the organization while also enhancing their own skills.

The 2023 Professional Internship Programme saw 16 young talents who, over a 12-month period, had the opportunity to develop their technical and personal skills. After the internship, 63% were invited to join REN, reinforcing the importance of investing in this programme as an important source of attracting young talent. Over the 13 years this programme has been in effect, it has been adapted to meet the changes taking place within the organization and the need for rebranding so as to improve our ability to attract young talent. In 2023, some changes were introduced with the aim of improving its suitability to meet the needs of new generations, which resulted in greater investment in monitoring, development, and training, as well as in participation in networking activities both nationally as well as internationally.

The focus on young and qualified talent and closeness to universities is also evident in our investment in different internships that provide a first work experience and in our participation at different events promoted in this area.

	2023	2022	2021
Professional internships	16	16	16
Academic internships	20	16	11
Summer internships	15	13	12
Total	**51**	**45**	**39**

The VIVA programme promotes the quick integration of new employees with REN.

Reception and integration

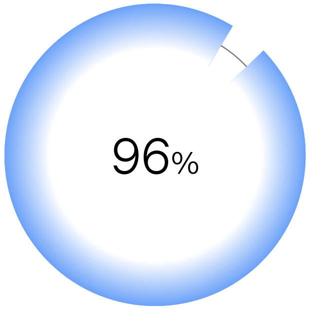
The success of the reception and integration of new employees is ensured by our VIVA Reception and Integration Programme. In addition to providing participants with general knowledge on the company, such as our values, mission, and areas of activity, this programme also allows trainees to identify faster with REN, providing networking opportunities between new and established employees.

The VIVA programme represents one of our many initiatives which aim to contribute to the development of employees from day one and consists of face-to-face sessions and visits to REN's main facilities. The programme is also complemented by an e-learning course enabling trainees to get to know about REN's operations quickly and easily.

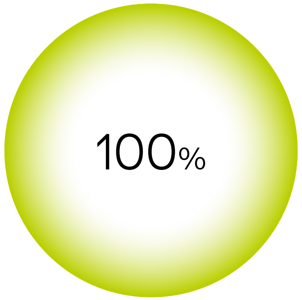
The programme is promoted in collaboration with in-house trainers from different areas which contributes to the transfer of knowledge while also creating closer relationships between participants and trainers. It provides helpful tools and knowledge for a positive onboarding experience and speedy development.

In 2023, the reception and integration programme was updated and became even closer to people, from the point of selection to their first day of work at REN. The purpose of this update was to strengthen the sustainability of the organization and promote even greater proximity to employees as well as better initial alignment with the REN culture. With this in mind, the reception kit was updated, a welcoming message is now also sent prior to admission, an initial ice-breaking session is held on knowledge of the organization, and networking is fostered via greater interaction between the new employees and managers to calibrate expectations and improve their experience.

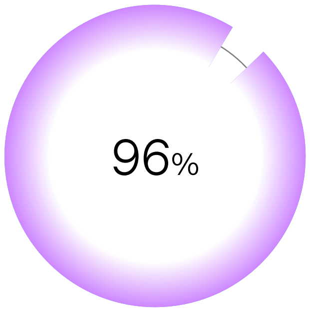
VIVA PROGRAMME



satisfaction level among new employees with face-to-face training



satisfaction level among new employees with the online training



satisfaction level among new employees with the initial follow-up carried out by the Human Resources team

44%

OF VACANCIES
FILLED BY INTERNAL CANDIDATES

Retaining talent

The management of talent at REN is based on a fully integrated coherent approach and involves 360° assessment processes, the performance management programme (STAR Programme) and on training (Campus REN), with a view to developing and empowering human capital in line with our organizational strategy and corporate values.

Every year, the process to map talent, where performance and potential are identified, is reviewed in order to incorporate the results of the STAR programme.

The REN Campus is a particularly important mechanism with regard to issues of talent management as it provides employees with training and development opportunities in key skills which can positively contribute to their performance and positioning within the Talent Matrix.

The Interests and Expectations Questionnaire and the Talent Retention Interviews, together with internal dissemination of opportunities available, have proved to be vital for increasing the number of employees involved in internal mobility processes, which take into account the most suitable profile and meritocracy. In 2023, 46 Retention and Expectations interviews were conducted from a universe of 137 employees who submitted the respective questionnaire as part of the performance evaluation process. As a result of this work and in conjunction with existing open opportunities, 44% of the 2023 vacancies were filled by internal candidates.

This strategy to retain talent seeks to meet the expectations shared by employees, forming an important tool in identifying and developing potential successors and in retaining and developing existing talent at REN. In 2023, this process was consolidated with internal talent being identified with the potential to assume leadership and senior and middle management roles, with a specific focus on operational areas. Special attention was also given to the mapping of female talent. The goals of this process were to prepare for the effects caused by the departure of employees reaching retirement age, identify successors and develop specific programmes to ensure a smooth transition.

TALENT RETENTION MODEL

Identifying talent

- Talent Matrix - Performance vs. Potential
- 360° assessment of skills (peer, subordinate, and direct manager assessment)
- Questionnaire on interests and expectations

Retention and Expectations Interviews

Internal Mobility

Career Development

Succession

Development of talent

REN Campus - training and development opportunities in key skills

SUCCESSION PLAN

Interim

- Immediate succession plan, due to emergency nature (unplanned event)

Planned

- Succession plan defined with possibility of short-term implementation

  39 employees have been mapped for senior and middle management roles

In development

- Plan to identify succession potential with development needs

  63 employees have been mapped for development in the succession pipeline

STAR PROGRAMME

The annual REN performance management programme - the STAR programme - applies to all REN employees who work under indefinite or fixed duration contracts at one of the Group companies (employed on the date the assessment is carried out) and who have worked for a minimum of six months in the assessment year.

The aim of this programme is to provide information enabling the company to get to know and manage the performance and potential of our employees, and support their personal and professional development.

Based on a 360° assessment process, the STAR Programme consists of assessment and informative components which support the assessment process:

- **Assessment components:** divided into 1) objectives set annually by employees and managers and 2) skills. The assessment components contribute to management decisions, more specifically those relating to variable remuneration, salary/ career progression, internal mobility, training and development, and talent and succession management;

- **Informative components** ensure that information of a qualitative nature is compiled and contribute especially to self -knowledge for the employee/ managers, talent mapping and personal development/ training.

PERFORMANCE MANAGEMENT

In addition to organizational and individual needs, the management of the performance of our teams and people has a direct influence on our activities and results.

REN sees performance management as an ongoing process of feedback and sharing. Such monitoring is vital for helping every employee achieve their targets and improve individual performance. As such, a culture of ongoing feedback is encouraged and a final assessment meeting must be held between the assessor and the assessee. This meeting aims to close the respective assessment with the person being assessed and encourage a dialogue of alignment with regard to perceptions about the assessment provided, clarify the results achieved, the employee's involvement in the definition of the individual development plan (making the person co-responsible for the results agreed), and their individual motivation.

In addition to the final assessment meeting, an interim feedback meeting must also be held where the aim is to check on the degree of achievement of individual objectives/ compliance with the activities plan to date, and then to decide on maintaining or changing that previously defined. During this meeting, feedback will also be provided on behaviour adopted based on the established skills model.

The impacts of the STAR programme are different depending on the final assessment of objectives or competencies.

Regarding the assessment of objectives, the main impacts are possible eligibility for variable remuneration, which allows individual performance to be differentiated, and the salary progression provided for in the Collective Bargaining Agreement.

In relation to skills assessment, the possible impacts refer to: 1) the drawing up of the training and development plan, based on the identified needs; 2) the identifying and segmenting of each employee's potential, which serves as support for decisions on internal mobility and talent/ succession management.

In addition to the individual development plans created between assessor and assessee, following the closure of each assessment cycle, all negative assessments are identified, both in the assessment of skills and in the evaluation of objectives, and a more detailed action plan is defined. This plan involves the direct manager of the employees, the employees themselves, and a member of the Human Resources Department, where the aim is to foster a dialogue of alignment with the assessments made and clarify objectives/ future results and establish an ongoing plan for performance improvement.

GRI 404-3

The performance assessment process is also a stage in the improvement of collective performance and cultural alignment. The areas of skills showing the greatest need for development in each functional group are identified in a transversal manner and how they can best be maximized. Proposals for training/ development courses and individual coaching or mentoring sessions are just some of the tools used for this purpose.

MAIN PERFORMANCE ASSESSMENT INDICATORS[33]	STAR 2022
No of employees covered	675
% of assessments concluded	100
Average - Final assessments - Competences (scale 1-3)	2.58
Average – Final Assessments - Objectives (scale 1-5)	4.18
% of bonuses calculated as compared to the number of assessments	99.4%

360° ASSESSMENT[34]	NO OF PARTICIPANTS	NO OF REPLIES	% OF PARTICIPATION	OVERALL AVERAGES
Self-assessment	688	450	65	2.67
Peer assessment	688	388	56	2.77
Subordinate assessment	658	413	63	2.76
Questionnaire on Interests and Expectations	688	134	19	-

[33] Assessment of performance in 2022, carried out in 2023

[34] Employees eligible for 360° assessment at the process launch date.

OBJECTIVE

ENSURE THAT THE DEVELOPMENT AND TRAINING OF EMPLOYEES **HAS HIGH LEVELS OF SATISFACTION AND EFFICIENCY**

TARGETS

+75%
SATISFACTION AND EFFECTIVENESS

90%
OF EMPLOYEES HAVE ATTENDED ONE TRAINING COURSE

INDICATORS

94%
SATISFACTION
IN 2023

90%
EFFECTIVENESS
IN 2023

100%
EMPLOYEES COVERED BY TRAINING
IN 2023

TRAINING AND DEVELOPMENT

REN is fully committed to the training and development of our people.

Through the REN Campus, the company's training model dedicated to the full development of the knowledge and skills of our human capital, we promote the acquisition of added and differentiating value in the management of knowledge.

Every year, an analysis of training requirements is conducted. This stage, which is of particular importance, is carried out jointly by managers and employees, holding each employee accountable for their own evolution and promoting the active engagement of leaders in this path to development. The consolidation of this information allows the annual company training plan to be drawn up and the management of training, thus ensuring the development of skills and the ongoing updating of knowledge.

To carry out the programmes set out in the plan, REN works with both external partners as well as internal trainers. Our own in-company trainers allow internal knowledge to be disseminated and business-specific technical skills to be transferred to highly specialized teams.

Among the programmes implemented, six were in partnership with higher education institutions such as the Institute of Science and Innovation in Mechanical and Industrial Engineering (INEGI), the Institute for Systems and Computer Engineering, Technology and Science (INESC TEC), the International Institute for Management Development (IMD), the Kellogg School of Management, the Porto Business School (PBS), the Nova School of Business and Economics (Nova SBE) and the Portuguese Catholic University (UCP). These programmes allow knowledge and skills to be acquired in technical, management, and behavioural fields, and are essential for accelerating employee development. In 2023, 8.5% of our employees were trained via this type of programme. The abovementioned programmes take place intra and inter-company, allowing both networking as well as employee development to be extended through contact with middle and senior managers from other companies. Training is also subsidized in advanced and specialized programmes; post-graduate and master's degrees; MBAs and PhDs, in accordance with the interest and relevance they have for the employee's current or future duties at REN and in alignment with their individual development plans.

GRI 404-2

REN Campus

With the aim of driving the growth and development of the business through the development of people, we have created a differentiated supply directed at the correct management of intellectual capital and the ongoing transfer of knowledge via the REN Campus programmes. Initiatives cover the development of knowledge and skills in technical, management and behavioural areas and allow employees to remain aligned with the Skills Model and with REN's Strategic Pillars. REN Campus also provides employees with the opportunity to attend specific training to perform each function, promoting professional development and helping achieve a performance of excellence.

Across-the-board training

- **Management:** provide employees with a strategic vision of the business landscape and encourage the creation of value within the company.
- **Leadership:** commitment to the development of talent and the personal development of employees.
- **Communication:** promote effective communication and messages with impact and influence.
- **Technical:** consolidate knowledge and technical expertise in the energy sector.

Specific training

Equip employees with the skills and knowledge considered essential for the performance of their duties and/ or taking on new responsibilities/ roles in the company.

The ongoing training of employees is also complemented by participation in seminars, congresses, and conferences, as well as through internal webinars on key topics for REN, such as: sustainability, innovation, mental health, cybersecurity, regulatory models, etc.

> We promote a culture of leadership with the development of a strategic reflection workshop.

REN Campus is also a tool for developing employee potential, where specific development plans are defined for the company's new leaders. These plans include specific actions using REN's resource management tools, as well as broader plans aimed at the development of leadership skills in the fields of behaviour and management. In this regard, leadership culture is also promoted through meetings, such as the Strategic Reflection Workshop, held once a year and that brings together middle and senior management with high potential. There are also regular management meetings to monitor work and strategic projects.

In the case of female talent, and as part of the Gender Equality Plan, in addition to transversal plans, REN also provides female employees the opportunity to participate in specific development programmes in partnership with associations promoting equal opportunities, such as the Professional Women's Network (PWN), as a means of accelerating their development.

In recent years, efforts have been made to implement the digital transformation of REN's training model, using flexible models and on-demand learning, where new digital courses are continuously developed and where topics covered are transversal, specific, and vital for the organization. An example of this transformation is through e-learning training, where REN has already developed several courses, such as "Cybersecurity Policies", "Data Regulation and Protection", "Sustainability", and "Innovation".

Of note among these courses due to its mandatory nature and importance is the e-learning course on "Ethics, Code of Conduct and Prevention of Risks of Corruption", which is directed at all company employees. In addition to established employees, new workers and interns are also required to attend this course when they join the company. Due to the importance of the subject, and in order to ensure the recycling of knowledge in this regard, this course is required to be attended every two years. This course emphasises that all forms of harassment are prohibited, noting that "REN employees should refrain, in particular, from any conduct of harassment at work."

Of note in the behavioural area are the Coaching and Mentoring programmes, with high levels of satisfaction and a growing rate of participation, which promote not only the development of employees but also provide a complementary mechanism for managing talent, as they allow the development of leadership skills which are important for the future of REN.

All staff are notified of the REN training plan via a range of internal communication channels.

It should be noted that 100% of REN employees took part in training sessions and that all training courses/ training programmes are assessed by employees and their respective managers. In 2023, results were highly positive with regard to indexes for monitoring the effectiveness of training (90%) and satisfaction of training (94%).

In coming years, the path will continue to be one of transformation. Over the next three years, and further to a diagnosis of the training model and its suitability to the challenges of our work, the REN Campus will offer new training opportunities, with new schools, programmes and partnerships with universities, with emphasis on the areas of Energy Transition, Innovation and Digital Skills. Current and future challenges facing the company and the industry, along with technological advancement and its impact on all levels of the labour market, are at the base of this new vision for the training model.

MENTORING PROGRAMME

In-house programme allowing employees to be monitored throughout the year by a more senior employee, assisting in their development and in the transfer of knowledge. This programme is intended for all REN employees, including new admissions. The pool of mentors consists of employees from the different Business Units, Departments and Functional Groups. Also in 2023, with a view to continuity, the pool of mentors was again strengthened through the integration of new members with the aim of contributing to the diversity of the programme and its representativity with respect to both female and male mentors and different age groups.

2.3%

EMPLOYEE PARTICIPATION

COACHING PROGRAMME

Personal and professional development programme, conducted in partnership with a certified outside training entity, allowing personal and professional transformation and improvement, enabling employees to develop skills, permitting them to achieve better results and drive their own growth and performance. In 2023, highlights included the inclusion of team coaching, an initiative that seeks to support teams in the achievement of the desired results through a process in which the coach works with the entire team. The goal is to help the teams reach new levels of performance and collective leadership, through a learning cycle involving analysis and dialogue.

4.3%

EMPLOYEE PARTICIPATION

Training indicators

NO OF HOURS OF TRAINING BY GENDER	2023	2022	2021
Men	28,125	26,722	18,476
Women	9,601	10,016	5,940
Total	37,726	36,738	24,416

NO OF PARTICIPANTES BY GENDER	2023	2022	2021
Men	4,100	4,785	2,959
Women	1,627	1,980	1,501
Total	5,727	6,765	4,460

AREA OF TRAINING (HOURS)	2023	2022	2021
Behavioural	4,911	4,529	3,486
Technical[35]	26,818	27,733	16,718
Management	5,998	4,476	4,212

AREA OF TRAINING (% PARTICIPANTS)	2023	2022	2021
Behavioural	13%	12%	14%
Technical[35]	71%	76%	69%
Management	16%	12%	17%

AVERAGE NUMBER OF HOURS TRAINING BY PROFESSIONAL CATEGORY AND GENDER	2023	2022	2021
Senior management	43	38	26
Men	33	39	30
Women	64	37	18
Middle management	40	41	32
Men	38	39	27
Women	47	47	47
Specialists/ experts	58	58	44
Men	56	53	45
Women	62	73	41
Technicians/ administrative staff	43	45	22
Men	48	51	23
Women	18	20	16
Average No of hours training	51	52	35
Men	51	50	35
Women	51	57	35
Annual percentage of employees undergoing training	100	100	100

[35] Includes training in Quality, Environment, and Safety.

GRI 404-1

The NÓS programme was recognized in 2023 with the Well-being Award from Workwell, in the category of companies with 251 to 1,000 employees.

+100

CANDIDATE COMPANIES

RECOGNIZED BY ITS HEALTH AND ORGANIZATIONAL WELL-BEING STRATEGY AND PROGRAMME

WELL-BEING, EQUALITY, AND INCLUSION – NÓS PROGRAMME

Balance, Equality, and Inclusion are the three axes of action in the *NÓS* programme, an initiative created by REN in 2014, which has provided an environment conducive to the personal and professional development of employees. Over the years, the programme has impacted the quality of life, experience, and satisfaction of company employees, and is a valuable preventive tool in the goals to achieve emotional balance and reconcile the personal, family, and professional well-being of our employees.

This programme, which is highly regarded both internally as well as externally, won the 2023 Well-being Award from Workwell in the category of companies with 251 to 1,000 employees. The REN "Health and Organizational Well-being Strategy and Programme" was recognized from among more than 100 candidate companies.

Health, well-being, and balance

Health, well-being, and balance continued as key themes in 2023 under the NÓS Programme.

For REN, it is vital to ensure that employees are provided with the best health conditions so that they can perform their duties and that general and industry occupational health standards are complied with. With this in mind, REN implements the Healthy Workplace Concept adopted by the World Health Organization (WHO), as a "state of complete physical, mental and social well-being, and not merely the absence of disease or infirmity".

It is a strategy of continuity based on a holistic view which brings together physical, social, financial, and emotional aspects. This approach puts occupational medicine at the centre of all health activity at REN and aims to:

- Diagnose situations through a multidisciplinary team of doctors and technicians so as to promote healthy habits and lifestyles;
- Provide safe and healthy workplaces with suitable conditions and diversified experiences; and
- Furnish employees and their families with the knowledge and skills to enable healthy lifestyles to be adopted;

REN also joined the Pact for Mental Health in Workplaces created by the Center for Responsible Business &Leadership of the Catholic Lisbon School of Business & Economics. We also attended the 2nd edition of Mental Health in the Workplace Summit 2023, actively participating in the development of metrics for the promotion of mental health.

GRI 403-1 GRI 403-3

Leadership and mental health

Given the importance of leadership in these matters, an initiative aimed at managers was launched at the end of the year, with wider implementation and dissemination planned for 2024. The aims are to promote awareness about the importance of mental health, develop communication skills with the teams in this regard and strengthen communication with respect to company resources for health and well-being.

The main benefits are expected to include the reinforcement of a culture of openness around mental health through the training of senior staff to manage and prioritize the mental health of their teams and refer them to the mental health support tools they may need.

We provide to all employees internal occupational medicine services.

Membership of this Pact falls under the REN Health Policy which is based on an individualized, corporate, and preventive approach focused on promoting mental health literacy. Through this membership, the company is seeking to create support plans and promote a culture of openness around the subject of mental health, with the active engagement of leaders with a view to eliminating stigma. The initiative also aims to empower employees to support each other and manage and prioritize their mental health. The company helps refer employees to tools to help with mental health and seek support they need.

Initiatives promoted and consolidated in 2023 included: individual monitoring of health situations; specific consultations for employees with differentiated needs, assistance for managers to report and monitor the different cases; adjustment of complementary measures on return to in-person working; specialized communication on the topic of general health; promotion of the mental health of employees through screening during occupational health consultations; group initiatives, and webinars and e-learning sessions.

In order to develop a quality offer based on internal occupational medicine services, REN provides all employees with complementary clinical examinations and analyses to reflect their duties, more specifically the screening of employees who are more exposed to electromagnetic fields, in accordance with the law, with the aim of applying measures to restrict exposure to such fields.

Initiatives promoted

YOGA AND FUNCTIONAL TRAINING

Under the NÓS Balance Programme – in the area of health, and with the aim of promoting well-being among employees, REN offers both online and face-to-face yoga classes and functional training.

WELL-BEING GAMES

An initiative developed as part of the NÓS Programme open to all employees which is promoted by REN sports clubs where staff can participate in team, pair, or individual sports. This is a pioneering event in Portugal that brings together employees from different companies for a day full of sports activities, challenges, and experiences to enhance physical and mental well-being. In the competitive part of the initiative, the REN team participated in three different sports: Running, padel tennis, and football.

E-LEARNING COURSE ON ERGONOMICS

Mandatory initiative with special focus on issues relating to physical health (musculoskeletal injuries) and mental health (psychosocial risks), reviewed for employees working from home.

REN provides medical facilities at our larger facilities which cover the areas of Ermesinde, Pombal, Lisbon, Sacavém, Bucelas, and Sines, where occupational medicine is available, as well as via vaccination campaigns for influenza, promotion of women and men's health through the prevention of breast and prostate cancer, by raising awareness among both men and women of the importance of prevention and early diagnosis of oncological diseases.

All existing initiatives were maintained or reinforced, which continue to include: yoga and functional training classes along with psychology, nutrition, and curative medicine consultations at our main facilities, as well as social support.

In addition to numerous internal initiatives, all REN employees are also covered by individual health care plans, reinforced with specificcoverage for mental health and which can also be extended to include family members.

Reconciliation and protection

The synergy between family and work also forms an integral part of Balance in the NÓS Programme. Since this programme was first started, various initiatives have been held and information provided on the different factors that impact on the lives of employees, with the aim of promoting a better balance between professional, personal, and family life. This is an essential condition for effective equality between men and women as well as for lower levels of absenteeism, greater productivity and retaining talent.

OCCUPATIONAL HEALTH INDICATORS	2023	2022	2021
No of auxiliary diagnostics (per group of examinations)	463	555	406
No of medical interventions	612	998	661
Nursing interventions (per group of examinations)	463	563	456
Visits by doctors to places of work	7	12	4[36]

[36] During the pandemic (March to August), periodic examinations were carried out by telephone.

The theme of reconciliation was the focus in 2022 with the launch of the Flexibility Programme featuring a series of flexibility initiatives that continued to be implemented and monitored in 2023. In addition to different measures to help employees reconcile their responsibilities, including a hybrid working-from- home/ in-office scheme, REN has also provided and continues to provide to all new workers a voucher to purchase office supplies, so that they can also enjoy optimum working conditions at home.

In 2023, considering the current economic situation and with special focus on the financial well-being of employees, a benefits platform was implemented providing discounts for day-to-day purchases, along with a social support fund and the provision of financial mentoring.

38
WEEKLY
WORKING HOURS

6.5
ADDITIONAL
DAYS OF REST

RECONCILIATION AND PROTECTION INITIATIVES

REN solidarity support fund

Part of the NÓS Programme, under the area of "Balance", the REN Solidarity Support Fund aims to help employees cope with situations of financial and social vulnerability. Support for fertility treatment is also available for couples wishing to conceive. This fund can be accessed under certain situations, both for specific health expenses, as well as for other expenses of an exceptional nature which are recognized as serious. The goals are to prevent situations of risk and provide support during situations of financial vulnerability, thus avoiding the use of credit from external entities.

Webinar on personal income tax and personal finances

An initiative open to all employees assisting with financial literacy and support for personal and family budgets focusing on practical issues such as the changes introduced in 2023 regarding withholding tax and its impacts. Provided via a partnership with an external organization, these initiatives enjoyed a high rate of satisfaction (95%).

Parental coaching

For REN it is important that employees be present at life's key moments and as such we run a Parental Coaching Programme for staff returning to work after enjoying parental leave. This programme aims to help mothers and fathers adjust to the rhythm of work on their return, helping to structure their routines and support networks to ensure better reconciliation between professional and family life.

Flexibility programme

This programme includes measures in three areas of action: workplaces, working hours, and other reconciliation measures, including:

- Flexible working hours - with the possibility of leaving earlier on Fridays, depending on the work carried out by the employee and timetable of 38 hours a week;
- Hybrid model – balances in-office time with the flexibility of remote work, allowing up to a maximum of two days a week for working from home, depending on the work carried out by the employee. It also allows for the possibility of half a day off work for extraordinary situations; and
- 6.5 additional days of rest per year and 2 days of volunteer work – in addition to the additional days of rest, REN also provides exemption for doctor's appointments and treatment (12 hours/ semester) and days off to provide essential care at home (6 days/ year).

OBJECTIVE

ENSURE GENDER REPRESENTATIVENESS IN MANAGEMENT POSITIONS

TARGET

BY 2030

1/3 OF WOMEN IN FIRST LINE MANAGEMENT POSITIONS

INDICATOR

33%

WOMEN IN FIRST LINE MANAGEMENT POSITIONS

Diversity, equality and inclusion

REN has been a pioneer company in the promotion of diversity and gender equality in the Portuguese market. In recent years, we have pursued policies and practices which ensure equal opportunities, equal rights, and freedoms, and which recognize and value the role of women and men in society and in organizational success.

The focus on a balanced strategy in this regard is reflected directly in the evolution of gender equality indicators, where there has been growth in the underrepresented gender both with regard to the company as a whole and in management positions.

For REN, gender equality is also a question of fundamental rights and, for this reason, non-discrimination based on gender is expressly provided or in the Code of Conduct. Moreover, since 2014, we have been members of Forum IGEN, meeting a commitment to reinforce our policies and strategies for gender equality, both in-house as well as externally.

As this is a topic under constant evolution, REN has implemented a model which, more than simply recognizing the issue of inequality between men and women generally, takes on a transformational perspective seeking to change behaviours and attitudes within the company. The status of gender equality was established in 2018 and consists of:

Equality status

Sponsor
President of the Executive Committee
Ensure that gender equality forms part of REN's strategic agenda

Adviser for Gender Equality
Director of Human Resources
Ensure respect for the principles of non-discrimination and promotion of equality between women and men

Task Force for Gender Equality
10 members (five women and five men)
Plan and promote gender equality initiatives at REN

BREAKDOWN OF EMPLOYEES BY FUNCTIONAL GROUP, GENDER, AND AGE GROUP	2023		
	≤ 29	30-49	≥ 50
Senior management	0	9	18
Men	0	3	15
Women	0	6	3
Middle management	0	29	22
Men	0	21	17
Women	0	8	5
Specialists/ experts	62	245	124
Men	39	162	104
Women	23	83	20
Technicians/ administrative staff	15	105	119
Men	15	90	94
Women	0	15	25
Total	**77**	**388**	**283**
Men	54	276	230
Women	23	112	53

GRI 405-1 GRI 405-2

There are numerous continuity actions conducted by the company in this area, and in 2023 the following were of note:

- Commemoration of the International Women in Engineering Day, the International Day of Girls in ICT, and the National Day of Equal Pay, raising internal and external awareness on the relevance of these issues;
- Participation for the third year running in the Bloomberg Gender-Equality Index;
- Continuation of the partnership with PWN Lisbon, through the sponsorship of their annual event, the enrolment of REN employees as PWN members and the participation of young REN workers in the Youth Programme;
- Participation, for third year running, in the LAB 2021 Exchange Programme, promoted by the Girl Move Academy, contributing to personal and career development of a young Mozambican girl (this year entirely in-person); and
- Publication of the 2024 Annual Gender Equality Plan, which maintains the focus by REN on our commitment to evaluate our initiatives and to think about new measures every year which can provide real impact and to draw up an annual report with relevant indicators on this topic in order to measure improvement.

With regard to the monitoring of salary information and in order to identify any possible unjustified differences, REN closely analyses this issue internally and maintains the good practice started in 2021 of public disclosure of the wage gap.

As part of initiatives aimed at the area of Inclusion, of note was our work with partner institutions under our Social Responsibility Programme and in compliance with Law No 4/2019 which sets out a system of employment quotas for the disabled, with a degree of disability equal to or greater than 60%. Since 2022, REN has been a member of the Portuguese Association for Diversity and Inclusion (APPDI), and has also signed the Portuguese Diversity Charter.

SALARY INDICATORS	2023	2022	2021
Gender pay gap – average (%)[37]	-1.81	-1.70	-2.04
Gender pay gap – basic monthly remuneration (%)[37]	-5.75	-6.01	-6.72
Ratio of total annual compensation[38]	4.38	4.27	4.20
Ratio of increase of total annual compensation[39]	1.61	-1.55	0.57
Ratio between the minimum wage earned at REN and the national minimum wage			
Men	1.40	1.42	1.50
Women	1.63	1.59	1.98

MALE/ FEMALE WAGE RATIO PER FUNCTIONAL GROUP	2023	2022	2021
Senior management	1.08	1.06	1.07
Middle management	0.96	0.93	0.90
Specialists/ experts	0.88	0.90	0.89
Technicians/ administrative staff	1.05	1.06	1.08

GRI 2-21 GRI 405-2

[37] Gender Pay Gap – (Average compensation [men] – Average compensation [women])/ Average compensation [men].
[38] Ratio of total annual compensation – proportion between total annual compensation for the organization's highest-paid individual and the total average annual compensation for all employees (excluding the highest-paid individual).
[39] Ratio of the increase in total annual compensation – proportion between the percentage increase in total compensation for the organization's highest-paid individual and the total average annual percentage increase in compensation for all employees (excluding the highest-paid individual).

OBJECTIVE

TO PROMOTE A CULTURE OF SAFETY BASED ON RISK REDUCTION AND ONGOING IMPROVEMENT TO ACHIEVE ORGANIZATIONAL EXCELLENCE

TARGET

100%

REDUCTION IN FATALITIES AND TECHNICAL INCIDENTS THAT COULD LEAD TO FATALITIES BY 2025

INDICATOR

ZERO

FATAL ACCIDENTS IN 2023

OCCUPATIONAL SAFETY

REN is fully committed to the safety of people, infrastructure, and operations. The promotion of a strong safety culture is vital to meeting this commitment.

Furthermore, the need to ensure compliance with current legislation on occupational safety and the defining and implementation of internal standards and procedures, is a process that REN continually seeks to improve and develop. Finally, the reinforcement of mechanisms, equipment, and platforms seeks to guide our work to ensure the ongoing improvement of occupational safety.

In 2023, the Online Document Management Tool for Works and Service Provision (GEDOC) was improved and followed up on the systematization, centralizing, and guarantee of legal compliance in a single document management platform, available for contractors and service providers. The tool provides for the ongoing, systematic, and centralized monitoring of all documentation and document flows, including consultation, loading, analysis, and decision-making.

Also in 2023, the process to use new technical clothing was completed. This process was selected with the involvement of employee representatives in the field of occupational health and safety, and operational teams. In 2024, further to the publication of the new rules on access to operational electricity and gas facilities, reinforcing safety requirements, entry into these facilities will only be allowed to employees who are properly equipped and protected, with suitable technical clothing and authorized Personal Protective Equipment (PPE).

Safety culture

Risk reduction and control exercises, with the aim of preventing the occurrence of near-accidents, accidents and occupational diseases related to work undertaken, continue to be a vital tool in the management of occupational health and safety.

Aware that the focus on safety and our success go hand in hand, in 2023 we continued to pursue our safety culture programme, based on the slogan "Everyone's safety is everyone's responsibility". As part of the safety culture programme, a number of key initiatives were conducted:

- Analysis of accidents taking place over recent years and the implementation of measures to improve accident prevention;
- Amendment and updating of procedures, in particular Risk Charters and Technical Specifications;
- Increase in the number of periodic meetings with the main contractors building REN infrastructure to analyse and discuss issues and opportunities for improvement in the field of safety;
- New communication formats to raise awareness among employees regarding accident prevention and promotion of a culture of prevention; and
- Preventive safety observations carried out by multidisciplinary teams in the different areas of work.

The strengthening of the safety culture seeks to drive a significant change in the Group's accident prevention culture, and is based on the ongoing development of an integrated approach to the management of prevention, involving key partners in the value chain. Every player is an active agent in the promoting of improvement, raising awareness, and the practical application of prevention at all levels and in everyday life.

Due to the importance of ongoing improvement for the strengthening of safety culture, new initiatives are already planned. They include the reinforcement of the approach to field work through leadership visits and preventive safety observations and implementing the georeferenced system to ensure assistance for REN employees in emergency situations when carrying out work in isolated locations.

Assessment of safety risks

REN is certified in accordance with the ISO 45001 Occupational Health and Safety Management System, and Safety risk assessment is carried out based on this standard see 2.3 Risk management. The internal procedure "Hazard Identification, Risk Assessment and Control" sets out the methodology to identify hazards and control occupational safety risks in Group activities and workplaces.

For each workplace or activity, REN identifies the risks relating to occupational safety in the "Risk Charter", in accordance with the risk classification, as well as the preventive measures to be taken to mitigate their occurrence. Furthermore, training is provided for employees in occupational safety and the respective risks.

Work accidents

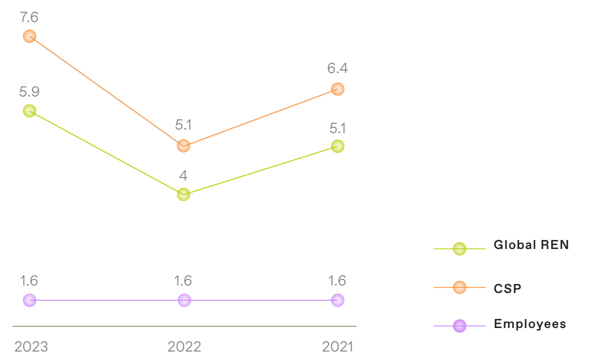
At REN, work accidents are recorded in accordance with the Analysis & Performance procedure. This procedure, which covers the entire accident information cycle, sets out how accident information is obtained and processed to ensure that it is used to learn and develop prevention strategies, both by REN and our partners.

GRI 403-2 GRI 403-5 GRI 403-9

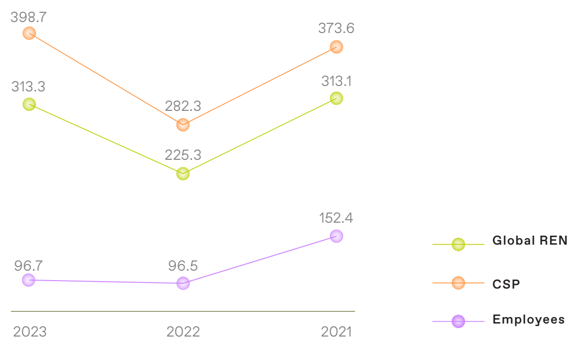
Work accident indicators

	No of employees		No of hours worked		No of fatal accidents		No of non-fatal accidents[40]		No of days lost	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
REN Employees[41]	572	190	951,213	299,943	0	0	2	0	121	0
Contractors and Service Providers	1,336	188	2,779,300	390,882	0	0	23	1	1,011	253

Frequency index[42]



Severity index[43]



No changes were seen with regard to work accidents involving REN employees, a fact reflected in the number of days lost. The associated frequency and severity indices remained stable compared to 2022.

[40] Number of accidents that occurred in full-time work resulting in sick leave (lost time).
[41] Includes R&D Nester employees.
[42] Frequency index – no of non-fatal accidents / no of hours worked x 1 million hours worked.
[43] Severity index – no of days lost / no of hours worked x 1 million hours worked.

World Day for Safety and Health at Work

REN marked this day, which was celebrated on April 28, with numerous actions that sought to remind everyone of the right to and fundamental principles of a safe and healthy working environment. With this in mind, a range of communication actions were carried out, including the release of the video "5 Golden Rules of Working away from High Voltage".

It is also important to note the considerable involvement of the different REN supervisory and safety teams at work sites. The goal of these visits is to verify strict compliance with safety standards and promote safe behaviour. Additionally, a feature was launched called “What it’s like to work in a safe and healthy environment”, which encouraged the sharing of photos and videos exemplifying good practices for a safe working environment, thereby helping prevent accidents and occupational diseases.

ABSENTEEISM INDICATORS	2023	2022	2021
Total absenteeism rate (%)	2.0	2.1	2.1
Men (%)	1.8	2.3	2.2
Women (%)	2.7	1.4	2.1
Sickness absenteeism rate (%)	1.2	1.3	1.3

The frequency and severity indexes associated with the employees of contractors and service providers (CSP) who worked for REN worsened with respect to 2022, resulting in an increase in the frequency index of 49%, and around 41% in the severity index. General safety indicators increased by around 47% in frequency and 39% in severity.

After the conclusion of accident investigations, reports are shared with regard to Analysis & Performance and analysed by the departments responsible for following-up recommendations (see next section Investigation and analysis). Afterwards, the reports are approved by the Executive Committee and a summary of the investigation is shared with the Safety and Occupational Health Committees.

The general absenteeism rate at REN remained at 2%, recording a slight reduction compared to 2022. The sickness absenteeism rate was 1.2%.

Investigation and analysis

REN has a specialized team which employs a systematic process in the management of technical incidents and work accidents, from the point of occurrence and notification, to investigation and recommendations. This team is responsible for deciding on the need to investigate an incident and appoint an investigation team. It also provides an action plan to the departments with responsibilities in implementing the recommendations made in the reports and respective follow-up. The team then reports on the performance indicators of the REN system and assets. In order to increase the efficiency and analytical capacity of the incident management process and follow-up of recommendations, a platform was developed called A&D (Analysis and Development).

This multidisciplinary working group follows the IEC 62740:2015 Root Cause Analysis (RCA) standard to ensure the effective analysis of underlying causes. This root cause analysis is a systematic process that identifies factors

19 **DRILLS**

54 TECHNICAL **VISITS**

15 TRAINING AND **AWARENESS RAISING COURSES**

contributing to a particular event, designated as a focus event, to identify and understand the root causes, instead of immediately obvious signs, in order to prevent future occurrences.

In 2023, four work accidents took place involving internal and external employees and seven technical incidents occurred in the National Electricity Transmission Network and the National Gas Transmission Network and Storage Facilities.

Emergency response

REN has internally defined action procedures in the event of emergencies.

With regard to the monitoring and control conducted by supervisory teams, 39 technical safety visits were made to work and service sites. During the visits, 49 findings were identified (situations which were irregular or required correction). Around 57% of the findings related to documentation (incomplete, outdated or non-existent) and around 16% involved emergency response failures.

In 2023, with respect to the drawing up of self-protection measures for REN buildings, in accordance with identified risk categories, work continued on the monitoring of the implementation of security system checking, audits and specific action plans for each building.

Nine complexes and six substations were audited which resulted in 15 periodic technical visits to validate the implementation status of the corrective actions identified. 15 training courses were given and self-protection measures were disseminated while 19 drills were also held. The main aim of the drills was to determine the effectiveness of the visits and actions carried out and involved participation by firefighters and municipal civil protection teams to create an operational environment as close to reality as possible.

Safety in the value chain

Working at the heart of the energy transition, REN is going through a challenging period of considerable investment in new infrastructure and interconnections in the electricity sector, and in the adapting and construction of infrastructure to integrate renewable gases into the gas sector. This work seeks to comply with public policies and REN's own policies and the respective decarbonization targets, meaning demanding deadlines must be met.

Executing entities play a vital role in implementing this strategy and for this reason, included in all tenders REN submits, are safety requirements which are appropriate to the service/ contract, with respect both to legal as well as Group requirements. Furthermore, with a view to strengthening the safety culture, in 2023 REN increased the number of awareness raising meetings and consultations and reinforced the analysis and discussion of issues and opportunities for improvement among service providers. We also held extensive face-to-face security meetings, bringing together our main partner companies in infrastructure construction and operational areas. The aims of these information-sharing meetings were to involve stakeholders, improve performance on the ground, as well as present ongoing safety innovation projects.

Work accidents, which is one of the effectiveness indicators of safety policies, of the procedures implemented and good practices observed in the Group, was also one of the main topics addressed at the meetings. Of note was the focus on training and awareness raising actions for the correct analysis of accidents. This allows the risks inherent to specific activities to be analysed and corrective measures to be implemented.

GRI 403-7

SOCIAL DIALOGUE AND BENEFITS

At REN, we ensure social dialogue with the representative structures of employees through the holding of several meetings. Dialogue focuses particularly on the search for sustainable solutions and on the debating of matters of interest to both parties.

Considering the economic situation at the beginning of 2023, the focus of this year's salary negotiations was on solving a series of key issues in the wage structure by promoting equality in benefit plans. As such, the focus of negotiations was on enhancing shift and availability work, the removal of the ceiling for study grants, the extension of the energy benefit to all employees, improving salaries taking into account the impact of inflation on lower levels and on the integration of obsolete wage items such as transport and regular attendance subsidies.

Due to this dialogue, the following results were obtained under the Collective Bargaining Agreements (ACT) established between the parties.

The agreement in 2023, as a whole, resulted in an average increase of 5.4%, helping reduce the range of salaries and exceeding the 5.1% agreed for the social agreement strategy for the country.

After the conclusion of salary negotiations, regular meetings with trade union structures were held with a view to examining other issues of interest to all parties.

5.4%
AVERAGE SALARY
INCREASE IN 2023

7.5%
INCREASE IN FOOD
ALLOWANCE

2023 RESULTS OBTAINED BETWEEN THE PARTIES UNDER THE ACT SCOPE	ACT REN	ACT REN Portgás
General increase of 3.5% in basic monthly pay within the limits of the salary table, with the guarantee of a minimum of 120 euros	√	√
General increase of 3% in basic monthly pay higher than the maximum limits of salary tables	√	√
Increase of 7.5% in the food allowance	√	√
7.5% increase in shift allowance	√	√
Increase of 7.5% in the minimum limit of hourly remuneration in availability	√	√
End of the limit amount for eligibility to the study grant	√	
Extension of the energy benefit	√	
Integration of regular attendance allowance	√	
Integration of the transport allowance	√	

GRI 2-29 GRI 2-30 GRI 401-2

In 2023, union membership at REN fell slightly over figures for the previous year, to around 33%.

PERCENTAGE OF EMPLOYEES (ACTIVE) COVERED BY THE REN ACT AND PERCENTAGE OF UNIONIZED EMPLOYEES	2023	2022	2021
Men (%)	98.0	98.3	98.1
Women (%)	98.4	98.9	99.4
Total percentage of employees covered by ACT	98.1	98.5	98.4
Men (%)	38.2	40.0	40.3
Women (%)	17.6	20.3	21.4
Total percentage of unionised employees	33.0	35.1	35.7

REN has sought to reinforce and find new forms of compensation which are perceived by employees in a positive manner and adjusted to the different times in the life of workers. The REN benefits policy is centred on supporting our employees in the key areas of family and personal life and includes a series of additional supports and benefits focusing on health, education, and culture, etc.

REN FLEX forms part of this strategy and represents an investment by the company in benefits for employees. This programme provides a choice of benefits adapted to the life cycle of every employee.

In order to adjust the different initiatives and monitor investment in employee development and their contribution to sustainable activity, REN measures its return on investment in human capital, translating this investment as part of a broader set of indicators, to support decision-making with the goal of achieving long-lasting results.

BENEFITS	Employees with transitional scheme from previous ACT[44]	Employees with Flex Plan[45]	Employees with Flex-REN Portgás plan[46]
Life insurance/ mortgage life insurance		√	√
Personal accident insurance	√	√	√
Health insurance		√	√
Sick leave insurance		√	√
Complementary health scheme	√		
Pensions plan - defined benefit	√		
Pensions plan - defined contribution		√	√
Electricity at reduced prices	√	√	√
Study subsidy	√		
Education and child care vouchers		√	√
Social pass		√	√
Fuel and parking		√	
Technology and internet		√	
Training voucher		√	√
Holiday camps	√	√	√
Social support voucher/ health plan		√	√
Veterinary expenses		√	

[44] Series of benefits set out in ACT 2000 which passed to the new ACT signed in 2015.
[45] Employees covered by this flexible benefits programme can choose from the benefits available up to the limit of their annual credits.
[46] Employees covered by this flexible benefits programme have fixed and flexible components and can choose from the benefits available up to the limit of their annual credits.

OBJECTIVE

ENSURE A LEVEL OF CLIMATE AND MOTIVATION ALIGNED WITH BEST PRACTICES

TARGET

+75%

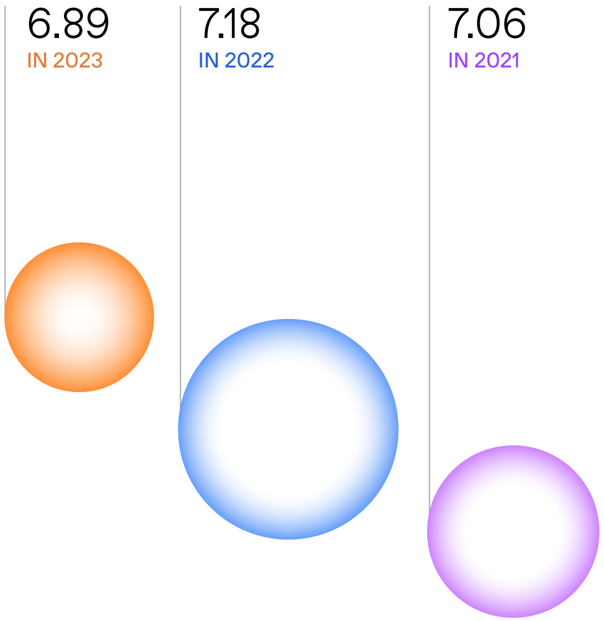
TOP OF MIND QUESTION

INDICATOR

85%

TOP OF MIND QUESTION IN 2023

Human capital return on investment (HCROI)[47]



ENGAGEMENT WITH EMPLOYEES

Listening to employees and considering their concerns, needs and expectations in the decision-making process, is essential to ensuring their sense of belonging and satisfaction with REN and, consequently, enhancing our ability to attract and retain talent.

We regularly carry out an organizational climate study – POP (Personal Opinion Programme) – which allows the company to hear about the opinion of employees and their degree of general satisfaction with topics such as Working Conditions, Commitment, Communication, etc. The full POP questionnaire is completed every two years while the smaller questionnaire is performed on an annual basis.

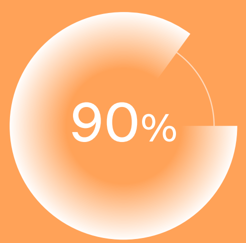
	2023	2022	VAR. 23/ 22
Participation rate (%)	90	91	-1
Men (%)	75	75	0
Women (%)	25	25	0
"Am I happy working at REN?" (Top of Mind Question) (%)	85	83	2
Men (%)	83	76	7
Women (%)	90	85	5
Satisfaction index (%)	-	69	-
Men (%)	-	67	-
Women (%)	-	74	-

GRI 2-29 GRI 403-4

[47] (HCROI) = (EBITDA - personnel costs)/ personnel costs.

POP – Personal Opinion Programme

In 2023, a smaller interim questionnaire was conducted directed at more current topics. Participation was 90%, in line with the rate for the full questionnaire of 2022, which continues to demonstrate the confidence of employees in the process and in the practical results of the action plan for opportunities identified for improvement. In terms of results, 85% of employees responded positively to the question "Am I happy working at REN?".



Employee engagement INDEX[48]

The Executive Committee maintains regular dialogue with Workers' Committees.

In addition to actively listening to employees, the Executive Committee maintains regular dialogue with Workers' Committees, having hold five meetings during the year, where various topics relating to working conditions, work environment and workers' complaints are discussed. Subjects are dealt with jointly with a view to reaching understanding.

Regular dialogue is also maintained with workers' representatives on health and safety issues, through the Occupational Health and Safety Committees.

Furthermore, the Code of Conduct ensures that irregularities can be communicated through available channels, via e-mail or telephone to the REN Audit Committee, which guarantees the confidentiality of the entire process. The Audit Committee is responsible for the analysis, investigation, and possible application of remedial measures, informing the complainant of the results of the process.

Risk management

As part of the Group's risk management process, every year the Human Resources Department reviews the risk matrix which falls within their area of responsibility. The aim is to check the suitability of the risks identified with respect to the company's situation and surrounding environment, along with control and mitigation measures and checking their respective effectiveness.

[48] Based on the levels of favourability to answers to the question "Am I happy working at REN?" (Top of Mind Question). Different benchmarking studies show that the best performing companies have engagement levels of above 75%.

OUR CONTRIBUTION

Contribution to SDG

13 CLIMATE ACTION
15 LIFE ON LAND
17 PARTNERSHIPS FOR THE GOALS

4.6 NATURAL CAPITAL

We recognize our core role in the energy transition and our actions seek to achieve a fair and sustained transition. We are also focused on implementing good environmental practices, which are a priority for REN.

MAIN INITIATIVES

- Approval of near-term targets arising from REN's direct and indirect activities as part of the Science Based Target initiative
- Installation of 1.5 MW of self-consumption systems (photovoltaic and solar thermal)
- Publication of the circular economy strategy and roadmap
- Commitment Letter for Biodiversity Strategy and new commitments under act4nature Portugal

MAIN INDICATORS

4,322,497 GJ
ENERGY CONSUMED

214,189 tCO_2eq
EMISSIONS

49%
OF FLEET ELECTRIFIED

ABOUT THE FUTURE

- Strengthening of our engagement and development of decarbonization initiatives in the supply chain and definition of Science Based Targets
- Installation of 3 MW of self-consumption facilities (photovoltaic and solar thermal) in 2024 and reinforcement of decarbonization initiatives in electricity and gas assets
- Roadmap and strategy to manage natural capital
- Calculation of the carbon balance of stock and flow emissions in relation to corridor management

The asset compliance programme identifies the adaptations and investment required to enable the injection of up to 10% hydrogen in the gas transmission network and up to 20% in the gas distribution network operated by REN Portgás.

CLIMATE CHANGE AND INTEGRATION OF RENEWABLE ENERGY

The energy sector is facing unprecedented challenges in helping the fight against climate change and in achieving a fast and fair transition. These challenges include decarbonization, resilience, supply security, and sustainable financing and are addressed by our goals to increase the injection of renewable gases into the transmission and distribution networks, namely "green" hydrogen and biomethane. Further goals include increasing renewable energy sources (RES) in the electricity system and the continued electrification of the different sectors of the economy.

Decarbonization of infrastructure

At REN, we play the role of facilitators in the energy transition, recognizing that it is vital to maximize gas and electricity infrastructure in order to achieve the targets set by the national energy policy. This approach helps achieve these goals and is vital to the success of the Group's commitments in relation to decarbonization.

The development of infrastructure necessary for the energy transition and our mission to ensure the uninterrupted supply of power throughout the country, contributing to the engagement and development of the communities where we work, is achieved by establishing demanding protection, conservation, and environmental restoration criteria, in accordance with best practices in our work as an environmentally responsible company. Furthermore, the ongoing development of innovation projects, with some focusing on emerging issues such as sustainability and the circular economy, hydrogen and renewable gases, digitalization, and cybersecurity, which are implemented at the different REN companies, contribute significantly to the energy transition.

In the last three years, from 2021 to 2023, RES capacity in the Mainland Portugal National Electricity System, compared to total power installed, grew by 2 p.p. (from 77% to 79%), corresponding to an increase of 2,208 MW see 1.2 Electricity. If we compare the same figure in the last five years (2019 to 2023), the result is even more expressive (from 69% to 79%, an increase of 3,038 MW), thus showing significant development in the decarbonization of the SEN. The emission factor from electricity transmitted in the RNT, through power produced in mainland Portugal and imports from mainland Spain, has also seen a significant reduction in the last five years (-58%, evolving from 213 gCO_2/ kWh in 2019 to 90 gCO_2/ kWh in 2023).

Portugal has maintained a sustainable trajectory in the gradual incorporation of endogenous renewable sources, with new maximum values recorded in 2023 see 1.2 Electricity while also maintaining our primary objectives of supply security and quality of service. Under the Strategic Plan and the Development and Investment Plan for the Electricity Transmission Network, REN has a robust investment plan helping achieve the 80% target of renewable energy sources in the SEN by 2026 and 85% by 2030.

With regard to the National Gas System, REN has continued the technical studies started in 2022 under the H_2REN programme, where five million euros has already been invested in the Asset Compliance Programme, that will enable the certification of the gas transmission and distribution infrastructure to carry hydrogen. This certification identifies the adaptations and investment required that will enable the injection of up to 10% hydrogen mixed with natural gas in the National Gas Transmission Network (RNTG) and up to 20% in the distribution network operated by REN Portgás. REN's Asset Compliance Programme creates the conditions required to reach the Portuguese Government's energy policy targets, particularly in the field of green hydrogen. It should be noted that 16 chromatographs have already been remodelled. These are devices which allow the quality of the gas transmitted in the network to be measured. They also enable the consumption of analytical helium to be reduced considerably, by using argon, since helium is a very rare, non-renewable gas in the atmosphere, which is vital for other activities see 1.3 Gas.

H_2G Backbone project

REN started the development of the H_2G Backbone project under the H_2 Green Valley agenda, an application approved as part of the Recovery and Resilience Plan. The main objective of the project is to create a shared access infrastructure for producers and consumers of 100% green hydrogen in the Sines region, enhancing the development of the first hub of this type in Portugal.

It is expected to be completed in 2025 and includes the construction of a pipeline over 10 kilometres in length and a compression system for hydrogen injection into the RNTG.

Participation in European projects to help integrate the European electricity market

In 2023, developments continued with a view to the national implementation of MARI (Manually Activated Reserves Initiative) and Picasso (Platform for the International Coordination of Automated Frequency Restoration and Stable System Operation) (European projects that aim to facilitate the cross-border exchange of energy for restoring frequency reserves with manual and automatic activation, respectively) in the National Electricity System.

These projects will make a decisive contribution to furthering the internal electricity market through greater integration of national system services markets, achieved through the exchange of reserves between the different European TSOs, which bring together a multitude of offers from different national electricity providers, which will be deployed on a trans-European scale.

The SCADA (Supervisory Control and Data Acquisition) upgrade project is also of note, as a contribution to the national implementation of PICASSO, also due to the need to renew the application which is at the end of working life.

REN, together with other Transmission System Operators (TSOs) such as ENAGAS, GRTGaz and Teréga, signed an agreement (Green2TSO) with the aim of transforming the gas network into a hydrogen network. Through this consortium, pilot projects and technological trials will be carried out to accelerate the transformation of the gas network. Furthermore, in November 2023 the European Commission approved the list of candidates for Projects of Common Interest, including the CelZa interconnection (Celorico-Zamora), part of the H_2MED project (for the transmission of hydrogen between Portugal, Spain, and France).

The MARS (Methane Alert and Response System) programme, which aims to build a global methane monitoring and warning system, was presented during COP 27 as part of the IMEO (International Methane Emission Observatory), a United Nations Environment Programme (UNEP). This programme, testing for which started in 2023, is the first global system providing data on methane emissions, initially focusing on very large point sources and using high resolution satellites. During the initial phase, MARS data will remain open only to IMEO and partners, including the participants of the Oil and Gas Methane Partnership (OGMP 2.0) initiative, of which REN has been a member since 2020.

As an Entity Issuing Guarantees of Origin (EEGO), in 2022 REN joined the AIB gas group (Association of Issuing Bodies) as an observer member. This was a relevant step for the start of certification of renewable and low-carbon content gases in Portugal.

In September 2023, the EEGO Procedures Manual entered into force, which expands the Guarantees of Origin (GO) mechanism to include low carbon and renewable gases, and preparatory work is already underway to ensure entry into production in the second half of 2024. It should be noted that the Annual Market Agent Meeting was also held in September and this information was shared to raise awareness and inform agents on this new phase.

In relation to the National Electricity System, since this mechanism started in July 2021, a total of 63.4 million GO (18.4 million in 2021, 25.1 million in 2022 and 19.9 million in 2023) were auctioned, resulting in total net revenue for Portuguese consumers of around 176 million euros, 60% of which was obtained in 2023. EEGO started activity in March 2020 and currently has more than 400 companies registered in its system (including producers, traders, and brokers) and approximately 840 facilities that certify their electricity production on a monthly basis.

The innovative mobility solution (Speed-E) that enables electric vehicles to be charged directly from the electricity grid, i.e. the very high voltage lines, has also been patented in the United States. The granting of the patent in this important market brings the total number of countries where the patent has already been obtained to 33, and allows us, as a TSO, to operate as a facilitator in the transition to sustainable mobility, complementing existing solutions and supporting the decarbonization of the mobility sector in an economically advantageous manner.

+5 MW

INSTALLED PHOTOVOLTAIC AND SOLAR SELF-CONSUMPTION POWER ESTIMATED FOR 2025

Decarbonization of administrative buildings, technical facilities, and infrastructure

REN has a phased programme to install photovoltaic and thermal self-consumption power units (UPAC), both in electricity as well as gas infrastructure. In 2023, important projects were completed for the installation of photovoltaic UPAC (in Sines and Ermesinde with total installed power of 1.25 MW) and thermal solar in three GRMS (0.3 MW). Also in 2023, construction of another photovoltaic project started in Riba de Ave (2 MW), which will be concluded in the first half of 2024, and solar thermal at four more GRMS (0.5 MW). At the same time, new UPACs are being designed for construction in 2024. In 2025, it is estimated that more than 5 MW of total installed photovoltaic and solar power will be achieved.

Sustainable substation

This innovative project designated as a sustainable substation, **which is to be implemented at the Carvoeira substation in 2024, provides for the installation of photovoltaic panels, complemented with a battery to store power.** It is expected that this will allow technical losses to be eliminated resulting from electricity consumption for ancillary services, and the use of diesel for emergency generators will also be avoided.

This sustainable substation will be energy-efficient and carbon-neutral from an operational perspective. This pilot project will have a trial phase for trials and result assessment, after which if approved, will be gradually installed at other substations and switching stations.

OBJECTIVE

ELECTRIFICATION
OF THE **REN FLEET**

TARGET

60%
ELECTRIFIED FLEET
BY 2025

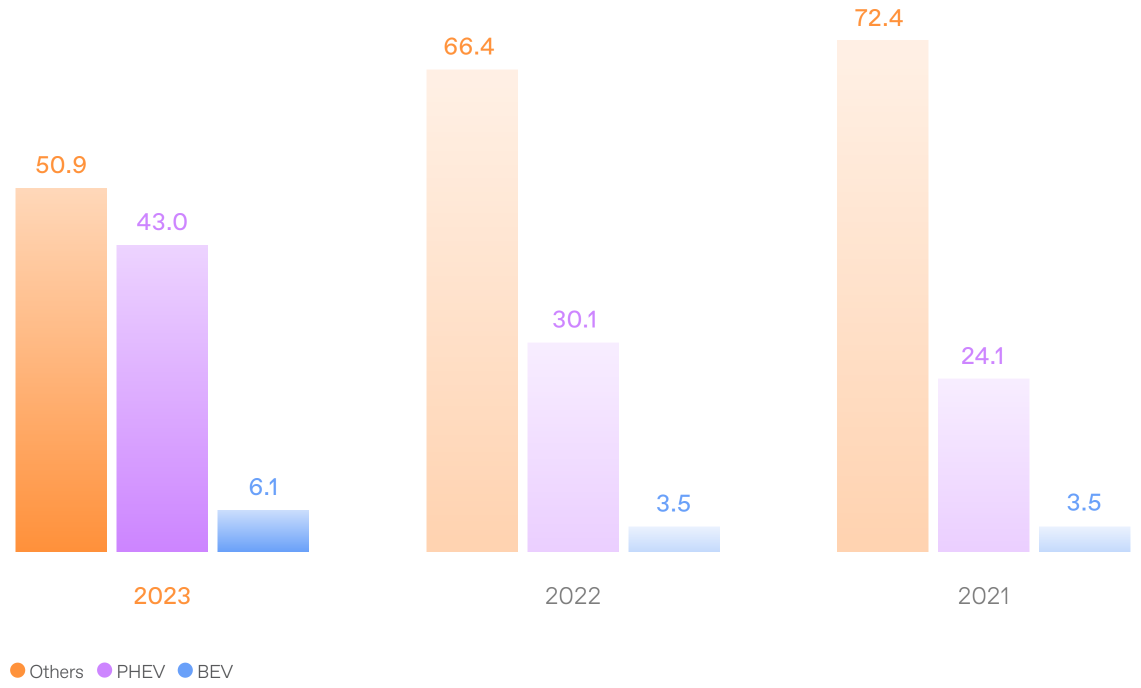
INDICATOR

49%
ELECTRIFIED FLEET
IN 2023

Decarbonization of mobility

The ongoing renewal and electrification of the fleet (BEV Battery Electric Vehicles and PHEV - Plug in Hybrid Electric Vehicles) stood at 49% at the end of 2023. This represents a growth of 15 p.p. over 2022 (34%), which combined with the development of charging infrastructure will allow the emissions per kilometre travelled to be gradually reduced.

Fleet electrification (%)



OBJECTIVE

INCREASE IN GHG REDUCTION TARGETS BY SUPPLIERS, ALIGNED WITH SBT[49]

TARGET

10%
OF THE SUPPLY CHAIN WITH SBT - ALIGNED TARGETS IN 2025

25%
OF THE SUPPLY CHAIN WITH SBT - ALIGNED TARGETS IN 2030

Decarbonization of the supply chain

REN recognizes the growing challenges faced by the supply chain with respect to ESG issues as a result of the increased demands presented by European and national policies, as well as those of the Group itself. We remain fully committed to helping address these challenges and seek to play a training and leadership role during engagement with suppliers. We have established close relationships and partnership with suppliers, promoting training and awareness-raising initiatives see 4.2 Responsible supply chain management.

In 2023, 21 awareness raising sessions were held involving more than 70 companies from the different categories of REN purchases, representing more than 70% of REN's annual purchasing. Around 200 people (internal and external) participated in these sessions. In addition to sessions with suppliers on the "the challenge of sustainability at organizations and its importance in contract management" with the aim of engaging and raising awareness with respect to their role in achieving REN objectives, individual sessions with the main suppliers were also held. These sessions served to analyse their proposed roadmap to achieve decarbonization. Finally, an information session was also held with the aim of addressing issues such as SBT and Environmental Product Declarations (EPD), the main ratings, benchmarks and ESG guidelines, the circular economy, natural capital, and sustainable purchasing.

Also, during the year, the procedure for reporting by suppliers of primary data (to calculate GHG emissions) resulting from the provision of services or supply of goods/ equipment was published and is now compulsory in procurement processes.

CALCULATING THE CARBON FOOTPRINT OF THE LIFE CYCLE OF NEW PROJECTS

In order to improve the calculation of scope 3 emissions, a model was developed allowing the carbon footprint to be calculated of the life cycle for new expansion and/ or RNT remodelling projects, in line with the requests by the Portuguese Environment Agency (APA). To develop this model, it was vital to collect primary data from projects with similar characteristics, which was started in 2022 with the supply chain, and to develop a strategy for the circular economy, which analysed and processed EPD data for a significant range of assets.

2022
YEAR IN WHICH PRIMARY DATA FROM NEW PROJECTS STARTED TO BE COLLECTED

[49] As an estimated percentage of the total volume of purchases.

We strengthened our commitment to GHG emissions reduction with the approval of more demanding near-term reduction targets, by the SBT initiative.

REDUCTION OF CARBON FOOTPRINT

At REN, we remain focused on our climate commitment to achieve carbon neutrality by 2040 and help in the fight against climate change, not losing sight of the quality of the service we provide.

2023 was a relevant year with regard to the approval of our near-term greenhouse gas (GHG) emission reduction targets under the Science Based Targets (SBTi). REN is committed to reducing scope 1 + 2 CO_2 emissions by 55.3% by 2030, compared to the reference year of 2019, improving the previous target for reducing emissions by 50%. This goal is aligned with REN's strategy and with the most ambitious temperature target set by the Paris Agreement (scenario 1.5°C). REN is also committed to reducing indirect scope 3 emissions by 25% and scope 3 category C.11 by 42%, both by 2030, based on the reference year of 2021.

It should be noted that in 2021 Category C11. accounted for 13,026,147 tCO_2eq and in 2023 the figure is 9,998,808 (which corresponds to a reduction of -23%).

REN's carbon footprint is calculated in accordance with internationally recognized recommendations such as the "GHG Protocol" and checked by an independent external see Independent Limited Guarantee Report.

The calculation model was improved in 2023 by densifying medium and long-term assumptions and variables that allow carbon evolution scenarios to be generated, based on internal initiatives and scenarios mapped out in the National Energy and Climate Plan (PNEC 2030).

GRI 305-1 GRI 305-2 GRI 305-3

Emissions reductions commitment

-55.3%

BY 2030
Reduction of scope 1 + 2 GHG emissions[50]

Base 2019
258,725 tCO_2eq

Target 2030
129,363 tCO_2eq (50%)

Updated Target:
115,650 (55.3% SBT)

Status 2023
141,916 tCO_2eq

-25%

BY 2030
Reduction of scope 3 GHG emissions[50]

Base 2021
91,711 tCO_2eq

Target 2030
45,856 tCO_2eq

Status 2023
72,273 tCO_2eq

neutral

BY 2040
Carbon neutrality

[50] In line with the heating trajectory of 1.5°C.

These assumptions include the improvement of calculation methodologies and forecasting of the emission factor of the Mainland Portugal Electricity System, the forecast percentage SEN losses, the evolution of SF_6 and methane emissions, and the production of electric and solar power for self-consumption.

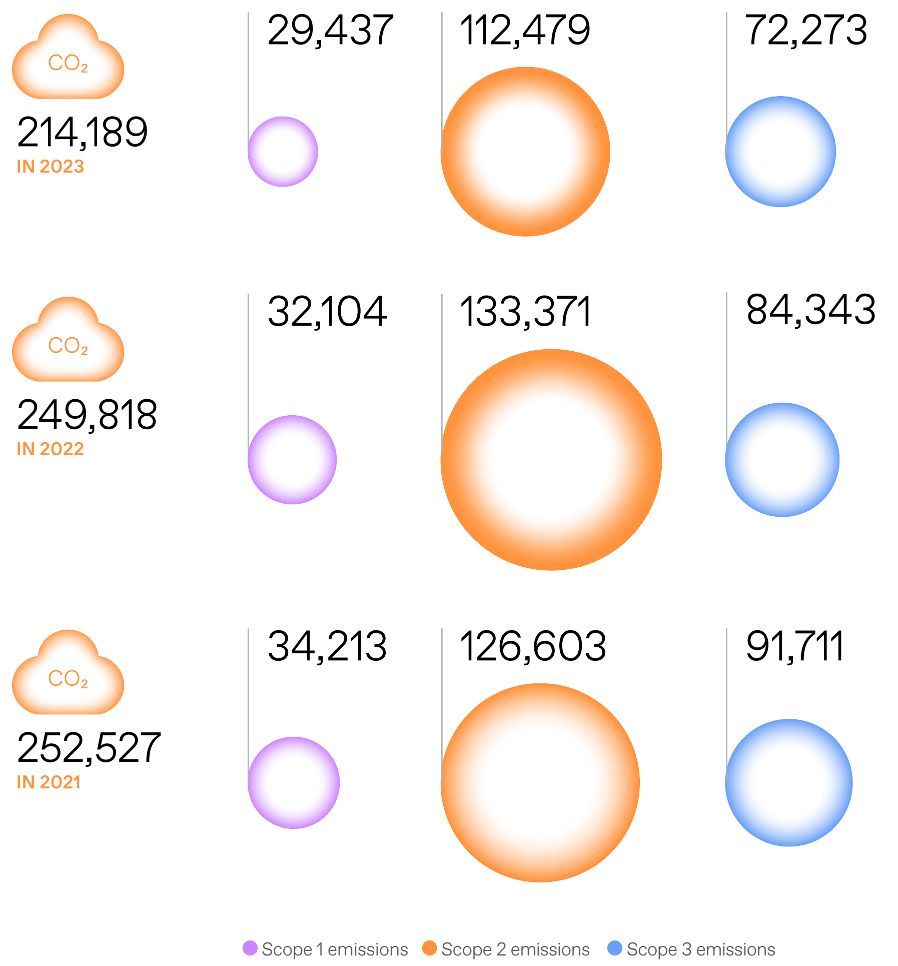
In 2023, there was a decrease in GHG emissions (scope 1, 2 and 3) of 14% (-35,629 tCO_2eq) compared to 2022. Scope 1 emissions decreased by 8% in 2023 (-2,667 tCO_2eq), mainly due to lower methane losses and lower gas consumption at technical and processing facilities, and scope 2 emissions also decreased by 16% (-20,893 tCO_2eq), as a result of lower emissions from electricity transmitted in SEN, resulting from the ongoing integration of RES into the RNT (90 gCO_2/ kWh in 2023 compared to 140 gCO_2/ kWh in 2022). Scope 3 emissions fell by 14% (-12,070 tCO_2eq) mainly due to category C1. Purchases of products and services, C3. Energy related activities and C15. Investments and the continuum effect resulting from awareness actions with the supply chain on decarbonization, accompanied by gradually more demanding requirements in procurement processes.

TOTAL CARBON FOOTPRINT (tCO_2eq)	2023	2022[51]	2021	VAR. 23/ 22
Scope 1	29,437	32,104	34,213	-8%
Scope 2[51]	112,479	133,371	126,603	-16%
Scope 3	72,273	84,343	91,711	-14%
Total	214,189	249,818	252,527	-14%

-14%
CARBON FOOTPRINT
IN 2023

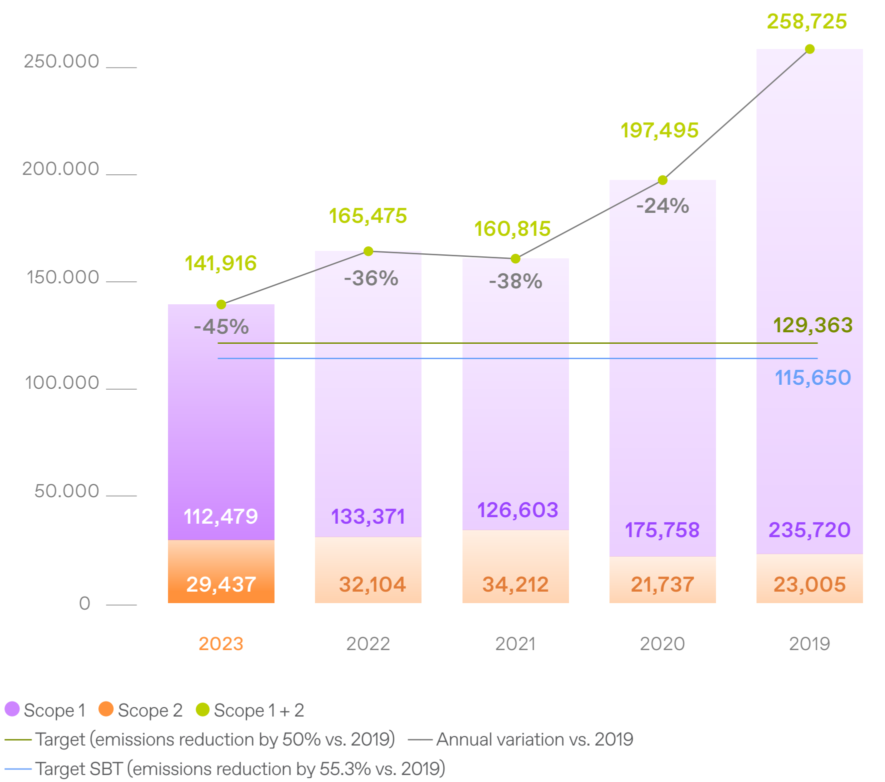
-8% SCOPE 1
-16% SCOPE 2
-14% SCOPE 3

Total carbon footprint (tCO_2eq)



[51] The ongoing improvement of processes and the determining of figures, together with the updating of the latest data (replacement of the AR4 Assessment Report 4 with the IPCC AR5 - Intergovernmental Panel on Climate Change) and the methodological improvement when calculating the emission factor of power transmitted in the Electric Transmission Network, produced some, albeit small successes. However, for reasons of accuracy, it was decided to correct the 2022 figures published in the Integrated Report for 2022.

GHG emissions (tCO_2eq) - scope 1 and 2



SCOPE 1 AND 2 EMISSIONS (tCO_2eq)	2023	2022	2021	VAR. 23/ 22
Scope 1				
Gas (administrative buildings)	555	358	268	55%
Gas (technical and process facilities)	14,004	16,385	18,786	-15%
Gas (fleet)	83	64	59	31%
Gas (losses)	10,230	11,823	12,893	-13%
Propane gas and diesel (technical and processing facilities)	250	139	67	80%
Diesel and petrol (fleet)	1,756	1,736	1,552	1%
SF_6 (technical and process facilities)	2,063	1,302	566	58%
Fluorinated greenhouse gases (FGG)	497	298	23	67%
Total (scope 1)	**29,437**	**32,104**	**34,213**	**-8%**
Scope 2				
Electricity (administrative buildings)	4.797	4.117	4.367	17%
Electricity (technical and process facilities)	15,862	14,961	15,070	6%
Electricity (self-consumption)	1,712	2,395	2,369	-29%
Electricity (losses)	90,050	111,882	104,786	-20%
Electricity (fleet)	58	18	10	223%
Total (scope 2)	**112,479**	**133,371**	**126,603**	**-16%**
Total (Scope 1 and 2)	**141,916**	**165,475**	**160,816**	**-14%**

Scope 1 and 2 GHG emissions

There was a 14% reduction in total scope 1 and 2 emissions (from 165,475 tCO_2eq in 2022 to 141,916 tCO_2eq in 2023), as a result of REN's continued investment in GHG reduction.

GRI 305-1 GRI 305-2

Scope 3 GHG emissions

The reduction of scope 3 emissions by 14% (12,070 tCO_2eq) in 2023, compared to 2022, was mainly due to category C1. Purchases of products and services (reduction of 54% corresponding to 10,281 tCO_2eq), C3. Energy-related activities (scope 1 and 2) (reduction of 13% corresponding to 1,114 tCO_2eq) and C15. Investments (reduction of 15% corresponding to 1,316 tCO_2eq).

For category C7. Commuting, the results are based on the last questionnaire completed by employees at the beginning of 2024, for calculating 2023 data.

SCOPE 3 EMISSIONS (tCO_2eq)	2023	2022	2021	VAR. 23/ 22
C1. Purchases of products and services	8,818	19,099	16,469	*-54%*
C2. Capital assets	46,143	46,357	56,245	*0%*
C3. Energy related activities (A1+A2)	7,539	8,653	9,263	*-13%*
C4. Upstream transmission and distribution	385	414	534	*-7%*
C5. Waste	127	271	204	*-53%*
C6. Business travel	1,019	314	66	*224%*
C7. Train journeys	886	563	556	*57%*
C15. Investment	7,356	8,672	8,374	*-15%*
Total	**72,273**	**84,343**	**91,711**	***-14%***

SF_6 EMISSIONS	2023	2022	2021[52]
SF_6 installed mass (ton)	73.2	72.8	74.1
Leak rate (%)	0.12	0.076	0.044

The two main categories C1. Purchases of products and services and C2. Capital goods represent 76% of the scope 3 figure. Based on this context, in 2023 REN continued the work of aligning and raising the awareness of the value chain with regard to the need to reduce their carbon footprint.

For category C3. Energy related activities (A1+A2), the reduction is due to the implementing of energy efficiency initiatives, particularly in the natural gas infrastructure.

REN has established a roadmap for scope 3 emissions to support compliance with set targets.

SF_6 Emissions

Emissions of sulphur hexafluoride (SF_6), a gas used as an electrical insulator (dielectric) in various high and very-high voltage equipment in operations in Portugal and Chile, saw an absolute increase of 58%. This increase was due to a single item of equipment with an abnormally high emission factor in Portugal, a situation which has already been corrected. However, this issue led to an increase in the year-on-year leakage rate in Portugal (0.109% in 2023 vs. 0.058% in 2022). In contrast, there was a reduction in the leakage rate in Transemel operations (0.69% in 2023 vs. 0.99% in 2022). Despite this, the results obtained (12%) are considered very positive on an international level.

Following the recent F-gas agreement between the European Parliament, the European Council, and the European Commission, reached in 2023 to reduce the use of fluorinated gases, it became clear that it was necessary to define a strategy to phase out by 2050 the use of SF_6 as an insulating gas in electrical equipment used in the RNT. The agreement stipulates a ban on the use of SF_6 in 60 kV electrical equipment as of 1 January 2028 and in higher voltage equipment from 1 January 2032.

Accordingly, and in line with this trend, in 2023 REN acquired the first equipment without SF_6 consisting of three voltage transformers to supply auxiliary services for the future Ponte de Lima substation, thus avoiding the increase of SF_6 stock. It is also planned to acquire a further 12 voltage SF_6-free transformers in 2024.

REN has also reviewed the technical specification for some equipment in order for all new voltage transformers which supply auxiliary substation services to be SF_6 free. Progress in extending the review of technical specifications to ban the use of SF_6 will be made, bearing in mind both that set out in the agreement as well market availability of equipment allowing procurement under a competitive regime.

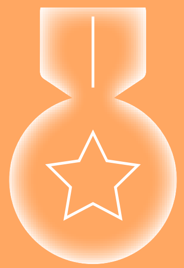
GRI 305-3

[52] 2021 figures do not include Transemel.

“Gold Standard” award from the Oil and Gas Methane Partnership (OGMP 2.0)

REN Gasodutos, REN Armazenagem, and REN Atlantico were awarded the “Gold Standard” for the third year running. This is the highest distinction awarded by OGMP 2.0, for commitment and actions to reduce methane emissions. This award is given to companies that employ programmes of excellence to quantify and reduce methane emissions.

During 2023, REN Portgás also joined this initiative.



3rd consecutive year

"GOLD STANDARD", THE HIGHEST DISTINCTION AWARDED BY OGMP 2.0

-13%
METHANE LOSSES
VS. 2022

-30%
METHANE EMISSIONS REDUCTION GOAL
BY 2025

Methane emissions

REN reduced methane losses by 13% in 2023 compared to 2022, which corresponds to emissions avoided of 1,594 tCO_2eq. This result is in line with the 2022 commitment to reduce methane emissions by at least 30% in RNTG infrastructure, underground storage, and the LNG terminal, when compared to 2018. There is also ongoing improvement in procedures and more frequent systematic leakage research in the REN Portgás distribution network, which in 2022 and 2023 went from five to four years and, as of 2024, will be every three years.

As part of methane (CH_4) emission reduction programmes included in the OGMP 2.0, a detection campaign was conducted during 2023 through a certified company to measure and quantify methane leaks at a series of GRMS in the national transmission network, underground storage, and the LNG terminal. These measurements are made at emission sources and use high-sensitivity cameras to detect emissions and high-precision equipment to quantify them. After this campaign, all leaks identified will be repaired to ensure the continued reduction of methane emissions.

Fleet Emissions

In relation to fossil fuel emissions from fleet use (diesel, petrol, and gas) despite the marginal increase of 2% (2023 vs. 2022), the total number of kilometres travelled by fleet vehicles, due to the increase in activity, saw a rise of 6% (2023 vs. 2022), which confirms the positive trajectory of decarbonization per kilometre travelled by fleet vehicles.

In the short and medium-term, the effects of the ongoing electrification of our fleet and the provision at administrative and technical buildings of charging systems for the REN fleet, will result in lower emissions. Electricity consumption for the fleet increased by 174% (2023 vs. 2022) and it is estimated that this trend towards growth will be maintained in coming years as the electrification of the fleet increases.

New REN IT equipment renewal policy reduces carbon footprint

The increase in the replacement time for computer equipment (laptops, desktops, tablets, and monitors) from one to two years was another step in reducing our carbon footprint. This measure will allow an estimated reduction in our carbon footprint of 208 tCO_2eq/ year.

The growing shortage of raw materials used in the manufacture of electronic components and the continued poor recyclability of such equipment makes this measure even more relevant.

REN implements the sustainable site initiative

In conjunction with the supply chain in Very High Voltage line expansion and uprating projects, the "Sustainable Site" initiative was implemented, which requires the installation of a mini power production unit at mobile sites to meet part of the electricity needs. Remaining electricity consumption at sites is "acquired" through guarantees of origin, ensuring that such sites are carbon neutral.

In 2023, this solution was installed at three mobile sites (about 20%), thus avoiding annual emissions of around 3 tCO_2eq. In 2025, the solution is expected to extend to 60% of sites and in 2027, the solution will be implemented at all sites, where possible.

GHG Emissions avoided

The ongoing electrification of the fleet, the implementation of energy efficiency measures, and installation of solar thermal systems in the GRMS, together with the reduction in gas consumption, resulted in a fall of 2,048 tCO_2eq.

Other emissions

OBJECTIVE

REDUCTION IN NON-GHG EMISSIONS

TARGET

25%
REDUCTION BY 2030

INDICATOR

+4%
VARIATION IN 2023

In 2023, there was a 4% increase against figures for 2022 of non-GHG emissions, mainly due to increased consumption of petrol in the fleet and diesel in equipment supporting operations in technical and processing facilities.

This trend is expected to be reversed in the short term, mainly due to the increasing electrification of the fleet and lower gas consumption at technical and processing facilities due to the introduction of energy efficiency measures and the installation of solar thermal energy production systems at GRMS, thus reducing the need for gas to be used.

NON-GHG EMISSIONS (kg)	2023	2022	VAR. 23/ 22
Nitrogen oxides (NO_x)	27,992	29,455	-5%
Sulphur oxides (SO_x)	504	492	2%
Carbon monoxide (CO)	21,584	18,484	17%
Non-methane volatile organic compounds (NMVOCs)	2,125	1,654	28%
Particulate Matter (PM)	608	678	-10%
Ammonia (NH_3)	202	152	33%
Total	**53,014**	**50,915**	**4%**

GRI 305-5 GRI 305-7

OPERATIONAL EFFICIENCY

Energy

In 2023, there was a decrease in energy consumption of around 19% (676,237 GJ). It should be noted that some of the items with the highest materiality saw reductions: Electricity (technical and processing facilities) with -9% and gas (technical and processing facilities) with -15%. However, the 25% increase in RNT infrastructure losses (731,995 GJ), amounting to 85% of total energy, due to the higher percentage of losses (2.26% in 2023 vs. 1.82% in 2022), resulted in an overall increase in energy. The higher losses in the electricity transmission network are directly related to the growing introduction of RES and the greater electrification of the economy which can be seen in the 44.8 TWh transmitted in the RNT in 2023, compared to 43.6 TWh in 2022. This phenomenon is directly connected to and is a consequence of the process to decarbonize the electrical system, as will be explained below. Removing this effect, which is inevitable due to the decarbonization of the electrical system, power reduction would have been 55,758 GJ (669,452 GJ in 2023 vs. 752,210 GJ in 2022, corresponding to a reduction of 8%) which highlights the work carried out by REN to implement energy efficiency measures and self-consumption projects.

+19% ENERGY CONSUMPTION IN 2023

-4% REDUCTION IN ELECTRICAL POWER CONSUMPTION

-13% REDUCTION IN GAS CONSUMPTION

ENERGY CONSUMPTION (GJ)	2023	2022	2021	VAR. 23/ 22
Electrical power (administrative buildings)	68,157	69,155	73,367	-2%
Electrical power (technical and processing facilities)	229,293	251,323	314,556	-9%
Electrical power (self-consumption transport infrastructure)	64,482	59,913	23,026	8%
Electrical power (production of RES for self-consumption)	1,087	-	-	-
Electrical power (fleet)	823	300	174	174%
Gas (administrative buildings)	9,795	6,313	4,777	55%
Gas (technical and process facilities)	247,007	289,007	334,861	-15%
Gas (fleet)	1,464	1,122	1,051	31%
Propane gas and diesel (technical and processing facilities)	3,063	1,704	893	80%
Diesel and petrol (fleet)	22,383	21,867	21,139	2%
RNT losses	3,653,045	2,921,050	3,010,092	25%
Losses in RNTG, underground storage, LNG Terminal, and distribution	21,898	24,507	27,328	-11%
Total	**4,322,497**	**3,646,260**	**3,811,265**	***19%***
Energy intensity[53]	**40**	**31**	**34,3**	***28%***

GRI 302-1 GRI 302-3

[53] Direct consumption of energy/ energy transmitted (GJ/ GWh).

96%

OF THE ENERGY CONSUMPTION **CORRESPONDS TO:**

85%
LOSSES IN THE ELECTRICITY **TRANSMISSION NETWORK**

6%
GAS CONSUMPTION **IN TECHNICAL AND PROCESSING FACILITIES**

5%
ELECTRICAL POWER **CONSUMPTION IN TECHNICAL AND PROCESSING FACILITIES**

As can be seen in the energy consumption table, in 2023, the three most significant categories which represent 96% of the energy consumed, correspond to losses in electricity transmission networks (85%), gas (technical and processing facilities), and electrical power (technical and processing facilities).

In relation to the energy resulting from the losses in the electricity transmission network, this will tend to increase, mainly due to the growing introduction of RES into the mainland Portugal electricity system, and depends on a series of constraints such as options on the dimensioning of components, topological solutions, and operating conditions.

In Portugal, the operating profile of power plants, which are highly dependent on hydro and wind, and to a growing extent on photovoltaic production, has a pronounced effect on RNT losses, as the large thermal power plants, which have an increasingly lower percentage contribution to production, are mostly located along the coast and close to areas of greatest consumption. However, hydro and wind are essentially to the north and inland while photovoltaic production is more central and southern, positioned in a more distributed fashion, smaller in size and located away from large consumption centres. As such, wetter areas or those with strong wind or solar production, lead to power being transmitted over longer distances and to higher grid losses.

The integration into the network of the high amounts of power forecast for the next decade, mostly from new solar production, with the majority located in low-consumption areas, will lead to significant changes in RNT transit patterns, with high south-north flows during periods of high solar production.

The introduction of RES into the Portuguese and Spanish electricity systems will continue to grow, however, the increased distances travelled will therefore cause an increase in power losses.

Expected losses in a given network, where production sources and the network itself change over time, naturally involve a degree of uncertainty and depend, as mentioned, on the type of production and the contribution of energy from imports.

The reduction of 15% in gas consumption (technical and processing facilities) is due to the lower gas consumption in the SNG (-21% compared to 2022), the implementation of energy efficiency measures in assets and the installation of thermal energy production systems. The reduction of 9% in Electrical power (technical and processing facilities) is mainly due to the lower use of the LNG Terminal, due to the reduction of gas consumption (the largest consumer of electricity in the REN Group) and the gradual installation of power production units at REN assets.

Without prejudice to the above, and acting as a secondary effect as a result of the energy transition, despite the increase in RNT power losses, the significant reduction in SEN emissions has allowed an ongoing reduction in emissions caused by losses, although with variations depending on the percentage of RES in the SEN each year. In the future, this trajectory is expected to accelerate, particularly up to 2030, driven also by a robust REN investment programme in electricity infrastructure and due to initiatives to reduce energy consumption.

LOSSES IN THE ELECTRICITY TRANSMISSION NETWORK

Emissions associated with power losses in the transmission network are basically the result of energy dissipated in the form of heat by the network lines (losses in the transmission network), equipment efficiency and the emissions factor (EF) in the mix of power transmitted. REN is working towards achieving energy transition by maximizing the integration of RES and thus reducing the EF.

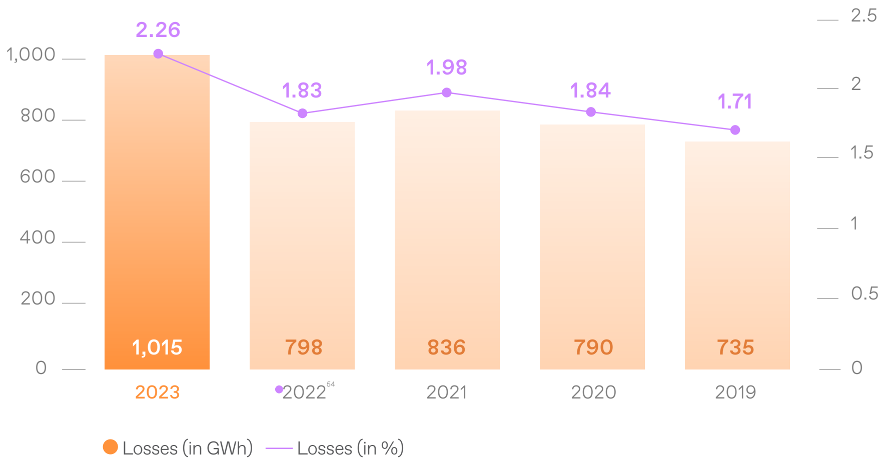
It should be noted that the mix of power production and transmission flows in the network depend on the rules of the electricity market, which are governed by an independent body. REN's mission, as a transmission system operator, is to ensure supply security and quality of service and this work is carried out in accordance with mandatory and specific operating procedures. Compliance with these procedures results in limitations for REN with respect to methods of operation of the electricity system based on loss reduction criteria.

The increase in the percentage of losses and power losses resulting from the transmission of electricity is caused by: i) increased distances between production and consumption points (losses increase when the distance transmitted increases), in particular, due to the more diverse composition and widespread nature of electricity production centres and the installation of new power production plants using renewable sources where very often the resource is located far from the areas of greatest consumption; ii) he demand profile; iii) the amount of electrical power transmitted and the voltage level; iv) the power generation mix; v) the flows of power through interconnections with Spain to optimize the integration of RES in both countries and contribute to supply security; and vi) the electrification of the economy.

We are committed to the energy transition of the national electricity system and are developing a number of measures that seek to create parallel or alternative paths to allow a given flow to be transmitted through multiple routes simultaneously, with the aim of achieving lower power losses. Of note are the following measures which are being implemented/ under development:

- Maintenance of the facilities in the best condition possible to ensure proper operation;
- Increase in the number of conductors per circuit;
- Use of technologies and systems that ensure improved performance (e.g., ecodesign); and
- Development and meshing of the transmission network.

RNT losses



-8%

ENERGY CONSUMPTION WHEN EXCLUDING LOSSES IN THE NETWORK **IN 2023 VS. 2022**

The evolution in the electricity system toward a more decarbonized and flexible production and consumption structure, where the participation of renewable energy sources (normally generated in places which are distant from consumption points), the demand (due to greater electrification), and flows of power though interconnections will inevitably result in higher levels of power losses.

[54] The percentage reduction and energy losses in 2022 are explained by the lower % of RES in the national production mix (57.2% in 2022 and 70.7% in 2023).

Water

REN monitors water consumption resulting from our work, particularly at administrative buildings. Sea water captured during LNG Terminal activity is fully returned to the sea.

WATER CAPTURE (m³)

20,234
GROUNDWATER
IN 2023

82,444
WATER FROM THIRD PARTIES
IN 2023

TOTAL
102,678

20,324
GROUNDWATER
IN 2022

89,439
WATER FROM THIRD PARTIES
IN 2022

TOTAL
109,762

SEAWATER

111,062,444
IN 2023

127,935,431
IN 2022

Waste

OBJECTIVE

REDUCTION
OF WASTE GENERATED

TARGETS

ZERO
TEXTILE WASTE
BY 2024

ZERO
SINGLE-USE PLASTICS
BY 2025

In 2023, our commitment was seen once again with respect to waste reduction and in the focus on recovery instead of disposal. It should be noted that waste resulting from REN operations in 2023 was exclusively non-hazardous and that 100% of waste was subject to recovery operations.

Given the speed of infrastructure construction, the challenges in processes to obtain construction permits, and equipment maintenance and replacement cycles, it is difficult to estimate the evolution of waste produced.

WASTE (ton)	2023	2022
Hazardous waste	0	2,9
Disposed	0	86
Recovered	0	183
Non-hazardous waste	3,377	4,967
Disposed	0	0
Recovered	3,377	4,967
Total	3,377	5,236

GRI 303-3 GRI 306-3

First voltage transformers using biodegradable filling oil

In 2023, the first three RNT transformers using biodegradable filling oil were put into service, as an alternative to the mineral insulating oil which is normally used in this type of equipment. The equipment forms part of a pilot project using esters as an alternative insulating liquid to the traditional mineral oil and will involve the installation of six 150 kV voltage transformers at Palmela substation.

The use of this technology means there is a lower environmental impact, better performance in fire resistance (higher flash point) and dielectric and thermal performance equivalent to or possibly superior to the traditional solution. In coming years, we expect this new insulating liquid to be gradually introduced into the portfolio of the main manufacturers of measuring transformers and auxiliary service transformers, thus enabling mineral oil to be replaced by esters in new equipment installed in the RNT.

3 FIRST RNT TRANSFORMERS using biodegradable filling oil

Leaks and spills

REN employs preventive and corrective measures with the aim of preventing occurrences and minimizing the impact resulting from leaks and spills of oils and fuels.

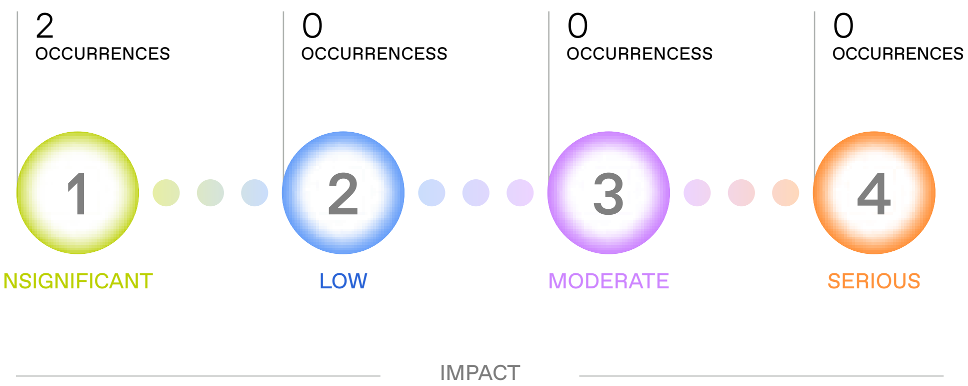
We ensure proper maintenance of our equipment is carried out and that our service providers adopt the same procedures to reduce the number of incidents.

In addition to the focus on incident prevention, REN also adopts measures to minimize the impact resulting from incidents. Accordingly, all transformers and autotransformers at substations have a retention basin to collect oil which is then directed to a central basin. The central oil basin has a siphon system, which allows rainwater collected together with the oil to be separated and routed to the rainwater network, keeping spilled oil inside the retention basin.

In addition to the above, there are absorption kits for immediate intervention to minimize environmental impact, available at all installations where there exists a risk of leakage.

There were two occurrences classified as insignificant, which resulted in a total spillage of 10 litres of oil onto a concrete floor from a concrete mixer truck. The affected area was cleaned.

Leaks and spills occurred:



We developed a circular economy strategy and roadmap, reinforcing our carbon neutrality ambition.

CIRCULAR ECONOMY STRATEGY

CIRCULAR ECONOMY

To drive a transition based on principles of sustainability, it is also necessary to foster a circular economy, an economic model that seeks to preserve the added value of products as long as possible and minimize the production of waste by restoring and regenerating.

The transition to a circular economy involves rethinking and redesigning production and consumption systems to minimize waste and maximize the use of resources. The goal is to expand this approach whereby products are designed to be durable, reusable, repairable, and recyclable, in order to extend their working life. This methodology provides an opportunity to reconcile economic growth with environmental sustainability and includes a reduction in GHG emissions and the consequent mitigation of climate change.

Aware of the importance of this subject, in 2023 REN developed a circular economy strategy and roadmap with the goal of establishing a comprehensive vision to increase the circularity of our activity while also meeting our ambition to achieve carbon neutrality. This is to be achieved by defining priority goals and lines of action that lead to the implementing of specific actions based on a defined schedule.

To help define this strategy, a benchmarking exercise was conducted (using national and international references), the patterns of use of resources were validated, design thinking sessions were held and a tool to analyse the material flows of REN's main assets was developed. A Material Circularity Indicator (MCI) was also calculated based on the methodology developed by the Ellen MacArthur Foundation. This work involved participation by several areas of the company, as well as a number of suppliers.

Furthermore, an Environmental Product Declaration Sheet (EPDS) was developed and tested for gradual introduction into procurement processes.

This circular economy strategy and roadmap are based on five axes (three vertical and two transversal) and include clearly scheduled initiatives, as well as indicators and metrics.

VERTICAL AXES

Circular purchasing
Ensure that REN procurement processes comply with measurable and specific circularity and sustainability criteria; and ensure that we encourage accountability and awareness throughout the value chain

Circular management of assets
Increase procedures and practices allow the lifespan of assets to be maximized

Natural capital management
Contribute to the restoration and functioning of ecosystems and maximize ecosystem services in a holistic manner

TRANSVERSAL AXES

Monitoring circularity
Implement robust metrics and monitoring systems enabling effective monitoring of performance management

Training for circularity
To ensure training processes for employees and promote training and awareness throughout the value chain

We have a number of mechanisms to promote responsible environmental management and our impact on ecosystems.

ENVIRONMENTAL MANAGEMENT

REN has clear lines of action set out regarding the environment in our Quality, Environment, and Safety Policy (QES), in line with legal and regulatory requirements, but also with respect to requirements voluntarily adopted by REN.

The QES Policy covers all REN work and operations in Portugal, with the exception of Portgás, which has its own system and is also certified by the three standards. Ongoing training is provided to all workers for construction and maintenance work or forms part of the REN annual training programme. The Environmental Management System, which forms part of the Integrated Quality, Environment, and Safety Management System, is certified for all REN operations and facilities in Portugal see 2.3 Risk management.

Strategic environmental assessment

Strategic Environmental Assessment (SEA) is an environmental policy instrument which aims to ensure assessment of the environmental consequences of specific plans and programmes. The main goals of this instrument are to:

- Support decision making;
- Include environmental considerations in plans and programmes; and
- Engage and allow participation by the public and environmental authorities.

In accordance with legislation in force, REN is required to prepare and deliver to the Directorate-General for Energy and Geology (DGEG) and the Energy Services Regulator (ERSE) the new proposals for the Development and Investment Plan for the National Transmission Network, Storage Infrastructure and Gas Terminals (PDIRG) and for the Development and Investment Plan for the Electricity Transmission Network (PDIRT), for the 2024-2033 period. The drawing up of these plans requires Environmental Assessments (EA) to be carried out in parallel for each.

In 2023, the PDIRG and PDIRT strategic environmental assessment was prepared. Of note are the new challenges related to the integration of renewable gases, i.e., hydrogen (H_2) into gas infrastructure and the planned new connections to offshore wind power production areas. In relation to the PDIRT, it should be noted that in accordance with the most recent review of the Legal Regime for the National Electricity System (RJSEN), this plan was considered as a Sector Programme, and REN adapted the plan in accordance with the Legal Regime for Territorial Management Instruments.

Environmental assessment and control reports

The Environmental Assessment and Control Reports summarize PDIRT and PDIRG follow-up and monitoring. These reports are intended not only to address legal requirements, but also to inform each new planning cycle of the results of the previous cycle and the measures that may be required to identify unforeseen negative effects in a timely manner and redirect action so as to fully implement defined strategies. During 2023, REN drew up the Environmental Assessment and Control Reports for PDIRT and PDIRG for 2019 And 2020. These reports will be made available on the REN website and sent to the Portuguese Environment Agency.

Environmental assessment impact

Environmental Impact Assessment (EIA) is a tool which can be used on certain public utility infrastructure projects where REN is the promoter. The EIA is an instrument which is preventive in nature and is based on conducting studies and consultations, with effective public participation and analysis of possible alternatives, identification and forecasting of the environmental effects of certain projects, and the proposing of measures to avoid, minimize or compensate such effects. The goal is to reach a decision on the feasibility of implementing such projects along with a respective post-assessment. The EIA process consists of different stages.

During 2023, EIA processes were preceded by an Environmental Risk Analysis for Access Corridors (ARAC). This tool was developed with an analysis methodology combining GIS environment modelling (Geographic Information Systems) with the experience and technical knowledge of several specialists in order to consider the environmental constraints in the field so as to obtain the most favourable alternatives for corridors. The use of this prior stage allowed licensing processes to be optimised, ensuring thoroughness and speed in Environmental Impact Studies (EIS).

As part of REN's commitment to the energy transition, the expansion and improvement measures for energy transmission networks have increased substantially, reflecting the high number of environmental assessment processes.

The number of expansion and improvement measures for the network has increased for the energy transition.

Studies have been conducted for the construction of:

889 km
OF VERY HIGH **VOLTAGE LINES IN 2023**

3
NEW SWITCHING **STATIONS**

The studies submitted in 2023 cover a total of 889 km of Very High Voltage Lines (VHV) and three new switching stations.

The speed of energy transition will mean that between 2023 and 2024, eleven EIS and one Environmental Compliance Decision for the Execution Project (DCAPE) will be issued, compared to the 16 EISs submitted between 2015 and 2022. During RNT operation and maintenance, monitoring and supervision actions are carried out to ensure compliance with goals and targets defined both by REN and the provisions of environmental impact statements or decisions on the environmental compliance of the execution project.

In 2023, monitoring actions were also undertaken at different infrastructures, covering the following descriptors:

ENVIRONMENTAL ASSESSMENT PROCESSES	2023	2022	2021
Environmental Impact Assessment Processes (EIA and AIA)	9	1	4
Environmental Impact Statements (EIS) issued	2	2	3
Environmental Project Studies (EPS)	5	2	1
Environmental Impact Studies (EIA)	9	1	1
Environmental Compliance Reports on the Execution Project (RECAPE)	1	0	0

NO OF INFRASTRUCTURES MONITORED BY DESCRIPTOR	2023	2022	2021
Birdlife	5	8	3
Soundscape	3	2	5
Water resources	0	1	0
Flora	1	1	1
Iberian wolf	0	0	0
Electromagnetic fields	3	2	5

Biodiversity strategy

Based on the principles of sustainability and social responsibility which guide our work, a biodiversity strategy was defined in 2023 through the publication of a letter of commitment setting out the guiding principles and the main lines of action over the medium to long-term (10 years).

The goal of the strategy is to strengthen the integration of the biodiversity component within company activities, for the benefit of communities, employees, the climate, and the planet, by mitigating our impacts and, whenever possible, promoting biodiversity so as to achieve a biodiversity net gain.

To define the strategy, REN was assisted by the REN Chair in Biodiversity, a partnership between REN and CIBIO (Research Centre in Biodiversity and Genetic Resources of the University of Porto), where a process of internal analysis and consultation with external stakeholders was conducted.

> With the biodiversity strategy we aim to strengthen the integration of the biodiversity component within company activities.

BIODIVERSITY

For REN, biodiversity is one of the most important environmental descriptors considered in the systematic assessment of possible impacts of our activities on the different phases of the life cycle of our infrastructure. In this regard, REN has structured an approach that allows effective action to be taken to prevent and mitigate negative impacts. This takes place by identifying the impacts of the activity, assessing risks, minimizing negative impacts, establishing partnerships, supporting nature conservation initiatives, and through the engagement of employees, suppliers, and service providers.

Lines of action in the biodiversity strategy

1 MITIGATION AND MONITORING OF IMPACTS ON BIODIVERSITY

Integrate the preservation of biodiversity in all our activities and in the different development stages of the project. In accordance with the “mitigation hierarchy”, REN will ensure that impacts on biodiversity are managed by prioritizing prevention and minimizing any impact, ensuring ultimately that impacts that cannot be mitigated in their entirety are offset.

2 PROMOTION AND RESTORATION OF BIODIVERSITY

Promote biodiversity beyond the obligations arising from environmental legislation, in a proactive logic of conservation and, where possible, the ecological restoration and increase in resilience of the territories where we operate.

3 RESEARCH, DEVELOPMENT AND TECHNOLOGICAL INNOVATION

Promote Research, Development, and Innovation (RDI) in the field of biodiversity, particularly in relation to the impact of our operations and infrastructure, by promoting scientific studies and the testing of technological solutions applied to REN work.

4 COMMUNICATION, DISSEMINATION, AND TRANSFER OF KNOWLEDGE

Promote the communication, dissemination, and transfer of knowledge with respect to our different stakeholders. Includes the promotion of dialogue and partnerships with stakeholders, awareness raising, training and environmental education, dissemination of results, and promotion of scientific and technical knowledge, both internally and externally.

The occupation of these areas by REN infrastructure is essentially due to historical reasons (the infrastructure was installed prior to the classification of these areas as protected) as well as the need to enable or reinforce the flow of renewable energy from production plants located in these sensitive areas.

INFRASTRUCTURE	2023	2022	2021
Occupation of sensitive areas by gas pipelines/ lines (km)	1,559.71	1,568.61	1,195.59
Occupation of sensitive areas by stations/ facilities (km^2)	0,38	0,38	0,37
% of occupation over total gas pipelines/ lines	14%	15%	11%
% of occupation over total stations/ facilities	9%	9%	9%

Whenever these facilities are modified, such changes are optimized to reduce the impact on biodiversity. The sites where the infrastructure of the National Transmission Network (RNT) is located are potentially the habitat for species classified on the Red List of the International Union for the Conservation of Nature (IUCN), in the following categories:

	2023	2022	2021
Critically threatened	2	2	2
Threatened	14	14	13
Vulnerable	40	35	33
Almost threatened	86	78	76
Of little concern	776	769	758

act4nature Portugal

REN made new commitments for the 2023 to 2025 period, following the publication of the 2020-2022 Progress Report by BCSD (Business Council for Sustainable Development) Portugal.

Our commitment to biodiversity as a signatory to act4nature Portugal, through a proposal to develop new initiatives and prepare and publish strategic documents, allows REN's action in the field of biodiversity preservation to be strengthened.

act4nature Portugal is an initiative promoted by BCSD Portugal under act4nature international, with the aim of mobilizing companies to protect, promote and restore biodiversity.

REN Chair in Biodiversity

The REN Chair in Biodiversity was created in 2015, a name established under a protocol established between CIBIO-Research Centre in Biodiversity and Genetic Resources of the University of Porto (CIBIO-INBio), REN and FCT (Foundation for Science and Technology). It aims to develop a programme for scientific research, scientific consultancy, and transfer of knowledge to REN through advice and support in studies and the use of biological and technical data gathered by REN over the last 20 years. The first agreement established between the three entities lasted five years (2015-2020) and was subsequently renewed.

REN has accumulated knowledge from our vast experience in project management, environmental assessment, construction, and operations, and via the strategic partnership with CIBIO-INBio. In addition to the multiple contributions and results this partnership has provided over recent years, in 2023, this organization also helped draw up the "REN Biodiversity Strategy". Moreover, several scientific articles were published on themes directly related to REN activities.

Of note among the studies published during the year:

1. Analysis and decades-long study (2004-2015) of post-construction monitoring practices adopted in Portugal to evaluate the impacts caused by transmission lines (150-400 kV) on birds and to assess the effectiveness of cable marking to reduce collisions, the main measure employed to mitigate such occurrences. European Union legislation stipulates that energy transmission lines subject to the Environmental Impact Assessment (EIA) procedure should be monitored post-construction to confirm expected impacts and assess the effectiveness of the mitigation measures implemented. As a result of this study, CIBIO has proposed a new methodological framework and specific recommendations to improve current practices for assessing the impacts of new transmission lines on birds, as well as to evaluate the effectiveness of the application of anti-collision devices on cables.
2. Characterization of birds nesting on support structures provided by REN on pylons, carried out by CIBIO/ BIOPOLIS between 2021 and 2023. Bird nesting on electricity pylons is a well-known phenomenon which has been observed for the white stork over several decades in Portugal, and is now reaching significant proportions on very high voltage lines. This study has revealed a remarkable diversity of species nesting on VHV pylons, including the secondary use of stork nests, an interesting but little reported ecological aspect. Of note was the presence of three endangered species.
3. Evaluation of the effectiveness of "fans" to act as a deterrent to white stork nesting in REN pylons. Although options invariably include the use of nesting deterrents, the effectiveness of these devices in preventing nesting had never been quantified. The nest reconstruction rate was lower in experiment platforms than in control platforms, corresponding to an overall fan efficiency rate of around 40%.

A new collaboration protocol was also signed with CIBIO for the 2024-2026 period, structured in three components:

i. Scientific advice relating to Environmental Impact Assessment (EIA) and Research, Development, and Innovation (RDI);

ii. Applied research programme on birdlife; and

iii. Scientific advice relating to the development of REN's natural capital management strategy.

This new protocol, resulting from an unprecedented collaboration of 11 consecutive years of joint work, ensures the continuity of scientific work, the consolidation of knowledge in the organization and the respective application throughout the life cycle of the activity.

Participation in the LIFE COOP Cortaderia project: LIFE Stop Cortaderia

REN supports the draft proposal submitted to Call LIFE Nature & Biodiversity 2022: "LIFE Stop Cortaderia +. Development and implementation of a transnational alliance against pampas grass", coordinated by the Amica Association, involving the beneficiary partners of Portugal, Spain and France, which include the partners of the current LIFE Stop Cortaderia Project.

This is a vital project to improve the management of pampas grass, a widely-found invasive species that has caused great concern due to the negative impacts on natural and semi-natural ecosystems. The project aims to eliminate around 300 hectares of pampas grass.

We implement offsetting measures and make infrastructure compatible to the white stork population.

Birdlife

The impact of infrastructure on birdlife is the subject of ongoing studies by REN, not only through scientific work by the Chair on Biodiversity, but also through offsetting measures and making infrastructure compatible to the white stork population. Over the last two decades, REN has developed control measures for the nesting of the white stork population in our infrastructure, creating nesting conditions in favourable habitats and installing devices that minimize the risk of electrical accidents.

WHITE STORK NESTS	2023	2022	2021
Number of nests	4,054	3,920	3,803
Accident rate (%)	1.90	1.15[55]	1.42

WORK PERFORMED	2023	2022	2021
No of platforms installed	30	58	26
No of anti-perching devices installed	77	163	120
No of nests transferred	119	191	211

[55] The accident rate for 2022 has been corrected.

REN VIDEO SURVEILLANCE SYSTEMS TO HELP PREVENT AND COMBAT FOREST FIRES

At the Esri 2023 International Conference and on the webinar "Energy & Nature: Fire Watch", promoted by the Renewables Grid Initiative, REN presented the main results of the innovative project for the defence and management of the forest and fire, which consisted of the installation of eight cameras (thermal and optical video) together with a weather station and a specific algorithm. The project, part of the rePLANT initiative, provides real-time images allowing monitoring, protection against and enables the impact of rural fires on the forest to be anticipated.

This project allowed a new purpose to be given to REN electrical infrastructure as the equipment is installed in VHV network pylons, also using fibre optic communications, which are located mostly in the forest. In addition to providing more effective management of our network, it also allows us to predict the behaviour of fire through a simulator, as well as have real-time information on wind speed and air temperature.

This project will also increase the digitalization and decarbonization of the industry, through the use of robotics in forestry operations to manage vegetation.

Eight cameras installed in RNT pylons for this project

FORESTRY

Throughout 2023, REN continued to implement the strategy to integrate natural capital into operations. Based on the principles of creating shared value and promoting ecosystem services aligned with REN's strategic Sustainable Development Goals (SDGs), the company is also dedicated to ensuring the compatibility of our activities with local communities, aiming to strengthen ties and increase infrastructure resilience.

We also continued to develop solutions for land occupation and use that allow us to take advantage of natural water line corridors and other natural aspects, enhancing the aggregating effect of areas where some type of obligation exists, with hybrid solutions that respect nature and provide answers for integrated and sustainable management.

In 2024, a project for the development of a strategy and plan for natural capital management is planned, which will consist of assessing REN natural capital based on the principle of creating shared value to identify, measure and/ or evaluate impacts and dependencies between natural capital and business activities and help support decision-making processes via more robust information.

Extreme weather events have occurred more often, especially intense forest fires, freezing rains, extreme winds and floods. These phenomena present significant challenges for energy network management. Accordingly, REN has implemented proactive measures to mitigate the impacts of these extreme weather events on our infrastructure. Information from LIDAR (Light detection and grading) flights are an example of this, which provides 3D representation of vegetation in access corridors with the goal of planning vegetation management, taking into account different levels of priority and the risk to infrastructure. Moreover, this information also allows plant biomass to be modelled while providing support for decision-making and improved productivity of operations and the consequent reduction of emissions.

Nature-based solutions and greater focus on designing solutions which are optimized for the community and infrastructure have allowed us to maximize the best that nature offers at each location. These alternatives can then be integrated into access corridor management enabling us to strengthen long-term partnerships that also promote aspects that are unique and specific to each location.

OBJECTIVE	TARGET	INDICATOR
REFORESTATION AND LAND USE CONVERSION WITH NATIVE SPECIES	5,000 ha PLANTED AREA BY 2025[56]	4,092 ha PLANTED AREA BETWEEN 2010 AND 2023

Access corridor management and land use conversion

The precise understanding of the land occupation and use in access corridors plays a vital role in the strategic planning of vegetation and REN asset management. Creating detailed land use/ occupation maps, identifying similar units in corridors, is a crucial task. This approach not only provides a solid base to work from, but also facilitates the design of optimized solutions that contribute significantly to decision-making processes.

A priority for REN is to ensure compliance with legal requirements, more specifically, safety distances between vegetation and infrastructure and the accumulation of combustible material, in the management of protection corridors/ combustible vegetation involving infrastructure (power lines and gas pipelines). Furthermore, as we are aware of the importance of reducing direct impact on flora and land use caused by our activities, we favour management which emphasises tree-planting when building new facilities, using native species which are compatible with the infrastructure.

Through our access corridor reforestation programme, we have already planted more than 4,092 ha in recent years (2010- 2023), and involved more than 22,000 land owners. In 2023, a total of 47,378 trees were planted in an area of approximately 171 hectares.

REN is responsible for managing vegetation covering more than 23,000 ha (forest spaces). In 2023, vegetation management was carried out for a total of 11,863 ha, of which 10,391 ha was access corridors and 1,471 ha in concession properties.

REN is one of the companies that most contributes to the protection and recovery of native forest and 66% of our access corridors is located in forests. For this reason, management and mitigation of fire risks is a permanent concern. The cumulation of inflammable biomass, the non-adaptation of species to locations, climate change and monoculture are factors which increase the risk of fire. REN forms part of the Secondary Network of Combustible Corridor Management which is in turn part of the Rural Fire Integrated Management System (SGIFR), and to comply with legal provisions, we manage combustible vegetation in the said protection corridors of our infrastructures, which are a minimum of 45 meters wide, for electricity lines and 10 meters wide for gas pipelines.

By keeping the corridors clean, we increase resilience to fire and provide access to Civil Protection agents. This is long-term and ongoing work which has been praised by the competent authorities and by the communities where we work. In the most critical season, we implement a Prevention, Warning, and Action plan which applies to all REN operations and locations. This plan is based on the level of preparedness of ANEPC resources (National Emergency and Civil Protection Authority), defined every year in the Special Programme for Combating Rural Fires.

In 2023, from June to 30 September, we maintained six prevention and surveillance teams in operation (PST) 24 hours a day, seven days a week. These teams consist of three members and one vehicle with forest firefighting equipment. This work is carried out in close liaison with civil protection authorities (ANEPC, GNR, and Firefighting Corporations).

Carbon flows and stocks in relation to access corridor management

In 2023, we started work with the goal of calculating and modelling the dynamics of carbon flows and stocks in relation to projects to manage and convert REN Group access corridors and assets.

This work, which will be based on scientifically recognized methodologies and accepted on a community and/ or national level, will also involve analysis of the temporal dynamics of carbon (evaluation of the temporal changes of carbon potentials, using interannual trend analysis models) and will compare two scenarios: i) compliance, vegetation management, complying with legal requirements; and ii) plus, where REN policies seek active reforestation by planting species, especially native species.

This work is essential to improve the holistic carbon calculation of REN activities and will also allow us to identify possible opportunities for improvement to maximize carbon segregation.

[56] This objective corresponds roughly to 50% of the forest area occupied, disregarding agroforestry areas.

COMPANIES NOW HAVE TO COMMUNICATE THE LEVEL OF ALIGNMENT OF THEIR ACTIVITIES WITH THE SIX UE SUSTAINABILITY OBJECTIVES:

The taxonomy of environmentally sustainable activities promotes transparency and is an important milestone for sustainable financing.

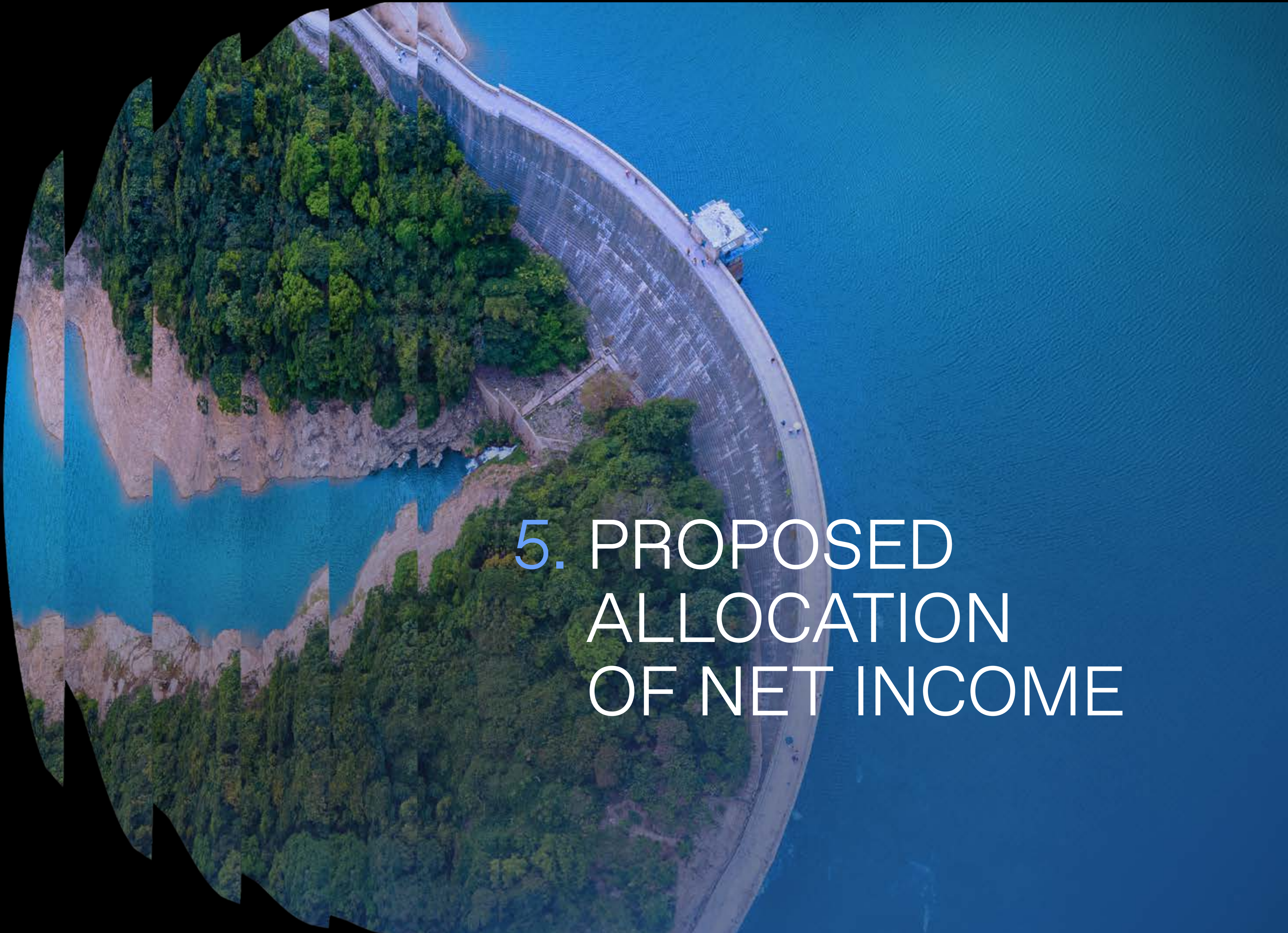
EUROPEAN ENVIRONMENTAL TAXONOMY

The implementation of the taxonomy of environmentally sustainable EU activities (Regulation No 852/2020) represents an important milestone in sustainable financing. Addressing the challenges to mitigate the impact of climate change is a priority, and the EU has responded accordingly through taxonomy. The goal is to guide investment toward sustainable activities, establishing clear criteria and reducing the risk of greenwashing.

The REN 2022 Integrated Report detailed eligibility and alignment results with the first two delegated climate acts as required by the respective Regulation. In 2023, a new eligibility assessment was carried out taking into account the amendments to the Environmental Delegate Act, published in June 2023. The eligibility analysis thus covered changes to existing activities under the Climate Delegated Act, as well as the new activities introduced into the four remaining goals of the Environmental Act.

In 2023, as in 2022, compliance with the criteria for aligning REN activities eligible for the Climate Delegated Act was also evaluated. This included the analysis of substantial contribution to mitigate climate change, DNSH criteria (Do No Significant Harm), and minimum social safeguards.

The eligibility results with regard to the six EU objectives and alignment covering the two specific objectives of the Climate Delegated Act are summarized in Annex 7. European environmental taxonomy. REN continued to closely monitor regulatory developments in 2023 and will report on the results of alignment for the remaining four objectives (Environmental Delegate Act).



5. PROPOSED ALLOCATION OF NET INCOME

PROPOSED ALLOCATION OF NET INCOME

In accordance with the annual financial statements from REN - Redes Energéticas Nacionais, SGPS, S.A. (hereinafter 'REN'), in the financial year ended on 31 December 2023, the amount of 149,235,723.47 euros (one hundred and forty-nine million, two hundred and thirty-five thousand, seven hundred and twenty-three euros and forty-seven cents) has been established as net income in the IFRS consolidated accounts, and the amount of 150,973,591.37 euros (one hundred and fifty million, nine hundred and seventy-three thousand, five hundred and ninety-one euros and thirty-seven cents) has been established in the individuals accounts, in accordance with the National Accounting System rules (SNC).

In light of the above, in accordance with Article 28 of the REN SGPS, S.A. Articles of Association and Articles 31 to 33, Article 66(5)(f), Articles 294 and 295 and Article 376(1)(b) and (2), all of the Commercial Company Code, the Board of Directors hereby proposes that the net profit for the financial year of 2023, as seen in the individual financial statements in accordance with the SNC, amounting to 150,973,591.37 euros (one hundred and fifty million, nine hundred and seventy-three thousand, five hundred and ninety-one euros and thirty-seven cents), be transferred as follows:

- For retained earnings: 150,973,591.37 euros (one hundred and fifty million, nine hundred and seventy-three thousand, five hundred and ninety-one euros and thirty-seven cents).

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

- As dividends to shareholders from available accumulated reserves 102,747,454.35 euros (one hundred and two million, seven hundred and forty-seven thousand, four hundred and fifty-four euros and thirty-five cents), corresponding to a distribution of 68.8% of REN, SGPS, S.A. consolidated profit for the financial year of 2023, standing at 149,235,723.47 euros (one hundred and forty-nine million, two hundred and thirty-five thousand, seven hundred and twenty-three euros and forty-seven cents), equivalent to a gross dividend per share of 0.154 euros. Given that REN made an early distribution of dividends, as an advance on profits, of 42,700,240.77 euros (forty-two million, seven hundred thousand, two hundred and forty euros and seventy-seven cents), corresponding to 0.064 euros per share, as approved by the Board of Directors on 30 November 2023, the remaining 60,047,213.58 euros (sixty million, forty-seven thousand, two hundred and thirteen euros and fifty-eight cents) will now be distributed, equivalent to a gross dividend per share of 0.09 euros; and

- For distribution to the employees of REN and its subsidiaries: 4,200,000 euros (four million, two hundred thousand euros). Due to the accounting rules in force, this amount is already reflected in the net profit for the financial year ended on 31 December 2023 of REN, SGPS, S.A., (334,000 euros (three hundred and thirty-four thousand euros) and its subsidiaries (3,866,000 euros (three million, eight hundred and sixty-six thousand euros).

II CONSOLIDATED AND INDIVIDUAL ACCOUNTS

COMMITMENT TO TRANSPARENCY

We build strong relationships with all stakeholders, based on trust and integrity.

CONSOLIDATED FINANCIAL STATEMENTS

1. CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2023 AND 2022

(Amounts expressed in thousands of euros) (Translation of statements of financial position originally issued in Portuguese - Note 38)

		31 DECEMBER	
ASSETS	Notes	2023	2022
NON-CURRENT ASSETS			
Property, plant and equipment	8	121,110	127,816
Intangible assets	8	4,120,617	4,077,471
Goodwill	9	2,770	4,515
Investments in associates and joint ventures	10	171,879	180,770
Investments in equity instruments at fair value through other comprehensive income	12 and 13	135,741	145,715
Derivative financial instruments	12 and 16	45,745	80,564
Other financial assets	12	6,164	179
Trade and other receivables	12 and 14	93,211	55,666
Deferred tax assets	11	53,437	69,803
		4,750,674	4,742,499
CURRENT ASSETS			
Inventories	15	7,193	5,134
Trade and other receivables	12 and 14	721,129	327,764
Current income tax recoverable	11 and 12	25,419	10,671
Derivative financial instruments	12 and 16	8,619	236
Asset related to the transitional gas price stabilization regime - Decree-Law 84-D/2022	36	228,789	1,000,000
Cash and cash equivalents	12 and 17	40,145	365,292
		1,031,294	1,709,097
Total assets	7	5,781,968	6,451,596
EQUITY			
Shareholders' equity			
Share capital	18	667,191	667,191
Own shares	18	(10,728)	(10,728)
Share premium	18	116,809	116,809
Reserves	19	356,691	396,065
Retained earnings		238,478	241,987
Other changes in equity	18	(5,561)	(5,561)
Net profit for the period		149,236	111,771
Total equity		1,512,116	1,517,534
LIABILITIES			
NON-CURRENT LIABILITIES			
Borrowings	12 and 20	2,022,701	1,695,362
Liability for retirement benefits and others	21	75,855	64,939
Derivative financial instruments	12 and 16	52,006	73,464
Provisions	22	10,016	10,576
Trade and other payables	12 and 23	480,077	450,297
Deferred tax liabilities	11	107,905	115,064
		2,748,560	2,409,702
CURRENT LIABILITIES			
Borrowings	12 and 20	710,941	638,944
Trade and other payables	12 and 23	572,961	885,416
Liability related to the transitional gas price stabilization regime - Decree-Law 84-D/ 2022	36	228,789	1,000,000
Derivative financial instruments	12 and 16	8,601	-
		1,521,292	2,524,360
Total liabilities	7	4,269,852	4,934,062
Total equity and liabilities		5,781,968	6,451,596

The accompanying notes form an integral part of the consolidated statement of financial position as of 31 December 2023.

THE ACCOUNTANT THE BOARD OF DIRECTORS

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts expressed in thousands of euros) (Translation of statements of profit and loss originally issued in Portuguese - Note 38))

		YEAR ENDED	
	Notes	31.12.2023	31.12.2022
Sales	24	179	96
Services rendered	24	651,581	588,130
Revenue from construction of concession assets	25	296,123	197,420
Gains/ (losses) from associates and joint ventures	10	12,850	11,812
Other operating income	26	30,446	27,225
Operating income		991,179	824,683
Cost of goods sold	15	(1,008)	(901)
Costs with construction of concession assets	25	(267,810)	(175,095)
External supplies and services	27	(115,453)	(82,516)
Personnel costs	28	(63,980)	(58,519)
Depreciation and amortizations	8	(253,202)	(249,276)
Provisions	22	(812)	(2,230)
Impairments	8, 9 and 14	(3,472)	(1,437)
Other expenses	29	(21,719)	(14,988)
Operating costs		(727,456)	(584,962)
Operating results		263,723	239,721
Financial costs	30	(83,151)	(67,394)
Financial income	30	29,656	11,911
Investment income - dividends	13	10,018	9,815
Financial results		(43,477)	(45,668)
Profit before income tax and ESEC		220,246	194,053
Income tax expense	11	(42,655)	(54,263)
Energy sector extraordinary contribution (ESEC)	35	(28,356)	(28,019)
Consolidated profit for the period		149,236	111,771
Attributable to:			
Equity holders of the Company		149,236	111,771
Non-controlled interest		-	-
Consolidated profit for the period		149,236	111,771
Earnings per share (expressed in euro per share)	31	0.22	0.17

The accompanying notes form an integral part of the consolidated statement of profit and loss for the year ended 31 December 2023.

THE ACCOUNTANT THE BOARD OF DIRECTORS

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts expressed in thousands of euros) (Translation of statements of other comprehensive income originally issued in Portuguese - Note 38)

		YEAR ENDED	
	Notes	31.12.2023	31.12.2022
Consolidated Profit for the period		149,236	111,771
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gains/ (losses) - gross of tax	21	(10,963)	27,254
Tax effect on actuarial gains/(losses)	11	3,289	(8,175)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(16,917)	20,090
Increase/ (decrease) in hedging reserves - cash flow derivatives	16	(28,940)	92,660
Tax effect on hedging reserves	11 and 16	6,492	(21,016)
Gain/ (loss) in fair value reserve - Investments in equity instruments at fair value through other comprehensive income	13	(9,974)	(17,009)
Tax effect on items recorded directly in equity	11 and 13	4,319	4,368
Other changes in equity		190	(89)
Comprehensive income for the period		96,731	209,853
Attributable to:			
Equity holders of the company		96,731	209,853
Non-controlled interest		-	-
		96,731	209,853

The accompanying notes form an integral part of the consolidated statement of comprehensive income for the year ended 31 December 2023.

THE ACCOUNTANT THE BOARD OF DIRECTORS

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts expressed in thousands of euros) (Translation of statements of changes in equity originally issued in Portuguese - Note 38)

												Attributable to shareholders
ATTRIBUTABLE TO SHAREHOLDERS	Notes	Share capital (Nota 18)	Own shares (Note 18)	Share premium (Nota 18)	Legal Reserve (Note 19)	Fair Value reserve (Note 19)	Hedging reserve (Note 19)	Other reserves (Note 19)	Other changes in equity (Note 18)	Retained earnings	Profit for the year	Total
At 1 January 2022		667,191	(10,728)	116,809	130,662	57,758	(12,126)	135,694	(5,561)	232,978	97,153	1,409,830
Net profit of the period and other comprehensive income		-	-	-	-	(12,641)	71,644	20,035	-	19,046	111,771	209,853
Transfer to other reserves		-	-	-	5,040	-	-	-	-	92,113	(97,153)	-
Distribution of dividends	32	-	-	-	-	-	-	-	-	(102,150)	-	(102,150)
At 31 December 2022		667,191	(10,728)	116,809	135,702	45,117	59,518	155,729	(5,561)	241,987	111,771	1,517,534
At 1 January 2023		667,191	(10,728)	116,809	135,702	45,117	59,518	155,729	(5,561)	241,987	111,771	1,517,534
Net profit of the period and other comprehensive income		-	-	-	-	(5,655)	(22,448)	(16,948)	-	(7,454)	149,236	96,731
Transfer to other reserves		-	-	-	5,676	-	-	-	-	106,095	(111,771)	-
Distribution of dividends	32	-	-	-	-	-	-	-	-	(102,150)	-	(102,150)
At 31 December 2023		667,191	(10,728)	116,809	141,378	39,461	37,071	138,781	(5,561)	238,478	149,236	1,512,116

The accompanying notes form an integral part of the consolidated statement of changes in equity for the year ended 31 December 2023.

THE ACCOUNTANT THE BOARD OF DIRECTORS

CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts expressed in thousands of euros) (Translation of statements of cash flow originally issued in Portuguese - Note 38)

		YEAR ENDED			
	Notes	31.12.2023		31.12.2022	
Cash flow from operating activities:					
Cash receipts from customers		1,924,927	a)	3,214,161	a)
Cash paid to suppliers		(2,302,451)	a)	(2,394,772)	a)
Cash paid to employees		(79,719)		(76,220)	
Income tax received/ paid		(31,373)		(77,970)	
Other receipts/ (payments) relating to operating activities		118,655		(51,733)	
Net cash flows from operating activities (1)		**(369,961)**		**613,466**	
Cash flow from investing activities:					
Receipts related to:					
Investments in associates	10	231		391	
Investment grants		65,713		83,890	
Dividends		25,298		21,551	
Payments related to:					
Other financial assets		(6,000)		-	
Property, plant and equipment		(5,132)		(6,266)	
Intangible assets		(244,541)		(201,572)	
Net cash flow used in investing activities (2)		**(164,431)**		**(102,006)**	
Cash flow from financing activities:					
Receipts related to:					
Borrowings	20	3,757,500		1,165,000	
Interests and other similar income		3,450		-	
Payments related to:					
Borrowings	20	(3,379,783)		(1,523,313)	
Interests and other similar expense		(65,125)		(40,545)	
Leasings	20	(2,239)		(2,157)	
Interests of leasings		(100)		(26)	
Dividends	32	(102,150)		(144,602)	
Net cash from/ (used in) financing activities (3)		**211,553**		**(545,643)**	
Net (decrease)/ increase in cash and cash equivalents (1)+(2)+(3)		(322,839)		(34,183)	
Effect of exchange rates		(2,308)		716	
Cash and cash equivalents at the beginning of the year	17	365,292		398,759	
Cash and cash equivalents at the end of the period	17	**40,145**		**365,292**	
Detail of cash and cash equivalents					
Cash	17	8		1	
Bank deposits	17	40,137		365,291	
The transitional gas price stabilization regime - Decree-Law 84-D/ 2022	17	-		-	
		40,145		**365,292**	

a) These amounts include payments and receipts relating to activities in which the Group acts as agent, income and costs being reversed in the consolidated statement of profit and loss.

The accompanying notes form an integral part of the consolidated statement of cash flow for the year ended 31 December 2023.

THE ACCOUNTANT THE BOARD OF DIRECTORS

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(Translation of notes originally issued in Portuguese - Note 38)

1. GENERAL INFORMATION

REN – Redes Energéticas Nacionais, SGPS, S.A. (referred to in this document as "REN" or "the Company" together with its subsidiaries, referred to as "the Group" or "the REN Group"), with head office in Avenida Estados Unidos da América, 55 – Lisbon, Portugal, resulted from the spin-off of the EDP Group, in accordance with Decree-Laws 7/ 91 of 8 January and 131/ 94 of 19 May, approved by the Shareholders' General Meeting held on 18 August 1994, with the objective of ensuring the overall management of the Public Electric Supply System (PES).

Up to 26 September 2006 the REN Group's operations were concentrated on the electricity business through REN – Rede Eléctrica Nacional, S.A. On 26 September 2006, as a result of the unbundling transaction of the gas business, the Group went through a significant change with the purchase of assets and financial participations relating to the transport, storage and re-gasification of gas activities, comprising a new business.

In the beginning of 2007, the Company was transformed into a holding company and, after the transfer of the electricity business to a new company incorporated on 26 September 2006, renamed REN – Serviços de Rede, S.A., changed its name to REN – Rede Eléctrica Nacional, S.A.

The Group presently has two main business segments, Electricity and Gas, and a secondary business of Telecommunications.

The Electricity business includes the following companies:

a) REN – Rede Eléctrica Nacional, S.A., incorporated on 26 September 2006, whose activities are carried out under a concession contract for a period of 50 years as from 2007 which establishes the overall management of the Public Electricity Supply System (Sistema Eléctrico de Abastecimento Público - SEP);

b) REN Trading, S.A., was incorporated on 13 June 2007, whose main function is the management of Power Purchase Agreements ("PPA") from Turbogás, S.A. and Tejo Energia, S.A., which did not terminate on 30 June 2007, date of the entry into force of the new Contracts for the Maintenance of the Contractual Equilibrium (Contratos para a Manutenção do Equilíbrio Contratual – CMEC). The operations of this company include the trading of electricity produced and of the installed production capacity, to domestic and international distributors;

c) Enondas, Energia das Ondas, S.A. was incorporated on 14 October 2010, its capital being fully owned by REN - Redes Energéticas Nacionais, SGPS, S.A., with the main activity being management of the concession to operate a pilot area for the production of electric energy from sea waves; and

d) Empresa de Transmisión Eléctrica Transemel, S.A. ("Transemel"), was incorporated on 1 October 2019, following the expansion of the electricity business in Chile. The company's activity consists of providing electricity transmission and transformation services and the development, operation and commercialization of transmission systems, allowing free access to the different players in the electricity market in Chile.

The Gas business includes the following companies:

a) REN Gás, S.A. was incorporated on 29 March 2011, with the corporate purpose of promoting, developing and carrying out projects and developments in the gas sector, as well as defining the overall strategy and coordination of the companies in which it has direct interests;

b) REN Gasodutos, S.A., was incorporated on 26 September 2006, the capital of which was paid up through carve-in of the gas transport infrastructures (network, connections and compression);

c) REN Armazenagem, S.A., was incorporated on 26 September 2006, the capital of which was paid up through integration into the company of the gas underground storage assets;

d) REN Atlântico, Terminal de GNL, S.A., acquired under the acquisition of the gas business, previously designated "SGNL – Sociedade Portuguesa de Gás Natural Liquefeito". The operations of this company comprise the supply, reception, storage and re-gasification of liquefied gas through the GNL marine terminal, being responsible for the construction, utilization and maintenance of the necessary infrastructures; and

e) REN Portgás Distribuição, S.A. ("REN Portgás"), acquired as part of the expansion of the gas business on 4 October 2017. The operations of this company comprise the distribution of gas in low and medium pressure, as well as production and distribution of other channelled fuel gases and other activities related, namely the production and sale of flaring equipment.

The operations of the companies indicated in b) to d) above are developed in accordance with the three concession contracts separately granted for periods of 40 years starting 2006. The company indicated in e) above develops its activities in accordance with one concession contract granted for 40 years starting 2008.

The telecommunications business is managed by RENTELECOM – Comunicações, S.A. ("RENTELECOM") whose activity is the establishment, management and operation of telecommunications infrastructures and systems, the rendering of telecommunications services and optimizing the optical fibre excess capacity of the installations owned by REN Group.

REN SGPS fully owns REN Serviços, S.A., a company whose purpose is the rendering of services in the energetic area and the general services of business development support to group companies and third parties, receiving a fee for the services rendered, as well as the management of financial participations in other companies.

On 10 May 2013 REN Finance, B.V., a company based in the Netherlands and fully owned by REN SGPS, whose purpose is to participate, finance, collaborate and lead the management of group companies, was incorporated.

Additionally, on 24 May 2013, together with China Electric Power Research Institute, a State Grid Group company, Centro de Investigação em Energia REN – State Grid, S.A. ("Centro de Investigação") was incorporated under a Joint Venture Agreement on which REN holds 1,500,000 shares representing 50% of the total share capital.

The purpose of this company is to implement a Research and Development centre in Portugal, dedicated to the research, development, innovation and demonstration in the areas of electricity transmission and systems management, the rendering of advisory services and education and training services as part of these activities, as well as performing all related activities and complementary services to its object.

On 14 December 2016, Aerio Chile SPA was incorporated, a company fully owned by REN Serviços, S.A., headquartered in Santiago, Chile, whose purpose is to realize investments in assets, shares and rights of companies and associations.

In addition, on November 21, 2018, REN PRO, S.A. was incorporated, a company fully owned by REN, headquartered in Lisbon, whose purpose is to provide support services, namely administrative, logistical, communication and development support of the business, as well as business consulting, in a remunerated manner, either to companies that are in a group relation or to any third party, and IT consulting.

On 17 July 2019, Apolo Chile SPA was incorporated, a company fully owned by REN Serviços, S.A., headquartered in Santiago, Chile, whose purpose is to realize investments in assets, shares and rights of companies and associations of entities essentially related to the electric transmission sector.

As of 31 December 2023, REN also holds:

a) 42.5% interest in the share capital of Electrogas, S.A., a provider of gas and other fuels transportation. The participation was acquired on 7 February 2017;

b) 40% interest in the share capital of OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A. ("OMIP SGPS"), being its purpose the management of participations in other companies as an indirect way of exercising economic activities;

c) 10% interest in the share capital of OMEL - Operador do Mercado Ibérico de Energia, S.A., the Spanish pole of the Sole Operator;

d) 1% interest in the share capital of Redeia Corporación S.A., entity in charge of the electricity network management in Spain;

e) 7.9% interest in the share capital of Coreso, S.A. ("Coreso"), entity that assists the European transmission system operators ("TSO"), in coordination and safety activities to ensure the reliability of Europe's electricity supply; and

f) Participations in the share capital of: i) Hidroeléctrica de Cahora Bassa, S.A. ("HCB"), participation of 7.5%; ii) MIBGÁS, S.A., participation of 6.67%; and iii) MIBGÁS Derivatives, S.A., participation of 9.7%.

2. INFORMATION ON THE CONCESSION CONTRACTS AWARDED TO REN

2.1 ELECTRICITY CONCESSION CONTRACT

The concession for the National Transmission Network operator ("NTN") was granted to REN – Rede Eléctrica Nacional, S.A. in accordance with Decree-Law 182/ 95 of 27 July 1995 (art. 64) to manage the PES system, using the National Transmission Network as well as development of the necessary infrastructures.

The objective of this concession contract consists of the following activities:

i) Purchase and sale of electricity

In this activity REN, S.A. operated up to 30 June 2007 as an agent between electricity producers and distributors. The electricity was acquired based on purchase and sale contracts entered into with producers and sold in accordance with tariffs defined by the regulator, ERSE (Entidade Reguladora de Serviços Energéticos). REN was agent in the sale of the available excess production.

As from 1 July 2007, in accordance with Decree-Law 15/ 2022 of 14 January, upon termination of the majority of power purchase agreements ("PPA"), REN has managed the two remaining PPA`s not terminated, with Tejo Energia (Pego power plant) and Turbogás (Tapada do Outeiro CCGT power plant), through REN Trading, selling the energy of these producers into the market. The PPA of Tejo Energia has ended as of 30 November 2021.

The end of the first quarter of 2024 will mark the end of the term of the PPA with Turbogás, with the consequent cessation of operational activity associated with it. Notwithstanding the expiry of the aforementioned PPA, REN Trading will continue to operate and ensure the monitoring of developments in the disputes arising from the PPA signed with Tejo Energia and Turbogás, to settle the administrative obligations relating to the greenhouse gas emission trading as well as the financial guarantees relating to MIBEL, OMIP and SEN, and to operationalise the reporting obligations resulting from the last years of activity with the technical and sectoral regulators. The future continuity of this subsidiary will depend on the shareholder's decision, in accordance with the Law.

ii) Electricity transmission

This activity, the object being to transmission of electricity through the National Transmission Network to distributors in HT (high tension) and MT (medium tension), to consumers connected to the National Transmission Network and VHT networks (very high tension), networks to which REN is connected. This activity also includes the planning and development of the National Transmission Network, the construction of new infrastructures and the operation and maintenance of the National Transmission Network.

iii) Global Management of the System

The objective of this activity is global management of the electricity system, REN being responsible for the technical management through systematic coordination, of the National Transmission System installations, in order to ensure its integrated functionality and harmonization and continuity and security of the electricity delivery.

REN can carry out other activities directly, or through subsidiary companies, when authorized by the Government, if this is in the best interests of the concession or its clients.

The concession of the electric transmission activity which includes the global management of the system is performed in an exclusive concession regime through the exploration of the National Transmission Network. The concession was granted for a period of 50 years as from 15 June 2007.

The model of the concession contract ensures the contractual equilibrium, in the conditions of an efficient management, through the recognition of investment costs, operation and maintenance costs and adequate remuneration of the concession assets, to be reflected in the tariffs applicable to the operator.

Assets considered concession assets are the very high tension lines, connections and locations of the system manager, which includes:

- the lines, substations, sectioning points and related installations;
- the installations related to the central dispatch and overall management of SEP, including all the equipment essential for its operations;
- the installation of electro producing centres owned by REN; and
- the telecommunications, telemetry and remote control installations relating to the transmission and coordination of the electricity producer system.

In addition, the following are also considered as concession assets:

- the real estate belonging to REN on which the assets referred to above are installed, as well as the related land rights;
- other moveable or immovable assets necessary for the operation of the activities under concession; and
- the legal relationships directly related with the concession, such as labour, works, lease, the rendering of services, the reception and delivery of electricity, as well as the rights to use hydric resources and transport through networks located outside the concession area.

REN has an obligation to, during the concession period, maintain the assets and related means a good operating performance, maintenance and security of the assets and related means, carrying out all the repairs, renewals and adaptations necessary to maintain the assets in the required technical conditions.

REN has the right to explore the concession's assets up to the termination of the concession. The assets can only be used for the purposes of the concession. On the maturity date of the concession, concession assets will revert to the State in accordance with the terms of the contract, which include the receipt of an indemnity corresponding to the net book value of the concession assets.

The concession can be terminated by agreement between the parties, by early termination, by redemption and by maturity date term. Termination of the concession involves transmission to the State of the concession assets.

The concession contract can be terminated by the conceding entity if any of the following situations with a significant impact on the operations of the concession occurs: non-compliance with the principles of the concession; opposition to supervision and disobedience of the decisions of the conceding entity; refusal to carry out the repairs and maintenance of the concession's assets, as well as their development; application of higher tariffs than those defined by the regulator; and the unauthorized transmission or sub-concession of the transmission concession.

The conceding entity can cancel the concession whenever public interest justify this, 10 years having elapsed since the date of the beginning of its term. By cancelling the concession, the operator has the right to an indemnity in accordance with the book value of the assets as of the date they revert as well as to possible profit losses.

If, upon termination of the concession, it is not renewed or the new form or entity responsible for the concession has not been decided, this concession contract can be extended for the maximum period of one year, as a lease contract, rendering of services or any other contractual legal form.

2.2 GAS TRANSPORT AND GLOBAL MANAGEMENT OF THE SYSTEM

The concession for the use of the National Gas Transport Network was granted to REN - Gasodutos, S.A., for a period of 40 years, under the legal regime applicable to the organization, operation of the National Gas System and the activities of reception, storage and regasification of liquefied gas, underground gas storage, transport and gas distribution approved by Decree-Law 62/ 2020 of 28 August 2020, which replaced the Decree-Law 140/ 2006 of 26 July 2006 and the Decree-Law 30/ 2006 of 15 February 2006.

The purpose of the REN Gasodutos, S.A. concession is to manage the National Gas System, operate the high pressure gas transport network and develop the necessary infrastructure, under the public service provision regime, it also became part of the management activity of the interconnection of installations for the production of gases of renewable origin, as well as the design and construction of the monitoring and control facilities.

The concession contract of REN Gasodutos, S.A. consists in the following activities:

i) Global management of the gas system

The objective of this activity is to manage the National Gas Supply System (Sistema Nacional de Abastecimento de Gás - SNGN) through coordination of the national and international connections to the National Gas Transport Network, planning and preparation of the expansion necessary of the high pressure gas transport network, and control of the gas safety reserves. The operators which perform any activity integrated in the SNG, as well as the users are subject to this activity.

ii) Gas Transport

The concession of this activity has the objective to ensure gas transport through the infrastructures that make up the high pressure national network, as well as the construction, maintenance, operation and exploration of all the infrastructures of the National Gas Transport Network and the connections to the network and infrastructures that might be connected, as well, of the installations necessary for its operations.

The model of the concession contract ensures contractual equilibrium, in the conditions of an efficient management, through recovery of the eligible investment costs, operating and maintenance costs and adequate remuneration of the assets, to be reflected in the tariffs applicable to the operator.

The concession assets considered include:

- the high pressure gas pipelines used to transport gas, and related pipes and equipments;
- the infrastructures related to the compression, transport and gas pressure reduction for delivery to medium pressure gas pipelines;
- equipment related to the overall technical management of the National Gas Supply System;
- telecommunications, telemetry and remote control infrastructures used to manage the reception, transport and delivery networks, including telemetry equipment's on the users installations; and
- set of infrastructures from the production facilities of renewable source gases to the injection point, including all the control, monitoring and measurement equipment essential to the operation of the system.

In addition, the concession assets also include:

- the real estate assets owned by REN Gasodutos, S.A., on which the above mentioned equipment is installed, as well as the related land way rights;
- other assets necessary for carrying out the activities of the concession;
- any intellectual or industrial rights owned by REN Gasodutos, S.A.; and
- all the legal relationships related to the concession, such as labour contracts, subcontracts, leasing and external services.

REN Gasodutos, S.A. must, during the concession period, maintain the assets and related means in good operational performance, maintenance and security, carrying out all the repairs, renewals and adaptations necessary to maintain the assets in the required technical condition.

REN Gasodutos, S.A. is entitled to operate the concession's assets until the concession maturity. The assets can only be used for the purposes of the concession. On the concession date termination, the concession assets will revert to the State in accordance with the terms of the contract, which include an indemnity corresponding to the net book value of the concession.

The concession can be terminated by agreement between the parties, early termination, by redemption and by maturity date term. Termination of the concession involves transmission to the State of the assets related to the concession.

The concession contract can be terminated by the conceding entity if any of the following situations with a significant impact on the operations of the concession occurs: imminent failure or interruption of the activity; deficiencies in the management and operation of the concession operations; or deficiencies in the maintenance and repair of the infrastructures that compromise the quality of the services, application of higher tariffs than those authorised by the regulator, and the unauthorized transmission of the concession.

The conceding entity can cancel the concession whenever for public interest reasons, 15 years having elapsed since the date of the beginning of its term. By cancelling the concession, the operator has the right to an indemnity in accordance with the net book value of the assets as of the date they revert as well as to possible loss of future profits.

2.3 RECEPTION, STORAGE AND REGASIFICATION OF LIQUID NATURAL GAS (LNG)

The concession of the LNG reception, storage and regasification activity, in a LNG terminal, was attributed to REN Atlântico, Terminal de GNL, S.A. for a period of 40 years, under the legal regime applicable to the organization, operation of the NGS and the activities of reception, storage and regasification of liquefied natural gas, underground gas storage, transport and gas distribution approved by Decree-Law 62/ 2020 of 28 August 2020, which replaced the Decree-Law 140/ 2006 of 26 July 2006 and the Decree-Law 30/ 2006 of 15 February 2006.

The object of the concession contract of REN Atlântico, Terminal de GNL, S.A. comprises the following activities, under the public service provision regime:

i) reception, storage, treatment and regasification of liquid natural gas unloaded;

ii) the injection of high pressure gas into the National Gas Transport Network (Rede Nacional de Transporte de Gás - RNTG);

iii) dispatch of gas by specialised trucks; and

iv) The construction, utilization, maintenance and expansion of the LNG Terminal infrastructures.

The model of the concession contract ensures contractual equilibrium in the conditions of an efficient management, through recovery of the eligible investment costs, operating and maintenance costs and adequate remuneration of concession assets, to be reflected in the tariffs applicable to REN.

The concession assets considered are as follows:

- the LNG terminal and related infrastructures installed in the Port of Sines;
- the infrastructures related to liquefied natural gas reception, storage, treatment and regasification, including all the equipment necessary to control, regulate and measure all the infrastructures and LNG terminal operations;
- the infrastructures used to inject natural gas into the National Natural Gas Transport Network or the loading and dispatch of LNG through trucks or methane vessels; and
- the infrastructures related to telecommunications, telemetry and remote control, used to manage all the infrastructures and the LNG terminal.

In addition, the following are also considered as concession assets:

- the real estate owned by REN Atlântico Terminal de GNL, SA, where the above mentioned equipment is installed as well as the related rights of way;
- other assets necessary for the operations of the concession;
- any intellectual or industrial rights owned by REN Atlântico Terminal de GNL, SA; and
- all the legal relationships established during the concession, such as: labour contracts, subcontracts, leasing and external services.

REN Atlântico Terminal de GNL, S.A. must, during the concession period maintain the assets in good operating condition, ensure the maintenance and security of the assets and related means, carrying out the necessary repairs, renewals and adaptations needed to keep the assets in the required technical conditions.

REN Atlântico Terminal de GNL, S.A. has the right to operate the assets of the concession until its maturity. These assets may only be used for the purposes of the concession. At the termination of the concession the concession assets revert to the State in accordance with the contract, which provides for an indemnity to be paid corresponding to the net book value of the concession assets.

The concession can be cancelled by agreement between the parties, through early termination, redemption or maturity date term. Cancellation of the concession results in transmission of all the concession assets and related means to the State.

The concession contract can be terminated by the conceding entity when any one of following events occurs, with a significant impact on the operations of the concession: non-application of the concession principles, eminent failure or interruption of the concession operations; deficiencies in the management and of the concession's operations; or deficiencies in the maintenance and repair of the infrastructure that compromises the quality of the service; application of higher tariffs than those authorized by the regulator; and the unauthorized transmission of the concession.

The conceding entity can cancel the concession, whenever the public interest justifies, but only after a 15 year period as from the date of the beginning of the concession. By cancelling the concession, the operator has the right to an indemnity in accordance with the book value of the assets as of the date they revert, as well as to possible future profit losses.

2.4 NATURAL UNDERGROUND GAS STORAGE

The concession of underground storage activity was attributed to REN Armazenagem, S.A. for a period of 40 years, under the legal regime applicable to the organization, operation of the NGS and to the reception, storage and regasification activities of liquefied natural gas, underground gas storage, transport and gas distribution approved by Decree-Law 62/ 2020 of 28 August 2020, which replaced the Decree-Law 140/ 2006 of 26 July 2006 and the Decree-Law 30/ 2006 of 15 February 2006.

The object of the concession contract of REN Armazenagem, S.A. comprises the following activities, under the public service provision regime:

- reception, injection, underground storage, extraction, treatment and delivery of natural gas; and
- construction, utilization, maintenance and expansion of the underground storage tanks.

The model of the concession contract ensures contractual equilibrium, in the conditions of an efficient management, through recovery of the eligible investment costs, operating and maintenance costs and adequate remuneration of the concession assets, to be reflected in the tariffs applicable to REN.

The concession assets considered include:

- the underground natural gas tanks acquired or constructed during the period of the concession contract;

- the infrastructures used for gas injection, extraction, compression, drying, and pressure reduction used for distribution to the National Natural Gas Transport Network, including the equipment necessary to control, regulate and measure the remaining infrastructures;
- infrastructures and equipment for leaching operations; and
- the infrastructures necessary for telecommunications, telemetry and remote control, used to manage all the infrastructures and underground caves.

In addition, the following are also considered as concession assets:

- the property owned by REN – Armazenagem, S.A., in which the above mentioned equipment is installed as well as the related rights of way;
- other assets necessary for the operations of the concession activities;
- construction rights or increase in the underground caves;
- the cushion gas relating to each underground cave;
- any intellectual or industrial rights owned by REN Armazenagem, S.A.; and
- all the legal relationships established during the concession, such as: labour contracts, subcontracts, leasing and external services.

REN Armazenagem, S.A. must, during the concession period, maintain the assets in good operating condition, maintenance and security, carrying out the needed repairs, renewals and adaptations necessary to keep the assets in the required technical conditions.

REN – Armazenagem, S.A. has the right to operate the assets of the concession until its maturity. These assets may only be used for the purposes of the concession. At the termination date of the concession the assets revert to the State in accordance with the contract, which provides for an indemnity to be paid corresponding to the net book value of the concession assets.

The concession can be cancelled by agreement between the parties, through early termination, redemption or maturity date term. Cancellation of the concession results in transmission of all the concession assets to the State.

The concession contract can be terminated by the conceding entity when any one of following events occurs, with a significant impact on the operations of the concession: non-application of the concession principles, imminent failure or interruption of the concession operations; deficient management of the concession's operations; or deficiencies in the maintenance and repair of the infrastructure that compromises the quality of the service; application of higher tariffs than those authorized by the regulator; and the unauthorized transmission of the concession.

The conceding entity can redeem the concession, whenever the public interest justifies it, but only after at least a 15 year period as from the date of the beginning of the concession. By cancelling the concession, the operator has the right to an indemnity in accordance with the book value of the assets as of the date they revert, as well as to possible futures profit losses.

2.5 DISTRIBUTION OF NATURAL GAS

The concession of the natural gas distribution activity in low and medium pressure, in the concession area defined in the concession contract, was attributed to REN Portgás for a period of 40 years, beginning in 2008.

Under Decree-Law 62/ 2020, of 28 August 2020, which replaced the Decree-Law 140/ 2006 of 26 July 2006 and the Decree-Law 30/ 2006 of 15 February 2006, to carry out the following activities, under a rendering of public service regime:

- reception, transportation and delivery of natural gas through the medium and low pressure network;
- construction, maintenance, operation and exploration of all the infrastructures that integrate the RNDGN, in the area corresponding to the present concession, and of the installations necessary to the operation;
- planning, development, expansion and technical management of the RNDGN, in the concession area;
- management of RNDGN interconnection with RNTGN; and
- management of the interconnection of renewable gas production facilities, as well as the design and construction of monitoring and control facilities.

The model of the concession contract ensures contractual equilibrium, in the conditions of an efficient management, through recovery of the eligible investment costs, operating and maintenance costs and adequate remuneration of the concession assets, to be reflected in the tariffs applicable to REN.

The concession assets considered include:

- natural gas distribution pipelines, and equipment necessary for the development of the natural gas distribution activity;
- infrastructures used in the operation of delivery of natural gas to final customers, including the control, regulation and measurement equipment necessary to ensure the proper functioning of the natural gas distribution system, as well as the integration systems with other gases; and
- telecommunications, telemetry and remote control infrastructures and equipment, used in the management of all infrastructures and in the delivery of natural gas to consumers.

In addition, the following are also considered as concession assets:

- the property owned by REN Portgás, in which the above mentioned equipment is installed as well as the related rights of way;
- other assets necessary for the operations of the concession activities;
- any intellectual or industrial rights owned by REN Portgás;
- any funds or reserves assigned to guarantee the fulfillment of the obligations of REN Portgás;
- all the legal relationships established during the concession, such as: labour contracts, subcontracts, leasing and external services; and
- intangible assets acquired by Portgás, related with the processes for connecting final consumers to the natural gas distribution network.

REN Portgás has an obligation to, during the concession period, maintain the assets in good operating condition, maintenance and security, carrying out the needed repairs, renewals and adaptations necessary to keep the assets in the required technical conditions.

REN Portgás has the right to operate the assets of the concession until its maturity. These assets may only be used for the purposes of the concession. At the termination date of the concession the assets revert to the State in accordance with the contract, which provides for an indemnity to be paid corresponding to the net book value of the concession assets.

The concession can be cancelled by agreement between the parties, through early termination, redemption or maturity date term. Cancellation of the concession results in transmission of all the concession assets to the State.

The concession contract can be terminated by the conceding entity if any of the following events occurs, with a significant impact on the operations of the concession: non-application of the concession principles, imminent failure or interruption of the concession operations; deficient management of the concession's operations; or deficiencies in the maintenance and repair of the infrastructure that compromises the quality of the service; application of higher tariffs than those authorized by the regulator; and the unauthorized transmission of the concession.

The conceding entity can redeem the concession, whenever the public interest justifies it, but only after at least a 15 year period as from the date of the beginning of the concession. By cancelling the concession, the operator has the right to an indemnity in accordance with the book value of the assets as of the date they revert, as well as to possible futures profit losses.

2.6 OPERATION OF A PILOT SITE FOR THE ENERGY OF OCEAN WAVES

The Portuguese State has granted a concession to Enondas, Energia das Ondas, S.A. ("Enondas" or "the Operator"), a wholly owned subsidiary of REN, under the terms of item 3, article 5 of Decree-Laws 5/ 2008 of 8 January and 238/ 2008 of 15 December, to operate a pilot area to produce electricity from ocean waves.

In accordance with Decree-Law 238/ 2008 of 15 December the concession has a period of 45 years and includes authorization to install the infrastructures to connect to the public electricity network and to use the public hydro resources, monitoring the use of the water resources necessary to produce electricity from waves by third parties, as well as competency to grant licences for the establishment and operation of the production of electric energy and related monitoring.

In accordance with the concession contract and applicable legislation, REN will have the right to an adequate remuneration from the concession through recognition of the costs of the investment, operation and maintenance, as long as they are approved in advance by the Government member responsible for the energy area, after the binding opinion of ERSE.

Amendments to concession contracts

On February 21, 2012, the following amendments to the concession agreements in effect between the Portuguese State and the Group companies were signed, namely: i) the concession of transport activity of electricity through the National Network of Transport of Electricity signed with REN – Rede Eléctrica Nacional, S.A.; ii) the concession of transport activity of natural gas through the National Network of Natural Gas Transportation, signed with REN Gasodutos, S.A.; iii) the concession activity of reception, storage and regasification of liquefied natural gas to the terminal in

Sines, signed with REN Atlântico, terminal GNL, S.A.; and iv) the concession of the activity of underground storage of natural, signed with REN Armazenagem, S.A.

These concession contracts were amended with the main purposes of: i) detailing the functions of the operators of the national networks of electricity and natural gas transportation; ii) develop arrangements for monitoring and supervising the activities of dealers by the Portuguese State and iii) specify the terms applicable to provide information by each of the dealers, adapting the respective contractual clauses to the legal provisions and regulations in force, in particular Decree-Law no. No. 77/ 2011 and n. No. 78/ 2011, both of 20 June.

On April 23, 2018, a second amendment to the concession contract was signed between the Portuguese State and REN - Rede Eléctrica Nacional, S.A., through which the Portuguese State determined REN, as a concessionaire, in particular, the execution of the installation work of an underwater cable off Viana do Castelo to the Public Service Electricity Network on land, including the development of studies and projects that prove necessary, the operation, maintenance and exploration of the cable, as well as the execution of interconnection work both at sea and on land.

3. MAIN ACCOUNTING POLICIES

The main accounting policies used by the Group in the preparation of the consolidated financial statements are described below. The policies have been applied consistently in the periods presented.

3.1 BASIS OF PRESENTATION

The consolidated financial statements were prepared on a going concern basis, as from the books and accounting records of the companies included in the consolidation (Note 6), maintained in accordance with generally accepted accounting principles in Portugal, adjusted in the consolidation process so that the consolidated financial statements be in accordance with the International Financial Reporting Standards as endorsed by the European Union ("IAS/ IFRS"), in force for the years starting on 1 January 2023.

The Board of Directors evaluated the Group's going concern capability, based on all the relevant information, facts and circumstances, of financial, commercial and other natures, including subsequent events occurred after the financial statement report date. Particularly, as of 31 December 2023, current liabilities in the amount of 1,521,292 thousand euros are greater than current assets, which total 1,031,294 thousand euros.

However, in addition to the consolidated results and cash flows estimated for 2023, the Group has, as of 31 December 2023, credit lines in the form of commercial paper available for use in the amount of 1,069,000 thousands euros (Note 20). In addition, the Group has, with reference to 31 December 2023, two Revolving Credit Facility with SMBC EU AG and Mediobanca in the amount of 150,000 thousand euros,and 50,000 thousand euros respectively, two loan lines with the Industrial Commercial Bank of China and Bank of China Limited, available for use in the amount of 85,000 thousand euros and 250,000 thousand euros, respectively, credit line with EIB (European Investment Bank) in the amount of 300,000 thousand euros and also has 80,000 thousand euros in credit lines contracted and not used (Note 20).

In result of this assessment, the Board concludes that the Group has the adequate resources to proceed its activity, not intending to cease its operations in short term, and therefore considers adequate the use of a going concern basis in the preparation of the financial statements.

Such standards includes the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board ("IASB"), International Accounting Standards (IAS), issued by the International Accounting Standards Committee ("IASC") and respective IFRIC and SIC interpretations, issued by the International Financial Reporting Interpretation Committee ("IFRIC") and Standard Interpretation Committee ("SIC"), that have been adopted by the European Union. The standards and interpretations are hereinafter referred generically to as IFRS.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates, assumptions and judgements in the process of adopting REN's accounting policies, with a significant impact on the carrying amounts of assets, liabilities as well as expenses and income for the reporting period.

Although the estimates are based in the best experience of the Board of Directors and their best expectations in relation to current and future events and actions, the current and future results may differ from the estimates. The areas involving a higher degree of judgement or complexity, or areas in which the assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

As a result of the large-scale military invasion by Russia against Ukraine, on 24 February 2022, the escalation of the conflict between Israel and Gaza, and the Red Sea crisis linked to maritime transport, there was a general worsening of the climate of global uncertainty with negative effects on the prospects for the evolution of the world economy and financial markets.

The REN Group is actively monitoring this situation, has activated all the necessary plans and, despite the situation being unpredictable, at this moment there are no, nor are estimated, significant effects on its operation and regulatory duties.

REN Group essentially operates in two business areas, Electricity and Gas, in accordance with concession contracts assigned to the Group and which are regulated, which to a certain extent minimizes the possible impacts of these conflicts.

REN remains strongly committed and assumes a facilitator role in energy transition and environmental protection, recognizing that the integrated and synergistic adaptation of gas and electricity infrastructures is crucial to achieving the decarbonization goals established by national energy policy. The development of the necessary infrastructure for the energy transition and the mission of ensuring the uninterrupted supply of energy to the whole country, contributing to the communities involvement and development in which REN operates, is materialized through the establishment of high criteria for environment protection, conservation and restoration, acting in accordance with the best practices in terms of our contribution as an environmentally responsible company. On the other hand, the continuous development of innovation projects, some focused on emerging themes such as sustainability and circular economy, hydrogen and renewable gases, digitalization and cybersecurity, which are integrated in the different companies of the REN Group, contributes significantly to position and achieve the energy transition.

On May 2019, ERSE published the document “Parameters for the regulation period 2020-2023”, for the regulated companies in the gas sector and, on 15 December 2021, the document “Parameters for the regulation period 2022-2025” for the companies in the electricity sector.

In accordance with this Tariff Regulation applicable for electricity and gas, the REN Group determines, on each reporting date and in accordance with the criteria defined by ERSE, the tariff deviations between the permitted revenues published by ERSE, recalculated based on the actual values of the cost drivers, and the invoiced income.

In the transport activity of electricity, the total amount of revenue recognized in the income statement will correspond to the annual value defined by ERSE for the 2022-2025 period, updated according to the application of the actual values of the inducers and the annual efficiency factor.

In accordance with the Tariff Regulation, since 2022 a mechanism for sharing gains and losses between companies and consumers has been applied to this activity. This sharing of gains or losses is only calculated one year after the end of the regulatory period to which it applies. In this way, contingent assets or liabilities can be identified in cases where it is possible to assess with some degree of certainty about the future materialization of these gains or losses, regardless of the moment of their final determination only in the future.

There were no significant changes in the long-term expectation of recovery of the Group's investments and financial holdings.

The consolidated financial statements are presented in thousands of euros.

The accounting policies adopted in these consolidated financial statements are consistent, in all material respects, with the policies used in the preparation of the consolidated financial statements for the year ended 31 December 2022, as described in the notes to the consolidated financial statements of 2022, except regarding the adoption of new effective rules for periods beginning on or after 1 January 2023.

The Group has not previously adopted any standard, interpretation or amendment that is not yet in force.

These consolidated financial statements were approved by the Board of Directors at a meeting held on 7 March 2024, being subsequently subject to approval at the General Meeting. The Board of Directors understands that the consolidated financial statements fairly present the financial position of the companies included in the consolidation, the consolidated results of their operations, their consolidated comprehensive income, the consolidated changes in their equity and their consolidated cash flows in accordance with the International Financial Reporting Standards as endorsed by the European Union (“IFRS”).

Adoption of new standards, interpretations, amendments and revisionss

The following standards, interpretations, amendments and revisions have been endorsed by the European Union with mandatory application in effective for annual periods beginning on or after 1 January 2023:

- IFRS 17 – Insurance Contracts: Initial Application of IFRS 17
  IFRS 17 replaces IFRS 4 – “Insurance contracts”, the standard that has been in force on an interim basis since 2004. IFRS 17 is applicable to all entities that issue insurance contracts, reinsurance contracts and investment contracts with participation characteristics discretionary. The amendments to IFRS 17 are intended to assist companies in implementing the Standard and to facilitate the explanation of their financial performance. The adoption of this standard does not result in significant impacts on REN's consolidated financial statements.

- **Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting policies**
  These amendments aim to change the requirements in IAS 1 with regard to disclosure of accounting policies. An entity discloses its material accounting policies, instead of its significant accounting policies, so there are examples and explanations to identify a material accounting policy. The materiality concept is demonstrated in IFRS Practice Statement 2 through the "four-step materiality process". The adoption of this standard does not result in significant impacts on REN's consolidated financial statements.

- **Amendments to IAS 8 – Accounting policies, Changes in Accounting Estimates and Erros: Definition of Accounting Estimates**
  These amendments clarify the definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. A change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change of this type used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The adoption of this standard does not result in significant impacts on REN's consolidated financial statements.

- **Amendments to IAS 12 – Deferred Tax Related To Assets And Liabilities Arising From A Single Transaction**
  These amendments included, essencially, certain transaction where the initial recognition exemption is not applied, namely when its initial recognition gave rise to equal amounts of taxable and deductible temporary differences. The adoption of this standard does not result in significant impacts on REN's consolidated financial statements.

- **Amendments to IFRS 17 – Insurance Contracts: Initial Application of IFRS 17 and Amendments to IFRS 9 – Comparative Information**
  The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements. The adoption of this standard does not result in significant impacts on REN's consolidated financial statements.

- **Amendments to IAS 12 – Income Taxes: International Tax Reform – Pillar Two Model Rules**
  These amendments introduce a mandatory exception in IAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The adoption of this standard does not result in significant impacts on REN's consolidated financial statements.

The following standards, interpretations, amendments and revisions have been endorsed by the European Union with mandatory application in future economic exercises:

- **Amendments to IAS 16 – Leases: Lease Liability in a sale and leaseback (new standard to be applied for periods beginning on or after 1 January 2024)**
  These amendments included requirements for seller-lessees to measure the lease liability in a sale and leaseback transaction, in order to not recognizing any gain or loss on the right of use retained. The future adoption of this standard is not expected to have significant impacts on REN's consolidated financial statements.

- **Amendments to IAS 1 – Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current (new standard to be applied for periods beginning on or after 1 January 2024)**
  These amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current, and include clarifying the classification requirements for debt a company might settle by converting it into equity. These amendments clarify, not change, existing requirements, and so are not expected to affect companies' financial statements significantly. However, they could result in companies reclassifying some liabilities from current to non-current, and vice versa.
  The future adoption of this standard is not expected to have significant impacts on REN's consolidated financial statements.

The Company did not use any early adoption option of any of the above standards in the consolidated financial statements for the year ended 31 December 2023.

Standards and interpretations, amended or revised, not endorsed by the European Union

The following standards, interpretations, amendments and revisions, with mandatory application in future years, have not, until the date of preparation of these consolidated financial statements, been endorsed by the European Union:

Standard	Applicable for financial years beginning	Resume
Amendments to IAS 7 - Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023)	01-Jan-24	The disclosure requirements in the amendments enhance the current requirements and are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.
Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023)	01-Jan-25	The Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates that will require companies to provide more useful information in their financial statements when a currency cannot be exchanged into another currency.

These standards and interpretations were not yet endorsed by the European Union and consequently REN has not adopted them on the 31 December 2023 consolidated financial statements.

3.2 CONSOLIDATION BASES

The consolidation methods used by the Group are as follows:

a) Investments in Group companies (subsidiaries)

Subsidiaries are all entities (including special purpose entities) over which REN has cumulatively the following elements of control: i) the ability to manage the relevant activities (activities that significantly affect the investee's results); ii) exposure or rights to variable results of the investee; and iii) the ability to affect those results through the power REN holds, which is usually associated with the control, directly or indirectly, of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred is measured at the fair value of the delivered assets, the capital instruments issued and the liabilities incurred, or assumed on the date of acquisition. Acquisition-related costs are recognized in profit or loss as incurred, except for the costs of issuing debt or equity instruments, which must be recognized in accordance with IAS 32 and IFRS 9.

The identifiable assets acquired and the liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date, regardless of the existence of uncontrolled interests. The excess of the acquisition cost in relation to the fair value of the Group's portion of the identifiable assets and liabilities acquired is recorded as Goodwill, in cases where control acquisition is verified, which is detailed in Note 9.

If the acquisition cost is lower than the fair value of the net assets of the acquired subsidiary (negative goodwill), the difference is recognized directly in the statement of income under "Other operating income".

The acquisition cost is subsequently adjusted when the acquisition/ attribution price is contingent upon the occurrence of specific events agreed with the seller/ shareholder (e.g., realization of fair value of assets acquired).

Any contingent payments to be transferred by the Group are recognized at fair value at the acquisition date. If the assumed obligation constitutes a financial liability, subsequent changes in fair value are recognized in profit or loss. If the assumed obligation constitutes an equity instrument, there is no change in the initially estimated amount.

The amounts of assets and liabilities acquired within the scope of a business combination may be reviewed over a period not exceeding one year after the date of acquisition on facts and circumstances that existed on the date of acquisition.

REN reassesses power over a subsidiary when there is evidence of changes in one or more control elements indicated above.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are excluded from the consolidation as from the date that control ceases. The net income of the subsidiaries acquired or sold during the period is included in the consolidated financial statement from the date of acquisition or until the date it has been sold. Subsidiaries are included in the accompanying financial statements in accordance with the full consolidation method.

Equity and net profit for the year corresponding to third party participation in subsidiaries are reflected separately in the consolidated statement of financial position and income statement in the caption “Non-controlling interests”.

The comprehensive income is attributable to the company’s shareholders and to the non-controlling interests, even if that results in a negative balance of the non-controlling interests.

Whenever necessary, adjustments are made to the financial statements of subsidiaries for consistency with Group accounting policies. Transactions, balances and dividends distributed between Group companies are eliminated in the consolidation process.

The entities that qualify as subsidiaries are listed in Note 6.

b) Investments in associates and joint-ventures

Associates

Investments in associates (companies in which the Group has significant influence but does not have control or joint control through participation in the company’s financial and operating decisions, normally where it holds between 20% to 50% of the share capital) are recorded in accordance with the equity method.

In accordance with the equity method investments in associates are recorded at cost and subsequently, adjusted by the Group's share of the investee's post acquisition changes in net equity (including net result) of the associated company by corresponding entry to the income statement.

Additionally, dividends received are recorded as a decrease on the carrying amount of the associate, and proportional portion in the equity changes is recorded as a variation in the Group's equity and as an increase or decrease of the associate.

The excess of cost in relation to the fair value of the identifiable assets and liabilities of the associated company at the date of acquisition is recognised as goodwill and presented in a caption of Investments in associates and joint ventures. If the difference between cost and fair value of the assets and liabilities acquired is negative, it is recognised as a gain in the period.

Valuations are made of investments in associates when there are facts that might indicate that the participation is impaired, being recorded an impairment losses in the income statement, if exists.

When the Group's proportion on the accumulated losses of an associate exceeds its carrying amount, the investment is recorded at a nil amount, except when the Group has assumed commitments to cover the losses of the associate, when the additional losses require the recognition of a liability. If these companies subsequently report net profits, the Group o nly starts recognizing its share on those profits only after its profit share equals the unrecorded losses.

Unrealized gains on transactions with associates are eliminated proportionally to the Group`s interests, by corresponding entry to the investment caption. Unrealized losses are also eliminated but only up to the point that such loss does not result from the transferred asset being impaired.

The interests in associates are detailed in Note 10.

Joint ventures

Investments in joint ventures are a joint agreement whereby the parties have rights to the net assets of the agreement, by a binding contractual agreement that should give the parties joint control. Conceptually, joint control is the sharing of the decisions of the relevant activities, on which it is required unanimous consent of the parties.

The recognition and measurement of joint ventures included in the consolidated financial statements is made using the equity method. The Group's share of the earnings or losses of the joint venture is recognized in the income statement as operating income and the share of movements in reserves of the joint venture, if any, is recognized in reserves. The unrealized gains and losses on transactions with jointly controlled entities are eliminated in proportion to the Group's interest in the jointly controlled company, against the investment in the entity.

The accounting policies of joint ventures are standardized, when necessary, to ensure that they are consistently applied in the consolidated financial statements.

Investments in joint ventures are detailed in Note 10.

Associates with no significant influence

Investments in associates (companies in which the Group does not have significant influence or control, normally where it holds less than 20% of the share capital) are recorded at cost, since the companies are not listed in any stock exchange and the fair value cannot be measured with reliability.

The investments in associates are classified as investments in equity instruments at fair value through other comprehensive income in accordance with IFRS 9, being presented as non-current assets when considered strategic to the Group.

Investments in subsidiaries, presented as investments in equity instruments at fair value through other comprehensive income, are detailed in Note 13.

c) Goodwill

Differences between the cost of acquisition of investments in subsidiaries and the fair value of the identifiable assets and liabilities of these companies as of the date of the acquisition or during a period of 12 months after that date, if positive, are recorded as goodwill (in the case of subsidiaries). If this difference is negative, they are immediately recorded in the consolidated profit and loss statement.

Goodwill is not amortised, but is subject to impairment tests at least annually to verify the existence of impairment losses.

Goodwill impairment test is based on the recoverable amount of the cash generating unit, comparing the recoverable amount with the carrying amount. If the carrying amount exceeds the recoverable amount an impairment loss is recorded immediately in the consolidated financial statements, reducing the asset value and recording an impairment loss on the consolidated statement of profit and loss which is not reversible. The recoverable amount is determined based on the use value of the cash generating unit, being this value calculated by discounting the future cash flows, considering the business risks, the temporal value as well as market conditions.

If the initial accounting for a business combination can be determined only provisionally at the end of the reporting period in which the combination occurs (because the fair values to be assigned to the identifiable assets, liabilities and contingent liabilities of the acquiree or the cost of the concentration can only be determined provisionally), the Group accounts for the business combination using the available information. Those provisional amounts are adjusted upon the final determination of the fair values of the assets and liabilities occurring up to a maximum period of twelve months after the acquisition date. During this period Goodwill or any recognized gain will be adjusted from the acquisition date by an amount equal to the fair value adjustment at the acquisition date of the identifiable assets, liabilities and contingent liabilities to be recognized or adjusted and the comparative information presented for the periods prior to the completion of the initial accounting of the concentration. This includes any depreciation, amortization or other gain or loss effect recognized as a result of completing the initial accounting.

3.3 BALANCES AND TRANSACTIONS IN FOREIGN CURRENCY

Items included in the financial statements of each of the REN Group entities are recorded using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements including these notes are presented in thousands of euros, unless otherwise indicated, the Group's functional currency.

Foreign currency transactions are translated to the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currency in the separate financial statements of the subsidiaries are translated into the functional currency of each subsidiary using the exchange rates prevailing on the date of the statement of financial position for each period. Non-monetary assets and liabilities denominated in foreign currency and recorded at fair value are translated into the functional currency of each subsidiary using the exchange rate prevailing on the date the fair value was determined.

Foreign exchange gains and losses arising from the differences between the exchange rates prevailing on the date of the transactions and those in force at the date of collection, payments or at the date of the statement of financial position are recorded as income and/ or expenses in the consolidated income statement for the year under the same captions where the income and losses associated with these transactions are reflected, except for those relating to non-monetary amounts whose fair value changes are recorded directly in equity.

The separate financial statements of the associates of the Group are prepared in the functional currency of the entities. Exchange differences arising from the amount expressed in euros of the opening balance of net assets at the beginning of the year and the translation to euros of the opening balance of net assets using the year end exchange rate are booked against "Other Reserves".

The foreign currency exchange rates used for the translation of the foreign currency balances are as follows:

CURRENCY	2023	2022
US Dollar (USD)	1.11	1.07
Pound sterling (GBP)	0.87	0.89
Japan Yen (Yen-JPY)	156.33	140.66
Chilean pesos (CLP)	967.78	908.16

3.4 TANGIBLE AND INTANGIBLE ASSETS

Tangible and intangible assets are valued at cost less accumulated amortization/ depreciation and accumulated impairment losses. Cost includes the cost of assets considered as of the transition date to IFRS and the acquisition or construction cost of assets acquired/ constructed after that date.

Acquisition or construction cost includes the purchase price of the asset and costs incurred directly to prepare the asset to start operating. Borrowing costs incurred during the construction phase are recognised as acquisition/ construction costs. Financial expenses incurred during the construction period with loans obtained are recorded as a component of the acquisition/ construction cost of the asset, being amortized over the useful life period of the correspondent asset.

Subsequent costs, including renewals and major overhauls, that extend the useful life of the assets is recognised as cost of the asset, after write off of the component replaced.

Current maintenance and repair costs are expensed in the year they are incurred.

Tangible and Intangible assets are depreciated on a straight line basis over the estimated period of useful life of the assets, from the moment they are available for use in the necessary conditions to operate in accordance with management objectives.

Whenever there are impairment indicators of fixed assets, impairment tests are made to estimate the recoverable amount of the asset and impairment losses, if any, are recorded. The recoverable amount is defined as the higher amount between the net sale price of an asset and its value in use. The value in use is calculated based on a discounted future cash flows resulting from continued use of the asset and its sale at the end of its useful life.

The useful life of the assets is reviewed at the end of each year so that the depreciation or amortization recorded is in accordance with the consumption standards of the assets. Changes in useful life are treated as changes in accounting estimates and are applied prospectively.

	NUMBER OF YEARS
Property, plant and equipment:	
Transmission and electronic equipment	5 to 55
Transport equipment	4 to 7
Office equipment	3 to 10
Property, plant and equipment in progress	5 to 60
Intangible assets:	
Industrial property	3 to 50
Other intangible assets	4 to 35

Gains and losses on the sale of tangible and intangible assets are determined by the difference between the sale amount and the carrying amount of the asset, being recorded in the consolidated statement of profit and loss.

Concession/ Regulated Assets – IFRIC 12 – Service Concession Arrangements

The Group has: i) five concessions for the operations and development of the National Transmission Network, for the global management of the national electric system, as well as utilization and development of the National Natural Gas Transport Network, of the Liquid Natural Gas terminal, the distribution of natural gas in low and medium pressure, the underground storage of natural gas and global management of the natural gas system and ii) a concession to explore a pilot zone for the electricity production from ocean waves. The assets acquired/ constructed by REN under these concession contracts are referred to below as assets relating to the concession.

IFRIC 12 – Service Concession Arrangements was issued by the IASB in November 2006, for application in years starting on or after 1 January 2008. IFRIC 12 was endorsed by the European Union on 25 March 2009, being of mandatory application for years beginning on or after 1 January 2010.

IFRIC 12 applies to public service concession contracts in which the conceding entity controls/ regulates:

- the services to be rendered by the operator (through utilization of the infrastructure), to whom and at what price; and
- any residual interest over the infrastructure at the end of the contract.

IFRIC 12 applies to infrastructures:

- constructed or acquired by the operator from third parties; and
- already existing to which the operator is given access.

Therefore, considering the above the REN Group's concessions are covered by this IFRIC for the following reasons:

i) the REN Group companies (REN – Rede Eléctrica Nacional, S.A., REN Gasodutos, S.A., REN Armazenagem, S.A., S.A., REN Atlântico, Terminal de GNL, S.A., REN Portgás Distribuição, S.A. and Enondas, Energia das Ondas, S.A.) have a public service concession contract signed with the Portuguese State ("Conceding Entity") for a predefined period;

ii) the companies render public transport services, reception and storage of gas and transmission of electricity through utilization of gas pipelines, branches and underground tanks, in the case of gas, and lines, stations and substations in the case of electricity;

iii) the conceding entity controls the services rendered and the conditions under which they are rendered, through the regulator ERSE; and

iv) the assets used to render the services revert to the conceding entity at the end of the concession contracts.

This interpretation establishes the general principles for the recognition and measurement of the rights and obligations under the concession contracts with the features mentioned earlier and define the following models:

i) Financial asset model – when the operator has the unconditional contractual right to receive cash or other financial asset from the conceding entity, corresponding to specific or determinable amounts, the operator must record a financial asset (receivable). In this model the conceding entity has few or no discretionary power to avoid the payment, as the agreement is usually legally binding;

ii) Intangible asset model – when the operator receives from the conceding entity the right to collect a tariff based on use of the structure, it must record an intangible asset;

iii) Bifurcated/ mixed model – this model applies when the concession includes simultaneously commitments of guaranteed remuneration by the conceding entity and commitments of remuneration dependent on the level of utilization of the concession infrastructures.

Considering the nature of concession of the REN Group, as regards the legal nature of its concessions, REN decided that the best model for its business case is the intangible model due essentially to the risk of changes in the tariff regulation imposed by the regulator ERSE.

In this respect and in relation to the residual value of the assets relating to the concession (in accordance with the concession contracts, REN has the right to be reimbursed at the end of the concession contract for the net book value of the conceded assets), they were also considered as part of the intangible assets. The residual value of the conceded assets was not significant as of 31 December 2023.

Attending to the above, concession assets (intangible assets) are valuated at its acquisition cost or production cost which include financial costs incurred during the construction period. The revaluations that were recorded in the concessions assets on the date of transition to IFRS are part of its cost.

For amortization purposes of the concession assets, REN Group follows IAS 38 – Intangible assets, that states in paragraph 98 that: "A variety of amortization methods can be used to allocate the depreciable amount of an asset on a systematic basis over its useful life. These methods include the straight line method, the declining balance method and the production units method. The method used is selected based on the expected consumption model of the future economic benefits incorporated in the asset and is applied consistently from period to period, unless there is a change in the expected consumption model of these future economic benefits". Therefore considering this, REN understands that the amortization method that best reflects the expected standard of consumption of future benefits of this asset is amortization based on the rate of amortization of the gas and electricity infrastructures approved by the regulator ERSE, as this is the basis of its annual income, that is the conceded assets are amortized based on the remuneration model underlying the Tariff Regulations.

Therefore, in accordance with IFRIC 12 the right granted under the concession contract consists of the possibility of REN charging tariffs based on the costs incurred with the infrastructures. However, considering the methodology for determining REN's tariffs, the remuneration base is determined considering each concession asset, specifically, which implies the need to componentize the right. Consequently, in the case of REN's concessions it is considered that the right is componentized by separate parts as the various remuneration bases are established.

Therefore the intangible asset is:

i) increased as the various projects relating to the concession are concluded (increase in the concession rights), being recorded based on cost; and

ii) decreased as the future economic benefits are consumed.

In accordance with IFRIC 12 construction of the infrastructure by the operator is a service that it provides to the conceding entity, distinct from the operation and maintenance service and, as such, will be remunerated by it. However, in applying IFRIC 12 the REN Group assumes that there is no margin in the construction but only in the operation business. Nevertheless, construction costs and income relating to construction are recorded in the consolidated statement of profit and loss for the year, considering the requirements of IFRIC 12 in the captions "revenue from construction of concession assets" and "costs with construction of concession assets".

The REN Group makes impairment tests of the assets relating to the concessions whenever events or circumstances indicate that book value exceeds its recoverable amount, being that difference, if any, recorded in the statement of profit and loss. The cash generating units defined for the purpose are directly associated with each concession contract, considering that the conceded assets relating to them belong to the same cash generating unit.

Lands relating to the electricity producing plants are covered by the Concession Contracts entered into between REN and the Portuguese State and are remunerated based on its amortization, not being disassociated, as such from the other assets of the concession, being an integral part of a common cash generating unit.

Investment grants relating to assets are recognized in the statement of profit and loss at the same rate as amortization of the assets. IAS 20 in paragraphs 24 and 25 states that: "Government grants relating to assets, including non-monetary grants at fair value must be presented in the statement of financial position considering the grant as deferred income or deducting the grant to the cost of the asset".

Therefore given the existence of these two alternatives for the presentation of grants in the financial statements and IFRIC 12 not mentioning the treatment of investment grants received, REN maintained the grants recorded as liabilities.

Considering this, and as a result of applying IFRIC 12, the REN Group classifies assets relating to the concessions in accordance with the intangible asset model, being amortized on a straight line basis as from the date in which they become available for use in accordance with the expected consumption of future benefits model, which corresponds to the regulatory period defined by ERSE and considering that at the end of the concession the Group has the right to receive the net book value of the assets.

Intangible assets in progress reflect the concession's assets still under construction, being recorded at cost less any impairment losses, being amortized as from the time the investment projects are completed or available for use.

3.5 LEASES

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use), under property, plant and equipment and intangible assets in the consolidated statement of financial position. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

At the commencement date of the lease, the Group recognises lease liabilities, under Borrowings in the consolidated statement of financial position. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.6 FINANCIAL ASSETS AND LIABILITIES

Financial Assets

The Board of Directors determines the classification and measurement of investments in financial assets according to the business model, evaluated in the initial application data, used in its management and the characteristics of the contractual cash flows.

Investments in financial assets may be classified under the following categories:

a) Financial assets at amortised cost - The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of such financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding;

b) Financial assets at fair value through other comprehensive income (equity instruments) - The financial asset is held within a business model whose objective is both to hold to collect contractual cash flows, and to sell financial assets, and the contractual terms of such financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and

c) Financial assets at fair value through profit or loss - Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

Financial assets are classified as non-current, except when: i) the Group expects to realize or dispose of in the normal course of its operating cycle; ii) holds the asset primarily for trading purposes; iii) expects to realize the asset within twelve months after the reporting date; or iv) the asset is cash or cash equivalent.

Purchases and sales of investments in financial assets are recognized on the date of the transaction - the date on which REN commits itself to buy or sell the asset.

Financial assets at fair value through profit or loss are initially recognized at fair value being the transaction costs expensed in the consolidated statement of profit and loss. Such assets are subsequently adjusted to fair value, gains and losses arising from changes in fair value being recorded in the consolidated statement of profit and loss caption “Financial costs” for the period in which they arise, which also includes interest income and dividends received.

Interest revenue is recognized using the effective interest method, provided that it is probable that economic benefits will flow to the Group and its amount can be measured reliably.

Revenue from dividends should be recognized when the Group's right to receive the corresponding amount is established.

Equity instruments at fair value trought other comprehensive income are initially recognized at fair value plus transaction costs. In subsequent periods, they are measured at fair value or at cost, since the companies are not listed in any stock exchange and the fair value cannot be measured with reliability, being the change in fair value recognized in the fair value reserve in equity until the investment is sold or received or until the fair value of the investment is below its acquisition cost for an extended period, where the accumulated gain or loss is recorded in the income statement.

Dividends and interest income from financial assets at fair value through other comprehensive income are recognised in the statement of profit and loss caption financial income for the period in which the right to receive them is established.

The fair value of listed investments is based on current market prices (“bid”). If the market for a financial asset is not active, REN establishes fair value by using valuation techniques. These include the use of recent transactions, provided that they are at market prices, reference to other instruments that are substantially the same and discounted cash flow analysis when information is available, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

In the situations where the investments are equity instruments not valued under active market quotations, and for which is not possible to estimate with reliability its fair value, these investments are measured at the acquisition cost deducted of impairments losses, if any, being the impairment losses recorded in the profit and loss statement of the year.

Loans and receivables are classified as “Trade and other receivables” in the statement of financial position, are initially recorded at fair value, and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due in accordance with the original terms of the transactions that gave rise to the receivables, and it is recorded in the consolidated statement of profit and loss caption “Impairment of trade receivables”.

Financial assets are derecognised when the rights to receive cash flows from the investments expire or are transferred, as well as all the risks and rewards of ownership.

Cash and cash equivalents includes cash on hand, bank deposits, other short-term highly liquid investments with initial maturities of up to three months. Bank overdrafts are presented in the “Borrowings” caption in current liabilities in the statement of financial position, and are included in the consolidated statement of cash flows, as cash and cash equivalents.

Financial Liabilities

A financial instrument is classified as a financial liability when a contractual obligation exists to the issuer to liquidate capital and/ or interests, by the delivery of cash or another financial asset, independently on its legal form.

IFRS 9 established the classification of financial liabilities in two categories:

i) Finantial liabilities at fair value trought profit and loss; and

ii) Other financial liabilities.

Other financial liabilities include “Borrowings” and “Trade and other payables”.

Trade and other payables are initially measured at fair value and subsequently at amortised cost, using the effective interest rate method.

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost, the difference between the nominal value and the initial fair value being recognised in the consolidated statement of profit and loss over the term of the borrowing, using the effective interest rate method; or at fair value, whenever REN decides, in its initial recognition, to designate the financial liability at fair value through profit and loss, using the fair value option.

Financial liabilities are classified as current liabilities unless REN has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date, in which case they are classified as non-current liabilities.

Financial liabilities are derecognised when the related obligations are extinguished through payment, are cancelled or expire.

Derivative financial instruments

Derivative financial instruments are initially recorded at fair value at the date of the transaction, being subsequently measured at fair value. The method for the recognition of fair value gains or losses depends on the designation made of the derivative financial instruments. If they are designated as derivative financial instruments for trading, gains or losses resulting from fair value changes are recorded in the consolidated statement of profit and loss captions “Finance income” or “Finance costs”. If they are designated as hedging derivative financial instruments, gains or losses resulting from fair value changes depends on the nature of the hedged item, which can be a fair value hedge or a cash flow hedge.

The fair value of derivative financial instruments corresponds to its market value. In the absence of market value, the fair value is determined by external independent entities, thought valuation techniques accepted in the market.

Derivative financial instruments are recognized in the caption “Derivative financial instruments”, and if they have a positive or negative fair value they are recorded as financial assets or liabilities, respectively.

In accordance with IFRS 13, the fair value of non-listed derivative financial instruments is adjusted by the effect of counterpart credit risk (Credit Value Adjustment) and own credit risk (Debt Value Adjustment). The credit risk adjustments are determined by market information, namely recent debt issued with similar conditions and risk exposure, Credit Default Swaps (CDS) spreads, among other data observed in the market.

In assessing the existence of an economic relationship between the hedged instruments and the hedging instruments, the Group assumes that the interest rate benchmark (Euribor) will not be changed following the reform of the interest rate benchmarks as permitted by the changes to IAS 39, IFRS 7 and IFRS 9 regarding the reform of interest rate benchmarks. This policy is applicable to some hedging relationships designated at 31 December 2023 in a total notional amount of 1,560,000 thousand euros (1,560,000 thousand euros at 31 December 2022).

The Group will cease to apply the above provision when:

i) the uncertainty regarding the reform of the interest rate benchmarks with respect to Euribor ceasing; or

ii) the respective hedging relationship is discontinued.

Derivative financial instruments are classified and presented as non-current when their remaining period to maturity exceeds twelve months and they are not expected to be realized or settled within twelve months.

Hedge accounting

Within the scope of the Group risk polices of interest rate and foreign exchange rate risk management, the Group contracts a series of financial derivative instruments, namely swaps.

The criteria for applying hedge accounting rules are as follows:

- the hedging relationship consists only of eligible hedging instruments and eligible hedged items in accordance with IFRS 9 criteria;
- at the beginning of the hedging relationship, there is formal designation and documentation regarding the hedging relationship and the risk management objective and strategy. This documentation must include the identification of the hedging instrument, the hedged item, the nature of the risk to be hedged and the form will be assessed whether the hedging relationship meets the hedge effectiveness requirements (including its analysis of the sources of hedge inefficiency and how it determines the coverage ratio); and
- the hedge relationship meets all of the following hedge effectiveness requirements:

  i) there is an economic relationship between the hedged item and the hedging instrument;

  ii) the credit risk effect does not dominate the changes in value that result from this economic relationship; and

  iii) the coverage ratio of the hedging relationship is the same as that resulting from the quantity of the item actually covered and the amount of the hedging instrument actually used to cover that amount of the hedged item. However, this designation should not reflect an imbalance between the weights of the covered item and those of the hedging instrument which could create an ineffectiveness of the hedge (regardless of whether or not it is recognized) which could lead to an accounting result incompatible with the hedge accounting objective.

At the beginning of the hedging operation, the Group documents the hedging relationship between the hedging instrument and the hedged item, its objectives and its risk management strategy. Additionally, it is assessed, both on the hedge start date and on each accounting reporting date, whether the derivative instruments designated as hedging instruments are highly effective in offsetting changes in the fair value or cash flows of the respective hedged items (including an analysis of inefficiency sources and how the coverage rate is determined).

The effectiveness requirements in a hedging relationship are as follows:

- there is 'an economic relationship' between the hedged item and the hedging instrument;
- the effect of credit risk does not 'dominate the value changes' that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The fair value of the derivative financial instruments contracted and the movements in the hedging reserves are disclosed in Note 16.

In the fair value hedge of an asset or liability, the book value of the asset or liability, determined based on the accounting policy used, is adjusted so as to reflect the variation of its fair value attributable to the risk hedged.

Changes in the fair value of the hedging instruments are recognized in the statement of profit and loss together with changes in the fair value of the assets or liabilities hedged attributable to the risk hedged.

In a hedging operation on the exposure to changes of high probability in future cash flows (cash flow hedge) the effective part of the fair value variation of the hedging instrument is recognized in hedging reserves, being transferred to the statement of profit and loss in the period the item hedged affects results. The ineffective part of the hedge is recorded in the consolidated statement of profit and loss.

The hedge ineffectiveness can arise from:

- differences in cash flows timing for hedged items and hedging instruments;
- different indices (and, consequently, different curves) associated with the hedged risk of the hedged items and hedging instruments;
- counterparty credit risk has a different impact on movements in the fair value of hedging instruments and hedged items; and
- changes in the expected amount of cash flows from hedged items and hedging instruments.

Hedge accounting is discontinued only when a hedging relationship (or part of that hedging relationship) no longer complies with the hedge accounting criteria (after taking into account any rebalancing of the hedging relationship, if applicable). This includes cases where the hedging instrument expires or is sold, terminated or exercised.

In circumstances where a derivative financial instrument no longer qualify as a hedging instrument, the Group assess: i) in fair value hedge instruments, the existence of fair value adjustments to the hedged item, which will be amortized through the method the straight line for the remainder period of the hedged item; and ii) in cash flow hedge, the existence of fair value differences recognized under hedging reserves in Equity, which amount will be reclassified to the income statement.

Any amount recorded in the caption "Reserves – hedging reserves" is only reclassified to the statement of profit and loss when the hedged position affects results. When the hedged position relates to a future transaction which is not expected to occur, any amount recorded as "Other reserves – hedge reserves" is immediately reclassified to the statement of profit and loss.

In the case of aggregated exposures, the Group designates as hedged instruments a combination of an exposure and a derivative financial instrument. For this purpose, and when designating the hedged item based on an aggregated exposure, the Group considers the combined effect of the items that constitute the aggregated exposure for the purposes of assessing the hedge effectiveness and measuring its ineffectiveness. These instruments continue, however, to be accounted for separately.

3.7 BORROWING COSTS

Borrowing costs are recorded as expense when incurred.

Borrowing costs related directly to the acquisition, construction or production of tangible and intangible assets are capitalised as part of the cost of the qualified asset (assets that need a substantial period of time to be prepared for its intended use).

Borrowing costs are capitalised from the time of preparation of the activities to construct or develop the asset to the time the production or construction is completed or when the project is suspended.

Any eventual financial income derived from a loan obtained earlier and allocable to a qualifying account, are deducted from the financial expenses that qualify for capitalisation.

3.8 GOVERNMENT GRANTS AND OTHERS

These refer to grants received for investment in intangible assets and are recorded as deferred income in the caption "Trade and other payables".

Grants received from the Portuguese State and the European Union are recorded when there is reasonable certainty that the grant will be received.

Operating assets delivered to REN by new producers connected to the National Transmission Network or others are also recorded as grants received.

Grants are subsequently recorded to the consolidated statement of profit and loss on a systematic basis in accordance with amortization of the related assets.

Exploration grants are recognized in the consolidated statement of profit and loss in the period in which the related costs are incurred.

3.9 IMPAIRMENT OF ASSETS, EXCEPT GOODWILL

Financial Assets

The Group evaluates at each reporting date, if there are indicators that a financial asset or a group of financial assets, have any impairment, namely from which results an adverse impact on the estimated cash flows of the financial asset or group of financial assets, and always if it can measured reliably.

The adoption of IFRS 9 led to a fundamental change in the way the Group accounts for its impairment losses on financial assets, replacing IAS 39 "loss incurred" approach with a prospective approach to "expected credit loss". IFRS 9 requires the Group to recognize an impairment loss for expected credit losses for all debt instruments that are not measured at fair value through profit or loss.

For financial assets measured at amortized cost, the impairment loss to be recognized corresponds to the difference between the carrying amount and its present value on the reporting date of the new future cash flows discounted at the respective original effective interest rate.

When there is evidence of impairment on the financial asset held for sale exists, the accumulated loss - determined by the difference between the acquisition cost and the actual fair value, less any impairment losses previously recorded – is transferred from the fair value reserve in equity into profit and loss of the period. Impairment losses of equity instruments recorded in profit and loss are not reversible.

Non-financial assets

Whenever there are signs of loss of value of fixed assets, impairment tests are carried out in order to estimate the recoverable value of the asset and, if applicable, an impairment loss is recognized. An impairment loss is recognized for the amount in excess of the asset's carrying amount over its recoverable amount. The recoverable amount is determined as the higher of an asset's fair value less costs to sell and the asset's use value.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life, using a discount rate before taxes that reflects the current valuations of the market. time value of money and the specific risks of the asset in question.

Group REN makes impairment tests for the concession assets whenever events or circumstances indicate that the carrying amount exceeds the recoverable amount, in which case the difference, if any, is recognized in the income statement. The cash generating units were identified considering the concession agreements in place, considering that all assets belonging to these agreements are to be included in the same unit.

Assets with undefined useful life are not subject to amortization but are subject to annual impairment tests. Assets with useful life are subject to impairment tests whenever events or changes in the conditions indicate that the carrying amount may not be recovered.

This way whenever fair value is below the carrying amount of the assets, the Group should evaluate if this situation will be permanent in which case an impairment loss should be recognized. If it is assessed that the situation is not permanent the reasons that support such judgment should be disclosed.

Non-financial assets, except Goodwill, for which impairment losses have been recognised are reviewed at the end of each period evaluating the possibility of its reversal.

Reversal of impairment losses recognized in prior years is recorded in the consolidated profit and loss statement. However, the reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciations) had no impairment loss been recognized for that asset in prior years.

The amortization and depreciation of the assets are recalculated prospectively in accordance with the recoverable amount adjusted by the impairment recognized.

3.10 EMPLOYEE BENEFITS

REN grants supplementary retirement, early-retirement and survivor pensions (hereinafter referred to as pension plan), provides its retirees and pensioners with a medical assistance plan and grants other benefits such as long service bonuses, retirement bonus, and death subsidy.

i) Pension Plan

The supplementary retirement and survivor pensions granted to employees consist of a defined benefit plan, with an autonomous plan assets established, to which all the liabilities are transferred and contributions are made to cover the liabilities which are vested on each period.

Employees who meet certain conditions of age and seniority pre-defined and chose to take early retirement, as well as those that agree with the Company to take early retirement, are also included in the plans.

This liabilities assumed by the Group are annually estimated by independent actuaries using the projected unit credit method. The present value of the defined benefit liability is determined by discounting future payments of the benefits using the appropriate discount rate. The liability is recognised, when applicable, deducted from the past service costs.

The source used to determine the discount rate, was based on the use of the complete yield curve (Yield Curve). The model incorporates hypothetical yield curves developed from information on bond yields in the Euro zone. The construction of these yield curves is based on bond yields considered to be of high quality credit rating (AA risk notation from Bloomberg). The credit risk notation is attributed by rating agencies being its approach consistent with yield curve model for each maturity group. The discount rate used results from the conversion of the interest rate curve in to a spot interest rate. A bond is considered to have AA risk notation if receives its notation (or equivalent) from one, or both, the two main rating agencies: Standard and Poor's and Moody's.

The liability for retirement benefits recognised in the consolidated statement of financial position corresponds to the present value of the liability for the benefits as of the reporting date less the fair value of the plan assets, together with any adjustments for past service costs, if applicable.

Actuarial gains and losses yearly determined, for each plan of benefits granted, resulting from adjustments to actuarial assumptions, experience adjustments or in the benefits scheme are recorded directly in equity.

The cost with retirement benefits is determined taking into account: i) current service costs, which corresponds to the increase in the present value of the liability resulting from employee service in the current year; ii) past service cost, change in the actual responsibility for employee service in prior periods (as a result of changes to the plan or significant reduction in the number of employees covered by the plan "curtailments"); iii) any gain or loss on settlement; and iv) net interest on the liability (assets) net of defined benefit, applying a discount rate to the net liabilities of the plan.

ii) Health plan and other benefits

The liabilities assumed relating to healthcare are not funded by an autonomous plan assets, being covered by a specific provision.

Measurement and recognition of the liability for healthcare are the same as those for retirement supplements referred to above, except as regards assets of the plan.

REN recognises all the actuarial gains and losses on all the plans directly in equity, except with regard to long-term benefits (seniority bonus), recognized directly in results.

3.11 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions are recognised when the Group has: i) a present legal or constructive obligation as a result of past events; ii) it is more likely than not that an outflow of internal resources will be required to settle the obligation; and iii) the amount can be reliably estimated. When one of these criteria is not fulfilled or the existence of the liability is dependent upon the occurrence (or not) a future event, REN SGPS discloses it as a contingent liability, except if the outflow of resources to settle it is considered to be remote.

Restructuring provisions are recognised by the Group when there is a formal and detailed restructuring plan and that such plan has been communicated to the involved parties. In the measurement of the restructuring provision, are only considered the expected outflows that directly result from the implementation of such plan, not considering, the current activities of the Group.

Provisions are measured at the present value of the estimated outflows required to settle the liability using a pre-tax rate that reflects the market assessment of the discount period and the risk of the provision.

Contingent assets are probable assets which probability of becoming certain depend of the occurrence of one or more uncertain future events that are not fully controlled by the Company. The probability of the inflow of the economic benefit is subject to the occurrence of such events.

The Group discloses contingent assets when it is estimated as probable the inflow of the corresponding economic benefit. However in exceptional circumstances on which REN estimates as virtually certain the probability the revenue is recognized in the consolidated financial statements.

3.12 INVENTORIES

Inventories are stated at the lower of cost or net realisable value. Inventories include materials used in internal maintenance and repair operations. Inventories are initially recorded at cost, which includes purchase cost and all the expenses relating to their acquisition. Cost is determined using the weighted average cost method.

Gas in the gas pipelines and gas stored in the LNG terminal and underground tanks, is property of the infrastructure users. The REN Group does not buy, sell or hold any gas inventories.

3.13 CAPITAL AND OWN SHARES

Ordinary shares are classified in the share capital caption by its nominal value. Differences between the nominal value and the subscription price are recorded in the caption “Share Premium”. Incremental costs directly attributable to the issuance of new shares or options are shown net of tax, as a deduction in equity from the amount issued.

Own shares acquired through contract or directly on the stock market are recognised as a deduction in equity in caption “Own shares”. In accordance with Portuguese Commercial law, REN SGPS must ensure at all times that there are reserves in Equity to cover the value of treasury shares, constraining the amount of reserves available for distribution.

Own shares are recorded at cost if they are acquired in a spot transaction or at estimated fair value if acquired in a deferred purchase.

The Group's purpose in relation to capital management is to safeguard the continuity of the Group, to grow sustainably in order to meet the established objectives and to maintain an optimal capital structure in order to reduce the cost of capital.

3.14 INCOME TAX

REN is taxed based on the special regime for the taxation of group companies ("RETGS"), which includes all REN group companies located in Portugal, and which REN owns directly or indirectly at least 75% of the share capital and equally, being resident in Portugal and taxed in terms of Corporate Income Tax ("CIT").

Income tax for the year includes current income tax and deferred income tax. Income tax is recognised in the statement of profit and loss, except when it relates to items recognised directly in equity. The amount of income tax payable is determined based on net profit before tax, adjusted in accordance with tax rules for the entities included in the consolidation perimeter.

The taxable profit differs from the net profit determined by accounting rules, as several costs and revenues are excluded, that will only be deducted or taxed in future periods, and costs and revenues that will never be considered for tax purposes in accordance do the tax law in place.

Deferred tax is recognised using the liability method based on the statement of financial position considering the temporary differences between the tax base of assets and liabilities and their carrying amount in the consolidated financial statements.

Deferred taxes are calculated using the tax rates in force or substantially enacted at the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be used. Deferred tax liabilities are provided for on every temporary tax difference, except those relating to: i) the initial recognition of goodwill; or ii) the initial recognition of assets or liabilities in transactions that do not result from a business combination and at the time of the transaction affect neither accounting profit nor taxable profit. However, taxable temporary differences relating to investments in subsidiaries should not be recognised to the extent that: i) the parent company is able to control the timing of the reversal of the temporary difference; and ii) it is probable that the temporary difference will not revert in the near future.

Following the new interpretation on IAS 12 - Income taxes, IFRIC 23, the Group carried out an analysis of all contingencies and disputes, with the tax authorities regarding income taxes, with no changes, with reference to 1 January 2023, in the estimates previously made by management.

3.15 ACCRUALS BASIS

Revenue and expenses are recognised in the period to which they relate, independently of the date they are received or paid, in accordance with the accrual basis of accounting. Differences between the amounts received and paid and the related income and costs are recognised as assets or liabilities, if they qualify so.

3.16 REVENUE

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires revenue to be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. These are the five steps to consider for each customer contract:

1. Identifying the contract(s) with a customer;
2. Identifying the performance obligations in the contract(s);
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when performance obligations are satisfied, or when control of goods or services is transferred to the customer.

Following the above principle, REN recognises revenue when control of the contractually agreed services (goods, services) is transferred to the customer for an amount that reflects REN's expectation to be entitled in exchange for the services rendered. Revenue is reduced for any refund, price discount or other rebates, and value-added taxes (VAT) or other taxes are not reported as revenue in the consolidated income statement.

If variable consideration is included as a contractual component, REN determines the amount of consideration to which it is entitled for the fulfilment of its performance obligation. The variable consideration is estimated at contract inception. It may only be included in the transaction price if it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Given the regulated nature of REN's activities, the obligation arising from rendering each service (this is, electricity transmission in very high voltage, high pressure gas transmission natural gas, distribution of natural gas in low and medium pressure and the underground storage of natural gas, each explained in more detailed below.) is considered to be a single performance obligation, and the total price is therefore allocated in full to that obligation. The single performance obligation comprises the overall management of the electricity and gas operation services. As a result, REN's performance obligation is to make the facilities related to the provision of the services available to its customers, therefore revenue is recognised over time since customers receive and consume simultaneously the benefits provided by REN's services.

Revenue from services rendered on the Group regulated activities are recorded in the consolidated statement of profit and loss in accordance with the criteria defined in IFRIC 12, described in greater detail in Note 3.4, and in accordance the description of each business segments.

Electricity segment

Revenue recognition for concession activities is determined based on the revenue cap set by the regulator, on the electricity transmitted to National Transport Network (Rede Nacional de Transporte - RNT) by producers to distributors and the implicit services provided, considering the tariffs defined annually by the regulator, for transmission of electricity and global management of the system.

Revenue obtained from these activities is regulated by ERSE, the Portuguese Energy Services Regulatory Authority. In accordance with the regulatory terms and conditions, the tariffs to be charged to final customers (domestic consumers, industry customers and others), are determined annually for each component of the system value chain, such as: generation, transmission and distribution. REN – Rede Eléctrica Nacional, S.A. income relates mainly to electricity transmission and global management of the electricity system.

The tariff for electricity transmission aims to recover:

i) amortization of the concession assets related with the electricity transmission activity;

ii) a return on the average net book value of the assets relating to this activity, in accordance with the rates determined annually by the regulator; and

iii) operating costs relating with the activity.

The tariff for global management of the system aims to recover:

i) amortization of the concession assets relating to global management of the system;

ii) amortization of the concession assets relating to the generating station sites;

iii) a return on the average net book value of the generating station sites (land);

iv) a return on the average net book value of the assets relating to this activity, in accordance with the rates determined annually by the regulator; and

v) operating costs related with the activity.

The "Commercial Agent" activity, carried out by the group company REN Trading which is responsible for the management of the electricity produced under the two PPA's (power purchase agreements) that have not been terminated (Tejo Energia and Turbogás), this activity recovers the operating costs and has a remuneration on the exploration asset.

Revenue obtained with the application of the rate of return are the main part of the results obtained from the "Commercial Agent" activity. This entity operates completely independently of the REN group within the rules established by the regulator.

Regarding the activities of transmission and transformation of electricity and the development, operation and commercialization of transmission systems, carried out by the Group's company, Transemel, these consist of allowing free access to the electricity market in Chile.

The revenue obtained from electricity transmission and transformation services is recorded based on the actual billing of the consumption period, as well as includes an estimate of the services provided until the end of the period, since the contracts define a performance obligation . Additionally, interest income is recognized based on the effective rate method.

Gas segment

Revenue from gas concession operations is determined based on the revenue cap allowed by the regulator based on: i) information relating to the gas units unloaded and re-gasification of gas units in the LNG terminal and the number of tanker loads ii) the gas units injected, stored and extracted in the underground tanks; and iii) the used capacity and gas units transmitted through the high, medium and low pressure transmission network.

Telecommunications segment

Revenue from the telecommunications segment results from services rendered by the group company, RENTELECOM, through the lease of fibre optics capacity, benefiting from the excess capacity of the telecommunications equipment installed. In this area services relating to management of private voice networks are also rendered. Revenue is recognised in the period the services are rendered, based on the percentage of the stage of completion of each specific transaction, valued considering the actual services already rendered and the total services to be rendered.

Tariff deviations

The Tariff Regulations for the electricity and gas business, issued by ERSE, define the formula for calculating the revenue cap for the regulated activities and consider in the calculation formula, the determination of the tariff deviations that are recovered up to the second year after the date in which they were generated, the period on which the tariff deviations are recovered.

In this way the REN Group determines at each reporting date, in accordance with the criteria defined by the tariff regulations published by ERSE, the deviations determined between the revenue cap defined and actual revenue invoiced.

Considering the legislation and the regulatory environment in force, the tariff deviations determined by REN each year comply with a series of characteristics (measurement reliability, right of recovery, transmissibility, identification of the debtor and interest base) that support their recognition as revenue and as an asset, in the year in which they are determined, as being reliably measurable and for it being virtually certain that the financial benefits relating to the transaction(s) will flow to the Company. This rationale is also valid when negative tariff deviations are determined, which are considered as liabilities and revenue deduction.

Despite IFRS do not include a reference regarding the recording of tariff deviations, paragraph 12 of IAS 8, the FASB ASC 980 – Regulated Operations (which replaces previous SFAS 71 – Accounting for the effects of certain types of regulation), strengthens the position of recording assets and liabilities tariff deviations under conditions on which the electricity and gas regulations are established for REN.

The Decree-law n.º 165/ 2008 dated 21 August for the electricity segment and the Decree-Law 87/ 2011 dated 18 July for the gas segment, reinforce the exposed, establishing the applicable regime to the recognition and transmission of tariff deviations, within the scope of the Concession contracts held by the Group.

3.17 SEGMENT REPORTING

An operational segment is a component of an entity which:

a) develops business activities from which can obtain revenue and incur in expenses (including revenue and expenses related with transactions and other components of the same entity);

b) operating results are regularly reviewed by the main responsible for the operational decision making process of the entity of for the purpose of decision making regarding the recourses imputation to the segment and the evaluation of its performance; and

c) the financial data available is distinct.

The operating segments are reported consistently with the internal model of management information made available to the main responsible for the operational decision making of the Entity.

REN identified the Executive Committee as the entity responsible for the operating making decisions. The Executive Committee reviews the information prepared internally so as to assess the Group's performance and the allocation of resources.

The REN Group is organized in two main business segments: Electricity and Gas and one secondary segment, the telecommunications. The Electricity segment includes the transmission of very high tension electricity and overall management of the public electricity supply system and management of power purchase agreements ("PPA") not terminated on 30 June 2007, the management of the concession pilot zone for electricity production based on sea waves and the electricity transmission and transformation in Chile. The Gas segment includes the transport of very high pressure gas and overall management of the national natural gas system, as well as operation of the LNG regasification terminal, the distribution of natural gas in low and medium pressure and underground storage of natural gas.

The telecommunications segment is presented separately although it does not qualify for disclosure.

The segment "Others" includes the operations of REN SGPS, S.A., REN Serviços, S.A., REN Finance, B.V., Aerio Chile, SPA, Apolo Chile, SPA and REN PRO, S.A.

Financial information relating to income of the identified business segments is included in Note 7.

3.18 CASH FLOW STATEMENT

The cash flow statement is prepared under the direct method, being presented the collections and payments in operational activities, investment activities and financing activities.

The Company classifies interests and dividends received as investment activities and interests and dividends paid as financing activities, except when those respect to cash flows of a hedging contract of an identifiable position, which will be classified to the same the cash flow activities of the hedged item.

Assets and liabilities, referring to Decree-Law No. 84-D/ 2022 relativeto the transitional gas price stabilization regime (Note 36), are presented at net value, considering the specific restricted use and the need of accounting separation in relation to the other activities carried out by the Group, as mentioned in paragraph 3 of article 7 of the aforementioned Decree-Law.

3.19 SUBSEQUENT EVENTS

Events that occur after the consolidated statement of financial position date that provide additional information on conditions that existed at the date of the statement of financial position ("adjusting events" or events after the statement of financial position date that lead to adjustments) are recognized in the financial statements. Events that occur after the consolidated statement of financial position date that provide information on conditions that exist after that date ("non-adjusting events" or events after the statement of financial position date that do not lead to adjustments) are disclosed in the notes to the consolidated financial statements, if material.

4. FINANCIAL RISK MANAGEMENT POLICIES

4.1. FINANCIAL RISK FACTORS

The Group's activities are exposed to a variety of financial risks including: exchange rate risk, credit risk, liquidity risk and cash flow risk relating to interest rate, among others.

The Group has developed and implemented a risk management program that, together with permanent monitoring of the financial markets, aiming to minimise potential adverse effects on the REN Group's financial performance.

Risk management is carried out by the financial management department under policies approved by the Board of Directors. The financial management department identifies, assesses and realises operations to minimise the financial risks, in strict cooperation with REN's operating units. The Board of Directors defines the principles for overall risk management and policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of derivatives and other non-derivative financial instruments, and the investment of liquidity excess.

i) Foreign exchange rate risk

REN has limited exposure to foreign exchange rate risk. The risk of fluctuation of foreign exchange rates on the bonds totalling 10,000 million Yens ("JPY") is fully hedged by a cross currency swap of the same notional amount.

An increase of 5% in the exchange rate of Euro/ JPY, with reference to 31 December 2023, and all other factors remaining constant, would lead to a decrease on equity in the amount of 98 thousands euros (127 thousand euros as of 31 December 2022), while a decrease of that exchange rate of 5% would lead to an increase on equity in the amount of 115 thousand euros (increase of 140 thousand euros as of 31 December 2022).

Additionally, the Group is exposed to changes in the exchange rate of Euro/ USD and Euro/ Chilean Peso, related with its financial investment in Electrogas, S.A., acquired in February 2017 (Note 10) and related with the company acquired on 1 October 2019, Empresa de Transmisión Eléctrica Transemel, S.A.

An increase of 5% in the exchange rate of Euro/ USD, with reference to 31 December 2023, and all other factors remaining constant, would lead to a decrease on equity in the amount of 7,488 thousand euros (7,934 thousands euros as of 31 December 2022), while a decrease of that exchange rate of 5% would lead to an increase on equity in the amount of 8,277 thousand euros (8,769 thousand euros as of 31 December 2022).

An increase of 5% in the exchange rate of Euro/ Chilean Peso, with reference to 31 December 2023, and all other factors remaining constant, would lead to a decrease on equity in the amount of 3,888 thousand euros (3,789 thousands euros as of 31 December 2022), while a decrease of that exchange rate would lead to an increase on equity in the amount of 4,298 thousand euros (4,187 thousands euros as of 31 December 2022).

ii) Credit risk

REN's exposure to credit risk is not significant, since a substantial portion of services rendered are recorded through amounts invoiced to electricity and natural gas distributors in regulated markets. In addition, in general, contracts with clients establish guarantees (Note 33.4), to cover the collection and default risk.

The Group's counterparty risk on bank deposits, financial applications, and financial derivative instruments is mitigated by the selection of top rating international institutions with solid credit ratings and well known national institutions.

There is no credit risk related to the item "Asset related to the transitional gas price stabilization regime - Decree-Law 84-D/ 2022", considering the direct relationship with the same amount recorded in the liability item "Liability related to the transitional gas price stabilization regime - Decree-Law 84-D/ 2022", as defined in the Decree-Law.

iii) Liquidity risk

REN's liquidity risk management is carried out through the dynamic and flexible management of commercial paper programs, with subscription guarantee, as well as by negotiating credit limits that enable it, not only to ensure that the current treasury needs of the REN Group are met, but also provide some flexibility. For that effect we highlight, on one hand, 300,000 thousand euros available in commercial paper programmes with subscription guarantee and, on the other hand, 835,000 thousand euros available in different credit lines.

The Group has also credit lines negotiated and not used in the amount of 80,000 thousand euros, maturing up to one year, which are automatically renewable periodically (if they are not resigned in the contractually specified period for that purpose), and from the total amount, 70,000 thousands of euros, respects to a group line, which can be used in total or in portions by several group companies (Note 20).

The liquidity risk relating to the amount recorded in item "Liability related to the transitional gas price stabilization regime - Decree-Law 84-D/ 2022", is fully covered, considering the asset recorded in item "Asset related to the transitional gas price stabilization regime - Decree-Law 84-D/ 2022" (Notes 3.18, 17 and 36), as defined in the Decree-Law.

The following table shows the Group's liabilities by intervals of residual contracted maturity and includes derivative financial instruments whose financial liquidation of the related flows is made at the net amount. The amounts shown in the table are non-discounted cash flows contracted and include future interests; as so, do not correspond to the respective carrying amounts.

				31 DECEMBER 2023
	Less than 1 year	1 - 5 years	Over 5 years	Total
Borrowings:				
Bank borrowings	91,088	306,957	189,619	587,664
Bonds	94,405	839,500	301,500	1,235,405
Commercial paper	570,341	556,842	-	1,127,183
Others	1,696	3,240	-	4,936
	757,530	1,706,539	491,119	2,955,189
Derivative financial instruments	22,425	52,209	6,141	80,775
Trade and others payables	486,700	32,724	-	519,424
Liability related to the transitional gas price stabilization regime - Decree-Law 84-D/ 2022	228,789	-	-	228,789

31 DECEMBER 2022

	Less than 1 year	1 - 5 years	Over 5 years	Total
Borrowings:				
Bank borrowings	81,981	285,920	96,188	464,090
Bonds	582,323	626,627	608,250	1,817,200
Commercial paper	2,740	260,835	-	263,575
Others	1,398	2,418	-	3,816
	668,442	**1,175,800**	**704,438**	**2,548,680**
Derivative financial instruments	10,839	42,552	12,823	66,214
Trade and others payables	342,499	34,815	-	377,314
Liability related to the transitional gas price stabilization regime - Decree-Law 84-D/2022	1,000,000	-	-	1,000,000

The following table shows the derivative financial instruments, financial settlement of which is made at gross amounts:

31 DECEMBER 2023

	Less than 1 year	1 - 5 years	Over 5 years	Total
Cross Currency Interest Rate Swap:				
Outflows	(75,141)	-	-	(75,141)
Inflows	64,834	-	-	64,834
	(10,307)	**-**	**-**	**(10,307)**

31 DECEMBER 2022

	Less than 1 year	1 - 5 years	Over 5 years	Total
Cross Currency Interest Rate Swap:				
Outflows	(3,446)	(74,627)	-	**(78,074)**
Inflows	1,927	72,057	-	**73,983**
	(1,520)	**(2,570)**	**-**	**(4,090)**

iv) Interest rate risk

The risk relating to interest rate variation has two major impacts on REN's financial statements: remuneration of the company's assets, in accordance with the tariff regulations, and interest on the borrowings.

Since a significant part of the REN Group's assets have a guaranteed return through the tariffs, definition of which depends in part on market rates of interest, its operating cash flows are significantly affected by changes in the market interest rates. Increases in the interest market rates, generates significant increases in cash flows and vice versa.

In terms of financial liabilities, REN is exposed to interest rate risk, mainly due to borrowings. Borrowings at variable interest rates expose REN to cash flow risk resulting from changes in interest rates.

Borrowing at fixed rates exposes the REN Group to fair value risk, as a result of changes in interest rates. Risk management is performed centrally aiming to avoid volatility in financial costs, using simple derivative financial instruments such as interest rate swaps. In this kind of operation REN Group exchanges with banking counterparties in specific dates and with defined maturities, the difference between the fixed interest rates and the variable rates with reference to the notional amounts contracted. All operations undertaken with this purpose can be considered, in most cases, perfect interest rate hedging operations.

A global reform of the main interest rate benchmarks is underway, which provide for the replacement of some benchmarks, including Euribor, by alternative risk-free rates. The Group presents exposures to Euribor variations in its financial instruments that will be impacted by this global reform. There is currently uncertainty about the timing and methods associated with the transition of interest rate benchmarks. To date, the Group does not expect a significant impact on its risk management policies and on the effects of hedge accounting.

The Group will assess and analyze the potential concrete impacts of the potential change in Euribor when implementing the timings and the respective methods of change and, in particular, in the designated interest rate risk hedging relationships.

A sensitivity analysis was performed based on the REN Group's total debt less applications in funds and cash and cash equivalents as of 31 December 2023 and 2022, with the following assumptions:

- changes in market interest rates affect interest income and costs of variable financial instruments;
- changes in market interest rates only affect results or equity in relation to fixed interest rate financial instruments if they are recognized at fair value (or remeasured by the interest rate risk in a fair value hedge);
- changes in market interest rates affect the fair value of derivative financial instruments and other financial assets and liabilities; and
- changes in the fair value of derivative financial instruments and other financial assets and liabilities are estimated discounting future cash flows, using market rates at the year end.

Using these assumptions a 0.25% increase in market interest rates for all the currencies in which the Group has borrowings or derivative financial instruments, would result in a decrease of profit before tax of, approximately, 2,754 thousand euros (1,909 thousand euros as of 31 December 2022).

The increase in equity resulting from an increase in interest rates of 0.25% would be, approximately, 4,421 thousand euros, this impact entirely attributed to derivatives (on 31 December 2022 corresponded to an increase of 6,093 thousand euros).

The sensitivity analysis is merely projected, and do not represent any present real gain or loss, neither other real changes in the net results nor in equity.

v) Price risk

REN's exposure to price risk results essentially from its investment in Redeia Corporación S.A. A variation of 10% in the price of shares of Redeia Corporación S.A. on 31 December 2023 would have an impact on equity of 8,073 thousand euros (8,804 thousand euros on 31 December 2022).

vi) Regulated activity risk

Gains recognized by REN in each period result directly from the assumptions considered by the regulator, ERSE, in defining the regulated tariffs for the electricity and gas sectors.

4.2 CAPITAL RISK MANAGEMENT

Within the scope of capital risk management, the Group uses a broader concept than the equity presented in the statement of financial position, with the objective of maintaining an optimized capital structure, through the prudent use of debt.

The necessity of debt increases are analysed periodically considering the Group financing needs and its liquidity position.

REN also monitors its total capital based on the gearing ratio, which is calculated by the quotient between total equity and net assets of the concession. Total equity corresponds to the sum of equity (as disclosed in the statement of financial position). The net concession assets are calculated as the amount of the Group's total intangible assets, net of depreciation and investment subsidies. At 31 December 2023, the Group's gearing ratio comfortably complies with the contractually defined limits.

5. MAIN ESTIMATES AND JUDGEMENTS

The estimates and assumptions with impact on REN's consolidated financial statements are continuously evaluated, representing at each reporting date the Board of Directors best estimates, considering historical performance, past accumulated experience and expectations about future events that, under the circumstances, are believed to be reasonable.

The intrinsic nature of these estimates may cause different impacts on financial statements from those previously estimated. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Significant accounting estimates

5.1 PROVISIONS

The REN Group periodically analyses the existence of possible liabilities resulting from past events that should be recognized or disclosed.

The subjectivity inherent to the determination of the probability and amount of the resources necessary to settle these liabilities may result in significant adjustments, due to changes in the assumptions used or because previously disclosed contingent liabilities may have to be recognised as provisions.

5.2 ACTUARIAL ASSUMPTIONS

Determination of the liability for retirement pensions and healthcare plans requires the use of assumptions and estimates of a demographic and financial nature, which may significantly affect the liability calculated at each reporting date. The most sensitive assumptions refer to: the discount rates used to update the liability, the return on plan assets and the mortality tables.

5.3 TANGIBLE AND INTANGIBLE ASSETS

Determination of the periods of useful life of the assets, as well as the amortization and depreciation method to be used are essential for determining the amount of amortization and depreciation to be recognized in the consolidated statement of profit and loss for each year.

These two parameters are defined in accordance with Management's best judgement for the assets and business.

5.4 IMPAIRMENT

The recognition of possible impairment loss may be identified by the occurrence of events, many outside the control of the REN Group, such as: Future availability of financing; the cost of debt; or maintenance of the current market regulatory structure, as well as other changes of the REN Group, both internal and external.

The identification of impairment indicators, the estimate of future cash flows and the determination of the fair value of assets imply a high degree of judgement by the Board of Directors, as regards the evaluation of impairment indicators, estimated cash flows, discount rates used, useful lives and residual values.

In REN's specific activities there are other factors to consider in impairment testing, since commitments to increase the network of infrastructures, changes in expected tariffs, or changes in the strategy of the shareholders of REN, which together with other factors can result in changes in the future cash flow trends and amounts.

5.5 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is based on market quotations, when available, and in the absence of a quotation is determined based on the use of prices of recent and similar transactions carried out under market conditions or determined by external entities, or based on valuation methodologies, supported by discounted future cash flow techniques, considering the market conditions, the time value, the yield curve and volatility factors. These methodologies may require the use of assumptions or judgments in the estimate of fair value.

Consequently, the use of different methodologies and different assumptions or judgments in the application of a given model could lead to financial results different from those reported.

5.6 IMPAIRMENT OF GOODWILL

The Group performs annual impairment tests on Goodwill, as indicated in Note 3.2 c). The recoverable amounts of the cash-generating units were determined based on the value in use. For the calculation of the value in use, the Group estimated the expected future cash flows from the cash generating units, as well as the appropriate discount rate to calculate the present value of these flows. The value of Goodwill is recognized in Note 9.

5.7 TARIFF DEVIATIONS

The Group performs calculation of tariff deviations at each reporting date, as indicated in Note 3.16. The REN Group determines, in accordance with the criteria defined by the tariff regulations published by ERSE, the deviations determined between the revenue cap defined and actual revenue invoiced. As a result of ERSE's approval, eventual adjustments, in future tariffs, may arise from the adjustments arising from any excesses or insufficiencies of the referred recovery (tariff deviations).

6. CONSOLIDATION PERIMETER

The following companies were included in the consolidation perimeter as of 31 December 2023 and 2022:

			2023		2022	
			% Owned		% Owned	
DESIGNATION/ ADRESS	Country	Activity	Group	Individual	Group	Individual
Parent company:						
REN - Redes Energéticas Nacionais, SGPS, S.A.	Portugal	Holding company	-	-	-	-
Subsidiaries:						
EN - Rede Eléctrica Nacional, S.A. Av. Estados Unidos da América, n.º 55 - Lisboa	Portugal	National electricity transmission network operator (high and very high tension)	100%	100%	100%	100%
REN Trading, S.A. Praça de Alvalade, nº 7 - 12º Dto, Lisboa	Portugal	Purchase and sale, import and export of electricity and natural gas	100%	100%	100%	100%
Enondas-Energia das Ondas, S.A. Mata do Urso - Guarda Norte - Carriço- Pombal	Portugal	Management of the concession to operate a pilot area for the production of electric energy from ocean waves	100%	100%	100%	100%
RENTELECOM - Comunicações S.A. Av. Estados Unidos da América, n.º 55 - Lisboa	Portugal	Telecommunications network operation	100%	100%	100%	100%
REN - Serviços, S.A. Av. Estados Unidos da América, n.º 55 - Lisboa	Portugal	Back office and management of participations	100%	100%	100%	100%
REN Finance, B.V. De Cuserstraat, 93, 1081 CN Amsterdam	Netherlands	Participate, finance, collaborate, conduct management of companies related to REN Group	100%	100%	100%	100%
REN PRO, S.A. Av. Estados Unidos da América, n.º 55 - Lisboa	Portugal	Communication and Sustainability, Marketing, Business Management, Business Development and Consulting and IT Projects	100%	100%	100%	100%
REN Atlântico , Terminal de GNL, S.A. Terminal de GNL - Sines	Portugal	Liquified Natural Gas Terminal maintenance and regasification operation	100%	-	100%	-
Owned by REN Serviços, S.A.:						
REN Gás, S.A. Av. Estados Unidos da América, n.º 55 -12º - Lisboa	Portugal	Management of projects and ventures in the natural gas sector	100%	-	100%	-
Aério Chile SPA Santiago do Chile	Chile	Investments in assets, shares, companies and associations	100%	-	100%	-
Apolo Chile SPA Santiago do Chile	Chile	Investments in assets, shares, companies and associations	100%	-	100%	-
Owned by REN Gás, S.A.:						
REN - Armazenagem, S.A. Mata do Urso - Guarda Norte - Carriço - Pombal	Portugal	Underground storage developement, maintenance and operation	100%	-	100%	-
REN - Gasodutos, S.A. Estrada Nacional 116, km 32,25 - Vila de Rei - Bucelas	Portugal	National Natural Gas Transport operator and natural gas overall manager	100%	-	100%	-
REN Portgás Distribuição, S.A. Rua Linhas de Torres, n.º 41 - Porto	Portugal	Distribution of natural gas	100%	-	100%	-
Owned by Apolo Chile SPA (99.99%) and Aerio Chile SPA (<0.001%):						
Empresa de Transmisión Eléctrica Transemel, S.A. Santiago do Chile	Chile	Transmission and transformation of electricity, allowing free access to different players in the electricity market in Chile	100%	-	100%	-

Changes in the consolidation perimeter

2023

There were no changes to the consolidation perimeter in 2023 compared to that reported on 31 December 2022.

2022

There were no changes to the consolidation perimeter in 2022 compared to that reported on 31 December 2021.

7. SEGMENT REPORTING

The REN Group is organised in two main business segments, Electricity and Gas and one secondary segment. The electricity segment includes the transmission of electricity in very high voltage, overall management of the public electricity system and management of the power purchase agreements (PPA) not terminated at 30 June 2007, the pilot zone for electricity production from sea waves and the transmission and transportation of electricity in Chile. The gas segment includes high pressure gas transmission and overall management of the national natural gas supply system, as well as the operation of regasification at the LNG Terminal, the distribution of natural gas in low and medium pressure and the underground storage of natural gas.

Although the activities of the LNG Terminal and underground storage can be seen as separate from the transport of gas and overall management of the national natural gas supply system, since these operations provide services to the same users and they are complementary services, it was considered that it is subject to the same risks and benefits.

The telecommunications segment is presented separately although it does not qualify for disclosure.

The results by segment for the year ended 31 December 2023 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Sales and services provided	429,042	219,280	7,892	46,130	(50,585)	651,760
Inter-segments	1,524	3,437	-	45,624	(50,585)	-
Revenues from external customers	427,518	215,843	7,892	507	-	651,760
Revenue from construction of concession assets	243,336	52,787	-	-	-	296,123
Cost with construction of concession assets	(223,251)	(44,560)	-	-	-	(267,810)
Gains/ (losses) from associates and joint ventures	-	-	-	12,850	-	12,850
Personnel costs	(106,797)	(46,019)	(3,267)	(16,337)	56,967	(115,453)
Employee compensation and benefit expense	(20,543)	(12,844)	(333)	(30,259)	-	(63,980)
Other expenses and operating income	14,491	(966)	(79)	654	(6,382)	7,719
Operating cash flow	336,279	167,678	4,213	13,039	-	521,209
Investment income - dividends	-	-	-	10,018	-	10,018
Non reimbursursable expenses						
Depreciation and amortizations	(168,263)	(84,746)	(1)	(192)	-	(253,202)
Provisions	1,760	(392)	-	(2,180)	-	(812)
Impairments	(540)	(2,221)	-	(711)	-	(3,472)
Financial results						
Financial income	28,137	6,958	412	136,136	(141,986)	29,656
Financial costs	(37,235)	(28,688)	(4)	(159,210)	141,986	(83,151)
Profit before income tax and ESEC	160,137	58,589	4,620	(3,100)	-	220,246
Income tax expense	(29,626)	(13,985)	(1,098)	2,055	-	(42,655)
Energy sector extraordinary contribution (ESEC)	(18,039)	(10,317)	-	-	-	(28,356)
Profit for the period	112,472	34,286	3,522	(1,045)	-	149,236

The results by segment for the year ended 31 December 2022 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Sales and services provided	375,568	208,131	7,781	41,120	(44,373)	588,226
Inter-segments	1,038	3,542	-	39,794	(44,373)	-
Revenues from external customers	374,530	204,589	7,781	1,326	-	588,226
Revenue from construction of concession assets	154,307	43,113	-	-	-	197,420
Cost with construction of concession assets	(138,216)	(36,879)	-	-	-	(175,095)
Gains/ (losses) from associates and joint ventures	-	-	-	11,812	-	11,812
Personnel costs	(63,855)	(52,772)	(2,347)	(13,303)	49,761	(82,516)
Employee compensation and benefit expense	(18,967)	(12,024)	(313)	(27,215)	-	(58,519)
Other expenses and operating income	16,918	(496)	(36)	337	(5,387)	11,337
Operating cash flow	325,756	149,072	5,085	12,752	-	492,664
Investment income - dividends	-	-	-	9,815	-	9,815
Non reimbursursable expenses						
Depreciation and amortizations	(164,781)	(84,314)	(15)	(166)	-	(249,276)
Provisions	(547)	(376)	(561)	(746)	-	(2,230)
Impairments	(1,060)	-	-	(377)	-	(1,437)
Financial results						
Financial income	7,296	5,143	71	120,486	(121,084)	11,911
Financial costs	(34,084)	(19,663)	(5)	(134,725)	121,084	(67,394)
Profit before income tax and ESEC	132,579	49,862	4,575	7,038	-	194,053
Income tax expense	(37,841)	(16,192)	(1,097)	866	-	(54,263)
Energy sector extraordinary contribution (ESEC)	(17,589)	(10,430)	-	-	-	(28,019)
Profit for the period	77,149	23,240	3,479	7,904	-	111,771

Inter-segment transactions are carried out under normal market conditions, equivalent to transactions with third parties.

Revenue included in the segment “Others” is essentially related to the services provided by the management and back office to Group entities as well as third parties.

Assets and liabilities by segment as well as capital expenditures for the year ended 31 December 2023 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Segment assets						
Group investments held	-	1,131,743	-	3,590,473	(4,722,216)	-
Property, plant and equipment and intangible assets	2,781,803	1,459,489	1	433	-	4,241,727
Other assets	866,759	401,621	18,732	4,326,114	(4,072,985)	1,540,242
Total assets	3,648,563	2,992,853	18,734	7,917,020	(8,795,201)	5,781,968
Total liabilities	1,484,205	1,189,521	10,486	5,658,625	(4,072,985)	4,269,852
Capital expenditure - total	248,449	52,787	-	277	-	301,512
Capital expenditure - property, plant and equipment (Note 8)	5,113	-	-	277	-	5,390
Capital expenditure - intangible assets (Note 8)	243,336	52,787	-	-	-	296,123
Investments in associates (Note 10)	-	-	-	169,157	-	169,157
Investments in joint ventures (Note 10)	-	-	-	2,721	-	2,721

Assets and liabilities by segment at 31 December 2022 as well as investments on tangible and intangible assets were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Segment assets						
Group investments held	-	895,643	-	2,274,773	(3,170,415)	-
Property, plant and equipment and intangible assets	2,713,459	1,491,461	2	365	-	4,205,287
Other assets	872,841	1,397,657	18,166	6,371,555	(6,413,910)	2,246,309
Total assets	3,586,300	3,784,761	18,168	8,646,692	(9,584,325)	6,451,596
Total liabilities	2,679,398	2,253,343	10,442	6,404,788	(6,413,910)	4,934,062
Capital expenditure - total	158,353	43,113	51	23	-	201,540
Capital expenditure - property, plant and equipment (Note 8)	4,046	-	51	22	-	4,120
Capital expenditure - intangible assets (Note 8)	154,307	43,113	-	-	-	197,420
Investments in associates (Note 10)	-	-	-	178,048	-	178,048
Investments in joint ventures (Note 10)	-	-	-	2,722	-	2,722

The liabilities included in the segment "Others" are essentially related to external borrowings obtained directly by REN SGPS, S.A. and REN Finance, BV for financing the several activities of the Group.

The captions of the statement of financial position and profit and loss for each segment result of the amounts considered directly in the individual financial statements of each company that belongs to the Group included in the perimeter of each segment, corrected with the eliminations of the inter-segment transactions.

8. TANGIBLE AND INTANGIBLE ASSETS

During the year ended 31 December 2023, the changes in tangible and intangible assets were as follows:

	Property, plant and equipment						Intangible assets			
	Transmission and electronic equipment	Transport equipment	Office equipment	Property, plant and equipment	Assets in progress	Total	Concession assets	Concession assets in progress	Other intangible assets	Total
Cost:										
At 1 January 2023	121,130	802	846	1,212	14,784	138,775	8,783,321	155,175	59,078	8,997,573
Additions	117	314	21	-	4,938	5,390	27,227	268,895	-	296,123
Disposals, write-offs, impairments and other reclassifications	-	(205)	(7)	-	-	(212)	(6,003)	-	-	(6,003)
Transfers	1,421	-	18	160	(1,612)	(13)	198,746	(198,746)	13	13
Exchange rate differences	(8,422)	(1)	(16)	-	(949)	(9,388)	-	-	(3,657)	(3,657)
At 31 December 2023	114,246	910	862	1,372	17,161	134,552	9,003,292	225,324	55,433	9,284,050
Accumulated depreciation:										
At 1 January 2023	(9,939)	(516)	(488)	(13)	-	(10,957)	(4,919,468)	-	(634)	(4,920,103)
Depreciation charge	(4,206)	(170)	(57)	(4)	-	(4,436)	(248,365)	-	(401)	(248,766)
Depreciation of disposals, impairments, write-offs and other reclassifications	-	187	7	-	-	194	5,355	-	-	5,355
Exchange rate differences	1,743	1	15	-	-	1,759	-	-	81	81
At 31 December 2023	(12,402)	(498)	(523)	(17)	-	(13,441)	(5,162,478)	-	(954)	(5,163,432)
Net book value:										
At 1 January 2023	111,190	286	358	1,199	14,784	127,816	3,863,853	155,175	58,443	4,077,471
At 31 December 2023	101,843	413	339	1,355	17,161	121,110	3,840,814	225,324	54,479	4,120,617

The changes in tangible and intangible assets in the in the year ended 31 December 2022 were as follows:

	Property, plant and equipment						Intangible assets			
	Transmission and electronic equipment	Transport equipment	Office equipment	Property, plant and equipment	Assets in progress	Total	Concession assets	Concession assets in progress	Other intangible assets	Total
Cost:										
At 1 January 2022	92,949	782	903	1,212	29,947	125,793	8,631,076	121,959	55,268	8,808,304
Additions	-	134	119	-	3,866	4,120	5,024	192,396	-	197,420
Disposals, write-offs, impairments and other reclassifications	(33)	(115)	(192)	-	-	(339)	(11,959)	-	-	(11,959)
Transfers	20,947	-	-	-	(21,035)	(87)	159,180	(159,180)	88	87
Exchange rate differences	7,266	1	16	-	2,006	9,289	-	-	3,722	3,722
At 31 December 2022	121,130	802	846	1,212	14,784	138,775	8,783,321	155,175	59,078	8,997,573
Accumulated depreciation:										
At 1 January 2022	(5,236)	(466)	(527)	(13)	-	(6,241)	(4,685,010)	-	(225)	(4,685,235)
Depreciation charge	(3,402)	(164)	(66)	-	-	(3,632)	(245,273)	-	(371)	(245,644)
Depreciation of disposals, impairments, write-offs and other reclassifications	33	114	117	-	-	264	10,815	-	-	10,815
Exchange rate differences	(1,334)	(1)	(13)	-	-	(1,348)	-	-	(38)	(38)
At 31 December 2022	(9,939)	(516)	(488)	(13)	-	(10,957)	(4,919,468)	-	(634)	(4,920,103)
Net book value:										
At 1 January 2022	87,713	316	377	1,199	29,947	119,551	3,946,067	121,959	55,043	4,123,069
At 31 December 2022	111,190	286	358	1,199	14,784	127,816	3,863,853	155,175	58,443	4,077,471

The main additions verified in the periods ended 2023 and 2022 are made up as follows:

	2023	2022
Electricity segment:		
Power line construction (220 KV, 150 KV and others)	31,015	28,162
Power line construction (400 KV)	90,789	56,958
Construction of new substations	10,632	1,831
Substation Expansion	60,859	48,659
Other renovations in substations	4,058	4,247
Telecommunications and information system	7,530	7,014
Pilot zone construction - wave energy	190	179
Buildings related to concession	5,188	1,463
Transmission and transformation of electricity in Chile	5,061	3,881
Other assets	33,075	5,794
Gas segment:		
Expansion and improvements to gas transmission network	17,094	10,041
Construction project of cavity underground storage of gas in Pombal	1,406	1,604
Construction project and operating upgrade - LNG facilities	9,655	2,838
Gas distribution projects	24,632	28,630
Others segments:		
Other assets	329	239
Total of additions	301,512	201,540

The main transfers that were concluded and began activity during the periods ended 2023 and 2022 are made up as follows:

	2023	2022
Electricity segment:		
Power line construction (220 KV, 150 KV and others)	25,502	55,083
Power line construction (400 KV)	46,214	18,033
Substation Expansion	53,839	35,321
Other renovations in substations	3,036	3,452
Telecommunications and information system	5,698	6,594
Buildings related to concession	6,291	887
Transmission and transformation of electricity in Chile	1,612	21,035
Other assets under concession	6,875	4,160
Gas segment:		
Expansion and improvements to gas transmission network	16,502	7,422
Construction project of cavity underground storage of gas in Pombal	1,541	1,305
Construction project and operating upgrade - LNG facilities	5,211	2,022
Gas distribution projects	28,039	24,904
Total of transfers	200,358	180,215

The assets in progress at 31 December 2023 and 2022 are as follows:

	2023	2022
Electricity segment:		
Power line construction (400 KV, 220 KV, 150 KV and others)	136,611	86,178
Substation Expansion	43,372	36,282
New substations projects	14,704	3,807
Buildings related to concession	3,647	4,749
Transmission and transformation of electricity in Chile	17,002	14,783
Other projects	5,264	2,648
Gas segment:		
Expansion and improvements to natural gas transmission network	9,905	9,945
Construction project of cavity underground storage of gas in Pombal	2,949	3,141
Construction project and operating upgrade - LNG facilities	5,702	1,426
Gas distribution projects	3,328	6,997
Total of assets in progress	242,485	169,959

Borrowing costs capitalized on intangible assets in progress in the year ended 31 December 2023 amounted to 5,575 thousand euros (2,788 thousand euros as of 31 December 2022), while overhead and management costs capitalized amounted to 22,738 thousand euros (19,536 thousand euros as of 31 December 2022) (Note 25). The average rate of the financial costs capitalized was of 0.23%.

During the year ended 31 December 2023, there was an impairment loss in the amount of 570 thousand euros related to fixed assets.

During the year ended 31 December 2022, there was an impairment loss in the amount of 979 thousand euros related to fixed assets.

The net book value of the property, plant and equipment and intangible assets, related with transport equipments acquired through finance lease contracts at 31 December 2023 and 2022 was as follows:

	2023		
	Cost	Accumulated depreciation and amortization	Net book value
Initial value	8,195	(4,519)	3,677
Additions	3,350	-	3,350
Disposals and write-offs	(2,298)	2,142	(156)
Depreciation charge	-	(1,989)	(1,989)
Final value	9,247	(4,366)	4,881

	2022		
	Cost	Accumulated depreciation and amortization	Net book value
Initial value	9,309	(4,453)	4,856
Additions	1,847	-	1,847
Disposals and write-offs	(2,961)	1,979	(982)
Depreciation charge	-	(2,045)	(2,045)
Final value	8,195	(4,519)	3,677

9. GOODWILL

Goodwill represents the difference between the amount paid for the acquisition and the net assets fair value of the companies acquired, with reference to the acquisition date, and at 31 December 2023 and 2022 is detailed as follows:

SUBSIDIARIES	Year of acquisition	Acquisition cost	%	2023	2022
REN Atlântico, Terminal de GNL, S.A.	2006	32,580	100%	755	1,133
REN Portgás Distribuição, S.A.	2017	503,015	100%	-	1,235
Empresa de Transmisión Eléctrica Transemel, S.A.	2019	155,482	100%	2,015	2,147
Total				2,770	4,515

The movement in the Goodwill caption for the years ended 31 December 2023 and 2022 was:

SUBSIDIARIES	At 1 January 2022	Increases	Decreases	Exchange rate differences	At 31 December 2022	Increases	Decreases	Exchange rate differences	At 31 December 2023
REN Atlântico, Terminal de GNL, S.A.	1,510	-	(377)	-	1,133	-	(377)	-	755
REN Portgás Distribuição, S.A.	1,235	-	-	-	1,235	-	(1,235)	-	-
Empresa de Transmisión Eléctrica Transemel, S.A.	2,012	-	-	136	2,147	-	-	(132)	2,015
Total	4,757	-	(377)	136	4,515	-	(1,612)	(132)	2,770

Impairment test of Goodwill – REN Atlântico, Terminal de GNL, S.A.

REN made the impairment test of goodwill at 31 December 2023 and 2022, at the cash generating unit level to which REN Atlântico belongs. The business of REN Atlântico is subject to a concession contract and regulated tariffs so that the recoverable amount was determined based on value-in-use calculations. The cash flow projections considered the expected regulatory terms in place for the remaining term of the concession (concession for a period of 40 years beginning on the 26 September 2006), which cash inflows associated to cash-generating unit correspond to the regulated remuneration obtained over the net book value of the underlying investments.

The cash flow was discounted considering an average market pre-tax interest rate, adjusted for the natural gas regasification activities risk, of 5.3% (post-tax discount rate of 3.95%).

Cash generation unit	Method	Cash flow	Growing factor	Discounted rate
Empresa de Transmisión Eléctrica Transemel, S.A.	DFC (Discounted Cash Flow)	Operating flow projected to the remaining concession period	The rate decrease according of average rate of assets depreciation	5.3% (pre-tax) 3.95% (post-tax)

In accordance with the assumptions considered and the analysis made, the Group recorded an impairment loss in the amount of 377 thousand euros.

Impairment test of Goodwill – REN Portgás Distribuição, S.A.

REN made the impairment test of goodwill at 31 December 2023 and 2022, at the cash generating unit level to which REN Portgás Distribuição, S.A belongs. The business of the company is subject to a concession contract and regulated tariffs so that the recoverable amount was determined based on value-in-use calculations. The cash flow projections considered the expected regulatory terms in place for the remaining term of the concession (concession for a period of 30 years and 3 months beginning on October 2017), which cash inflows associated to cash-generating unit correspond to the regulated remuneration obtained over the net book value of the underlying investments.

The cash flow was discounted considering an average market pre-tax interest rate, adjusted for the company activities risk, of 5.0% (post-tax discount rate of 3.55%).

Cash generation unit	Method	Cash flow	Growing factor	Discounted rate
REN Portgás Distribuição, S.A.	DFC (Discounted Cash Flow)	Operating flow projected to the remaining concession period	The rate decrease according of average rate of assets depreciation	5.0% (pre-tax) 3.55% (post-tax)

At 31 December 2023, the Group made an impairment test of goodwill, in which it was found that the financial assessment of REN Portgás Distribuição, S.A. is lower than the value of the recorded financial participation, therefore, an impairment of the entire goodwill was recognized in the amount of 1,235 thousands euros.

Impairment test of Goodwill – Empresa de Transmisión Eléctrica Transemel, S.A.

REN made the impairment test of goodwill at 31 December 2023 and 2022, at the cash generating unit level to which Empresa de Transmisión Eléctrica Transemel, S.A. belongs. The business of the company is subject to a concession contract so that the recoverable amount was determined based on value-in-use calculations. The cash flow projections considered the expected regulatory terms in place for the remaining term of the concession, which cash inflows associated to cash-generating unit correspond to the regulated remuneration obtained over the net book value of the underlying investments.

To determine the fair value of the assets, the main assumptions considered were as follows:

- Regulated assets - "Discounted Free Cash Flow method", projection period of 30 years, starting in October 2019 (in line with the remaining fixed assets at the valuation date);
- Concession rights - "Discounted Free Cash Flow method", indefinite projection period, taking into account that Transemel has indefinite usage licenses;
- Non-regulated assets (contracts) - "Multiperiod excess earnings method", projection period defined based on the useful life defined in each contract.

The cash flow was discounted considering an average market pre-tax interest rate, adjusted for the company activities risk, of 8.33% (post-tax discount rate of 6.08%).

Cash generation unit	Method	Cash flow	Growing factor	Discounted rate
Empresa de Transmisión Eléctrica Transemel, S.A.	DFC (Discounted Cash Flow)	Operating flow projected to the remaining concession period	The rate decrease according of average rate of assets depreciation	8.33% (pre-tax) 6.08% (post-tax)

In accordance with the assumptions and analysis made, the Group did not recorded any impairment losses in Goodwill.

Stress testing was performed on the valuation model, with the following assumptions: i) discounted rate (WACC) and ii) synergies, considering non-materialization throughout the projection period. These analyses would determine a valuation value higher than the book value.

The Board of Directors has concluded that there are no indications of impairment, however, considering the uncertainties as to the recoverability of the assets because they are based on the best available information at the date, changes in assumptions may result in impacts on the determination of impairment and, consequently, in the results of the Company, therefore these investments are monitored repeatedly.

10. INVESTMENTS IN ASSOCIATES AND JOIN VENTURES

At 31 December 2023 and 2022, the financial information regarding the financial interest held is as follows:

31 DECEMBER 2023

ENTITY	Activity	Head office	Share capital	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	Net profit/ (loss)	Share capital	%	Carrying amount	Group share of profit/ (loss)
Equity method:													
Associate:													
OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A. i)	Holding company	Lisbon	2,610	438	30,040	206	-	1,996	1,603	30,272	40	11,902	692
Electrogas, S.A.	Gas transportation	Chile	19,245	10,198	26,714	4,829	5,576	48,875	28,598	26,507	42,5	157,256	12,154
												169,157	12,846
Joint venture:													
Centro de Investigação em Energia REN - STATE GRID, S.A.	Research & development	Lisbon	3,000	6,046	57	642	12	1,721	8	5,449	50	2,721	4
												171,879	12,850

i) Financial Statements at 31 December 2023, subject to audit review.

31 DECEMBER 2022

ENTITY	Activity	Head office	Share capital	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	Net profit/ (loss)	Share capital	%	Carrying amount	Group share of profit/ (loss)
Equity method:													
Associate:													
OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A.	Holding company	Lisbon	2,610	331	29,017	230	-	1,314	645	29,118	40	11,440	255
Electrogas, S.A.	Gas transportation	Chile	19,938	16,858	31,226	5,247	6,692	46,283	27,181	36,145	42,5	166,608	11,552
												178,048	11,807
Joint venture:													
Centro de Investigação em Energia REN - STATE GRID, S.A.	Research & development	Lisbon	3,000	6,201	96	827	20	1,740	10	5,450	50	2,722	5
												180,770	11,812

Associates

The changes in the caption “Investments in associates” during the years ended at 31 December 2023 and 2022 was as follows:

INVESTMENTS IN ASSOCIATES

At 1 de january de 2022	166,541
Effect of applying the equity method	11,807
Currency translation reserves	9,539
Dividends of Electrogas	(9,358)
Receipt of supplementary obligations of OMIP	(391)
Other changes in equity	(89)
At 31 December 2022	178,048
Effect of applying the equity method	12,846
Currency translation reserves	(5,828)
Dividends of Electrogas	(15,729)
Receipt of supplementary obligations of OMIP	(231)
Other changes in equity	51
At 31 December 2023	169,157

The total amount of dividends recognized by associates was 15,729 thousand euros, during the year ended 31 December 2023, relating to the distribution of 2022 results (5,929 thousand euros) and the anticipated distribution of dividends related to the year of 2023 (9,800 thousand euros) (Note 34).

The proportional value of the OMIP, SGPS includes the effect of the adjustment resulting of changes to the Financial Statement of the previous year, made after the equity method application.

Joint ventures

The movement in the caption “Investments in joint ventures” during the years ended 31 December 2023 and 2022 was as follows:

INVESTMENTS IN JOINT VENTURES

At 1 January 2022	2,742
Effect of applying the equity method	5
Dividends distribution	(25)
At 31 December 2022	2,722
Effect of applying the equity method	4
Dividends distribution	(5)
At 31 December 2023	2,721

Following a joint agreement of technology partnership between REN – Redes Energéticas Nacionais and the State Grid International Development (SGID), in May 2013 an R&D centre in Portugal dedicated to power systems designed – Centro de Investigação em Energia REN – STATE GRID, S.A. ("Centro de Investigação") was incorporated, being jointly controlled by the above mentioned two entities.

The Research Centre aims to become a platform for international knowledge, a catalyst for innovative solutions and tools, applied to the planning and operation of transmission power.

The total amount of dividends recognized from joint ventures was 5 thousand euros, during the year ended 31 December 2023, relating to the distribution of 2022 results, which were received and included in the cash flow statement.

At 31 December 2023 and 2022, the financial information of the joint venture was as follows:

	31 DECEMBER 2023						
	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciations and amortizations	Financial income	Financial costs	Income tax-(cost)/ income
Joint venture:							
Centro de Investigação em Energia REN - STATE GRID, S.A.	5,357	17	12	(41)	12	(3)	(2)

	31 DECEMBER 2022						
	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciations and amortizations	Financial income	Financial costs	Income tax-(cost)/ income
Joint venture:							
Centro de Investigação em Energia REN - STATE GRID, S.A.	5,257	2	2	(65)	-	(3)	(2)

11. INCOME TAX

REN is taxed based on the special regime for the taxation of group companies ("RETGS"), which includes all companies located in Portugal that REN detains directly or indirectly ate least 75% of the share capital, which should give at more than 50% of the voting rights, and comply with the conditions of the article 69° of the Corporate Income Tax law.

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities for a period of four years (five years for social security), except when there are tax losses, tax benefits granted or tax inspections, claims or appeals in progress, in which case the period can be extended or suspended, depending on the circumstances. Consequently, the Company's tax returns for the years from 2020 to 2023 are still subject to review.

The Company's Board of Directors understands that possible corrections to the tax returns resulting from tax reviews/ inspections carried out by the tax authorities will not have a significant effect on the financial statements as of 31 December 2023 and 2022.

In 2023, the Group is taxed in Corporate Income Tax rate of 21%, increased by a municipal surcharge up the maximum of 1.5% over the taxable profit; and a State surcharge of an additional i) 3% of taxable profit between 1,500 thousand euros and 7,500 thousand euros; ii) of 5% over the taxable profit in excess of 7,500 thousand euros and up to 35,000 thousand euros; and iii) 9% for taxable profits in excess of 35,000 thousand euros, which results in a maximum aggregate tax rate of 31.5%.

In the year ended 31 December 2023, the computation of the deferred taxes, was updated in accordance with Law 24-D/ 2022, of 30 December, that established a Corporate Income Tax rate of 21%, increased by a municipal surcharge up the maximum of 1.5% over the taxable profit; and a State surcharge of an additional i) 3% of taxable profit between 1,500 thousand euros and 7,500 thousand euros; ii) of 5% over the taxable profit in excess of 7,500 thousand euros and up to 35,000 thousand euros; and iii) 9% for taxable profits in excess of 35,000 thousand euros, which results in a maximum aggregate tax rate of 31.5%. The above taxes shall apply to taxable profits relating to taxation periods beginning on or after 1 January 2024.

The tax rate used in the valuation of temporary taxable and deductible differences as of 31 December 2023, was updated for each Company included in the consolidation perimeter, using the average tax rate expected in accordance with future perspective of taxable profits of each company recoverable in the next periods.

Pillar Two legislation is applicable in the various jurisdictions in which the Group operates. The legislation will be effective for the financial statements for the year starting on 1 January 2024 (see accounting policies in Note 3.1). The Group has carried out an assessment of the potential exposure to Pillar Two income taxes. The assessment is based on the most recent financial information of the Group's companies. Based on this assessment, the effective tax rates in all jurisdictions in which the Group operates are higher than 15% and Management is not aware of any fact or event that could change this conclusion. As such, the Group's exposure to the new Pillar Two legislation is not expected, except for potential additional reporting obligations.

Income tax registered in the years ended 31 December 2023 and 2022 was as follows:

	2023	2022
Current income tax	20,179	48,447
Adjustments of income tax from previous years	(1,680)	(3,076)
Deferred income tax	24,156	8,892
Income tax	42,655	54,263

The amount of 1,680 thousand euros on 31 December 2023 (3,076 thousand euros on 31 December 2022), essentially refers to the recovery of CIT from previous years to the level of deductibility of tax benefits.

Reconciliation between tax calculated at the nominal tax rate and tax recorded in the consolidated statement of profit and loss is as follows:

	2023	2022
Consolidated profit before income tax	220,246	194,053
Permanent differences:		
Non deductible/ taxable costs/ income	(42,612)	12,929
Timing differences:		
Tariff deviations	(92,790)	(41,840)
Provisions and impairment	226	2,554
Revaluations	(6,609)	3,353
Pension, helthcare assistence and life insurance plans	(4,049)	(1,785)
Derivative financial instruments	1,007	(1,064)
Others	1,323	1,154
Taxable income	76,741	169,354
Income tax	12,905	32,968
State surcharge tax	5,381	12,177
Municipal surcharge	1,397	2,787
Autonomous taxation	495	514
Current income tax	20,179	48,447
Deferred income tax	24,156	8,892
Adjustments of income tax from previous years	(1,680)	(3,076)
Income tax	42,655	54,263
Effective tax rate	19.4%	28.0%

Income tax

The caption "Income tax" payable and receivable at 31 December 2023 and 2022 is made up as follows:

	2023	2022
Income tax:		
Corporate income tax - estimated tax	(20,179)	(48,447)
Corporate income tax - payments on account	42,441	57,331
Income withholding tax by third parties	3,009	1,793
Income recoverable/ (payable)	147	(7)
Income tax recoverable	25,419	10,671

Deferred taxes

The effect of the changes in the deferred tax captions in the years presented was as follows:

	2023	2022
Impact on the statement of profit and loss:		
Deferred tax assets	(19,950)	(15,001)
Deferred tax liabilities	(4,206)	6,108
	(24,156)	(8,892)
Impact on equity:		
Deferred tax assets	3,584	(11,870)
Deferred tax liabilities	11,365	(13,601)
	14,949	(25,471)
Net impact of deferred taxes	(9,207)	(34,363)

The changes in deferred tax by nature were as follows:

Change in deferred tax assets – 2023

	Provisions and Impairments	Pensions	Tariff deviations	Derivative financial instruments	Revalued assets	Others	Total
At 1 January 2023	3,130	19,454	32,587	(2,457)	12,986	4,100	69,803
Increase/ decrease through reserves	-	3,289	-	-	-	295	3,584
Reversal through profit and loss	(932)	(18)	(16,301)	(67)	(2,172)	(1,022)	(20,512)
Increase through profit and loss	156	-	397	9	-	-	562
Change in the period	(776)	3,271	(15,904)	(58)	(2,172)	(727)	(16,366)
At 31 December 2023	2,355	22,726	16,683	(2,516)	10,814	3,374	53,437

Change in deferred tax assets – 2022

	Provisions and Impairments	Pensions	Tariff deviations	Derivative financial instruments	Revalued assets	Others	Total
At 1 January 2022	2,834	28,200	46,433	1,542	15,054	2,607	96,673
Increase/ decrease through reserves	-	(8,175)	-	(3,837)	-	142	(11,870)
Reversal through profit and loss	-	(571)	(14,192)	(162)	(2,068)	(43)	(17,036)
Increase through profit and loss	296	-	346	-	-	1,394	2,036
Change in the period	296	(8,746)	(13,846)	(3,999)	(2,068)	1,493	(26,870)
At 31 December 2022	3,130	19,454	32,587	(2,457)	12,986	4,100	69,803

Deferred tax assets at 31 December 2023 correspond essentially to: i) to liabilities for benefit plans granted to employees; ii) tariff deviations liabilities to be settled in subsequent years; and iii) revalued assets.

Revalued assets

In the year ended 31 December 2015, and following a favourable decision on the tax recovery of assets impairment generated during the split of REN from EDP Group, the Company recognized the amount of 10,182 thousand euros as deferred tax assets.

In the period ended 31 December 2016, the caption of revalued assets refers to the net effect of the tax revaluation of eligible assets, pursuant to Decree-Law no. 66/ 2016, of 3 November, which led to an increase in its tax base of 46,137 thousand euros. As a result, REN Portgás recognized deferred tax assets of 12,593 thousand euros, which will be recovered by tax deduction from the revaluation reserve inherent to revalued assets, to be amortized over 8 years from 2018. The tax revaluation reserve was taxed in 2016 at a rate of 14% (the amount calculated is settled in three equal installments, with the first due on 20 December 2016, the second due on 15 December 2017 and the third will expire on 15 December 2018).

In the year ended 31 December 2019, based on the response to a Binding Information Request, the value of the caption of revalued assets was updated to the amount of 57,271 thousand euros, which led to the additional payment of autonomous taxation. As a result, deferred tax assets were restated to the amount of 15,632 thousand euros, to be amortized over 8 years from 2018.

Change in deferred tax liabilities – 2023

	Tariff deviations	Revaluations	Fair value	Investments in equity instruments at fair value through other comprehensive income	Derivative financial instruments	Others	Total
At 1 January 2023	27,775	15,937	46,860	8,669	17,179	(1,355)	115,064
Increase/ decrease through equity	-	-	-	(4,319)	(6,492)	14	(10,797)
Reversal trough profit and loss	-	(1,332)	(1,998)	-	-	(575)	(3,905)
Increase through profit and loss	8,111		-	-	-	-	8,111
Exchange rate differences	-	-	-	-	-	(568)	(568)
Change in the period	8,111	(1,332)	(1,998)	(4,319)	(6,492)	(1,129)	(7,159)
At 31 December 2023	35,885	14,605	44,862	4,350	10,687	(2,484)	107,905

Change in deferred tax liabilities – 2022

	Tariff deviations	Revaluations	Fair value	Investments in equity instruments at fair value through other comprehensive income	Derivative financial instruments	Others	Total
At 1 January 2022	29,765	17,274	48,685	13,037	-	(1,190)	107,569
Increase/ decrease through equity	-	-	-	(4,368)	17,179	(13)	12,798
Reversal trough profit and loss	(1,990)	(1,337)	(1,825)	-	-	(1,044)	(6,196)
Increase through profit and loss	-	-	-	-	-	89	89
Exchange rate differences	-	-	-	-	-	803	803
Change in the period	(1,990)	(1,337)	(1,825)	(4,368)	17,179	(165)	7,494
At 31 December 2022	27,775	15,937	46,860	8,669	17,179	(1,355)	115,064

Deferred tax liabilities relating to revaluations result from revaluations made in preceding years under legislation. The effect of these deferred taxes reflects the non-tax deductibility of 40% of future depreciation of the revaluation component (included in the assets considered cost at the time of the transition to IFRS).

The legal documents that establish these revaluations were the following:

LEGISLATION (REVALUATION)

Electricity segment	Gas segment
Decree-Law nº 430/ 78	Decree-Law nº 140/ 2006
Decree-Law nº 399-G/ 81	Decree-Law nº 66/ 2016
Decree-Law nº 219/ 82	
Decree-Law nº 171/ 85	
Decree-Law nº 118-B/ 86	
Decree-Law nº 111/ 88	
Decree-Law nº 7/ 91	
Decree-Law nº 49/ 91	
Decree-Law nº 264/ 92	

12. FINANCIAL ASSETS AND LIABILITIES

The accounting policies for financial instruments in accordance with the IFRS 9 categories have been applied to the following financial assets and liabilities:

							2023
	Notes	Financial assets at amortized cost	Financial assets at fair value - Equity instruments through other comprehensive income	Financial assets/ liabilities at fair value - Profit for the year	Other financial assets/ liabilities	Total carrying amount	Fair value
Assets							
Cash and cash equivalents	17	-	-	-	40,145	40,145	40,145
Trade and other receivables	14	814,341	-	-	-	814,341	814,341
Other financial assets		-	-	6,000	164	6,164	6,164
Investments in equity instruments at fair value through other comprehensive income	13	-	135,741	-	-	135,741	135,741
Income tax receivable	11	25,419	-	-	-	25,419	25,419
Derivative financial instruments	16	-		54,363	-	54,363	54,363
Assets related to the transitional gas price stabilization regime - Decree-Law 84-D/ 2022	36	-	-	-	228,789	228,789	228,789
		839,760	135,741	60,363	269,098	1,304,962	1,304,962
Liabilities							
Borrowings	20	-	-	-	2,733,642	2,733,642	2,716,843
Trade and other payables	23	-	-	-	606,136	606,136	606,136
Drivative financial instruments	16	-	60,607	-	-	60,607	60,607
Liability related to the transitional gas price stabilization regime - Decree-Law 84-D/ 2022	36	-	-	-	228,789	228,789	228,789
		-	60,607	-	3,568,567	3,629,174	3,612,375

2022

	Notes	Financial assets at amortized cost	Financial assets at fair value - Equity instruments through other comprehensive income	Financial assets/ liabilities at fair value - Profit for the year	Other financial assets/ liabilities	Total carrying amount	Fair value
Assets							
Cash and cash equivalents	17	-	-	-	365,292	365,292	365,292
Trade and other receivables	14	383,430	-	-	-	383,430	383,430
Other financial assets		-	-	-	179	179	179
Investments in equity instruments at fair value through other comprehensive income	13	-	145,715	-	-	145,715	145,715
Income tax receivable	11	10,671	-	-	-	10,671	10,671
Derivative financial instruments	16	-	-	80,799	-	80,799	80,799
Assets related to the transitional gas price stabilization regime - Decree-Law 84-D/ 2022	36	-	-	-	1,000,000	1,000,000	1,000,000
		394,101	**145,715**	**80,799**	**1,365,472**	**1,986,087**	**1,986,087**
Liabilities							
Borrowings	20	-	-	-	2,334,306	2,334,306	2,289,200
Trade and other payables	23	-	-	-	964,968	964,968	964,968
Drivative financial instruments	16	-	-	73,464	-	73,464	73,464
Liability related to the transitional gas price stabilization regime - Decree-Law 84-D/ 2022	36	-	-	-	1,000,000	1,000,000	1,000,000
		-	**-**	**73,464**	**4,299,274**	**4,372,738**	**4,327,632**

Loans obtained, as referred to in Note 3.6, are measured, initially at fair value and subsequently at amortized cost, except for those which it has been contracted derivative fair value hedges (Note 16) which are measured at fair value. Nevertheless, REN proceeds to the disclosure of the fair value of the caption Borrowings, based on a set of relevant observable data, which fall within Level 2 of the fair value hierarchy.

The fair value of borrowings and derivatives are calculated by the method of discounted cash flows, using the curve of interest rate on the date of the statement of financial position in accordance with the characteristics of each loan.

The range of market rates used to calculate the fair value ranges between 3.888% and 2.507% (maturities of one day and twelve years, respectively).

The fair value of borrowings contracted by the Group at 31 December 2023 is 2,716,843 thousand euros (at 31 December 2022 was 2,289,200 thousand euros), of which 553,727 thousand euros are partially recorded at amortized cost, and contains an element recorded at fair value resulting from movements in the interest rate (at 31 December 2022 the amount recorded was 527,116 thousand euros).

In December 2023, REN subscribed 6,000,000 of category D units of the Nowberry closed-end venture capital fund, for the unit value of 1 euro each.

Estimated fair value – assets measured at fair value

The following table presents the Group's assets and liabilities measured at fair value at 31 December 2023 in accordance with the following hierarchy levels of fair value:

- Level 1: the fair value of financial instruments is based on net market prices as of the date of the statement of financial position;
- Level 2: the fair value of financial instruments is not determined based on active market quotes but using valuation models;
- Level 3: the fair value of financial instruments is not determined based on active market quotes, but using valuation models, whose main inputs are not observable in the market.

During the year ended 31 December 2023, there was no transfer of financial assets and liabilities between fair value hierarchy levels.

		2023				2022			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:									
Investments in equity instruments at fair value through other comprehensive income	Shares	80,735	-	51,410	132,145	88,045	-	54,074	142,119
Financial assets at fair value	Cash flow hedge derivatives	-	53,492	-	53,492	-	78,735	-	78,735
Financial assets at fair value through profit and loss	Negotiable derivatives	-	871	-	871	-	2,064	-	2,064
Other financial assets	Treasury funds	6,000	-	-	6,000	-	-	-	-
		86,735	54,363	51,410	192,508	88,045	80,799	54,074	222,918
Liabilities:									
Financial liabilities at fair value	Loans	-	553,727	-	553,727	-	527,116	-	527,116
Financial liabilities at fair value	Cash flow hedge derivatives	-	8,601	-	8,601	-	901	-	901
Financial liabilities at fair value	Fair value hedge derivatives	-	52,006	-	52,006	-	72,563	-	72,563
		-	614,334	-	614,334	-	600,580	-	600,580

During the year ended 31 December 2023, REN proceeded to a valuation of the financial interests held Hidroeléctrica de Cahora Bassa, S.A., which is classified as Investments in equity instruments at fair value through other comprehensive income (Note 13). The fair value of this asset reflects the price at which the asset would be sold in an orderly transaction.

For this purpose, REN has opted for a revenue approach, which reflects current market expectations regarding future amounts. The fair value of the investment amounted to 51,410 thousand euros (Note 13) for the year ended on 31 December 2023.

Quality of Finantial Assets

The credit quality of financial assets that are not overdue or impaired may be assessed with reference to the credit ratings disclosed by Standard & Poor's or based on historical information from the entities to which they refer:

	2023	2022
Trade and other receivables		
BBB	43,659	45,057
Others without rating	770,682	338,373
	814,341	383,430
Cash and cash equivalents		
A+ to A-	8,317	300,766
BBB+ to BBB-	27,876	169
Until BB+	3,952	64,357
	40,145	365,292
Asset related to the transitional gas price stabilization regime - Decree-Law 84-D/ 2022		
Until BB+	228,789	1,000,000
	228,789	1,000,000

Trade and other receivables refer mainly to regulated electricity and gas services rendered.

The main transactions are carried out with authorized distributors in each of the businesses, such as EDP, GALP and some European distributors.

At 31 December 2023, overdue or impaired credits are as follows:

i) Trade and other receivables include 4,195 thousand euros (Note 14) which have been adjusted for impairment; and

ii) There are some aged receivables relating to transactions with EDP group companies for which the credit risk is considered as null.

With respect to the current receivables and payables balances, its carrying amount corresponds to a reasonable approximation of its fair value.

The non-current accounts receivable and accounts payable refers, essentially, to tariff deviations which amounts are communicated by ERSE, being its carrying amount a reasonable approximation of its fair value, given that they include the time value of money, being incorporated in the next two years tariffs.

13. INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The assets recognised in this caption at 31 December 2023 and 2022 corresponds to equity interests held on strategic entities for the Group, which can be detailed as follows:

	Head office			Book value	
	City	Country	% owned	2023	2022
OMEL - Operador del Mercado Ibérico de Energia (Pólo Espanhol)	Madrid	Spain	10.00%	3,167	3,167
Redeia Corporación S.A.	Madrid	Spain	1.00%	80,735	88,045
Hidroeléctrica de Cahora Bassa ("HCB")	Maputo	Mozambique	7.50%	51,410	54,074
Coreso, S.A.	Brussels	Belgium	7.90%	164	164
MIBGÁS, S.A.	Madrid	Spain	6.67%	202	202
MIBGÁS Derivatives, S.A.	Madrid	Spain	9.70%	49	49
Associação HyLab - Green Hydrogen Collaborative Laboratory	Sines	Portugal	15.00%	15	15
				135,741	145,715

The changes in this caption were as follows:

	OMEL	HCB	REE	Coreso	MIBGÁS	MIBGÁS Derivatives	HyLab	Total
At 1 January 2022	3,167	56,111	103,017	164	202	49	15	162,724
Fair value adjustments	-	(2,037)	(14,972)	-	-	-	-	(17,009)
At 31 December 2022	3,167	54,074	88,045	164	202	49	15	145,715
At 1 January 2023	3,167	54,074	88,045	164	202	49	15	145,715
Fair value adjustments	-	(2,664)	(7,310)	-	-	-	-	(9,974)
At 31 December 2023	3,167	51,410	80,735	164	202	49	15	135,741

Redeia Corporación S.A. is the transmission system operator of electricity in Spain. The Group acquired 1% of equity interests in Redeia Corporación S.A. as part of the agreement signed by the Portuguese and Spanish Governments. Redeia Corporación S.A. is a listed company in Madrid`s index IBEX 35– Spain and the financial asset was recorded on the statement of financial position at the market price on 31 December 2023.

REN holds 2,060,661,943 shares representing 7.5% of the stock capital and voting rights of HCB, a company incorporated under Mozambican law, at the Hidroeléctrica de Cahora Bassa, SA ("HCB"), as a result of fulfilling the conditions of the contract entered into on April 9, 2012, between REN, Parpública - Participações Públicas, SGPS, SA, CEZA - Companhia Eléctrica do Zambeze, SA and EDM - Electricidade de Moçambique, EP. This participation was initially recorded at its acquisition cost (38,400 thousand euros) and subsequently adjusted to its fair value (Note 12).

REN Company holds a financial stake in the Coreso's share capital, a Company which is also hold by other important European TSO's which, as initiative of the Coordination of Regional Security (CRS), assists the TSO's in the safely supply of electricity in Europe. In this context, Coreso develops and executes operational planning activities since several days before until near real time.

On 31 December 2023, REN also holds a 6.67% financial interest in the share capital of MIBGÁS, SA, acquired during the first half of 2016, a company in charge of the development of the natural gas wholesale market operator in the Iberian Peninsula.

As part of the process of creating the Single Operator of the Iberian Electricity Market (Operador Único do Mercado Ibérico de Eletricidade – OMI) in 2011 and in accordance with the provisions of the agreement between the Portuguese Republic and the Kingdom of Spain on the establishment of an Iberian electricity market, the Company acquired 10% of the capital stock of OMEL, Operador del Mercado Iberico de Energia, SA, a Spanish operator of the sole operator, for a total value of 3,167 thousand euros.

On 31 December 2023, REN also holds a 9.7% financial interest, acquired for the amount of 48 thousand euros, of the share capital of MIBGÁS Derivatives, SA, the management company of the organized futures market natural gas, spot products of liquefied natural gas and spot products in underground storage in the Iberian Peninsula.

On 31 December 2023, REN also holds 15 founder participation units in the HyLab – Green Hydrogen Collaborative Laboratory Association, acquired for the amount of 15 thousand euros. This is a non-profit association governed by private law, whose object is the scientific and technological development of Green Hydrogen, covering the various components of the value chain, namely production, transport, distribution, storage and end uses.

These investments (OMEL, MIBGÁS, MIBGÁS Derivatives, Coreso and HyLab) are recognised at fair value through other comprehensive income, however, as there are no available market price for these investments and as it is not possible to determine the fair value of the period using comparable transactions, these investments are recorded at acquisition deducted of impairment losses, as describe in Note 3.6 - Financial Assets and Liabilities.

REN understands that there is no evidence of impairment loss regarding the investments of OMEL, Coreso, MIBGÁS, MIBGÁS Derivatives and HyLab at 31 December 2023.

REN Portgás holds other financial interests, which are recorded at the acquisition cost in the amount of 14 thousand euros, deducted of impairment losses, with a net value of zero thousand euros.

NAME
AMPORTO - Área Metropolitana do Porto
AREA ALTO MINHO - Ag. Reg. Energia e Amb. Alto Minho
ADEPORTO - Agência de Energia do Porto

The adjustments to investments in equity instruments at fair value through other comprehensive are recognised in the equity caption "Fair value reserve". This caption at 31 December 2023 and 2022 is made up as follows:

	Fair value reserve (Note 19)
1 January 2022	57,758
Changes in fair value	(17,009)
Tax effect	4,368
31 December 2022	45,116
1 January 2023	45,116
Changes in fair value	(9,974)
Tax effect	4,319
31 December 2023	39,461

In the year ended 31 December 2023, the total amount of 10,018 thousand euros recognized in the consolidated statement of profit and loss is relative to associated companies' dividends, of which 8,088 thousand euros were received during 2023. Additionally, the amount of 1,477 thousand euros was received relative to dividends recognized during the year ended 31 December 2023. These amounts were included in the cash flows statement.

In the year ended 31 December 2023 and 2022, the dividends attributable to the Group are as follows:

	2023	2022
Redeia Corporación S.A.	5,415	5,415
Hidroeléctrica de Cahora Bassa, S,A	4,534	4,356
OMEL - Operador del Mercado Ibérico de Energia (Pólo Espanhol)	70	43
	10,018	9,815

14. TRADE AND OTHER RECEIVABLES

Trade and other receivables at 31 December 2023 and 2022 are made up as follows:

	2023			2022		
	Current	Non-current	Total	Current	Non-current	Total
Trade receivables	361,825	2,292	364,116	229,678	3,275	232,952
Impairment of trade receivables	(4,195)	-	(4,195)	(2,905)	-	(2,905)
Trade receivables net	**357,630**	**2,292**	**359,921**	**226,773**	**3,275**	**230,047**
Tariff deviations	313,076	90,920	403,996	45,451	52,391	97,842
State and Other Public Entities	50,423	-	50,423	55,540	-	55,540
Trade and other receivables	**721,129**	**93,211**	**814,341**	**327,764**	**55,666**	**383,430**

The most relevant balances included in the trade and other receivables caption as of 31 December 2023 are: i) the receivable of E-Redes Distribuição de Eletricidade, SA in the amount of 37,732 thousand euros (32,125 thousand euros at 31 December 2022); ii) the receivable of Galp Gás Natural, S.A., in the amount of 12,299 thousand euros (5,760 thousand euros at 31 December 2022); iii) the receivable of EDP – Gestão da Produção de Energia, S.A., in the amount of 242 thousand euros (7,112 thousand euros at 31 December 2022); iv) the receivable of EDP – Energias de Portugal, S.A., in the amount of 1,930 thousand euros (15,829 thousand euros at 31 December 2022); v) the receivable of Endesa Generación, S.A., in the amount of 9,623 thousand euros (10,295 thousand euros at 31 December 2022); and vi) the amount of 118,008 thousands euros regarding Social Tariff, not yet invoiced by 31 December 2023.

In the trade and other receivables at 31 December 2023, also stands out the amounts not yet invoiced of the activity of the Market Manager (MIBEL – Mercado Ibérico de Electricidade), in the amount of 65,928 thousand euros (54,758 thousand euros at 31 December 2022), the amount to invoice to EDP – Distribuição de Energia, S.A., of 7,626 thousand euros (5,885 thousand euros at 31 December 2022) regarding the CMEC, also reflected in the caption "Suppliers and other accounts payable" (Note 23) and the amount of 42,452 thousand euros related to the payment of dividends as advance on profits (Note 32).

This transaction related to "CMEC" sets a pass-through in the consolidated income statement of REN, fact for which it is compensated in that statement.

Changes to the impairment losses for trade receivable and other accounts receivable are made up as follows:

	2023	2022
Begining balance	(2,905)	(2,947)
Reclassifications	-	123
Increases	(1,320)	(81)
Reversing	30	-
Ending balance	(4,195)	(2,905)

The ageing of trade receivables, net of impairment, is as follows:

	2023	2022
Not due and due up to 30 days	342,239	213,251
31-60 days	2,734	2,248
61-90 days	940	102
91-120 days	487	62
More than 120 days	13,521	14,384
	359,921	230,047

15. INVENTORIES

Inventories at 31 December 2023 and 2022 are made up as follows:

	2023	2022
Other materials	7,193	5,134
Inventories	7,193	5,134

The cost of goods sold and materials consumed, recognized in the year ended 31 December 2023 and 2022, is detailed as follows:

	2023	2022
Opening balance	5,134	8,545
Acquisitions	3,065	1,022
Transfers and reclassifications	3	(3,532)
Closing balance	7,193	5,134
Cost of goods sold and materials consumed	1,008	901

16. DERIVATIVE FINANCIAL INSTRUMENTS

At 31 December 2023 and 2022, the REN Group had the following derivative financial instruments contracted:

		31 DECEMBER 2023			
		Assets		Liabilities	
	Notional	Current	Non-current	Current	Non-current
Derivatives designated as cash flow hedges					
Interest rate swaps	900,000 TEUR	7,748	45,745	-	-
Currency and interest rate swaps	10,000,000 TJPY	-	-	8,601	-
		7,748	45,745	8,601	-
Derivatives designated as fair value hedges					
Interest rate swaps	600,000 TEUR	-	-	-	52,006
		-	-	-	52,006
Trading derivatives					
Trading derivatives	60,000 TEUR	871	-	-	-
		871	-	-	-
Derivative financial instruments		8,619	45,745	8,601	52,006

		31 DECEMBER 2022			
		Assets		Liabilities	
	Notional	Current	Non-current	Current	Non-current
Derivatives designated as cash flow hedges					
Interest rate swaps	900,000 TEUR	-	78,500	-	-
Currency and interest rate swaps	10,000,000 TJPY	-	-	-	901
Non-Deliverable Forward	3,180,000 TEUR	236	-	-	-
		236	78,500	-	901
Derivatives designated as fair value hedges					
Interest rate swaps	600,000 TEUR	-	-	-	72,563
		-	-	-	72,563
Trading derivatives					
Trading derivatives	60,000 TEUR	-	2,064	-	-
		-	2,064	-	-
Derivative financial instruments		236	80,564	-	73,464

The valuation of the derivative financial instruments portfolio is based on fair value valuations performed by specialized external entities.

The amount recognized in this item refers to:

- eleven interest rate swap contracts negotiated by REN SGPS to hedge the interest rate fluctuation risk (Note 4.1); and
- a cross currency swap contract negotiated by REN SGPS to hedge the exchange rate fluctuation risk (Note 4.1).

Counterparties to derivative contracts are international financial institutions with a solid credit rating and first-rate national institutions.

For the purpose of the effectiveness tests of the designated hedging relationships, REN applies the "Dollar offset method" and the linear regression statistical method as methodologies. The effectiveness ratio is given by comparing the changes in fair value of the hedging instrument with the changes in fair value of the hedged item (or hypothetical derivative instrument simulating the conditions of the hedged item).

For the purpose of calculating ineffectiveness, the total change in fair value of the hedging instruments is considered.

The disclosed amount includes receivable or payable accrued interest, at 31 December 2023 related to these financial instruments, in the net amount payable of 1,591 thousand euros (at 31 December 2022 it was 577 thousand euros payable).

The characteristics of the derivative financial instruments negotiated at 31 December 2023 and 2022 were as follows:

						Fair value at	
	Notional	Currency	REN pays	REN receives	Maturity	31.12.2023	31.12.2022
Cash flow hedge:							
Interest rate swaps	900,000 TEuros	EUR	[0.75%;1.266%]	[Euribor 3m; Euribor 6m]	[dec-2024;feb-2025]	53,492	78,500
Currency ans interest rate swaps	10,000,000 TJPY	EUR/ JPY	[Euribor 6m; + 1.9%]	[2.71%]	[jun-2024]	(8,601)	(901)
Non-Deliverable Forward	1,590,000 TCLP	EUR/ CLP	[854,4 to 893,1 CLP]	[854,4 to 893,1 EUR]	[jul-2021;dec-2023]	-	236
						44,891	77,835
Fair value hedge:							
Interest rate swaps	300,000 TEuros	EUR	[Euribor 6m]	[0.611%; 0.6285%]	[feb-2025]	(11,748)	(15,582)
Interest rate swaps	300,000 TEuros	EUR	[Euribor 6m]	[-0.095%]	[apr-2029]	(40,258)	(56,981)
						(52,006)	(72,563)
Trading:							
Interest rate swaps	60,000 Teuros	EUR	[0.99%]	[Euribor 6m]	[jun-2024]	871	2,064
						871	2,064
Total						(6,244)	7,336

The periodicity of the cash flows, paid and received, from the derivative financial instruments portfolio is monthly, quarterly, semiannual and annual for cash flow hedging contracts, semiannual and annual for fair value hedging contracts and semiannual for the trading derivative.

The breakdown of the notional of derivatives at 31 December 2023 and 2022 is presented in the following table:

							2023
	2024	2025	2026	2027	2028	Following years	Total
Interest rate swap (cash flow hedge)	300,000	300,000	-	-	-	300,000	900,000
Currency and interest rate swap (cash flow hedge)	72,899	-	-	-	-	-	72,899
Interest rate swap (fair value hedge)	-	300,000	-	-	-	300,000	600,000
Interest rate swap (trading)	60,000	-	-	-	-	-	60,000
Total	432,899	600,000	-	-	-	600,000	1,632,899

							2022
	2023	2024	2025	2026	2027	Following years	Total
Interest rate swap (cash flow hedge)	-	300,000	300,000	-	-	300,000	900,000
Currency and interest rate swap (cash flow hedge)	-	72,899	-	-	-	-	72,899
Non Deliverable Forward (cash flow hedge)	3,604	-	-	-	-	-	3,604
Interest rate swap (fair value hedge)	-	-	300,000	-	-	300,000	600,000
Interest rate swap (trading)	-	60,000	-	-	-	-	60,000
Total	3,604	432,899	600,000	-	-	600,000	1,636,503

Swaps:

Cash Flow Hedge - Interest Rate Swaps

The Group hedges the interest rate risk associated with the fluctuation of the market interest rate index (Euribor) on a portion of future debt interest payments through the designation of interest rate swaps, in order to transform floating rate payments into fixed rate payments.

At 31 December 2023, the Group has a total of six cash flow hedging interest rate swap contracts for a total amount of 900,000 thousand euros (as of 31 December 2022 it was 900,000 thousand euros). The hedged risk is the variable rate index associated to the interest payments of the loans. Credit risk is not being hedged.

The fair value of the interest rate swaps, at 31 December 2023, is positive 53,492 thousand euros (at 31 December 2022 it was positive 78,500 thousand euros).

Of the derivatives described above, four contracts in a total amount of 600,000 thousand euros (at 31 December 2022 it was 600,000 thousand euros) are designated to hedge an aggregated exposure composed by the net effect of floating rate debt and interest rate swaps designated as fair value hedging instruments.

The amount recognised in reserves, relating to the cash flow hedges referred to above, was 49,268 thousand euros (at 31 December 2022 it was 78,316 thousand euros).

The hedged instruments of cash flow hedging relationships present the following conditions:

	Maturity	Hedged notional	Interest rate	Hedged carrying amount - 2023	Hedged carrying amount - 2022	Note
Cash flow hedging instruments						
European Investment Bank (EIB) Loan	16.12.2024	300,000 TEuros	Euribor 3m	301,068	299,403	20
Bond Issue (Euro Medium Term Notes)[1]	12.02.2025	300,000 TEuros	2.50%	306,281	293,363	20
Bond Issue (Euro Medium Term Notes)[2]	16.04.2029	300,000 TEuros	0.50%	299,353	298,932	20

Cash Flow Hedge – Interest and Exchange Rate Swaps

The Group hedged the exchange rate risk of the 10,000 million yen bond issued through a cross currency swap with the main characteristics similar to the bond with regard to exchange rate risk. Credit risk is not hedged.

The fair value of the cross currency and interest rate swap at 31 December 2023 is negative 8,601 thousand euros (at 31 December 2022 it was negative 901 thousand euros).

Changes in the fair value of the hedging instrument are also being recognized in equity hedging reserves, with exception of:

- The offsetting of the exchange rate effect of the spot revaluation of the hedged item (bond issue in yen) at each reference date, arising from the hedging of the exchange rate risk[3]; and

[1] This hedged instrument is designated jointly with derivatives of fair value hedging amounting to 300,000 thousand Euros (see conditions on the table above) in an aggregate exposure hedge to Euribor 6 months in the period from 2023 to 2025 and, as such, eligible for cash flow hedge.

[2] This hedged instrument is designated jointly with derivatives of fair value hedging amounting to 300,000 thousand Euros (see conditions on the table above) in an aggregate exposure hedge to Euribor 6 months in the period from 2023 to 2029 and, as such, eligible for cash flow hedge.

[3] The currency effect of the underlying (loan), in the year 2023, was favorable in the amount of 7,126 thousand Euros, and was offset, in the same amount, by the unfavourable effect of the hedging instrument in the income statement for the year (as of 31 December 2022 was favorable in 5,605 thousand euros).

- The ineffective effect of the hedge arising from the accounting designation made (REN contracted a trading derivative to economically hedge this ineffectiveness - see Trading Derivative)[4]. This inefficiency is caused by the change in the interest profile of the hedging instrument, which pays a variable rate in the period from 2019 to 2024.

Cash Flow Hedge – Non Deliverable forward

In May 2021, the Group hedged the exchange rate risk of sales denominated in Chilean Pesos by Transemel, in a total amount of 7,950,000 thousand Chilean Pesos (CLP), through the contracting of a structure of thirty monthly non deliverable forwards on the monthly average of the EUR/ CLP exchange rate with maturity between 2021 and 2023.

As at 31 December 2023, the Group no longer holds active non-deliverable forwards contracts denominated as cash flow hedging instruments (at 31 December 2022 it was positive 236 thousands euros). The hedged risk corresponds to the foreign exchange exposure of sales made in CLP at the time of the consolidation of the Group entity, Transemel. Credit risk is not covered.

The amount recorded in reserves, referring to the cash flow hedges mentioned above, as at 31 December 2023, is 383 thousand euros (at 31 December 2022 it was 346 thousand euros). Additionally, an amount of 87 thousand euros was recorded as a hedging cost in the income statement, which corresponds to the forward points of the hedging instruments that are not designated as part of the hedging relationship (at 31 December 2022 it was 82 thousand euros). The hedged instrument of the cash flow hedge corresponds to a proportion of total sales denominated in CLP, corresponding to a monthly sales amount of 265,000 thousand Chilean Pesos.

Integral Income:

The movements recorded in the statement of comprehensive income through the application of cash flow hedges were as follows:

2023

CASH FLOW HEDGING INSTRUMENTS	Change in the fair value of hedging instruments[5]	Of which: effective amount recorded in hedge reserves	Hedging inefficiency recorded in profit for the year	Coverage reserve reclassifications to results for the year
Swaps of interest rate	(29,048)	(29,048)	-	-
Swaps of exchange rate and interest rate	(7,680)	195	(748)	(7.126)
	(36,728)	(28,854)	(748)	(7.126)

2022

CASH FLOW HEDGING INSTRUMENTS	Change in the fair value of hedging instruments[5]	Of which: effective amount recorded in hedge reserves	Hedging inefficiency recorded in profit for the year	Coverage reserve reclassifications to results for the year
Swaps of interest rate	89,933	89,933	-	-
Swaps of exchange rate and interest rate	(6,200)	3,471	(4,065)	(5,605)
Non-Deliverable Forward	236	346	-	(110)
	83,969	93,750	(4,065)	(5,715)

[4] The ineffective cash flow hedge component of the exchange rate risk recognised in the income statement, was negative 748 thousand euros, further increased by the effect of the trading derivative negotiated in negative 1,205 thousand euros (as of 31 December 2022 it was negative 4,065 thousand euros against positive 3,860 thousand Euros of the effect of the trading derivative). Therefore, the net effect on the income statement for the period ended on 31 December 2023 amounted to negative 1,954 thousand Euros (as of 31 December 2022 was negative 205 thousand euros).

[5] Does not include accrued interest and hedging inefficiency.

Hedging Reserve:

The movements recognised in the hedging reserve (Note 19) were as follows:

	Fair value	Deferred taxes impact	Hedging reserves
1 January 2022	(15,962)	3,837	(12,126)
Changes in fair value and ineffectiveness	92,660	(21,016)	71,644
31 December 2022	76,698	(17,179)	59,518
1 January 2023	76,698	(17,179)	59,518
Changes in fair value and ineffectiveness	(28,940)	6,492	(22,448)
31 December 2023	47,758	(10,687)	37,071

Fair Value Hedge

The Group hedges the interest rate risk associated with the fluctuation of the market interest rate index (Euribor) on the fair value of interest payments on fixed-rate debt by negotiating interest rate swaps where it pays a variable rate and receives a fixed rate in order to convert fixed-rate debt payments into variable-rate payments.

At 31 December 2023, the Group has a total of four fair value hedging derivative contracts amounting to 600,000 thousand euros (as of 31 December 2022 it was 600,000 thousand euros). The hedged risk corresponds to the change in fair value of debt issues attributable to movements in the market interest rate index (Euribor). Credit risk is not being hedged. At 31 December 2023, the fair value of interest rate swaps designated as fair value hedging instruments was negative 52,006 thousand euros (as of 31 December 2022 it was negative 72,563 thousand euros).

Changes in the fair value of hedged items arising from interest rate risk are recognised in the income statement in order to offset changes in the fair value of the hedging instrument, which are also recognised in the income statement.

The hedged items of fair value hedging relationships have the following conditions:

2023

	Maturity	Hedged notional	Interest rate	Carrying amount	Accumulated Fair value adjustment	Variation of the year-end 2023	Note
Fair value hedging instruments							
Bond Issue (Euro Medium Term Notes)	12.02.2025	300,000 TEUR	2.50%	297,380	8,901	(8,084)	20
Bond Issue (Euro Medium Term Notes)	16.04.2029	300,000 TEUR	0.50%	261,981	37,372	(18,527)	20
					46,273	(26,611)	

2022

	Maturity	Hedged notional	Interest rate	Carrying amount	Accumulated Fair value adjustment	Variation of the year-end 2023	Note
Fair value hedging instruments							
Bond Issue (Euro Medium Term Notes)	12.02.2025	300,000 TEUR	2.50%	276,378	16,985	24,031	20
Bond Issue (Euro Medium Term Notes)	16.04.2029	300,000 TEUR	0.50%	243,032	55,899	50,399	20
					72,884	74,430	

In 2023, the change in fair value of the debt related to interest rate risk recognized in the income statement was negative 26,611 thousand euros (at 31 December 2022 it was positive 74,430 thousand euros), resulting in an ineffective component, after considering the effect of the hedged items in the income statement, of approximately negative 1,007 thousand euros (at 31 December 2022 it was positive 1,064 thousand euros). The ineffectiveness recognized is related to the effect of the fixed leg spread of the hedging instruments that is not reflected in the hedged item.

Integral Income:
The movements recorded in the statement of comprehensive income through the application of fair value hedges were as follows:

	2023
Fair value hedging instruments	**Hedging inefficiency recorded in profit for the year**
Swaps of interest rate	(1,007)

	2022
Fair value hedging instruments	**Hedging inefficiency recorded in profit for the year**
Swaps of interest rate	1,064

Trading Derivative

The Group negotiated an interest rate swap, with a starting date in 2019 and maturity in 2024, which pays fixed rate and receives variable rate. This instrument, although not designated as hedge accounting considering IFRS 9 criteria, is currently hedging the effect of the ineffectiveness of the cash flow hedge of the interest and exchange rate risks of the bond issue in Yen, relative to the fluctuation of interest rates for the hedging period (see Cash Flow Hedge – Interest and Exchange Rate Swaps).

The notional amount of this trading derivative is 60,000 thousand euros as of 31 December 2023 (at 31 December 2022 it was 60,000 thousand euros). Credit risk is not being hedged. The fair value of the trading derivative, on 31 December 2023, is positive 871 thousand euros (on 31 December 2022 it was positive 2,064 thousand euros).

Changes in the fair value of the trading derivative are recorded directly in the income statement. The impact in the income statement, as of 31 December 2023, related to the effect of the fair value of the trading derivative was negative 1,205 thousand euros (as of 31 December 2023 it was 3,860 thousand euros positive).

17. CASH AND CASH EQUIVALENTS

The amounts considered as cash and cash equivalents in the consolidated statements of cash flows for the years ended 31 December 2023 and 2022 are made up as follows:

	2023	2022
Cash	8	1
Bank deposits	40,137	365,291
Cash and cash equivalents in the statement of financial position	40,145	365,292
The transitional gas price stabilization regime - Decree-Law 84-D/ 2022 (Note 3.18 and 36)	-	-
Cash and cash equivalents in cash flow statement	40,145	365,292

In the years ended 31 December 2023 and 2022, there are no cash and cash equivalents that are not available for the group to use.

18. EQUITY INSTRUMENTS

As of 31 December 2023 and 2022, REN's subscribed and paid up share capital is made up of 667,191,262 shares of 1 euro each.

	2023		2022	
	Number of shares	**Share capital**	**Number of shares**	**Share capital**
Share Capital	667,191,262	667,191	667,191,262	667,191

The caption “Other changes in equity” in the years ended 31 December 2023 and 2022 amounted to 5,561 thousand euros.

Additionally, and following the share capital increase in 2017, the caption “Share Premium” in the years ended 31 December 2023 and 2022 amounted to 116,809 thousand euros.

At 31 December 2023, REN SGPS had the following own shares:

	Number of shares	Proportion	Amount
Own shares	3,881,374	0.6%	10,728

No own shares were acquired or sold in the years ended 31 December 2023 and 2022.

In accordance with the Commercial Company Code (Código das Sociedades Comerciais) REN SGPS must at all times ensure that there are sufficient equity reserves to cover the value of own shares, in order to limit the amount of reserves available for distribution.

19. RESERVES

The caption “Reserves” in the amount of 356,691 thousand euros includes:

- Legal reserve: The Commercial Company Code in place requires that at least 5% of the net profit must be transferred to this reserve until it has reached 20% of the share capital. This reserve can only be used to cover losses or to increase capital. At 31 December 2023 this caption amounts to 141,378 thousand euros;
- Fair value reserve: includes changes in the fair value of available for sale financial assets (39,461 thousand euros positive), as detailed in Note 13;
- Hedging reserve: includes changes in the fair value of hedging derivative financial instruments when cash flow hedge is effective (positive 37,071 thousand euros) as detailed in Note 16; and
- Other reserves: This caption is changed by i) application of the results of previous years, being available for distribution to shareholders; except for the limitation set by the Companies Code in respect of own shares (Note 18); ii) exchange rate changes associated to the financial investment whose functional currency is Dollar; iii) exchange variation of assets and liabilities of financial investments in subsidiaries, namely the exchange rate effect of converting Chilean Peso to Euro and iv) changes in equity of associates recorded under the equity method. On 31 December 2023, this caption amounts to 138,781 thousand euros.

In accordance with the Portuguese legislation: i) increases in equity as a result of the incorporation of positive fair value (fair value reserves and hedging reserves) can only be distributed to shareholders when the correspondent assets have been sold, exercised, extinct, settled or used; and ii) income and other positive equity changes recognized as a result of the equity method can only be distributed to shareholders when paid-up. Portuguese legislation establishes that the difference between the equity method income and the amount of paid or deliberated dividends is equivalent to legal reserve.

20. BORROWINGS

The segregation of borrowings between current and non-current and by nature, at 31 December 2023 and 2022 was as follows:

	2023			2022		
	Current	Non-current	Total	Current	Non-current	Total
Bonds	63,967	1,053,012	1,116,979	550,000	1,097,002	1,647,002
Bank Borrowings	68,821	419,479	488,300	68,283	348,300	416,583
Commercial Paper	556,000	550,000	1,106,000	-	250,000	250,000
Leases	1,720	3,282	5,001	1,432	2,418	3,850
	690,508	2,025,773	2,716,281	619,715	1,697,720	2,317,436
Accrued interest	22,796	-	22,796	23,667	-	23,667
Prepaid interest	(2,363)	(3,072)	(5,435)	(4,438)	(2,359)	(6,797)
Borrowings	710,941	2,022,701	2,733,642	638,944	1,695,362	2,334,306

The change in borrowings during the year ended 31 December 2023 was as follows:

	Opening balance	Subscriptions	Reimbursement	Exchange evaluation	Fair value	Reclassification non-current to current	Increase finance lease	Other	Closing balance
Non-current									
Bonds	1,097,002	-	-	1,806	26,611	(72,899)	-	492	1,053,012
Bank Borrowings	348,300	150,000	-	-	-	(78,821)	-	-	419,479
Commercial Paper	250,000	2,202,000	(1,902,000)	-	-	-	-	-	550,000
Finance Lease	2,418	-	(2,097)	-	-	-	2,961	-	3,282
	1,697,720	2,352,000	(1,904,097)	1,806	26,611	(151,720)	2,961	492	2,025,773
Current									
Bonds	550,000	-	(550,000)	(8,932)	-	72,899	-	-	63,967
Bank Borrowings	68,283	-	(78,283)	-	-	78,821	-	-	68,821
Commercial Paper	-	1,405,500	(849,500)	-	-	-	-	-	556,000
Finance Lease	1,432	-	(142)	-	-	-	430	-	1,720
	619,715	1,405,500	(1,477,925)	(8,932)	-	151,720	430	-	690,508
Borrowings	2,317,436	3,757,500	(3,382,022)	(7,126)	26,611	-	3,391	492	2,716,281

The borrowings settlement plan was as follows:

	2024	2025	2026	2027	2028	Following years	Total
Debt - Non current	-	570,923	605,742	85,054	343,576	420,477	2,025,773
Debt - Current	690,508	-	-	-	-	-	690,508
	690,508	**570,923**	**605,742**	**85,054**	**343,576**	**420,477**	**2,716,281**

Detailed information regarding bond issues as of 31 December 2023 is as follows:

					31 DECEMBER 2023
Issue date	**Maturity**	**Initial amount**	**Outstanding amount**	**Interest rate**	**Periodicity of interest payment**
'Euro Medium Term Notes' programme emissions					
26.06.2009	26.06.2024	TJPY 10,000,000 (i) (ii)	TJPY 10,000,000	Fixed rate	Semi-Annual
12.02.2015	12.02.2025	TEUR 300,000 (ii)	TEUR 500,000	Fixed rate EUR 2.50%	Annual
18.01.2018	18.01.2028	TEUR 300,000	TEUR 300,000	Fixed rate EUR 1.75%	Annual
16.04.2021	16.04.2029	TEUR 300,000 (ii)	TEUR 300,000	Fixed rate EUR 0.50%	Annual

(i) These issues correspond to private placements.

(ii) These issues have interest currency rate swaps associated

As of 31 December 2023, the Group has twelve commercial paper programs in the amount of 2,175,000 thousand euros, of which 1,069,000 thousand euros are available for utilization. Of the total amount 900,000 thousand euros have a guaranteed placement, of which 300,000 thousand euros are available for utilization at 31 December 2023.

In 2023, the Group agreed to early end the credit line with the Industrial Commercial Bank of China and, consequently, the full reimbursement in the amount of 10,000 thousand euros that had been disbursed on that date. Additionally, a new credit line was agreed with the Industrial Commercial Bank of China in the total amount of 250,000 thousand euros, which has no disbursements at 31 December, 2023.

In December 2022, the Group signed, with the European Investment Bank (EIB), a new long term financing in the amount of 300,000 thousand euros. At January 2023, a second tranche was signed in the amount of 150,000 thousans euros. This is a “green financing” for finance new assets in the National Electricity Transmission Network.

As of 31 December 2023, after a first disbursement in the amount of 150,000 thousand euros, 150,000 thousand euros are yet to be disbursed under the first tranche and another 150,000 thousand euros under the second.

Bank loans are mostly composed of loans contracted with the European Investment Bank (EIB), which at 31 December 2023 amounted to 453,300 thousand euros (at 31 December 2022 it was 371,583 thousand euros).

The Group also has credit lines negotiated and not used in the amount of 80,000 thousand euros, maturing up to one year, which are automatically renewable periodically (if they are not resigned in the contractually specified period for that purpose).

The balance of the caption prepaid interest no longer includes amounts (2,069 thousand euros in 31 December 2022) related with the refinancing of bonds through an exchange offer completed in 2016.

As a result of the fair value hedge related to the debt emission in the amount of 600,000 thousand euros, fair value changes concerning interest rate risk were recognized directly in statement of profit and loss, in a negative amount of 26,611 thousand euros (at 31 December 2022 was positive 74,430 thousand euros) (Note 16).

The Company's financial liabilities have the following main types of covenants: Cross default, Pari Passu, Negative Pledge and Gearing.

The bank loans with BEI include also covenants related with rating and other financial ratios in which the Group may be called upon to present an acceptable guarantee in the event of rating and financial ratios below the established values.

REN and its subsidiaries are a part of certain financing agreements and debt issues, which include change in control clauses typical in this type of transactions (including, though not so expressed, changes in control as a result of takeover bids) and essential to the realization of such transactions on the appropriate market context. In any case, the practical application of these clauses is limited to considering the legal ownership of shares of REN restrictions.

Following the legal standards and usual market practices, contractual terms and free market competition, establish that neither REN nor its counterparts in borrowing agreements are authorized to disclose further information regarding the content of these financing agreements.

The exposure of the Group's borrowings to changes in interest rates on the contractual re-pricing dates is as follows:

	2023	2022
6 month or less	245,793	1,240,722
6 - 12 month	-	-
1 - 5 years	1,617,442	479,693
Over 5 years	862,628	600,000
	2,725,863	2,320,415

The effect of the foreign exchange rate exposure was not considered as this exposure is totally covered by hedge derivate in place.

The average interest rates for borrowings including commissions and other expenses were 2.49% in 2023 and 1.81% in 2022.

Leases

Minimal payments regarding lease contacts and the carrying amount of the finance lease liabilities as of 31 December 2023 and 2022 are made up as follows:

	2023	2022
Lease liabilities - minimum lease payments		
No later than 1 year	1,915	1,450
Later than 1 year and no later than 5 years	3,492	2,435
	5,406	3,885
Future finance charges on leases	(405)	(35)
Present value of lease liabilities	5,001	3,850

	2023	2022
The present value of lease liabilities is as follows		
No later than 1 year	1,720	1,432
Later than 1 year and no later than 5 years	3,282	2,418
	5,001	3,850

21. POS-EMPLOYMENT BENEFITS AND OTHERS BENEFITS

As explained in Note 3.10, REN – Rede Eléctrica Nacional, S.A. grants supplementary retirement, early-retirement and survivor pensions (hereinafter referred to as Pension Plan), provides its retirees and pensioners with a health care plan on a similar basis to that of its serving personnel, and grants other benefits such as long service award, retirement award and a death subsidy (referred to as "Other benefits"). The Group also grants their employees life assurance plans. The long service award is applicable to all Group companies.

In November 2012, the Group terminated the Collective Bargaining Agreement ("ACT") which covered only part of REN employees (about 50%) proposing to the unions a new ACT applicable to all Group companies. This proposal aimed to integrate in a single document several and disperse existing documentation, adapting the new document do the Group current needs.

On 30 January 2015 the Group signed a new agreement with its employees effective on 1 February 2015, incorporating the following changes on future liabilities of long-term benefits:

- **Health care plan:** were considered new reimbursement limits; and
- **Other benefits:** i) long service bonus extended to all Group employees; ii) energy benefit was included.

At 31 December 2023 and 2022, the Group had the following amounts recorded relating to liabilities for retirement and other benefits:

	2023	2022
Liability on statement of financial position		
Pension plan	38,511	32,551
Healthcare plan and other benefits	37,344	32,388
	75,855	64,939

The reconciliation of the remeasurement of the net benefit liability is as follows:

	2023	2022
Initial balance	64,939	94,109
Current service costs and Net interest on net defined benefit liability	4,220	3,749
Actuarial gains/(losses):		
- impact on the statement of profit and loss	17	(157)
- impact on equity	10,963	(27,254)
Benefits paid	(4,284)	(5,508)
Final balance	75,855	64,939

During the years ended 31 December 2023 and 2022, the following operating expenses were recorded regarding benefit plans with employees:

	2023	2022
Charges to the statement of profit and loss (Note 28)		
Pension plan	2,719	2,690
Healthcare plan and other benefits	1,518	902
	4,237	3,592

The actuarial assumptions used to calculate the post-employment benefits are considered by the REN Group and the entity specialized in the actuarial valuation reports to be those that best meet the commitments established in the Pension plan, and related retirement benefit liabilities, and are as follows:

	2023	2022
Annual discount rate	Full Yield Curve (single rate equivalent: 3.34%)	Full Yield Curve (single rate equivalent: 3.87%)
Expected percentage of serving employees elegible for early retirement (more than 60 years of age and 36 years in service) - by Collective work agreement	20.00%	20.00%
Expected percentage of serving employees elegible for early retirement - by Management act	10.00%	10.00%
Rate of salary increase	5.00% by 2024, 4.80% from 2025 and 2,80% from 2026	4.50% by 2023 2.80% from 2024
Pension increase	5.00% by 2024 2.30% from 2025	3.50% by 2023 2.30% from 2024
Future increases of Social Security Pension amount	5.00% by 2024 2.30% from 2025	3.50% by 2023 2.30% from 2024
Inflation rate	2.30%	2.30%
Medical trend	2.30%	2.30%
Management costs (per employee/ year)	353 euros	313 euros
Expenses medical trend	2.30%	2.30%
Retirement age (number of years)	66 years and 4 months	66
Mortality table	TV 99/ 01	TV 99/ 01

The annual discount rate used in the valuation of liabilities, was obtained through an analysis of rates of return on bonds considered appropriate and in line with the duration of the obligations associated with different benefit plans (see discount rate determination in note 3.10).

Employees who meet certain predefined conditions of age and seniority and who chose to take early retirement, as well as those that agree with the Company to take early retirement, are also included in the plans.

Sensitivity analysis

In the year ended 31 December 2023, the granular methodology was used to calculate liabilities. The benefits are broken down into cash flows according to the expected year of payment, with each cash flow being discounted using a discount rate corresponding to its duration, thus allowing to reflect the duration of each element. Since the benefits have different average durations, a different effective average discount rate was considered for each benefit.

For the purposes of the sensitivity analysis of the pension plan, health care plan and other benefits, an equivalent discount rate of 3.22%, 3.34% and 3.33%, respectively, was considered.

In the scenario where we apply an increase and a decrease of 1% to discount rate in determination of the responsibilities with pension plan and medical and other benefits plan, the following changes would occur:

	Discount rate for sensitivity analysis		
	2.22%	**3.22%**	**4.22%**
Pension plan			
Liabilities	73,029	65,758	59,541
Impact on liabilities	7,271	-	(6,217)
	2.34%	**3.34%**	**4.34%**
Healthcare plan			
Liabilities	14,922	13,175	11,755
Impact on liabilities	1,747	-	(1,421)
	2.33%	**3.33%**	**4.33%**
Other benefits			
Liabilities	28,006	24,169	21,134
Impact on liabilities	3,837	-	(3,035)

The evolution of the eligible population for the pension plan and the healthcare and other benefits plan is as follows:

	2023	2022
Active (pension plan, healthcare plan and other benefits)	225	234
Active (long service award benefit)	744	705
Pre-retires and earlier retires	43	73
Retires	714	708

21.1 PENSION PLAN

To cover its liability for supplementary retirement pensions, REN contributes to an autonomous Pension fund.

In the years ended 31 December 2023 and 2022, no contributions were made to the REN Pension Fund. No contributions are expected for the following year.

The expected payments plan, given its maturity, of the obligations of the pension plan is in the following table:

	2024	2025	2026	2027	2028	2029-2033
Expected benefits payments	3,589	3,558	3,656	3,839	3,886	22,113

The weighted average duration of the obligations of the pension plan is 10 years.

The portfolio of assets of the REN Pension Fund as of 31 December 2023 and 2022 were as follows, in accordance with information provided by the financial institution in charge for the management of REN`s Pension Fund:

PLAN ASSETS	2023	%	2022	%
Bonds	19,376	71%	19,037	70%
Shares	6,745	25%	6,508	24%
Readily available deposits	1,126	4%	1,469	5%
Absolute return	1	-	1	-
Total	27,248	100%	27,015	100%

Evolution of the assets of the Pension Fund in 2023 and 2022 was as follows:

	2023	2022
At 1 January	27,015	34,540
Actuarial gain/ (loss)	1,600	(5,657)
Benefits paid	(2,317)	(2,290)
Return on plan assets (i)	950	422
At 31 December	27,248	27,015

(i) Unique rate applied to the obligation and assets pension plan

The liabilities and corresponding annual costs are determined by annual actuarial calculations, using the projected unit credit method, made by an independent actuary based on assumptions that reflect the demographic conditions of the population covered by the plan and the economic and financial conditions at the moment of the actuarial calculations.

The amount of the liability recognized in the consolidated statement of financial position was determined as follows:

	2023	2022
Present value of the liability	(65,758)	(59,566)
Fair value of plan assets	27,248	27,015
	(38,511)	(32,551)

The reconciliation of the remeasurement of liability net of benefits is as follows:

	2023	2022
At 1 January	32,551	49,619
Current service costs	1,494	2,054
Net interest on net defined benefit liability	1,225	636
Actuarial gains/(losses)	(2,849)	(15,503)
Benefits paid	6,090	(4,255)
At 31 December	38,511	32,551

The changes in the present value of the underlying liability of the pension plan were as follows:

	2023	2022
At 1 January	59,566	84,159
Current service costs	1,494	2,054
Interest costs	2,175	1,058
Benefits paid	(5,165)	(6,545)
Actuarial(gains)/ losses	7,689	(21,160)
At 31 December	65,758	59,566

Reconciliation of the obligation of the pension plan

The impact on the consolidated statement of profit and loss for the year was as follows:

	2023	2022
Current service costs	1,494	2,054
Net interest on net defined benefit liability	1,225	636
Total included in personnel costs	2,719	2,690

Historical analysis of the actuarial gains and losses

The actuarial gains and losses that result from the adjustments made to de actuarial assumptions, experience assumptions (difference between the actuarial assumptions and what effectively occurred) or in the defined benefits are as follows:

	2023	2022
DISCOUNT RATE	Full Yield Curve	Full Yield Curve
Liabilities amount	65,758	59,566
Value of the fund	27,248	27,015
Actuarial gains/ (losses) on liabilities	(7,689)	21,160
for change in assumptions	(5,532)	16,304
from experience	(2,157)	4,856
Actuarial gains/ (losses) on fund assets	1,600	(5,657)

21.2 HEALTHCARE AND OTHER BENEFITS

The healthcare and other benefits plan does not have a fund, the liability being covered by a specific provision.

The amounts of the liability recognized in the statements of financial position were as follows:

	2023	2022
Present value of the obligation	37,344	32,388
Liability in the statement of financial position	37,344	32,388

The changes in the amount of the obligation for healthcare and other benefits were as follows:

	2023	2022
At 1 January	32,388	44,490
Current service costs	312	463
Interest costs	1,190	596
Benefits paid	(1,437)	(1,251)
Actuarial (gain)/ loss	4,892	(11,909)
At 31 December	37,344	32,388

The effects of the plan on the consolidated statements of profit and loss were as follows:

	2023	2022
Current service costs	312	463
Interest costs	1,190	596
(Gains)/ losses of other long term employee benefit plans	16	(157)
Total included in personnel costs	1,518	902

Medical expenses trend rate in the Healthcare plan

The medical cost increase rate adopted by the Group assessed by reference to historical series statistics expenses increases was 2.3%.

The effect of an increase of one percentage point of the healthcare expenses growth rate, represents a 11% increase in liabilities, where a decrease of one percentage point results in a decrease of 18% in liabilities as shown below:

	Growth rate for sensitivity analysis		
	1.30%	2.30%	3.30%
Current service and interest costs	481	543	639
Impact on current service and interest costs	(62)	-	96
	2.34%	3.34%	4.34%
Past service liabilities	14,922	13,175	11,755
Impact on past service liabilities	1,747	-	(1,421)

Historical analysis of the actuarial gains and losses in the medical and other benefits plan

The actuarial gains and losses that result from the adjustments made to de actuarial assumptions, experience assumptions (difference between the actuarial assumptions and what effectively occurred) or in the defined benefits are as follows:

	2023	2022
DISCOUNT RATE	Full Yield Curve	Full Yield Curve
Liabilities amount	37,344	32,388
Actuarial (gains)/ losses on liabilities	(4,892)	11,909
for change in assumptions	(3,903)	11,637
from experience	(989)	272

The expected payments plan, given its maturity, of the obligations of the pension plan is in the following table:

	2024	2025	2026	2027	2028	2029-2033
Expected benefits payments	2,081	2,019	1,955	1,980	1,963	9,745

The weigh average duration of these liabilities is 13 years for healthcare and 15 years for other benefits.

22 .PROVISIONS FOR OTHER RISKS AND CHARGES

The changes in provisions for other risks and charges in the years ended 31 December 2023 and 2022 were as follows:

	2023	2022
Begining balance	10,576	8,872
Reclassifications	693	-
Increases	3,241	2,576
Reversing	(2,430)	(346)
Utilization	(2,064)	(526)
Ending balance	10,016	10,576

At 31 December 2023, the caption “Provisions” corresponds essentially to estimates of the payments to be made by REN resulting from legal processes in progress for damage caused to third parties and a provision for restructuring in the amount of 1.539 thousand euros related to the ongoing restructuring process of the Group.

23. TRADE AND OTHER PAYABLES

The caption "Trade and other payables" at 31 December 2023 and 2022 was made up as follows:

	2023			2022		
	Current	Non current	Total	Current	Non current	Total
Trade payables						
Current suppliers	352,089	-	352,089	219,141	-	219,141
Other creditors						
Other creditors	21,516	32,724	54,240	28,369	34,815	63,184
Tariff deviations	52,009	24,522	76,531	523,570	73,646	597,217
Fixed assets suppliers	72,373	-	72,373	59,887	-	59,887
Trade receivables advances (guarantees)	12,736	-	12,736	-	-	-
Tax payables i)	18,853	-	18,853	19,629	-	19,629
Deferred income						
Grants related to assets	21,515	284,487	306,002	19,346	252,847	272,194
Bilateral agreements - Grants	-	136,585	136,585	-	86,967	86,967
Others	15,291	1,760	17,051	9,563	2,021	11,584
Accrued costs						
Holidays and holidays subsidies	6,577	-	6,577	5,909	-	5,909
Trade and other payables	572,961	480,077	1,053,038	885,416	450,297	1,335,713

i) Tax payables refer to VAT, personnel income taxes and other taxes.

The caption “Trade and other payables” includes: i) the amount of 29,553 thousand euros, regarding the management of PPA from Turbogás and Tejo Energia (40,521 thousand euros at 31 December 2022); ii) the amount of 25,209 thousand euros of investment projects not yet invoiced (23,195 thousand euros at 31 December 2022); iii) the amount of 65,928 thousand euros (54,758 thousand euros at 31 December 2022) from the activity of the Market Manager (MIBEL – Mercado Ibérico de Electricidade); iv) the amount of 7,626 thousand euros of "CMEC – Custo para a Manutenção do Equilíbrio Contratual" to be invoiced by EDP – Gestão da Produção de Energia, S.A. (5,885 thousand euros at 31 December 2022), also reflected in the caption “Trade receivables” (Note 14); v) the amount of 145,425 thousands euros of E-Redes Distribuiçao de Eletricidade, S.A. (28,292 thousands euros at 31 December 2022); vi) the amount of 17,302 thousands euros of Empresa de Eletricidade da Madeira, S.A. (7,104 thousands euros at 31 December 2022); vii) the amount of 17,007 thousands euros of Eletricidade dos Açores, S.A. (7,542 thousands euros at 31 December 2022); and viii) the amount of 11,934 thousands euros of SU Eletricidade S.A. (21,155 thousands euros at 31 December 2022).

This transaction related to “CMEC” sets a pass-through in the consolidated income statement of REN, fact for which it is compensated in that statement.

The caption "Other creditors" includes the amount of 5,718 thousand euros (1,078 thousand euros at 31 December 2022) related with the Efficiency Promotion Plan on Energy Consumption ("PPEC"), which aims to financially support initiatives that promote efficiency and reduce electricity consumption, which should be used to finance energy efficiency projects, according to the evaluation metrics defined by ERSE.

The ageing of trade suppliers, other creditors and fixed assets suppliers is as follows:

AGEING OF DEBTS	2023	2022
Not due and due up to 30 days	306,294	284,053
31-60 days	26,279	255
61-90 days	891	189
91-120 days	11,889	252
More than 120 days	146,085	57,463
	491,438	342,212

The movement in the caption “Grants related to assets” current and non-current, in the years ended 31 December 2023 and 2022 was as follows:

GRANTS	
At 1 January 2022	270,993
Increases	19,480
Recognition of investment subsidies in profit and loss (Note 26)	(18,279)
At 31 December 2022	272,194
Increases	52,977
Recognition of investment subsidies in profit and loss (Note 26)	(19,168)
At 31 December 2023	306,002

24. SALES AND SERVICES RENDERED

Sales and services rendered recognized in the consolidated statement of profit and loss for the years ended 31 December 2023 and 2022 is made up as follows:

	2023	2022
Goods:		
Domestic market	179	96
	179	96
Services - Domestic market:		
Electricity transmission and overall systems management	407,293	360,351
Gas transmission	71,600	78,967
Regasification	56,748	58,067
Gas distribution	58,881	46,958
Underground gas storage	28,615	20,597
Telecommunications network	7,714	7,685
Trading	922	891
Others	360	1,366
Services - External market (Chile):		
Transmission and transformation of electricity	19,449	13,249
	651,581	588,130
Total sales and services rendered	651,760	588,226

25. REVENUE AND COSTS FOR CONSTRUCTION ACTIVITIES

As part of the concession contracts treated under IFRIC 12, the construction activity is subcontracted to specialized suppliers. Therefore the Group obtains no margin in the construction of these assets. The detail of the revenue and expenses with the acquisition of concession assets as of 31 December 2023 and 2022 were made up as follows:

	2023	2022
Revenue from construction of concession assets		
Acquisitions	267,810	175,095
Own work capitalised :		
Financial expenses (Note 8)	5,575	2,788
Overhead and management costs (Note 8)	22,738	19,536
	296,123	197,420
Cost of construction of concession assets		
Acquisitions	267,810	175,095
	267,810	175,095

26. OTHER OPERATING INCOME

The caption “Other operating income” loss for the years ended 31 December 2023 and 2022 is made up as follows:

	2023	2022
Recognition of investment subsidies in profit and loss (Note 23)	19,168	18,279
Underground occupancy tax	4,832	4,060
Disposal of unused materials	1,452	1,430
Supplementary income	1,539	1,851
Others	3,454	1,606
	30,446	27,225

27. EXTERNAL SUPPLIES AND SERVICES

The caption "External supplies and services" for the years ended 31 December 2023 and 2022 is made up as follows:

	2023	2022
Cross border interconnection costs i)	45,508	10,341
Fees relating to external entities ii)	24,159	17,659
Maintenance costs	17,056	17,773
Electric energy costs	6,634	16,805
Gas transport subcontracts	6,460	5,682
Insurance costs	5,005	4,998
Security and surveillance	2,317	2,242
Travel and transportation costs	1,546	1,035
Advertising and communication costs	1,197	1,082
Other	5,571	4,898
External supplies and services	115,453	82,516

i) The cross border interconnection costs refer to the cost assumed on cross-border trade in electricity.

ii) The fees paid to external entities refer to specialized work and fees paid by REN for contracted services and specialized studies.

This caption includes audit services as well as consulting services rendered by audit companies recorded as expenses in 2023, as follows:

	2023	2022
Audit and statutory audit	417	298
Other assurance services	96	178
Services other than audit and statutory audit	119	89
	632	565

28. PERSONNEL COSTS

Personnel costs for the years ended 31 December 2023 and 2022 are made up as follows:

	2023	2022
Remuneration:		
Board of directors	3,840	3,789
Personnel	43,977	40,162
	47,817	43,951
Social charges and other expenses:		
Social security costs	9,085	8,538
Post-employement and other benefits cost (Note 21)	4,237	3,592
Social support costs	2,519	2,135
Other	323	303
	16,163	14,568
Total personnel costs	63,980	58,519

The Corporate bodies' remuneration includes remunerations paid to the Board of Directors as well as the General Shareholders meeting attendance.

The average number of employees of the Group in 2023 was 735 (707 in 2022).

29. OTHER OPERATING COSTS

Other operating costs for the years ended 31 December 2023 and 2022 are made up as follows:

	2023	2022
ERSE operating costs i)	13,001	6,708
Underground occupancy tax	4,817	4,096
Donations and quotizations	2,135	1,775
Others	1,767	2,409
	21,719	14,988

i) The caption "ERSE operating costs" corresponds to ERSE's operating costs, to be recovered through electricity and gas tariffs.

30. FINANCIAL COSTS AND FINANCIAL INCOME

Financial costs and financial income for the years ended 31 December 2023 and 2022 are made up as follows:

	2023	2022
Financial costs		
Interest on bonds issued	27,637	38,160
Other borrowing interests	21,346	4,350
Interest on commercial paper issued	16,972	6,707
Derivative financial instruments	1,724	181
Exchange rate differences	3,131	5,222
Other financing expenditure	12,340	12,772
	83,151	67,394
Financial income		
Interest income	20,338	3,860
Other financial investments	6,599	3,558
Exchange rate differences	61	1,231
Derivative financial instruments	2,658	3,262
	29,656	11,911

31. EARNINGS PER SHARE

Earnings per share were calculated as follows:

		2023	2022
Consolidated net profit used to calculate earnings per share	(1)	149,236	111,771
Number of ordinary shares outstanding during the period (Note 18)	(2)	667,191,262	667,191,262
Effect of treasury shares (Note 18)		3,881,374	3,881,374
Number of shares in the period	(3)	663,309,888	663,309,888
Basic earnings per share (euro per share)	(1)/(3)	0.22	0.17

The basic earnings per share are the same as the diluted earnings as there are no situations that could origin dilution effects.

32. DIVIDENDS PER SHARE

On 28 April 2022, the General Meeting approved the distribution of dividends to shareholders, based on the result for the 2021 financial year, in the amount of 102,747 thousand euros (0.154 euros per share), including the dividend attributable to own shares in the amount of 597 thousand euros, with the amount of 102,150 thousand euros having been paid to shareholders.

The strategic plan announced by the Company on 14 May 2021, the Board of Directors of REN – Redes Energéticas Nacionais, SGPS, S.A. approved, on 30 November 2022, the payment of dividends, as an advance on profits, in the amount of 0.064 euros per share, in the amount of 42,452 thousand euros.

On 27 April 2023, the General Meeting approved the distribution of dividends to shareholders, based on the result for the 2022 financial year, in the amount of 102,747 thousand euros (0.154 euros per share), including the dividend attributable to own shares in the amount of 597 thousand euros, with the amount of 102,150 thousand euros having been paid to shareholders (the amount of 42,452 thousands euros paid in 2022, as an advance on profits, and the amount of 59,698 thousands euros in 2023).

The Board of Directors of REN – Redes Energéticas Nacionais, SGPS, S.A. approved, on 30 November 2023, the payment of dividends, as an advance on profits, in the amount of 0.064 euros per share, in the amount of 42,452 thousand euros.

33. CONTINGENT ASSETS AND LIABILITIES

33.1 COMMITMENTS

The commitments assumed by REN Group relating to investments contracted but not yet realized, not reflected in the statement of financial position as of 31 December 2023 and 2022, were as follows:

	2023	2022
Power lines	109,243	90,284
Substations	106,074	66,739
Gas pipelines	7,413	7,397
Sines Terminal	2,261	5,255
Underground gas storage	1,031	960
	226,022	170,635

Regarding joint ventures and associates, there are no other commitments assumed by the Group and which are not included in the consolidated statement of financial position, for the years ended 31 December 2023 and 2022.

33.2 CONTINGENT LIABILITIES

Tejo Energia - Produção e Distribuição de Energia Eléctrica, SA ("Tejo Energia") and Turbogás – Produtora Energética S.A. ("Turbogás") have announced to REN - Rede Eléctrica Nacional, SA ("REN Eléctrica") and REN Trading SA ("REN Trading") its intention to renegotiate the Power Purchase Agreement (PPA), in order to reflect in the amounts payable to this producer the costs, which in its opinion would be due, incurred with i) financing of the social tariff and ii) with the tax on petroleum products and energy and with the rate of carbon. Also, these two entities stated its intention to renegotiate the PPA, in order to reflect in the amounts payable the costs incurred with the financing of ECES.

According to the PPA, Tejo Energia and Turbogás act as producers and sellers and REN Trading as purchaser of the energy produced in power plants. REN Eléctrica is jointly and severally liable with REN Trading, regarding the execution of the PPA with Tejo Energia and Turbogás. According to the information received, the total costs incurred by these companies until 31 December 2023 amounts to, approximately, 107 million euros.

REN Trading and REN Elétrica consider that, with the existing legal framework, this possibility depends on the recognition that the associated charges can be considered as general costs of the national electricity system, the only way to guarantee the economic neutrality of REN Trading's contractual position.

All of these disputes were brought by Tejo Energia and Turbogás and contested by REN Eléctrica and REN Trading, and the outcome is pending resolution.

33.3 GUARANTEES GIVEN

At 31 December 2023 and 2022, the REN Group had given the following bank guarantees:

BENEFICIARY	SCOPE	2023	2022
European Investment Bank	To guarantee loans	183,427	216,338
General Directorate of Energy and Geology	To guarantee compliance with the contract relating to the public service concession	24,028	24,028
Tax Authority and Customs	Ensure the suspension of tax enforcement proceedings	22,219	25,881
Judge of District Court	Guarantee for expropriation processes	7,278	6,141
Mibgás	To guarantee the liabilities incurred from the participation in the gas organized market	4,000	4,000
Municipal Council of Seixal	Guarantee for litigation	3,133	3,133
Portuguese State	Guarantee for litigation	2,514	2,232
Municipal Council of Maia	Guarantee for litigation	1,564	1,564
Municipal Council of Odivelas	Guarantee for litigation	1,119	1,119
Infraestruturas de Portugal	Guarantee for litigation	794	603
Municipal Council of Porto	Guarantee for litigation	368	368
Municipal Council of Silves	Guarantee for expropriation processes	352	352
NORSCUT - Concessionária de Auto-estradas	To guarantee prompt payment of liabilities assumed by REN in the contract ceding utilization	200	200
EDP - Gestão da Produção de Energia, S.A.	Guarantee obligations assumed by the Payer in the contract for the Provision of Communications Services	123	123
Lisbon Maritime Customs	Constitution of possible customs debts	115	-
Others (loss then 100 thousand Euros)	Guarantee for litigation	270	270
		251,505	286,354

The given guarantees have the following maturities:

31 DECEMBER 2023	Less 1 year	1 - 5 years	Over 5 years	Total
Guarantees on borrowings	37,368	104,705	41,354	242,548
Other guarantees	-	-	68,079	65,583
	37,368	104,705	109,433	251,505

31 DECEMBER 2022	Less 1 year	1 - 5 years	Over 5 years	Total
Guarantees on borrowings	35,815	120,427	60,097	216,339
Other guarantees	-	-	70,015	70,015
	35,815	120,427	130,112	286,354

33.4 GUARANTEES RECEIVED

REN has collateral guarantees regarding accounts receivable, namely bank guarantees, which amount to, approximately, 596,106 thousand euros as of 31 December 2023 (319,952 thousand euros as of 31 December 2022).

34. RELATED PARTIES

MAIN SHAREHOLDERS AND SHARES HELD BY CORPORATE BODIES

At 31 December 2023 and 2022, the shareholder structure of Group REN was as follows:

	2023		2022	
	Number of shares	%	Number of shares	%
State Grid Corporation of China	166,797,815	25.0%	166,797,815	25.0%
Pontegadea Inversiones S.L.	80,100,000	12.0%	80,100,000	12.0%
Lazard Asset Management LLC	51,105,111	7.7%	49,568,307	7.4%
Fidelidade - Companhia de Seguros, S.A.	35,496,424	5.3%	35,496,424	5.3%
Redeia Corporación S.A.	33,359,563	5.0%	33,359,563	5.0%
Own shares	3,881,374	0.6%	3,881,374	0.6%
Others	296,450,975	44.4%	297,987,779	44.7%
	667,191,262	100.0%	667,191,262	100.0%

The number of shares of REN SGPS held by corporate bodies at 31 December 2023 and 2022 is detailed in the Director's Report.

Management remuneration

The Board of Directors of REN, SGPS was considered, in accordance with IAS 24, to be the only key members in the Management of the Group.

REN has not established any specific retirement benefit system for the Board of Directors.

Remuneration of the Board of Directors of REN, SGPS in the year ended 31 December 2023 amounted to 3,461 thousand euros (3,424 thousand euros in 31 December 2022), as shown in the following table:

	2023	2022
Remuneration and other short term benefits	1,737	1,700
Management bonuses (estimate)	1,724	1,724
	3,461	3,424

TRANSACTION OF SHARES BY THE MEMBERS OF THE BOARD OF DIRECTORS

During the year ended 31 December 2023, there were no transactions carried out by members of the corporate bodies.

Transactions with group or dominated companies

In its activity, REN maintains transactions with Group entities or with dominated parties. The terms in which these transactions are held are substantially identical to those practiced between independent parties in similar operations.

In the consolidation process, the amounts related to such transactions or open balances are eliminated (Note 3.2) in the financial statements.

The main transactions held between Group companies were: i) borrowings and shareholders loans; and ii) shared services namely, legal services, administrative services and informatics.

BALANCES AND TRANSACTIONS HELD WITH SHAREHOLDERS, ASSOCIATES AND OTHER RELATED PARTIES

During the years ended 31 December 2023 and 2022, Group REN carried out the following transactions with reference shareholders, qualified shareholders and related parties:

Revenue

	2023	2022
Sales and services provided		
Invoicing issued - Redeia Corporación S.A.	6,966	2,359
Invoicing issued - Centro de Investigação em Energia REN - State Grid	127	100
Other operating income		
Invoicing issued - OMIP	24	-
Dividends received		
Electrogas (Note 10)	15,729	9,358
Centro de Investigação em Energia REN - State Grid (Note 10)	5	25
Redeia Corporación S.A. (Note 13)	5,415	5,415
	28,265	17,258

Expenses

	2023	2022
External supplies and services and others expenses		
Invoicing received - OMIP	169	-
Invoicing received - TECNORED S.A. (State Grid Group)	243	31
Invoicing received - Redeia Corporación S.A.	144	767
Invoicing received - Centro de Investigação em Energia REN - State Grid	138	117
Invoicing received - CMS Rui Pena & Arnaut[6]	82	168
	777	1.082

Balance

The balances at 31 December 2023 and 2022 resulting from transactions with related parties were as follows:

	2023	2022
Trade and other receivables		
Redeia Corporación S.A. - Dividends	1,477	1,477
Centro de Investigação em Energia REN - State Grid - Other receivables	45	124
Redeia Corporación S.A. - Trade receivables	785	119
	2,307	1,720
Trade and other payables		
Centro de Investigação em Energia REN - State Grid - Other payables	240	102
OMIP - Trade payables	24	-
TECNORED S.A. (State Grid Group) - Trade payables	10	31
CMS - Rui Pena & Arnaut - Trade payables[6]	28	4
SPECO - Shandong Power Equipment CO - Trade payables[7]	251	375
	552	511

35. EXTRAORDINARY CONTRIBUTION OVER THE ENERGY SECTOR

Law No. 83-C/ 2013 of 31 December introduced a specific contribution of entities operating in the energy sector, called Extraordinary Contribution over the Energy Sector ("ECES"), that was extended by Law 82-B/ 2014 , of 31 December, Law 7-A/ 2016, of 30 March, Law 114/ 2017, of 29 December, Law 71/ 2018, 31 December, Law 2/ 2020, of 31 March, Law 75-B/ 2020, of 31 December, Law 99/ 2021, of 31 December and Law 24-D/ 2022, of 30 December.

The regime introduced is aimed at financing mechanisms that promote systemic sustainability of the sector through the setting up of a fund with the main objective of reducing the tariff

[6] Entity related to the Administrator José Luís Arnaut. During 2023, the contract for the provision of legal advisory services in the area of law and public procurement, approved by the Board of Directors of the company REN Serviços, SA and awarded to the law firm CMS Rui Pena and Arnaut, an entity related to the Director José Luís Arnaut, remained in force. The contract was signed in 2023, for a period of three years.

[7] Subsidiary entity of the Shareholder State Grid Europe Limited. The operations with this entity are related to acquisitions of concession assets in progress. Also, this entity presents guarantees amounting to 223 thousand euros.

deficit. The entities subject to this regime are, among others, entities that are dealers of transport activities or distribution of electricity and natural gas.

The calculation of the ECES is levied on the value of the assets with reference to the first day of the financial year 2023 (1 January 2023) that include cumulatively, the tangible fixed assets, intangible assets, with the exception of industrial property elements, and financial assets related with regulated activities. In the case of regulated activities, the ECES is levied on the value of regulated assets (i.e. the amount recognized by ERSE in the calculation of the allowed income with reference to 1 January 2023) if it is greater than the value of those assets, over which the rate of 0.85% is applied.

The ECES line of the income statement for the year ended 31 December 2023 amounted to 28,356 thousand euros (28,019 thousand euros at 31 December 2022). The Group payed the ECES for the year ended 31 December 2023 in October 2023.

36. DECREE-LAW 84-D/ 2022 – TRANSITORY GAS PRICE STABILIZATION REGIME

The Portuguese State, through Decree-Law nº 84-D/ 2022, of 9 December 2022, established a transitional regime to stabilize the price of natural gas for consumption carried out in 2023, through the discount on the price of natural gas , equivalent to the difference between the price of the energy component, shown on the invoice, and its reference value, as provided for in article 3 of this Decree-Law.

The beneficiaries of the transitional price stabilization regime are legally constituted legal persons, consumers of high, medium and low pressure gas at delivery points with annual consumption greater than 10,000 m³, with the exception of the entities referred to in number 2 of article 2.th.

The discount is applied directly by the suppliers in the month following the billing of the respective consumption, once the invoice has been paid by the customer, and the discount must be expressly identified on the invoice in which it is reflected.

Suppliers inform, on the first working day of each week, the Global Technical Manager of the National Gas System ("GTG") regarding the quantities and discount values to be applied to the billing issued in the previous week, including the total consumption of their portfolio from clients. Based on the information transmitted, the GTG transfers, within 10 days to the suppliers, the amounts referring to the support to be granted for each identified billing cycle.

As mentioned in the aforementioned Decree-Law, more precisely in Article 7, it is the responsibility of REN Gasodutos, as Global Technical Manager of the National Gas System, to interact with suppliers in order to operationalize the application of this Decree-Law. It is REN Gasodutos' responsibility to transfer the funds provided by the Portuguese State for the purposes of this Decree-Law, and such amounts cannot be used for other purposes. The amount transferred by the Government is deposited in a dedicated bank account, with accounting separation in relation to other activities carried out by the Company.

On 29 December 2022, the Company received the amount of 1,000,000 thousand euros, recorded under the caption Transitory gas price stabilization regime - Decree-Law nº 84-D/ 2022, both in assets and in liabilities, taking into account the need for accounting separation in relation to the other activities carried out by the Company, as mentioned above and mentioned in paragraph 3 of article 7 of the aforementioned Decree-Law.

Payments of the amounts corresponding to natural gas consumption billed in 2023 begin in February of the same year and can be settled by the end of January 2024. If the amount transferred under this Decree-Law is not exhausted, REN transfers the respective remainder in favor of the Portuguese State, as referred to in paragraph 5 of article 7 of the referred Decree-Law.

As of 31 December 2023, the Company has already made payments in accordance with the aforementioned Decree-Law, as well as the reimbursement of the amount of 700,000 thousands euros to the Portuguese State, accordingly with the legal document n.º 10727/2023, of 20 October 2023 and, as such, the amount recorded in "Transitional gas price stabilization regime - Decree-Law 84-D/ 2022", both in assets and in liabilities, is 228,789 thousand euros.

37. SUBSEQUENT EVENTS

On 20 February 2024, REN issued green bonds, in the amount of 300,000 thousand euros, with a maturity of 8 years and a yield of 3.614% equivalent to the 8-year mid swap rate plus 90 bps. The issue is carried out within the scope of the REN's Green Finance Framework and reflects the alignment of the Group's financing and sustainability policies.

There were no other events that gave rise to adjustments or additional disclosures in the Company's consolidated financial statements for the year ended 31 December 2023.

38. EXPLANATION ADDED FOR TRANSLATION

These consolidated financial statements are a translation of financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards as endorsed by the European Union at 1 January 2023. In the event of discrepancies, the Portuguese language version prevails.

STATEMENT OF CONFORMITY

Statement provided for in article 29-g, no. 1, Paragraph c) of the portuguese securities code

Under the terms and for the purposes of the provisions of Article 29-G, paragraph 1, c) of the Portuguese Securities Code, each of the members of the Board of Directors of REN - Redes Energéticas Nacionais, SGPS, S.A., identified below by name, subscribed the following statement which is transcribed below[8]:

"I hereby declare, pursuant to and for the purposes specified in Article 29.º-G, No. 1, paragraph c) of the Portuguese Securities Code, to the best of my knowledge, and serving as and in the scope of the functions assigned to me, based on the information made available to me, that the consolidated financial statements have been prepared in accordance with the applicable accounting standards, thus providing a true and fair view of the assets and liabilities, financial position and results of REN - Redes Energéticas Nacionais, SGPS, S.A. ("Company") and of the companies included in its scope of consolidation, and that the management report relating to the tax year of 2023 faithfully describes the evolution of the business, the performance and position of the Company and those companies, within such period, and the impact on the respective financial statements, also containing a description of the main future risks and uncertainties.

Lisbon, 21 March 2024"

Rodrigo Costa
(Chairman of the Board of Directors and Executive Committee)

João Faria Conceição
(Member of the Board of Directors and Member of the Executive Committee)

Gonçalo Morais Soares
(Member of the Board of Directors and Member of the Executive Committee)

Guangchao Zhu
(Vice Chairman of the Board of Directors appointed by State Grid Europe Limited)

Mingyi Tang
(Member of the Board of Directors)

Yang Qu
(Member of the Board of Directors)

Jorge Magalhães Correia
(Member of the Board of Directors)

Dulce Mota
(Member of the Board of Directors)

Manuel Sebastião
(Member of the Board of Directors and Chairman of the Audit Committee)

Gonçalo Gil Mata
(Member of the Board of Directors and Member of the Audit Committee)

Rosa Freitas Soares
(Member of the Board of Directors and Member of the Audit Committee)

Maria Estela Barbot
(Member of the Board of Directors)

José Luis Arnaut
(Member of the Board of Directors)

Ana Pinho
(Member of the Board of Directors)

Ana da Cunha Barros
(Member of the Board of Directors)

[8] The originals of the individual statements referred to are available for consultation at the Company's headquarters.

THE CERTIFIED ACCOUNTANT NO 81015

Pedro Mateus

THE BOARD OF DIRECTORS

Rodrigo Costa
(Chairman of the Board of Directors and Chief Executive Officer)

João Faria Conceição
(Member of the Board of Directors and Chief Operational Officer)

Gonçalo Morais Soares
(Member of the Board of Directors and Chief Financial Officer)

Guangchao Zhu
(Vice-President of the Board of Directors designated by State Grid International Development Limited)

Mingyi Tang
(Member of the Board of Directors)

Yang Qu
(Member of the Board of Directors)

Ana Pinho
(Member of the Board of Directors)

Dulce Mota
(Member of the Board of Directors)

Ana da Cunha Barros
(Member of the Board of Directors)

Jorge Magalhães Correia
(Member of the Board of Directors)

Maria Estela Barbot
(Member of the Board of Directors)

José Luis Arnaut
(Member of the Board of Directors)

Manuel Sebastião
(Member of the Board of Directors and Chairman of the Audit Committee)

Rosa Freitas Soares
(Member of the Board of Directors and Chairman of the Audit Committee)

Gonçalo Gil Mata
(Member of the Board of Directors and Chairman of the Audit Committee))

Note: The remaining pages of this Integrated Report were initialled by the members of the Executive Committee and by the Certified Accountant, Pedro Mateus.

REPORT AND OPINION OF THE AUDIT COMMITTEE

CONSOLIDATED ACCOUNTS

Within the scope of its duties, the Audit Committee has monitored the development of the activity of REN – REDES ENERGÉTICAS NACIONAIS, SGPS, S.A (the "Company"). and its subsidiaries, supervised compliance with the law, regulations and the Articles of Association, supervised compliance with accountancy policies and practices, and supervised the process of preparation and disclosure of financial information, the legal review of accounts and the effectiveness of the internal control and risk management systems. It further supervised the activity of the Statutory Auditor and the External Auditor, including their independence and impartiality.

Within the limits of the powers of the Audit Committee and pursuant to the provisions of subparagraph c), of the nr. 1, of article 29-G of the Securites Market Code, of the article 423-F, no. 1, g) of the article 420, no. 6, both of the Commercial Companies Code, it is hereby declared that as far as this Committee is aware, the Integrated Management Report and the Individual and Consolidated Financial Statements of the Company for the financial year ended 31 December 2023 were prepared in accordance with the applicable accounting standards, reflecting a true and fair view of the assets and liabilities, the financial position and results of REN - Redes Energéticas Nacionais, SGPS, S.A. and the companies included in the consolidation perimeter. Additionally, the Integrated Management Report faithfully states the evolution of the business, performance and position of the Company and the group, complies with applicable legal, accounting and statutory requirements and, whenever justified, contains a description of the main risks and uncertainties they face. It is also mentioned that the non-financial information is relevant and allows the understanding of the performance, position and impact of the group's activities, concerning environmental, social and employee issues, gender equality, non-discrimination, respect for human rights and the fight against corruption. Additionally, the Audit Committee ensures that the Corporate Governance Report, which is disclosed simultaneously with the Integrated Management Report, includes the elements referred in article 29-H of the Securities Market Code.

The Audit Committee also examined the consolidated financial information comprised within the Integrated Management Report and the financial statement of REN – REDES ENERGÉTICAS NACIONAIS, SGPS, S.A. and its subsidiaries attached thereto in relation to the financial year ended on December 31, 2023 which consist of the Consolidated Statement of the Financial Position, evidencing a total of 5,781,968 thousand Euros and 1,512,116 thousand Euros of Equity Capital, including a Consolidated Net Profit of 149,236 thousand Euros, the Consolidated Statement of Profit and Loss, Comprehensive Income, Changes in Equity Capital and Cash Flows in relation to the financial year closed on the abovementioned date and the respective Annex.

The Audit Committee reviewed the Legal Certification of Accounts and the Audit Report on the consolidated financial information, prepared by the Statutory Auditor and the External Auditor.

Within the context of the analysis undertaken, the Audit Committee further supervised the compliance and adequacy of the accounting policies, procedures, practices and adopted valuation criteria, as well as the regulatory and quality of the Company´s accounting information.

In light of the above, it is the opinion of the Audit Committee that the Consolidated Financial Statements and Consolidated Integrated Management Report, as well as the proposal expressed therein, abide by applicable accounting, legal and statutory provisions, therefore it recommends its approval by the General Meeting of Shareholders.

Lisbon, 21 March 2024

Manuel Sebastião
(Chairman)

Rosa Freitas Soares
(Member)

Gonçalo Gil Mata
(Member)

Ernst & Young
Audit & Associados - SROC, S.A.
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(Translation from the original document in the Portuguese language.
In case of doubt, the Portuguese version prevails)

Statutory and Auditor's Report

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of REN – Redes Energéticas Nacionais, S.G.P.S., S.A. (the "Group"), which comprise the Consolidated Statement of Financial Position as at 31 December 2023 (showing a total of 5,781,968 thousand euros and a total equity of 1,512,116 thousand euros, including a net profit for the year of 149,236 thousand euros), and the Consolidated Statement of Profit and Loss by Nature, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the REN – Redes Energéticas Nacionais, S.G.P.S., S.A. as at 31 December 2023, and of its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. We are independent of the entities comprising the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors´ code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters in the current year audit are the following:

1. Concession assets

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As at 31 December 2023, the Intangible assets caption amounts to 4,120,617 thousand euros (4,077,471 thousand euros in 2022), which represents all assets constructed and acquired under the public service concession agreements that the Group entered with the Portuguese State. As disclosed in Note 3.4 of the notes to the consolidated financial statements, these assets were recorded in accordance to the intangible model of IFRIC 12 – Service Concession Arrangements. Since the annual Revenue of the Group is directly correlated to the average annual balances of the intangible assets and their total carrying amount, as at 31 December 2023, represents 71% of the Group's total assets (63% in 2022), the initial recognition and subsequent measurement of those intangible assets have been considered as a key audit matter.	Our approach included the following procedures: ► We updated the understanding of the Asset Management and Purchasing processes, as well as identified and assessed the internal control procedures established in the Group, mainly in relation to the investments approval policies and monitoring of the execution of it; ► We held regular meetings with the Concession Support Services Department to evaluate the compliance with the annual investment budgets; ► We have read the correspondence exchanged with the Entidade Reguladora de Serviços Energéticos ("ERSE") in order to understand the matters being analyzed with the Group and about its accurate incorporation in the tariff deviation calculation as at 31 December 2023; ► We have read the minutes of the Board of Directors meetings of the several Group entities in order to validate the approved investments; and ► We performed substantive audit procedures on the value of the investments carried out during the period ended 31 December 2023, to corroborate the initial recognition, measurement, appropriate cut off and presentation as Concession assets. We also assessed the appropriateness of the applicable disclosures included in Notes 2, 3.4 and 8 of the notes to the consolidated financial statements.

2. Tariff deviations

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As disclosed in Note 3.16 of the notes to the consolidated financial statements as a result of the Tariff Regulations of the electricity and gas sectors, the Group determines, on each reporting date and in accordance with the criteria set by the tariff regulations published by ERSE, the tariff deviations between the regulatory revenue allowed and the actual revenue invoiced by the Group. As at 31 December 2023, the tariff deviations assets and liabilities amount to 403,996 thousand euros and 76,531 thousand euros (2022: 97,842 thousand euros and 597,217 thousand euros), respectively. Due to the complexity of the computation, the use of multiple sources of data and the relevance of the balances in the consolidated financial statements, the tariff deviations have been considered as a key audit matter.	Our approach has included the following procedures: ► We obtained an understanding and assessed the internal control procedures inherent to the information capture and to the tariff deviations calculation. Furthermore, we assessed the Group's regulatory framework in view of the Tariff Regulations of the electricity and gas sectors; ► We obtained the computation of the tariff deviations and reconciled them to the accounting records; ► We analyzed the accuracy of the data used from the several sources of information, testing the reasonableness of the various components of the calculation, namely the average annual balances of the concession assets and the applicable remuneration rate; ► We carried out substantive audit procedures, namely for a representative sample of the invoices issued during 2023; ► We performed the recalculation of the tariff deviations and compared the results obtained with the amounts reported by the Group; ► We have read the correspondence exchanged with ERSE in order to understand the matters being discussed with the Group; ► We reviewed the definition of tariff deviations assets and liabilities and their appropriate classification as Current or Non-current Assets or Liabilities, based on the recovery period thereof, as defined by the Tariff Regulations of the electricity and gas sectors; and ► We evaluated the consistency of the criteria used in relation to previous years. Our approach also included analysis of the applicable disclosures included in Note 3.16, 14 and 23 of the notes to the consolidated financial statements.

REN - Redes Energéticas Nacionais, S.G.P.S., S.A.
Statutory and Auditor's Report
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31 December 2023

Responsibilities of management and the supervisory board for the consolidated financial statements

Management is responsible for:

- the preparation of consolidated financial statements that presents a true and fair view of the Group´s financial position, financial performance and cash flows in accordance with International Financial Reporting Standards as endorsed by the European Union;
- the preparation of the Management report, the Corporate Governance Report, non-financial information and remunerations report, in accordance with the laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Group's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Group´s ability to continue as a going concern.

The supervisory body is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group 's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- from the matters communicated with those charged with governance, including the supervisory body, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and
- We also provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate threats or safeguards applied.

Our responsibility includes the verification of the consistency of the Management Report with the consolidated financial statements, and the verifications under nr. 4 and nr. 5 of article 451 of the Commercial Companies Code regarding corporate governance matters, as well as the verification that the non-financial information and remunerations report have been presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment over the Group, we have not identified any material misstatement.

On the Corporate Governance Report

Pursuant to article 451, nr. 4 of the Commercial Companies Code, in our opinion the Corporate Governance Report includes the information required to the Group to provide as per article 29-H of the Securities Code, and we have not identified material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and l) of nr. 1 of the said article.

On consolidated non-financial information

Pursuant to article 451, nr. 6 of the Commercial Companies Code, we hereby inform that the Group has prepared a report separate from the Management Report, which includes the consolidated non-financial information, in compliance with Article 508-G of the Commercial Companies Code, and has been disclosed together with the Management Report.

On the remunerations report

Pursuant to article 26-G, nr. 6 of the Securities Code, we hereby inform that the Group has included in a separate chapter of its Corporate Governance Report the information provided in compliance with paragraph 2 of the said article.

On additional items set out in article 10 of the Regulation (EU) nr. 537/2014

Pursuant to article 10 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were appointed in the shareholders' general meeting held on 23 April 2021 for a second mandate from 2021 to 2023;

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REN - Redes Energéticas Nacionais, S.G.P.S., S.A.
Statutory and Auditor's Report
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31 December 2023

- Management has confirmed that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the consolidated financial statements. In planning and executing our audit in accordance with ISAs we maintained professional skepticism and we designed audit procedures to respond to the possibility of material misstatement in the consolidated financial statements due to fraud. As a result of our work we have not identified any material misstatement to the consolidated financial statements due to fraud;
- We confirm that our audit opinion is consistent with the additional report that we have prepared and delivered to the supervisory body of the Group on 21 March 2024; and
- We declare that we have not provided any prohibited services as described in article 5, of the Regulation (EU) nr. 537/2014, of the European Parliament and of the Council, of 16 April 2014 and we have remained independent of the Entity in conducting the audit.

European Single Electronic Format (ESEF)

The accompanying consolidated financial statements of REN – Redes Energéticas Nacionais, S.G.P.S., S.A. for the year ended 31 December 2023 must comply with the applicable requirements set out in the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (ESEF Regulation).

Management is responsible for preparing and disclosing the annual report in accordance with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements, included in the annual report, are presented in accordance with the requirements set out in the ESEF Regulation.

Our procedures considered the OROC Technical Application Guide on report in ESEF and included, among others:

- obtaining an understanding of the financial reporting process, including the submission of the annual report in valid XHTML format; and
- the identification and evaluation of the risks of material distortion associated with the marking-up of the information of the consolidated financial statements, in XBRL format using iXBRL technology. This evaluation was based on the understanding of the process implemented by the Group to mark-up the information.

In our opinion, the accompanying consolidated financial statements included in the annual report are presented, in all material respects, in accordance with the requirements set out in the ESEF Regulation.

Lisbon, 21 March 2024

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

(Signed)

Rui Abel Serra Martins - ROC nr. 1119
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INDIVIDUAL FINANCIAL STATEMENTS

1. INDIVIDUAL FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2023 AND 2022

(Amounts expressed in thousands of euros) (Translation of statements of balance sheet originally issued in Portuguese - Note 30)

ASSETS	Notes	2023	2022
Non-current assets:			
Tangible assets	5	418	342
Investments - equity method	7	2,713,863	1,391,535
Goodwill	8	755	1,132
Investments in equity instruments at fair value for other comprehensive income	12	54,577	57,241
Other receivables	10	955,000	2,223,805
Other financial assets	10	18	22
Derivative financial instruments	11	45,745	80,564
Deferred tax assets	9	76	3
Total non-current assets		3,770,451	3,754,643
Current assets:			
State and other public entities	16	26,809	10,269
Other receivables	10	797,738	600,967
Deferrals		151	158
Derivative financial assets	11	8,619	-
Cash and bank deposits	4	9,460	342,642
Total current assets		842,776	954,036
Total assets		4,613,227	4,708,679
EQUITY AND LIABILITIES			
Equity:			
Share Capital	13	667,191	667,191
Own shares	13	(10,728)	(10,728)
Shares premium	13	116,809	116,809
Legal reserve	13	141,378	135,701
Other reserves	13	228,120	251,855
Adjustments to financial assets	13	(77,032)	(48,209)
Retained earnings		297,436	291,737
Other changes in equity	13	(5,561)	(5,561)
		1,357,613	1,398,795
Net profit for the period		150,974	113,525
Total equity		1,508,586	1,512,320
LIABILITIES			
Non-current liabilities:			
Borrowings	6 and 15	2,020,515	1,694,555
Provisions	14	2,213	3,628
Post employment benefit liabilities		13	11
Derivative financial instruments	11	52,006	73,464
Deferred tax liabilities	9	12,600	20,601
Total non-current liabilities		2,087,347	1,792,259
Current liabilities:			
Borrowings	6 and 15	921,909	839,797
Trade payables	15	483	794
State and other public entities	16	529	1,751
Derivative financial instruments	11	8,601	-
Other payables	15	85,770	561,759
Total liabilities		1,017,293	1,404,100
Total equity and liabilities		3,104,640	3,196,358
		4,613,227	4,708,679

The accompanying notes form an integral part of the statement of balance sheet as of 31 December 2023.

THE CERTIFIED ACCOUNTANT THE BOARD OF DIRECTORS

STATEMENTS OF PROFIT AND LOSS BY NATURE FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts expressed in thousands of euros) (Translation of statements of profit and loss originally issued in Portuguese - Note 30)

REVENUES AND EXPENSES	Notes	2023	2022
Services rendered	17	12,126	10,295
Gains/ (losses) from associates and joint ventures	7 and 18	173,134	122,413
Supplies and services	19	(4,755)	(3,290)
Personnel costs	20	(6,958)	(6,485)
Provisions (increases)/ decreases	14	(2,213)	(276)
Other income	21	865	623
Other expenses	22	(276)	(223)
Profit before amortization, depreciation, finance costs and taxes		**171,922**	**123,057**
Depreciation and amortization (charge)/ reversal	5 and 8	(562)	(543)
Operating profit (before finance costs and taxes)		**171,361**	**122,515**
Interest and similar income	23	67,235	53,115
Interest and similar costs	23	(84,049)	(63,826)
Dividends from affiliated companies	24	4,604	4,400
Profit before taxes		**159,150**	**116,203**
Income tax expense for the period	9	(8,176)	(2,678)
Net profit for the period		**150,974**	**113,525**
Basic earnings per share		**0.23**	**0.17**

The accompanying notes form an integral part of the statement of profit and loss for the year ended 31 December 2023.

THE CERTIFIED ACCOUNTANT THE BOARD OF DIRECTORS

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts expressed in thousands of euros) (Translation of statements of equity changes originally issued in Portuguese - Note 30)

2023

	Notes	Capital	Own shares	Share premium	Legal reserve	Hedging reserve (Note 11)	Fair value reserve (Note 12)	Other reserves	Other changes in Equity	Retained earnings	Adjustment of financial assets (Note 7 and 13)	Net profit for the period	Total equity
Balances at the beginning of 2023		667,191	(10,728)	116,809	135,701	59,172	12,493	180,190	(5,561)	291,737	(48,209)	113,525	1,512,320
Changes in the year:													
Changes in fair value	11 and 12	-	-	-	-	(22,362)	(1,373)	-	-	-	-	-	(23,735)
Appropriation of the profit for the preceding year	13	-	-	-	5,675	-	-	-	-	5,699	-	(11,375)	-
Adjustments in financial assets	7	-	-	-	-	-	-	-	-	-	(28,823)	-	(28,823)
		-	-	-	5,675	(22,362)	(1,373)	-	-	5,699	(28,823)	(11,375)	(52,560)
Operations during the year with shareholders													
Distribution of dividends	13	-	-	-	-	-	-	-	-	-	-	(102,150)	(102,150)
		-	-	-	-	-	-	-	-	-	-	(102,150)	(102,150)
Net profit for the year												150,974	150,974
Comprehensive income		-	-	-	-	(22,362)	(1,373)	-	-	-	(28,823)	150,974	98,415
Balances at the end of 2023		667,191	(10,728)	116,809	141,378	36,811	11,120	180,190	(5,561)	297,436	(77,032)	150,974	1,508,586

The accompanying notes form an integral part of the statement of changes in equity for the year ended 31 December 2023.

THE CERTIFIED ACCOUNTANT THE BOARD OF DIRECTORS

2022

	Notes	Capital	Own shares	Share premium	Legal reserve	Hedging reserve (Note 11)	Fair value reserve (Note 12)	Other reserves	Other changes in Equity	Retained earnings	Adjustment of financial assets (Note 7 and 13)	Net profit for the period	Total equity
Balances at the beginning of 2022		667,191	(10,728)	116,809	130,662	(13,215)	13,986	180,190	(5,561)	298,134	(76,139)	100,792	1,402,118
Changes in the year:													
Changes in fair value	11 and 12	-	-	-	-	72,388	(1,492)	-	-	-	-	-	70,895
Appropriation of the profit for the preceding year	13	-	-	-	5,039	-	-	-	-	(6,398)	-	1,358	-
Adjustments in financial assets	7	-	-	-	-	-	-	-	-	-	27,930	-	27,930
		-	**-**	**-**	**5,039**	**72,388**	**(1,492)**	**-**	**-**	**(6,398)**	**27,930**	**1,358**	**98,824**
Operations during the year with shareholders													
Distribution of dividends	13	-	-	-	-	-	-	-	-	-	-	(102,150)	(102,150)
		-	-	-	-	-	-	-	-	-	-	(102,150)	(102,150)
Net profit for the year												113,525	113,525
Comprehensive income		-	-	-	-	72,388	(1,492)	-	-	-	27,930	113,525	212,350
Balances at the end of 2022		**667,191**	**(10,728)**	**116,809**	**135,701**	**59,172**	**12,493**	**180,190**	**(5,561)**	**291,737**	**(48,209)**	**113,525**	**1,512,320**

The accompanying notes form an integral part of the statement of changes in equity for the year ended 31 December 2023.

THE CERTIFIED ACCOUNTANT

THE BOARD OF DIRECTORS

STATEMENTS OF CASH FLOW FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts expressed in thousands of euros) (Translation of statements of cash flow originally issued in Portuguese - Note 30)

	Notes	2023		2022	
Cash flow from operating activities					
Cash receipts from customers		24,752		5,048	
Cash paid to suppliers		(8,710)		(4,165)	
Cash paid to employees		(6,199)		(8,877)	
Cash generated by operations		9,843		(7,994)	
Income tax received/ (paid)		(18,276)		14,604	
Other receipts/ (payments) relating to operating activities		(3,989)		(163)	
Flows generated by/ (used in) operating activities [1]			(12,422)		6,447
Flows from investing activities					
Payments relating to:					
Financial Investments	7	(3,100)		(400)	
Tangible assets		(58)	(3,158)	(43)	(443)
Receipts relating to:					
Derivative financial instruments	7	231		391	
Dividends	24	113,355	113,586	146,703	147,094
Flows generated by investing activities [2]			110,428		146,651
Flows from financing activities					
Receipts relating to:					
Borrowings		8,323,700		6,016,965	
Shareholders loans		73,840		228,072	
Interest and other similar expense		54,051	8,451,592	29,940	6,274,977
Payments relating to:					
Borrowings		(8,711,976)		(6,124,150)	
Shareholders loans		-		(170,000)	
Interest and other similar expense		(68,654)		(33,227)	
Dividends	13	(102,150)	(8,882,780)	(144,602)	(6,471,978)
Flows used in financing activities [3]			(431,188)		(197,001)
Changes in cash and cash equivalents [4]=[1]+[2]+[3]			(333,183)		(43,903)
Cash and cash equivalents at the beginning of the year	4		342,642		386,546
Cash and cash equivalents at the end of the year	4		9,460		342,642

The accompanying notes form an integral part of the statement of cash flow for the year ended 31 December 2023.

THE CERTIFIED ACCOUNTANT THE BOARD OF DIRECTORS

2. NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(Amounts expressed in thousands of euros)
(Translation of statements of financial position originally issued in Portuguese - Note 30)

1. INTRODUCTORY NOTE

REN – Redes Energéticas Nacionais, SGPS, S.A. (hereinafter referred to as "REN SGPS" or "the Company"), with head office in Avenida Estados Unidos da América, n.º 55 – Lisbon, Portugal, resulted from the transformation on 5 January 2007 of REN – Rede Eléctrica Nacional, S.A. into an investment holding company.

At the same time a spin-off was made of the electricity business from REN – Rede Eléctrica Nacional, S.A. to the group company REN – Serviços de Rede, S.A., the name of which was subsequently changed to REN – Rede Eléctrica Nacional, S.A.

REN SGPS is the parent company of the REN Group and is organized into two main business segments, Electricity and Gas, and one secondary business, in the area of Telecommunications.

The Electricity business segment includes the following companies:

a) REN – Rede Eléctrica Nacional, S.A., was incorporated on 26 September 2006, whose activities are carried out under a concession contract for a period of 50 years as from 2007, which establishes the overall management of the Public Electricity Supply System (Sistema Eléctrico de Abastecimento Público - SEP);

b) REN Trading, S.A., was incorporated on 13 June 2007, whose main function is the management of Power Purchase Agreements (PPA) from Turbogás, S.A. and Tejo Energia, S.A., which did not terminate on 30 June 2007, date of the entry into force of the new Contracts for the Maintenance of the Contractual Equilibrium (Contratos para a Manutenção do Equilíbrio Contratual – CMEC). The operations of this company include the trading of electricity produced and of the installed production capacity, to domestic and international distributors;

c) Enondas, Energia das Ondas, S.A. was incorporated on 14 October 2010, its capital being fully owned by REN - Redes Energéticas Nacionais, SGPS, S.A., which the main activity being the management of the concession to operate a pilot area for the production of electric energy from sea waves; and

d) Empresa de Transmisión Eléctrica Transemel, S.A. (Transemel), acquired on October 1, 2019, as part of the expansion of the electricity business in Chile. The company's activity consists of providing electricity transmission and transformation services and the development, operation and commercialization of transmission systems, allowing free access to the different players in the electricity market in Chile.

The Gas business includes the following companies:

a) REN Gás, S.A. was incorporated on 29 March 2011, with the corporate objective of promoting, developing and carrying out projects and developments in the natural gas sector, as well as defining the overall strategy and coordination of the companies in which has direct interests;

b) REN Gasodutos, S.A., was incorporated on 26 September 2006, the capital of which was paid up through carve-in of the gas transport infrastructures (network, connections and compression). The company's purpose is the high-pressure transportation of natural gas and the overall technical management of the National Natural Gas System, considering the security and continuity of supply of natural gas in Portugal mainland. This includes especially the management and operation of the National Natural Gas Transportation Network, including the transport of natural gas, the planning, construction, maintenance and operation of the necessary infrastructures and installations, in accordance with the law and its public service concession, as well as any other related services;

c) REN Armazenagem, S.A., was incorporated on 26 September 2006, the capital of which was paid up through integration into the company of the gas underground storage assets. The company purpose is the underground storage of natural gas and the construction, operation and maintenance of the infrastructures and facilities necessary for that purpose, in accordance with the law and the company's public service concession, and any other related activities;

d) REN Atlântico, Terminal de GNL, S.A., acquired under the acquisition of the gas business, previously designated "SGNL – Sociedade Portuguesa de Gás Natural Liquefeito". The operations of this company comprise the supply, reception, storage and re-gasification of natural liquefied gas through the GNL marine terminal, being responsible for the construction, utilization and maintenance of the necessary infrastructures; and

e) REN Portgás Distribuição, S.A. (REN Portgás), acquired as part of the expansion of the gas business on 4 October 2017. The operations of this company comprise the distribution of natural gas in low and medium pressure, as well as production and distribution of other channelled fuel gases and other activities related, namely the production and sale of flaring equipment.

The operations of the companies indicated in b) to d) above are developed in accordance with the three concession contracts separately granted for periods of 40 years starting 2006. The company indicated in e) above develops its activities in accordance with one concession contract granted for 40 years starting 2008.

The telecommunications business is managed by RENTELECOM Comunicações, S.A. whose activity is the establishment, management and operation of telecommunications infrastructures and systems, the rendering of telecommunications services and optimizing the optical fibre excess capacity of the installations owned by REN Group.

REN SGPS fully owns REN Serviços, S.A., a company whose purpose is the rendering of services in the energetic area and the general services of business development support to group companies and third parties, receiving a fee for the services rendered, as well as the management of financial participations in other companies.

In addition, on 21 November 2018, REN PRO, S.A., a company wholly owned by REN SGPS S.A., headquartered in Lisbon, was created and incorporated. The corporate purpose is to provide support services, namely administrative, logistical, communication and development support of the business, as well as business consulting, in a remunerated manner, either to companies that are in a group relation or to any third party, and to IT consultancy.

On 10 May 2013 REN Finance, B.V., a company based in Netherlands and fully owned by REN SGPS, whose purpose is to participate, finance, collaborate and lead the management of group companies, was incorporated.

Additionally on 24 May 2013, together with China Electric Power Research Institute, a State Grid Group company, Centro de Investigação em Energia REN SGPS, S.A. – State Grid, S.A. ("Centro de Investigação") was incorporated under a Joint Venture Agreement on which REN holds 1,499,997 shares representing 49.99% of the total share capital. The purpose of this company is to implement a Research and Development centre in Portugal, dedicated to the research, development, innovation and demonstration in the areas of electricity transmission and systems management, the rendering of advisory services and education and training services as part of these activities, as well as performing all related activities and complementary services to its object.

The subsidiaries REN Gás, S.A., Aério Chile, Spa, Apolo Chile, Spa, Empresa de Transmisión Eléctrica Transemel, S.A., REN Gasodutos, S.A., REN Armazenagem, S.A., REN Portgás Distribuição, S.A., are indirectly fully owned by REN SGPS, S.A. through its subsidiary REN Serviços, S.A. (fully owned by REN SGPS).

As of 31 December 2023, REN SGPS also holds:

a) 40% interest in the share capital of OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A. ("OMIP SGPS"), being its purpose the management of participations in other companies as an indirect way of exercising economic activities. The company is shareholder of OMIP – Operador do Mercado Ibérico de Energia (Portuguese Pole), S.G.M.R., S.A. (OMIP), which function is the management of the MIBEL derivatives market together with OMIClear – Sociedade de Compensação de Mercados de Energia, S.A., a company fully owned by OMIP, which acts as the clearing house and central counterparty for transactions in the futures market;

b) 10% interest in the share capital of OMEL - Operador do Mercado Ibérico de Energia, S.A., the Spanish pole of the Sole Operator;

c) 7.5% interest in the share capital of Hidroeléctrica de Cahora Bassa, S.A. (HCB); and

d) An indirect 42.5% interest in the share capital of Electrogas, S.A., a Chilean company provider of natural gas and other fuels transportation. The participation was acquired on 7 February 2017.

The Board of Directors meeting held on 21 March 2024 approved the accompanying financial statements. However, they are still subject to approval by the Shareholders' Meeting under the terms of current Portuguese legislation. The financial statements are expressed in thousands of euros, rounded to the nearest thousand.

The Board of Directors understands that the financial statements give a true and fair view of the financial position of the Company, the result of its operations, the changes in its equity and its cash flows.

2. ACCOUNTING FRAMEWORK: FOR THE PREPARATION OF THE INTERIM FINANCIAL STATEMENTS

The accompanying financial statements have been prepared in accordance with the requirements of Decree-Law 158/ 2009 of 13 July, republished by the Decree-Law 98/ 2015 of 2 June and by Portaria 220/ 2015 of 24 July, in accordance with the conceptual framework, accounting and financial reporting standards and interpretations applicable to the year ended 31 December 2023.

The accompanying financial statements are presented in thousands of euros.

3. MAIN ACCOUNTING POLICIES

The main accounting policies used to prepare these financial statements are as follows:

3.1 BASES OF PRESENTATION

The accompanying financial statements were prepared on a going concern basis from the books and accounting records of the Company, in accordance with accounting and financial reporting standards.

The Board of Directors evaluated the Company's going concern capability, based on all the relevant information, facts and circumstances, of financial, commercial and other natures, including subsequent events occurred after the financial statement report date. In particular, as of 31 December 2023, current assets are lower than current liabilities by 174,517 thousand euros. Despite this fact, the Company generated during the year 2023 operating cash flows of 5,854 thousand euros, disregarding the effect of the income tax paid.

Additionally, and in order to guarantee the current treasury needs of the Group and to have the necessary dynamic and flexible to fulfil the current liquidity needs, the Company, as of 31 December 2023, has credit lines contracted and not used in the amount of 80,000 thousand euros, and twelve commercial paper programs, in the amount of 2,175,000 thousand euros, being available 1,069,000 thousand euros as of 31 December 2023. From the total amount of commercial paper programs, 900,000 thousand euros have subscription guarantee (of which 300,000 thousand euros were available as of 31 December 2023) (Note 15).

In result of this assessment, the Board concludes that the Company has the adequate resources to proceed its activity, not intending to cease its operations in short term, and therefore considers adequate the use of a going concern basis in the preparation of the Company's financial statements.

As a result of Russia's large-scale military invasion of Ukraine on 24 February 2022, the worsening violence of the conflict between Israel and Gaza, and the crisis in the Red Sea related to maritime transport, there has been a general worsening of the climate of global uncertainty with negative effects on the outlook for the world economy and financial markets.

The REN Group is actively monitoring the situation, has activated all the necessary plans and, although the situation is unpredictable, there are currently no significant effects on its operations and regulatory duties.

It should be noted that the REN Group essentially operates in two business areas, Electricity and Gas, in accordance with concession contracts assigned to the Group and that these are regulated, which in a way minimises the possible impacts of these conflicts.

REN remains strongly committed and assumes a facilitating role in the energy transition and environmental protection, recognising that the integrated and synergistic adaptation of gas and electricity infrastructures is crucial to achieving the decarbonisation targets set by the national energy policy. The development of the infrastructures needed for the energy transition and the mission to ensure an uninterrupted supply of energy to the whole country, contributing to the involvement and development of the communities in which it operates, is materialised through the establishment of high criteria for environmental protection, conservation and restoration, acting in accordance with best practice in terms of its contribution as an environmentally responsible company. On the other hand, the continuous development of innovation projects, some centred on emerging themes such as sustainability and the circular economy, hydrogen and renewable gases, digitalisation and cybersecurity, which are "incorporated" into the different companies of the REN Group, contributes significantly to positioning and making the energy transition a reality.

There were no significant changes in the long-term expectation of recovery of the Company's investments and shareholdings.

The accompanying financial statements reflect only the Company's individual financial statements, prepared as required by law for approval by the Shareholders' Meeting.
As explained in Note 3.2 investments are recorded in accordance with the equity method.

The accounting policies adopted in these financial statements are consistent, in all material respects, with the policies used in the preparation of the financial statements for the year ended 31 December 2022, as described in the notes to the 2022 financial statements

In accordance with Decree Law 158/ 2009 of 13 July, the Company also prepared consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), for approval in separate, which reflects, as of 31 December 2023, in relation to the accompanying separate financial statements, the following differences:

	INCREASE/ (DECREASE)
Total net assets	1,156,006
Total liabilities	1,152,476
Net profit for the period	(1,738)
Total revenue	476,767
Total equity	3,530

As of December 31, 2023, the differences between net income and equity (individual and consolidated accounts) essentially result from: i) the fact that the participation of the associate OMIP SGPS in the consolidated accounts, prepared in accordance with IFRS, was revalued in 2011, following the loss of control, from subsidiary to associate; ii) the impact of the application of IFRS 9 on the consolidated accounts under IFRS; iii) refinancing bond issues through an exchange offer, and; iv) also from Goodwill of REN Portgás Distribuição, S.A. which is being amortized over the remaining concession.

3.2 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

Investments in subsidiaries and associates are recorded by the equity method. In accordance with the equity method, financial holdings are initially recorded at their acquisition cost and are subsequently adjusted in accordance with post-acquisition changes in the Company's share of the net assets of the corresponding entities.
The results of the Company include its share in the results of those entities.
In addition, dividends received from these companies are recorded as a reduction in the value of the investments.

The excess of cost in relation to the fair value of identifiable assets and liabilities of each entity acquired on the acquisition date is recognized as Goodwill and is presented in a separate line of the statement of the financial position. If the difference between cost and the fair value of assets and liabilities is negative, it is recognized as gain of the period.

Goodwill with an undefined useful life is amortized over a period of 10 years.

A valuation of investments is made when there are indications that an asset can be impaired, any impairment losses being recorded as cost in the profit and loss statement.

When the Company's proportion on the accumulated losses of a subsidiary or associate exceeds its carrying amount, the investment is recorded at a nil amount, except when the Company has assumed commitments to cover the losses of the subsidiary or associate, when the additional losses require the recognition of a liability. If these companies subsequently report net profits, the Company only starts recognizing its share on those profits only after its profit share equals the unrecorded losses.

Unrealized gains on transactions with subsidiaries and associates are eliminated proportionally to the Company's interests, by corresponding entry to the investment caption. Unrealized losses are also eliminated but only up to the point that such loss does not result from the transferred asset being impaired.

3.3 TANGIBLE ASSETS

Tangible assets are stated at cost less accumulated depreciation and impairment losses.

The cost includes the purchase price of the asset, costs directly attributable to its acquisition and costs incurred to prepare the asset to start operating.

Repairs and maintenance costs are charged to the statement of profit and loss in the period in which they are incurred.

Tangible assets are depreciated on a straight-line basis over their estimated useful life period, from the date they are ready for use.

The estimated periods of useful life of tangible assets are as follows:

	YEARS
Transport equipment	4 years
Administrative equipment	Between 3 e 10 years
Tools and utensils	4 years

Useful life of the assets is reviewed annually. A change in useful life period is accounted as changes in accounting estimates and therefore is applied prospectively.

Gains (or losses) on the sale of assets are determined by the difference between the proceeds of the sale and the net carrying amount of the asset, these being recorded in the statement of profit and loss of the period.

3.4 LEASES

Lease agreements are classified as finance leases or operating leases taking into consideration the substance of the transaction rather than the legal form of the agreement.

Leases agreements on which REN has substantially all the risks and rewards of ownership of an asset, are classified as finance leases. Agreements in which an analysis of one or more of the conditions of the contract indicate a finance lease are also classified as such. All other leases are classified as operating leases.

Finance lease contracts are initially recognized at the lower of the fair value of the leased assets or the present value of the minimum lease payments, determined at the inception date.

The lease liability is recognized net of borrowing costs in the caption "Borrowings". Borrowing costs included in the lease payments and the depreciation of the leased assets are both recognized in the statement of profit and loss in the period they refer to.

Tangible assets acquired under finance lease contracts, are depreciated considering the lower period between the useful life period of the asset and the maturity of the lease contract, when the company does not have a purchase option on the maturity date, or by the useful life period estimated, when the Company has the commitment to acquire the asset by the end period of the contract.

Under operating lease contracts, the lease payments due are recognized as expenses in the statement of profit and loss, over the lease term.

3.5 FINANCIAL ASSETS AND LIABILITIES

The Company choose to fully apply IAS 32 - Financial Instruments: Presentation, IFRS 9 - Financial Instruments Recognition and Measurement and IFRS 7 – Financial Instruments: Disclosures, in accordance with paragraph 2 of NCRF 27.

The Board of Directors determines the classification and measurement of investments in financial assets based on the business model, measured at the date of initial application, used in its management and the characteristics of the contractual cash flows.

Financial assets

Investments in financial assets can be classified as:

a) Financial assets at amortized cost - Financial assets are held within the scope of a business model whose purpose is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise, at defined dates, to cash flows that are only capital repayments and interest payments on the outstanding capital;

b) Investment in equity instruments at fair value through other comprehensive income - Financial assets are held under a business model whose objective is achieved through the collection of contractual cash flows and the sale of financial assets and the contractual terms of financial assets give rise, at defined dates, to cash flows that are only capital repayments and interest payments on the outstanding capital; and

c) Financial assets at fair value through profit or loss - Include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

Financial assets are classified as non-current, except when: i) the Company expects to realize or dispose of in the normal course of its operating cycle; ii) holds the asset primarily for trading purposes; iii) expects to realize the asset up to twelve months after the reporting date; or iv) the asset is cash or cash equivalents.

Purchases and sales of investments in financial assets are recorded at the date of the transaction, that is, on the date that the Company undertakes to buy or sell the asset.

Financial assets at fair value through profit or loss are initially recognized at fair value, and transaction costs are recognized in the income statement. These assets are subsequently measured at fair value, and the income and expenses resulting from the change in fair value are recognized in the income statement for the period under the heading of net financial costs, which also include the amounts of interest income and dividends obtained.

Equity instruments at fair value through other comprehensive income are initially recognized at fair value plus transaction costs. In subsequent periods, they are measured at fair value, and the change in fair value is recognized in the fair value reserve in equity until the investment is sold or received or until the fair value of the investment is below its cost of acquisition, in which the accumulated gain or loss is recorded in the income statement.

Dividends and interest earned on equity instruments at fair value through other comprehensive income are recognized in income for the period in which they occur, under the heading of financial income, when the right to receive is established.

The fair value of quoted financial assets is based on market prices (bid). If there is no active market, the Company establishes fair value through valuation techniques. These techniques include the use of prices charged in recent transactions, provided that market conditions, comparison with substantially similar instruments, and the calculation of discounted cash flows when information is available, making the maximum use of market information in internal information of the target entity.

In situations where investments are in equity instruments that are not admitted to listing on regulated markets and for which it is not possible to reliably estimate their fair value, they are maintained at their acquisition cost less any impairment losses, and these impairment losses are recorded against income.

Loans and receivables are classified in the statement of financial position as "Customers and other accounts receivable" and are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any impairment losses. The adjustment for the impairment of accounts receivable is made when there is objective evidence that the Company will not be able to receive the amounts due in accordance with the initial conditions of the transactions that gave rise to it and is recorded in the income statement in the line item "Impairment of receivables".

Financial assets are derecognized when the rights to receive the cash flows arising from these investments expire or are transferred, as well as all the risks and benefits associated with their possession.

The caption "Cash and cash equivalents" includes cash, bank deposits, other short-term investments of high liquidity and with initial maturities of up to three months and bank overdrafts. Bank overdrafts are presented in current liabilities under the caption "Current loans" in the statement of financial position and are considered in the preparation of the statement of cash flows as "Cash and cash equivalents".

Financial liabilities

A financial instrument is classified as a financial liability when there is a contractual obligation on the part of the issuer to settle capital and/ or interest, through the delivery of cash or other financial asset, regardless of its legal form.

IFRS 9 provides for the classification of financial liabilities into two categories:

i) Financial liabilities at fair value through profit or loss; and

ii) Other financial liabilities.

Other financial liabilities include borrowings and trade and other payables.

Trade and other payables are initially measured at fair value and subsequently at amortised cost, using the effective interest rate method.

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost, the difference between the nominal value and the initial fair value being recognised in the statement of profit and loss over the term of the borrowing, using the effective interest rate method; or at fair value, whenever the Company decides, in its initial recognition, to designate the financial liability at fair value through profit and loss, using the fair value option.

Financial liabilities are classified in current liabilities, unless the Company has an unconditional right to defer payment of the liability for at least 12 months after the date of the statement of financial position, in which case they are classified as non-current liabilities.

Financial liabilities are derecognized when the underlying obligations are extinguished by payment, are cancelled or expire.

3.6 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments

Derivative financial instruments are initially recorded at fair value at the date of the transaction, being subsequently measured at fair value. The method for the recognition of fair value gains or losses depends on the designation made of the derivative financial instruments. If they are designated as derivative financial instruments for trading, gains or losses resulting from fair value changes are recorded in the statement of profit and loss captions finance costs or income. If they are designated as hedging derivative financial instruments, gains or losses resulting from fair value changes depends on the nature of the hedged item, which can be a fair value hedge or a cash flow hedge.

The fair value of derivative financial instruments corresponds to their market value. In the absence of market value, fair value is determined by external and independent entities using valuation techniques accepted in the market.

Derivative financial instruments are recognized in the caption “Derivative financial instruments”, and if they have a positive or negative fair value they are recorded as financial assets or liabilities, respectively.

In accordance with IFRS 13, the fair value of non-listed derivative financial instruments is adjusted by the effect of counterpart credit risk (Credit Value Adjustment) and own credit risk (Debt Value Adjustment). The credit risk adjustments are determined by market information, namely recent debt issued with similar conditions and risk exposure, Credit Default Swaps (CDS) spreads, among other data observed in the market.

In assessing the existence of an economic relationship between the hedged instruments and the hedging instruments, the Company assumes that the interest rate benchmark (Euribor) will not be changed following the reform of the interest rate benchmarks as permitted by the changes to IAS 39, IFRS 7 and IFRS 9 regarding the reform of interest rate benchmarks. This policy is applicable to some hedging relationships designated at 31 December 2023 in a total notional amount of 1,560,000 thousand euros (1,560,000 thousand euros at 31 December 2022).

The Company will cease to apply the above disposal when:

i) The uncertainty regarding the reform of the interest rate benchmarks with respect to Euribor ceasing; or

ii) Their hedging relationship is discontinued.

A derivative financial instrument is recorded and presented as non-current if its remaining maturity period is over twelve months and it is not expected to be realized or settled within the next twelve months.

Hedge accounting

As part of its policy for managing interest rate and exchange rate risks, the Company contracts a variety of derivative financial instruments, namely swaps.

The criteria for applying hedge accounting are as follows:

- The hedging relationship consists only of eligible hedging instruments and eligible hedged items in accordance with IFRS 9 criteria;

- At the beginning of the hedging relationship, there is formal designation and documentation regarding the hedging relationship and the risk management objective and strategy. This documentation must include the identification of the hedging instrument, the hedged item, the nature of the risk to be hedged and the form will be assessed whether the hedging relationship meets the hedge effectiveness requirements (including its analysis of the sources of hedge inefficiency and how it determines the coverage ratio);

- The hedge relationship meets all of the following hedge effectiveness:

  i) There is an economic relationship between the hedged item and the hedging instrument;

  ii) The credit risk effect does not dominate the changes in value that result from this economic relationship; and

  iii) The coverage ratio of the hedging relationship is the same as that resulting from the quantity of the item actually covered and the amount of the hedging instrument actually used to cover that amount of the hedged item. However, this designation should not reflect an imbalance between the weights of the covered item and those of the hedging instrument which could create an ineffectiveness of the hedge (regardless of whether or not it is recognized) which could lead to an accounting result incompatible with the hedge accounting objective.

At the beginning of the hedging operation, the Company documents the hedging relationship between the hedging instrument and the hedged item, its objectives and its risk management strategy. Additionally, it is assessed, both on the hedge start date and on each accounting reporting date, whether the derivative instruments designated as hedging instruments are highly effective in offsetting changes in the fair value or cash flows of the respective hedged items (including an analysis of inefficiency sources and how the coverage rate is determined).

The effectiveness requirements in a hedging relationship are as follows:

- There must be an "economic relationship" between the hedged item and the hedging instrument;

- The credit risk effect does not "dominate the changes in value" that result from that economic relationship; and

- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

The fair value of the derivative financial instruments contracted and the hedging movements in the reserves are disclosed in Note 11.

In the fair value hedge of an asset or liability, the book value of the asset or liability, determined based on the accounting policy used, is adjusted so as to reflect the variation of its fair value attributable to the risk hedged.

Changes in the fair value of hedging derivatives are recognized in the income statement together with changes in the fair value of the hedged assets or liabilities attributable to the hedged risk.

In a hedging operation on the exposure to changes of high probability in future cash flows (cash flow hedge) the effective part of the fair value variation of the hedging instrument is recognized in hedging reserves, being transferred to the statement of profit and loss in the period the item hedged affects results. The ineffective part of the hedge is recorded in the statement of profit and loss, when it occurs.

The hedge ineffectiveness can arise from:

- Differences in cash flows timing for hedged items and hedging instruments;

- Different indices (and, consequently, different curves) associated with the hedged risk of the hedged items and hedging instruments;

- The counterparties' credit risk has a different impact on the movements in the fair value of hedging instruments and hedged items; and

- Changes in the expected amount of cash flows from hedged items and hedging instruments.

Hedge accounting is discontinued only when a hedging relationship (or part of that hedging relationship) no longer complies with the hedge accounting criteria (after taking into account any rebalancing of the hedging relationship, if applicable). This includes cases where the hedging instrument expires or is sold, terminated or exercised.

In circumstances where a derivative financial instrument no longer qualifies as a hedging instrument, the Company assess: i) in fair value hedge instruments, the existence of fair value adjustments to the hedged item, which will be amortized through the method the straight line for the remainder period of the hedged item; and ii) in cash flow hedge, the existence of fair value differences recognized under hedging reserves in Equity, which amount will be reclassified to the income statement.

Any amount recorded in the caption "Other reserves – hedging reserves" is only reclassified to the statement of profit and loss when the hedged position affects results. When the hedged position relates to a future transaction which is not expected to occur, any amount recorded as "Other reserves – hedge reserves" is immediately reclassified to the statement of profit and loss.

In the case of aggregated exposures, the Company designates as hedged instruments a combination of an exposure and a derivative financial instrument. For this purpose, and when designating the hedged item based on an aggregated exposure, the Company considers the combined effect of the items that constitute the aggregated exposure for the purposes of assessing the hedge effectiveness and measuring its ineffectiveness. These instruments continue, however, to be accounted for separately.

3.7 REVENUE

Revenue is measured at the fair value of the consideration received or receivable. Revenue is deducted by the amount of taxes, discounts, returns and other rebates.

Revenue relating to services rendered refers to debits made to subsidiaries corresponding to management costs.

Revenue relating to investments in subsidiaries and associates is recognized in accordance with the equity method.

Interest revenue is recognized in accordance with the effective interest method if it is probable that economic benefits flow to the company and they can be reliably measured.

The revenue from dividends is to be recognized when the right to receive the corresponding amount is established.

3.8 CRITICAL ACCOUNTING JUDGMENTS AND MAIN SOURCES OF UNCERTAINTIES RELATING TO ESTIMATES

In the preparation of the accompanying financial statements, judgments and estimates were made using assumptions that affect the amounts recognized as assets and liabilities, as well as the amounts recorded relating to gains and losses of the period.

The estimates and underlying assumptions were determined with reference to the reporting date based on the best knowledge available as of the date of approval of the financial statements of the events and transactions in process, as well as experience of past and/ or current events. However, situations can occur in subsequent periods that were not predictable as of the date of approval of the financial statements and so were not considered in the estimates. Changes in the estimates that occur after the date of the financial statements will be corrected on a prospective basis. Therefore, given the degree of uncertainty, actual results of the transactions can differ from the corresponding estimates.

SIGNIFICANT ACCOUNTING ESTIMATES

Provisions

Provisions are recognized when the Company has: i) a present legal or constructive obligation as a result of past events; ii) for which it is more likely than not that an outflow of resources will be required to settle the obligation; and iii) the amount can be reliably estimated. When one of these criteria is not fulfilled or the existence of the liability is dependent upon a future event, the Company discloses it as a contingent liability, except if the outflow of resources to settle it is considered to be remote.

Provisions for restructuring expenses are recognised by the Company when there is a formal and detailed restructuring plan and that such plan has been communicated to the involved parties. In the measurement of the restructuring provision, only the expected outflows that directly result from the implementation of such plan are considered, not being, consequently, related with the current activities of the Company.

Provisions are measured at the present value of the estimated expenditure required to settle the liability using a pre-tax rate that reflects the market assessment of the discount period and the risk of the provision.

Fair value

The fair value of listed investments is based on current market prices (bid). If an active market does not exist, the Company establishes the fair value by using valuation techniques. These techniques include the consideration of recent transactions, provided that they reflect market conditions, reference to other instruments that are substantially the same and discounted cash flow analysis when information is available, making maximum use of market inputs and residually relying on entity-specific inputs.

The fair value of derivative financial instruments refers to its market value. In the absence of market value, its fair value is determined by external independent entities making use of valuation techniques accepted in the market.

3.9 TAXES

Income tax of the year comprises current taxes and deferred taxes. Income taxes are recorded in the income statement, except when they relate to items that are recognized directly in equity.

Income Tax

The amount of current tax payable is determined based on the Company's taxable income, which differs from the accounting result, since it excludes various expenses and income that will only be deductible or taxable in subsequent years, as well as expenses and income that will never be deductible or taxable under the tax rules in force.

Deferred Tax

Deferred taxes refer to the temporary differences between the amounts of assets and liabilities for accounting reporting purposes and the respective amounts for taxation purposes.

Deferred tax assets and liabilities are calculated and valued annually using the tax rates expected to be in force on the date of reversal/ use of the temporary differences, based on tax rates and tax laws, which are formally issued on the reporting date.

Deferred tax assets are only recorded when there are reasonable expectations of sufficient future taxable income to use them. At the date of each balance sheet a reappraisal is made of the temporary differences underlying the deferred tax assets in order to recognize deferred tax assets not previously recorded because they did not fulfil the conditions for recording them and/ or to reduce the amounts of the deferred tax assets recorded based on the current expectation of their future recovery.

3.10 FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Transactions expressed in foreign currency are accounted for in euros, based on the exchange rates prevailing on the date of the transactions.

At the end of the year, the balances payable and receivable in foreign currency are updated at the official exchange rate in force on the balance sheet date, with the respective exchange differences recorded in the income statement.

The exchange rates used for converting balances receivable and payable in foreign currency, existing at the balance sheet date, originate from Banco de Portugal reported as at 31 December 2023.

3.11 ACCRUAL BASIS OF ACCOUNTING

Income and expenses are recognized on an accrual's basis, under which income and expenses are recorded in the period to which they relate, independently of when the correspondent amounts are collected or paid. Differences between the amounts received and paid and the related income and expenses are recorded as assets or liabilities.

3.12 DISTRIBUTION OF DIVIDENDS TO SHAREHOLDERS

The distribution of dividends to shareholders is recognized as a liability in the Company's financial statements in the period the dividends are approved by the shareholders and up to the moment of their payment.

3.13 SHARE CAPITAL AND OWN SHARES

Ordinary shares are classified in the share capital caption by its nominal value. Differences between the nominal value and the subscription price are recorded in the caption "Share Premium". Incremental costs directly attributable to the issuance of new shares or options are shown net of tax, as a deduction in equity from the amount issued.

Own shares acquired through contract or directly on the stock market are recognized as a deduction in equity. In accordance with the Portuguese Commercial Company Code, REN SGPS must at any time ensure that there enough reserves in Equity to cover the value of own shares, limiting the amount of reserves available for distribution.

Own shares are recorded at cost if they are acquired in a spot transaction or at estimated fair value if acquired in a deferred purchase.

3.14 CASH FLOW STATEMENT

The caption "Cash and cash equivalents" includes cash on hand, bank deposits, other short-term highly liquid investments with initial maturities of up to three months, and bank overdrafts. Bank overdrafts are shown in the current liabilities "Borrowings" caption on the statement of financial position, and are included in the statement of cash flows as cash and cash equivalents.

The cash flow statement is prepared according with the direct method, being presented the collections and payments in operating activities, investment and financing activities.

The Company classifies interests and dividends received as investment activities and interests and dividends paid as financing activities unless if related with cash flows that relate with a hedge contract of an identifiable position, which are classified in accordance with the cash flows of the hedged position.

3.15 BORROWING COSTS

Borrowings costs are recognized as costs in the period they are incurred.

3.16 FINANCIAL RISK MANAGEMENT POLICIES

Financial risk factors

The Company`s activities are exposed to a variety of financial risks: exchange rate risk, credit risk, liquidity risk and cash flow risk relating to interest rate, among others risk factors.

The Company developed and implemented a risk management program that, together with permanent monitoring of the financial markets, seeks to minimize potential adverse effects on its financial performance.

Risk management is carried out by the Financial Management Department under policies approved by the Board of Directors. The Financial Management Department identifies, assesses and carries out operations to minimize the financial risks.

The Board of Directors defines the principles for overall risk management and policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of derivatives and other non-derivative financial instruments, and the investment of excess liquidity.

i) Foreign exchange rate risk

The Company has limited exposure to foreign exchange rate risk. The risk of fluctuation of foreign exchange rates on the bond issued totalling 10,000 million yens (JPY) is fully hedged by a cross currency swap of the same notional amount.

An increase of 5% in the exchange rate of euro against the yen, with reference to 31 December 2023, all other factors remaining constant, would lead to a decrease on equity in the amount of 98 thousand euros as of 31 December 2023 (127 thousand euros as of 31 December 2022), while a decrease of 5% of that exchange rate would lead to an increase on equity in the amount of 115 thousand euros as of 31 December 2023 (140 thousand euros as of 31 December 2022).

Additionally, the Company is exposed to changes in the exchange rate of north american dollar and chilean peso, related with its financial investment in Electrogas, S.A., acquired in February 2017 and related to the company acquired on October 1, 2019, Empresa de Transmisión Eléctrica Transemel, S.A.

An increase of 5% in the exchange rate of euro and north american dollar, with reference to 31 December 2023, and all other factors remaining constant, would lead to a decrease on equity in the amount of 7,488 thousand euros (7,934 thousand euros as of 31 December 2022), while a decrease of 5% of that exchange rate would lead to an increase on equity in the amount of 8,277 thousand euros (8,769 thousand euros as of 31 December 2022).

A 5% increase in the euro exchange rate against the chilean peso, with reference to 31 December 2023, and keeping all other variables constant, would result in a decrease in the Company's equity of 3,888 thousand euros (3,789 thousand euros as of 31 December 2022), while a decrease of 5% of that exchange rate would result in an increase of 4,298 thousand euros in equity (4,187 thousand euros as of 31 December 2022).

ii) Credit risk

REN's exposure to credit risk is not significant, since the services rendered are invoiced to group companies.

REN's counterparty risk on bank deposits, financial applications, and contracting of derivative instruments is mitigated by the selection of top ratting international institutions with solid credit rating and top national financial institutions.

iii) Liquidity risk

REN SGPS manages Group's liquidity risk through central treasury management. All the liquidity excess and needs of each group company are transferred to REN SGPS, which manages the consolidated balances with financial institutions.

In order to guarantee the current treasury needs of the Company and to have the necessary dynamic and flexible to fulfil the current liquidity needs, the Company, as of 31 December 2023, has credit lines contracted in the amount of 80,000 thousand euros and twelve commercial paper programs, in the amount of 2,175,000 thousand euros, being available 1,069,000 thousand euros as of 31 December 2023. From the total amount of commercial paper programs, 900,000 thousand euros have subscription guarantee (of which 300,000 thousand euros were available as of 31 December 2023) (Note 15).

The following table presents the Company liabilities by residual contracted maturity intervals and includes derivative financial instruments, the financial liquidation of the related cash flows of which is made by the net amount. The amounts shown in the table are non-discounted cash flows contracted, including undiscounted future interest; as therefore, do not correspond to its carrying amounts:

31 DECEMBER 2023

	Less than 1 year	1 - 5 years	Over 5 years	Total
Borrowings:				
Bank borrowings	88,588	265,662	189,619	543,869
Bonds	101,559	891,945	302,137	1,295,640
Commercial paper	782,129	556,842	-	1,338,971
Others	32,230	217	-	32,447
	1,004,505	1,714,666	491,755	3,210,927
Derivative financial instruments	22,425	52,209	6,141	80,775
Trade and others payables	86,253	-	-	86,253
Total	1,113,183	1,766,875	497,896	3,377,954

31 DECEMBER 2022

	Less than 1 year	1 - 5 years	Over 5 years	Total
Borrowings:				
Bank borrowings	79,724	235,232	96,188	411,145
Bonds	592,215	691,007	611,016	1,894,237
Commercial paper	198,063	260,835	-	458,898
Others	39,868	144	-	40,011
	909,870	1,187,217	707,204	2,804,291
Derivative financial instruments	10,839	42,552	12,823	66,214
Trade and others payables	562,552	-	-	562,552
Total	1,483,262	1,229,769	720,028	3,433,058

The following table shows the derivative financial instruments, which cash settlement is made at gross amounts:

31 DECEMBER 2023

	Less than 1 year	1 - 5 years	Over 5 years	Total
Cross Currency Interest Rate Swap:				
Outflows	(75,141)	-	-	(75,141)
Inflows	64,834	-	-	64,834
	(10,307)	-	-	(10,307)

31 DECEMBER 2022

	Less than 1 year	1 - 5 years	Over 5 years	Total
Cross Currency Interest Rate Swap:				
Outflows	(3,446)	(74,627)	-	(78,074)
Inflows	1,927	72,057	-	73,983
	(1,520)	(2,570)	-	(4,090)

iv) Interest rate risk

The Company presents exposure to interest rates risk mainly on borrowings.

Borrowings at variable interest rates expose the Company to cash flow risk resulting from changes in interest rates. Borrowings at fixed rates expose the Company to fair value risk, as a result of changes in interest rates. Risk management is performed centrally aiming to avoid volatility in financial costs, using simple derivative financial instruments such as interest rate swaps. In this kind of operations, the Company exchanges with banking counterparties in specific dates and with defined maturities, the difference between the contractual fixed interest rates and the variable rates with reference to the notional amounts covered. All operations undertaken with this purpose can, in the most part of the hedges, be considered perfect interest rate hedging operations.

A global reform of the main interest rate benchmarks is underway, which predict the replacement of some benchmarks, including Euribor, with alternative risk-free rates. The Company presents expositions to Euribor variations in its financial instruments that will be impacted by this global reform. There is currently uncertainty about the timing and methods associated with the transition of interest rate benchmarks. To date, the Company does not expect a significant impact on its risk management policies and on the effects of hedge accounting.

The Company will assess and analyse the potential concrete impacts of the potential change to Euribor when implementing the timings and the respective methods of change and, in particular, in the designated interest rate risk hedging relationships.

A sensitivity analysis was made based on the Company's total debt as of 31 December 2023 and 2022, using the following assumptions:

- Changes in market interest rates affect interest income and costs of variable financial instruments;
- Changes in market interest rates only affect results or equity in relation to fixed interest rate financial instruments if they are recognized at fair value (or remeasured by the interest rate risk in a fair value hedge);
- Changes in market interest rates affect the fair value of derivative financial instruments and other financial assets and liabilities; and
- Changes in the fair value of derivative financial instruments and other financial assets and liabilities are estimated discounting future cash flows, using market rates at the year end.

Under these assumptions, a 0.25% increase in market interest rates for all the currencies in which the Company has borrowings or derivative financial instruments at 31 December 2023 would result in a decrease of profit before tax of, approximately, 4,362 thousand euros, (3,492 thousand euros as of 31 December 2022).

The increase in equity resulting from an increase in interest rates of 0.25% would be, approximately, 4,421 thousand euros, this impact entirely attributed to derivatives (on 31 December 2022 corresponded to an increase of 6,093 thousand euros).

The sensitivity analysis is merely illustrative and does not represent an actual gain or loss, neither other changes in the income statement or in equity.

3.17 IMPAIRMENT OF TANGIBLE AND INTANGIBLE FIXED ASSETS

On each reporting date, a review is carried out of the carrying amounts of the Company's tangible and intangible fixed assets in order to determine whether there is any indication that they may be impaired. If there is any indicator, the recoverable amount of the respective assets (or the cash-generating unit) is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of the asset (or cash-generating unit) is the higher of: i) fair value less costs to sell and ii) value in use. In determining value in use, estimated future cash flows are discounted using a discount rate that reflects market expectations about the time value of money and the specific risks of the asset (or the cash-generating unit) relative to for which estimates of future cash flows have not been adjusted.

Whenever the carrying amount of the asset (or the cash-generating unit) is greater than its recoverable amount, an impairment loss is recognized. The impairment loss is immediately recorded in the income statement under the heading "Impairment losses", unless such loss offsets a revaluation surplus recorded in equity. In the latter case, such loss will be treated as a decrease in that revaluation.

The reversal of impairment losses recognized in previous years is recorded when there is evidence that the impairment losses previously recognized no longer exist or have decreased. The reversal of impairment losses is recognized in the income statement under the heading "Reversals of impairment losses". The reversal of the impairment loss is carried out up to the limit of the amount that would have been recognized (net of amortizations) if the previous impairment loss had not been recorded.

3.18 PROVISIONS

Provisions are recognized when the Company has: i) a present legal or constructive obligation resulting from past events; ii) for which it is more probable than not, that an expenditure of internal resources will occur in the payment of that obligation; and iii) the amount can be estimated reliably. Whenever one of the criteria is not met or the existence of the obligation is conditioned to the occurrence (or non-occurrence) of a certain future event, the Company discloses this fact as a contingent liability, unless the assessment of the outflow of resources to pay the even be considered remote.

Provisions for restructuring are only recognized when the Company has developed a detailed formal restructuring plan and has started its implementation or has announced its main components to those affected by it. When measuring the provision for restructuring, only expenditures that result directly from the implementation of the corresponding plan are considered, and are therefore not related to the Company's current activities.

Provisions are measured at the present value of estimated expenditures to settle the obligation using a pre-tax rate, which reflects the market assessment for the discount period and for the risk of the provision in question.

Provisions are reviewed at the reporting date and adjusted to reflect the best estimate at that date.

Present obligations resulting from onerous contracts are recorded and measured as provisions. An onerous contract exists when the Company is an integral part of the provisions of an agreement, the fulfilment of which has associated costs that cannot be avoided that exceed the economic benefits derived from it.

3.19 EMPLOYEE BENEFITS

The costs to be borne by the Company with long-term employee benefits are recognized as expenses during the period in which the employees are active, and these liabilities are reflected in the balance sheet under "Liabilities for post-employment benefits". Payments to beneficiaries made during each financial year are recorded as a reduction of this liability.

3.20 SUBSEQUENT EVENTS

Events that occur subsequently to balance sheet date that provide additional information on conditions that existed at the date of the statement of financial position ("adjusting events" or events after the statement of financial position date that led to adjustments) are recognized in the financial statements. Events that occur after the statement of financial position date that provide information on conditions that exist after that date ("non-adjusting events" or events after the statement of financial position date that do not lead to adjustments) are disclosed in the notes to the separate financial statements, if material.

4. CASH FLOW

For the purpose of the statement of cash flow, the caption cash and cash deposits equivalents include cash, bank deposits readily available (with terms not exceeding three months) and treasury securities in the monetary market, net of bank overdrafts and other short-term financing equivalents. The caption "Cash and cash equivalents" at 31 December 2023 and 2022 is detailed as follows:

	2023	2022
Cash	2	1
Bank deposits repayable on demand	9,458	22,641
Term deposits up to 3 months	-	320,000
Cash and cash equivalents	9,460	342,642

5. TANGIBLE ASSETS

The changes in tangible assets, accumulated depreciation and impairment losses in the years ended 31 December 2023 and 2022 were as follows:

2023

	Transport equipment	Administrative and IT equipment	Tools and utensils	Total
Assets				
Beginning balance	677	353	-	1,030
Acquisitions	266	8	2	277
Sales/ write offs	(125)	(7)	-	(132)
Ending balance	819	354	2	1,175
Accumulated depreciations and impairment losses				
Beginning balance	433	255	-	688
Depreciation for the year	151	34	-	185
Depreciation Sales/ write offs	(108)	(7)	-	(115)
Ending balance	476	281	-	757
Net assets	343	73	2	418

2022

	Transport equipment	Administrative and IT equipment	Tools and utensils	Total
Assets				
Beginning balance	657	324	-	981
Acquisitions	90	31	-	121
Sales/ write offs	(70)	(1)	-	(71)
Ending balance	677	353	-	1,030
Accumulated depreciations and impairment losses				
Beginning balance	368	227	-	594
Depreciation for the year	136	30	-	166
Depreciation Sales/ write offs	(70)	(1)	-	(71)
Ending balance	433	255	-	688
Net assets	244	98	-	342

6. FINANCE LEASES

The Company had the following assets under finance lease agreements at 31 December 2023 and 2022:

	2023			2022
	Cost	Depreciation	Carrying amount	Carrying amount
Transport equipment	680	(337)	343	244
	680	(337)	343	244

The minimum payments under finance lease contracts at 31 December 2023 and 2022 are as follows:

	Present value of minimum payments		Minimum payments	
	2023	2022	2023	2022
Up to 1 year (Note 15)	114	101	127	102
From 1 to 5 years (Note 15)	217	144	233	145
	332	244	360	246

7. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

The Company's investments in subsidiaries and associates as of 31 December 2023 and 2022 are as follows:

	31 DECEMBER 2023								INVESTMENT HELD		
ENTITY	Head office	Share Capital	Assets	Liabilities	Equity	Revenue	Net result	%	Investment	Proportional amount of result (Note 18)	
Equity method:											
Subsidiaries:											
REN - Rede Eléctrica Nacional, S.A.	Lisbon	1,789,564	3,075,023	1,087,492	1,987,531	451,900	93,171	100	1,987,531	93,171	
REN Trading, S.A.	Lisbon	50	370,143	359,929	10,213	927	10,167	100	10,213	10,167	
REN Atlântico, Terminal de GNL, S.A.	Sines	39,450	156,475	82,212	74,263	54,352	11,782	100	74,263	11,782	
RENTELECOM - Comunicações, S.A.	Lisbon	2,100	18,734	10,486	8,248	7,893	3,522	100	8,248	3,522	
REN Serviços, S.A.	Lisbon	361,550	1,607,174	1,202,605	404,569	62,655	35,001	100	404,569	35,001	
Enondas, Energia das Ondas, S.A.	Pombal	2,250	3,273	159	3,115	480	124	100	3,115	124	
REN PRO, S.A.	Lisbon	2,050	5,723	1,995	3,728	7,736	62	100	3,728	62	
REN Finance, BV	Amsterdam	20	1,365,962	1,153,820	212,142	40,037	18,610	100	212,142	18,610	
									2,703,808	172,438	
Associates:											
OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A.	Lisbon	2,610	30,478	206	30,272	1,996	1,603	40	7,336	692	(i)
Centro de Investigação em Energia REN - STATE GRID, S.A.	Lisbon	3,000	6,103	654	5,449	1,721	8	50	2,719	4	
									10,055	696	
									2,713,863	173,134	

(i) The proportional value of the result in OMIP, SGPS. includes the effect of the adjustment arising from changes to the financial statements of the previous year made after application of the equity method.

									INVESTMENT HELD			
	31 DECEMBER 2022											
ENTITY	Head office	Share Capital	Assets	Liabilities	Equity	Revenue	Net result	%	Investment	Provision (Note 14)	Proportional amount of result (Note 18)	
Equity method:												
Subsidiaries:												
REN - Rede Eléctrica Nacional, S.A.	Lisbon	588,759	2,800,682	2,062,159	738,522	397,801	74,760	100	738,522	-	74,760	
REN Trading, S.A.	Lisbon	50	578,200	581,253	(3,054)	895	(3,295)	100	-	(3,054)	(3,295)	
REN Atlântico, Terminal de GNL, S.A.	Sines	13,750	180,056	143,275	36,781	47,837	(2,006)	100	36,781	-	(2,006)	
RENTELECOM - Comunicações, S.A.	Lisbon	2,100	18,168	10,442	7,726	7,781	3,479	100	7,726	-	3,479	
REN Serviços, S.A.	Lisbon	336,050	1,645,007	1,254,785	390,223	60,494	39,621	100	390,223	-	39,621	
Enondas, Energia das Ondas, S.A.	Pombal	2,250	3,197	206	2,991	617	79	100	2,991	-	79	
REN PRO, S.A.	Lisbon	2,050	8,404	4,737	3,667	7,502	566	100	3,667	-	566	
REN Finance, BV	Amsterdam	20	1,923,642	1,721,610	202,033	44,300	8,950	100	202,033	-	8,950	
									1,381,941	**(3,054)**	**122,153**	
Associates:												
OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A.	Lisbon	2,610	29,348	230	29,118	1,314	645	40	6,874	-	255	(i)
Centro de Investigação em Energia REN - STATE GRID, S.A.	Lisbon	3,000	6,296	846	5,450	1,740	10	50	2,720	-	5	
									9,594	**-**	**260**	
									1,391,535	**(3,054)**	**122,413**	

(i) The proportional value of the result in OMIP, SGPS. includes the effect of the adjustment arising from changes to the financial statements of the previous year made after application of the equity method.

According to the current legislation in Portugal, any income and other positive equity fluctuations recognized as a result of the use of the equity method, should only be considered to distribution to shareholders when they occur as described in Note 13.

The changes in these captions in 2023 and 2022 were as follows:

Investments - equity method

2023	Proportion of capital held (assets)	Total
Beginning balance	1,391,535	1,391,535
Result appropriated by the equity method	170,081	170,081
Distribution of dividends by subsidiaries and associates	(73,805)	(73,805)
Other appropriation of changes in equity in subsidiaries (Note 13)	(28,823)	(28,823)
Capital Reinforcement REN Trading	3,100	3,100
Devolution Supplementary Payments OMIP	(231)	(231)
Capital increase on subsidiaries	1,252,006	1,252,006
Ending balance	2,713,863	2,713,863

2022	Proportion of capital held (assets)	Total
Beginning balance	1,381,025	1,381,025
Result appropriated by the equity method	125,309	125,309
Distribution of dividends by subsidiaries and associates	(142,739)	(142,739)
Other appropriation of changes in equity in subsidiaries (Note 13)	27,930	27,930
Capital Reinforcement REN Trading	400	400
Devolution Supplementary Payments OMIP	(391)	(391)
Ending balance	1,391,535	1,391,535

8. *GOODWILL*

The investment in the subsidiary REN Atlântico, includes a Goodwill in the amount of 3,774 thousand euros, which is amortized for a period of 10 years starting in 1 January 2016.

Goodwill represents the difference between the amount paid on the acquisition of the participation in subsidiaries and the fair value of the equity of REN Atlântico, S.A. on the acquisition date, under the natural gas business unbundling process. As of 31 December 2023 and 2022, the amount is as follows:

			Percentage interest held		Goodwill				
ENTITY	Year of acquisition	Acquisition cost	%	Amount	Amount at 01.01.2023	Increases	Decreases	Amount at 31.12.2023	Amount at 31.12.2022
REN Atlântico, Terminal de GNL, S.A.	2006	32,580	100%	28,806	1,132	-	(377)	755	1,132

The Company carried out an impairment test on Goodwill on 31 December 2023 and 2022, at the level of the cash-generating unit to which REN Atlântico corresponds. The activity of this company is subject to a concession contract and tariff regulation, so the recoverable amount was determined based on the value in use. The cash flow projections made, took into account the regulatory conditions expected for the remaining concession period (concession for a period of 40 years starting on September 26, 2006), with the cash inflows associated with the cash-generating unit corresponding to the regulatory remuneration on the net value of the underlying investments, which is decreasing over the projections from the end of the 2023 financial year until the end of the concession.

Cash flows were discounted, considering a discount rate that reflects the specific risk of the regulatory activity, of 5.3% (discount rate after tax of 3.95%).

		ASSUMPTIONS		
Cash generation unit	**Method**	**Cash flow**	**Growing factor**	**Discounted rate**
REN Atlântico, Terminal de GNL, S.A.	DFC (discounted cash flow)	Operating flow projected to the remaining concession period	The rate decrease according of average rate of assets depreciation	5.3% (pre-tax) 3.95% (post-tax

9. INCOME TAX

The companies belonging to the REN Group are taxed based on the special regime for the taxation of group companies (RETGS). Consequently, estimated income tax, tax amounts withheld by third parties and corporate income tax paid in advance are recorded in the statement of financial position as accounts payable to and receivable from REN SGPS, in accordance with the movements made by its subsidiaries.

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities for a period of four years (five years for Social Security), except when there are tax losses, tax benefits granted or tax inspections, claims or contestations in progress, in which case the period can be extended or suspended, depending on the circumstances. Consequently, the Company's tax returns for the years from 2020 to 2023 are still subject to review.

The Company's Board of Directors understands that any correction to the tax returns resulting from tax reviews/ inspections carried out by the tax authorities will not have a significant effect on the financial statements as of 31 December 2023 and 2022.

The Company is taxed for Corporate Income Tax at 21% rate, increased by a i) municipal surcharge up the maximum of 1.5% over the taxable profit; and a state surcharge of an additional ii) 3% of taxable profit between 1,500 thousand euros and 7,500 thousand euros; iii) of 5% over the taxable profit in excess of 7,500 thousand euros and up to 35,000 thousand euros; and iv) 9% for taxable profits in excess of 35,000 thousand euros, which results in a maximum aggregate tax rate of 31.5%.

In the year ended 31 December 2023, the computation of the deferred taxes, was updated in accordance with Law 82/ 2023, of 29 December, that established a Corporate Income Tax rate of 21%, increased by a municipal surcharge up the maximum of 1.5% over the taxable profit; and a State surcharge of an additional i) 3% of taxable profit between 1,500 thousand euros and 7,500 thousand euros; ii) of 5% over the taxable profit in excess of 7,500 thousand euros and up to 35,000 thousand euros; and iii) 9% for taxable profits in excess of 35,000 thousand euros, which results in a maximum aggregate tax rate of 31.5%. The above taxes shall apply to taxable profits relating to taxation periods beginning on or after 1 January 2024.

The tax rate used in the valuation of temporary taxable and deductible differences as of 31 December 2023, were calculated using the average tax rate expected in accordance with future perspective of taxable profits of the Company recoverable in the next periods.

Income tax credit/ (expense) of the years ended 31 December 2023 and 2022 was as follows:

	2023	2022
Current tax	793	1,028
Adjustments relating to previous years income tax	(9,261)	(3,381)
Deferred tax	291	(326)
Credit/ (cost) Income tax	(8,176)	(2,678)

The reconciliation of current income tax as of 31 December 2023 and 2022 is as follows:

	2023	2022
Profit before income tax	159,150	116,203
Permanent differences:		
Non tax deductible costs	16,234	14,477
Non taxable income	(173,259)	(122,649)
Timing differences:		
Provisions and impairments	286	191
Derivative Financial Instruments	1,007	(1,064)
Taxable profit	3,418	7,157
Cost/ (credit) of income tax at the rate of 21%	718	1,503
State surcharge tax	58	170
Municipal taxation	51	107
Autonomous taxation	69	71
Income tax from previous years	1	5
Adjustment net financial costs	(1,691)	(2,885)
Current tax	(793)	(1,028)
Deferred tax	(291)	326
Adjustments relating to prior years income tax	9,261	3,381
Credit/ (cost) Income tax	(8,176)	(2,678)
Efective rate	5.14%	2.30%

The non-taxable income relates essentially to gains obtained from the application of the equity method to the valuation of investments in subsidiaries and associates.

The amount of 9,261 thousand euros, at 31 December 2023, refers essentially to an increase in IRC payable for 2018 and the payment of IRC for the years 2019 to 2021, related to the Friendly Procedure between Portugal and the Netherlands under the Arbitration Convention for the elimination of double taxation.

Deferred taxes

The amounts of deferred tax assets and liabilities as of 31 December 2023 and 2022, in accordance with the underlying temporary differences are as follows:

	31 DECEMBER				Increase/ (decrease) in the period	
	2023		2022			
NATURE	Base	Deferred tax	Base	Deferred tax	Results	Equity (Notes 11 and 12)
Deferred tax assets:						
Restructuring provision	285	64	-	-	64	-
Provision for post employment benefits	13	4	11	3	1	-
Derivative financial instruments - Fair Value	39	9	-	-	9	-
	337	76	11	3	73	-
Deferred tax liabilities:						
Derivative financial instruments - Cash Flow	47,498	10,687	76,352	17,179	-	6,492
Derivative financial instruments - Fair value	101	23	1,068	240	218	-
Fair value of assets	13,010	1,890	15,674	3,181	-	1,291
	60,609	12,600	93,094	20,601	218	7,783
Deferred tax					291	7,783

10. FINANCIAL ASSETS

Trade receivables and other receivables

Trade receivables and other receivables at 31 December 2023 and 2022 are as follows:

	2023	2022
Non current:		
Group companies - Shareholders loans (Note 25)	955,000	2,223,805
Current:		
Group companies - Shareholders loans (Note 25)	34,500	78,580
Group companies - Treasury management (Note 25)	674,628	382,184
Group companies - RETGS (Note 25)	25,110	54,366
Group companies - Other debtors (Note 25)	3,072	12,772
Group companies - Interest receivable from shareholders loans (Note 25)	14,219	29,083
Group companies - Other income accruals (Note 25)	3,591	1,273
Other	42,618	42,709
	797,738	600,967
	1,752,738	2,824,772

As of 31 December 2023, the Company made shareholders loans to its subsidiaries in the total amount 989,500 thousand euros (2,302,385 thousand euros as of 31 December 2022), which terms and conditions reflect actual market conditions.

On 15 December 2023, the Company decided to approve capital increases in its subsidiaries REN - Rede Eléctrica Nacional, S.A., REN Atlântico - Terminal de GNL, S.A. and REN Serviços, S.A., in the amounts of 1,200,805,483 euros, 25,700,378 euros and 25,500,000 euros, respectively, by converting credits held by the Company as shareholder loans into share capital.

The Company agreed a Central Cash pooling agreement. This agreement is valid for annual periods, renewable for equal periods, with market conditions.

The caption “Other receivables – Group companies - RETGS” includes income tax charged to subsidiaries resulting from the adoption of the Corporate Income Tax special regime for taxation of groups companies.

The caption “Other” includes the amount of 42,452 thousand euros, as an advance on profits, as mentioned in note 13.

Other financial assets

The caption “Other financial assets” as of 31 December 2023 and 2022 is as follows:

	2023	2022
Non current:	18	22
Labor compensation fund	18	22
Other financial assets	18	22

11. DERIVATIVE FINANCIAL INSTRUMENTS

At 31 December 2023 and 2022, the Company had the following derivative financial instruments negotiated:

		31 DECEMBER 2023			
		ASSETS		LIABILITIES	
	Notional	Current	Non-current	Current	Non-current
Derivatives designated as cash flow hedges:					
Interest rate swaps	900,000 TEUR	7,748	45,745	-	-
Currency and interest rate swaps	10,000,000 tJPY	-	-	8,601	-
		7,748	45,745	8,601	-
Derivatives designated as fair value hedges:					
Interest rate swaps	600,000 TEUR	-	-	-	52,006
	-	-	-	-	52,006
Trading derivatives	60,000 TEUR	871	-	-	-
Derivative financial instruments		8,619	45,745	8,601	52,006

		31 DECEMBER 2022			
		ASSETS		LIABILITIES	
	Notional	Current	Non-current	Current	Non-current
Derivatives designated as cash flow hedges					
Interest rate swaps	900,000 TEUR	-	78,500	-	-
Currency and interest rate swaps	10,000,000 tJPY	-	-	-	901
		-	78,500	-	901
Derivatives designated as fair value hedges					
Interest rate swaps	600,000 TEUR	-	-	-	72,563
		-	-	-	72,563
Trading derivatives	60,000 TEUR	-	2,064	-	-
Derivative financial instruments		-	80,564	-	73,464

The valuation of the derivatives financial instruments portfolio is based on fair value valuations made by external entities.

The amount recorded in this caption relates to:

- Eleven interest rate swap contracts contracted by REN SGPS in order to hedge the risk of interest rate fluctuation (Note 3.16);
- A cross currency swap contract negotiated by REN SGPS to hedge the exchange rate fluctuation risk (Note 3.16).

Counterparties to derivative contracts are international financial institutions with a solid credit rating and first-rate national institutions.

For the purpose of the effectiveness tests of the designated hedging relationships, REN applies the dollar offset method and the linear regression statistical method as methodologies.

The effectiveness ratio is given by comparing the changes in fair value of the hedging instrument with the changes in fair value of the hedged item (or hypothetical derivative instrument simulating the conditions of the hedged item).

For the purpose of calculating ineffectiveness, the total change in fair value of the hedging instruments is considered.

The disclosed amount includes receivable or payable accrued interest, at 31 December 2023 related to these financial instruments, in the net amount payable of 1,591 thousand euros (at 31 December 2022 it was 577 thousand euros payable).

The characteristics of the derivative financial instruments negotiated at 31 December 2023 and 2022 were as follows:

						Fair value at	
	Notional	Currency	REN pays	REN receives	Maturity	31.12.2023	31.12.2022
Derivatives designated as cash flow hedges:							
Interest rate swaps	900,000 TEUR	EUR	[0.051%;1.266%]	[Eur3m; Eur6m]	[dec-2024; apr-2029]	53,492	78,500
Currency and interest rate swaps	10,000,000 tJPY	JPY	[Eur6m;+2.19%]	2,71%	[jun-2024]	(8,601)	(901)
						44,891	77,599
Derivatives designated as fair value hedges:							
Interest rate swaps	300,000 TEUR	EUR	[Eur6m]	[0.611%;0.6285%]	[feb-2025]	(11,748)	(15,582)
Interest rate swaps	300,000 TEUR	EUR	[Eur6m]	[-0.095%]	[apr-2029]	(40,258)	(56,981)
						(52,006)	(72,563)
Derivatives designated as trading:							
Interest rate swaps	60,000 TEUR	EUR	[0.99%]	[Eur6m]	[jun-2024]	871	2,064
						871	2,064
Total						(6,244)	7,100

The periodicity of the cash flows, paid and received, from the derivative financial instrument's portfolio is quarterly, semi-annual and annual for cash flow hedging contracts, semi-annual and annual for fair value hedging contracts and semi-annual for the trading derivative.

The breakdown of the notional of derivatives at 31 December 2023 and 2022 is presented in the following table:

							2023
	2024	2025	2026	2027	2028	Following years	Total
Interest rate swaps designated as cash flow hedges	300,000	300,000	-	-	-	300,000	900,000
Currency rate and interest rate swaps designated as cash flow hedges	72,899	-	-	-	-	-	72,899
Interest rate swaps designated as fair value hedges	-	300,000	-	-	-	300,000	600,000
Trading derivatives	60,000	-	-	-	-	-	60,000
Total	432,899	600,000	-	-	-	600,000	1,632,899

							2022
	2023	2024	2025	2026	2027	Following years	Total
Interest rate swaps designated as cash flow hedges	-	300,000	300,000	-	-	300,000	900,000
Currency rate and interest rate swaps designated as cash flow hedges	-	72,899	-	-	-	-	72,899
Interest rate swaps designated as fair value hedges	-	-	300,000	-	-	300,000	600,000
Trading derivatives	-	60,000	-	-	-	-	60,000
Total	-	432,899	600,000	-	-	600,000	1,632,899

SWAPS:

Cash flow hedge - Interest rate swaps

The Company hedges the interest rate risk associated with the fluctuation of the market interest rate index (Euribor) on a portion of future debt interest payments through the designation of interest rate swaps, in order to transform floating rate payments into fixed rate payments.

At 31 December 2023, the Group has a total of six cash flow hedging interest rate swap contracts for a total amount of 900,000 thousand euros (as of 31 December 2022 it was 900,000 thousand euros). The hedged risk is the variable rate index associated to the interest payments of the loans Credit risk is not being hedged.

The fair value of the interest rate swaps, at 31 December 2023, is positive 53,492 thousand euros (at 31 December 2022 it was positive 78,500 thousand euros).

Of the derivatives described above, four contracts in a total amount of 600,000 thousand euros (at 31 December 2022 it was 600,000 thousand euros) are designated to hedge an aggregated exposure composed by the net effect of floating rate debt and interest rate swaps designated as fair value hedging instruments.

The amount recognised in reserves, relating to the cash flow hedges referred to above, was 49,268 thousand euros (at 31 December 2022 it was 78,316 thousand euros).

The hedged instruments of cash flow hedging relationships present the following conditions:

	Maturity	Hedged Capital	Interest Rate	Hedged Outstanding Amount at 2023	Hedged Outstanding Amount at 2022	Note
Cash Flow Covered Instruments:						
Banco Europeu de Investimento (BEI) Loan	16.12.2024	300,000 TEUR	Eur3m	301,068	299,403	15
Bonds (Euro Medium Term Notes)[8]	12.02.2025	300,000 tEUR	2.50%	306,281	293,363	15
Bonds (Euro Medium Term Notes)[9]	16.04.2029	300,000 tEUR	0.50%	299,353	298,932	15

[9] This hedged instrument is designated jointly with derivatives of fair value hedging amounting to 300,000 thousands euros (see conditions in the table above) in a hedge of an aggregate exposure to Euribor 6 months in the period from 2023 to 2025 and, as such, eligible for cash flow coverage.

[10] This hedged instrument is designated jointly with derivatives of fair value hedging amounting to 300,000 thousands euros (see conditions in the table above) in a hedge of an aggregate exposure to Euribor 6 months in the period from 2023 to 2029 and, as such, eligible for cash flow coverage.

Cash flow hedge – Interest and exchange rate swaps

The Company hedged the exchange rate risk of the 10,000 million yens bond issued through a cross currency swap with the main characteristics similar to the bond with regard to exchange rate risk. Credit risk is not hedged.

The fair value of the cross-currency swap at 31 December 2023 is 8,601 thousand euros negative (at 31 December 2022 it was 901 thousand euros negative).

Changes in the fair value of the hedging instrument are also being recorded in the hedge reserves in equity, with the exception of:

- The offsetting of the exchange rate effect of the spot update of the hedged instrument (bond issue in yen) at each reference date, resulting from the coverage of the exchange rate risk[10];
- The ineffective effect of the hedge resulting from the accounting designation made (REN hired a trading derivative to hedge this inefficiency economically - see Trading Derivative[11]. This inefficiency is caused by the change in the interest profile of the hedging instrument, which starts to pay a variable rate in the period from 2019 to 2024.

Integral Income:

The movements recorded in the statement of comprehensive income through the application of cash flow hedges were as follows:

2023

CASH FLOW HEDGING INSTRUMENTS	Change in the Fair Value of Hedging Instruments [12])	Of which: Effective amount recorded in Hedge Reserves	Hedging inefficiency recorded in Profit for the Year	Coverage Reserve reclassifications to Results for the Year
Swaps of interest rate	(29,048)	(29,048)	-	-
Swaps of exchange and interest rate	(7,680)	195	(748)	(7,126)
	(36,728)	(28,854)	(748)	(7,126)

2022

CASH FLOW HEDGING INSTRUMENTS	Change in the Fair Value of Hedging Instruments [12])	Of which: Effective amount recorded in Hedge Reserves	Hedging inefficiency recorded in Profit for the Year	Coverage Reserve reclassifications to Results for the Year
Swaps of interest rate	89,933	89,933	-	-
Swaps of exchange and interest rate	(6,200)	3,471	(4,065)	(5,605)
	83,733	93,404	(4,065)	(5,605)

[11] Does not include accrued interest.

[12] The exchange effect of the underlying (loan), in the year of 2023, was favourable in the amount of 7,126 thousand euros, having been offset, in the same amount, by the unfavourable effect of the hedging instrument in the income statement for the year (on 31 December 2022 was favourable at 5,605 thousand euros).

[13] The ineffective component related to the cash flow hedging of interest rate and foreign exchange risk, recorded in the income statement, was 748 thousand euros negative, having been increased by the effect of the trading derivative contracted in 1,205 thousand euros negative (on 31 December 2022 it was 4,065 thousand euros negative compared to 3,860 thousand euros positive from the effect of the trading derivative). Accordingly, the net effect on the income statement for the period ended 31 December 2023 amounts to 1,954 thousand euros negative (on 31 December 2022 it was 205 thousand euros negative).

Hedging Reserve:

The movements recorded in the hedging reserve were as follows:

	Fair value	Deferred taxes impact (Note 9)	Hedging reserves
1 January 2022	(17,052)	3,837	(13,215)
Changes in fair value and ineffectiveness	93,404	(21,016)	72,388
31 December 2022	**76,352**	**(17,179)**	**59,172**
1 January 2023	76,352	(17,179)	59,172
Changes in fair value and ineffectiveness	(28,854)	6,492	(22,362)
31 December 2023	**47,498**	**(10,687)**	**36,811**

Fair value hedge

The Company hedges the interest rate risk associated with the fluctuation of the market interest rate index (Euribor) on the fair value of interest payments on fixed-rate debt by negotiating interest rate swaps where it pays a variable rate and receives a fixed rate in order to convert fixed-rate debt payments into variable-rate payments.

At 31 December 2023, the Company has a total of four fair value hedging derivative contracts amounting to 600,000 thousand euros (as of 31 December 2022 it was 600,000 thousand euros). The hedged risk corresponds to the change in fair value of debt issues attributable to movements in the market interest rate index (Euribor). Credit risk is not being hedged. At 31 December 2023, the fair value of interest rate swaps designated as fair value hedging instruments was negative 52,006 thousand euros (as of 31 December 2022 it was negative 72,563 thousand euros).

Changes in the fair value of hedged items arising from interest rate risk are recognised in the income statement in order to offset changes in the fair value of the hedging instrument, which are also recognised in the income statement.

The hedged items of fair value hedging relationships have the following conditions:

2023

	Maturity	Hedged capital	Interest rate	Outstanding amount	There of Fair Value adjustments	Variation	Note
Fair value hedged Instruments:							
Bonds (Euro Medium Term Notes)	12.02.2025	300,000 tEUR	2.50%	297,380	8,901	(8,084)	15
Bonds (Euro Medium Term Notes)	16.04.2029	300,000 tEUR	0.50%	261,981	37,372	(18,527)	15
					46,273	(26,611)	

2022

	Maturity	Hedged capital	Interest rate	Outstanding amount	There of Fair Value adjustments	Variation	Note
Fair value hedged Instruments:							
Bonds (Euro Medium Term Notes)	12.02.2025	300,000 tEUR	2.50%	276,378	16,985	24,031	15
Bonds (Euro Medium Term Notes)	16.04.2029	300,000 tEUR	0.50%	243,032	55,899	50,399	15
					72,884	**74,429**	

In 2023, the change in fair value of the debt related to interest rate risk recognized in the income statement was negative 26,611 thousand euros (at 31 December 2022 it was positive 74,429 thousand euros), resulting in an ineffective component, after considering the effect of the hedged items in the income statement, of approximately negative 1,007 thousand euros (at 31 December 2022 it was positive 1,064 thousand euros). The ineffectiveness recognized is related to the effect of the fixed leg spread of the hedging instruments that is not reflected in the hedged item.

Integral Income:
The movements recorded in the statement of comprehensive income through the application of fair value hedges were as follow:

	2023
Cash Flow Hedging Instruments	**Hedging inefficiency recorded in Profit for the Year**
Swaps of interest rate	(1,007)

	2022
Cash Flow Hedging Instruments	**Hedging inefficiency recorded in Profit for the Year**
Swaps of interest rate	1,064

Trading derivatives

The Company negotiated an interest rate swap, with a starting date in 2019 and maturity in 2024, which pays fixed rate and receives variable rate. This instrument, although not designated as hedge accounting considering IFRS 9 criteria, is currently hedging the effect of the ineffectiveness of the cash flow hedge of the interest and exchange rate risks of the bond issue in Yens, relative to the fluctuation of interest rates for the hedging period (see Cash Flow Hedge – Interest and Exchange Rate Swaps).

The notional amount of this trading derivative is 60,000 thousand euros as of 31 December 2023 (at 31 December 2022 it was also 60,000 thousand euros). Credit risk is not being hedged. The fair value of the trading derivative, on 31 December 2023, is positive 871 thousand euros (on 31 December 2022 it was positive 2,064 thousand euros).

Changes in the fair value of the trading derivative are recorded directly in the income statement. The impact in the income statement, as of 31 December 2023, related to the effect of the fair value of the trading derivative was negative 1,205 thousand euros (as of 31 December 2022 it was positive 3,860 thousand euros).

12. INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE FOR OTHER COMPREHENSIVE PERFORMANCE

The assets recognized in this caption at 31 December 2023 and 2022 corresponds to equity interests held on strategic entities in the electricity and gas market, which can be detailed as follows:

	Head office		% owned		Book value	
	City	**Country**	**2023**	**2022**	**2023**	**2022**
OMEL - Operador del Mercado Ibérico de Energia (Polo Espanhol)	Madrid	Spain	10.00%	10.00%	3,167	3,167
Hidroeléctrica de Cahora Bassa	Maputo	Mozambique	7.50%	7.50%	51,410	54,074
					54,577	57,241

The changes in this caption were as follows:

	OMEL	HCB	Total
1 January 2022	3,167	56,111	59,278
Fair value adjustments	-	(2,037)	(2,037)
31 December 2022	3,167	54,074	57,241
1 January 2023	3,167	54,074	57,241
Fair value adjustments	-	(2,664)	(2,664)
31 December 2023	3,167	51,410	54,577

REN SGPS holds 7.5% representative shares of Hidroeléctrica de Cahora Bassa S.A., Mozambican company, transmitted following the contract signed at 9 April 2012, between REN, Parpublica – Participações Públicas, SGPS, S.A. (Parpublica), CEZA – Companhia Eléctrica do Zambeze, S.A. and EDM – Electricidade de Moçambique, EP for the acquisition from Parpublica of 2,060,661,943 shares, representing 7.5% of the capital and voting rights of HCB. This participation was initially recorded at its acquisition cost (38,400 thousand euros) and subsequently adjusted to its fair value (Note 27).

As of 31 December 2023, REN SGPS holds an interest in OMEL, Operador del Mercado Ibérico, S.A. (OMEL). In the process to create the Sole Operator of the Iberian Electricity Market (OMI) and in accordance with the Agreement between the Portuguese Republic and the Kingdom of Spain regarding the creation Iberian electric energy market, REN SGPS acquired 10% of the shares of OMEL for 3,167 thousand euros.

As there are no available market price for the above referred investment (OMEL), and as it is not possible to determine the fair value using comparable transactions, this investment is recorded at acquisition cost deducted by impairment losses.

At this date, no evidences of impairment losses related with OMEL exist.

Adjustments to the fair value investments in equity instruments at fair value for other comprehensive income are recorded in equity under the caption "fair value reserve", which as of 31 December 2023 and 2022 presents the following amounts:

	Fair value reserve
1 January 2022	13,986
Changes in fair value	(2,037)
Fiscal effect (Note 9)	545
31 December 2022	12,493
1 January 2023	12,493
Changes in fair value	(2,664)
Fiscal effect (Note 9)	1,291
31 December 2023	11,120

The dividends distributed are detailed in Note 24.

13. EQUITY INSTRUMENTS

Share capital

As of 31 December 2023, the Company's subscribed and paid-up capital was made up of 667,191,262 shares with nominal value of 1 euro each.

Share capital at 31 December 2023 and 2022 is detailed as follows:

	2023		2022	
	Number of shares	Share capital	Number of shares	Share capital
Share capital	667,191,262	667,191	667,191,262	667,191

The caption "Other changes in equity", as at 31 December 2023 and 2022, amounts to 5,561 thousand euros.

The main shareholders at 31 December 2023 and 2022 and were as follows:

	2023		2022	
	Shares	%	Shares	%
State Grid Corporation of China	166,797,815	25.0%	166,797,815	25.0%
Pontegadea Inversiones S.L.	80,100,000	12.0%	80,100,000	12.0%
Lazard Asset Management LLC	51,105,111	7.7%	49,568,307	7.4%
Fidelidade - Companhia de Seguros, S.A.	35,496,424	5.3%	35,496,424	5.3%
Redeia Corporación S.A.	33,359,563	5.0%	33,359,563	5.0%
Own shares	3,881,374	0.6%	3,881,374	0.6%
Free float	296,450,975	44.4%	297,987,779	44.7%
	667,191,262	100.0%	667,191,262	100.0%

Own shares

At 31 December 2023 and 2022, the Company had the following own shares:

	Number of shares	Percentage of capital	Amount
Own shares	3,881,374	0.6%	10,728

There were no purchases or sales of own shares in the year ended 31 December 2023 and 2022.

In accordance with the Commercial Company Code (Código das Sociedades Comerciais) REN SGPS must permanently ensure the existence of sufficient equity reserves to cover the value of own shares, in order to limit the amount of reserves available for distribution.

Shares premium

Following the capital increase in 2017, REN SGPS recorded an amount of 116,809 thousand euros in the "Shares premium" caption.

Legal reserve

In accordance with the Commercial Company Code (Código das Sociedades Comerciais) the Company must transfer a minimum of 5% of its annual net profit to a legal reserve until the reserve reaches 20% of share capital. The legal reserve cannot be distributed to the shareholders but may in certain circumstances be used to increase capital or to absorb losses after all the other reserves have been used up.

At 31 December 2023 the caption "Legal reserve" amounted to 141,378 thousand euros (135,701 thousand euros as of 31 December 2022).

Other reserves

The caption "Other Reserves" includes changes in the fair value of investments in equity instruments at fair value for other comprehensive income, derivative financial instruments hedging cash flows and other reserves.

In accordance with the Commercial Company Code, increases resulting from the adoption of fair value can only be distributed to shareholders when the assets or liabilities that originated the fair value are sold, executed, extinguished, liquidated or when they are used.

As of 31 December 2023, the Company has in Equity the amount of 47,931 thousand euros positive (71,665 thousand euros positive in 2022) related to reductions arising from the application of fair value, namely: i) fair value reserve of Investments in equity instruments at fair value for other comprehensive income in the amount of 11,120 thousand euros positive (Note 12) and ii) the hedge reserve of derivative financial instruments in the amount of 36,811 thousand euros positive (Note 11).

The caption "Other Reserves" includes free reserves in the amount of 180,190 thousand euros. This caption is increased with the application of net profits, being eligible for distribution to the shareholders, except for the limitation set on the Commercial Company Code in relation to own shares and income from the application of the equity method.

Adjustments to financial assets

The caption "Adjustments to financial assets" reflects changes in the subsidiaries equity when applying the equity method.

At 31 December 2023 this caption amounted to 77,032 thousand euros negative (48,209 thousand euros negative as of 31 December 2022). The change in the amount of 28,823 thousand euros (Note 7) includes mainly the i) the effect of equity changes of REN – Rede Eléctrica Nacional, S.A., due to the recognition of actuarial gains and losses of the year in the total amount of 7,688 thousand euros negative; ii) the effect of the fair value changes in the fair value of REN Serviços, S.A. due to the changes in the fair value of Redeia Corporación in the amount of 4,289 thousand euros negative and; iii) the effect of exchange rate variations on the financial investments held by REN Serviços in Transemel and Electrogas, appropriated by the equity method by the Company, which in 2023 amounted to 16,866 thousand euros negative.

In accordance with the Portuguese legislation, income and other positive equity changes recognized as a result of the equity method can only be distributed to shareholders when paid-up. The Portuguese legislation establishes that the difference between the equity method gains and the amount of paid or deliberated dividends are equivalent to legal reserve.

Dividends distributions

On 27 April 2023, the General Meeting approved the distribution of dividends to shareholders, based on the result for the 2022 financial year, in the amount of 102,747 thousand euros (0.154 euros per share), including the dividend attributable to own shares in the amount of 597 thousand euros, with the amount of 102,150 thousand euros having been paid to shareholders (the amount of 42,452 thousand euros paid in 2022, as an advance on profits, and the amount of 59,698 thousand euros in 2023).

In line with the strategic plan announced by the company on 14 May 2021, the Board of Directors of REN - Redes Energéticas Nacionais, SGPS, S.A. approved, on 30 November 2023, the payment of dividends, as an advance on profits, in the amount of 42,452 thousand euros (0.064 euros) per share, which took place on 27 December 2023 (Note 10).

During the Shareholders General Assembly meeting held on 28 April 2022, the Shareholders approved the distribution of dividends, with respect to the Net profit of 2021, in the amount of 102,747 thousand euros (0.154 euros per share). The dividends attributable to own shares amounted to 597 thousand euros, being paid to the shareholders a total amount of 102,150 thousand of euros.

14. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGEN ASSETS

Guarantees given

At 31 December 2023 and 2022, the Company had given the following bank guarantees:

BENEFICIARY	Object	2023	2022
European Investment Bank	For loan outstanding balances	183,427	216,338
Tax Authorithies	Ensure the suspension of tax enforcement proceedings	22,219	25,881
		205,646	242,219

The guarantees given have the following maturities:

31 DECEMBER 2023	Less 1 year	1 - 5 years	Over 5 years	Total
Guarantees on borrowing	37,368	104,705	41,354	183,427
Other guarantees	-	-	22,219	22,219
	37,368	104,705	63,573	205,646

31 DECEMBER 2022	Less 1 year	1 - 5 years	Over 5 years	Total
Guarantees on borrowing	35,815	120,427	60,097	216,338
Other guarantees	-	-	25,881	25,881
	35,815	120,427	85,978	242,219

Provisions

At 31 December 2023 and 2022 the captions "Provisions" were made up as follows:

	2023			2022		
	Investments (Note 7)	Other provisions	Provisions	Investments (Note 7)	Other provisions	Provisions
Non current:						
Beginning balance	3,054	574	3,628	158	381	539
Increases	-	2,213	2,213	2,895	574	3,470
Utilizations	(3,054)	(574)	(3,628)	-	(82)	(82)
Reversions	-	-	-	-	(299)	(299)
Ending balance	-	2,213	2,213	3,054	574	3,628

On 31 December 2023, the item "Provisions" refers to: i) a provision for the restructuring process underway in the company in the amount of 285 thousand euros, and ii) a provision for other risks and contingencies in the remaining amount.

15. FINANCIAL LIABILITIES

Trade payables and other payables

At 31 December 2023 and 2022 the captions “Trade payables” and “Other payables” were made up as follows:

	2023	2022
Current		
Trade payables:		
Group (Note 25)	10	569
National	297	146
Foreign	176	80
	483	794
Other payables:		
Capex suppliers	1	27
Group companies - RETGS (Note 25)	8,592	8,713
Group companies - Treasury management (Note 25)	32,184	517,739
Group companies - Advance on profits (Note 25)	35,400	-
Accrued costs:		
Remunerations	487	298
Others	3,683	6,045
Other Creditors:		
Group (Note 25)	3,260	28,899
Others	2,162	37
	85,770	561,759
	86,253	562,552

The Company agreed a central cash pooling agreement with its subsidiaries. This agreement is valid for one year and is renewable for equal periods. The terms and conditions of this agreement are market conditions.

Borrowings

The borrowings are detailed, in terms of maturity (current and non-current) and nature, as of 31 December 2023 and 2022 as follows:

	2023	2022
Non-current		
Commercial paper	550,000	250,000
Bonds	-	71,093
Bank loans	384,479	303,300
Finance leases (Note 6)	217	144
Group Companies - Bonds (Note 25)	1,088,095	1,071,025
Other deferred borrowing costs	(991)	(1,258)
Other deferred borrowing costs - Group companies (Note 25)	(1,285)	250
	2,020,515	1,694,555
Current:		
Commercial paper	556,000	-
Group Companies - Commercial Paper (Note 25)	203,900	192,900
Bonds	63,967	-
Group Companies - Bonds (Note 25)	-	550,000
Bank loans	68,821	68,283
Finance leases (Note 6)	114	101
Group Companies - Interests and other similar costs (Note 25)	25,533	30,162
Interest payable	5,382	696
Other deferred borrowing costs	(3,023)	(2,255)
Other deferred borrowing costs - Group companies (Note 25)	1,215	(89)
	921,909	839,797
	2,942,425	2,534,352

The company external borrowings have the following capital repayment schedule:

	2024	2025	2026	2027	2028	Following years	Total
Debt - Non current	-	69,476	604,783	49,396	43,576	167,465	934,697
Debt - Current	688,902	-	-	-	-	-	688,902
	688,902	**69,476**	**604,783**	**49,396**	**43,576**	**167,465**	**1,623,599**

The company internal borrowings have the following capital repayment schedule:

	2024	2025	2026	2027	2028	Following years	Total
Commercial paper	203,900	-	-	-	-	-	203,900
Bonds	-	500,000	-	35,000	300,000	253,095	1,088,095
	203,900	**500,000**	**-**	**35,000**	**300,000**	**253,095**	**1,291,995**

Detailed information regarding bond issues as of 31 December 2023 is as follows:

31 DECEMBER 2023

Issue date	Maturity	Initial amount	Outstanding amount	Interest rate	Schedule of interest payments
Euro Medium Term Notes' programme issues					
26.06.2009	26.06.2024	tJPY 10,000,000 (i)	tJPY 10,000,000	Fixed rate (ii)	Semi-annual

(i) These issues correspond to private placements.

(ii) These issues has interest and currency rate swaps associated.

In 2023, REN SGPS, together with REN Finance B.V., agreed the early termination of a financing line with the Bank of China and, consequently, the full repayment of the amount of 10,000 thousand euros that had been disbursed on that date. In addition, they agreed a new financing line with the Bank totalling 250,000 thousand euros, which has no disbursements as of 31 December 2023.

Bank loans consist of loans contracted with the European Investment Bank, which on 31 December 2023 amounted to 453,300 thousand euros (on 31 December 2022 it was 371,583 thousand euros).

In December 2022, REN signed the first tranche, totalling 300,000 thousand euros, of a long-term financing contract with the European Investment Bank. In January 2023, the second instalment of 150,000 thousand euros was signed. This is a "green loan" to finance new assets in the National Electricity Transmission Network.

On 31 December 2023, after a first disbursement of 150,000 thousand euros, 150,000 thousand euros under the first tranche and 150,000 thousand euros under the second tranche remain to be disbursed.

As a result of the fair value hedging amounting to 600,000 thousand euros made on debt issues (Note 11), the change in the fair value of these issues related to interest rate risk directly in profit and loss amounting to negative 26,611 thousand euros was recognized. (on 31 December 2022 it was positive 74,429 thousand euros).

Subscribed within the Group, the Company had, on 31 December 2023, issued commercial paper in the amount of 203,900 thousand euros (on 31 December 2022 it was 192,900 thousand euros) and held bond loans contracted in the amount of 1,088,095 thousand euros (on 31 December 2022 it was 1,621,025 thousand euros). The financial conditions of these loans are in line with market conditions.

As of 31 December 2023, the Company has twelve commercial paper programs, in the amount of 2,175,000 thousand euros, with 1,069,000 thousand euros available. Of the total value of commercial paper programs, 900,000 thousand euros are guaranteed to be placed.

The Company also holds 80,000 thousand euros in credit lines contracted and not used with maturities of up to one year, which are automatically renewable periodically (if they are not reported in the contractually stipulated period for that purpose), of which 70,000 thousand euros concern two grouped lines that can be used in their entirety and alternately by several companies in the group.

The Company's financial liabilities have the following main types of covenants: Cross default, Pari Passu, Negative Pledge, Leverage and Gearing ratios.

Financing entered into with the European Investment Bank also includes covenants related to rating ratings and other financial ratios in which the Company may be called upon to provide an acceptable guarantee to the European Investment Bank in the event of rating ratings or financial ratios below the stipulated levels.

As of 31 December 2023, the REN Group complies with all covenants to which it is contractually bound.

The Company and its subsidiaries are parties to some financing and debt issuance contracts, which include clauses on changes in control typical of this type of transaction (covering, albeit not expressly, changes in control as a result of takeover bids) and essential for the completion of such transactions in the respective market context. In any case, the practical application of these clauses is limited considering the legal restrictions on the ownership of REN shares. According to legal rules on competition, contractual terms and usual market practices, neither REN nor its counterparties in financing contracts are authorized to disclose other information regarding the characteristics of the respective financing operations.

16. STATE AND OTHER PUBLIC ENTITIES

At 31 December 2023 and 2022 the caption "State and other public entities" is detailed as follows:

	2023	2022
Current assets:		
Income tax	26,808	10,268
Other taxes	1	2
State and other public entities - Asset	**26,809**	**10,269**

	2023	2022
Current liabilities:		
VAT payable	276	1,572
Retained tax	137	87
Social Security	116	91
State and other public entities - Liability	**529**	**1,751**

REN Group companies belong to the special tax regime for groups of companies (RETGS), in terms of Corporate Income Tax (Note 9).

17. REVENUE

The revenue recognized by the Company in the year ended 31 December 2023 and 2022 was as follows:

	2023	2022
Services rendered:		
Technical and admninistrative management of REN Group (Note 25)	12,123	10,287
Technical and admninistrative management of other related parties (Note 25)	3	8
	12,126	10,295

18. GAINS AND LOSSES FROM SUBSIDIARIES AND ASSOCIATES

The gains and losses from subsidiaries and associates in the years ended 31 December 2023 and 2022 are detailed as follows:

	2023	2022
Subsidiaries:		
REN - Rede Eléctrica Nacional, S.A.	93,171	74,760
REN Atlântico, Terminal de GNL, S.A.,	11,782	(2,006)
RENTELECOM Comunicações, S.A.	3,522	3,479
REN Serviços, S.A.	35,001	39,621
Enondas, Energia das Ondas, S.A.	124	79
REN PRO, S.A.	62	566
REN Trading, S.A.	10,167	(3,295)
REN Finance, B.V.	18,610	8,950
Associates:		
OMIP, SGPS, S.A.	692	255
Centro de Investigação em Energia REN - State Grid, S.A.	4	5
	173,134	122,413

19. SUPPLIES AND SERVICES

The caption "Supplies and services" for the years ended 31 December 2023 and 2022 is as follows:

	2023	2022
Specialized services	2,845	1,693
Services rendered to Group companies (Note 25)	871	788
Travel and lodging	363	188
Insurances	337	336
Rentals and rents	48	47
Fuel	33	40
Other supplies and external services (values below 25 thousand euros)	257	198
	4,755	3,290

20. PERSONNEL COSTS

The caption "Personnel costs" for the years ended 31 December 2023 and 2022 is as follows:

	2023	2022
Remunerations:		
Board of directors	3,461	3,424
Personnel	2,450	2,113
	5,911	5,537
Charges on remuneration and other:		
Charges on remuneration	877	809
Insurance	121	104
Other personnel costs	49	35
	1,047	948
Personnel costs	6,958	6,485

The board of Directors caption includes the Board of Directors members' remunerations.

Personnel employed

During the years ended 31 December 2023 and 2022 the average number of personnel employed by the Company was 23 and 22 employees respectively.

21. OTHER INCOME

The caption "Other income" for the years ended 31 December 2023 and 2022 is as follows:

	2023	2022
Supplementary income	791	599
Other income	74	23
	865	623

22. OTHER EXPENSES

The caption "Other expenses" for the years ended 31 December 2023 and 2022 is as follows:

	2023	2022
Donations	15	-
Subscriptions	111	119
Taxes	148	102
Other expenses	2	2
	276	223

23. INTERESTS AND SIMILAR INCOME AND EXPENSES

The caption "Interest and similar income and expenses" for the years ended 31 December 2023 and 2022 is as follows:

	2023	2022
Interest and similar costs:		
Bonds -Group companies (Note 25)	32,394	41,926
Commercial paper	21,346	4,350
Commercial paper -Group companies (Note 25)	7,591	2,333
Bonds	6,498	1,914
Bank loans	6,462	4,159
Centralized treasury management (Note 25)	6,450	3,751
Derivative financial instruments (Note 11)	2,961	5,141
Other financial costs	347	252
	84,049	63,826
Interest and similar income:		
Interest on sharehoders loans (Note 25)	48,462	44,139
Interest on centralized treasury management (Note 25)	16,641	2,493
Interest on bank deposits	2,132	639
Derivative financial instruments (Note 11)	-	4,924
Commercial paper	-	463
Other income (Note 10)	-	457
	67,235	53,115

Interest cash flows of derivative financial instruments (swaps) are presented net of flows related with borrowings that are being hedged.

24. DIVIDENDS

During the years ended 31 December 2023 and 2022, the Company received the following dividends from investments in equity instruments at fair value for other comprehensive income:

	2023	2022
Dividends received:		
HCB	4,534	4,356
OMEL	70	43
	4,604	4,400

The total amount of dividends received from subsidiaries, associates and investments in equity instruments at fair value for other comprehensive income amounted to 113,355 thousand euros (146,703 thousand euros in 2022).

25. RELATED PARTIES

During the years ended 31 December 2023 and 2022 the following transactions were carried out with related parties:

GROUP — 2023

RELATED PARTY	Services rendered (Note 17)	Interest and similar income - Shareholders loans (Note 23)	Interest and similar income - Treasury management (Note 23)	Supplies and services (Note 19)	Interest and other similar costs - Treasury management (Note 23)	Interest and other similar costs - Commercial paper (Note 23)	Interest and other similar costs -Bonds (Note 23)
REN - Rede Eléctrica Nacional, S.A.	6,429	21,256	2,675	290	190	-	-
REN Trading, S.A.	-	-	933	-	4,728	-	-
ENONDAS, S.A.	12	-	-	-	64	-	-
REN Gasodutos, S.A.	1,790	-	2,927	-	-	-	-
REN Armazenagem, S.A.	325	-	-	-	697	-	-
REN Atlântico, Terminal de GNL, S.A.	812	1,391	1,715	-	-	-	-
REN Gás, S.A.	-	-	-	-	212	-	-
REN Portgás Distribuição, S.A.	439	-	1,526	-	-	-	-
RENTELECOM Comunicações, S.A.	135	-	-	-	412	-	-
REN Serviços, S.A.	1,746	25,815	6,863	475	-	-	-
REN Finance, B.V.	-	-	-	52	-	7,591	32,394
REN PRO, S.A.	436	-	3	54	147	-	-
	12,123	48,462	16,641	871	6,450	7,591	32,394

2022

RELATED PARTY	Services rendered (Note 17)	Interest and similar income - Shareholders loans (Note 23)	Interest and similar income - Treasury management (Note 23)	Supplies and services (Note 19)	Interest and other similar costs - Treasury management (Note 23)	Interest and other similar costs - Commercial paper (Note 23)	Interest and other similar costs -Bonds (Note 23)
REN - Rede Eléctrica Nacional, S.A.	5,498	20,767	752	266	-	-	-
REN Trading, S.A.	-	-	-	-	3,466	-	-
ENONDAS, S.A.	10	-	-	-	10	-	-
REN Gasodutos, S.A.	1,607	-	417	-	-	-	-
REN Armazenagem, S.A.	279	-	-	-	121	-	-
REN Atlântico, Terminal de GNL, S.A.	635	1,919	93	-	9	-	-
REN Gás, S.A.	-	-	6	-	69	-	-
REN Portgás Distribuição, S.A.	345	-	188	-	-	-	-
RENTELECOM Comunicações, S.A.	114	-	-	-	71	-	-
REN Serviços, S.A.	1,418	21,453	1,037	436	-	-	-
REN Finance, B.V.	-	-	-	40	-	2,333	41,926
REN PRO, S.A.	381	-	2	46	5	-	-
	10,287	44,139	2,493	788	3,751	2,333	41,926

OTHER RELATED PARTIES

	2023	2022
Services rendered:		
Centro de Investigação em Energia REN - State Grid, S.A. (Note 17)	3	8
	3	8
External supplies and services:		
Centro de Investigação em Energia REN - State Grid, S.A.	1	-
CMS - Rui Pena & Arnaut[13]	-	7
	1	7

[14] Entity related to the director José Luís Arnaut. During 2023, the legal advisory services agreement in the legal and public procurement area, approved by the Board of Directors of REN Serviços, S.A. and awarded to the law firm CMS Rui Pena e Arnaut, related entity to the Board member José Luís Arnaut, remained in force. The contract was renewed in 2023, for a period of three years.

As of 31 December 2023 and 2022, the Company had the following balances with related parties:

GROUP							2023
						Current assets	Non current asset
RELATED PARTY	Other receivables - Shareholders loans (Note 10)	Other receivables - Treasury management (Note 10)	Other receivables - Interest receivables from shareholders loans (Note 10)	Other receivables - Tax consolidation (Note 10)	Other debtors (Note 10)	Income accruals (Note 10)	Other receivables - Shareholders loans (Note 10)
REN - Rede Eléctrica Nacional, S.A.	-	96,649	-	20,388	372	1,612	-
REN Trading, S.A.	-	216,812	-	3,595	904	-	-
ENONDAS, S.A.	-	-	-	27	-	3	-
REN Gasodutos, S.A.	-	78,291	-	-	292	442	-
REN Armazenagem, S.A.	-	-	-	-	-	87	-
REN Atlântico, Terminal de GNL, S.A.	-	50,538	-	-	199	199	-
REN Gás, S.A.	-	-	-	-	-	-	-
REN Portgás Distribuição, S.A.	-	45,668	-	-	179	87	-
RENTELECOM Comunicações, S.A.	-	-	-	1,099	-	34	-
REN Serviços, S.A.	34,500	186,671	14,219	-	793	568	955,000
REN Finance, B.V.	-	-	-	-	334	450	-
REN PRO, S.A.	-	-	-	-	-	110	-
	34,500	674,628	14,219	25,110	3,072	3,591	955,000

										2023
	Current liabilities								Non current liabilities	
RELATED PARTY	Suppliers (Note 15)	Other payables - Treasury management (Note 15)	Other payables - Tax consolidation (Note 15)	Advance on profits (Note 15)	Other payables - Interest payables from bonds (Note 15)	Others creditors (Note 15)	Other payables - Commercial paper (Note 15)	Deferred borrowing costs (Note 15)	Other payables - Bonds (Note 15)	Deferred borrowing costs (Note 15)
REN - Rede Eléctrica Nacional, S.A.	-	-	-	30,100	-	123	-	-	-	-
REN Trading, S.A.	-	-	-	-	-	1,735	-	-	-	-
ENONDAS, S.A.	-	1,780	-	-	-	7	-	-	-	-
REN Gasodutos, S.A.	-	-	490	-	-	-	-	-	-	-
REN Armazenagem, S.A.	-	16,577	165	-	-	70	-	-	-	-
REN Atlântico, Terminal de GNL, S.A.	-	-	3,202	5,300	-	-	-	-	-	-
REN Gás, S.A.	-	1,659	2,421	-	-	15	-	-	-	-
REN Portgás Distribuição, S.A.	-	-	376	-	-	-	-	-	-	-
RENTELECOM Comunicações, S.A.	-	10,903	-	-	-	44	-	-	-	-
REN Serviços, S.A.	-	-	1,919	-	-	1,234	-	-	-	-
REN Finance, B.V.	-	-	-	-	25,533	22	203,900	1,215	1,088,095	(1,285)
REN PRO, S.A.	10	1,264	19	-	-	10	-	-	-	-
	10	32,184	8,592	35,400	25,533	3,260	203,900	1,215	1,088,095	(1,285)

							2022
						Current assets	Non current assets
RELATED PARTY	Other receivables - Shareholders loans (Note 10)	Other receivables - Treasury management (Note 10)	Other receivables - Interest receivables from shareholders loans (Note 10)	Other receivables - Tax consolidation (Note 10)	Other debtors (Note 10)	Income accruals (Note 10)	Other receivables - Shareholders loans (Note 10)
REN - Rede Eléctrica Nacional, S.A.	19,231	92,382	13,775	49,965	6,208	701	1,188,462
REN Trading, S.A.	-	-	-	-	142	-	-
ENONDAS, S.A.	-	-	-	-	11	1	-
REN Gasodutos, S.A.	-	62,879	-	-	1,917	149	-
REN Armazenagem, S.A.	-	-	-	1,355	309	27	-
REN Atlântico, Terminal de GNL, S.A.	9,350	38,938	70	-	762	70	20,343
REN Gás, S.A.	-	-	-	-	-	-	-
REN Portgás Distribuição, S.A.	-	29,898	-	1,722	427	45	-
RENTELECOM Comunicações, S.A.	-	-	-	1,204	123	14	-
REN Serviços, S.A.	50,000	156,607	15,237	-	1,877	156	1,015,000
REN Finance, B.V.	-	-	-	-	654	-	-
REN PRO, S.A.	-	1,479	-	119	343	109	-
	78,580	382,184	29,083	54,366	12,772	1,273	2,223,805

										2022
	Current liabilities								Non current liabilities	
RELATED PARTY	Suppliers (Note 15)	Other payables - Treasury management (Note 15)	Other payables - Tax consolidation (Note 15)	Other payables - Interest payables from Bonds (Note 15)	Others creditors (Note 15)	Other payables - Commercial paper (Note 15)	Other payables - Bonds (Note 15)	Deferred borrowing costs (Note 15)	Other payables - comercial paper (Note 15)	Deferred borrowing costs (Note 15)
REN - Rede Eléctrica Nacional, S.A.	-	-	-	-	83	-	-	-	-	-
REN Trading, S.A.	-	477,958	866	-	28,691	-	-	-	-	-
ENONDAS, S.A.	-	1,498	25	-	3	-	-	-	-	-
REN Gasodutos, S.A.	-	-	1,474	-	-	-	-	-	-	-
REN Armazenagem, S.A.	-	18,301	-	-	37	-	-	-	-	-
REN Atlântico, Terminal de GNL, S.A.	-	-	4,502	-	-	-	-	-	-	-
REN Gás, S.A.	-	9,746	1,490	-	19	-	-	-	-	-
REN Portgás Distribuição, S.A.	-	5	-	-	-	-	-	-	-	-
RENTELECOM Comunicações, S.A.	-	10,231	-	-	20	-	-		-	-
REN Serviços, S.A.	517	-	357	-	6	-	-	15	-	-
REN Finance, B.V.	-	-	-	30,162	40	192,900	550,000	(109)	1,071,025	250
REN PRO, S.A.	51	-	-	-	-	-	-	4	-	-
	569	517,739	8,713	30,162	28,899	192,900	550,000	(89)	1,071,025	250

Other Related Parties

	2023	2022
Assets		
Other debtors:		
Other receivables - OMI	-	1
Other receivables - OMEL	-	1
Other receivables - Hidroeléctrica Cahora Bassa	141	-
Other receivables - Centro de Investigação em Energia REN - State Grid, S.A.	4	-
	145	2

Information on share transactions by members of the Board of Directors

During the period ended 31 December 2023, no transactions were made by Board of Directors members.

26. REMUNERATION OF THE BOARD OF DIRECTORS

The Board of Directors of REN SGPS were considered in accordance with NCRF 5 to be the only key members of the management of the Company. Remuneration of the Board of Directors of REN in the years ended 31 December 2023 and 2022 was as follows:

	2023	2022
Remuneration and other short term benefits	1,737	1,700
Management bonuses (estimated)	1,724	1,724
	3,461	3,424

There are no loans granted to the members of the Board of Directors.

27. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES IN ACCORDANCE WITH IFRS 9

The accounting policies for financial instruments in accordance with the IFRS 9 categories have been applied to the following financial assets and liabilities:

									2023
	Notes	Credits and other receivables	Fair value - hedging derivative financial instruments	Fair value - Negotiable derivatives	Fair value - Equity instruments for other comprehensive income	Fair value - through profit and loss	Other financial assets/ liabilities	Total carrying amount	Fair value
Assets									
Cash and cash equivalents	4	-	-	-	-	-	9,460	9,460	9,460
Trade and other receivables	10	1,752,738	-	-	-	-	-	1,752,738	1,752,738
Other financial assets	10	-	-	-	-	18	151	169	169
Investments in equity instruments at fair value for other comprehensive income	12	-	-	-	54,577	-	-	54,577	54,577
State and other public entities	16	-	-	-	-	-	26,809	26,809	26,809
Derivative financial instruments	11	-	53,492	871	-	-	-	54,363	54,363
Total financial assets		1,752,738	53,492	871	54,577	18	36,420	1,898,116	1,898,116
Liabilities									
Borrowings	15	-	-	-	-	-	2,942,425	2,942,425	2,936,552
Trade and other payables	15	-	-	-	-	-	86,253	86,253	86,253
State and other public entities	16	-	-	-	-	-	529	529	529
Derivative financial instruments	11	-	60,607	-	-	-	-	60,607	60,607
Total financial liabilities		-	60,607	-	-	-	3,029,207	3,089,814	3,083,942

									2022
	Notes	Credits and other receivables	Fair value - hedging derivative financial instruments	Fair value - Negotiable derivatives	Fair value - Equity instruments for other comprehensive income	Fair value - through profit and loss	Other financial assets/ liabilities	Total carrying amount	Fair value
Assets									
Cash and cash equivalents	4	-	-	-	-	-	342,642	342,642	342,642
Trade and other receivables	10	2,824,772	-	-	-	-	-	2,824,772	2,824,772
Other financial assets	10	-	-	-	-	22	158	180	180
Investments in equity instruments at fair value for other comprehensive income	12	-	-	-	57,241	-	-	57,241	57,241
Derivative financial instruments	11	-	78,500	2,064	-	-	-	80,564	80,564
Total financial assets		2,824,772	78,500	2,064	57,241	22	353,069	3,315,668	3,315,668
Liabilities									
Borrowings	15	-	-	-	-	-	2,534,352	2,534,352	2,501,449
Trade and other payables	15	-	-	-	-	-	562,552	562,552	562,552
State and other public entities	16	-	-	-	-	-	1,751	1,751	1,751
Derivative financial instruments	11	-	73,464	-	-	-	-	73,464	73,464
Total financial liabilities		-	73,464	-	-	-	3,098,655	3,172,119	3,139,216

Estimated fair value – Assets measured at fair value

The following table presents the Company assets and liabilities measured at fair value at 31 December 2023 in accordance with the following levels of fair value hierarchy:

- **Level 1:** fair value of financial instruments is based on quoted prices of active liquid markets at the date of the statement of financial position;
- **Level 2:** the fair value of financial instruments is not determined based on active market quotes but using valuation models.
- **Level 3:** the fair value of financial instruments is not determined based on active market quotes, but using valuation models, whose main inputs are not observable in the market.

During the year ending 31 December 2023, no transfers of financial assets and liabilities were made between fair value hierarchy levels.

		Level 1	Level 2	Level 3	Total
Assets:					
Investments in equity instruments at fair value for other comprehensive income	Shares	-	-	51,410	51,410
Financial assets at fair value	Cash flow hedge derivatives	-	53,492		53,492
Financial assets at fair value recorded in income	Trading derivatives	-	871	-	871
		-	54,363	51,410	105,773
Liabilities:					
Financial liabilities at fair value	Borrowings	-	553,727	-	553,727
Financial liabilities at fair value	Cash flow hedge derivatives	-	8,601	-	8,601
Financial liabilities at fair value	Fair value hedge derivatives	-	52,006	-	52,006
		-	614,334	-	614,334

During the year ended 31 December 2023, the Company proceeded to a valuation of the financial interests held Hidroeléctrica de Cahora Bassa, S.A., which is classified as Investments in equity instruments at fair value through other comprehensive income (Note 12). The fair value of this asset reflects the price at which the asset would be sold in an orderly transaction.

For this purpose, the Company has opted for a revenue approach, which reflects current market expectations regarding future amounts. The data used in the price calculation, although not quoted, are prepared using valuation models, whose main inputs are not observable in the market.

Quality of financial assets

The credit quality of financial assets that are not overdue or impaired may be assessed with reference to the credit ratings disclosed by Standard & Poor's or based on historical information from the entities to which they refer:

	2023	2022
Cash and cash equivalents:		
A+ to A-	396	300,581
BBB+ to BBB-	5,201	67
BB+ to B-	3,861	38,744
Up to CCC+	-	3,249
Total cash and cash equivalents	9,460	342,643
Other financial assets:		
Without rating	169	180
Total other financial assets	169	180

Trade and other receivables and Trade and other payables refer mainly to receivables and payables from and to group companies, as noted in Notes 10 and 15, respectively.

With respect to the current receivables and payables balances, its carrying amount corresponds to a reasonable approximation of its fair value.

28. DISCLOSURES REQUIRED BY LAW

Fees invoiced by the statutory auditor

Information regarding fees paid to the statutory auditor is disclosed in the REN Group's Consolidated Report and Accounts.

29. SUBSEQUENT EVENTS

On 20 February 2024, the REN Group issued green bonds for 300,000 thousand euros, with a maturity of 8 years and an interest rate of 3.614%, equivalent to the 8-year mid-swap rate plus 90 basis points. This issue was made within the scope of the company's Green Finance Framework and reflects the alignment of the Group's financing and sustainability policies.

No other events occurred that would give rise to adjustments or additional disclosures in the Company's financial statements for the year ended 31 December 2023.

30. EXPLANATION ADDED FOR TRANSLATION

These financial statements are a translation of financial statements originally issued in Portuguese in accordance with the Financial Accounting and Reporting Standards (NCRF). In the event of discrepancies, the Portuguese language version prevails.

THE CERTIFIED ACCOUNTANT NO 81015

Pedro Mateus

THE BOARD OF DIRECTORS

Rodrigo Costa
(Chairman of the Board of Directors and Chief Executive Officer)

João Faria Conceição
(Member of the Board of Directors and Chief Operational Officer)

Gonçalo Morais Soares
(Member of the Board of Directors and Chief Financial Officer)

Guangchao Zhu
(Vice-President of the Board of Directors designated by State Grid International Development Limited)

Mingyi Tang
(Member of the Board of Directors)

Yang Qu
(Member of the Board of Directors)

Ana Pinho
(Member of the Board of Directors)

Dulce Mota
(Member of the Board of Directors)

Ana da Cunha Barros
(Member of the Board of Directors)

Jorge Magalhães Correia
(Member of the Board of Directors)

Maria Estela Barbot
(Member of the Board of Directors)

José Luis Arnaut
(Member of the Board of Directors)

Manuel Sebastião
(Member of the Board of Directors and Chairman of the Audit Committee)

Rosa Freitas Soares
(Member of the Board of Directors and Chairman of the Audit Committee)

Gonçalo Gil Mata
(Member of the Board of Directors and Chairman of the Audit Committee))

Note: The remaining pages of this Integrated Report were initialled by the members of the Executive Committee and by the Certified Accountant, Pedro Mateus.

REPORT AND OPINION OF THE AUDIT COMMITTEE

INDIVIDUAL ACCOUNTS

Within the scope of its duties, the Audit Committee has monitored the development of the activity of REN – REDES ENERGÉTICAS NACIONAIS, SGPS, S.A. (the "Company") and its subsidiaries, supervised compliance with the law, regulations and the Articles of Association, supervised compliance with accountancy policies and practices, and supervised the process of preparation and disclosure of financial information, the legal review of accounts and the effectiveness of the internal control and risk management systems. It further supervised the activity of the Statutory Auditor and the External Auditor, including their independence and impartiality.

Within the limits of the powers of the Audit Committee and pursuant to the provisions of subparagraph c), of the nr. 1, of article 29-G of the Securities Market Code, of the article 423-F, no. 1, g) of the article 420, no. 6, both of the Commercial Companies Code, it is hereby declared that as far as this Committee is aware, the Integrated Management Report and the Individual and Consolidated Financial Statements of the Company for the financial year ended 31 December 2023 were prepared in accordance with the applicable accounting standards, reflecting a true and fair view of the assets and liabilities, the financial position and results of REN - Redes Energéticas Nacionais, SGPS, S.A. and the companies included in the consolidation perimeter. Additionally, the Integrated Management Report faithfully states the evolution of the business, performance and position of the Company and the group, complies with applicable legal, accounting and statutory requirements and, whenever justified, contains a description of the main risks and uncertainties they face. It is also mentioned that the non-financial information is relevant and allows the understanding of the performance, position and impact of the group's activities, concerning environmental, social and employee issues, gender equality, non-discrimination, respect for human rights and the fight against corruption. Additionally, the Audit Committee ensures that the Corporate Governance Report, which is disclosed simultaneously with the Integrated Management Report, includes the elements referred in article 29-H of the Securities Market Code.

The Audit Committee also examined the individual financial information included in the Integrated Management Report and the financial statement of REN – REDES ENERGÉTICAS NACIONAIS, SGPS, S.A. attached thereto in relation to the financial year ended on December 31, 2023 which consist of the Balance Sheet as of December 31, 2023, evidencing a total of 4,613,227 thousand Euros and 1,508,586 thousand Euros of Equity Capital, including Net Profit of 150,974 thousand Euros, the Statement of Profit and Loss, Changes in Equity Capital and Cash Flows in relation to the financial year closed on the above mentioned date and the respective Annex.

The Audit Committee reviewed the Legal Certification of Accounts and the Audit Report on the individual financial information, prepared by the Statutory Auditor and the External Auditor.

Within the context of the analysis undertaken, the Audit Committee further supervised the compliance and adequacy of the accounting policies, procedures, practices and adopted valuation criteria, as well as the regulatory and quality of the Company´s accounting information.

In light of the above, it is the opinion of the Audit Committee that the individual Financial Statements and the Integrated Management Report, as well as the proposal expressed therein, abide by applicable accounting, legal and statutory provisions, therefore it recommends its approval by the General Meeting of Shareholders.

Lisbon, 21 March 2024

Manuel Sebastião
(Chairman)

Rosa Freitas Soares
(Member)

Gonçalo Gil Mata
(Member)

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www.ey.com

(Translation from the original document in the Portuguese language.
In case of doubt, the Portuguese version prevails)

Statutory and Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of REN – Redes Energéticas Nacionais, S.G.P.S., S.A. (the "Entity"), which comprise the Statement of Financial Position as at 31 December 2023 (showing a total of 4,613,227 thousand euros and a total equity of 1,508,586 thousand euros, including a net profit for the year of 150,974 thousand euros), and the Statement of Profit and Loss by Nature, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the REN – Redes Energéticas Nacionais, S.G.P.S., S.A. as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with the Accounting and Financial Reporting Standards adopted in Portugal under the Portuguese Accounting System.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section below. We are independent of the Entity in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors´ code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters in the current year audit are the following:

Subsequent Measurement of investments in subsidiaries and associates

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As disclosed in Note 3.2 of the notes to the financial statements, the investments in subsidiaries and associates are recorded by the equity method. As at 31 December 2023, the investments in subsidiaries and associates measured according to the equity method, amounts to 2,713,863 thousand euros (2022: 1,391,535 thousand euros), equivalent to 59% of total Assets (2022: 30%). Additionally, as at 31 December 2023, a substantial part of the Entity's revenues, in the amount of 173,134 thousand euros (2022: 122,413 thousand euros), is related to the equity method. The subsequent measurement and the impairment assessment of the investments in subsidiaries and associates has been considered a key audit matter due to the materiality of the carrying amount of those investments and the significant impact of the application of the equity method. Furthermore, the determination of the recoverable amount of those investments is complex and includes the use of relevant Management estimates and assumptions. The Entity's Board of Directors did not identify any impairment evidence.	Our approach included the following procedures: ► We assessed the adequacy of the accounting policies used by the Entity in the measurement of the investments in subsidiaries and associates; ► We obtained the supporting calculation of the valuation of the investments in subsidiaries and associates and of the application of the equity method and we compared it with the Entity's financial statements; ► We assessed the use, by the Entity, of the correct financial information of its subsidiaries and associates as at 31 December 2023, including the harmonization of the accounting policies to the financial statement of those entities; and ► We assessed the estimates and assumptions made by Management regarding the absence of impairment evidence. We also assessed the appropriateness of the applicable disclosures included in Notes 3.2, 7 and 18 of the notes to the financial statements, in order to assure that those adhere to the requirements of the applicable accounting policies.

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for:

- the preparation of financial statements that presents a true and fair view of the Entity´s financial position, financial performance and cash flows in accordance with the Accounting and Financial Reporting Standards adopted in Portugal under the Portuguese Accounting System;
- the preparation of the Management report, the Corporate Governance Report and remunerations report, in accordance with the laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Entity's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Entity´s ability to continue as a going concern.

The supervisory body is responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

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In case of doubt, the Portuguese version prevails)
31 December 2023

- from the matters communicated with those charged with governance, including the supervisory body, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and
- We also provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate threats or safeguards applied.

Our responsibility includes the verification of the consistency of the Management Report with the financial statements, and the verifications under nr. 4 and nr. 5 of article 451 of the Commercial Companies Code regarding corporate governance matters, as well as the verification that the remunerations report has been presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and assessment over the Entity, we have not identified any material misstatement.

On the Corporate Governance Report

Pursuant to article 451, nr. 4 of the Commercial Companies Code, in our opinion the Corporate Governance Report includes the information required to the Entity to provide as per article 29-H of the Securities Code, and we have not identified material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and l) of nr. 1 of the said article.

On the remunerations report

Pursuant to article 26-G, nr. 6 of the Securities Code, we hereby inform that the Entity has included in a separate chapter of its Corporate Governance Report the information provided in compliance with paragraph 2 of the said article.

On additional items set out in article 10 of the Regulation (EU) nr. 537/2014

Pursuant to article 10 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were appointed in the shareholders' general meeting held on 23 April 2021 for a second mandate from 2021 to 2023;
- Management has confirmed that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional skepticism and we designed audit procedures to respond to the possibility of material misstatement in the financial statements due to fraud. As a result of our work we have not identified any material misstatement to the financial statements due to fraud;
- We confirm that our audit opinion is consistent with the additional report that we have prepared and delivered to the supervisory body of the Entity on 21 March 2024; and
- We declare that we have not provided any prohibited services as described in article 5, of the Regulation (EU) nr. 537/2014, of the European Parliament and of the Council, of 16 April 2014 and we have remained independent of the Entity in conducting the audit.

European Single Electronic Format (ESEF)

The accompanying financial statements of REN – Redes Energéticas Nacionais, S.G.P.S., S.A for the year ended 31 December 2023 must comply with the applicable requirements set out in the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (ESEF Regulation).

Management is responsible for preparing and disclosing the annual report in accordance with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance about whether the financial statements, included in the annual report, are presented in accordance with the requirements set out in the ESEF Regulation.

Our procedures considered the OROC Technical Application Guide on report in ESEF and included, among others obtaining an understanding of the financial reporting process, including the submission of the annual report in valid XHTML format.

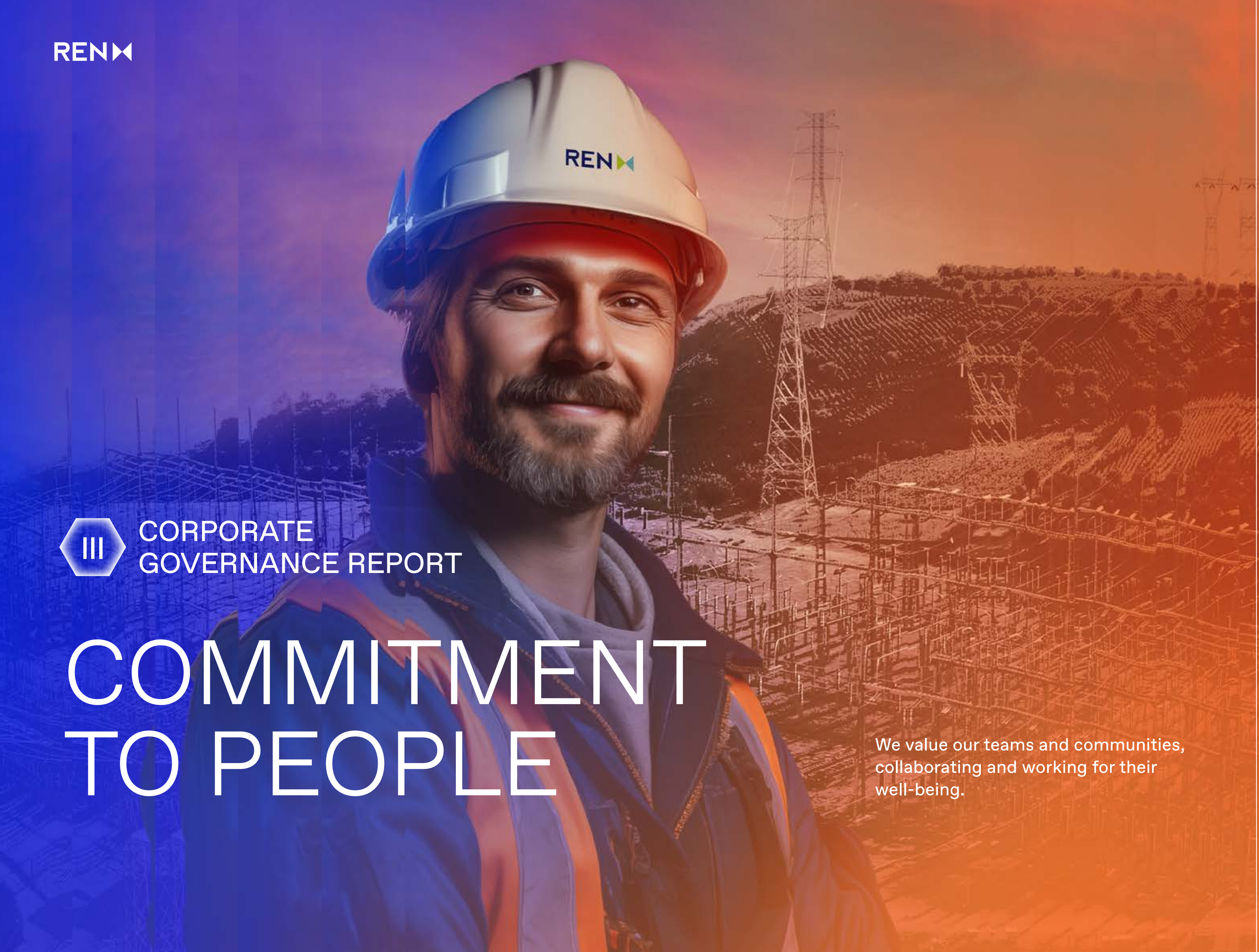
In our opinion, the accompanying financial statements included in the annual report are presented, in all material respects, in accordance with the requirements set out in the ESEF Regulation.

Lisbon, 21 March 2024

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

(Signed)

Rui Abel Serra Martins - ROC nr. 1119
Registered with the Portuguese Securities Market Commission under license nr. 20160731



III CORPORATE GOVERNANCE REPORT

COMMITMENT TO PEOPLE

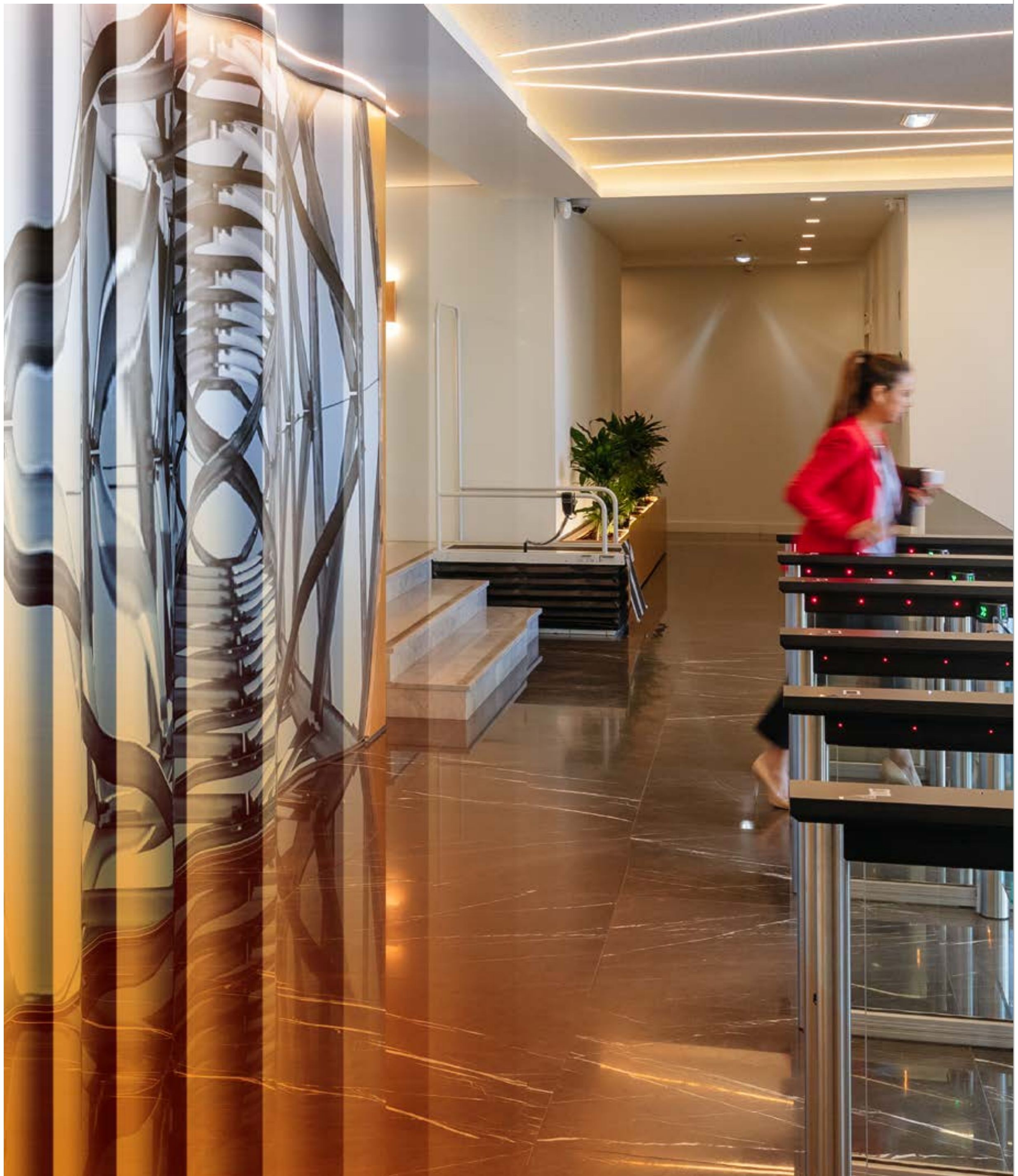
We value our teams and communities, collaborating and working for their well-being.

CORPORATE GOVERNANCE

REN is in a mission to ensure the continuous provision of energy throughout the country, contributing to the development of communities and to improve the quality of life of Portuguese people. This is a task which requires a continuous and devoted effort. But our commitment goes beyond our mission.

We believe in the exercise of an active corporate citizenship, with a strong involvement with the communities we belong to, both at a social and at an environmental level.

To take this commitment, this requires that all REN activities are guided by sustainability principles, by means of obeying to rigorous and measurable criteria and respecting demanding standards of excellence, without ever losing sight of the positive impact we want to have on the communities and ecosystems we work close to.



8. INFORMATION ON SHAREHOLDER STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE

8.1 ECONOMIC ENVIRONMENT

I. CAPITAL STRUCTURE

I.1. Capital structure (capital, number of shares, distribution of capital among shareholders, etc.), including information on shares not admitted to trading, different classes of shares, inherent rights and duties and percentage of capital which each class represents (Art. 29-H(1)(a)

The share capital of REN – Redes Energéticas Nacionais, SGPS, S.A. (REN or the company) in the amount of 667,191,262 euros is represented by 667,191,262 ordinary shares with a face value of one euro each, in the form of nominative book-entry shares.

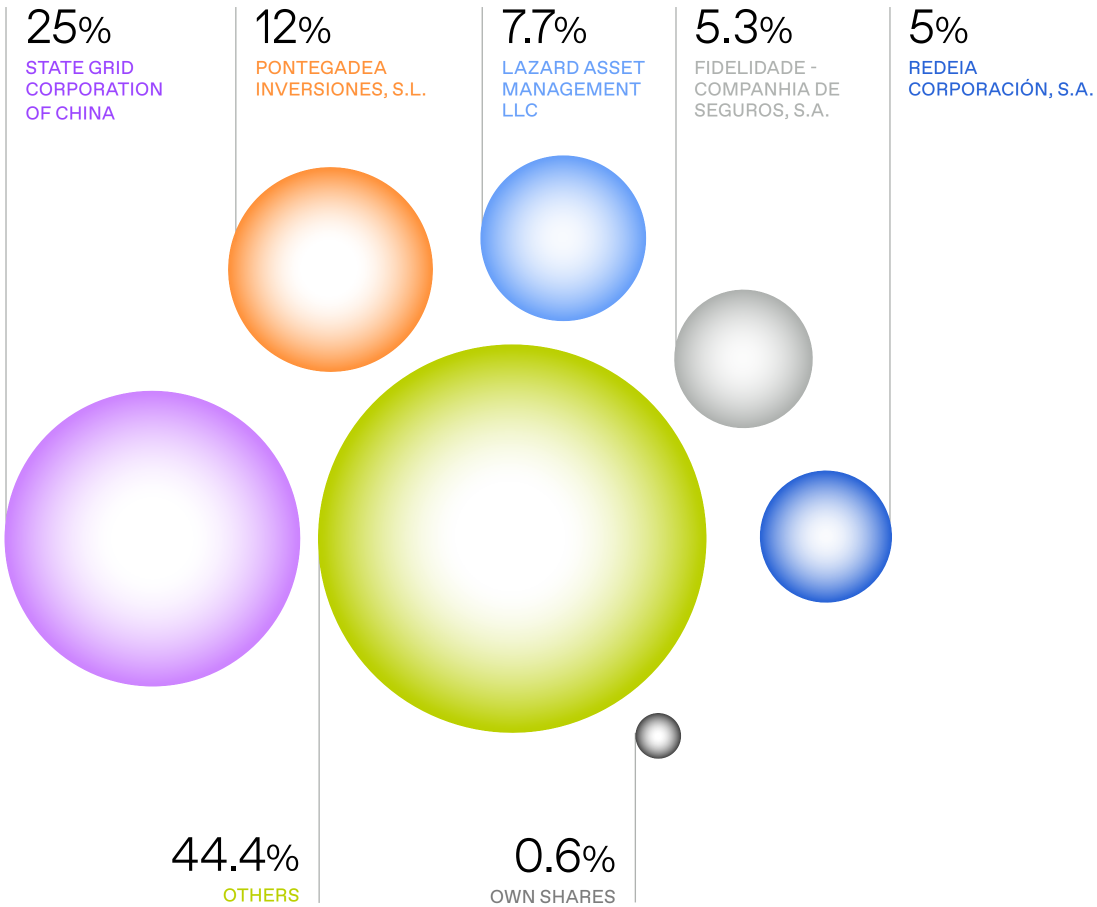
REN shares are ordinary shares that do not grant special rights to their holders, beyond the general rights inherent as a shareholder under the law.

Currently, all REN shares are admitted to trading on Euronext Lisbon, a regulated market managed by Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A., with code PTREL0AM0008.

SHAREHOLDER STRUCTURE

at 31 december 2023

For more detailed information on the main company shareholders of the company see II.7. bellow.



I.2. Restrictions on the transferability of shares, such as consent clauses for disposal, or limitations on ownership of shares (Art. 29-H(1)(b)

No restrictions currently exist and REN has not implemented any measures which hinder the transferability of shares, such as consent clauses in the event of transfer. REN shares are freely tradable on the regulated market.

With respect to ownership limitations on shares, in accordance with applicable legislation, no entity, including entities which conduct business in the respective sector in Portugal or abroad, can have direct or indirect holdings greater than 25% of REN share capital[1].

These limitations on the ownership of REN shares were introduced further to the transposition of European community directives applicable to the electricity and natural gas sectors to promote competition in the market and ensure equal access by operators to transmission infrastructures. This limitation was implemented by means of a provision included in REN's Articles of Association that provides for the non-count of votes cast by any shareholder, in the shareholder's own name or as a representative of another shareholder, that exceed 25% of the total votes corresponding to the share capital. The votes are counted in accordance with Article 20 of the Portuguese Securities Code (Securities Code)[2].

It should be further noted that on 9 September 2014[3], The Energy Services Regulator (ERSE) issued a decision on the certification of REN – Rede Eléctrica Nacional, S.A. and REN – Gasodutos, S.A. (both wholly owned by REN) as operators of the National Electricity Transmission System and the National Natural Gas Transmission System (the ERSE Decision), respectively, under full ownership unbundling which remains in force.

In accordance with the ERSE Decision, certification was dependent on compliance with a series of conditions intended to ensure the independence of these operators, including, inter alia, i) restrictions on the exercising of rights related to the REN General Shareholders' Meeting; ii) restrictions on the exercising of positions on the Board of Directors or Audit Committee of REN or the Transmission System Operators; and iii) the amendment to REN's Articles of Association with a view to complying with the restrictions set out in i) and ii).

The amendments to REN's Articles of Association required to comply with the ERSE Decision were approved by the REN General Shareholders' Meeting which was held on 17 April 2015. With regard to the exercising of rights at the REN General Shareholders' Meeting, the following changes were included:

- Shareholders which, directly or indirectly, exercise control over a company which either produces or sells electricity or gas are not allowed to exercise voting rights at the General Shareholders' Meeting over any Company shares, except when ERSE recognizes that no risk of conflict of interest exists; and
- The persons who exercise control or rights over companies which either produce or sell electricity or gas may not appoint members to the Board of Directors or the Statutory Auditor, or members of bodies which legally represent it on their own or through others with whom they are connected via shareholders' agreements, except i) when ERSE recognizes that there is no risk of conflicts of interest due to the fact that the respective production or sale of electricity or gas of such a shareholder takes place in geographical locations which have no direct or indirect connection or interface with Portuguese networks; and ii) provided that there were no changes as to the grounds or objective circumstances which led ERSE to recognize no conflict of interest existed with Portuguese transmission network operators.

Therefore, limitations on the ownership of shares (as well as the exercising of rights) are exclusively due to legal and regulatory requirements or compliance with administrative decisions which recommendation III.7. of the 2018 Corporate Governance Code of the Portuguese Institute of Corporate Governance (Instituto Português de Corporate Governance) as amended in 2023 (IPCG Code) must be considered as non-applicable to REN.

I.3. Number of own shares, percentage of corresponding share capital and percentage

[1] See Article 226(2)i) of Decree-Law No 15/2022 of 14 February (current wording), and Article 122(3)(b) and Article 125(3)h) of Decree-Law No 62/2020 of 28 August (current wording).
[2] See paragraphs 3 and 4 of Article 12 of REN's Articles of Association.
[3] ERSE notified REN on 4 August 2015 confirming that the certification conditions determined on 9 September 2014 had been complied with, thus making the certification decision final.

of voting rights to which own shares would correspond (Art. 29-H(1)(a)

As of 31 December 2023, REN has 3,881,374 own shares, representing 0.6% of its share capital. These shares would correspond to 0.6% of voting rights.

I.4. Significant agreements to which REN is a party that would come into force, be amended or terminate in the event of a change of control over the Company, as the result of a takeover bid, as well as the respective effects, except if, due to their nature, the disclosure of which would be seriously prejudicial for the Company, except if the Company is specifically required to disclose this information due to other legal requirements (Art. 29-H(1)(j)

REN and its subsidiaries are party to a number of financing contracts and debt issues which include clauses on change of control which are typical of such transactions (including, although not expressly stated, changes of control arising from takeover bids) and essential for carrying out such transactions on the market. It should be noted that the mentioned clauses are in line with market practice and are only intended to regulate the relevant contracts in scenarios of change of control over REN, not entailing any payments or the assumption of obligations by REN capable of harming the economic interest in the transfer of REN shares or the free appraisal by its shareholders of the performance of the directors, in the event of a change of control or change in the composition of the board of directors.

However, the practical application of these clauses is limited, considering the legal restrictions on the ownership of REN shares as explained in I.2., making an acquisition or change of control over REN unfeasible, in light of the current legal framework.

There are no other significant agreements to which REN is a party that would come into force, be amended or terminate in the event of a change in control over the Company or as the result of a takeover bid.

In summary, REN has not adopted any measures aimed at requiring payment or taking on encumbrances by the Company in the event of changes of control or changes in the composition of the Board of Directors and which would be liable to prejudice the free transferability of shares or the free evaluation by shareholders of the performance of members of the Board of Directors. Therefore, the Recommendation III.7. of the IPCG Code is fully adopted.

I.5. Framework to which the renewal or repeal of defensive measures are subject, in particular those that limit the number of votes which can be held or exercised by a sole shareholder individually or jointly with other shareholders

The only provisions in the REN Articles of Association which provide for limitations on votes which can be held or exercised by a sole shareholder or by certain shareholders (e.g. who exercise control over a company which works in the production or sale of electricity or gas), individually or together with other shareholders are set out in I.2. above.

Such provisions arise from legal requirements and from the ERSE Decision and do not seek to limit voting rights, but rather to ensure the existence of a sanctioning system for breaching the legal limit on the ownership of shares and the legal restriction on voting rights, respectively.

As such, there is no mechanism in the Articles of Association to renew or repeal these statutory rules, as they exist in compliance with legal and administrative requirements. Therefore, as already mentioned, recommendation III.6. of the IPCG Code must be considered as non-applicable to REN.

There are no other defensive measures.

I.6. Shareholder Agreements which the company is aware of and which could lead to restrictions with regard to the transfer of securities or voting rights (Art. 29-H(1)(g)

The Board of Directors is not aware of any shareholders agreements in relation to REN that may result in any restrictions to the transfer of securities or exercising of voting rights.

II. SHAREHOLDINGS AND BONDHOLDINGS

II.7. Identification of natural or legal persons which, directly or indirectly, own qualified shareholdings (Art. 29-H(1)(c) and (d) and Art. 16), with detailed information on the percentage of capital and attributable votes and the source and causes of such attribution

Based on the communications submitted to the Company, in particular in accordance with Article 16 of the Securities Code, with reference to 31 December 2023, shareholders having a qualifying holding (representing at least 5% of REN's share capital or voting rights), calculated in accordance with Article 20 of the Securities Code, were as follows:

STATE GRID CORPORATION OF CHINA	NO OF SHARES	% SHARE CAPITAL WITH VOTING RIGHTS
Directly	0	0
Through State Grid Europe Limited (SGEL), fully owned and controlled by State Grid International Development Limited (SGID), which is controlled by State Grid Corporation of China	166,797,815	25.0
Total attributable	166,797,815	25.0

PONTEGADEA INVERSIONES S.L.[4]	NO OF SHARES	% SHARE CAPITAL WITH VOTING RIGHTS
Directly	80,100,000	12.0
Indirectly	0	0
Total attributable	80,100,000	12.0

LAZARD ASSET MANAGEMENT LLC	NO OF SHARES	% SHARE CAPITAL WITH VOTING RIGHTS
Directly	0	0
Indirectly[5]	51,105,111[6]	77
Total attributable	51,105,111	7.7

FIDELIDADE COMPANHIA DE SEGUROS, S.A.[7, 8]	NO OF SHARES	% SHARE CAPITAL WITH VOTING RIGHTS
Directly	35,176,796	5.27
Through Via Directa – Companhia de Seguros, S.A., which is controlled by Fidelidade	119,889	0.02
Through Companhia Portuguesa de Resseguros, S.A., which is controlled by Fidelidade	37,537	0.01
Through Fidelidade Assistência – Companhia de Seguros, S.A., which is controlled by the common shareholder Longrun[9]	98,732	0.01
Through Multicare – Seguros de Saúde, S.A., which is controlled by the common shareholder Longrun[10]	63,470	0.01
Total attributable	35,496,424	5.32

REDEIA CORPORACIÓN, S.A.*	NO OF SHARES	% SHARE CAPITAL WITH VOTING RIGHTS
Directly	0	0
Through its branch Red Eléctrica Internacional S.A.U.	33,359,563	5.0
Total attributable	33,359,563	5.0

[4] In accordance with the communication sent by the company on 30 July 2021, Pontegadea Inversiones S.L. is controlled by Mr. Amancio Ortega Gaona, to whom the 12.006% voting rights in REN are attributed, pursuant to article 20(1)(b) of the Securities Code.

[5] This qualified shareholding, calculated under Article 20 of the Securities Code, is held by Lazard Asset Management LLC on behalf of Clients, and is attributable to it since it agreed with the Clients that it would exercise the voting rights. The qualified shareholding is also attributable to i) Lazard Freres & Co, which holds the total share capital of the firstly mentioned company; ii) Lazard Group LLC, which holds the total share capital of the secondly mentioned company; and iii) Lazard Limited, company with shares admitted to trading in the NYSE market, as controlling entity of the abovementioned company.

[6] In accordance with information made available by Lazard Asset Management LLC on January 3, 2024, by reference to December 31, 2023.

[7] This qualified shareholding, calculated under Article 20 of the Securities Code, is also attributable to LongRun Portugal, SGPS, S.A., Millenium Gain Capital, Fosun Financial Holdings Limited, Fosun International Limited, Fosun Holdings Limited, Fosun International Holdings, Ltd. and to Mr. Guo Guangchang, as natural or legal persons ou control directly or indirectly Fidelidade – Companhia de Seguros, S.A.

[8] According to the information provided by Fidelidade Companhia de Seguros, S.A. on January 5, 2024, by reference to 31 December 2023.

[9] Longrun holds, also, 80% of the share capital of Fidelidade Assistência – Companhia de Seguros, S.A.

[10] Longrun holds, also, 80% of the share capital of Multicare – Seguros de Saúde, S.A.

II.8. Information on the number of shares and bonds held by members of management and supervisory bodies

In accordance with and for the purposes of Article 447 of the Portuguese Companies Code, in particular paragraph 5 thereof, the number of shares held by the members of the REN management and supervisory bodies and by the persons related to them pursuant to paragraph 2 of the abovementioned article[11], as well as all their acquisitions, encumbrances or disposals with reference to the financial year 2023, based on communications with the company, were as follows:

Board of Directors (Including the Audit Committee)

BOARD OF DIRECTORS	ACQUISITIONS (IN 2023)	ENCUMBRANCE (IN 2023)	DISPOSALS (IN 2023)	NO OF SHARES AT 31.12.2023
Rodrigo Costa	-	-	-	0 (zero)
João Faria Conceição	-	-	-	500
Gonçalo Morais Soares	-	-	-	0 (zero)
Guangchao Zhu – on behalf of SGID	-	-	-	0 (zero)
Mengrong Cheng[12]	-	-	-	-
Yang Qu	-	-	-	0 (zero)
Mingyi Tang	-	-	-	0 (zero)
Lequan Li[12]	-	-	-	-
Houyun Shi[12]	-	-	-	-
Jorge Magalhães Correia	-	-	-	35,496,424[13]
Dulce Mota	-	-	-	0 (zero)
Manuel Ramos de Sousa Sebastião	-	-	-	35 000
Gonçalo Gil Mata	-	-	-	0 (zero)
Rosa Freitas Soares	-	-	-	0 (zero)
Maria Estela Barbot	-	-	-	0 (zero)
Ana Pinho	-	-	-	0 (zero)
Ana da Cunha Barros	-	-	-	0 (zero)
José Luís Arnaut[14]	-	-	-	7,587

[11] This comprises the shares held by members of the REN management and supervisory bodies and also, if applicable, i) by the spouse not judicially separated, regardless of the matrimonial property regime; ii) by minor descendants; iii) by persons in whose name shares are registered, in the event that they have been acquired on behalf of a member of the management or supervisory bodies and by persons referred to in i) and ii); and iv) by companies of which a member of the management or supervisory bodies and the persons referred to in i) and ii) are shareholders with unlimited responsibility, are engaged in the management or exercise any management or supervisory duties or hold, individually or jointly with the persons referred to in i) to iii), at least half of the share capital or corresponding voting rights.

[12] As of December 31, 2023, was no longer a member of the company's Board of Directors.

[13] Corresponding to the shares held by Fidelidade Companhia de Seguros, S.A., which are attributable for the purposes of art. 447 of the Portuguese Companies Code, due to the performance of duties of member of the board of directors and the executive committee of that company, as set out in: web3.cmvm.pt/sdi/emitentes/docs/fsd430879.pdf

[14] 480 shares held directly and the remainder held by Platinumdetails – Consultoria e Investimentos, Lda, in which 68% of the share capital is held.

In accordance with and for the purposes of Article 447 of the Portuguese Companies Code, in particular paragraph 5 thereof, the number of bonds held by the members of the REN management and supervisory bodies and by the persons related to them pursuant to paragraph 2 of the abovementioned article[15], as well as all their acquisitions, encumbrances or disposals with reference to the financial year of 2023, based on communications sent to the company, were as follows:

Board of Directors (including the Audit Committee)

BOARD OF DIRECTORS	ACQUISITIONS (IN 2023)	ENCUMBRANCES (IN 2023)	DISPOSALS (IN 2023)	NO OF BONDS AT 31.12.2023
Rodrigo Costa	-	-	-	0 (zero)
João Faria Conceição	-	-	-	0 (zero)
Gonçalo Morais Soares	-	-	-	0 (zero)
Guangchao Zhu – em representação da SGID	-	-	-	0 (zero)
Mengrong Cheng[16]	-	-	-	-
Yang Qu	-	-	-	0 (zero)
Mingyi Tang	-	-	-	0 (zero)
Lequan Li[16]	-	-	-	-
Houyun Shi[16]	-	-	-	-
Jorge Magalhães Correia	3,500,000[17]	-	-	4,700,000[18, 19]
Dulce Mota	-	-	-	0 (zero)
Manuel Ramos de Sousa Sebastião	-	-	-	0 (zero)
Gonçalo Gil Mata	-	-	-	0 (zero)
Rosa Freitas Soares	-	-	-	0 (zero)
Maria Estela Barbot	-	-	-	0 (zero)
Ana Pinho	-	-	-	0 (zero)
Ana da Cunha Barros	-	-	-	0 (zero)
José Luís Arnaut	-	-	-	0 (zero)

[15] This 1 held by members of the REN management and supervisory bodies and, if applicable, i) of the spouse not judicially separated, regardless of the matrimonial property regime; ii) of minor descendants; iii) of persons in whose name shares are registered, in the event that they have been acquired on behalf of a member of the management or supervisory bodies and of persons referred to in i) and ii); and iv) the shares held by companies of which a member of the management or supervisory bodies and the persons referred to in i) and ii) are shareholders with unlimited responsibility, are engaged in the management or exercise any management or supervisory duties or hold, alone or together with the persons referred to in i) to iii), at least half of the share capital or corresponding voting rights.

[16] As of December 31, 2023, was no longer a member of the company's Board of Directors.

[17] Acquisitions made through three operations to purchase REN FINANCE BV RENEPL 1 ¾ 01/18/28 bonds, with ISIN XS1189286286, as follows: i) on 24 May 2022 bonds in the amount of 500,000 euros were acquired; ii) on 25 May 2022 bonds in the amount of 1,000,000 euros were acquired; and iii) on 14 June 2022 bonds in the amount of 2,000,000 euros were acquired.

[18] Corresponding to the shares held by Fidelidade – Companhia de Seguros, S.A., which are attributable for the purposes of art. 447 of the Portuguese Companies Code, due to the performance of the duties of member of the board of directors and on the executive committee of that company.

[19] Of a total of 4,700,000 bonds held by Fidelidade - Companhia de Seguros, S.A., 1,200,000 correspond to REN bonds and 3,500,000 correspond to REN Finance BV bonds, a company within REN group.

II.9. Special powers of the management body, notably regarding resolutions on capital increase (Art. 29-H(1)i), indicating, as to such resolutions, the date on which the powers were attributed to the management body, time limit until such powers may be exercised, maximum quantitative limit on capital increase, amount already issued under the attribution of such powers and method of applying the attributed powers

The Board of Directors has the competences and powers conferred by the Portuguese Companies Code and the Articles of Association[20] (see summary of these competences and powers in II.21.), and as such, the management body does not have special powers.

In addition, the Board of Directors was granted authorisation by the Annual General Meeting of shareholders held on 27 April 2023 to acquire and dispose of own shares and bonds, under the terms defined and approved by the General Meeting and in accordance with applicable laws and regulations.

Particularly, concerning resolutions on any increase in capital, it should be noted that REN's Articles of Association do not authorize the Board of Directors to increase the Company's share capital.

II.10. Information on significant relationships of a commercial nature between the owners of qualified holdings and the Company

There are no significant relationships of a commercial nature between the holders of qualified shareholdings and the company.

In accordance with internal regulations on the assessment and control of transactions with related parties and prevention of conflict of interests, approved by the Board of Directors following a proposal presented by the Audit Committee, significant transactions with related parties are considered to be those which:

a) Are based on the purchase and/ or sale of assets, provision of services or a contracted project with an economic value greater than 1,000,000 euros;

b) Are based on the acquisition or disposal of shareholdings;

c) Require new loans, financing or subscription of financial investments resulting in an overall annual indebtedness exceeding 100,000,000 euros, except when referring to a simple renewal of existing circumstances or operations undertaken within the framework of preexisting contractual conditions;

d) Are not performed within the scope of the ordinary course of business of the Company or Affiliated Company, as the case may be, or under normal market conditions; and

e) Should none of the materiality criteria set out in the subparagraphs above be met, i) which have a value exceeding 1,000,000 euros or ii) are considered relevant for this purpose by the management body, by virtue of its nature or its particular susceptibility to giving rise to a conflict of interests.

The Board of Directors is required to submit every transaction with related parties to the Audit Committee for appraisal[22], in particular:

i) Transactions considered significant are subject to prior opinion from the Audit Committee (and are communicated to the Audit Committee, a minimum of 15 days in advance of the transaction); and

ii) All other transactions are only subject to subsequent appreciation, and must be communicated to the Audit Committee before the last day of January or July, depending on whether the Transactions occurred in the current previous semester.

Moreover, in accordance with article 3, number 5, paragraph f) of the Board of Directors internal regulations, the approval of transactions with related parties for sums exceeding 500,000 euros or, regardless of the sum, any transaction which may be considered as not being executed under market conditions or in the ordinary business of REN or the subsidiary in question are matters which may not be delegated to the Executive Committee.

In light of the abovementioned criteria – set out in Board of Directors regulations and in internal regulations on the assessment and control of transactions with related parties and prevention of conflicts of interests – during 2023, there were a number of significant transactions with related parties as further described in I.90. below.

[20] See Article 15 of the Articles of Association and Article 3 of the Board of Directors Regulations.
[21] The definition of "related party" in accordance with this regulation includes owners of qualified holdings calculated in accordance with Article 20 of the Securities Code.
[22] See section III and section VI.

8.2 CORPORATE BODIES AND COMMITTEES

I. GENERAL MEETING

a) Composition of the Board of the General Meeting in the year of reference

II.11. Identification and position of the members of the Board of the General Meeting and respective term of office (start and end)

The following members of the Board of the General Meeting were elected for the term of office 2021-2023:

NAME	POSITION	DATE OF 1ST APPOINTMENT	TERM OF OFFICE IN COURSE
Pedro Rebelo de Sousa	Chairman	23.04.2021	2021-2023
Rui Dias	Vice-Chairman	03.05.2018	2021-2023

In the performance of his duties, the Chairman of the Board of the General Meeting also had the support of the Company Secretary, Marta Almeida Afonso.

b) Exercise of voting rights

II.12. Possible restrictions with regard to voting rights, such as limitations on exercising voting rights depending on the ownership of a number or percentage of shares, terms imposed for exercising voting rights or systems for detaching ownership content (Art. 29-H(1)(f)

Following the best practices on shareholder participation in the general meetings of companies with shares admitted to trading in a regulated market, REN's Articles of Association set out the principle of 'one share one vote[23].

Without prejudice to that referred to in I.2. and I.5., there are no restrictions on voting rights, such as limitations on exercising voting rights depending on the number or percentage of shares.

Owners of one or more shares on the 'Record Date' may attend, participate in and vote at the REN General Shareholders' Meeting, provided that they comply with the following requirements:

a) Shareholders wishing to participate in the General Meeting should express this intention in writing to the financial intermediary, with whom they have opened the relevant individual securities account, up to the day before the 'Record Date'[24]. This communication may be sent by e-mail[25];

b) In turn, the abovementioned financial intermediary shall send to the Chairman of the Board of the General Meeting, up to the end of the day corresponding to the 'Record Date', information on the number of shares registered in the name of the shareholder on that date. This communication may be sent by e-mail[26];

c) Shareholders who exercise direct or indirect control over a company which either produces or sells electricity or gas and wishes to participate, personally or through a representative, in the General Meeting are required to provide a declaration to the Chair of the General Meeting up to the day prior to the 'Record Date', stating that they are not prohibited from exercising voting rights as ERSE has recognized that there are no conflicts of interest;

d) Shareholders wishing to participate, personally or through a representative in the General Meeting, are required to provide a written declaration to the Chair of the General Meeting before the day prior to the 'Record Date', stating that they are not prohibited from exercising voting rights in accordance with the subparagraph c). The content of the abovementioned declaration is a condition of the exercising of voting rights at the General Meeting and may be established in standard terms by the Chair of the Meeting[27]; and

e) Shareholders which are recognized by ERSE as not having a risk of conflict of interest – as the respective production or sale of electricity or gas by such shareholders takes place in locations which have no direct or indirect connection or interface with Portuguese networks – and provided that no changes have occurred with regard to the grounds or objective circumstances which

[23] See Article 12(2) of Articles of Association.
[24] See Article 23-C of the Securities Code.
[25] See Article 12(9) of the Articles of Association.
[26] See Article 12(10) of the Articles of Association.
[27] See Article 12(12)(13) and (15) of the Articles of Association.

led ERSE to recognize no conflict of interest existed with Portuguese transmission network operators, are not required to provide proof of this recognition with the abovementioned declaration. The exception will only be should changes have taken place to the grounds and objective circumstances which led to such recognition which determines the prohibition of the respective policy rights and/ or re-examination of certification conditions by ERSE[28].

Shareholders with voting rights may be represented at the General Shareholders' Meeting by means of a person with full legal capacity, by written document addressed to the Chairman of the Board of the General Shareholders' Meeting, communicating the name(s) of the representative(s), under the law and of the notice to convene. This communication may be sent by e-mail[29].

REN's shareholders who hold shares on a professional basis in their own name but on behalf of clients, may vote differently with their shares, provided that they submit this fact to the Chairman of the Board of the General Shareholders' Meeting prior the 'Record Date'and deliver proportional and sufficient proof of: a) the identification of each client and the corresponding number of shares that will be voted on his behalf; b) the specific voting instructions on each of the items on the agenda as provided by each of their clients.

REN's shareholders may submit their votes by correspondence for each item on the agenda, by letter signed with the same signature as on their identification document, enclosing a legible photocopy of such document, if the shares are held by an individual shareholder, or duly notarized signature of the proxy, in the event that the shares are held by a legal person[30].

This letter should be addressed to the Chairman of the Board of the General Shareholders' Meeting and sent by post with acknowledgement of receipt to REN's registered office at least two business days prior to the date of the General Shareholders' Meeting, except if the relevant notice of meeting establishes a different time. The Chairman of the Board of the General Shareholders' Meeting shall verify the authenticity and regularity of the votes cast by correspondence as well as ensure that they remain confidential until the voting takes place[31].

It is also established that votes cast by correspondence are considered to be votes against, in the case of resolution proposals submitted after the date on which they were cast.

REN implements the appropriate means for the non-presential participation of shareholders in the General Meeting, which includes, on the one hand, allowing the exercise of advance voting rights by electronic means and, on the other hand, telematic participation in the General Shaeholders Meeting. According to the Articles of Association, shareholders may exercise voting rights electronically, in accordance with the terms, time and conditions set out in the respective call[32].

With regard to the participation in the General meeting, REN has a flexible position so as to be able to encourage the participation and discussion of its shareholders on this occasion.

Bearing in mind the positive experience of the years 2021 and 2022, where REN annual General Meeting was held exclusively using telematic means and ensuring the corresponding exercise of voting rights remotely by electronic means (by virtue of the concrete measures determined by the Government due to the public health emergency caused by the Covid-19 disease and in line with the recommendations in force[33]), REN decided to hold the 2023 annual General Meeting on a hybrid system, allowing shareholders to attend - and exercise their voting rights - in person or by telematic means. According to the notice for the 2023 Annual General Meeting, members were allowed to attend in person or by telematic means. Participation by telematic means was accompanied by the possibility of exercising the right to vote during the General Meeting, under the terms detailed in the notice of meeting. At the same time, the notice of meeting allowed for the possibility of electronic advance voting and provided the means for members to change their vote in advance during the General Meeting. Since 2021, REN has been consolidating the implementation of appropriate means for the non-presential participation of shareholders in the General Meeting, with the intention of also holding the next General Meetings in a hybrid model, which will be defined in the respective notice of meeting.

In summary, the admissibility of remote participation by shareholders in REN's General Meeting was initially adopted in 2021 as a reaction to the Covid-19 pandemic, but this practice is now consolidated and there is

[28] See article 12(14) of the Articles of Association.
[29] See Article 12(11) of the Articles of Association.
[30] See article 12(5) of the Articles of Association.
[31] See Article 12(5) and (7) of the Articles of Association.
[32] See article 12(6) of the Articles of Association.
[33] "Recommendations within the scope of the General Meetings" regarding the national Corporate Governance regime issued within the framework of cooperation between the Portuguese Securities Market Commission (CMVM), the Portuguese Institute for Corporate Governance (IPCG) and the Association of Listed Companies (AEM).

the intention that it will be maintained in the next General Meetings, under the terms that will be defined in the respective notices. For this reason, REN provides all the necessary mechanisms to encourage its shareholders to participate and vote in General Shareholders' Meetings, either in person or remotely.

REN's Articles of Association do not provide for any systems for detaching ownership content and there is no mechanism in place to cause any conflict between the right to receive dividends or the underwriting of new securities and the principle of 'one share, one vote', with the exception of the provision set out in the Articles of Association as described in I.2. and I.5. above, which seeks to make current regulations and the legal regime effective.

II.13. Information on the maximum percentage of voting rights that can be exercised by a sole shareholder or by shareholders with whom they maintain a relationship pursuant to Article 20(1) of the Securities Code

As referenced above in I.2., the maximum percentage of voting rights that can be exercised by a sole shareholder or by shareholders with whom they maintain a relationship pursuant to paragraph 1 of Article 20 of the Securities Code, on his behalf or as representative of another shareholder, is 25% of the votes corresponding to REN share capital.

As also referred to in I.2. and I.5. above, shareholders which, directly or indirectly, exercise control over a company which either produces or sells electricity or gas are not allowed to exercise voting rights at the General Shareholders' Meeting over any Company shares, except when ERSE has recognized that no risk of conflict of interest exists.

The persons who exercise control or rights over companies which either produce or sell electricity or gas may not appoint members to the Board of Directors (including members of the Audit Committee) or the statutory auditor, or members of bodies which legally represent it, on their own or through others with whom they are connected through shareholders' agreements, except when ERSE recognizes that there is no risk of conflicts of interest.

II.14. Identification of shareholder resolutions that, in accordance with the Articles of Association, shall only be passed with a qualified majority, aside from those legally provided for, and indication of these majorities

In accordance with Article 11(1) of the Articles of Association, the attendance or representation of shareholders holding at least 51% of capital is essential in order that the General Shareholders' Meeting can be held and can resolve on the first call.

In accordance with Article 11(2) of the Articles of Association, the quorum for adopting resolutions on amendments to the Articles of Association, splits, mergers, transformation or dissolution of the company shall be two thirds of the votes issued, both for the first call and the second call, regardless of the percentage of capital represented (which, in the case of the second call, is more demanding than the provision of the Portuguese Companies Code).

Furthermore, in accordance with paragraph 3 of the same Article in the Articles of Association, resolutions for changes relating to Articles 7-A, 12(3) and 11 of the Articles of Association require the approval of three quarters of the votes issued (which is more demanding than the provision of the Portuguese Companies Code).

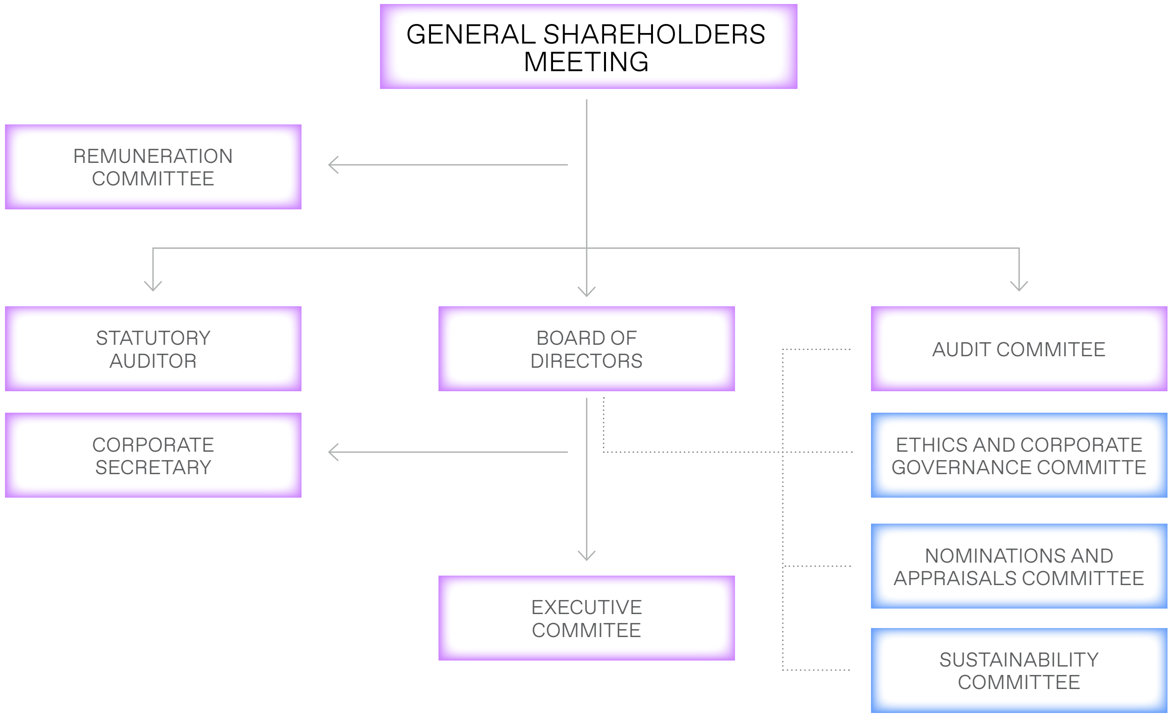
The company considers that these majorities that are more demanding than those defined by law are justified by the fact that the matters in question are strategic and of structural importance, so that their change requires a broader consensus among shareholders. As regards in particular the articles referred to in the previous paragraph, the specially qualified majority required for their amendment is justified by the fact that such articles are intended to enable the company to monitor compliance with several legal obligations and the ERSE Decision, relating to full ownership unbundling, as best described in section I.2. above.

II. MANAGEMENT AND SUPERVISION (BOARD OF DIRECTORS)

a) Composition

II.15. Identification of the model of governance adopted

REN has adopted a corporate governance model based on an Anglo-Saxon model which consists of the following corporate bodies elected by the General Shareholders' Meeting[34]: i) a Board of Directors, responsible for the management of the Company's business, which delegates day-to-day management to the Executive Committee[35] which is supported by specialized committees (described in further detail below), and ii) an Audit Committee and the Statutory Auditor, as supervision bodies. The Audit Committee consists exclusively of non-executive directors[36].



II.16. Statutory rules relating to the procedural requirements and applicable provisions for the appointment and substitution of members of the Board of Directors (Art. 29-H(1)(h)

In accordance with the law and the Articles of Association[37], the appointment and dismissal of members of the Board of Directors is the responsibility of the General Shareholders' Meeting, being carried out through lists of candidates selected by the nominating shareholder(s). With these lists put to the vote, the shareholders assume a very important role in the respective candidate selection process, without any interference from the directors. It is also the responsibility of the General Shareholders' Meeting to elect the Chairman and Vice-Chairman of the Board of Directors.

According the Articles of Association[38], a minority of shareholders voting against the winning proposal may appoint at least one director, provided that this minority represents at least 10% of the Company's share capital.

Within the process of identifying and selecting potential candidates for the Board of Directors,

[34] See article 8(2)(b) of the Articles of Association.
[35] See article 8(1) of the Board of Directors regulations.
[36] See article 3(3) of the Audit Committee regulations.
[37] See Article 8(2)(b), and Article 14(3), both in the Articles of Association; and Article 2(1) of the Board of Directors Regulations.
[38] See article 14(2)..

the same are subject to REN's Diversity and Selection Policy, establishing the guiding principles followed by the Nominations and Appraisals Committee in assisting with the process to identify and select potential candidates. The Diversity and Selection Policy provides a reference for drawing up and understanding the recommendations issued, particularly with regard to incompatibilities, independence and conflicts of interest.

Through its Selection and Diversity Policy, REN determines criteria and requirements relating to the profile of new members of the Board of Directors that it considers appropriate for the purposes of their duties. REN values the technical component, which includes academic training, professional experience and levels of responsibility in line with the characteristics and complexity of the company, but also privileges aspects such as diversity, since the existence of diversity will bring greater efficiency, creativity, critical capacity and innovation. By way of this policy, which establishes criteria and requirements of different natures, REN intends that the Board of Directors achieves goals of efficiency, excellence, innovation and dynamism.

In 2023, REN reinforced the consolidation of the application of the Selection and Diversity Policy, in particular in the co-option processes of the REN's Board of Directors.

In particular, the Selection and Diversity Policy determines that REN's Nomination and Appraisal Committee should take into account the following guidelines regarding the individual profile of candidates prior to their identification:

- The governing bodies of REN shall be composed of members who have, individually and collectively, technical and professional skills appropriate to the function to be performed, supported by academic qualification or specialised training and professional experience with duration and levels of responsibility that are in line with the characteristics, complexity, size and strategy of REN;

- Each member of REN's governing bodies must be able to understand REN's business and how the company operates, assess the risks to which it is exposed, and assess and contribute to a constructive discussion of the decisions to be taken;

- Members of REN's governing bodies must have recognized integrity, ethics and professional and personal values that demonstrate their ability to decide in a balanced and judicious manner, comply promptly with their obligations and behave in a manner compatible with maintaining market confidence;

- Members of REN's governing bodies must be able to carry out their duties in an unbiased manner to protect the best interests of REN Group companies and prevent the risk of being subject to undue influence from other people or entities; and

- When assessing the availability of members of the governing bodies, the specific requirements of the job and the nature, scale and complexity of REN's business must be taken into account.

In addition, the Nomination and Appraisal Committee also considers it imperative that the composition of the corporate bodies reflects a diversity interpreted in a broad sense, encompassing its various perspectives and taking into account the specificities of REN and its Group, in order to achieve the objectives of efficiency, excellence, innovation and dynamism at the level of its corporate bodies and the functions they perform. Bearing these objectives in mind, the Nomination and Evaluation Committee seeks to promote, in accordance with the Selection and Diversity Policy, the following principles when selecting and recommending candidates:

- Promotion of equal opportunities in the face of diversity consistent with the policies provided for in the legal and regulatory framework in force as well as those reflected by market best practices;

- Appropriate gender representation, guaranteeing compliance with legal requirements, based on the individual skills, aptitudes, experience and qualifications of each candidate;

- The candidates' previous training and experience, when assessed collectively, should allow for a balanced mix of knowledge in the areas of management, energy, engineering, finance, accounting, law, corporate governance, capital markets, investor relations, risk management, auditing, information technology, corporate social responsibility, the environment and sustainability;

- Non-discrimination with respect to birth, race, gender, religion, marital status, sexual orientation, or any other personal or social circumstance or condition while safeguarding compliance with the competence and capacity requirements required for performing the duties in question; and

- Promoting balance between, on one hand, experience and maturity and, on the other, the youth and energy necessary for the dynamics and speed of innovation inherent to REN's business.

The Portuguese Companies Code rules apply[39] with regard to the substitution of members of the Board of Directors, given that neither the Company's Articles of Association, nor the Board of Directors or Audit Committee Regulations have special rules on this matter. The Board of Directors will only participate in said process in the event of replacement by co-option of missing directors, as described below. In this case, since it is a non-delegable competence of the Board of Directors, all Directors are involved in the co-option resolution, except in the event of conflicts of interest.

[39] See article 393(3).

The Company's Articles of Association[40] state that the unjustified absence of any director at more than half of the ordinary meetings of the Board of Directors during one financial year, whether consecutive or non-consecutive absences, equates to the permanent absence of said director. Permanent absence must be declared by the Board of Directors, and they must also substitute the director in question.

II.17. Composition of the Board of Directors, with indication of the minimum and maximum members and duration of term of office in accordance with the Articles of Association, number of full members, date of first appointment and date of termination of term of office of each member

The Board of Directors, including the Audit Committee, consists of a minimum of seven and maximum of 15 members, as determined by the General Shareholders' Meeting that elects the said members[41].

Currently, the Board of Directors consists of fifteen members, including a total of twelve non-executive members. The members of the Board of Directors were appointed at REN's Annual General Meeting, held on 23 April 2021, without prejudice to subsequent resignations and replacements, in which case the directors were appointed by co-option of the Board of Directors, under the terms set out in the following table.

At 31 December 2023, the REN Board of Directors consisted of the following members, who have been appointed for the 2021-2023 term of office:

NAME	POSITION	YEAR OF FIRST APPOINTMENT	FINAL YEAR OF TERM OF OFFICE
Rodrigo Costa	Chairman of the Board of Directors and the Executive Committee	2014	2023
João Faria Conceição	Executive Director	2009	2023
Gonçalo Morais Soares	Executive Director	2012	2023
Guangchao Zhu (on behalf of a State Grid International Development Limited)	Vice-Chairman	2012	2023
Yang Qu[42]	Director	2023	2023
Mingyi Tang[43]	Director	2023	2023
Jorge Magalhães Correia	Director	2015	2023
Dulce Mota[44]	Director	2023	2023
Manuel Ramos de Sousa Sebastião	Director/ Chairman of the Audit Committee	2015	2023
Gonçalo Gil Mata	Director/ Member of the Audit Committee	2015	2023
Rosa Freitas Soares	Director/ Member of the Audit Committee	2021	2023
Maria Estela Barbot	Director	2015	2023
Ana Pinho	Director	2019	2023
Ana da Cunha Barros	Director	2021	2023
José Luís Arnaut	Director	2012	2023

[40] See article 8(19) and (9).
[41] See Articles 8(2)(b) and 14(1) both of the Articles of Association.
[42] Director Lequan Li submitted his resignation by letter on 1 March 2023. Accordingly, at its meeting on 7 March 2023, the Board of Directors decided to co-opt Qu Yang as a director of REN until the end of the current term of office, replacing Lequan Li.
[43] Director Mengrong Cheng submitted her resignation by letter on 7 February 2023. Accordingly, at its meeting on 7 March 2023, the Board of Directors decided to co-opt Houyun Shi as a director of REN until the end of the current term of office, replacing Mengrong Cheng. Director Houyun Shi submitted his resignation by letter on 13 November 2023. Accordingly, at its meeting of 30 November 2023, the Board of Directors decided to co-opt Tang Mingyi as a director of REN until the end of the current term of office, replacing Houyun Shi.
[44] Director Dulce Mota was co-opted on 10 November 2023.

In accordance with the Articles of Association[45], members of corporate bodies perform their respective duties for periods of three calendar years, a period which is renewable, considering as complete, the calendar year of appointment.

II.18. Distinction of the executive and non-executive members of the Board of Directors and, with regard to the non-executive members, identification of the members who can be considered independent

As of December 31, 2023 and on this date, twelve of the fifteen members of REN's Board of Directors are non-executive directors, as detailed in section II.17 above. The Board of Directors includes, therefore, a number of non-executive members that is adequate to the size of the company and the complexity of the risks related to its activity, which ensure the effective ability to supervise, monitor and assess the activity of the executive members, particularly bearing in mind, the number of members of the Executive Committee, the size and complexity of company's activities, the shareholder structure and breakdown of REN capital.

Taking into account the Anglo-Saxon governance structure of the company, the Audit Committee is also composed of non-executive members of the Board of Directors. Its composition is also deemed appropriate, namely taking into account the number of members and their availability, which are appropriate to the size of the company and the complexity of the risks inherent to its activity, efficiently ensuring the functions assigned to them.

Taking into account the assessment criteria on independence laid down in Article 414(5) of the Portuguese Companies Code with regard to members of the Audit Committee, in recommendation IV.2.4 of the IPCG Code, with regard to other non-executive directors, and based on the respective internal assessment, the REN Board of Directors and Audit Committee consider the following directors performing duties during the 2023 financial year to be independent:

NAME	POSITION
Manuel Ramos de Sousa Sebastião	Director/ Chairman of the Audit Committee
Gonçalo Gil Mata	Director/ Member of the Audit Committee
Rosa Freitas Soares	Director/ Member of the Audit Committee
Dulce Mota	Director
Maria Estela Barbot	Director
Ana Pinho	Director
Ana da Cunha Barros	Director

Furthermore, all non-executive members of the Board of Directors (in addition, naturally, to the directors that are also members of the Audit Committee) would comply, if applicable, with all incompatibility rules laid down in Article 414-A(1) of the Portuguese Companies Code, save as provided for in sub-paragraphs b) and h).

REN considers that the proportion of independent directors is suitable given the number of executive directors and the total number of directors, taking particularly into account:

i) The adopted governance model, in other words an Executive Committee consisting of three executive directors and an Audit Committee, also consisting of three independent members and a further nine non-executive directors, which ensures the effectiveness of the oversight of the executive directors; and

ii) The size of the company, its shareholder structure and the relevant free float (which was 44.4 % of share capital at 31 December 2023).

In light of the above, REN fully complies with CMVM recommendations IV.2.2, IV.2.3 and IV.2.4 of the IPCG Code, as the Board of Directors consists of an adequate number of non-executive members (considerably superior to the number of executive members) and, among these, more than one third are independent members (58.3%).

Moreover, Article 7-A and 7-B of the Articles of Association govern the special system of incompatibilities applicable to the election and performance of duties at any REN corporate body.

The aim of the provisions of Article 7-A of the Articles of Association is to establish a system of incompatibilities relating to the potential conflicts of interest arising from the direct or indirect exercising of activities in the electricity or gas sectors, either in Portugal or abroad. Furthermore, the system set out in Article 7-B of the Articles of Association also seeks to prevent persons who exercise control or rights over companies which either produce or sell electricity or gas to appoint members to the Board of Directors or the statutory auditor, or members of bodies which legally represent it, on their own or through others with whom they are connected through shareholders' agreements, except when ERSE recognizes that there is no risk of conflicts of interest. Additionally, and in accordance with Article 12 of the Board of Directors' regulations, all directors are obliged to report any circumstance that could create a potential conflict.

The members of the corporate bodies and internal committees promptly inform the respective body or committee of the facts that might constitute or cause a conflict between their own interest and the corporate interest, and there are internal procedures in place so that such members of the corporate bodies and committees do not interfere in the decision-making process. In particular, where there is a conflict of interest, the respective member of the body or committee i) must not receive any information regarding the matter (namely, preparatory information that is sent prior to any

[45] See Article 27(1).

meeting at which the matter will be discussed and voted on); ii) must abstain from discussing the matter with other members of the bodies or committees; and iii) must not participate nor be present in the discussion and voting of the matter in question. Furthermore, the members of the bodies must inform the Chairman of the respective corporate body or committee in question of any facts that may trigger such potential conflict (in without prejudice to the duty to provide information and clarifications requested by the body or committee and its respective members)[46].

The Ethics and Corporate Governance Committee is also responsible for preventing conflicts of interest (see section II.2.9. below), paying a particular attention to the compliance with such procedures. In view of the above, REN considers that complies with recommendations II.4.1. and II.4.2. of the IPCG Code.

Organization of the non-executive members and of the independent members of the Board of Directors

The independent directors have not elected a coordinator, but the Company has established other equivalent mechanisms, which ensure the same coordination, which is why REN fulfils recommendation IV.2.1. of the IPCG Code.

In accordance with the Board of Directors Regulations, during 2023 this corporate body established efficient mechanisms for the coordination and development of the work of its members with non-executive and/ or independent functions, in particular to facilitate the exercising of their right to information and to assure the conditions and means necessary for the performance of their duties, as follows[47]:

a) Without prejudice to the exercising of powers not delegated to the Executive Committee, Company directors with a non-executive function supervise the performance of the executive management; and

b) In order to make independent and informed decisions, the directors with non-executive functions may obtain the information they deem necessary or appropriate to perform their roles, powers and duties (in particular, information relating to the powers delegated to the Executive Committee and its performance), by requesting such information from any member of the Executive Committee, and the response should be provided in an adequate and timely manner.

Whenever they consider it necessary or convenient, directors with non-executive and/ or independent duties also hold ad hoc meetings with the aim of analysing company management.

Independent and/ or non-executive directors are guaranteed access to all the information and to the Company's employees that may be necessary in order to allow them to assess the Company's performance, situation and development prospects. Access is ensured, in particular, to the minutes, supporting documentation for decisions taken, notices and archives of meetings of the other governing bodies, without prejudice to access to any other documents or persons from whom clarification may be requested.

In particular, all supporting documentation for meetings of the Board of Directors will be provided in a timely fashion and in advance, to the non-executive members of the Board of Directors, and the Executive Committee’s resolutions and supporting documentation shall always be available for consultation[48].

In addition, the Chairman of the Board of Directors informs, at the beginning of every Board of Directors' meetings, the most relevant resolutions and actions taken by the Executive Committee since the previous meeting that the other directors are not already aware of.

The Chairman of the Executive Committee promotes, as far as possible, the involvement of independent and/ or non-executive directors in specific projects and actions in order to allow independent and/ or non-executive directors to be more closely involved in the Company's activity, depending on the matters in question and the specific qualifications and preferences of each one.

It should also be noted that under the terms of Article 2(3) of the Executive Committee Regulations, the Chairman of the Executive Committee may invite any non-executive Director, as well as any director, to attend and participate in the meetings of the Executive Committee. In addition, the internal committees of the Board of Directors dedicated to the subjects of ethics, governance (Ethics and Corporate Governance Committee) and nominations and appraisals (Nominations and Appraisals Committee) are both exclusively composed by non-executive directors, including their chairmen, who act as interlocutors with the Chairman of the Board of Directors and the other directors and ensure the provision of the set of conditions and means necessary for the performance of the functions and duties of the committees they chair. The Sustainability Committee is made up of three executive directors and two independent non-executive directors. Therefore, through the mechanisms described above, all the conditions are established in order for the directors with non-executive and/ or independent functions to discharge their functions in order to make independent, informed and efficient decisions.

[46] Cf. Point X of the Regulations regarding Transactions with Related Parties, Articles 4(5) and 4(6) of the Audit Committee Regulations, Article 12 of the Board of Directors Regulations and Articles 7-A and 7-B of REN's Articles of Association.
[47] See article 11 of the Board of Directors Regulations.
[48] See Article 5 of the Executive Committee Regulations.

The mechanisms listed are equivalent to the coordination achieved through the appointment of a coordinator because they ensure:

i) Ease of communication between the independent directors and the Chairman of the Board of Directors and the Executive Committee and other directors;

ii) Conditions and means necessary for the performance of the duties of independent director; and

iii) Co-ordination of independent directors in assessing the performance of the governing body, under the terms of recommendation VI.1.1. of the IPCG Code.

The company therefore fulfils recommendation IV.2.1. of the IPCG Code.

II.19. Professional Qualifications and other relevant information on the résumés of each of the members of the Board of Directors at 31.12.2023

RODRIGO COSTA

Independent Director: November 2014 to February 2015

Executive Director since: February 2015

Chairman of the Board of Directors and CEO since: May 2015

Board of Directors Committees: Chairman of the Executive Committee and Chairman of the Sustainability Committee

Other listed public companies Directorships: None

Other current public company Directorships within past 5 years: None

Key experience and qualifications

Software developer with multidisciplinary experience: for 11 years, he worked as a programmer, analyst and team manager, coordinating the development of business management and industrial applications.

Senior executive with responsibilities in General Management, Marketing and Business Development: Software, telecommunications, financial services and energy.

International experience: M&A, business development and management of large, diverse, multinational teams in different geographies. Extensive experience and direct responsibilities in the following markets: United States, Brazil, Chile, China, South Korea, Japan, India, Spain, France, UK and other countries in Western and Eastern Europe, Asia, South America and Africa.

Leadership and corporate governance: Several years of experience as Chairman of the Board of Directors and Executive Chairman of listed companies, contributing with an informed perspective during the meetings of the Board of Directors and the committees he has been a member of, namely with regard to the Corporate Governance perspective, with a view to developing a solid reputation for the benefit of the organization and the achievement of its objectives. This contribution was also aimed at creating a rigorous culture of social responsibility, long-term sustainability and high ethical standards.

Personal focus, Conference attendance and public speaking: during the past 10 years the main areas are: energy transition, climate change, corporate governance, people development, cyber security, executive leadership.

Career Highlights

- Chairman of the Board of Directors and CEO – REN SGPS., S.A. - Energia (Portugal and Chile) > 2015 to date;
- Chairman of the Board of Directors and CEO Unicre S.A. - Financial services - Credit cards > 2014
- Executive Chairman - NOS SGPS (ZON Multimedia and Optimus merger) - Telecommunications > 2008 to 2015;
- Executive Vice President – PT SGPS, Telecom > 2005 to 2007;
- Microsoft Corporation - Software > 1990 to 2005;
- Corporate VP of Microsoft Corporation - Redmond, USA > 2001 to 2005;
- General Manager - MS Brazil > 2000 to 2001;
- Founder and General Manager - MS Portugal > 1990 to 2000; and
- Software Developer > 1979 to 1990.

Previous experience - Professional and Community Involvement

- General Counsel of Coimbra University;
- General Counsel Porto Business School;
- Participation in various working groups on technology and education within the public sector; and
- Awarded by the Portuguese Republic President - Great Officer of Ordem do Infante D. Henrique for services to Portugal, in 2006.

Education

- High School and Multiple Computer Language Programming Certificates;
- Certificate of Corporate Governance from Instead;
- Corporate Governance program from Harvard Business School; and
- Multiple executive education programs.

GONÇALO MORAIS SOARES

Director since: March 2012

Board Committees: Executive Committee, Sustainability Committee

Listed Public Company Directorship: None

Listed Public Company Directorship within past 5 years: None

Key experience and Qualifications

Corporate Governance: Due to his years of experience as a director of REN, he is very familiar with the company, its structure, business and future ambitions.

Finance: Experience developed throughout his career, both in investment banking and in various financial foundations.

Energy: More than 10 years of experience as a REN director.

Telecommunications: Solid career in the telecommunications industry, having taken on different responsibilities and functions within this area.

Career Highlights

- ZON SGPS, ZON TV Cabo e ZON Lusomundo Audiovisuais, companies that operate in the field of audiovisual communication:
  - Head of Planning and Control 2007 > 2012; and
  - Director > 2010 to 2012.
- Portugal Telecom, S.A., company that operates in the field of telecommunications:
  - Head of Planning and Control > 2003 to 2007.
- Jazztel, S.A.U, company that operates in the field of telecommunications:
  - Head of Finance > 2000 to 2003.
- Santander Investment, S.A., operates as an investment management company:
  - VP in Corporate Finance > 1996 to 2000.
- Reditus, S.A., provision of computer management and consultancy services:
  - Analyst > 1993 to 1994.

Education

- Course in IDP ("International Director's Program") at INSEAD > 2021;
- Course in LEAP ("Leadership Excellence through Awareness and Practice") at INSEAD Business School > 2018;
- Program in Advanced Management at the Kellogg Business School (Chicago) and the Lisbon Catholic University > 2010;
- MBA from Georgetown University (Washington) > 1996; and
- Degree in Economy from the Universidade Nova de Lisboa > 1993.

JOÃO FARIA CONCEIÇÃO

Director since: May 2009

Board Committees: Executive Committee, Sustainability Committee

Listed Public Company Directorships: None

Listed Public Company Directorships within past 5 years: None

Career Highlights

- **Portuguese Government**
  - Supported the Ministry of Economy and Innovation in the field of Energy > 2007 to 2009; and.

- **Boston Consulting Group,** company of consulting services:
  - Consultant > 2000 to 2007.

Education

- MBA at the Institut Europeen d'Administration des Affaires (INSEAD) (France);

- "Research Master" in Aerodynamics at the Von Karman Institute for Fluid Dynamics (Belgium); and

- Degree in Aerospace Engineering from the Instituto Superior Técnico (Portugal).

GUANGCHAO ZHU

Director since: March 2012

Board Committees: None

Listed Public Company Directorships: None

Listed Public Company Directorships within past 5 years: None

Key experience and Qualifications

Experience in energy markets: Experience in fast-growing international energy markets, including China.

Career Highlights

- HK Electric Investments, company that operates in the sector of energy distribution:
  - Member of the Board of Directors > March 2017 to date.

- State Grid Corporation of China, entity responsible for the Chinese electricity network operation:
  - Deputy Chief Engineer > November 2015 to date;
  - General Director of the International Cooperation Department > November 2015 to date; and
  - General Director of the International Cooperation Department > June 2009 to March 2010.

- National Grid Corporation of the Philippines (NGCP), entity responsible for electricity network operation:
  - Chairman of the Board of Directors > June 2017 to date;
  - Consultive Chairman > 2009;
  - Chief Executive Advisor > 2009;
  - Member of the Board of Directors > 2009
  - Vice-chairman of the Preparatory Group > December 2007 to March 2009.

- State Grid International Development, company that invests mainly in the development of power projects and operating industries:
  - Chief Executive Officer > December 2011 to November 2015;
  - Member of the Board of Directors > December 2011 to November 2015;
  - Senior Executive Vice President > March 2010 to December 2011; and
  - Member of the Board of Directors > March 2010 to December 2011.

- State Grid Brazil Holding, company that provides energy services:
  - Chairman of the Board of Directors > December 2011 to March 2018.

Education

- MBA at Baylor University (USA) > 2022

- Master's degree in Electrical Systems and Automation from the University of Shandong (China) > 1992; and

- Degree in Relay Protection Systems from the University of Shandong (China) > 1989.

YANG QU

Director since: March 2023

Board Committees: Nominations and Evaluation Committee, Ethics and Corporate Governance Committee

Listed Public Company Directorship: None

Listed Public Company Directorship within past 5 years: None

Key Experience and Qualifications

Energy: 37 years of experience in the electricity sector in China, Brazil and Oman.

Business development and business administration: Held various senior positions in the areas of business development and business administration.

Other skills: Has a diverse set of skills ranging from strategy and planning, investment, project management, regulation and compliance, business development, corporate governance, communication, among others.

Career Highlights

- State Grid International Development Limited (SGID):
  - Chief Compliance Officer > June 2022 to date.

- Oman Electricity Transmission Company (OETC):
  - Vice Chairman of the Board of Directors;
  - Chief Regulator Officer > February 2020 to June 2022; and
  - Member of the Board of Directors > February 2020 to June 2022.

- CPFL:
  - Member of the Board of Directors > December 2016 to February 2020.

- State Grid Brazil Holding, S.A.:
  - Director > June 2011 to April 2014; and
  - Deputy General Manager > April 2014 to December 2016.

Education

- Bachelor's degree in electrical power systems engineering and automation from the University of Science & Technology, Chengdu, China > 1986.

MINGYI TANG

Director since: November 2023

Board Committees: None

Listed Public Company Directorship: None

Listed Public Company Directorship within past 5 years: None

Key experience and Qualifications

Leadership: Throughout his professional career, he has held positions of responsibility, enabling him to develop skills in managing different teams and projects.

Experience in energy markets: Experience in fast-growing international energy markets, including China.

Career Highlights

- State Grid Corporation of China, chinese state-owned electric utility corporation:
  - Deputy director of the department of legal affairs > August 2022 to date.

- State Grid Shanghai Electric Power Co., Ltd, chinese state-owned electric utility corporation:
  - Chief legal counsel and director of Legal Compliance Department > March 2012 to August 2022.

- Zhongchengtong International Investment Co., Ltd., investment company:
  - Executive deputy general manager > July 2010 to March 2012.

- China Chengtong Holding Group Co., Ltd, investment company:
  - General counsel > April 2008 to March 2012.

- Civil Aviation Administration of China, chinese civil aviation authority under the Ministry of Transport:
  - Deputy director and director of the legal affairs division of the department of policy, law and regulation > December 2003 to April 2008.

- Air China, airline:
  - Deputy director of the legal affairs department and legal manager of the president's office > March 2000 to December 2003.

Education

- Doctoral degree in civil and commercial law from the Renmin University of China > 2004;

- Master degree in law from the Renmin University of China > 1999; and

- Bachelor degree in law from the Minzu University of China > 1992.

JORGE MAGALHÃES CORREIA

Director since: April 2015

Board Committees: None

Listed Public Company Directorships: None

Listed Public Company Directorships within past 5 years: Yes – Banco Millennium BCP

Key experience and Qualifications

Corporate Governance and financial experience: He has held positions in various financial and insurance companies, including as Chairman of the Board of Directors and Director. He has also held responsibilities in the legal, auditing, human resources and commercial areas.

Leadership, megotiation and people management

Career Highlights

- Fidelidade – Companhia de Seguros, S.A., insurance company:
  - Chairman of the Board of Directors > March 2017 to date.
- Luz Saúde, S.A., company that provides a variety of services, including the management of equity stakes in other companies and consultancy services:
  - Chairman of the Board of Directors > February 2015 to date.
- Millennium BCP Bank, S.A., credit institution:
  - Vice Chairman of Board of Directors > June 2018 to date.
- Longrun Portugal, SGPS, S.A., management of equity stakes in other companies:
  - Non-Executive Director > December 2021 to date.
- Mundial-Confiança, insurance company:
  - Member of the Board of Directors > March 1998 to September 2002.
- Fidelidade Mundial, insurance company:
  - Member of the Board of Directors > April 2000 to September 2002.
- Império Bonança, insurance company:
  - Member of the Board of Directors > January 2008 to May 2012.
- Via Directa, insurance company:
  - Member of the Board of Directors > May 2006 to March 2008.
- Caixa Seguros e Saúde, SGPS, management of equity stakes in other companies:
  - Vice Chairman of the Board of Directors > July 2005 to May 2013.
- USP Hospitales (Barcelona), entity operating in the health sector:
  - Member of the Board of Directors > 2011 to 2012.
- Hospitais Privados de Portugal SGPS, company that manages equity stakes in other companies:
  - Chairman of the Board of Directors > October 2011 to March 2013; and
  - Member of the Board of Directors > February 2003 to January 2005.
- Portuguese Inspectorate-General of Finance, aims to ensure the strategic control of the financial administration of the State:
  - Chief Inspector > 1982 to 1991.
- Portuguese Securities Market Commission, securities markets supervisory authority:
  - Head of Markets ("Diretor de Mercados")/ Chief Inspector > 1992 to 1995.

Other Professional Experience and Community Involvement

- Vice Chairman of the Portuguese Insurers Association > January 2008 to date;
- Member of the Geneva Association > 2017 to date;
- Lecturer at Lisbon University Faculty of Law > 1982 to 1990;
- Member of several advisory bodies of cultural institutions and universities.

Education

- Law degree from the University of Lisbon > 1982.

DULCE MOTA

Director since: November 2023

Board Committees: None

Listed Public Company Directorships: None

Listed Public Company Directorships within past 5 years: None

Key experience and Qualifications

Leadership: Throughout her professional career, she has held positions of responsibility, which enabled her to develop skills in managing different teams and projects.

Corporate Governance: Dulce has worked in various companies as manager and director and is therefore familiar with the management and internal procedures of Portuguese companies.

Financial Sector: Solid experience in different companies in the Portuguese banking and financial sector.

Career Highlights

- Norgarante – Sociedade de Garantia Mútua, S.A.:
  - Non-Executive Director > May 2023 to date.
- Lisgarante – Sociedade de Garantia Mútua, S.A.:
  - Non-Executive Director > May 2023 to date.
- Caixa Económica Montepio Geral, Caixa Económica Bancária, S.A.:
  - Vice Chairman of the Executive Committee > January 2019 to October 2022.
- Banco ActivoBank, S.A. :
  - Chairman of the Board of Directors > January 2018 to January 2019.
- Banco Comercial Português, S.A.
  - Head of Office of the Chairman of the Board of Directors > March 2012 to December 2017.

Other Professional Experience and Community Involvement

- Member of the board of the Portuguese Chamber of Commerce and Industry;
- Guest lecturer in the field of Operational Research > January 1980 to December 1995;
- Member of the Board of Directors of AF - Investimentos, Gestão de Patrimónios, S.A. > 1996 to 2001; and
- Member of Fundação Millennium bcp > 2012 to 2017.

Education

- MBA at AESE Business School > 1995;
- Maters in Economics and Management at ISCTE > 1980;
- Course *"Alta Direção"*, at Insead (Paris); and
- Specific training in Corporate Governance by NOVA SBE.

MANUEL RAMOS DE SOUSA SEBASTIÃO

Director since: April 2015

Board Committees: Chairman of the Audit Committee and Chairman of the Nominations and Appraisals Committee

Listed Public Company Directorship: Yes

Listed Public Company Directorship within past 5 years: Yes

Key experience and Qualifications

Knowledge: Career i) in the banking sector, first as a staff member and later as a member of management bodies, in executive and non-executive functions, and of supervisory bodies; ii) in regulatory authorities, as a staff member (Banco de Portugal), member of the board of directors (Insurance Institute of Portugal and Banco de Portugal), and chairman (Portuguese Competition Authority); iii) at the International Monetary Fund, as economist; iv) in the energy sector, as non-executive director and chairman of the Audit Committee of REN SGPS, S.A.; and v) in academia, as teaching assistant and professor of economics and finance, at different stages of his career, at three universities (Universidade Nova de Lisboa, Universidade Católica de Lisboa, and ISCTE - Instituto Universitário de Lisboa).

Career Highlights

- Banco Português de Investimentos, S.A. (BPI, S.A.)., Portuguese bank, entirely owned by the Caixabank Group:
  - Chairman of the Audit Committee > November 2020 to September 2023;
  - Non-executive Director > November 2020 to September 2023; and
  - Chairman of the Supervisor Board > July 2018 to November 2020.

- Banco de Portugal, central bank of Portugal and member of the Eurosystem – European System of Central Banks:
  - Advisor to the Board of Directors > September 2013 to April 2015;
  - Member of the Board of Directors > February 2000 to March 2008;
  - Senior Advisor > October 1996 to February 1999; and
  - Economist > June 1986 to September 1988.

- Portuguese Competition Authority, independent regulatory authority in charge of promoting and enforcing competition in the public, private and cooperative sectors of the economy:
  - Chairman > March 2008 to September 2013.

- Insurance Institute of Portugal (currently, Insurance and Pension Funds Supervisory Authority), independent regulatory authority in charge of regulating and supervising the insurance and pension funds activity in Portugal:
  - Member of the Board of Directors > March 1999 to February 2000.

- Banco de Fomento e Exterior, state owned bank, operating as the development of the bank of Portugal:
  - Member of the Board of Directors > July 1992 to October 1996.

- International Monetary Fund:
  - Economist > October 1988 to July 1992.

- Banco de Fomento Nacional, predecessor of Banco de Fomento e Exterior, state owned bank operating as the development bank of Portugal:
  - Economist > December 1978 to August 1981.

- Eurogestão, company that aimed to evaluate the investment projects of the CUF Group:
  - Economist > October 1973 to March 1975.

Other professional experiences and Community Involvement

- Chief of staff to the Minister of Industry, V Constitutional Government > August 1979 to January 1980; and

- Advisor to the Deputy-Minister of Energy, Ministry of Industry and Technology, IV Provisional Government > March 1975 to August 1975.

Education

- PhD in Economics, Columbia University, USA > 1986;

- *Doctorat de 3ème Cycle*, Economic Planing, Université de Paris I, Panthéon-Sorbonne, France > 1978 ; and

- Undergraduate degree in Economics, School of Economics, Techincal University of Lisbon > 1973.

GONÇALO GIL MATA

Director since: April 2015

Board Committees: Audit Committee

Listed Public Company Directorship: None

Listed Public Company Directorship within past 5 years: None

Key experience and Qualifications

Experience: He has developed his career in the areas of Venture Capital and Investment Banking, as well as having experience in the area of Strategic Consulting and basic training in the areas of Technology and Business Management.

Venture Capital: As Executive Partner of C2 Capital Partners, he coordinates the investment portfolio of several funds focused on SMEs and the tourism and real estate sectors.

Investment Banking: As head of Corporate Finance at Deutsche Bank (Portugal), S.A., he coordinated several M&A and Capital Markets operations.

Strategic Consulting: He has worked on several strategic consulting projects at McKinsey & Company for large Portuguese groups in Banking, Insurance and Telecommunications sectors.

Career Highlights

- C2 Capital Partners– Sociedade de Capital de Risco, venture capital investment and management:
  - Executive Partner > October 2012 to date.

- Goma Consulting, Lda., company operating in the business consultancy sector:
  - Manager > 2013 to date.
- Deutsche Bank (Portugal), S.A., credit institution that operates in the banking sector:
  - Head of Corporate Finance > July 2000 to September 2012.
- McKinsey & Company (Portugal), management consultancy firm:
  - Senior Associate > January 1998 to June 2000.
- Banco Finantia, S.A., banking institution:
  - Deputy Director of Corporate Finance > September 1995 to January 1998.

Other professional experiences and Community Involvement

- Non-Executive Member of the Board of Directors of Arquiled, S.A.;
- Non-Executive Member of the Board of Directors of Gypfor – Gessos Laminados, S.A.;
- Non-Executive Member of the Board of Directors of Hotéis Praia Verde;
- Non-Executive Member of the Board of Directors of Vila Monte, S.A.;
- Non-Executive Member of the Board of Directors of Boost (Animação turísitca);
- Non-Executive Member of the Board of Directors of Água Castello;
- Non-Executive Member of the Board of Directors of Casca Wines.

Education

- MBA awarded by the Nova University of Lisboa > 1994; and
- Degree in Software Engineering awarded by the University of Coimbra > 1993.

ROSA FREITAS SOARES

Director since: April 2021

Board Committees: Audit Committee, Nominations and Appraisals Committee

Other current listed Public Company Directorships: None

Other current Public Company Directorships within the past 5 years: None

Key Experience and Qualifications

Specialist in tax and investment law issues: Participation in numerous projects involving the restructuring of both Portuguese and international groups. She has relevant experience in the banking/ financial services sector, both in dealing with the audit and tax issues of banks/financial institutions and in the tax analysis of financial products. She has also developed expertise in individual income taxes, social security regimes and wealth/ estate tax planning issues.

Experience acknowledged by high entities: Due to her level of experience, and technical ability, she was chosen by the Government to be part of Commissions that aimed to carry out tax reforms and has also won multiple awards.

Career Highlights

- Sogrape, SGPS, S.A., management of equity stakes in other companies:
  - Member of the Remuneration Committee > April 2016 to date.
- Deloitte Central Services, S.A., provides consulting services relating to tax matters:
  - Equity Partner > September 2002 to June 2020;
  - Head of Family Businness at Deloitte Family Business Center > January 2016 to June 2020;
  - Directed the Portuguese Transfer Pricing practice > June 2006 to June 2018; and
  - Directed the Personal Tax Division in Portugal > September 1999 to June 2020.
- Arthur Andersen (merged with Deloitte in 2002), S.A., provides consulting services on tax matters:
  - Partner > September 1999 to June 2002;
  - Manager > September 1993 to August 1999;
  - Senior > September 1990 to August 1993; and
  - Analyst > June 1988 to August 1990.

Other professional experiences and Community Involvement

- Elected as a tax expert in the Portuguese market by International Tax Review (ITR);
- Senior Advisor (of-counsel) at the law firm RFF Associados > 2022 to date;
- Was chosen by the Government to be a member of the 2014 Personal Income Tax Reform Commission > 2014;
- Has lectured in several conferences/ university courses (Católica Business School of Lisbon, ISCTE, ISEG, and University of Lisbon Law School) on tax, human resources and corporate governance matters; and

- Author of several articles on tax, human resources and corporate governance matters in newspapers and other publications.

Education
- PhD candidate in Tax Law at Nova School of Law and Senior Researcher at Nova Tax Research Lab > September 2022 to date;
- LLM in "Global Corporate Compliance" by IE Law School of Madrid > 2022;
- Course "Leading Professional Services Firms" (Postgraduate) at Harvard University Business School > 2009;
- Course in Business Management (Postgraduate) at Universidade Católica Business School in Lisbon > 2000; and
- Bachelors degree in Law from the University of Lisbon Law School > 1985.

MARIA ESTELA BARBOT

Director since: April 2015

Board Committees: Ethics and Corporate Governance Committee

Other current listed Public Company Directorship: None

Other current Public Company Directorship within past 5 years: None

Key Experience and Qualifications

Relevant business experience: Skills in corporate governance, business administration and financial engineering processes. Relevant business experience in the industry, with subsequent in-depth knowledge of the business world at both national and international level. Responsible for negotiating and developing partnerships with multinational companies (Dupont, BP Chemicals, Rhone Poulenc, Signode Packaging Solutions, among others). Led the process of acquiring AGA - Álcool e Géneros Alimentares, S.A., which culminated in the purchase of the Portuguese state-owned company (1994), its restructuring and in the development of new business areas (pharmaceutical products).

Career Highlights
- Banco Santander de Negócios, S.A., banking institution:
  - Member of the Board of Directors > 2005 to 2010.
- IMF - International Monetary Fund, its mission is to stimulate global monetary cooperation, protect financial stability, facilitate international trade:
  - Member of the European Advisory Board > 2010 to 2012.
- Trilateral Commission, discussion forum:
  - Member of the European Consultative Committee > 2010 to 2011.
- IFD - Financial Institution for Development, entity dedicated to carrying out operations that address market failures in the financing of viable small and medium-sized enterprises:
  - Member of the Audit Committee > 2017 to 2019; and
  - Member of the Board of Directors > 2015 to 2019.
- Portuguese Business Association ("Associação Empresarial de Portugal"), aims to defend the interests of all entrepreneurs and of all companies with SME status:
  - Vice Chairman of AEP > 1996 to 1999.
- Confederation of Portuguese Industry ("Confederação da Indústria Portuguesa"), protects the interests of private enterprise in Portugal:
  - Member of the Consultative Council > 2002 to 2003.

Other Professional Experience and Community Involvement
- President of the General Council of Universidade Nova de Lisboa > 2019 to 2022;
- Nova SBE Advisory Board - Estoril Conferences > 2022;
- Managing Partner of ALETSE - Real Estate > 2011 to date;
- Senior International Consultant of Roland Berger Holding GmbH > 2019 to 2020;
- Chairman of Forum Portugal Global > 2017 to date;
- Chairman of the Portuguese Group of the Trilateral Commission
- Member of the Advisory Board of Ar.Co – Center for Art and Visual Communication > 1996 to date;
- Member of the Council of Founders and of the Remuneration Committee of the Museu de Arte Moderna da Fundação de Serralves > 1989 to date;
- Member of the Portuguese Group in the Bilderberg Meeting > 2019;

- Guatemala's Consul General in Portugal > 1994 to 2014;
- Entrepreneurship and Excellence Award > 2010;
- Businesswoman Award > 1999;
- Commissioner of Expo 98 > 1998; and
- Awarded the Dona Adelaide Ferreira Award > 1998.

Education

- Course in Corporate Governance course at Harvard Business School > 2016;
- Course in Executive Programme at LBS – London Business School > 2007; and
- Degree in Economics from the University of Porto > 1981.

ANA PINHO

Director since: May 2019

Board Committees: Sustainability Committee

Listed Public Company Directorships: None

Listed Public Company Directorships within past 5 years: None

Career Highlights

- Fundação Serralves, a foundation that promotes cultural activities in the field of arts:
  - Chairman of the Board of Directors and of the Executive Committee.
- Arsopi - Lda., company operating in the metallurgical and metalworking industry:
  - Member of the Board.
- Tecnocom, S.A., a company operating in the development and production of solutions for automation and control of industrial processes, design and execution of electrical infrastructures, technical assistance and commercialisation of industrial components:
  - Member of the Board of Directors.
- ATP – Associação de Turismo do Porto e Norte, which aims to develop and promote externally Porto and the North of Portugal as a tourist destination:
  - Member of the Board of Directors.
- UBS España, entity operating in the financial sector:
  - Member of the Executive Committee.
- UBS Portugal, entity operating in the financial sector :
  - Chief Executive Officer.
- TAP SGPS, S.A., company that manages equity stakes in other companies:
  - Member of the Board of Directors.

Other Professional Experiences and Community Involvement

- Financial Analyst at Banco Português de Investimento, S.A.;
- Equity analyst at Schroder Securities PLC (London); and
- Worked at UBS AG.

Education

- Took multiple courses in Art History at Serralves Foundation (Porto), The National Society of Fine Arts, Lisbon, Christie's Education London and Sotheby's Institute London;
- Executive programme in Corporate Finance from London Business School;
- MBA from Cass Business School, London; and
- Bachelor's degree in Economics from the Faculty of Economics, University of Porto.

ANA DA CUNHA BARROS

REN Board Member since: April 2021

Board Committees: Sustainability Committee

Listed Public Company Directorships: None

Listed Public Company Directorships within past 5 years: None

Key Experience and Qualifications

National and international experience in markets and financial advisory services: Garnered expertise as former investment banking professional in first tier international banks, with a focus on strategic advisory and execution of M&A, debt and equity financing across industries and geographies, dealing with a variety of stakeholders.

Governance and regulatory expertise: Leverages current service on the boards of directors and board committees of regulated entities and previous experience in banking.

Focus on risk and sustainability matters: Draws upon current board roles, including in connection with the role in the Sustainability Committee and years of experience in the financial industry

Career Highlights

- Abanca Corporación Bancária, a retail and comercial bank, based in Spain:
  - Independent Non-executive Director > October 2019 to date; and
  - Member of the Risk Committee > May 2020 to date.

- Status Capital, an asset management company focusing on real estate and forestry funds:
  - Non-Executive Director > October 2019 to date.

- Barclays, a financial services company:
  - Managing Director in Investment Banking > June 2010 to January 2018.

- Citigroup (started in Salomon Brothers later acquired by Citigroup), a financial services company:
  - Various positions of increased seniority in London, New York, Madrid and Lisbon, including Director in Investment Banking > February 1996 to May 2010.

- Nomura International, a financial services company:
  - Financial Analyst in Corporate Finance > January 1994 to December 1996.

Other Professional Experience and Community Involvement

Co Vice President of the WomenExecs on Boards, a global network of over 350 women who have graduated from Harvard Business School's board governance programs October 2022 to date.

Education

- Courses on sustainable energy and digitalization: Cyber Risk Supervision IMF > 2023; Sustainable Energy from MIT > 2022; Cybersecurity Risk Management from RIT > 2022; Energy with Environmental Constraints from Harvard > 2021; Digital Transformation from MIT > 2020; Fintech from NYU > 2019;

- Global ESG Competent Boards Certificate Designation > 2021;

- Corporate Governance IDP-C from INSEAD > 2019;

- The Women on Boards: Succeeding as a Corporate Director at Harvard Business School > 2017;

- MBA in Finance from Cass Business School > 1993; and

- Degree in Business Management from the Economics University of the Porto University > 1992.

JOSÉ LUÍS ARNAUT

Director since: June 2012

Board Committees: Chairman of the Ethics and Corporate Governance Committee

Listed Public Company Directorships: None

Listed Public Company Directorships within past 5 years: None

Key experience and Qualifications

Leadership: Throughout his career he has carried out leadership functions, by coordinating different projects, people and teams.

Governance: Due to his years of experience as a director or member of other governing bodies and committees, he is familiar with the management and activities of companies.

Career Highlights

- ANA – Aeroportos de Portugal (VINCI Airports), S.A., entity that operates, under concession, the public airport support service for civil aviation in Portugal:
  - Chairman of the Board of Directors > June 2018 to date.
- Goldman Sachs, Company, entity that is dedicated to providing financial services:
  - Member of the International Advisory Board > January 2014 to date.
- AON, S.A., insurance and reinsurance brokerage:
  - Member of the Consulting Board > January 2011 to date.;
- Lisbon Turism Association, collective person of public utility, dedicated to the development of tourism:
  - Deputy Chairman > January 2018 to date;.
- PORTWAY – Handling de Portugal, (VINCI Airports) S.A., entity that is dedicated to ground handling of aircraft in airports and aerodromes:
  - Chairman of the General Meeting > September 2013 to date.
- SIEMENS, S.A., manufacture, distribution, supply, development, assembly of systems and solutions in the electrical, electronic and mechanical fields, among other activities:
  - Chairman of the General Meeting > January 2014 to date.
- Grupo Super Bock:
  - Chairman of the General Meeting > 2019 to date.
- Tabaqueira II, S.A., marketing and distribution of tobacco and related products as well as of equipment used for their consumption:
  - Chairman of the General Meeting > March 2017 to date.
- Portuguese Football Federation:
  - Chairman of the General Meeting > December 2011 to date.

Other Professional Experience and Community Involvement

- Member of the Executive Board of CMS Legal Services EEIG > January 2012 to date;
- Founding Partner and Managing Partner of the Law Firm Rui Pena, Arnaut & Associados > January 2002 to date;
- Awarded with the insignia of Chevalier de la Legion d´Honneur by the President of the French Republic > 2006;
- Conferred with the Grand Cross of the Order of Merit by the President of the Lithuanian Republic > 2006;
- Awarded with the Grand Cross *Ordem Nacional do Cruzeiro* do Sul by the President of the Republic of Brazil > 2004;
- Awarded the Commend of Great Officer of *Ordem do Infante Dom Henrique* by the President of the Portuguese Republic > 1995;
- Commissioner for Lisbon 94 – European Capital of Culture > 1994;
- Minister of Cities, Local Administration, Housing and Regional Development in the XVI Portuguese Constitutional Government > July 2004 to March 2005;
- Deputy Minister to the Prime Minister José Manuel Durão Barroso in the XV Portuguese Constitutional Government > April 2002 to July 2004;
- Member of the Portuguese Parliament, where he presided over the Committee on Foreign Affairs and the National Defence Committee > October 1999 to September 2009;
- General Secretary of the Social Democratic Party, led by José Manuel Durão Barroso > May 1999 to May 2004; and
- Lawyer of the Law Firm Pena, Machete & Associados > 1989 to 2002.

Education

- Graduated in Higher Specialized Studies from the Robert Schuman University, in Strasbourg > 1991;
- Admitted to the Portuguese Bar Association > 1991; and
- Graduated in Law from the Lisbon Lusíada University > 1988.

The professional address of each of the abovementioned members of the Board of Directors is the address of REN's head office, located at Avenida Estados Unidos da América, no. 55, parish of Alvalade, in Lisbon.

It should be noted that the members of the Board of directors, as demonstrated above, have had training and/ or have relevant professional experience in REN's sector of activity, such as company management, engineering, functions related to electricity and gas, economics and law, thus demonstrating their qualification and suitability for the position and having, as a whole, a varied and suitable range of skills for the management of REN.

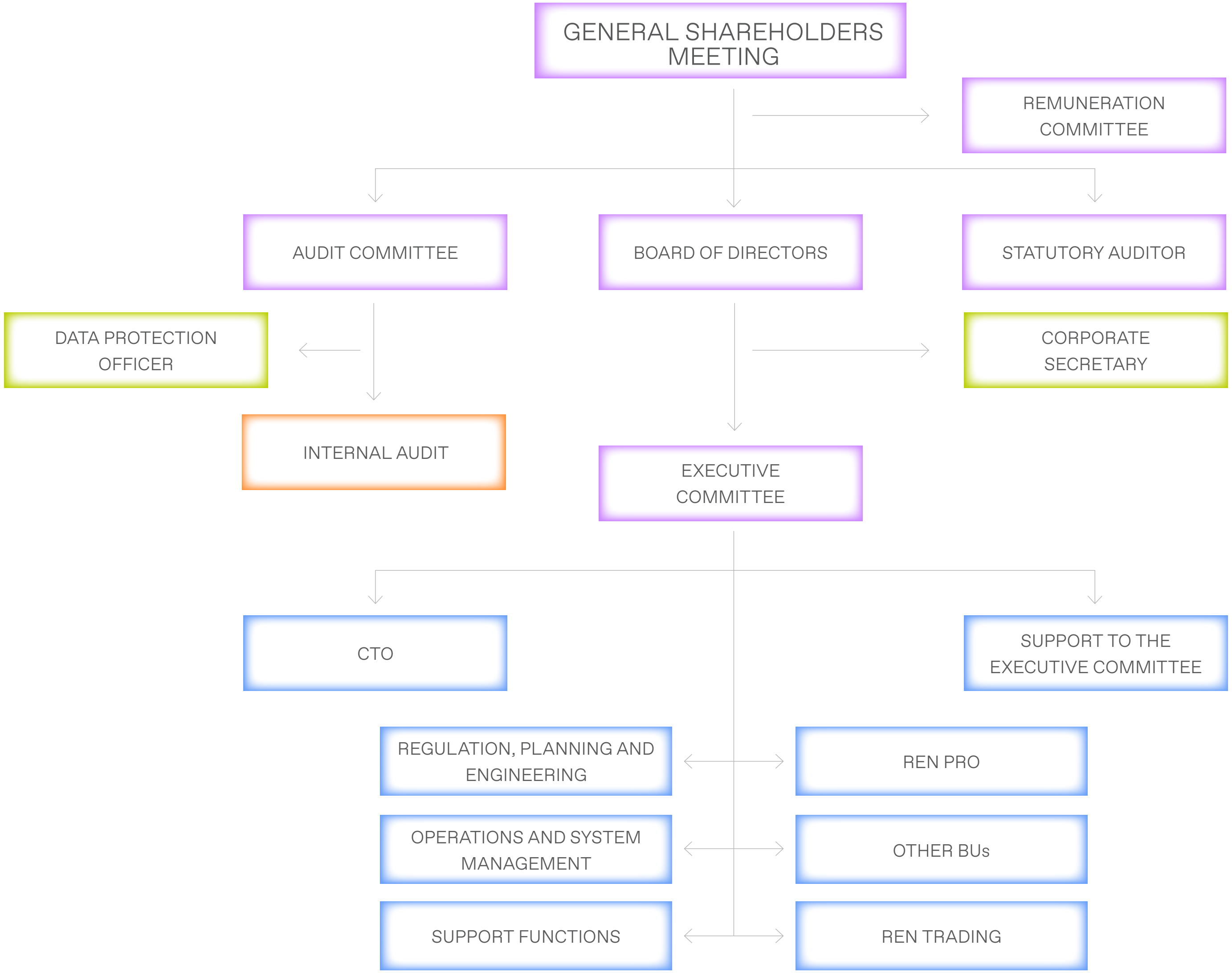
II.2.0. Common and significant family, professional and commercial relationships of the members of the Board of Directors at 31.12.2023

DIRECTOR	OWNER OF QUALIFIED HOLDINGS	RELAÇÃO
Rodrigo Costa	-	-
João Faria Conceição	-	-
Gonçalo Morais Soares	-	-
Guangchao Zhu (on behalf of State Grid International Development Limited)	State Grid Corporation of China	Deputy Head Engineer and General Director of the Department of International Cooperation at the State Grid Corporation of China (see II.19 and 26)
Yang Qu	-	-
Mingyi Tang	-	-
Jorge Magalhães Correia	Fidelidade – Companhia de Seguros, S.A.	Chairman of the Board of Directors and CEO of Fidelidade – Companhia de Seguros, S.A. (see II.2.6)
Dulce Mota	-	-
Manuel Ramos de Sousa Sebastião	-	-
Gonçalo Gil Mata	-	-
Rosa Freitas Soares	-	-
Maria Estela Barbot	-	-
Ana Pinho	-	-
Ana da Cunha Barros	-	-
José Luís Arnaut	-	-

II.2.1. Flowcharts or functional maps on the breakdown of powers among the different corporate bodies, committees and/ or departments of the Company, including information on delegation of powers, particularly with regard to delegation of the day-to-day management of the Company

As can be seen in the flowchart in II.15., REN has adopted a corporate governance model based on an Anglo-Saxon model which consists of the following corporate bodies elected by the General Shareholders' Meeting[49]: i) a Board of Directors, responsible for the management of the Company's business, which delegates the day-to-day management of the Company to the Executive Committee[50] and which is supported by specialized committees, and ii) an Audit Committee and Statutory Auditor, as supervisory bodies. The Audit Committee consists exclusively of non-executive directors. The General Shareholders' Meeting also elects a Remunerations Committee.

In order to better understand the division of powers among the different corporate bodies, the organization chart below outlines REN's business units in 2023:



[49] See article 8(2)(b) of the Articles of Association.
[50] See article 8(1) of the Board of Directors regulations.

General Shareholders' Meeting

The General Shareholders' Meeting is a corporate body comprising all the company shareholders, and its responsibilities are in particular:

a) Appraise the Board of Directors' report, discuss and vote on the balance sheet, accounts and opinions of the Audit Committee and statutory auditor and decide on the appropriation of profits for the year;

b) Elect the members of the General Shareholders' Meeting Board, the directors and the statutory auditor;

c) Resolve on any amendments to the Articles of Association;

d) Resolve on the remuneration of the members of the corporate bodies, with the power to appoint a Remunerations Committee; and

e) Resolve on any other matter falling within its power and for which it has been summoned.

Board of Directors

Pursuant to the Portuguese Companies Code and REN's Articles of Association, the Board of Directors is duly empowered[51]. Of special note are the powers to:

a) Define the Company's goals and management policies;

b) Draw up the annual financial and business plans;

c) Manage business and carry out all actions and operations relating to the corporate object which do not fall within the powers attributed to other Company bodies;

d) Represent the Company actively and passively, in and out of court, and propose and pursue lawsuits or arbitrations, with the power to confess, waiver and settle, as well as to enter into arbitration agreements;

e) Acquire, sell or by any other form dispose of or encumber rights or assets, whether real estate or not;

f) Incorporate companies and subscribe for, acquire, encumber and dispose of shareholdings;

g) Submit proposals to the General Shareholders' Meeting on the acquisition and disposal of own shares, in compliance with the applicable legal restrictions;

h) Determine the technical and administrative organization of the Company and the rules for internal operation, more specifically with regard to its personnel and the corresponding remuneration;

i) Appoint the Company Secretary and the respective alternate;

j) Appoint attorneys with the powers deemed convenient, including those of sub-delegation; and

k) Perform any other functions granted by law or by the General Shareholders' Meeting.

In accordance with the Board of Directors regulations, as at 11 November 2021[52], matters which cannot be legally delegated to the Executive Committee include the co-option of directors, requests to convene General Shareholders' Meetings, approval of the annual report and accounts to be submitted to the General Shareholders' Meeting, the granting of deposits and personal or in rem guarantees by the Company, the transfer of the registered office, the increase of the Company's registered share capital and the approval of merger, demerger and transformation projects.

In addition to those matters that may not be delegated by law, the Board of Directors' regulations[53] also stipulate that the following matters may not be delegated to the Executive Committee:

a) Definition of the Company's strategy and general policies;

b) Definition of the corporate structure of REN Group;

c) Definition of the Company's goals and management policies;

d) Approval of the annual budget, the business plan and other long-term development plans;

e) To approve the contracting of debt with a maturity of no less than three years;

f) Presenting proposals to the General Meeting to acquire and dispose of own shares, own bonds or other own securities;

g) Approval of the Company's systems of internal control, risk management and internal audit;

h) Appointment of the secretary of the Company and their alternate;

i) Indication of the persons to be appointed by the Company to go on the lists of members of the corporate bodies to be elected in all affiliates and subsidiaries, and appointing the Company's Chief Technical Officer;

[51] See article 15(1) of the Articles of Association.
[52] See Article 3 (5) and article 407(4) of the Portuguese Companies Code.
[53] See Article 3(5).

j) Deciding on all matters considered strategic;

k) Approval, on a case-by-case basis, of the disposal of assets and/ or rights, of investments and of the creation of encumbrances to be carried out by the Company and/ or by its affiliates or subsidiaries, with an individual or total value higher than 15,000,000 euros (fifteen million euros), except if already approved in the Company's annual budget and the corresponding value does not exceed individually or in total 25,000,000 euros (twenty five million euros);

l) Incorporation of companies and subscription, acquisition, creation of encumbrances and disposal of shareholdings (in any case except if these acquisitions, encumbrances or disposals are between REN Group companies), except when those companies or shareholdings are special purpose vehicles (SPV) for specific investments with an individual or total value of investment by REN Group, that does not exceed 7,500,000 euros (seven million five hundred thousand euros), or if already approved in the Company's annual budget;

m) Indication of the persons to be appointed by the Company to form part of the lists of members of the corporate bodies to be elected in all affiliates and subsidiaries, except for the two transmission system operators;

n) Participation of the Company or any of its affiliates or subsidiaries in activities outside their core activities;

o) Entry of REN or any of its subsidiaries into joint ventures, partnerships or strategic cooperation agreements and the selection of relevant partners;

p) Transactions with related parties with a value exceeding 500,000 euros (five hundred thousand euros) or, regardless of the amount in question, any transactions with related parties which may be considered as not being made on an arms' length basis or not in the ordinary business of REN or the subsidiary in question; and

q) Approval of the half-yearly and quarterly accounts to be published in accordance with the applicable legal provisions.

In turn, the acquisition and transfer of assets, rights or shareholdings with an economic value greater than 10% of the Company's consolidated fixed assets is subject to prior approval from the General Shareholders' Meeting[54].

Executive Committee

On 23 Abril 2021, the Executive Committee was delegated, to the extent permitted by law, the Company's Articles of Association and by the Board of Directors' own regulations, with all the powers necessary or convenient to the performance of the management acts regarding the activities included in the Company's corporate scope, which include, in particular, the following attributions, to be performed under and within the limits established annually in the operation budget and in the strategic plan, to be approved, upon proposal of the Executive Committee, by the Board of Directors:

a) Manage the Company's ordinary course of business and perform all the acts and operations concerning the corporate purpose which are not the exclusive competence of the Board of Directors by force of law, the Company's Articles of Association or the Board of Directors' own regulations;

b) Approve, on a case-by-case basis, the sale of assets and/ or rights and investments and the creation of encumbrances over assets, except for security interests or personal guarantees, to be made by the Company and/ or by its subsidiaries, the individual and/ or aggregate value for which is equal to or lower than 15,000,000 euros (fifteen million euros) or which have already been approved within the Company's annual budget and the corresponding value is equal to or lower than, individually or in aggregate, 25,000,000 euros (twenty-five million euros);

c) Propose to the Board of Directors and execute the annual budget, the business plan and other long-term development plans;

d) Without prejudice to article 3(3)(f) of the Board of Directors' Regulations, establish the administrative and technical organization of the Company and the internal operation regulations, notably concerning personnel and their remuneration;

e) Represent the Company actively and passively, in or out of court, and propose or pursue lawsuits with the power to confess, waive and settle, as well as to enter into arbitration agreements;

f) Incorporate companies and subscribe, acquire, hold, create encumbrances over or dispose of shareholdings, provided that those companies or shareholdings are special purpose vehicles (SPVs) for specific investments with an individual or aggregate investment value that does not exceed 7,500,000 euros (seven million and fifty thousand euros) or which have already been approved within the Company's annual budget;

g) Negotiate, resolve on, enter into, modify and terminate any agreements, including service provision agreements or labour contracts for a value equal or lower than 5,000,000 euros (five million euros);

h) To approve and promote any and all acts necessary to update the Euro Medium Term Note Program, under such terms as may at any time be more appropriate, including, without limiting the negotiation

[54] See Article 2(15) of the Articles of Association and Article 3(6) of the Board of Directors Regulations.

and conclusion of the all contractual instruments or related accessories and the pursuit of any steps or taking of any measures necessary for such updating, namely before any supervisory, market or other entity;

i) To approve and practice any and all necessary, useful or convenient acts, including through the execution of contractual instruments, the intra-group allocation of funds obtained through external financing operations;

j) Negotiate, enter into, modify or terminate any short-term debt agreements (i.e. with maturity equal or lower than three years), including through commercial paper programmes;

k) Open, operate and close bank accounts;

l) Resolve on the provision by the Company of technical and financial support to companies in which REN owns shares, quota rights ('quotas') or other shareholdings, in particular, granting loans and providing guarantees in their benefit;

m) Present proposals to the Board of Directors for the submission to the General Shareholders' Meeting relating to the acquisition and disposal of own shares and bonds or other own securities, within the limits established by law and by the General Shareholders' Meeting;

n) Present to the Board of Directors proposals concerning internal control, risk management and internal audit systems of the REN Group;

o) Appoint attorneys with the powers deemed convenient, including those of sub-delegation;

p) Indicate the persons to be appointed by the Company to form part of the lists of members of the corporate bodies to be elected in the two transmission system operators, i.e. REN – Rede Eléctrica Nacional, S.A. and REN Gasodutos, S.A. and for the SPV's referred to in f) above;

q) Take or give in lease any real estate or individual parts of real estate;

r) Manage the shareholdings owned by REN and coordinate the activity of REN's subsidiaries and, with regard to wholly owned companies, issue binding instructions, under applicable legal terms[55]; and

s) Appoint the representative of the Company at the general meetings of all the companies in which the Company holds a shareholding.

Specifically in relation to the entering into medium or long-term debt agreements not covered by paragraph j) above, and taking into account the objective of ensuring the adequate financing of the REN Group, the Board of Directors delegated to the Executive Committee the necessary powers to negotiate the specific terms of each debt instrument with respect to, among other aspects, the amount, term, interest rate, reimbursement conditions, selection of financial intermediaries and other relevant elements. The Executive Committee shall, considering the importance of such operations, submit the relevant contracts or agreements to the Board of Directors for their final approval.

The delegation of powers to the Executive Committee does not exclude the possibility for the Board of Directors to resolve on delegated matters and does not include matters reserved by law, by the Articles of Association, by the Board of Directors Regulations or by the Regulations on "Assessing and Monitoring Transactions with Related Parties and Preventing Situations of Conflicts of Interest":

a) Appointment of the Chairman of the Board of Directors;

b) Co-optation of directors;

c) Request to convene the general shareholders' meetings;

d) Approval of the report and annual accounts to submit to the General Shareholders' Meeting;

e) Approval of the six-monthly and quarterly accounts to be published in accordance with the applicable legal provisions;

f) Provision of deposits and personal guarantees or security interests by the Company;

g) Change of the registered office and increase of the share capital, under the terms of the Articles of Association;

h) Projects for the merger, demerger and transformation of the Company;

i) Appointment of the Company Secretary and the respective alternate;

j) Definition of the Company's strategy and general policies;

k) Definition of the Company's goals and management policies;

l) Approval of the annual budget, the business plan and other long-term development plans;

m) Definition of the Group's corporate structure;

n) The approval, on a case-by-case basis, of the transfer of assets and/ or rights and investments and the creation of encumbrances to be made by the Company and/ or by its subsidiaries,

[55] On January 2022, new Service Order CE/17/2021 came into force, establishing the cooperative alignment between the various companies in the REN Group, through standards aimed at coordinating the activity and day-to-day management of the REN Group, through binding instructions, without prejudice to strict compliance with the respective Articles of Association, the Commercial Companies Code, the Securities Code and other applicable legislation.

where the individual or aggregate value is higher than 15 million euros, except if already approved within the Company's annual budget and the corresponding value does not exceed individually or in total 25 million euros;

o) Incorporation of companies and the subscription, acquisition, holding, encumbrance and disposal of holdings (in any case except if these acquisitions, encumbrances or disposals are between REN Group companies), except in cases in which those companies are, or where the holdings refer to companies which are a special purpose vehicle for making specific investment with an single or aggregate or value of investment by REN Group which does not exceed 7.5 million euros or which have been approved in the annual budget;

p) Adoption of resolutions to contract debt with maturity of no less than 3 years in the national or international financial markets, notably through the issuance of bonds or any other kinds of securities;

q) Presentation of proposals to the General Shareholders' Meeting for the acquisition and disposal of own shares and bonds or other own securities, within the limits established by law;

r) Approval of the Company's systems of internal control, risk management and internal audit;

s) The appointment of the Company's representative in the General Shareholders' Meetings of all subsidiaries;

t) The indication of the persons to be appointed by the Company to form part of the lists of members of the corporate bodies to be elected in all subsidiaries, as well as the appointment of the Company's Chief Technical Officer, upon proposal of the Executive Committee, except for the two TSOs, i.e. REN – Rede Eléctrica Nacional, S.A. and REN Gasodutos, S.A. and for the SPVs referred to in o) above;

u) The participation by the Company or any of its subsidiaries in activities outside their core activities, i.e. transmission of power and gas, storage of gas and regasification and/ or storage of liquid natural gas (LNG), notably by means of the acquisition or subscription of equity or ongoing concerns whose corporate purpose does not include the said activities;

v) The entering of REN into joint ventures, partnerships or strategic cooperation agreements and selection of relevant partners;

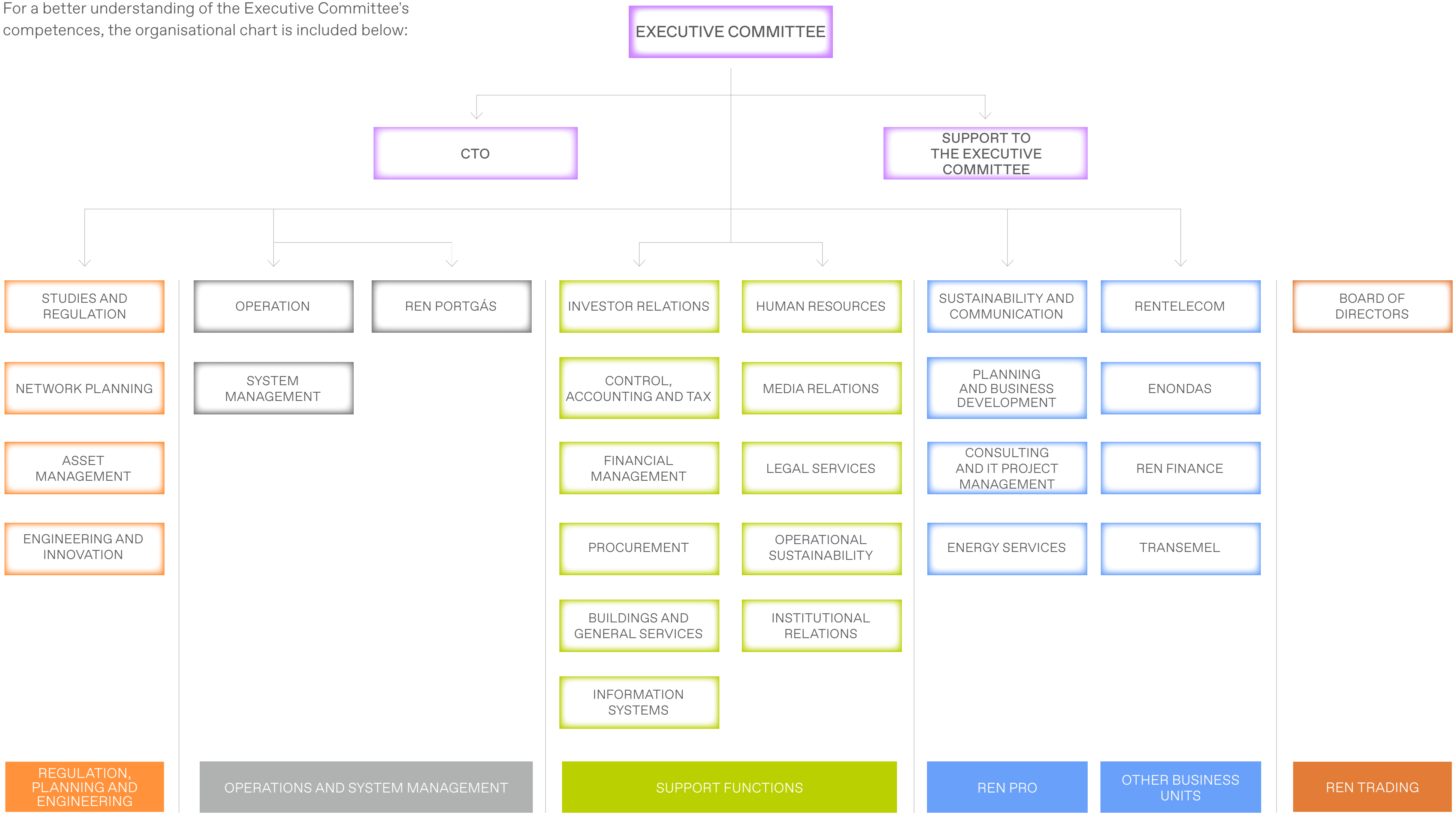
w) Transactions with related parties in excess of 500,000 euros or, regardless of the amount involved, any transaction with related parties which may be considered as not having been executed based on an arms' length basis or not in the ordinary business of REN or the subsidiary in question; and

x) The resolution on all the matters which are deemed strategic, notably because they are related to strategic agreements entered into by REN or due to their risk or special characteristics.

Taking into account the above, non-executive directors, including members of the Audit Committee, participate in the definition by the management body of the strategy, main policies, corporate structure and decisions that should be considered strategic for the company by virtue of their amount or risk, as well as in the evaluation of the compliance with those measures, as these decisions were not delegated to the Executive Committee, but should be decided by the Board of Directors, of which non-executive directors are members, and who in the terms described above, have access to all the information necessary for their duties.

For a better understanding of the Executive Committee's competences, the organisational chart is included below:

For a better understanding of the Executive Committee's competences, the organisational chart is included below:



Distribution of Responsibilities in the Board of Directors

With a view to optimizing management efficiency, the members of the Executive Committee distributed among themselves, during the financial year of 2023, the responsibility for the direct monitoring of specific Company performance areas, under the terms evidenced in the following chart:

EXECUTIVE COMMITTEE

RODRIGO COSTA
CEO

- Human Resources
- Sustainability and Comunication
- Legal Services and Corporate Secretary
- Media Relations
- Strategic Coordination
- Innovation

JOÃO FARIA CONCEIÇÃO
COO

- Regulation, Planning and Engineering Business Unit
  - Studies and Regulation
  - Network Planning
  - Engineering and Innovation
- Operations and System Management Business Unit
  - Operation
  - System Management (Electricity and Gas)
  - REN Portgás
- Institutional Relations
- Operational Sustainability
- Energy Services
- Planning and Business Development (Mozambique)
- Enondas
- R&D Nester

GONÇALO MORAIS SOARES
CFO

- Investor Relations
- Procurement
- Control, Accounting and Taxation
- Buildings and General Services
- Planning and Business Development (excluding Mozambique)
- Financial Management
- IT Consultancy and Project Management
- Electrogás
- RENTELECOM
- REN FINANCE
- Transemel

Audit Committee and Statutory Auditor

The Audit Committee and the Statutory Auditor are the Company's supervisory bodies, and their main powers are set out in III.38.

Remunerations Committee

The Remuneration Committee is responsible for defining the proposed remuneration policy of the members of the governing bodies and internal committees and for submitting it to the General Meeting, as well as for setting remuneration in accordance with the approved policy. Within its responsibilities, the Remunerations Committee has also actively participated in performance assessment, particularly for purposes of setting the variable remuneration of executive directors.

b) Operation

II.2.2. Existence and place where the operating regulations can be found for the Board of Directors

The Board of Directors Regulations and the Executive Committee Regulations, which establish, inter alia, the performance of their respective duties, chairmanship, attendance of meetings, functioning and the framework of duties of its members, are available on the REN website in Portuguese and English.

As detailed in the law and its regulations, at the meetings of the Board of Directors and the Executive Committee, detailed minutes are drawn up, approved and signed by all members present.

II.2.3. Number of meetings held and attendance by each member of the Board of Directors

Board of Directors

The meetings of the Board of Directors are convened and chaired over by the respective Chairman. It is the responsibility of the Board of Directors to decide on the frequency of their ordinary meetings, notwithstanding the fact that quarterly meetings are mandatory, on dates to be fixed annually[56].

Moreover, the Board of Directors is required to meet on an extraordinary basis whenever convened by the Chairman, or, on his absence, by the Vice-Chairman, by two directors or at the request of the Statutory Auditor[57].

In 2023, the Board of Directors held 6 meetings.

The following table shows the number of meetings of the REN Board of Directors at which directors were present or duly represented.

Attendance of Members of the Board of Directors at Meetings

NAME	PRESENT	REPRESENTATION	ABSENT	% ATTENDANCE
Rodrigo Costa	6	0	0	100%
João Faria Conceição	6	0	0	100%
Gonçalo Morais Soares	6	0	0	100%
Guangchao Zhu (on behalf of State Grid International Development Limited)	3	3	0	100%
Mengrong Cheng[58]	n.a.	n.a.	n.a.	n.a.
Yang Qu[59]	5	0	0	100%
Lequan Li[60]	n.a.	n.a.	n.a.	n.a.
Mingyi Tang[61]	n.a.	n.a.	n.a.	n.a.
Houyun Shi[62]	2	1	1	75%
Jorge Magalhães Correia	4	2	0	100%
Dulce Mota[63]	1	0	0	100%
Manuel Ramos de Sousa Sebastião	6	0	0	100%
Gonçalo Gil Mata	6	0	0	100%
Rosa Freitas Soares	6	0	0	100%
Maria Estela Barbot	6	0	0	100%
Ana Pinho	5	1	0	100%
Ana da Cunha Barros	6	0	0	100%
José Luís Arnaut	5	1	0	100%

[56] See Article (19)(1) of the Articles of Association and article 4(2) of the Board of Directors Regulations.
[57] See Article 19(1) of the Articles of Association article 4(3) of the Board of Directors Regulations.
[58] Letter of resignation submitted on February 7, 2023.
[59] Appointed by co-option on March 7, 2023.
[60] Letter of resignation submitted on March 1, 2023.
[61] Appointed by co-optation on November 30, 2023.
[62] Letter of resignation submitted on November 13, 2023.
[63] Appointed by co-optation on November 10, 2023.

In addition, information on the composition of the Board of Directors and the number of meetings held annually can be found at website.

Directors and employees of other companies of the REN Group, as well as their respective advisors, or other interested parties, may be called upon to participate (but not vote) in meetings of the Board of Directors, whenever the Board of Directors deems that their presence is necessary or convenient.

Executive Committee

Meetings of the Executive Committee are convened and chaired over by the respective Chairman and are held, as a rule, once a week[64].

In 2023, the Executive Committee held 39 meetings.

The Chairman of the Executive Committee (who, as already mentioned, is also Chairman of the Board of Directors), sends to the Chairman of the Audit Committee the minutes of the Executive Committee's meetings, with the supporting documentation, as well as the respective convening notices, when applicable. The Executive Committee provides timely and appropriate information to members of other corporate bodies upon their request[65]. This mechanism ensures that the members of the administrative and supervisory bodies have permanent access to all information for the evaluation of the company's performance, situation and prospects for development.

Attendance of members of the Executive Committee at meetings

NAME	PRESENT	REPRESENTATION	ABSENT	% ATTENDANCE
Rodrigo Costa	39	0	0	100%
João Faria Conceição	39	0	0	100%
Gonçalo Morais Soares	39	0	0	100%

In addition, information on the composition of the Executive Committee and the number of meetings held annually can be found on REN's website.

II.2.4. Indication of the competent corporate bodies to conduct the performance assessment of executive directors

The performance of members of the Executive Committee has been assessed by the Nominations and Appraisals Committee and by the Remunerations Committee, within the scope of their respective responsibilities.

Also of note is the role played by the Audit Committee in the verification of the quantitative aspects of assessment.

The Board of Directors, through its Nominations and Appraisals Committee, within the scope of its powers, assesses the overall performance of the Board of Directors and the specialized committees, taking into account compliance with the company's strategic plan and budget, risk management, its internal functioning and the contribution of each member, and the relationship between the company's bodies and committees.
This committee should be composed of a maximum of four members, appointed by the Board of Directors from among its non-executive members, unless the Chairman of the Board of Directors is an executive, in which case he may be a member of the committee (Article 2(1) of the Nominations and Appraisals Committee Regulations). The Chairman of the Nominations and Appraisals Committee should also be appointed by the Board of Directors from among its independent members.

II.2.5. Predetermined criteria for the performance assessment of executive directors

The annual performance assessment of executive directors is based on predetermined criteria, under the terms outlined in III.7.1. below.

[64] See article 1(2) of the Audit Committee Regulations.
[65] See Article 5 of the Executive Committee Regulations.

II.2.6. Availability of each member of the Board of Directors, specifying the roles carried out concurrently in other companies, both within and outside the group, and other relevant activities carried out by the members of the aforementioned bodies

Shown below are the duties carried out on administrative, management and supervisory bodies by members of REN's Board of Directors and Audit Committee at 31 December 2023:

DIRECTOR	DUTIES CARRIED OUT ON MANAGEMENT OR SUPERVISORY BODIES
Rodrigo Costa	Chairman of the Board of Directors of REN Rede Eléctrica Nacional, S.A. Chairman of the Board of Directors of REN Gasodutos, S.A. Chairman of the Board of Directors of REN Atlântico – Terminal de GNL, S.A. Chairman of the Board of Directors of REN Armazenagem, S.A. Chairman of the Board of Directors of REN Serviços, S.A. Chairman of the Board of Directors of REN PRO, S.A. Chairman of the Board of Directors of Enondas, Energia das Ondas, S.A. Chairman of the Board of Directors of REN Gás, S.A. Chairman of the Board of Directors of REN Rentelecom – Comunicações, S.A. Chairman of the Board of Directors of Aerio Chile, Spa Chairman of the Board of Directors of Apolo Chile, Spa Chairman of the Board of Directors of Empresa of Transmisión Eléctrica Transemel, S.A.
João Faria Conceição	Member of the Board of Directors of REN Rede Eléctrica Nacional, S.A. Member of the Board of Directors of REN Gasodutos, S.A. Member of the Board of Directors of REN Atlântico – Terminal de GNL, S.A. Member of the Board of Directors of REN Armazenagem, S.A. Member of the Board of Directors of REN Serviços, S.A. Member of the Board of Directors of REN PRO, S.A. Member of the Board of Directors of Rentelecom – Comunicações, S.A. Member of the Board of Directors of Enondas, Energia das Ondas, S.A. Member of the Board of Directors of REN Gás, S.A. Member of the Board of Directors of the Centro de Investigação em Energia REN – State Grid, S.A. Non-executive Member of the Board of Directors of Hidroeléctrica de Cahora Bassa Member of the Board of Directors of Aerio Chile, Spa Chairman of the Board of Directors of Electrogas, S.A. Member of the Board of Directors of Apolo Chile, Spa Member of the Board of Directors of Empresa of Transmisión Eléctrica Transemel, S.A.
Gonçalo Morais Soares	Member of the Board of Directors of REN – Rede Eléctrica Nacional, S.A. Member of the Board of Directors of REN Gasodutos, S.A.. Member of the Board of Directors of REN Atlântico – Terminal de GNL, S.A. Member of the Board of Directors of REN Armazenagem, S.A. Member of the Board of Directors of REN Serviços, S.A. Member of the Board of Directors of REN PRO, S.A. Member of the Board of Directors of Enondas, Energia das Ondas, S.A. Member of the Board of Directors of REN Gás, S.A. Chairman of the Board of Directors of REN Finance BV Member of the Board of Directors of Rentelecom – Comunicações, S.A. Member of the Board of Directors of Aerio Chile, Spa Member of the Board of Directors of Electrogas, S.A. Member of the Board of Directors of Apolo Chile, Spa Member of the Board of Directors of Empresa of Transmisión Eléctrica Transemel, S.A.

Duties Of Executive Directors

As a result of the framework above, REN executive directors exclusively carry out duties on governing bodies of companies that are either directly or indirectly subsidiaries or partly owned by REN. Thus, they are completely dedicated to carrying out their role – seeking at all times to develop the business and serve the interests of the company and the Group to its full potential.

In fact, although not formalized in internal regulations specifically addressing Executive Directors, in practice, REN's policy is that its executive directors perform executive functions during their term of office only in the REN Group. This practice has always been followed in previous terms of office. In addition, the Code of Conduct establishes that, without prejudice to the provisions on incompatibilities regarding the performance of certain duties or the exercise of corporate positions, and except with a prior authorisation of the Board of Directors[66], no employee of REN (including members of corporate bodies, as defined in this code) may engage in professional activities in an entity external to REN , whenever the exercise of such activity interferes with the performance of his duties as an employee of the company or in any way affects the performance or availability for the duties performed by the employee at REN.

Moreover, it should be noted that, upon their appointment, the executive directors declared their full dedication to carrying out their role and pursuing the objectives laid out, and have proven this through their attendance at Board of Directors and Executive Committee meetings and through their work carried out within REN.

Duties of non-independent non-Executive Directors performing duties at 31.12.2023[67]:

DIRECTOR	DUTIES CARRIED OUT ON MANAGEMENT OR SUPERVISORY BODIES
Guangchao Zhu	Chairman of the Board of Directors at NGCP, Philippines Board Member of HKEI in Hong Kong, China
Yang Qu	Chief Compliance Officer at SGID Vice-Chairman of the OETC Board of Directors
Mingyi Tang	Deputy director of the legal affairs department at State Grid Corporation of China
Jorge Magalhães Correia	Non-Executive Member of the Board of Directors of REN- Redes Eléctricas Nacionais, SGPS., S.A. Chairman of the Board of Directors of Fidelidade - Companhia de Seguros, S.A. 1st Non-Executive Vice-Chairman of the Board of Directors of Banco Comercial Português, S.A. Non-Executive Chairman of the Board of Directors of Luz Saúde, S.A.
José Luís Arnaut	Managing Partner of CMS Rui Pena, Arnaut & Associados Member of the Executive Committee of CMS Legal Services EEIG (Frankfurt) Chairman of the Board of Directors of ANA - Aeroportos de Portugal (Vinci Airports) Member oft he international Advisory Board of Goldman Sachs (London) Member of the Advisory Board of AON Vice-Chairman of the Lisbon Tourism Association Chairman of the General Meeting of Portway, Handling de Portugal, S.A. (Vinci Airports) Chairman of the General Meeting of Siemens Portugal Chairman of the General Meeting of Super Bock Group Chairman of the General Meeting of Tabaqueira II, S.A. Chairman of the General Meeting of the Portuguese Football Federation

[66] See The framework of "Incompatibilities" established in articles 7-A and 7-B of REN's Articles of Association, as well as article 12(3) of the Board of Directors' Regulations.
[67] None of the companies identified belong to the REN Group.

Upon their appointment, the non-executive directors named above stated that they were available to perform their duties in order to achieve established goals. This availability has been proven through their attendance at meetings of the management and supervisory bodies and through their work carried out within REN.

Duties of independent non-executive directors at 31.12.2023[68]:

DIRECTOR	DUTIES CARRIED OUT ON MANAGEMENT OR SUPERVISORY BODIES
Manuel Ramos de Sousa Sebastião	Chairman of the Directive Council of Ulisses - Foundation for the Development of Management Chairman of the Supervisory Board of IPCG - Portuguese Institute of Corporate Governance
Gonçalo Gil Mata	Executive Partner and Member of the Board of Directors of C2 Capital Partners - Soc. Capital de Risco, S.A. Member of the Board of Directors of companies managed by FIAE, Promoção e Turismo Manager of Goma Consulting, Lda.
Rosa Freitas Soares	Member of the Remuneration Committee of Sogrape, SGPS, S.A.
Maria Estela Barbot	Managing Partner at ALETSE (Real Estate) President of Fórum Portugal Global – FPG Chairman of the Portuguese Group of the Trilateral Commission Vice Chairman of the District of Porto – SEDES – Associação para o Desenvolvimento Económico e Social Member of the Advisory Board - SEDES- Associação para o Desenvolvimento Económico e Social Member of the Advisory Board of Ar.Co – Centro de Arte e Comunicação Visual, Member of the Board of Founders of Museu de Arte Moderna da Fundação de Serralves Member of the Advisory Board – Associação Laurel
Ana Pinho	Chairman of the Board of Directors and of the Executive Committee of the Serralves Foundation
Ana da Cunha Barros	Independent Non-Executive Director of Abanca Corporación Bancária, S.A. and Member of the Risk Committee Non-executive Director of Statusdesafio Capital SGOIC, S.A.
Dulce Mota	Non-executive director of Norgarante and Lisgarante

[68] None of the companies identified belong to the REN Group.

From the above it can be concluded that 12 non-executive members of the Board of Directors (as opposed to the executive members) hold positions outside the REN Group, at an average of circa four positions per director.

Upon their appointment, the non-executive directors and members of the Audit Committee (where applicable) identified above stated that they were available to perform their duties in order to achieve established goals. This availability has been proven through their attendance at meetings of the management and supervisory bodies and through their work carried out within REN.

c) Committees within the management or supervisor bodies and delegated directors

II.2.7. Identification of committees set up within the Board of Directors, and place where the operating regulations may be found

In 2023, the Board of Directors was assisted by the specialized committees within the Board of Directors set up in 2015.

The Board of Directors is regularly assisted by the Ethics and Corporate Governance Committee which supports and assists the Board of Directors in the preparation of the annual corporate governance report and generally in meeting legal obligations and adopting best practices regarding corporate governance. This committee is made up of up to four members appointed by the Board of Directors from among its executive or non-executive members.

Additionally, the Nominations and Appraisals Committee also assists the Board of Directors in the preparation of succession plans for executive board members and provides recommendations regarding the profile and relevant nominees for future appointments to the Board of Directors; it also supports the Board of Directors in the assessment of the overall performance of the Board of Directors, its executive members and specialized committees. Each of these committees is chaired by non-executive directors who, among other duties, act as interlocutor with the Chairman of the Board of Directors and the other directors and ensure that all the conditions and means necessary for the performance of the functions and duties of the committees they chair are available.

The Nominations and Appraisals Committee is composed by two independent directors and one non-independent director, which means that the Company complies with recommendation VI.3.2. of the IPCG Code, insofar as "the committee for appointing members of governing bodies includes a majority of independent directors".

Furthermore, in 2021, the Board of Directors approved the creation of the Sustainability Committee, whose purpose is to promote and supervise, together with the Board of Directors, actions on environmental, social and governance responsibility. Pursuant to Article 2(1) of the Sustainability Committee Regulations, the Sustainability Committee may be composed of executive and non-executive members. Currently, the Sustainability Committee is composed by the Executive Committee and by two independent non-executive directors. Its regulations can be consulted on REN's website. Refer also to the information included below in Section 3 of this Report.

Their internal regulations can be consulted on REN's website das well as information on the composition of these committees and the number of meetings held annually.

II.2.8. Composition, if applicable, of the Executive Committee and/ or identification of delegated directors

At 31 December 2023, the Executive Committee consisted of the members indicated in II.17.

II.2.9. Indication of the powers of each of the committees created

As mentioned in II.2.7., there are specialized committees operating within the REN Board of Directors, namely the Ethics and Corporate Governance Committee, the Nominations and Appraisals Committee and the Sustainability Committee.

The Ethics and Corporate Governance Committee has the powers and competences conferred by its internal regulations[69]. Among these, of special note are those who:

a) Make recommendations and define policies in order to comply with applicable legislation and best practices in corporate governance matters;

b) Monitor compliance with applicable legislation and best practices in corporate governance matters;

c) Promote the adoption of guidelines in relation to:

i) structure, role and functioning of the corporate bodies;

ii) liaison between the corporate bodies and the internal committees;

iii) incompatibilities and independence of the members of corporate bodies;

(iv) efficiency of the role of non-executive members of the Board of Directors;

(v) voting, representation and equal treatment of shareholders;

(vi) the prevention of conflicts of interests; and

[69] See Article 3 of the Corporate Governance Committee Regulations.

(vii) transparency in relation to corporate governance, information disclosed to the market and relations with investors and other stakeholders;

d) Issue opinions upon request of the Board of Directors or at its own initiative in relation to any corporate governance matters, in particular with regard to incompatibilities and the independence of the members of the Board of Directors;

e) Prepare the questionnaire evaluating the independence of the members of the Board of Directors;

f) Prepare the annual corporate governance report in collaboration with the Company Secretary and other relevant departments of REN;

g) Prepare an annual report reviewing the corporate governance model adopted by the Company and proposing, if applicable, any improvements to the practices being implemented;

h) Review the REN Group Code of Conduct;

i) The overall corporate governance organization of the Company and its subsidiaries;

j) Follow inspections conducted by the Executive Committee for Follow-up and Monitoring of the IPCG (Comissão Executiva de Acompanhamento e Monitorização do IPCG) in relation to corporate governance issues; and

k) Perform any other duties or responsibilities in relation to corporate governance matters delegated to the Ethics and Corporate Governance Committee by the Board of Directors.

The Nominations and Appraisals Committee has the powers and competences conferred by its internal regulations[70]. Among these, of special note are:

a) In relation to appointments, to

i) Support the Board of Directors in identifying and selecting potential candidates for the Board of Directors and present the Board of Directors with a list of individuals recommended for appointment. This presentation will be made according to a set of criteria and requirements regarding the profile of the new members appropriate to the role to be performed. In addition to individual attributes (such as competence, independence, integrity, availability and experience), diversity requirements that may contribute to the improvement the performance of the Board of Directors and to the balance of its composition will be considered, and particular attention will be paid to gender;

ii) Make recommendations in relation to the qualifications, knowledge and professional experience required to be a member of the Board of Directors;

iii) Assist the Board of Directors in the preparation of the succession of its members; and

iv) Perform any other duties or responsibilities delegated to the Nominations and Appraisals Committee by the Board of Directors within the scope of its duties.

b) In relation to appraisals

i) Advise the Board of Directors on the rules that should govern the annual appraisal process, in particular the key performance indicators;

ii) Support the Board of Directors in the annual appraisal of its executive members, the overall performance of the Board of Directors and of the specialized committees;

iii) Prepare a report to the Remunerations Committee in relation to the appraisal of the executive members of the Board of Directors, to be delivered by the end of March of the following year; and

iv) Perform any other duties or responsibilities delegated to the Nominations and Appraisals Committee by the Board of Directors within the scope of its duties;

The Sustainability Committee has the competencies and powers that are granted to it by its internal regulation . These include, in particular:

a) Collaborate in defining, updating and reviewing REN's Group sustainability strategy;

b) Provide advice on the resources required and monitor the implementation of the sustainability strategy;

c) Monitor and report to the Board of Directors on the performance of indicators in the economic, social and environmental dimensions, including matters related to environmental protection and social responsibility, in accordance with the strategy, commitments and objectives established;

d) Monitor and report to the Board of Directors on the application of economic, social and environmental policies;

e) Collaborate in the development of the sustainability annual report, summarising the implementation of the sustainability strategy adopted by the REN Group including the review on the external information relating to sustainability, in particular REN's sustainability report and/ or the sustainability chapter included in the integrated management report;

[70] See Article 3 of the Nominations and Appraisals Committee Regulations.
[71] See Article 3 of the Sustainability Committee Regulations.

f) To issue opinions on any topic related to sustainability, at the request of the Board of Directors or on its own initiative, promoting the adoption of the best national and international practices; and

g) Perform other duties or responsibilities in matters of sustainability delegated to the Sustainability Committee by the Board of Directors.

REN understands that the definition of senior management only encompasses the members of the company's management and supervisory bodies, hence REN hasn't created an additional nominations committee to the Nominations and Appraisals Committee for the purpose of appointing other management staff. The Nominations and Appraisals Committee is composed by three non-executive directors, two of whom are independent (and one of whom acts as Chairman).

With regard to the Executive Committee, see II.2.1.

The Regulations of the Ethics and Corporate Governance Committee, the Nominations and Appraisals Committee and the Sustainability Committee establish, inter alia, the performance of the respective duties, chairing, attendance of meetings, operation and framework of duties of its members and can be consulted on REN website in Portuguese and in its English translation.

As provided for in its regulations, its meetings are drawn up, approved and signed by all members who are present.

III. SUPERVISION (AUDIT COMMITTEE)

a) Composition

III.30. Identification of the supervisory bodies (Supervisory Board, Audit Committee or General and Supervisory Board), corresponding to the adopted model

As stated above[72], REN has adopted an Anglo-Saxon model of corporate governance with supervisory bodies consisting of the Audit Committee and the Statutory Auditor. The Audit Committee is made up solely of independent and non-executive directors[73] (including the Chairman), possessing the necessary powers to perform their duties.

III.31. Composition of the Audit Committee, with indication of the minimum and maximum members and duration of term of office in accordance with the Articles of Association, number of full members, date of first appointment and date of termination of term of office of each member

At 31 December 2023, the Audit Committee consisted of three members as identified in II.17. This structure has proven adequate for carrying out their functions efficiently, taking into account the Company's size and business and the complexity of the associated risks.

REN's Articles of Association stipulate that the Audit Committee shall be made up of three members.

As regards the remaining appropriate information, please also refer to point II.17.

III.32. Identification of the members of the Audit Committee considered to be independent, in accordance with Article 414(5) of the Portuguese Companies Code

See II.18. above.

III.33. Professional Qualifications and other relevant information on the résumés of each of the members of the the Audit Committee

See II.19. above.

b) Operation

III.34. Existence and place where the operating regulations can be consulted for the Audit Committee

Audit Committee regulations, which establish, inter alia, the performance of the respective duties, chairing, attendance of meetings, operation and framework of duties of its members which can be consulted on REN website in Portuguese and English.

As provided for in its regulations, its meetings are drawn up, approved and signed by all members who are present.

III.35. Number of meetings and attendance for each member of the Audit Committee

Audit Committee meetings are convened and chaired over by the respective Chairman and are held monthly, except in August. In addition to its ordinary meetings, the Audit Committee may meet whenever convened by its Chairman or by the remaining two members[74].

[72] See II.15. above.
[73] See Article 3(3) of the Audit Committee regulations.
[74] See Article 9(1) and (2) of the Audit Committee Regulations.

In 2023, the Audit Committee held 13 meetings.

Attendance of members of the audit committee at meetings

NAME	PRESENT	REPRESENTATION	ABSENT	% ATTENDANCE
Manuel Ramos de Sousa Sebastião	13	13	13	100%
Gonçalo Gil Mata	13	13	13	100%
Rosa Freitas Soares	13	13	13	100%

Moreover, information on the composition of the Audit Committee and the number of meetings held annually may also be consulted on REN's website.

III.36. Duties of each member of the Audit Committee, indicating roles carried out concurrently within other companies, both within and outside the group, and other relevant activities carried out by the members of the aforementioned bodies

With regard to this matter, see II.2.6.

c) Competences and duties

III.37. Description of the procedures and criteria applicable to the intervention of the supervisory bodies for the purposes of contracting additional services from the external auditor

In accordance with Audit Committee regulations and the Regulation on the External Auditor [75], the Control, Accounting and Tax Department centralises requests to the Audit Committee to contract services with the auditor and specifies whether they are "Audit Services", "Non-Audit Services required by law from the Statutory Auditor" or "Non-Audit Services not required by law from the Statutory Auditor ".

The Audit Committee evaluates proposals for the services to be provided by the external auditor or by entities in the network to which it belongs, taking into account, in particular, whether the services in question are classified as prohibited services or services permitted by law. In the case of services permitted by law, the Audit Committee clarifies whether the services are classified as auditing services, non-auditing services required by law from the Statutory Auditor or non-audit services not required by law from the Statutory Auditor.

In the case of non-audit services that are not required by law from the Statutory Auditor, the Audit Committee Committee shall define whether the provision of the services complies with the legal quantitative limits and/ or, where applicable, the limits voluntarily established by the Audit Committee and also assesses whether the provision of these services constitutes a threat to the independence of the Statutory Auditor and the safeguard measures adopted. The Audit Committee considers the nature, circumstances and context in which the service is provided, the situation of the person performing it, any other relationship with the Company, the effects thereof and, where appropriate, the safeguard measures adopted with regard to the independence of the Statutory Auditor.

Based on this analysis, the Audit Committee grants prior approval to the Company for the contracting of different audit services from the External Auditor or from any entity with a participating interest with the said auditor or which is part of the same network. The Audit Committee may delegate to its Chairman the approval of the contracting of services in cases deemed urgent, in which case the decision must be ratified at the first subsequent meeting of the Audit Committee (see also point V.46.). The Control, Accounting and Taxation Department keeps a centralised record of of the services contracted with the Statutory Auditor and entities in its network, which includes, among other things, a description of the services provided, including their classification as audit or other services, as well as the corresponding fees.

The approval of non-audit services that are not required by law from the Statutory Auditor is subject to the the fee limits set out in the External Auditor Regulations.

Therefore, using the criteria listed, the Audit Committee's decision is aimed at assessing whether contracting additional services from the external auditor does not jeopardise the external auditor's independence in the fulfilment of his professional duties

In 2023, the Audit Committee granted prior approval to the contracting of non-audit services from the External Auditor and the entities referred to above by REN or companies in a group or controlling relationship.

III.38. Other functions of the supervisory bodies and, where applicable, the Financial Matters Committee

The Audit Committee is, alongside the Statutory Auditor, a supervisory body. It is, therefore, an integral body of the Board of Directors, while consisting of non-executive and independent members (including its Chairman).

The Audit Committee supervises and oversees management activity in an independent and autonomous manner. The intervention of its members, as members of both the supervisory body and the management body, renders the control process even

[75] See Article 6(4)(h) of the Audit Committee Regulation and Article 4.2 of the External Auditor Regulation.

more transparent, notably due to the special access afforded to the members of the Audit Committee to information and decision-making processes.

Directors and employees of other companies of the REN Group, as well as their respective advisors, may be called upon to participate (but not vote) in meetings of the Audit Committee, whenever the Audit Committee deems that their presence is necessary or convenient to the smooth running of the work.

The Audit Committee, as a supervisory body, has the powers and the duties stipulated by law and in the REN Articles of Association, therefore being particularly responsible for[76]:

a) Supervising the management of the Company;

b) Monitoring compliance with the law, the REN Articles of Association and applicable principles of corporate governance;

c) Confirming that the REN Corporate Governance Report includes the information set out in Article 29-H of the Securities Code and in CMVM Regulation No 4/2013, as amended;

d) Expressing their agreement or otherwise with regard to the annual management report and the accounts for the financial year;

e) Verifying, when and in the manner they see fit, cash in all its forms and stocks of any type of assets or values belonging to REN or received by REN as a guarantee, deposit or in other form;

f) Inspecting the accuracy of records, supporting documents and accounting books;

g) Verifying whether the accounting policies and the valuation criteria adopted by REN lead to a correct evaluation of property and results;

h) Preparing the annual report on their supervisory work;

i) Issuing an opinion on the report, accounts and proposal to distribute profits presented by management;

j) Convening the General Shareholders' Meeting whenever the Chairman of the Board of the General Shareholders' Meeting fails to do so;

k) Receiving alleged whistleblowing communications, in financial or others matters, submitted by shareholders, company employees or third parties;

l) ensure that the company's arrangements for receiving such communications, in confidence, allow a proportionate and independent investigation of such matters and appropriate follow-up actions;

m) Supervising the preparation and disclosure of financial information, in particular financial information by the Board of Directors or Executive Committee, including the adequacy of accounting policies, estimates, judgements and relevant disclosures, and their consistent application across financial years, in a duly documented and communicated format;

n) Inspecting the review of accounts in accounting documentation;

o) Hiring the services of experts who will assist one or several of its members in exercising their duties. The contracting and remuneration of experts must take into account the importance of the matters they are to deal with and the company's economic situation; and

p) Complying with other provisions set out in law or the Articles of Association.

In its relationship with other corporate bodies, the Audit Committee is also responsible for[77]:

a) Supervising the effectiveness of the risk management, internal control and internal audit systems. including monitoring, evaluating, giving opinion, and making proposals to improve the functioning of those systems so that the risks actually incurred by the company are consistent with the objectives set by the Board of Directors or Executive Committee;

b) Proposing to the General Shareholders' Meeting the appointment of the Statutory Auditor, first and alternate;

c) Supervising the independence of the Statutory Auditor, more specifically with regard to the provision of non-audit of additional services and its suitability for the performance of duties;

d) Representing the Company, for all purposes, with the Statutory Auditor acting as REN's interlocutor with it and being the first recipient of its reports;

e) Ensuring that the proper conditions for the provision of audit services by the REN Statutory Auditor are provided within the company;

f) Monitoring the activities of the Statutory Auditor on a regular basis by analysing their periodic reports and overseeing the audit and review processes. It also assesses any changes in procedures recommended by the or the Statutory Auditor;

[76] See Article 6(3) of the Audit Committee Regulations.
[77] See Article 6(4) of the Audit Committee Regulation.

g) Assessing the work carried out by the Statutory Auditor on an annual basis;

h) Providing prior approval on the contracting of any audit services from the Statutory Auditor by the Company, or any entity with a participating interest with the said auditor or which is part of the same network, explaining the reasons for such contracting in the annual report on Corporate Governance;

i) Approving the business plan for the following year and the activity report for the previous year from REN's Internal Audit Department; and

j) Approving the annual budget and staff members proposals for the Internal Audit Department of REN, which shall be submitted to the Executive Committee for final assessment, together with the proposals of all other REN departments.

At the level of control of compliance with applicable regulations, the Audit Committee supervises compliance with legal and statutory provisions, and is also responsible for:

a) To issue a prior and binding opinion addressed to the Board of Directors on the internal procedures to be adopted for the purposes of verifying transactions with related parties, under the legal terms in force;

b) Verify if the transactions with related parties are carried out within the scope of the Company's current activity and under market conditions;

c) To give a prior opinion on certain related party transactions, under the terms established by law and REN's internal regulations;

d) To analyse, jointly with the Board of Directors and/ or the Executive Committee, any relevant matters related to the compliance of the Company's activity and business with the applicable legal, regulatory and statutory provisions, as well as with the instructions, recommendations and guidelines issued by the competent entities; and

e) To analyse the communications from the Board of Directors regarding the conduct of business referred to in b) above.

The Audit Committee draws up an annual report on its supervisory activities (including references to any detected constraints). It also submits an opinion on the management report, the financial statements of the financial year, as well as on the Corporate Governance Report. They are published together with accounting documents on the REN website, and remain available for ten years.

The Audit Committee is the Company's main discussion partner and the first recipient of reports from the Statutory Auditor, representing it before the Statutory Auditor and seeking to ensure that, within the Company, suitable conditions are provided for them to carry out their work.

The Audit Committee is responsible for regularly monitoring the activities of the Statutory Auditor[78] by analysing their periodic reports and overseeing the audit and review processes. It also assesses any changes in procedures recommended by the Statutory Auditor . The monitoring of the independence of the statutory auditor is based on regular contact with the auditor, through which he is asked to indicate the absence of circumstances that might hinder his independence, as well as the proper handling of any information that may be obtained by the Audit Committee on the subject, within the scope of its duties.

As REN has adopted a corporate governance model based on an Anglo-Saxon model and the supervisory body consists of non-executive directors who are on the Board of Directors, in addition to the powers referred to above, the Audit Committee, acting as supervisory body, also has the general powers of non-executive directors.

In turn, in accordance with the Portuguese Companies Code[79], the Statutory Auditor is responsible for the examination and verification required for the review and legal certification of the accounts. He is also responsible for verifying the correctness of books, accounting records and documents used as support, the accuracy of documents providing accounting information and if the accounting policies and valuation criteria adopted by REN lead to a correct evaluation of its property and results.

IV. STATUTORY AUDITOR

IV.39. Identification of the Statutory Auditor and of the key auditor partner representing the Statutory Auditor

The office of permanent Statutory Auditor of the Company is carried out by the auditors Ernst & Young, Audit & Associados, SROC, SA, registered with the Portuguese Institute of Statutory Auditors under No 178 and registered at CMVM under No 20161480, represented by Rui Abel Serra Martins (S.A. No 1119), who also carries out the duties of External Auditor.

The alternate Statutory Auditor of the Company is Ricardo Miguel Barrocas André, registered with the Portuguese Institute of Statutory Auditors under No 1461.

[78] See Article 6(4)(f) of the Audit Committee Regulation.
[79] See Article 420.

IV.40. Indication of the number of years which the Statutory Auditor has consecutively carried out duties for the Company and/ or group

The REN Statutory Auditor (Ernst & Young, Audit, SROC SA) was initially hired to carry out these duties in 2018. It is currently in its second term of office (2021-2023).

In light of the applicable legal and regulatory framework, the appointment of Ernst & Young, Audit & Associates, SROC SA for its first term of office took place following a selection process for a new Statutory Auditor. The REN Audit Committee was responsible for this process which was performed in an equitable manner, and legislation and recommendations in force at the time in full compliance with. In 2021, the Audit Committee concluded that, during the first mandate of the Statutory Auditor, corresponding to the 2018-2020 three-year period, it provided its services in a satisfactory and independent manner and showed adequate technical rigour in its work, thus justifying its re-election for the 2021-2023 term, which was approved by the general meeting.

IV.41. Description of other services provided by the Statutory Auditor to the Company

In addition to the services as Statutory Auditor detailed in III.38., the services referred to in V.46 were also provided, as external auditor.

V. EXTERNAL AUDITOR

V.42. Identification of the External Auditor for the purposes of Article 8 and of the respective key auditor partner representing the former in the carrying out of these duties, along with the relevant CMVM registration number

REN's External Auditor, as in the case with the Statutory Auditor, is Ernst & Young, Audit & Associados, SROC,S.A., registered with the Portuguese Institute of Statutory Auditors under No 178 and registered at CMVM under No 20161480, represented by Rui Abel Serra Martins (S.A. No 1119).

The election of Ernst & Young, Audit & Associados, SROC S.A. for its first term took place following a selection process for a new external auditor, under the responsibility of REN's Audit Committee and carried out in an equitable manner, thus continuing in full compliance with the legislation and recommendations in force at the time.

V.43. Indication of the number of years during which the External Auditor and respective Statutory Auditor have carried out duties for the Company and/ or group

REN's External Auditor (Ernst & Young, Audit & Associados, SROC SA), and the respective partner, was initially hired to carry out these duties in 2018, meaning they have consecutively held office at REN for six years. They are currently in their second term (2021-2023).

V.44. Rotation frequency and policy for the External Auditor and respective key auditor partner representing the former in the performance of these duties

The frequency and rotation policy of the external auditor and the respective statutory audit partner are defined in the External Auditor Regulations, approved by the Audit Committee on 30 November 2023.

As for the periodicity, under the terms of Article 3.2 of the External Auditor Regulation and Article 27 of REN's Articles of Association, the external auditor must be appointed for an initial term of three years, with the initial term and any renewals not exceeding a maximum of ten years, in accordance with Article 17(1) of Regulation (EU) No 537/2014.

As for the partner responsible for directing or carrying out the statutory audit, the maximum period of office is two terms, and they may be reappointed after a minimum period of three years (articles 3.2.3 of the External Auditor Regulation and 54.2 of the Statutes of the Portuguese Institute of Statutory Auditors, applicable to REN as a "public interest entity").

Considering the aforementioned framework, and that Ernst & Young, Audit & Associados, SROC S.A. has been in office since 2018, the Company is in compliance with the legal rotation period for the external auditor. As for the statutory audit partner, considering that he was also elected in 2018 and that the legal period of consecutive exercise of the statutory audit is seven years, and that in accordance with the External Auditor Regulation, he can hold office for two terms, the company is in compliance with the statutory rotation period of the statutory audit partner. However, he will have to be replaced in the next term of office.

As for the rotation policy, similarly to the election, the renewal of the Statutory Auditor must be approved by the General Meeting, on a proposal from the Audit Committee (see article 3.2.4. of the External Auditor Regulations).

If the assessment of the Statutory Auditor's work at the end of their term of office is negative, a new selection process for a Statutory Auditor is initiated, under the terms revised in the External Auditor Regulations for the selection, hiring, appointment and dismissal of the Statutory Auditor.

V.45. Indication of the body responsible for assessing the External Auditor and frequency of the assessment

On an annual basis, the Control, Accounting and Tax Department must submit to the Audit Committee an Evaluation Report on the performance of the statutory auditor and external auditor in the previous year (see article 3.3.1 of the External Auditor Regulation). The Audit Committee is then responsible for undertaking an annual assessment of the Statutory Auditor and External Auditor.

The Audit Committee is responsible for regularly monitoring the activities of the External Auditor by analysing their periodic reports and overseeing the audit and review processes. It also assesses any changes in procedures recommended by the External Auditor.

The Audit Committee is also responsible for overseeing the independence of the Statutory Auditor and External Auditor and issuing prior approval of the contracting of different audit services from the External Auditor or from any entity with a participating interest with the said External Auditor or which is part of the same network monitoring the maintenance of this independence. In addition to the independence of the Statutory Auditor, the Audit Committee takes into account other parameters in its assessment, such as knowledge of the business, analysis of the cost of the service, as well as the relationship and collaboration of the Statutory Auditor with REN's management and supervisory bodies (see Article 3.3.3. of the External Auditor Regulation).

If the Audit Committee considers that there are serious or unresolved facts regarding the quality of the audit or that jeopardise the independence of the Statutory Auditor, it must inform the Board of Directors, which, if it so decides, must ensure that they are duly communicated to the supervisory authorities.

In the event of a negative assessment resulting from facts that could be considered just cause for dismissal, the Audit Committee must initiate the procedure for dismissal of the Statutory Auditor, which is provided for in point 3.4. of the External Auditor Regulations.

In 2023, the Audit Committee carried out its evaluation of the services provided to the Company by the External Auditor. The Audit Committee considered that the External Auditor provided its services in a satisfactory manner and complied with the applicable standards and regulations, including international standards on auditing, and that they performed their activities with high technical accuracy.

V.46. Identification of non-audit services provided by the External Auditor to the Company and/ or companies in a controlling relationship, as well as an indication of internal procedures for the approval of the hiring of these services and an indication of the reasons for their contracting

Non-audit services provided by the External Auditor/ Statutory Auditor for REN consisted essentially in agreed auditing procedures such as the interim audit, or procedures to validate financial ratios and issuance of comfort letters.

As part of compliance with the independence rules established in relation to the External Auditor/ Statutory Auditor, in 2023, REN's Audit Committee accompanied the provision of non-audit services in order to ensure that situations of conflicts of interest would not arise. The Audit Committee approved the provision of these services by the External Auditor, due to fact that they were matters in relation to which the specific knowledge of the company in terms of auditing, as well as its complementarity regarding audit services, would justify such award, based on the associated cost control.

REN considers that it complies with Article 77 of Law No 140/2015 of 7 September, as in force for the year 2023.

The procedure for contracting services other than auditing services, described in III.37., which has always complied with the law, as of November 30, 2023, the date on which the Audit Committee approved the External Auditor Regulation, has also come to comply with this regulation.

V.47. Indication of the annual amount of remuneration paid by the Company and/ or by companies in a group with or controlling relationship to the auditor or to other companies or individuals belonging to the same network and breakdown of the percentages allocated to the respective services below (for the purposes of this information, the concept of a network is that arising from EU Recommendation C(2002) 1873 of 16 May[80])

In the financial year ending 31 December 2023, the statutory auditor for REN – Redes Energéticas Nacionais, SGPS, S.A. and its subsidiaries was Ernst & Young, Audit & Associados, SROC S.A. The exception was REN Trading where the statutory auditor was PricewaterhouseCoopers & Associados – SROC, S.A. The total sum recorded for audit services and the legal review of accounts and other services provided by the statutory auditors in 2023, was 631,882.69 euros, broken down as follows:

Ernst & Young, Audit & Associados, SROC S.A. and its network – 564,320.20 euros; and

PricewaterhouseCoopers & Associados – SROC, S.A. and its network – 67,562.49 euros.

Ernst & Young, Audit & Associados, SROC S.A. and its network

NOME	COMPANY (REN SGPS)[81]	OTHER COMPANIES[81]	TOTAL	%
Audit and legal review of accounts	79,920.00	327,920.70	407,840.70	72.3
Other reliability guarantee services	76,000.00	20,029.50	96,029.50	17.0
Services other than audit services or legal review of accounts	26,450.00	34,000.00	60,450.00	10.7
	182,370.00	**381,950.20**	**564,320.20**	**100.0**

PricewaterhouseCoopers & Associados – SROC, S.A. and its network

NOME	COMPANY (REN SGPS)[81]	OTHER COMPANIES[81]	TOTAL	%
Audit and legal review of accounts	-	9,000.00	9,000.00	13.3
Other reliability guarantee services	-	-	-	-
Services other than audit services or legal review of accounts	6,090.00	52,472.49	58,562.49	86.7
	6,090.00	**61,472.49**	**67,562.49**	**100.0**

[80] In accordance with the Corporate Governance Report Model approved by CMVM Regulation No 4/2013, for the purposes of this information this is the applicable concept of "network". However, Article 3 of the later Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 (on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC) states that the concept of network must be satisfied as defined in Article 2(7) of Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006. As this is the legislation currently in force for the specific requirements for the legal review of accounts of public-interest entities, this is the concept of network which has been adopted by REN.

[81] Including individual and consolidated accounts.

8.3 INTERNAL ORGANIZATION

I. ARTICLES OF ASSOCIATION

I.48. Rules applicable to changes to the Company's Articles of Association (Art. 29-H(1)(h)

Changes to the Articles of Association are subject to the relevant rules as stipulated by law[82] and in the Articles of Association themselves[83]. In this regard, please see point 8.1.1, II.14.

II. WHISTLEBLOWING POLICY

II.49. Whistleblowing Policy and Means on irregularities occurring in the Company

Stakeholders/ whistleblowers (shareholders, members of corporate bodies, managers, directors, senior officials, employees, service providers, suppliers, contractors, subcontractors, volunteers, interns, clients or other stakeholders in REN, REN Group companies or third parties) may communicate any irregularities, irrespective of whether the reports are based on information obtained in a professional relationship that has since ended, as well as during the recruitment process or during another pre-contractual negotiation phase of an established or not constituted professional relationship. REN Group adopts measures which are intended to prevent, stop or sanction irregularities potentially causing adverse effects on the Group[84].

This system covers the report of irregular practices by shareholders, members of corporate bodies, managers, directors, senior officials, employees, service providers, clients, partners, consultants, suppliers or collaborator of the REN Group, due to or within the context of their duties.

In this regard it is important to note that the concept of "Irregularity"[85] includes any situation that a specific whistleblower detects, is aware of or has well-founded doubts about the commission of any illicit acts, infractions or irregularities relating to violations of the law, statutory, ethical or professional ethics standards, including those contained in the REN Group Code of Conduct and the REN Group Integrity Policy, or any standards contained in any internal documents or regulations, recommendations, or guidelines applicable to REN, or any REN Group company, concerning:

- Acts or omissions;
- Documentation, in a physical or electronic format;
- Decisions, orders, guidelines, recommendations, opinions and press releases,
- Actions by shareholders, members of corporate bodies, any manager, director, senior officials, employee, service provider, client, partner, consultant, supplier or collaborator of the REN Group, due to or within the context of their duties.

It is understood that reportable irregularities include all of those that could result in illegal acts which constitute criminal, civil or administrative offences or which are related to:

i) Public procurement;

ii) Financial services, products and markets and the prevention of money laundering and terrorist financing;

iii) Product safety and compliance;

iv) Transport security;

v) Environmental protection;

vi) Protection against radiation and nuclear safety;

vii) Food and feed security, animal health and animal welfare;

viii) Public health;

ix) Consumer protection;

x) Protection of privacy and personal data and security of information network and systems;

xi) Any accounting and financial matters, including acts or omissions harmfull to the financial interests of the European Union;

xii) The rules of the internal market, including competition and state aid rules, as well as corporate tax rules;

xiii) The internal risk management system; and

xiv) The audit activity carried out at REN or at any of the REN Group's companies.

REN currently has four channels for reporting irregularities. Irregularities can be reported voluntarily, orally or in writing.

[82] See Article 383 of the Portuguese Companies Code.
[83] See Article 11 of REN's Articles of Association.
[84] See Articles 6(3)(k) and (l) and 8 of the Audit Committee Regulations and the document "Applicable procedures for reorting and investigating irregularities, available at www.ren.pt.
[85] See Section VI (Concept of "Irregularity") of the document "Applicable procedures for reporting and investigating irregularities".

Reports made verbally can be made through telephone (210013511) and, at the request of the whistleblower, in a face-to-face meeting. For written reports there are three channels. Written reports can be sent by letter to the address of the head office of the REN Group, or to the e-mail address comissao.auditoria@ren.pt, which is reserved for the members and secretariat of the Audit Committee. In the case of REN Portgás, it is possible to send written reports using a form available on the company's website . In these cases, the reports are received by the Board of Directors of REN Portgás and subsequently forwarded to the Audit Committee[86].

The REN Group adopted at the beginning of 2024, a new whistleblowing channel, with the aim of strengthening the existing ones and reinforcing the infrastructure for collecting and analysing information on irregular practices, based on an electronic platform that ensures encryption andabsolute anonymity of whistleblowers. This initiative is part of the REN Group's commitment to principles of integrity and complete alignment with current legislation.

Reports will always be dealt with confidentially and are of restricted access to the people responsible for receiving and following up reports - which does not prevent the whistleblower, if he or she so wishes, from revealing his or her identity in the report, which will only be disclosed as a result of a legal obligation or court decision (with prior notification to the whistleblower). The identity of the whistleblower shall only be disclosed for the purposes of investigation in cases where the whistleblower expresses his or her consent.

The Audit Committee assesses the situation described in the report and proposes actions that, in each specific case, are deemed appropriate, in accordance with the internal regulations "Applicable procedures for reporting and investigating irregularities" approved by the Board of Directors.

REN implemented the mechanisms with regard to the prevention and detection of fraud and errors and the verification of the operations and business of the REN Group with the applicable legal and regulatory provisions, including the general policies and regulations of REN, carried out by the Risk Management Committee, further described in III.54. below.

REN's Group Integrity Policy, aiming to define the principles of action and duties applicable to employees of REN Group companies and other partners, in order to prevent the commission of illegal acts, namely crimes of corruption, money laundering and terrorism financing, and to promote ethics, integrity and transparency in doing business, ensuring compliance with current legislation and regulations, is attached to the REN Group Code of Conduct, which sets out the principles, values and rules concerning ethic and professional conduct to be complied with by all employees and members of corporate bodies of REN's Group.

Hence, the fight and prevention of the commission of illegal acts, namely corruption, money laundering and terrorist financing crimes, constitute fundamental bases for the principles and duties applicable to the Group and its employees. Within this context reference should be made to the considerations included in the 2023 Integrated Report dedicated to "Sustainability" in the Materiality section and in subchapters 2.1 Strategy, 3.3 Culture of ethics and the fight against corruption and 4. Our contribution, which details the implementation of stakeholder consultation and its results, priorities and new topics materially relevant, including those relating to governance and ethics.

III. INTERNAL CONTROL AND RISK MANAGEMENT

III.50. People, bodies or committees responsible for internal audit and/ or for the implementation of internal control systems

The management and supervisory bodies of the Company have attributed growing importance to the development and improvement of the internal control and risk management systems, with a significant impact on the activities of the REN Group companies. This approach has been in line with national and international recommendations, the Company's size and business and the complexity of the associated risks.

The Executive Committee and, ultimately, the Board of Directors, are responsible for creating and managing the internal control and risk management systems, including the setting of objectives, which, with the various contributions of the relevant committees and commissions, is responsible for establishing the ultimate risk policy of REN and the Group.

The Audit Committee is responsible for assessing the Executive Committee in the

[86] See Chapter VII (Reporting of Irregularities) of the document "Applicable procedures for reporting and investigating irregularities".

analysis of the integrity and efficiency of REN's internal control and risk management systems, including the submission of proposals to improve operations and amendments in accordance with REN's requirements[87]. The Audit Committee reports on the work plans and resources allocated to internal control services, including control of compliance with company rules (compliance services) and internal audit, and receives the reports made by these services. Such reports involve dealing with matters relating to the rendering of accounts, the identification or resolution of conflicts of interest and the detection of potential irregularities. Checks are also made that the risks actually incurred by the company are consistent with the objectives set by the Board of Directors.

For the purposes of this control, the Audit Committee has implemented in particular the following measures: i) holding meetings, up to twice a year, with the Risk Management Committee; ii) periodic audits (performed by the internal audit department); iii) implementing risk detection systems; and iv) implementing mechanisms to verify the obligations of Group companies, in particular, monitoring their compliance with concession agreements.

In addition to this annual risks assessment, the Audit Committee assesses the Company's management which comprises, in particular, the assessment of the internal functioning of the management body, its committees, the accounts and compliance with plans and budgets. It also follows-up on the implementation of recommendations. Therefore, in its action plan for activities to be carried out in 2023, the Audit Committee considered a range of investigations and assessments into the operation and suitability of the internal control and governance and risk management systems, having held several meetings with the Statutory Auditor and External Auditor and with the heads of different departments, namely: Acquisitions, Control, Accounting and Tax, Institutional Relations, Legal Services, Operational Services and Information Systems. The Audit Committee added to the activity plan the monitoring of the implementation of recommendations arising from the internal control system. Finally, the Audit Committee's activity plan included the specific training of REN's managerial staff with audit functions.

The External Auditor verifies the efficiency and operation of the internal control mechanisms, as part of its legal review of financial statements, and reports any significant deficiencies to the Audit Committee.

The Internal Audit Department, which functionally reports to the Audit Committee, has the mission to ensure control of management risks and of the internal control and governance system of REN Group, through objective, independent and systematic auditing actions, particularly with regard to the different Departments, activities, systems, procedures, processes, policies and governance. Internal Audit is also responsible for proposing improvements to established processes and policies, and also propose actions for the monitoring indicators and risks, in order to improve the internal control system, as well as optimize the performance of the various areas of the REN Group.

The mission of the Risk Management Committee, created in 2011, is to support the Board of Directors in monitoring the Group's risks, as well as ensuring the enforcement of risk management policies common to the entire REN Group and the internal disclosure of best practices for risk management. Therefore, REN believes that it complies with Recommendation VII.2. of the IPCG Code, which requires the company to have a specialized commission or committee made up of risk specialists, which reports regularly to the board of directors.

To carry out its mission, the Risk Management Committee's main functions are to:

- Promote the identification and systematic assessment of corporate risks and their impact on REN's strategic objectives;
- Categorize and prioritize the risks to be addressed, as well as the corresponding preventive opportunities identified;
- Identify and define the persons responsible for risk management;
- Monitor significant risks and REN's general risk profile;
- Approve regular risk reporting mechanisms by different businesses areas; and
- Propose, by submitting to the Executive Committee, recommendations for prevention, mitigation, sharing or transfer of material risks.

In 2023, the Risk Management Committee continued to support the Board of Directors in monitoring the Group's risks, as well as ensuring the enforcement of risk management policies common to the entire Group, policies that were ultimately approved by the Board of Directors after gathering this contribution, and the internal disclosure of best practices for Risk Management.

III.51. Explanation, even though by organisational chart, of the hierarchical and/ or functional relationships of other Company bodies or committees

The Internal Audit Department reports in terms of functions and hierarchy to the Audit Committee, notwithstanding its relationship with the Company's Executive Committee.

As part of its supervisory function and powers expressly set out in the internal

[87] See Article 3(4)(a) of the Audit Committee regulations.

regulations, the Audit Committee supervises the internal audit procedure, notably through the presentation of proposals to improve its operation[88]. To this effect, the Audit Committee carries out an appraisal of the work plans and resources available to the Internal Audit Department, supervises the activity and has access to all reports prepared by the GSAD-AI including, amongst others, matters relating to accounts, potential conflicts of interest and the detection of possible irregular practices.

The Risk Management Committee is chaired by the executive director Gonçalo Morais Soares, and is composed of several front-line officers, with the REN Executive Committee appointing, in 2021, Maria José Clara as operational coordinator. The Risk Management Committee reports to the Executive Committee and Audit Committee, in line with the periodic control procedures in place.

III.52. Existence of other functional areas with competences for risk control

No other functional areas with powers relating to risk control exist beyond those referred to in III.50.

III.53. Identification of the main types of risk (economic, financial, legal and operational) to which the Company is exposed when conducting business

When conducting business in all of its areas of operation or those of its subsidiaries, REN is subject to multiple risks. These have been identified with the aim of mitigating and controlling them.

The 'appetite for risk' reflects the level of risk the company is willing to take on or to retain in pursuing its goals. REN adopts a prudent position with regard to its appetite for risk.

In 2023, the Risk Management Committee, with support from those responsible for of the units/ organic areas (Risk Owners) and in the light of the current external context (e.g. regulatory, financial markets, interest rates) and other factors related to the development of its activity and responsibility in meeting the targets set for decarbonisation, began to re-evaluate the various risks to which REN is exposed, leading to updating the risk profile and redefining indicators (and monitoring metrics) that are essentially forward-looking, so that they provide quality information for decision-making.

The most serious risks for the REN Group are shown in detail below, with their category and subcategory.

#	CATEGORY	SUBCATEGORY	NATURE	RISK EVENT
1	**Surrounding environment**	**External context**	Regulatory	Changes to the regulatory model and parameters
2			Financial Markets	Evolution of REN's rating
3	**Processes**	**Operational**	Investment projects	Delay in implementing investment plans (due to licensing)
4				Delayed project execution
5			Interruption of business	Network disruption
6			Health & Safety	Occurrence of serious work accidents
7			Information technology and security	Unavailability of information systems
8				Occurrence of information security events - Cybersecurity

[88] See Article 6(4)(a)i) and (j) of the Audit Committee regulations.

Changes to the regulatory model and parameters

The risk of changes to the regulatory model and/ or regulator decisions may affect the company's ability to run its business efficiently and is linked to the fact that the activity carried out by REN is a regulated activity.

REN manages such risk by systematically monitoring the progress of the regulatory strategy as well as European regulatory trends in relation to activities carried out by REN so as to prevent/ analyse the impacts of possible changes. Following the change in the regulatory model for the electricity sector and its impact on REN's activity, the indicators associated with this risk were revised in order to make the strategic objectives compatible with the model in force.

Evolution of REN's rating

Changes to REN's rating could be affected by REN's financial and business performance, as well as by the international environment and by any rating of Portugal.

The fluctuation of interest rates and credit speads can have an impact on remuneration from regulated assets and on REN's debt service. A change to relevant benchmarks levels of market interest rates and credit spreads could result in higher financing expenses for the REN Group.

REN manages this risk by building a solid liquidity position and efficiently managing its financing needs through the evolution of some specific indicators, perceived knowledge and combined with effective communication actions to the market and the different financial agents. Exposure to the effects of changes in interest rates and credit spreads is managed by contracting financial derivatives and the appropriate selection of the terms of the financial instruments and the time of contracting, with the aim of achieving a balanced relationship between fixed and variable interest rates, appropriate debt maturities and, naturally, a sustained minimization of financial costs in the medium and long term. These measures are usually accompanied by communication and consultation with the market and the various financial agents.

Delay in implementing investment plans (due to licences)

The existence of delays both in the approval of investment plans, and in the execution plans, by the grantor or by other authorities can cause significant delays in implementing new infrastructures with an impact on the quality of the service provided.

The processes of obtaining authorisations, environmental licensing or injunctions filed by third parties may compromise the entry into operation of the assets within the deadlines set for the projects included in the investment plans.

REN has adopted preventive procedures for managing this risk that involve monitoring actions by the competent authorities and other entities involved and local communities, in the licensing and approval processes of the investment to be made.

Delays in project execution

Delays in the approval of both investment plans and execution plans by the grantor or other responsible entities, plus financial/ operational difficulties on the part of service providers and suppliers to ensure compliance with contracted services or contracts, can cause significant time lags in the entry into operation of new infrastructure, with an impact on the quality of the service provided, compliance with agreements signed with promoters and the objectives of decarbonisation and combating climate change.

In order to minimise the impact of this risk, based on prospective indicators and mitigation measures, REN promotes a series of actions with the competent authorities and other entities involved in these processes, in order to obtain the necessary approvals and promote the implementation of network development and reinforcement projects in good time.

Network disruption

The infrastructures supporting REN's operations are exposed to a series of conditions (pollution, atmospheric conditions, natural events, birdlife, fires, rural, etc.), which could cause interruptions to the service.

The company's performance may be influenced by the occurrence of these events that cause disruptions to the electricity and/ or gas supply service and by the possible difficulty of restoring the service in good time.

Some of the actions taken to minimise the potential impact of this risk are the development and implementation of the business continuity plan (integrated internally and with other European operators), and other technological and network monitoring measures. Effectiveness is tested by carrying out simulations to check the ability to respond to emergency and crisis situations, the activation of recovery plans and the subsequent restoration of normality in the event of an incident.

Occurrence of serious work accidents

Non-compliance with safety and operational procedures for equipment could result in the occurrence of serious work accidents with personal damage during work organized by REN.

This risk is managed through awareness-raising actions, inspections and the effective implementation of the occupational safety management system, involving all REN employees and service providers, with specific training for operations involving associated risks and the development and implementation of corrective and preventive actions, based on lessons learned, resulting from the investigation and detailed analysis of incidents that have occurred, in order to prevent their recurrence.

Unavailability of information systems

REN's activities rely heavily on the information systems and technologies used within the Group. Therefore, the availability of information systems and their capacity to meet Company needs are crucial to REN's good performance.

This risk is managed by constantly updating systems, communications networks and the respective support services, by periodically reviewing and updating network and security configurations. At the same time, performance tests are carried out and measures implemented to guarantee the availability of critical systems, such as redundant communications and the protection of these systems from potentially dangerous traffic/ access.

Occurrence of cybersecurity events

The current context of profound technological disruption, to which REN is no stranger, implies a reinforcement of existing information security capabilities, resulting not only from the increased complexity of system architectures and the perimeters in which they operate, but also from the speed at which they may change.

In this sense, REN has been training in the management of the resulting risks, investing in good practices in cyber security matters, both in terms of resilience and prevention, using specific systems, processes and controls to identify vulnerabilities and promoting the implementation of solutions that guarantee the resilience of systems and the protection of information.

To manage this risk, REN appointed Gonçalo Morais Soares, member of the Board of Directors, responsible for REN's cybersecurity/ information security strategy.

Environmental and social sustainability

With regard to climate risk, REN takes climate change into account in the organization and incorporates the analysis of this risk into decision-making processes, to the extent that its organization has a Sustainability Committee. This Committee supports and advises the Board of Directors on integrating sustainability principles into the REN Group's decision-making and management processes, with the aim of creating a positive impact on employees, communities and ecosystems in which the REN Group works and other stakeholders (Article 3 of the Sustainability Committee Regulations). The Sustainability Committee is responsible for:

a. Collaborate in defining, updating and reviewing the sustainability strategy of the REN Group;

b. Giving an opinion on the resources needed and monitoring the implementation of the sustainability strategy;

c. Monitoring and reporting to the Board of Directors on the application of policies in the economic, social and environmental dimensions, including matters related to environmental protection and social responsibility, in accordance with the strategy, commitments and objectives established;

d. Monitoring and reporting to the Board of Directors on the implementation of policies in the economic, social and environmental dimensions;

e. Collaborate in the development of the annual sustainability report that summarizes the implementation of the sustainability strategy adopted by REN Group, including the review of external information on sustainability, in particular the REN sustainability report and/ or the chapter on sustainability included in the accounts report;

f. Issuing opinions on any topic related to sustainability, at the request of the Board of Directors or on its own initiative, promoting the adoption of the best national and international practices; and

g. Carry out other duties or responsibilities in the area of sustainability delegated to the Sustainability Committee by the Board of Directors.

The Sustainability Committee is an informative and advisory committee whose information is non-binding (Article 3(2) of the Sustainability Committee Regulations).

Considering the competencies and functioning of the Sustainability Committee, REN considers that it complies with Recommendation VII.8 of the IPCG Code, considering climate change in the organization and taking climate risk analysis into account in decision-making processes (see also subchapter 2.3 Risk management of the Integrated Management Report). Compliance with this Recommendation is further ensured by what is reported below, in section III. 54.

In addition, REN has an internal sustainability platform for collecting and processing sustainability-related data. The Sustainability and Communication and Operational Sustainability areas are responsible for monitoring data related to sustainability, providing information on performance and actions taken to the Sustainability Committee, Executive Committee and Board of Directors. The main events in terms of ESG (Environment, Social and Governance) are reported to the Board of Directors on a monthly basis. In addition, REN identifies the risks and opportunities associated with the climate that affect its activity (see also subchapter 2.3 Risk management of the Integrated Management Report).

Stakeholders are consulted every two years to review materially relevant topics. The most recent materiality review carried out in 2023 took into account some of the aspects of the dual materiality requirements of the European Sustainability Reporting Standards (ESRS), the guidelines of the GRI Standards and SASB Standards, as well as an analysis of reference peers. The materiality review process resulted in the revision of REN's sustainability strategy, which included a review of the priority areas of action, as well as the identification of commitments, targets and initiatives for its fulfilment.

The Sustainability Committee must warn the Board of Directors of the risks related to environmental and social sustainability and propose strategies for mitigating t hem, by exercising its powers to define, update and review the REN Group's sustainability strategy.

Therefore, REN considers that it complies with Recommendation VII.7. of the IPCG Code.

III.54. Description of the risk identification, assessment, monitoring, control and management process

It is considered that a risk management and internal control system – as implemented by REN – should meet the following objectives:

- Guarantee and supervise compliance with the objectives set by the Board of Directors;
- Ensuring legal compliance, policies, managing the needs and expectations of stakeholders;
- Identify the risk factors, the consequences of the occurrence of risk and the mechanisms for dealing with and minimizing risk;
- Align admissible risk with REN Group strategy;
- Ensuring the quality, reliability and integrity of information;
- Ensure the complete, reliable and timely preparation, processing, reporting and disclosure of all information, including financial and accounting information and apply an appropriate management information system;
- Ensuring the prudent and proper operation, maintenance, safeguarding and valuation of assets;
- Improve the quality of decisions; and
- Promote the rational and efficient use of resources.

As such, in pursuing the objectives stated above, REN’s Risk Management Committee in co-operation with the heads of the units/ organic areas of the group companies, is responsible for identifying and evaluating the inherent risks involved in REN’s activities stated in III. 53., also seeking to support the monitoring of significant risks and define REN’s general risk profile.

Based on an assessment of the context (external and internal) and the benchmarks in which it operates, REN characterises the risks to which it is exposed, defining a risk profile and the criteria for specifying the magnitude and type of risks it may or may not assume (level of risk acceptance or "risk appetite") and their appropriate treatment.

The characterisation of risks makes it possible to i) identify them, establish the probability of occurrence and the magnitude of the impact and ii) determine the priority risks to be dealt with and the respective strategies for controlling and mitigating them. It is carried out on an annual basis and takes place in three stages:

- Risk characterisation is carried out in the first instance by those responsible for the different business areas (Risk Owners);
- The most severe risks are communicated to and monitored by REN's Risk Management Committee; and
- REN's Risk Management Committee reports them to the Executive Committee and the Audit Committee.

The Risk Management Committee assesses the severity (seriousness and probability of occurrence of potential risks) and classifies existing risks by category, subcategory and potential impact on business continuity. In this way, it determines REN's risk profile and the risks that will be monitored and their evolution tracked, based on the following principles, including those associated with ESG issues:

- To aligne the defined strategy and objectives;
- To strengthen and improve effectiveness and efficiency in the use of resources;

- To resolve vulnerabilities and protecting assets;
- To analyse the information producing, treating and processing system;
- To check the reliability and accuracy of financial, accounting and other kinds of information;
- To check for compliance of the Group's operations and business with applicable legal and regulatory provisions, as well as with general policies and Company regulations; and
- To promote operational effectiveness and efficiency.

After identifying and assessing the risks, the Risk Management Committee identifies the appropriate measures to eliminate, mitigate or control the risks and communicates the result of its analysis to the Executive Committee and the Audit Committee. The Risk Management Committee also endeavours to apply prevention, control and mitigation measures by drawing up an action plan with priorities established according to the degree of risk and internally disseminates best practices in corporate risk management.

As part of the REN Group's risk management system, the following activities were carried out in 2023, among others:

- Review and updating by the Risk Owners of the risks under their responsibility and communicated to the Risk Management Committee;
- Review and updating of the list of greatest risks and redefining REN's risk profile; and
- Optimisation of the technological solution which will improve the functioning of the risk management process – SAP GRC RM.

It should further be noted that REN has implemented a series of changes to its internal control and risk management systems, involving the components previously provided for in CMVM Recommendations and currently provided for in the IPCG Code. It has also been guided by the rules of the International Organization for Standardization (ISO).

In addition, REN has been integrating sustainability criteria into its decision-making process. This integration is already expressly provided for in the process of selecting the Statutory Auditor, which is also the external auditor. In accordance with article 3.1.2, c), iv, of the External Auditor Regulations, the specifications that must be drawn up for the audit firms invited to take part in the tender to select the Statutory Auditor must include, among the selection criteria, the resources allocated to the audit, namely the team and its qualifications, knowledge and ability to audit ESG criteria.

On the other hand, the agreement to be concluded with the statutory auditor must include an audit of compliance with sustainability reporting, namely in terms of environmental, social and governance information in accordance with the ESG criteria in force (article 3.1.4., k), of the External Auditor Regulations).

The Audit Committee is obliged to review the Regulations on the External Auditor in the event of a revision of the Directive on sustainability reporting or of the standards on sustainability reporting, if this revision has an impact on the Regulations (articles 6.4.1. and 6.4.2., h) and i), of the External Auditor Regulations).

In these terms, REN ensures the necessary control and audit of the sustainability report, which is one of the ways in which REN considers climate risks in the organization and how it considers climate risk analysis in decision-making processes, in compliance with Recommendation VII.8. of the IPCG Code.

In 2023, the company continued to implement a homogeneous and integrated corporate risk management strategy across the entire organization, aligned and structured in accordance with the specific priorities and features of each of the company's areas.

III.55. Main elements in the internal control and risk management systems implemented at the Company with regard to the financial information disclosure process (Art. 29-H(1)(l)

REN regularly provides information, including financial information, to strictly monitor its operations. In this regard, all management information provided both for internal use and for disclosure to other organizations and to the market, is prepared on the basis of sophisticated IT systems. REN carries out initiatives that seek to continually improve the support information processes and systems that produce financial and management information and other information, as better described in the previous section.

It is the Audit Committee's responsibility to supervise the process for the preparation and disclosure of financial information. As such, the Audit Committee held meetings to monitor these processes with the members of the Executive Committee, the Statutory Auditor and External Auditor and with those responsible for the financial management department, accounts and management planning and control.

In addition, it is the responsibility of the Ethics and Corporate Governance Committee to promote the adoption of guidelines regarding information disclosed to the market. It is the responsibility of the Investor Relations Office (IRO) to coordinate, prepare and disclose all the information made available by the REN Group regarding the disclosure of inside information and other communications to the market. IRO is also responsible for the publication of the periodic financial statements, as well as developing and maintaining the investor relations page on the company's *website*.

IV. INVESTOR SUPPORT

IV.56. Service responsible for investor support, composition, functions, information provided by this service and contact information

The service responsible for investor support is the IRO. It was founded in July 2007 and works exclusively in the preparation, management and coordination of all activities necessary to achieve REN's objectives in its relations with shareholders, investors and analysts, as well as the regulator (CMVM). This office ensures communication that offers a full, coherent and comprehensive vision of REN, thereby facilitating investment decisions and creating sustained value for shareholders. It also provides clarification on information published by REN.

IRO contacts:

E-mail: ir@ren.pt

Madalena Garrido (Head of Department): madalena.garrido@ren.pt

Alexandra Martins: alexandra.martins@ren.pt

Mariana Asseiceiro: mariana.asseiceiro@ren.pt

Telma Mendes: telma.mendes@ren.pt

Address:
REN – Redes Energéticas Nacionais, SGPS, S.A.
C/ O: Investor Relations Office
Avenida dos Estados Unidos da América, 55
1749-061 Lisbon - Portugal

Telephone: 21 001 35 46

The IRO has the following main duties:

a) Act on REN's behalf with shareholders, investors and financial analysts, ensuring equality of service for shareholders and preventing information asymmetries;

b) Ensure that feedback from institutional investors is communicated to the Executive Committee;

c) Guarantee timely compliance with CMVM obligations and other financial authorities;

d) Coordinate, prepare and disclose all information made available by the REN Group with regard to disclosure of privileged information and other communications to the market, and in relation to the publication of periodic financial statements;

e) Systematically monitor the content of analyst research work with the aim of contributing to a correct evaluation of the Company's strategy and results;

f) Prepare and continuously monitor the financial and operational benchmarking of competitors and peer group;

g) Attract the interest of potential institutional investors, as well as a greater number of financial analysts;

h) Draw up an annual activities plan for the IRO, including road-shows, visits to investors and the organization of Capital Markets Day; and

i) Develop and maintain the Investor Relations page on the Company's *website*/ Investors app.

IV.57. Representative for market relations

Since 28 March 2012, the REN Representative for Market Relations has been the Director Gonçalo Morais Soares who is also the Chief Financial Officer (CFO) of the REN Group.

IV.58. Information on the proportion of, and response time to, requests for information received this year or in previous years and still pending

Investor requests were responded to in a timely manner, generally on the same day or, in cases where the request required the receipt of information from third parties, as soon as it was received. Within the scope of the DRI office's activity, around 50 requests for information (including emails and telephone contacts) were received from institutional and/ or retail investors, 80 meetings were held with investors, we took part in 15 conferences and roadshows (nationally and internationally), and we had 105 interactions with our analysts (including meetings and other clarifications) throughout the year. The considerable increase in the number of meetings with investors/ analysts, i.e. with the market, reinforced our focus on and commitment to these stakeholders, who are so important to REN.

Another form of contact with capital markets remained through conference calls commenting on the results of each quarter of the year, in which both analysts and institutional investors participated.

Also in relation to information duties, REN published, in line with the stipulated terms, press releases on the Portuguese Securities Market Commission and London Stock Exchange websites, amongst other entities.

REN maintains an updated record of requests for information lodged, as well as the treatment they received.

V. INTERNET SITE

V.59. Address(es)

The Company's website is available in Portuguese and English.

V.60. Place where information on the firm can be found, the quality of open company, its registered office and all other information mentioned in article 171 of the Portuguese Companies Code

On REN's website, in the area labelled "Investors", there is a tab called "Current Quotation", where information is published on the company, its type, head office and other details mentioned in article 171 of the CSC.

V.61. Place where the Articles of Association and operating regulations for the bodies and/ or committees can be found

On REN's website, within the area labelled "Investors", we find a tab on "Corporate governance and structure", within which, in turn, we find a series of tabs with information on the articles of association, regulations and documents:

- Articles of Association, in the "Articles of Association" tab;
- Board of Directors Regulations, in the "Board of Directors" tab;
- Audit Committee Regulations, in the "Audit Committee" tab;
- Executive Committee Regulations, in the "Executive Committee" tab;
- Ethics and Corporate Governance Committee Regulations, in the " Committees" tab;
- Nominations and Appraisals Committee Regulations, in the " Committees" tab;
- Remuneration Committee Regulations, in the " Committees" tab;
- Sustainability Committee Regulations, in the " Committees" tab;
- External Auditor Regulations, in the "Audit Committee" tab;
- Regulations on transactions with related partiesin the "Regulatory Compliance Programme" tab;
- Regulations on transactions of financial instruments by REN directorsin the "Regulatory Compliance Programme" tab;
- Regulations on Applicable Procedures for Processing Communications Regarding Irregularities and the Assessment of Irregularitiesin the "Regulatory Compliance Programme" tab;
- Regulations on procedures relating to the compliance with the Market Abuse Regulationin the "Regulatory Compliance Programme" tab; and
- Integrity Policy of the Groupin the "Regulatory Compliance Programme" tab.

V.62. Place where information is made available on the identity of members of the corporate bodies, the Representative for Market Relations, the Investor Support department or similar structure, their respective functions and means of access

On REN's website, within the area identified as "Investors", there is a tab relating to "Corporate governance and structure", within which we find the composition of the governing bodies.

On the other hand, on REN's website, within the area identified as "investors", information is published on the identity of the market relations representative and the investor relations department, as well as their contact details and duties.

V.63. Place where accounting records are made available, which must be accessible for at least ten years[89], as well as a half-yearly calendar of company events, announced at the start of each semester, including, amongst others, General Meetings, publishing of annual, half yearly and, where applicable, quarterly reports

On REN's website, in the area labelled "Investors", there is a tab for "Results", where the financial statements are published and remain accessible for at least ten years.

The calendar of company events is also available on the same website, in a tab labelled "Events and meetings".

V.64. Place where the notice to convene a General Meeting is published as well as all the preparatory documents and documents resulting from said meeting

On REN's website, within the area identified as "Investors", we find a tab for "Corporate governance and structure", within which, in turn, there is a tab called "General Meeting", where we find the notice of meeting, the proposed resolutions and the minutes of the General Meeting.

V.65. Place where a historic record is made available with all the resolutions adopted at the company's General Meetings, the represented share capital and voting results for the previous three years

On the website, REN provides extracts from the minutes of General Meetings.

On the website, REN maintains an historic record of notices to convene, agendas and resolutions adopted at General Meetings, as well as information on the represented share capital and voting results for the respective meetings, going back a minimum of five years.

See V.64. with regard to where this information is provided.

[89] In accordance with the CMVM Regulation No 4/2013 which approves the model of the corporate governance report, accounting documents may be accessible for five years. Nevertheless, under the current version of Article 29-G of the Securities Code, those do cuments must by available for 10 years.

8.4 REMUNERATION

I. COMPETENCE TO DETERMINE REMUNERATION

I.66. Indication with regard to competence to determine the remuneration of corporate bodies, members of the Executive Committee or delegated director and the Company's directors

The REN General Meeting is responsible for the appointment of the members of the Remunerations Committee[90], which is responsible for setting the remuneration and for submitting a proposal to the General Meeting on the remuneration policy for members of management and supervisory bodies. The Remunerations Committee is responsible for presenting and submitting to the shareholders of the remuneration policy for corporate bodies, as well as for determining the respective remunerations, including the respective complements to the policy approved at the General Meeting.

The aforementioned remuneration policy covers all company officers (within the meaning of Article 3(1)(25) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014), by reference to Article 29-R of the Securities Code. The Board of Directors of REN understands that these officers are only members of the company's management and supervisory bodies, since only those, having regular access to privileged information, also have the power to take management decisions likely to affect the evolution and future prospects of REN.

The Nominations and Appraisals Committee does not have any duties concerning the definition of remuneration of the Board of Directors, but the assessment performed by this Committee may potentially and indirectly impact on such remuneration.

II. REMUNERATION COMMITTEE

II.67. Composition of the Remuneration Committee, including identification of natural or legal persons hired to provide support and declaration on the independence of each of the members and consultants

On 31 December 2023, the following three members, appointed at the annual General Meeting of 23 April 2021, were on the Remunerations Committee (three-year period of 2021-2023):

NAME	POSITION
João Duque (independent)	Chairman
José Galamba de Oliveira (independent)	Member
Fernando Neves de Almeida (independent)	Member

Information on the composition of the Remuneration Committee and the number of meetings held annually can be found on REN website.

The current Remunerations Committee is comprised by members who are independent from the management. To such extent, the Remunerations Committee does not include any member of other corporate bodies for which it determines the respective remuneration. Its three members in office do not have any family relationship with members of such other bodies, notably spouses, relatives and kin, in a direct line, up to the 3rd degree, inclusive.

To support it in its duties, the Remunerations Committee did not hire any natural or legal person which provides, without its prior authorisation, or has provided in the last three years, services to any structure under the Board of Directors, reporting to the Board of Directors itself or which has any current relationship with the Company or with Company consultants, or any natural or legal person related to these bodies through a work or services contract.

In any case, the Remunerations Committee may, in accordance with its regulations, freely decide on the contracting, by the Company, of the consulting services necessary or convenient for the performance of its functions, within the budgetary limits of the Company, ensuring that the services are provided independently and that the respective providers will not be contracted for the provision of any other services to the Company itself or to others that are in a domain or group relationship without its express authorization.

The Remunerations Committee Regulations, approved in January 2019, which establish, inter alia, the performance of the respective duties, chairing, frequency of meetings, functioning and framework of duties of its members are available on REN website.

As set out in its Regulations, and as was already the case prior to the adoption of these regulations, detailed minutes are drawn up, approved and signed by all the members present at the meetings.

At the Annual General Meeting of 2023, João Duque was present, on behalf of the Remunerations Committee. In addition, the Remunerations Committee Regulations provide for the obligation of the Chairman of the Remunerations Committee or, if not possible, another member of the Remunerations Committee, to be present and to provide information or clarifications requested by the shareholders at the Annual General Meeting. Such presence is also required in any other case where the agenda includes a matter related to the remuneration of the members of the company's bodies and committees or when requested by shareholders.

[90] See Article 8(2)(d) of the Articles of Association.

II.68. Expertise and experience of the Remunerations Committee in matters or remuneration policy

All members of the Remunerations Committee have the necessary knowledge, acquired through their academic training and professional experience required to reflect and decide upon all matters under the Remuneration Committee remit, taking into account that set out below.

Each member of the Remunerations Committee has a specific academic background in management, and one of the members (Fernando Neves de Almeida), holds a degree in human resource management. This training provides them with the necessary and relevant theoretical expertise to perform their duties. It should also be noted that Fernando Neves de Almeida continues his academic work in the field of human resources, being executive coordinator of Ph.D., master and bachelor programmes in the fields of strategic management and human resources areas and has published several papers and books on this area.

Moreover, the Remunerations Committee consists of three members with vast professional experience, working for consultancies, the government and in numerous different sectors of activity, both in Portugal and abroad. Therefore, all the members of the Remunerations Committee have continued to perform duties as i) members of the management body of several national and international entities in highly varied sectors of activity, ii) positions of management and consulting in financial regulators, and iii) positions of management at consultancies in the fields of management, technology and human resources, thus consolidating relevant practical knowledge with regard to remunerations policy, performance assessment systems and complementary areas.

III. REMUNERATION STRUCTURE

III.6.9. Description of the remuneration policy for management and supervisory bodies as referred to in Article 26-C of the Securities Code

As an issuer of shares admitted to trading on the regulated market, REN is subject to Portuguese Securities Code as amended by Law 50/2020 of 25 August, as well as to the recommendations of the IPCG Code of 2018, as amended in 2020. With regard to the modifications made by Law no. 50/2020, of 25 August, the report on remuneration for the purposes of the Article 26-G of the Securities Code, as it stands, is attached to this document.

Therefore, on one hand, in the interest of transparency and legitimacy of the setting of the remuneration policy (according to the say-on-pay principle, internationally recognized with regard to good corporate governance) and, on the other hand, for purposes of compliance with legal provisions and recommendations, the Remuneration Committee submitted the remuneration policy for corporate bodies for the term of office of 2021-2023.

On April 27, 2023, the proposal of remuneration policy of the corporate bodies presented by the Remuneration Committee was approved by a majority of 99.12% at the General Meeting, which includes the elements described in article 2 of article 26-C of the Securities Code.

The remuneration policy of REN's corporate bodies follows the guidelines set out below:

- To be simple clear, transparent and aligned with REN culture;
- To be suitable and fitting to the size, economic conditions, nature, scope, strategy and specificity of REN's activity;
- To ensure total remuneration, which is competitive and equitable and in line with the best practices and latest trends seen in Portugal and in Europe, particularly with regard to REN's peers, that attracts, at an economically justifiable cost, qualified professionals, in oder to induce the alignment of interests with those of shareholders and contribute to REN's corporate strategy, long-term interests and sustainability – taking into consideration the wealth effectively created by society, the economic situation and that of the market – and to constitute a factor for the development of a culture of professionalisation, and to promote merit and transparency in REN;
- To be evolutionary, but not disruptive; and
- To incorporate a fixed remuneration adjusted to functions, availability, competence and responsabilities of the Board of Directors' Members.

Regarding the components of the remuneration of the executive members of the Board of Directors, including of the CEO, the remuneration policy is mainly determined based on the following principles: i) competitiveness, taking into consideration the practices of the Portuguese market; ii) uniform, consistent, fair and balanced criteria, that award performance; iii) assessment of performance, in accordance with duties and responsibilities, as well as real performance, the assumption of suitable levels of risk and compliance with the rules applicable to REN activity, also taking into account compliance with the strategic plan and REN's budget, 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; iv) incorporation of a variable remuneration component that is globally reasonable in relation to the fixed remuneration component, without encouraging the assumption of excessive risks, with a short-term component and a medium/ long-term component, both with maximum limits; v) alignment of executive directors' interests with the Company's and its sustainability and creation of long-term wealth, including by indexing the medium/ long-term remuneration to the evolution of REN's share price; and vi) the variable remuneration indexed to REN's actual performance, measured against specific, unambiguous and measurable objectives in line with the interests of REN's stakeholders.

The remuneration of the executive directors, including of the CEO, includes a fixed component, superior in the case of the CEO (by comparison to the other Directors), and a variable component. The variable component consists of a parcel which aims to remunerate short-term performance and another with the same purpose based on medium/ long-term performance, as described in further detail below. In the case of unfair dismissal and termination of duties of an Executive Director, no compensation, other than that legally owed, is due if it is the result of inadequate performance by that Executive Director. The fixed remuneration of executive directors is updated annually in line with the Consumer Price Index. However, in 2023, it was expressly stated in the remuneration policy that the update of the Fixed Remuneration of executive directors will not exceed the average vaiation applied that year to most of the REN Group's employees in the remuneration category equivalent to that of directors, and will be adjusted to this update value whenever the equation provided for in the Policy results in a higher increase than that of the employees.

In 2023, REN included a new objective within the ESG aggregate, called rating performance, which will assess the evolution of REN's performance in the main ESG indices, as well as its performance compared to the sector and its peers.

With this change, the assessment will continue to be based on three macro aggregates: financial, operational and ESG. Within the ESG aggregate, the weighting is now divided between four criteria: i) health and safety; ii) gender diversity; iii) reduction of greenhouse gas emissions; and iv) rating performance.

Non-executive directors (including members of the Audit Committee) are entitled to fixed monthly remuneration, defined in line with the best practices observed at large-scale companies in the Portuguese market. The remuneration policy for non executive members of the Board of Directors is guided by the main purpose of compensating the dedication and responsibility required for the performance of their duties.

The remuneration of the members of the Board of the General Meeting corresponds to an annual fixed sum.

Currently, there are no approved variable remuneration plans or programmes that consist of the allocation of shares, options to acquire shares or other incentive schemes based on a variation of the price of shares for members of the management or supervisory bodies (or persons discharging managerial functions, within the meaning of Article 3(1)(23) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014), without prejudice to the method of calculating medium/ long-term variable remuneration (MLTVR), as described below.

Furthermore, there is no system of retirement benefits for the members of the management or supervisory bodies (or persons discharging managerial functions, within the meaning of Article 3(1)(23) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014).

III.7.0. Information on how remuneration is structured so as to allow alignment of the interests of members of the management body with the Company's long-term interests, as well as how it is based on performance assessment and discourages taking on excessive risk

As mentioned in III.6.9 above, non-executive directors' remuneration (including the members of the Audit Committee) consists exclusively of a fixed component, paid in 12 monthly instalments over the year, and is not connected to the performance or value of REN, meeting the applicable recommendations on this matter.

The remuneration structure of executive directors consists of a fixed component and a variable component. There is adequate proportionality between both components, as explained in III.6.9. above and in greater detail described in Point 7 of Annex 1 of this Governance Report dedicated to the Annual Report on Remuneration of REN's Corporate Bodies.

III.7.1. Reference, if applicable, to the existence of a variable remuneration component and information on possible impact of performance assessment on this component

The remuneration structure of the Executive Committee consists of fixed and variable components, and in accordance with the remuneration policy in force, the variable component of remuneration for 2023 may include short and medium-term parcels – STVR and MLTVR[91].

For further detail on the principles inherent to the attribution of the STVR and the MLTVR, definition and metrics inherent to the Key Performance Indicators indexed to metrics of REN's strategic plan and operationalization of the remuneration policy see Points 7 and 10 of Annex 1 of this Governance Report dedicated to the Annual Report on Remuneration of REN's Corporate Bodies.

III.7.2. Deferral of the payment of the variable remuneration component, with mention of the deferral period

The awarding of variable remuneration is divided into two components, each corresponding to 50% of the total variable remuneration granted for the relevant annual period, as follows.

Regarding the mechanisms inherent to the payment and deferral of the cash payment of variable remuneration see Point 10 of Annex 1 of this Governance Report dedicated to the Annual Report on Remuneration of REN's Corporate Bodies dedicated to the Annual Report on Remuneration of REN's Corporate Bodies.

[91] See points III.6.9. and III.7.0 above.

III.7.3. Criteria on which the awarding of variable remuneration in shares is based, as well as on the maintaining, by the executive directors, of these shares, on possible signing of contracts which refer to the shares, more specifically hedging contracts or risk transfer contracts, the respective limit, and their relation to the value of total annual remuneration

At present, no plans to award variable remuneration in shares exist.

Furthermore, bearing in mind the objectives sought through the remuneration model stipulated, members of the board of directors of the Company have not entered into agreements either with the company or with third parties, designed to mitigate the risk inherent to the variability of their remuneration.

III.7.4. Criteria on which the awarding of variable remuneration in options is based and indication of the deferral period and the strike price

There are no variable remuneration plans or programmes that consist of the awarding of options to acquire shares or other incentive systems based on a variation of the price of shares (notwithstanding the method for calculating MTVR) for members of the management or supervisory bodies or persons discharging managerial functions, within the meaning of Article 3(1)(23) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014.

III.7.5. Main parameters and basis of any system of annual bonuses and any other non-monetary benefits

In 2023, Executive Directors were entitled to transport intended for the regular performance of their duties, and were also provided with health and life insurance and personal accident insurance for the performance of their duties. It is estimated that the value of these benefits is approximately 25,000 euros/ director.

There is no system of annual bonuses or any other non-monetary benefits, beyond the variable component of remuneration described above and in the previous paragraph.

III.7.6. Main characteristics of the complementary pensions or early retirement schemes for directors and the date on which they were approved at the General Meeting, in individual terms

There is no system of retirement benefits or pensions for the members of the management and supervisory bodies.

IV. DISCLOSURE OF REMUNERATION

IV.77. Indication of the annual amount of remuneration earned, jointly and individually, by the members of Company management bodies, paid by the Company, including fixed and variable remuneration and, with regard to the latter, mention of the different components where it originated

As regards, remuneration paid in 2023 to members of REN's management body, individually and collectively, please see Point 11 of Annex 1 of this Governance Report

IV.78. Sums paid for any reason by other companies in a controlling or group relationship or which are subject to common control

The members of the corporate bodies of REN did not receive any amounts paid by other companies in a controlling or group relationship with REN.

IV.79. Remuneration paid in the form of profit sharing and/ or payment of bonuses and the reasons why such bonuses and/ or profit sharing were granted

There are no payments in the form of profit sharing and/ or payment of bonuses, beyond the variable component of remuneration described above.

IV.80. Compensation paid or due to Ex Executive Directors for the termination of their duties during the term of office

During 2023 no executive directors left office and there were no amounts due or paid in the form of compensation to Ex-Executive Directors for the termination of their duties during office.

In compliance with recommendation VI.2.3. of the IPCG Code, it is hereby reported that, during the 2023 financial year, the non-executive directors Mengrong Cheng, Lequan Li and Houyun Shi ceased to hold office, and no amounts were paid by the Company for this termination of office.

IV.81. Indication of the annual amount of remuneration earned, jointly and individually, by the members of the Company's supervisory bodies, for the purposes of Article 26-C of the Securities Code, as it stands

With regard to the members of the Audit Committee, please see IV.77. above, and with regard to the Statutory Auditor, please see V.47. above.

IV.82. Indication of the remuneration in the relevant year of the Chairman of the General Meeting

In 2023, the Chairman of the General Meeting received the fixed annual amount of 15,000 euros for carrying out the respective duties.

V. AGREEMENTS WITH REMUNERATION IMPLICATIONS

V.83. Contractual limitations for compensation to be paid for unfair dismissal of a director and its relation to the variable remuneration component

In accordance with the remuneration policy approved by the Remunerations Committee with regard to the financial year of 2023, which REN considers to be the adequate legal instrument for these purposes, if a director performs below the standards required by REN in the event of dismissal without just cause or termination of duties of an executive member of the Board of Directors through agreement, no compensation will be due, beyond that legally required. The consequences of the termination of the agreement are previously defined in accordance with the reasons for that termination. No other provision exists in the REN remuneration policy or in contractual clauses applicable to this matter, and as such, only the legal rules apply.

The legally owed compensation, in the event of unfair dismissal, corresponds to the compensation for damages suffered, which must not exceed the amount of compensation that the director would otherwise have received up to the end of the elected term.

V.84. Reference to the existence and description, with indication of the amounts involved, of agreements between the Company and the members of the management body or other officers, in the meaning of Article 3(1)(23) of the of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014, that would award compensation in the event of resignation, unfair dismissal or termination of the employment relationship, following a change in control over the Company (Article 29-H(1)(k)

There are no agreements between REN and the members of the management body or other officers (in the meaning of Article 3(1)(23) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014), that would award compensation in the event of resignation or unfair dismissal or termination of the employment relationship, following a change in control over the Company.

VI. PLANS TO ALLOCATE SHARES OR STOCK OPTIONS

VI.85. Identification of the plan and the respective recipients

There are no variable remuneration plans or programmes that consist of the awarding of shares, options to acquire shares or other incentive systems based on a variation of the price of shares (notwithstanding the method for calculating MLTVR) for members of the management or supervisory bodies or persons discharging managerial functions, within the meaning of Article 3(1)(23) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014.

VI.86. Characteristics of the plan (conditions of allocation, shares non-transferability clauses, criteria relating to the share price and exercise price, period during which options can be exercised, characteristics of the allocated shares or options to be awarded, existence of incentives for the acquisition of shares and/ or the exercising of options)

See VI.85. above.

VI.87. Stock option rights allocated for the acquisition of shares where beneficiaries are the Company workers or employees

See VI.85. above.

VI.88. Control Mechanisms available in a possible scheme for worker participation in the share capital where voting rights shall not be directly exercised by said workers (Art. 29-H(1)(e)

There are no schemes for worker participation in the share capital of the Company.

8.5 TRANSACTIONS WITH RELATED PARTIES

I. CONTROL MECHANISMS AND PROCEDURES

I.89. Mechanisms implemented by the Company for purposes of controlling transactions with related parties (please see the concept resulting from IAS 24)

So as to provide for monitoring by the Audit Committee of transactions concluded or to be concluded by REN or its subsidiaries with related parties and the methodology to be adopted in the event of potential conflict of interests, the REN Audit Committee proposed to the Board of Directors an internal regulations for the Assessment and Monitoring of Transactions with Related Parties and Prevention of Conflict of Interest', which were approved by the Board of Directors on 11 November 2021 and remain in effect.

Under the internal regulation on "Assessing and Monitoring Transactions with Related Parties and Preventing Situations of Conflicts of Interest", which is in line with IAS 24 and recommendation II.5.1. of the IPCG Code, the transactions entered into between a related party[92] and, on the other hand, REN or its subsidiaries, which are comprised in the situations provided for therein, and which include, inter alia, all the situations provided for in Law no. 50/2020, are subject to prior or subsequent control, as provided therein, by the Audit Committee.

If the Audit Committee issues an unfavourable prior expert opinion, approval of the transaction by the Board of Directors is required to and must be particularly well-grounded so as to demonstrate that the completion of the transaction is in line with pursuing the corporate interest of REN or that of its subsidiaries and that the resulting advantages for them outweigh in a positive manner the disadvantages identified by the Audit Committee[93].

Finally, the Audit Committee also submits recommendations to the Board of Directors with regard to measures to prevent and identify conflicts of interest[94].

Moreover, in accordance with the Board of Directors internal regulations, transactions with related parties for sums exceeding 500,000 euros or, regardless of the sum, any transaction which may be considered as not being executed under market conditions or as outside the scope of the Company's ordinary course of business are matters which may not be delegated to the Executive Committee.

Furthermore, the internal regulation on "Assessing and Monitoring Transactions with Related Parties and Preventing Situations of Conflicts of Interest" provides for the adoption of procedures in line with Recommendations II.4.1. and II.4.2. of the IPCG Governance Code, which ensure that the member with a conflict of interest does not interfere with the decision-making process, without prejudice to the duty to provide information and clarifications requested. In particular, the member in conflict of interest i) must not receive any information regarding the matter; ii) must abstain from discussing the matter with other members of a management or supervisory body of REN or any of REN's affiliated companies; and iii) must not participate nor be present in the discussion and voting on the matter in question.

I.90. Indication of the transactions which were subject to control in the reference year

Pursuant to the internal regulations on "Assessing and Monitoring Transactions with Related Parties and Preventing Situations of Conflicts of Interest", the Audit Committee had prior intervention in the following transactions, carried out between companies of REN Group and a holder of qualifying shareholdings or entities with which it is in a relationship pursuant Article 20 of the Securities Code:

a) Awarding of external ITO (Technical Site Inspection) services to monitor the work to be carried out by the promoter METKA at the Parinacota substation to connect the WILLKA photovoltaic project (100 MW) to the company Tecnored:

   Approved on March 28, 2023, by the Executive Committee of the Company REN - Redes Energéticas Nacionais, SGPS, S.A.;

   Agreement entered into between a related party, Tecnored (a company 100% owned by State Grid), and Empresa de Transmisión Eléctrica TRANSEMEL S.A. (a company 100% owned by REN - Redes Energéticas Nacionais, SGPS, S.A.);

   Maximum value of the award: Approximately 11,900 USD/ month (applying the current exchange rate to the offer value of 439 UF (Unidades de Fomento) and an estimated total duration of one month for the work).

b) Award of Car Insurance, Licenses and complementary brokerage services:

   Approved on June 7, 2023, by the Executive Committee of REN - Redes Energéticas Nacionais, SGPS, S.A., and by the boards of directors of REN - Rede Eléctrica Nacional, S.A., REN Gasodutos, S.A., REN Atlântico - Terminal de GNL, S.A. and REN Armazenagem, S.A.;

[92] In accordance with the meaning of international accounting standards adopted in accordance with European Regulation, in particular Regulation (EC) no. 1606/2002. For the purposes of the internal regulations, a related party is: (a) any shareholder who has a qualified shareholding of the share capital of REN or any affiliated company; (b) a person or his family member who holds control 1 or joint control over REN or an affiliated company, or who has a significant influence over REN or an affiliated company, or who is a "key" element of the management of REN or an affiliated company; (c) an entity that is a member of the REN group; (d) an entity that is associated or has a joint venture with REN or an affiliated company; (e) an entity that is associated or has a joint venture with an entity with which REN or an affiliated company is associated or has a joint venture; (f) an entity which manages or somehow administers the post-employment benefits of REN's employees or of an entity related to REN; (g) an entity which is controlled or jointly controlled by a person identified in paragraph a); (h) an entity in which a person (or a relative) controlling or jointly controlling REN has significant influence or is a key element of the management of that entity (or of the parent company of that entity); i) an entity, or any entity of the same group, providing management services to REN or an affiliated company or its parent company.

[93] See Points 4 and 5 of point VI of the abovementioned internal regulation.

[94] See Point X(I)(a) of the abovementioned internal regulation.

Agreement entered into between a related party, Costa Duarte/ Fidelidade (shareholder of REN – Redes Energéticas Nacionais, SGPS, S.A.), and the following REN Group companies: REN – Redes Energéticas Nacionais, SGPS, S.A., REN - Rede Eléctrica Nacional, S.A., REN Gasodutos, S.A., REN Atlântico - Terminal do GNL, S.A. and REN Armazenagem, S.A.;

Maximum value of the award: 411,334.38 euros (plus applicable taxes and fees).

c) Award of Group Health Insurance and Complementary Brokerage Services for the REN Group:

Approved on July 12, 2023, by the Executive Committee of the Company REN - Redes Energéticas Nacionais, SGPS, S.A., and by the boards of directors of the group companies, having obtained a favorable opinion from the Audit Committee;

Agreement entered into with a related party, Costa Duarte/ Fidelidade (shareholder of REN - Redes Energéticas Nacionais, SGPS, S.A.) / Multicare, and the following companies of the REN Group: REN - Redes Energéticas Nacionais, SGPS, S.A., REN Serviços, S.A., REN – Rede Eléctrica Nacional, S.A., REN Gasodutos, S.A., REN Atlântico, Terminal do GNL, S.A., REN Armazenagem, S.A., REN PRO, S.A. and REN Telecom - Comunicações, S.A.;

Maximum award value: 890,195.36 euros (plus applicable taxes and fees).

d) Provision of Legal Advisory Services in the area of Law and Public Procurement, to be awarded by REN Serviços, S.A:

Approved on October 31, 2023, by the Board of Directors of REN Serviços, S.A.;

Agreement entered into between a related party, the company Rui Pena, Arnaut & Associados – Sociedade de Advogados, R.L. and REN SGPS, S.A.'s subsidiary: REN Serviços,S.A.;

Maximum award value: 249,000.00 euros (plus applicable taxes and fees).

e) DMPE, RCM, TE, RCA and RC CM insurance contracts:

Approved on November 15, 2023, by the boards of directors of REN Atlântico – Terminal de GNL, S.A. REN- Rede Eléctrica Nacional, S.A., REN Gasodutos, S.A. and REN Armazenagem, S.A.;

Agreement entered into between a related party, Costa Duarte/ Fidelidade (shareholder of REN – Redes Energéticas Nacionais, SGPS, S.A.)/ Multicare, and the following REN Group companies: REN Atlântico – Terminal de GNL, S.A., REN – Rede Eléctrica Nacional, S.A., REN Gasodutos, S.A. and REN Armazenagem, S.A.;

Maximum award value: 104,630.00 euros (plus applicable taxes and fees).

f) Services for the Auction of the Frequency Restoration Reserve Band:

Approved on the December 6, 2023, by the Board of Directors of the company REN – Rede Eléctrica Nacional, S.A.;

Agreement entered into between the company OMIP – Pólo Português, S.G.M.R., S.A., which states that it is related, and subsidiary company of REN SGPS, S.A.: REN – Rede Eléctrica Nacional, S.A.;

Maximum award value: 250,000.00 euros (plus applicable taxes and fees).

I.91. Description of the procedures and criteria applicable to the intervention of the supervisory bodies for the purposes of assessing business between the Company and the holders of qualified shareholdings or entities with which they are in any relationship pursuant to Article 20 of the Portuguese Securities Code

See I.89. above. The procedures and criteria outlined herein are applicable to transactions with the holders of qualified shareholdings or entities with which they are in any relationship pursuant to Article 20 of the Securities Code, given that these are by definition considered to be related parties in accordance with internal regulations for the "Assessment and Monitoring of Transactions with Related Parties and Prevention of Conflict of Interest".

II. INFORMATION RELATING TO BUSINESS

II.92. Indication of the location of accounting documents providing information regarding business with Related Parties, in accordance with IAS 24 or, alternatively, reproductions of this information

Point 34 of the Appendix to the financial statements of the 2023 Integrated Report, in accordance with IAS 24, includes a description of the principal elements of business with Related Parties, including business and operations carried out between the Company and holders of qualified shareholdings or associated entities.

Business between the Company and the holders of qualified shareholdings or entities with which they are in any relationship pursuant to Article 20 of the Securities Code was conducted under normal market conditions, during normal REN business, and was largely a result of regulatory obligations.

9. ASSESSMENT OF CORPORATE GOVERNANCE

9.1 IDENTIFICATION OF THE CODE OF CORPORATE GOVERNANCE ADOPTED

With regard to the disclosure of information on corporate governance, as an issuer of shares that are admitted to trading on the Euronext Lisbon regulated market, REN is subject to the regime established in the Securities Code and CMVM Regulation No 4/2013 (the latter was approved in 2013 and is applicable to government reports for this year).

In accordance with Article 2 of CMVM Regulation No 4/2013, the Corporate Governance Code which the company is subject to or has voluntarily decided to implement must be identified.

The place where the Corporate Governance Code(s) to which the Company is subject is made available to the public shall also be indicated (Article 29-H(1)(o).

When preparing this report, REN referred to the Portuguese Institute of Corporate Governance Code, approved in 2018, and reviewed in 2023, available on REN *website*, as well as its rules of interpretation, available at the same address.

9.2 ANALYSIS OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE ADOPTED

Pursuant to Article 29-H(1)(n) of the Securities Code, as it stands, a statement shall be included on the acceptance of the Corporate Governance Code to which the issuer is subject, stating any divergence from the said code and the reasons for the divergence.

In accordance with Regulation 4/2013, in conjunction with the Corporate Governance Code of the Portuguese Institute of Corporate Governance and its respective interpretative rules, the information submitted should include, for each recommendation:

a) Information that enables the verification of compliance with the recommendation or referring to the part of the report where the issue is discussed in detail (chapter, title, paragraph, page);

b) Grounds for the potential non-compliance or partial compliance thereof (i.e. compliance with only part of the sub-recommendations, where applicable); and

c) In the event of non-compliance or partial compliance (i.e. compliance with only part of the sub-recommendations, where applicable), the details of any alternative mechanism adopted by the company for the purpose of pursuing the same objective of the recommendation, in this case, the company's judgment as to the existence of equivalence to compliance may be included.

As mentioned above, REN took the decision to adopt all recommendations laid out in the IPCG Code.

Therefore, REN hereby declares that it fully adopts all the abovementioned Portuguese Institute of Corporate Governance recommendations on corporate governance matters laid down in said Code, except for Recommendation IV.1.2., which is not adopted for the reasons described below, Recommendations III.2., III.6., IV.2.5., VI.2.10., VI.3.3., VI.3.4. and VII.9., which are not applicable to REN, and Recommendation III.3., which should be considered materially adopted taking into account the explanation included below.

The chart below identifies IPCG Code recommendations and individually mentions those that have been adopted by REN and those that have not. It also indicates the chapters in this report where a more detailed description of measures taken for their adoption may be found with the aim of complying with the said recommendations.

CORPORATE GOVERNANCE CODE		ASSESSMENT	REFERENCE TO THE CORPORATE GOVERNANCE REPORT/ COMMENTS
I	**GENERAL PROVISIONS**		
General Principle: *A. Corporate governance promotes and fosters the pursuit of the respective long-term interests, performance and sustained development, and is structured in order to allow the interests of shareholders and other investors, staff, clients, creditors, suppliers and other stakeholders to be weighed, contributing to the strengthening of confidence in the quality, transparency and ethical standards of administration and supervision, as well as to the sustainable development of the community the companies form part of and to the development of the capital market.* *B. The Code is voluntary and compliance is based on the comply or explain principle, applicable to all Recommendations.*			
I.	*Company's relationship with shareholders, interested parties and community at large* *Principle I.1.A.:* In their organisation, operation and in the definition of their strategy, companies shall contribute to the pursuit of the Sustainable Development Goals defined within the framework of the United Nations Organisation, in terms that are appropriate to the nature of their activity and their size. *Principle I.I.B.:* The company periodically identifies, measures and seeks to prevent negative effects related to the environmental and social impact of the operation of its activity, in terms that are appropriate to the nature and size of the company. *Principle I.I.C.:* In its decision-making processes, the management body considers the interests of shareholders and other investors, employees, suppliers and other stakeholders in the activity of the company.		
I.1.	The company specifies in what terms its strategy seeks to ensure the fulfilment of its long-term objectives and what are the main contributions resulting herefrom for the community at large.	**Adopted**	Integrated Management Report 2023, Chapter 2.1 Strategy, 2.2 Commitments and 4. Our contribution Part II, chapter 9.3.4
I.2.	The company identifies the main policies and measures adopted with regard to the fulfilment of its environmental and social objectives	**Adopted**	Integrated Management Report 2023, Chapter 2.1 Strategy (Sustainability Strategy section for priority areas of activity) Part I, chapter 8.1.2 ff. II.2.7. and Part 2, chapter 9.3.1, 9.3.2 and 9.3.4
II	**COMPOSITION AND FUNCTIONING OF THE CORPORATE BODIES**		
II.1.	*Information* *Principle II.1.A.:* Companies and, in particular, their Directors treat shareholders and other investors in an equitable manner, namely by ensuring mechanisms and procedures for the adequate treatment and disclosure of information.		
II.1.1.	The company establishes mechanisms to adequately and rigorously ensure the timely circulation or disclosure of the information required to its bodies, the company secretary, shareholders, investors, financial analysts, other stakeholders and the market at large.	**Adopted**	Part I, chapters 8.1.2. ff. II.18. and III.38 and 8.1.3. ff. III.54., III.55. and IV.56. to IV.58.

CORPORATE GOVERNANCE CODE		ASSESSMENT	REFERENCE TO THE CORPORATE GOVERNANCE REPORT/ COMMENTS
II.2.	*Diversity in the Composition and Functioning of the Corporate Bodies* *Principle II.2.A.:* Companies have adequate and transparent decision-making structures, ensuring maximum efficiency in the functioning of their bodies and committees[95]. *Principle II.2.B.:* Companies ensure diversity in the composition of their management and supervisory bodies and the adoption of individual merit criteria in the respective appointment processes, which shall be the exclusive responsibility of shareholders. *Principle II.2.C.:* Companies ensure that the performance of their bodies and committees is duly recorded, namely in minutes of meetings, that allow for knowing not only the sense of the decisions taken but also their grounds and the opinions expressed by their members.		
II.2.1.	Companies establish, previously and abstractly, criteria and requirements regarding the profile of the members of the corporate bodies that are adequate to the function to be performed, considering, notably, individual attributes (such as competence, independence, integrity, availability and experience), and diversity requirements (with particular attention to equality between men and women), that may contribute to the improvement of the performance of the body and of the balance in its composition.	Adopted	Part I, Chapter 8.1.2 ff. II.16., II.2.7., II.2.9., III.54. and Part II, chapter 9.3.1
II.2.2.	The management and supervisory bodies and their internal committees are governed by regulations – notably regarding the exercise of their powers, chairmanship, the frequency of meetings, operation and the duties framework of their members – fully disclosed on the website of the company, whereby minutes of the respective meetings shall be drawn up.	Adopted	Part 1, chapter 8.1.2 ff. II.2.2., II.2.7., II.2.9., III.34., 8.1.3, s. V.61. and 8.1.4 s. II.67.
II.2.3.	The composition and number of meetings for each year of the management and supervisory bodies and of their internal committees are disclosed on the website of the company	Adopted	Part 1 chapter 8.1.2 ff. II.2.3., III.35. and 8.1.4 s. II.67.
II.2.4.	The companies adopt a whistle-blowing policy that specifies the main rules and procedures to be followed for each communication and an internal reporting channel that also includes access for nonemployees, as set forth in the applicable law.	Adopted	Part 1, chapter 8.1.3 ff. II.49., III.54. and Part 2, chapter 9.3
II.2.5.	The companies have specialised committees for matters of corporate governance, remuneration, appointments of members of the corporate bodies and performance assessment, separately or cumulatively. If the Remuneration Committee provided for in Article 399 of the Portuguese Commercial Companies Code has been set up, the present Recommendation can be complied with by assigning to said committee, if not prohibited by law, powers in the above matters	Adopted	Part 1, chapter 8.1.2 ff. II.2.7., II.2.9. and III.53.
II.3.	*Relations between Corporate Bodies* *Principle II.3.A.:* The corporate bodies create the conditions for them to act in a harmonious and articulated manner, within the scope of their responsibilities, and with information that is adequate for carrying out their functions.		

CORPORATE GOVERNANCE CODE		ASSESSMENT	REFERENCE TO THE CORPORATE GOVERNANCE REPORT/ COMMENTS
II.3.1.	The Articles of Association or equivalent means adopted by the company set out the mechanisms to ensure that, within the limits of the applicable laws, the members of the management and supervisory bodies have permanent access to all necessary information to assess the performance, situation and development prospects of the company, including, specifically, the minutes of the meetings, the documentation supporting the decisions taken, the convening notices and the archive of the meetings of the executive management body, without prejudice to access to any other documents or persons who may be requested to provide clarification	**Adopted**	Part 1, chapter 8.1.2 ff. II.18., II.2.3. and III.38.
II.3.2.	Each body and committee of the company ensures, in a timely and adequate manner, the interorganic flow of information required for the exercise of the legal and statutory powers of each of the other bodies and committees.	**Adopted**	Part 1, chapter 8.1.2 ff. II.18., II.2.3. and III.38.
II.4.	*Conflicts of Interest* *Principle II.4.A.:* The existence of current or potential conflicts of interest between the members of bodies or committees and the company shall be prevented, ensuring that the conflicted member does not interfere in the decision-making process.		
II.4.1.	By internal regulation or an equivalent hereof, the members of the management and supervisory bodies and of the internal committees shall be obliged to inform the respective body or committee whenever there are any facts that may constitute or give rise to a conflict between their interests and the interest of the company.	**Adopted**	Part 1, chapter 8.1.2 ff. II.18. and II.2.9.
II.4.2.	The company adopts procedures to ensure that the conflicted member does not interfere in the decision-making process, without prejudice to the duty to provide information and clarification requested by the body, committee or respective members	**Adopted**	Part 1, chapters 8.1.2 s. II.18. and 8.1.5. s. I.89.
II.5.	*Transactions with Related Parties* *Principle II.5.A.:* Transactions with related parties shall be justified by the interest of the company and shall be carried out under market conditions, being subject to principles of transparency and adequate supervision.		
II.5.1.	The management body discloses, in the corporate governance report or by other publicly available means, the internal procedure for verification of transactions with related parties.	**Adopted**	Part 1, chapters 8.1.1 s. II.10. and 8.1.5 s. I.89.
III	**SHAREHOLDERS AND GENERAL MEETING**		
	Principle III.A.: The adequate involvement of shareholders in corporate governance constitutes a positive factor for the efficient functioning of the company and the achievement of its corporate objective. *Principle III.B.:* The company promotes the personal participation of shareholders at general meetings as a space for reflection on the company and for shareholders to communicate with the bodies and committees of the company. *Principle III.C.:* The company implements adequate means for shareholders to attend and vote at the general meeting without being present in person, including the possibility of sending in advance questions, requests for clarification or information on the matters to be decided on and the respective proposals		
III.1.	The company does not set an excessively large number of shares to be entitled to one vote and informs in the corporate governance report of its choice whenever each share does not carry one vote.	**Adopted**	Part 1, Chapter 8.1.2. ff. II.12.
III.2.	The company that has issued special plural voting rights shares identifies, in its corporate governance report, the matters that, pursuant to the company's Articles of Association, are excluded from the scope of plural voting.	**N/A**	

CORPORATE GOVERNANCE CODE		ASSESSMENT	REFERENCE TO THE CORPORATE GOVERNANCE REPORT/ COMMENTS
III.3.	The company does not adopt mechanisms that hinder the passing of resolutions by its shareholders, specifically fixing a quorum for resolutions greater than that foreseen by law	**Adopted (explain equivalente)**	Part 1, chapter 8.1.2. ff. II.14. The company believes that the majorities provided for in Articles 11(2) and 11(3) of the Articles of Association, which are more demanding than those defined by law, are justified by the fact that the matters in question are strategic and of structural importance, and that their amendment should therefore require a broader consensus of the shareholders. With particular regard to the majority provided for in Article 11(3), this is justified by the fact that the articles in question are intended to enable the company to monitor compliance with various legal obligations and the ERSE Decision on full legal and asset separation (full unbundling).
III.4.	The company implements adequate means for shareholders to participate in the general meeting without being present in person, in proportion to its size	**Adopted**	Part 1, Chapter 8.1.2. ff. II.12.
III.5.	The company also implements adequate means for the exercise of voting rights without being present in person, including by correspondence and electronically.	**Adopted**	Part 1, Chapter 8.1.2. ff. II.12.
III.6.	The Articles of Association of the company that provide for the restriction of the number of votes that may be held or exercised by one single shareholder, either individually or jointly with other shareholders, shall also foresee that, at least every five years, the general meeting shall resolve on the amendment or maintenance of such statutory provision – without quorum requirements greater than that provided for by law – and that in said resolution, all votes issued are to be counted, without applying said restriction.	**N/A**	Part 1, Chapter 8.1.1. ss. I.2. and I.5. The Articles of Association do not provide for any mechanism for renewing or revoking these statutory rules, since their existence is due to compliance with legal and administrative requirements, so this recommendation should be considered not applicable to REN.
III.7.	The company does not adopt any measures that require payments or the assumption of costs by the company in the event of change of control or change in the composition of the management body and which are likely to damage the economic interest in the transfer of shares and the free assessment by shareholders of the performance of the Directors.	**Adopted**	Part 1, Chapter 8.1.1. sec. I.4.
IV.	**MANAGEMENT**		
IV.1.	*Management Body and Executive Directors* *Principle IV.1.A.:* The day-to-day management of the company shall be the responsibility of executive directors with the qualifications, skills, and experience appropriate for the position, pursuing the corporate goals and aiming to contribute to its sustainable development. *Principle IV.1.B.:* The determination of the number of executive directors shall take into account the size of the company, the complexity and geographical dispersion of its activity and the costs, bearing in mind the desirable flexibility in the running of the executive management.		
IV.1.1.	The management body ensures that the company acts in accordance with its object and does not delegate powers, notably with regard to: i) definition of the corporate strategy and main policies of the company; ii) organization and coordination of the corporate structure; iii) matters that shall be considered strategic due to the amounts, risk and particular characteristics involved.	**Adopted**	Part 1, Chapter 8.1.2. ff. II.2.1.
IV.1.2.	The management body approves, by means of regulations or through an equivalent mechanism, the performance regime for executive directors applicable to the exercise of executive functions by them in entities outside the group.	**Not adopted**	Part 1, Chapter 8.1.2. ff. II.2.6. REN's executive directors exclusively serve on the governing bodies of subsidiaries and companies in which REN has a stake. In this way, and despite the fact that there are no internal regulations specifically aimed at executive directors in this regard, the availability of directors to carry out their duties is total, ensuring that the interests of the company and the Group are pursued to their full potential at all times. For this reason, the Board of Directors has not formally approved internal regulations on the exercise of executive functions in entities outside the group.

CORPORATE GOVERNANCE CODE		ASSESSMENT	REFERENCE TO THE CORPORATE GOVERNANCE REPORT/ COMMENTS
IV.2.	*Management Body and Non-Executive Directors* *Principle IV.2.A.:* For the full achievement of the corporate objective, the non-executive directors shall exercise, in an effective and judicious manner, a function of general supervision and of challenging the executive management, whereby such performance shall be complemented by commissions in areas that are central to the governance of the company. *Principle IV.2.B.:* The number and qualifications of the non-executive directors shall be adequate to provide the company with a balanced and appropriate diversity of professional skills, knowledge and experience.		
IV.2.1	Notwithstanding the legal duties of the chairman of the board of directors, if the latter is not independent, the independent directors – or, if there are not enough independent directors, the nonexecutive directors – shall appoint a coordinator among themselves to, in particular i) act, whenever necessary, as interlocutor with the chairman of the board of directors and with the other directors, ii) ensure that they have all the conditions and means required to carry out their duties, and iii) coordinate their performance assessment by the administration body as provided for in Recommendation VI.1.1.; alternatively, the company may establish another equivalent mechanism to ensure such coordination.	**Adopted**	Part 1 chapter 8.1.2. ff. II.18.
IV.2.2.	The number of non-executive members of the management body shall be adequate to the size of the company and the complexity of the risks inherent to its activity, but sufficient to ensure the efficient performance of the tasks entrusted to them, whereby the formulation of this adequacy judgement shall be included in the corporate governance report.	**Adopted**	Part 1, chapter 8.1.2. ff. II.18. and III.31.
IV.2.3.	The number of non-executive directors is greater than the number of executive directors.	**Adopted**	Part 1, chapter 8.1.2. ff. II.18.
IV.2.4.	The number of non-executive directors that meet the independence requirements is plural and is not less than one third of the total number of non-executive directors. For the purposes of the present Recommendation, a person is deemed independent when not associated to any specific interest group in the company, nor in any circumstances liable to affect his/ her impartiality of analysis or decision, in particular in virtue of: i) Having carried out, continuously or intermittently, functions in any corporate body of the company for more than twelve years, with this period being counted regardless of whether or not it coincides with the end of the mandate; ii) Having been an employee of the company or of a company that is controlled by or in a group relationship with the company in the last three years; iii) Having, in the last three years, provided services or established a significant business relationship with the company or with a company that is controlled by or in a group relationship with the company, either directly or as a partner, director, manager or officer of a legal person; (iv) Being the beneficiary of remuneration paid by the company or by a company that is controlled by or in a group relationship with the company, in addition to remuneration stemming from the performance of the functions of director; (v) Living in a non-marital partnership or being a spouse, relative or kin in a direct line and up to and including the 3rd degree, in a collateral line, of directors of the company, of directors of a legal person owning a qualifying stake in the company or of natural persons owning, directly or indirectly, a qualifying stake; (vi) Being a holder of a qualifying stake or representative of a shareholder that is holder of a qualifying stake.	**Adopted**	Part 1, chapter 8.1.2. ff. II.18.

CORPORATE GOVERNANCE CODE		ASSESSMENT	REFERENCE TO THE CORPORATE GOVERNANCE REPORT/ COMMENTS
IV.2.5.	The provisions of paragraph i) of the previous Recommendation do not prevent the qualification of a new Director as independent if, between the end of his/ her functions in any corporate body and his/ her new appointment, at least three years have elapsed (cooling-off period).	N/A	There is no REN director in this situation.
V.	**SUPERVISION**		
	Principle V.A.: The supervisory body carries out permanent supervision activities of the administration of the company, including, also from a preventive perspective, the monitoring of the activity of the company and, in particular, the decisions *Principle V.B.:* The composition of the supervisory body provides the company with a balanced and adequate diversity of professional skills, knowledge and experience.		
V.1.	With due regard for the competences conferred to it by law, the supervisory body takes organization of the strategic guidelines and evaluates and renders an opinion on the risk policy, prior to its final approval by the administration body.	**Adopted**	Part 1, chapter 8.1.2 ff. III.38, chapter 8.1.3 ff. III.50. ff. on risk policy.
V.2.	The number of members of the supervisory body and of the financial matters committee should be adequate in relation to the size of the company and the complexity of the risks inherent to its activity, but sufficient to ensure the efficiency of the tasks entrusted to them, and this adequacy judgement should be included in the corporate governance report.	**Adopted**	Part 1, chapter 8.1.2 ff. II.18. and III.31.
VI.	**PERFORMANCE ASSESSMENT, REMUNERATION AND APPOINTMENTS**		
VI.1.	*Annual Performance Assessment* *Principle VI.1.A.:* The company promotes the assessment of performance of the executive body and its individual members as well as the overall performance of the management body and its organization committees		
VI.1.1.	The management body – or committee with relevant powers, composed of a majority of non-executive members – evaluates its performance on an annual basis, as well as the performance of the executive committee, of the executive directors and of the company committees, taking into account the compliance with the strategic plan of the company and of the budget, the risk management, its internal functioning and the contribution of each member to that end, and the relationship between the bodies and committees of the company.	**Adopted**	Part 1, chapter 8.1.2 ff. II.2.4.
VI.2.	*Remuneration* *Principle VI.2.A.:* The remuneration policy for members of the management and supervisory bodies shall allow the company to attract qualified professionals at a cost that is economically justified by their situation, provide for the alignment with the interests of the shareholders – taking into consideration the wealth effectively created by the company, the economic situation and the market situation – and shall constitute a factor for developing a culture of professionalism, sustainability, merit promotion and transparency in the company. *Principle VI.2.B.*: Taking into consideration that the position of directors is, by nature, a remunerated position, directors shall receive a remuneration: i) that adequately rewards the responsibility undertaken, the availability and competence placed at the service of the company; ii) that ensures a performance aligned with the long-term interests of shareholders and promotes the sustainable performance of the company; and iii) that rewards performance.		
VI.2.1.	The company constitutes a remuneration committee, whose composition shall ensure its independence from the board of directors, whereby it may be the remuneration committee appointed pursuant to Article 399 of the Portuguese Commercial Companies Code	**Adopted**	Part 1, chapter 8.1.4 ff. I.66., I.67.
VI.2.2.	The remuneration shall be fixed by the remuneration committee or the general meeting, on a proposal from that committee.	**Adopted**	Part 1, chapter 8.1.4 ff. I.66.

CORPORATE GOVERNANCE CODE		ASSESSMENT	REFERENCE TO THE CORPORATE GOVERNANCE REPORT/ COMMENTS
VI.2.3.	The company discloses in the corporate governance report, or in the remuneration report, the termination of office of any member of a body or committee of the company, indicating the amounts of all costs related to the termination of office borne by the company, for any reason, during the financial year in question.	**Adopted**	Part 1, chapter 8.1.4 ff. III.7.6. and IV.80. e V.83.
VI.2.4.	In order to provide information or clarification to shareholders, the president or another member of the remuneration committee shall be present at the annual general meeting and at any other general meeting at which the agenda includes a matter related to the remuneration of the members of bodies and committees of the company, or if such presence has been requested by shareholders.	**Adopted**	Part 1, chapter 8.1.4 ff. II.67.
VI.2.5.	Within the budget constraints of the company, the remuneration committee may freely decide to hire, on behalf of the company, consultancy services that are necessary or convenient for the performance of its duties.	**Adopted**	Part 1, chapter 8.1.4 ff. II.67.
VI.2.6.	The remuneration committee ensures that such services are provided independently.	**Adopted**	Part 1, chapter 8.1.4 ff. II, 67.
VI.2.7.	he providers of said services are not hired by the company itself or by any company controlled by or in group relationship with the company, for the provision of any other services related to the competencies of the remuneration committee, without the express organization of the committee.	**Adopted**	Part 1, chapter 8.1.4 ff. II.67.
VI.2.8.	In view of the alignment of interests between the company and the executive directors, a part of their remuneration has a variable nature that reflects the sustained performance of the company and does not encourage excessive risk-taking.	**Adopted**	Part 1, chapter 8.1.4 ff. III.6.9., III.7.0. and III.7.1.
V.2.9.	A significant part of the variable component is partially deferred over time, for a period of no less than three years, and is linked to the confirmation of the sustainability of performance, in terms defined in the remuneration policy of the company.	**Adopted**	Part 1, chapter 8.1.4 ff. III.7.1. e III.7.2.
VI.2.10.	When the variable remuneration includes options or other instruments directly or indirectly subject to share value, the start of the exercise period is deferred for a period of no less than three years.	**N/A**	Part 1, chapter 8.1.4 ff. III.7.4. Variable remuneration does not have the relevant characteristics for the purposes of applying the Recommendation.
VI.2.11.	The remuneration of non-executive directors does not include any component whose value depends on the performance of the company or of its value.	**Adopted**	Part 1, chapter 8.1.4 ff. III.6.9. and III.7.0.
VI.3.	*Appointments* *Principle VI.3.A.:* Regardless of the method of appointment, the knowledge, experience, professional background, and availability of the members of the corporate bodies and of the senior management shall be adequate for the job to be performed[96].		
VI.3.1.	The company promotes, in the terms it deems adequate, but in a manner susceptible of demonstration, that the proposals for the appointment of members of the corporate bodies are accompanied by grounds regarding the suitability of each of the candidates for the function to be performed.	**Adopted**	Part 1, chapter 8.1.2 ff. II.16.
VI.3.2.	The committee for the appointment of members of corporate bodies includes a majority of independent directors.	**Adopted**	Part 1, chapter 8.1.2 ff. II.2.7. and II.2.9.

CORPORATE GOVERNANCE CODE		ASSESSMENT	REFERENCE TO THE CORPORATE GOVERNANCE REPORT/ COMMENTS
VI.3.3.	Unless it is not justified by the size of the company, the task of monitoring and supporting the appointments of senior managers shall be assigned to an appointment committee.	N/A	Part 1, Chapter 8.1.2 ff., I.66., II.2.7. and II.2.9. REN believes that only members of the company's management and supervisory bodies are included in the definition of senior management, since only those who have regular access to privileged information also have the power to make management decisions that could affect REN's evolution and future prospects. For this reason, it did not create an appointments committee in addition to the one already existing within the Board of Directors, for the purposes of appointing new members of this body.
VI.3.4.	The committee for the appointment of senior management provides its terms of reference and promotes, to the extent of its powers, the adoption of transparent selection processes that include effective mechanisms for identifying potential candidates, and that for selection those are proposed who present the greatest merit, are best suited for the requirements of the position and promote, within the organization, an adequate diversity including regarding gender equality.	N/A	REN understands that the definition of senior management only encompasses the members of the company's management and supervisory bodies, hence REN hasn't created an additional nominations committee to the committee already established within the Board of Directors for the purpose of appointing other members of such body.
VII.	*Internal Control* *Principle VII.A.:* Based on the medium and long-term strategy, the company shall establish a system of internal control, comprising the functions of risk management and control, compliance and internal audit, which allows for the anticipation and minimisation of the risks inherent to the activity developed.		
VII.1.	The management body discusses and approves the strategic plan and risk policy of the company, which includes setting limits in matters of risk-taking.	Adopted	Part 1, Chapter 8.1.2 ff II.2.1. and II.2.4.; Chapter 8.1.3 ff. III.50.
VII.2.	The company has a specialised committee or a committee composed of specialists in risk matters, which reports regularly to the management body.	Adopted	Part 1, Chapter 8.1.2 ff. III.50. and III.54.
VII.3.	The supervisory body is organised internally, implementing periodic control mechanisms and procedures, in order to ensure that the risks effectively incurred by the company are consistent with the objectives set by the administration body.	Adopted	Part 1, Chapters 8.1.3 ff. III.50., III.51. and III.54.
VII.4.	The internal control system, comprising the risk management, compliance, and internal audit functions, is structured in terms that are adequate to the size of the company and the complexity of the risks inherent to its activity, whereby the supervisory body shall assess it and, within the ambit of its duty to monitor the effectiveness of this system, propose any adjustments that may be deemed necessary.	Adopted	Part 1, Chapters 8.1.2 s. III.38. and 8.1.3 ff. III.50.
VII.5.	The company establishes procedures of supervision, periodic assessment and adjustment of the internal control system, including an annual assessment of the degree of internal compliance and performance of such system, as well as the prospects for changing the previously defined risk framework.	Adopted	Part 1, Chapters 8.1.2 ff. III.38. and 8.1.3 ff. III.50., III.53., III.54.
VII.6.	Based on its risk policy, the company sets up a risk management function, identifying i) the main risks to which it is subject in the operation of its business, ii) the probability of their occurrence and respective impact, iii) the instruments and measures to be adopted in order to mitigate such risks, and iv) the monitoring procedures, aimed at following them up.	Adopted	Part 1, Chapters 8.1.3 ff. III.50., III.53. and III.54.
VII.7.	The company establishes processes to collect and process data related to the environmental and social sustainability in order to alert the management body to risks that the company may be incurring and propose strategies for their mitigation.	Adopted	Part 1, Chapter 8.1.2, II.2.7., II.2.9., III.53. and Part 2, Chapter 9.3.2 and 9.3.4
VII.8.	The company reports on how climate change is considered within the organisation and how it takes into account the analysis of climate risk in the decision-making processes.	Adopted	Part 1, Chapter 8.1.2, III.53 and III.54; III.6.9.

CORPORATE GOVERNANCE CODE		ASSESSMENT	REFERENCE TO THE CORPORATE GOVERNANCE REPORT/ COMMENTS
VII.9.	The company informs in the corporate governance report on the manner in which artificial intelligence mechanisms have been used as a decision-making tool by the corporate bodies.	**N/A**	REN does not use artificial intelligence mechanisms in its decision-making process.
VII.10.	The supervisory body pronounces on the work plans and resources allocated to the services of the internal control system, including the risk management, compliance, and internal audit functions, and may propose adjustments as deemed necessary.	**Adopted**	Part 1, chapters 8.1.2 ff. III.38 and 8.1.3 ff. III.50.
VII.11.	The supervisory body is the addressee of reports made by the internal control services, including the risk management, compliance, and internal audit functions, at least when matters related to accountability, identification or resolution of conflicts of interest and detection of potential irregularities are concerned	**Adopted**	Part 1, chapters 8.1.2 ff. III.38. and 8.1.3 ff. III.50.
VIII.	**INFORMATION AND STATUTORY AUDITO OF ACCOUNTS**		
VIII.1.	*Information* *Principle VIII.1.A.*: The supervisory body, diligently and with independence, ensures that the management body observes its responsibilities in choosing policies and adopting appropriate accounting criteria and establishing adequate systems for financial and sustainability reporting, and for internal control, including risk management, compliance and internal audit. *Principle VIII.1.B.:* The supervisory body promotes a proper articulation between the work of the internal audit and that of the statutory audit of accounts.		
VIII.1.1.	The regulations of the supervisory body requires that the supervisory body monitors the suitability of the process of preparation and disclosure of information by the management body, including the appropriateness of accounting policies, estimates, judgements, relevant disclosures and their consistent application from financial year to financial year, in a duly documented and reported manner.	**Adopted**	Part 1, Chapter 8.1.3 ff. III.38. and III.55.
VIII.2.	*Statutory audit and supervision* *Principle VIII.2.A.:* It is the responsibility of the supervisory body to establish and monitor formal, clear, and transparent procedures as to the relationship between the company and the statutory auditor and the supervision of compliance, by the statutory auditor, with the rules of independence imposed by law and by professional standards.		
VIII.2.1.	By means of regulation, the supervisory body defines, in accordance with the applicable legal regime, the supervisory procedures to ensure the independence of the statutory auditor.	**Adopted**	Part 1, chapter 8.1.2 ff. III.37., III.38., IV.40., V.44. and V.46.
VIII.2.2.	The supervisory body is the main interlocutor of the statutory auditor within the company and the first addressee of the respective reports, and is competent, namely, for proposing the respective remuneration and ensuring that adequate conditions for the provision of the services are in place within the company.	**Adopted**	Part 1, chapter 8.1.2 ff. III.38., V.45.
VIII.2.3.	The supervisory body annually evaluates the work carried out by the statutory auditor, its independence and suitability for the exercise of its functions and shall propose to the competent body its dismissal or termination of the contract for the provision of its services whenever there is just cause to do so.	**Adopted**	Part 1, chapter 8.1.2 ff. III.38., V.45.

9.3 OTHER INFORMATION

The company shall provide any additional information which, not covered by the previous points, is relevant for understanding the governance model and practices implemented.

9.3.1 Equality

In relation to 2023, for the purpose of paragraph q) of Article 29-H of the Securities Code, it should be highlighted that REN has in force i) a Code of Conduct for the REN Group, which establishes a rule of equal treatment and non-discrimination, in particular, based on race, gender, age, physical disability, sexual orientation, political views or religious beliefs; ii) a "Plan for Equal Gender Equal Treatment" applicable to the REN Group; and iii) a Selection and Diversity Policy, which establishes the guiding principles considered by the Nominations and Appraisals Committee in the process of identifying and selecting potential candidates for the Board of Directors. In addition, REN formalised a strategic objective for the REN Group, in accordance with the ESG policy in progress, which aims to promote gender equality and according to which it is intended that 1/3 of 1st line management positions be occupied by women by 2030 see chapter 4.5 Human capital.

REN considers diversity as a value that encourages efficiency, creativity and innovation, in selection of candidates for members of the corporate bodies, as a cross-pilar. As such, diversity has been adequately promoted in relation to qualifications and skills required for the exercise of those functions, as well as an adequate gender representation without negative discrimination of any kind.

In addition, in this respect, in 2015 REN also endorsed the commitment agreement with the Portuguese Government for gender equality in the corporate bodies of listed companies.

9.3.2 Relations with Stakeholders

In 2022, REN formalized its Stakeholder Relations Policy, with the aim of maintaining a mutually positive relationship, with integrity and ethics with key stakeholders. This Policy lists the main principles to which REN is committed in all its activities in its relations with stakeholders.

In addition, REN conducts a stakeholder consultation every two years. In 2023, a new consultation was carried out, with an increase in participation of 83% compared to the previous process, carried out in 2021. The stakeholder consultation resulted in a review of the materially relevant issues for REN, in accordance with the concept of dual materiality. The results of this analysis also served as the basis for the strategic sustainability review carried out, which is publicly available on the Group's website.

9.3.3 Regulatory Compliance Program

With the aim of achieving excellence in preventing and combating illegal acts, namely those which may constitute the practice of crimes of money laundering, financing of terrorism, corruption and related offences, REN approved a compliance program that reflects this commitment, through the definition of fundamental principles and rules that must be complied with in this area, both by employees and stakeholders.

Within the scope of the regulatory compliance program, REN's Group Integrity Policy is included, establishing the principles of action and duties of Group companies and other parties, in order to prevent the practice of illicit acts, namely crimes of corruption, money laundering and financing of terrorism, and to promote ethics, integrity and transparency in doing business, ensuring compliance with current legislation and regulations. Among other matters, in its current version, the REN Group Integrity Policy covers the priorities set out in the National Anti-Corruption Strategy.

Internal communication was also reinforced, particularly with regard to whistleblowing, namely with reminders on the intranet, in order to make employees aware of the existence of this whistleblowing mechanism. In addition, in 2022 the course that covered the topics related to the Code of Conduct was revised, and now also covers the aspects and tests related to the Group's Integrity Policy, as well as, in general, the policies and procedures for the prevention of corruption.

For the same purpose, understanding and compliance mechanisms were reinforced in relation to REN employees, who, from the moment they are hired, and regardless of their contractual relationship, declare that they are aware of and fully accept the provisions of the REN Group Code of Conduct, the procedures applicable to the treatment of communications and investigation of irregularities and the REN Group Integrity Policy. The content of said regulations and policies is made available to all employees and is permanently available at REN's buildings and on its websites (internet and intranet), and is the object of regular training and testing.

In 2023, we provided presencial training, with external collaboration, adapted to each of the business units most exposed to risks of corruption and related offences, in accordance with the Plan for the Prevention of Risks of Corruption and Related Offences.

In addition, the Ethics and Code of Conduct and Corruption Risk Prevention course was also updated in 2023, with 96% of REN's employees having completed this training in the year in question. This course is compulsory for all REN employees and must be renewed every two years. It has a

Fulfilling our mission of being an active agent of the energy transition, creating sustainable value and having tangible positive impact, with a responsible role of leadership toward a more sustainable future.

theoretical and a practical component and aims to provide information on the most relevant concepts of ethics, the Code of Conduct, REN's Integrity Policy and the Plan for the Prevention of Risks of Corruption and Related Offences, as well as understanding how the recipient of the course should act in the performance of their duties. The course also covers the procedures applicable to reporting and dealing with reports of irregularities.

The course is always available online and can be taken by all employees who wish to take it more than once and whenever they need to go into more depth on any of the topics covered by the course.

Since 2021, the powers and duties of the Corporate Governance Committee have been extended to also and expressly cover ethics issues, in particular, strengthening the management of ethics risks and monitoring the implementation of the Code of Conduct and internal rules and policies, having amended the name of the Committee to be the Ethics and Corporate Governance Committee.

9.3.4 Sustainability

REN's strategy - Strategic Plan 2021-2024 - involves high standards of environmental and social sustainability and corporate governance. This is one of the company's three strategic pillars, along with sustained investment growth and a robust financial performance, ensuring consistent shareholder returns and Investment Grade credit ratings.

In 2023, REN revised its sustainability strategy, a measure driven by the need to be strictly aligned with its strategic commitments. This update is particularly relevant in the context of the energy transition and decarbonization, areas in which REN plays a crucial role. In addition, this strategic review responds to changes in standards and regulations, both national and international, and integrates emerging sustainability best practices.

The five new sustainability priorities, according to this strategic review, are aligned with the 17 United Nations Sustainable Development Goals: Energy transition and climate change; Managing natural capital; Valuing our people; Creating value for all stakeholders; and Responsible governance.

The strategic review was based on a comprehensive methodology, which included a new stakeholder consultation to define updated material areas and themes; analysis of already established internal and external commitments and initiatives; consideration of the current sustainability context and trends, including European regulations and guidelines; benchmarking of national and international best practices; and assessment of the main sustainability ratings.This robust process ensures that REN remains at the forefront of sustainability, strengthening its role in building a more sustainable and responsible future (for more information on performance in this area, see chapter 4. Our contribution).

ANNEX 1

TO THE GOVERNANCE REPORT

Annual Report on the Remuneration of the Corporate Bodies of REN - Redes Energéticas Nacionais

INDEX

1. INTRODUCTION

The Board of Directors of REN - Redes Energéticas Nacionais, SGPS, S.A. ("**REN**" or the "**Company**") approved the remuneration report for the members of the Board of Directors, the Audit Committee and the Board of the General Meeting, as well as the Statutory Auditor (that is, REN's management and supervisory bodies, for the purposes of this report defined as "**Corporate Bodies**") of REN, prepared under the terms and for the purposes set out in Article 26-G of the Portuguese Securities Code, with the support of the Remuneration Committee.

In the dynamic and challenging scenario of the energy sector, transparency and accountability have become fundamental elements for a company's success and sustainability. This remuneration report came about three years ago as a pioneering initiative, representing a milestone in the commitment to transparency.

The step then taken, which continues to be strengthened each year, clearly concretizes the remuneration policy, its principles and criteria, allowing the respective application to be monitored and compared with comparable companies. In summary, all the elements for an understanding of the philosophy that underlies it.

Recognizing the fundamental role that remuneration plays in shaping the organizational culture and attracting talent, REN wants the policies and practices adopted in this area to be communicated openly and objectively.

This document goes beyond the mere disclosure of numbers and figures. It seeks to be a strategic tool that reinforces the commitment to corporate governance, unequivocally demonstrating how decisions related to remuneration are aligned with REN's vision, mission and strategic objectives.

The issue of sustainability has been gaining more acuity through its increasing relative weight in the Executive Committee's Key Indicators (KPIs) on which the annual performance appraisal is based, so including it in the remuneration policy is more than good practice, it is also a commitment to the future.

An additional note to mention the concern that has always existed in the preparation of the remuneration policy both with internal fairness and as well as with the creation of shareholder value.

The transparency resulting from disclosing the remuneration policy and a detailed remuneration report promotes trust and credibility and fosters a more aligned organizational culture, which is essential for achieving strategic objectives. That's why this document is another opportunity to highlight the values that guide REN on a daily basis.

The good results achieved once again this year are largely due to the effort and commitment of all employees who, imbued with a clear purpose of continuing to position REN as a reference in its market.

A final word of thanks to everyone who has collaborated with the Board of Directors, in particular the Remuneration Committee, which has helped the Board to fulfil its mission.

2. STRATEGIC BACKGROUND

Corporate governance establishes the normative and ethical framework for business practices, ensuring that management is conducted with integrity, responsibility and transparency. In the context of remuneration, adherence to corporate governance principles not only strengthens shareholder confidence, but also promotes a solid and sustainable organizational culture. By disclosing its remuneration policy in a clear and accessible manner, REN reinforces its commitment to all stakeholders.

Remuneration within REN is not seen in isolation, but as an extension of the corporate strategy. A well-defined strategy not only guides day-to-day operations, but also shapes the development of skills and the acquisition of talent essential to meeting organizational objectives. And by aligning REN's strategy with remuneration practices, an environment is created that is conducive to performance, innovation and competitiveness within the Company.

As this report shows, REN's remuneration is structured in such a way as to motivate behavior and decisions in line with the corporate strategy. Based on the Strategic Plan for the 2021-24 period, REN guarantees an interconnection between the principles of corporate governance and remuneration policies, laying the foundations for sustainable growth.

Strategic Plan 2021-2024

REN operates in a sector facing tremendous challenges in energy transition, namely in the construction of hydrogen and green gas interconnections.

Generally, the Strategic Plan is an ambitious plan, approved for the 2021-2024 period, has been fully implemented, and is based on 3 vectors:

ELECTRIFICATION

- Grid expansion to accommodate new sources of renewable energy.
- Ensuring a solid and resilient service.
- Investing in the maintenance network to optimize its efficiency and quality.

MODERNIZATION OF THE GAS NETWORK

- Ensure a gas network prepared to accommodate hydrogen.

ORGANIC GROWTH IN CHILE

- Leveraging on the momentum to capture organic opportunities.

This plan presupposes a clear orientation towards:

- The carbon neutrality targets by 2040-2050;
- Digital operations, cybersecurity and innovation;
- Reinforcing gender diversity in management positions; and
- The requalification of the necessary skills for the new future that is coming.

The strategic plan further clarifies the need to continue developing unique assets that are seen as a set of distinctive skills allowing the search for new opportunities within and outside borders, thus redefining the logic of value creation in the sector.

3. PERFORMANCE GOALS FOR 2024 AND THE CORRESPONDING REMUNERATION

The remuneration of the executive members of the Board of Directors is strategically aligned with the company's objectives. Making decisions in line with the corporate vision and contributing to the achievement of strategic objectives are key factors that directly impact remuneration. For this strategic alignment, a good objective setting is recognized as a powerful management tool if it has the ability to translate the long-term strategy into short-term objectives through both financial and non-financial indicators.

In the current phase of the corporate lifecycle, it is essential to continue to develop the set of indicators that allow for an appropriate monitoring of the operationalization of the new Strategic Plan approved for the 2021-2024 period.

In the definition of Key Performance Indicators, in addition to monitoring the explicit goals of the strategic plan and the main resources and skills, it is important to bear in mind the ability to transform data into strategic assets in order to sustain competitive advantages, namely through innovation, with the consequent creation of value to be distributed among stakeholders.

The objectives, facilitators of a positioning oriented towards the sustained development of the business, must also become a vehicle for communicating the strategy to all levels of the organization.

All the objectives for the assessment of the Executive Committee for the year 2024 will continue to be quantitative and are fragmented into specific objectives, in order to ensure complete alignment with the challenges set out in the strategic plan, as detailed next:

AGGREGATE	KEY INDICATORS	WEIGHT	DESCRIPTION
Financial	Average debt cost	10%	Average cost of financing for the Group.
	ROIC (Return on Invested Capital)	10%	Return generated by the capital invested.
	Operational Cash Flow	25%	Cash flow generated by operating activitie.
	Earning per share	25%	Net profit per share.
Operational	Quality of service	15%	Performance in network availability indicators, supply interruptions and other quality of service indicators of the different Business Units, in relation to previously established objectives.
ESG	Health & Safety	3.75%	Attendance rate and rate of days lost in relation to pre-established objectives.
	Gender diversity	3.75%	Percentage of women in management positions.
	Reducing GHG emissions[97]	3.75%	Indicators of fleet electrification, renewable energy production for own consumption and methane reduction, in relation to previously established objectives.
	Rating performance	3.75%	REN's performance in the 5 main ESG indices, in relation to previously established objectives.

[97] GHG - greenhouse gases.

In summary, the financial objectives reflect the Company's commitment to sustainable growth through the efficient allocation of resources and the search for strategic opportunities. The objectives related to operational efficiency and quality encourage the pursuit of operational excellence, which optimizes internal processes and has a direct impact on profitability. ESG (Environmental, Social and Governance) objectives reflect a commitment to social and environmental responsibility and good governance.

In brief, it is clear that the individual success of executive members is rewarded in proportion to the positive impact they have on REN's financial and operational results and ESG targets.

4. REMUNERATION PRINCIPLES

The remuneration policy of REN follows the guidelines set out below:

a) To be simple, clear, transparent and in line with REN interest and culture;

b) To be suitable and adjusted to the size, economic conditions, nature, scope and specificity of REN’s business;

c) To ensure total remuneration which is competitive and equitable and in line with the best practices in Portugal and in Europe, particularly regarding REN’s peers and that, while attracting qualified professionals, induces the alignment of interests with those of shareholders, constituting a factor for the development of a culture of professionalization and to promote merit and transparency at REN;

d) To be evolutionary, but not disruptive; and

e) To incorporate a fixed remuneration component adjusted to functions, availability, competence and responsibilities of the Members of the Board of Directors.

The remuneration of the executive members of the Board of Directors is also based on the following principles:

i) Competitiveness, taking into consideration the practice of the Portuguese market;

ii) Based on objective, uniform, consistent, fair and balance criteria that reward performance;

iii) Performance assessment in accordance with the 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 REN’s strategic plan and budget, 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;

iv) Incorporating a variable remuneration component which is reasonable overall in relation to the fixed remuneration component, without encouraging excessive risk taking;

v) Alignment of the interests of the 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 REN’s share price; and

vi) Variable remuneration indexed to the effective performance of REN, measured against specific, objective and measurable goals which are in line with the interests of REN stakeholders.

Non-executive directors (including the members of the Audit Committee) earn a fixed remuneration, monthly paid and defined in line with the best practices of large companies in the Portuguese market. The remuneration policy for these members of the Board of Directors is guided by the core objective of compensating dedication and responsibility required for the performance of their functions.

The remuneration of the members of the Board of the General Meeting corresponds to an annual fixed amount.

5. STRUCTURE OF EXECUTIVE AND NON-EXECUTIVE REMUNERATION

Below is a detailed description of the general structure of executive remuneration, including base remuneration, variable remuneration, benefits and other components.

Remuneration policy

Fixed component

The fixed component of the remuneration is exclusively composed of the base remuneration, as there is no other remuneration or payment of any costs or allowances (e.g., travel expenses or meal allowance), without prejudice to “Other monetary and non-monetary benefits” described below. This component is paid monthly, in cash.

The Fixed Remuneration of the executive directors shall be updated according to the Consumer Price Index (CPI) whenever there has been no nominal change in relation to the Fixed Remuneration paid at the end of the previous term of office. The update according to the CPI shall 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 end of the term of office of the previous year, then the update shall follow the equation below, which will be maintained year after year until new nominal update of the fixed remuneration:

$$\textit{Fixed Remuneraion}_{t+1} = \textit{Fixed Remuneraion}_{t} * \text{CPIt}$$

Where:

CPI_t =
Consumer Price Index for year t

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

- 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
- A medium/ long-term variable remuneration (MLTVR), which is awarded and paid under the terms and conditions established hereunder.

The MLTVR is attributed in remuneration units (RU), and the number of RU is calculated by dividing the value attributed to the MLTVR by the unit value of the RU.

Each RU has an initial value corresponding to the average closing price of REN shares on the Euronext Lisbon market in the 30 days prior to the date of the General Meeting approving the accounts for the respective year. This value is subsequently adjusted over time by an amount equal to the total shareholder return (TSR) of the REN shares. The number or value of RUs attributed may be subject to occasional adjustments in accordance with corporate facts/ events which affect, namely, the number or nominal value of REN shares or equity.

The proportionality between the fixed and variable components and the limits on variable remuneration (namely, between a minimum of 0% and a maximum of 120% of the fixed annual remuneration, in a gradual manner, without prejudice to the evolution of the value of the RU) have the main objective of discouraging excessive risk-taking and stimulating the pursuit of an adequate risk-management strategy.

Non-executive directors
The non-executive directors (including the members of the Audit Committee) receive a fixed remuneration paid monthly and defined in line with the best practices found in large companies, mainly in the Portuguese market.

The Remuneration of non-executive directors will be updated in accordance with the CPI whenever there has been no nominal change in relation to the Fixed Remuneration paid at the end of a previous term of office and follows the same rules as those applicable to executive directors and already expressed.

The remuneration of non-executive members of the Board of Directors does not include the payment of any bonuses related to REN's performance, or the payment of any allowances, subsidies or benefits.

Agreements with remuneration implications
There are no agreements between REN and the members of the management body. The Remuneration Policy stipulates that in the event of dismissal without just cause or resignation by agreement of an Executive Director, compensation will not be due, in addition to that legally due, if it results from inadequate performance by that Executive Director.

The compensation legally due in the event of dismissal without just cause corresponds to compensation for the damage suffered, but may not exceed the amount of remuneration you would presumably receive until the end of the period for which you were elected.

6. ALIGNMENT OF REMUNERATION WITH MEDIUM-TERM STRATEGY

The MLTVR serves the purpose of strengthening the alignment of the interests of REN's executive directors with those of the company and shareholders, varying according to the annual performance assessment.

In addition, the MLTVR is structured to ensure the deferral of its payment in cash during a period of three years after the award date, with one third being paid each year, starting in the year following its award.

However, without prejudice to the above, the right of each Executive Director to receive payment of MLTVR is still subject to compliance with three principles:

1. REN's positive performance during the period in question, which means that the consolidated net position in years t+1, t+2 and t+3, excluding any extraordinary movements occurring after the end of year t, and reduced, for each year, by an amount corresponding to a 40% payout on the net income determined in the consolidated accounts for each deferral period (regardless of the effective payout),

must be higher than that determined at the end of year t.

For these purposes, are considered extraordinary movements, in the period between year t and t+3, namely, capital increases, purchase or sale of own shares, extraordinary profit distribution, annual payout different from 40% of the consolidated profit for the respective year, or other movements that, affecting the net situation, are not derived from the operating results of the Company.

The net situation for years t+1, t+2 and t+3 must be established on the basis of the accounting rules applicable to financial year t in order to ensure comparability.

2. The Executive Director's non-compliance with any mandatory rules applicable to REN, whether legal, regulatory or internal; and

3. The non-occurrence of any termination event leading the Executive Director to cease his mandate or to terminate his professional relationship with REN, taking into consideration what is referred to below.

Termination events

a) If any Executive Director terminates their mandate before its term of office and during an assessment period, the proportional Variable Remuneration for the economic period in which they performed their duties to which the assessment refers shall be due, except if the termination is caused by or imputable to that Executive Director;

b) If any Executive Director terminates their mandate after the end of the period to which the assessment relates, but before the date of attribution, the Variable Remuneration shall be due, except if the termination results from a Termination Event;

c) If an Executive Director terminates his professional relationship with REN due to other facts that do not qualify as a Termination Event, the termination shall not lead to the loss of the MLTVR already granted but not yet paid. REN may then agree with the Executive Director that the MLTVR will be paid upon termination of the professional relationship, in which case the positive performance condition of REN above shall be based on the company's performance up to that moment; and

d) The following events are considered as Termination Events for the purpose of this Remuneration Policy: i) termination of employment by reason of dismissal with cause of the Executive Director; and ii) material breach or default by the Executive Director.

Without prejudice to what is stated in this report and to the provisions of the legislation applicable to this matter, there are no situations in which it is possible to request the restitution of variable remuneration already paid.

7. EVALUATION PERFORMANCE METRICS

The Key Performance Indicators on which the annual performance appraisal of executive members is based, defined on a consolidated basis, are naturally indexed to metrics in the Strategic Plan and for 2023 were as follows:

KEY INDICATORS	WEIGHT	DESCRIPTION
Average debt cost	10%	Comparison between the Group's average cost of financing and the budgeted amount.
ROIC (Return on Invested Capital)	10%	Comparison between the percentage return generated by the actual capital invested and the budgeted amount.
Operational Cash Flow	25%	Comparison between the cash flow generated by the Group's operating activities and the budgeted amount.
Earning per share	25%	Comparison between actual and budgeted earnings per share.
Quality of service	15%	Performance in network availability indicators, supply interruptions and other quality of service indicators of the different Business Units, in relation to previously established objectives.
Health & Safety	3.75%	Performance in work accident indicators in relation to pre-established objectives.
Gender diversity	3.75%	Comparison of the percentage of women in management positions with the objectives previously set.
Reducing GHG emissions[98]	3.75%	Performance in fleet electrification indicators and in the implementation of initiatives aimed at reducing GHG emissions in relation to previously established objectives.
Rating performance	3.75%	Evaluates the evolution of REN's performance in the main ESG indices, as well as its performance compared to the sector and its peers.

[98] GHG - greenhouse gases.

The degree of achievement of the established goals is measured through the annual performance assessment, which is based on a predefined matrix. Thus, if the achievement of objectives is below 80% (minimum performance level), no variable remuneration is awarded. On the other hand, if the achievement of objectives is between 80% and 120% or higher, the total variable remuneration attributable shall be between 20% and 120% of the fixed remuneration.

In the case of objectives achieved between 100% and 119%, the percentage of fixed remuneration to be awarded as global variable remuneration is totally proportional to the level of achievement (instead of being indexed to steps).

The table below summarises the philosophy behind the measure of achievement of the objectives:

LEVEL OF ACHIEVEMENT OF THE OBJECTIVE	% OF FIXED REMUNERATION TO BE AWARDED AS GLOBAL VARIABLE REMUNERATION
≤ 79.99%	0%
80%-89.99%	20%
90%-94.99%	40%
95%-99.99%	80%
100%-119.99%	In proportion to the level of compliance
≥ 120%	120%

8. REMUNERATION

As already noted, the remuneration of the members of the Board of Directors includes a fixed component and, in the case of the executives, a variable component decomposed into short and medium/ long-term.

Fixed component

The fixed remuneration of the Company's executive directors corresponded, in 2023, to an annual gross amount of 401,822.48 euros (four hundred and one thousand eight hundred and twenty-two euros and forty-eight cents), in the case of the Chief Executive Director, and 318,326.96 euros (three hundred and eighteen thousand three hundred and twenty-six euros and ninety six cents), in the case of the other executive directors.

Variable component

Considering the requirements and criteria applicable to the variable component of the remuneration and the value of the fixed remuneration referred to above, the maximum potential amount (gross annual value) of the variable remuneration may reach 482,186.98 euros (four hundred and eighty-two thousand one hundred and eighty-six euros and ninety-eight cents), in the case of the Chief Executive Director, and 381,992.35 euros (three hundred and eighty-one thousand nine hundred and ninety-two euros and thirty-five cents), in the case of the other executive directors, notwithstanding the evolution of the value of the remuneration units awarded, as described above. The said amount corresponds to a potential maximum value established according to maximum performance goals intended, essentially, to stimulate the management team. As mentioned, these values are dependent on the level of achievement of the objectives for a three-year mandate and on the performance evaluation to be carried out annually, as well as subject to imponderable aspects related to the sector and country conjuncture or the specificities of the business and of the Company.

Non-executive directors

The non-executive directors (including the members of the Audit Committee) receive a fixed remuneration paid on a monthly basis and defined in line with the best practices observed in large companies in the Portuguese market, as described herein:

- A gross annual amount of 83,495.56 euros (eighty-three thousand four hundred and ninety-five euros and fifty-six cents) for the Vice-Chairman of the Board of Directors;
- An annual gross amount of 78,277.16 euros (seventy-eight thousand two hundred and seventy-seven euros and sixteen cents) for the Chairman of the Audit Committee;
- A gross annual amount of 62,621.76 euros (sixty-two thousand six hundred and twenty-one euros and seventy-six cents) for the remaining members of the Audit Committee;
- A gross annual amount of 45,000.00 euros (forty-five thousand euros) for the remaining non-executive directors; and
- The members of the Ethics and Corporate Governance, Nomination and Evaluation and Sustainability Committees earned the following additional remuneration (except for the Chairman and members of the Executive Committee, who do not receive any additional remuneration for performing these duties):

  i) Chairman: 7,000.00 euros (seven thousand euros) per year; and

  ii) Other members: 4,500.00 euros (four thousand and five hundred euros) per year.

As already noted, the remuneration of non-executive members of the Board of Directors does not include the payment of any bonuses related to REN's performance, or the payment of any allowances, subsidies or benefits.

The individual and aggregate remuneration of the members of the Board of Directors paid in 2023 is detailed in the table following table:

Name	Position	Fixed remuneration	Remuneration Corporate Committees	Short-term Variable Remuneration	Medium-term Variable Remuneration for 2019, 2020 and 2021, paid in 2023	Total
Rodrigo Costa	Chairman of the Board of Directors and of the Executive Committee	401,822.48€	-	220,449.27€	253,608.28€	**875,880.03€**
João Faria Conceição	Executive Committee	318,326.96€	-	174,641.61€	200,910.48€	**693,879.05€**
Gonçalo Morais Soares	Executive Committee	318,326.96€	-	174,641.61€	200,910.48€	**693,879.05€**
Guangchao Zhu	Vice-Chairman of the Board of Directors	83,495.56€	-	-	-	**83,495.56€**
Mengrong Cheng[1]	Board of Directors	8,346.77€	-	-	-	**8,346.77€**
Houyun Shi[2,7]	Board of Directors	-	-	-	-	**-**
Mingyi Tang[3,7]	Board of Directors	-	-	-	-	**-**
Lequan Li[4]	Board of Directors	8,346.77€	1,669.35€	-	-	**10,016.12€**
Yang Qu[5,7]	Board of Directors	-	-	-	-	**-**
Maria Estela Barbot	Board of Directors	45,000.00€	4,500.00€	-	-	**49,500.00€**
Jorge Magalhães Correia	Board of Directors	45,000.00€		-	-	**45,000.00€**
José Luís Arnaut	Board of Directors	45,000.00€	6,999.96€	-	-	**51,999.96€**
Ana Barros	Board of Directors	45,000.00€	4,500.00€	-	-	**49,500.00€**
Ana Pinho	Board of Directors	45,000.00€	4,500.00€	-	-	**49,500.00€**
Dulce Mota[6,7]	Board of Directors	-	-	-	-	**-**
Manuel Sebastião	Chairman of the Audit Committee	78,277.16€	6,999.96€	-	-	**85,277.12€**
Gonçalo Gil Mata	Audit Committee	62,621.76€	-	-	-	**62,621.76€**
Rosa Freitas	Audit Committee	62,621.76€	4,500.00€	-	-	**67,121.76€**
Total		**1,567,186.18€**	**33,669.27€**	**569,732.49€**	**655,429.24€**	**2,826,017.18€**

Notes: 1. 1. Exit on 7/03/2023 2. Entry on 7/03/2023 and exit on 30/11/2023 3. Entry on 30/11/2023 4. Exit on 7/03/2023 5. Entry on 07/03/2023 6. Entry on 10/11/2023 7. Payment of respective remunerations was processed in 2024

The STVR paid in 2023 relates to the 2022 financial year.

The members of the Executive Committee were also attributed (but not paid) an additional remuneration parcel, as MLTVR referring to the financial year of 2022, set in RU, and to be paid over three years from 2024, in accordance with the terms and conditions set out in the previous chapter.

Taking into account that the REN share price on the date the MLVTR was set at 2.696 euros, the number of RUs attributed to each member of the Executive Committee was as follows:

i) Rodrigo Costa - 81,769.02 RU;

ii) João Faria Conceição - 64,778.05 RU; and

iii) Gonçalo Morais Soares - 64,778.05 RU.

The participation of members of the Board of Directors in the respective Corporate Governance Committees (excluding the Audit Committee) is also detailed:

CORPORATE COMMITTEES	NAME
Sustainability Committee	Rodrigo Costa (Chairman) João Faria Conceição Gonçalo Morais Soares Ana Barros Ana Pinho
Ethics and Corporate Governance Committee	José Luís Arnaut (Chairman) Maria Estela Barbot Yang Qu
Nominations and Appraisals Committee	Manuel Sebastião (Chairman) Yang Qu Rosa Freitas

Other sums paid for any reason

The members of REN's corporate bodies did not receive any amounts paid by other companies in a controlling or group relationship with REN, as defined in paragraph g) of no. 1 of article 2 of Decree-Law no. 158/2009, of 13 July, in accordance with the provisions of paragraph d) of no. 2 of article 26-G of the Portuguese Securities Code.

Remuneration paid in the form of profit sharing

There were no, nor are expected any, payments in the form of profit sharing and/or payment of bonuses, beyond the variable component of remuneration described above.

Compensation paid or due to former executive directors

In 2023, there were no amounts due or paid in the form of compensation to former executive directors for the termination of their duties during such financial year.

Remuneration of the members of the Board of the General Meeting

The remuneration of the members of the Board of the General Meeting corresponds to an annual fixed amount with the following values:

- For the Chairman, an amount of 15,000.00 euros (fifteen thousand euros);
- For the Vice-Chairman, an amount of 5,000.00 euros (five thousand euros); and
- For the Secretary, an amount of 3,000.00 euros (three thousand euros).

Remuneration of the Statutory Auditor

The remuneration of the Statutory Auditor, proposed by the Audit Committee, is defined taking into account the criteria and remuneration practices for this type of service under normal market conditions, in accordance with the service agreement signed with him following a proposal to this effect by the Company's Audit Committee. The Statutory Auditor's remuneration is not related to REN's performance.

Other benefits

During 2023, the executive directors were provided with the use of a vehicle to perform their duties, as well as health insurance, life insurance and personal accident insurance for the performance of their functions. The value of these benefits is estimated to be around 25 thousand euros/ director.

Agreements with remuneration implications

There are no agreements between REN and the members of the management body or officers (in the meaning of Article 3(1)(23) of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014) that would award compensation in the event of resignation, unfair dismissal or termination of the employment relationship, following a change in control over the Company.

Plans to allocate shares or stock options

There are no variable remuneration programmes or plans that consist of the awarding of shares, options to acquire shares or other incentive scheme based on a variation of the price of shares, notwithstanding the method for calculating the medium/ long-term variable remuneration (MLTVR) for members of the management or supervisory bodies or officers, in the meaning of Article 3(1)(23) of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014.

Retirement benefits or equivalent
There is no retirement benefit system for the members of the management or supervisory bodies (or officers, in the meaning of Article 3(1)(23) of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014).

Furthermore, bearing in mind the objectives sought through the remuneration model detailed herein, members of the management body of the Company have not entered into agreements either with the Company or with third parties, designed to mitigate the risk inherent to the variability of their remuneration.

Control mechanisms available in a possible scheme for employee participation in the share capital
There are no schemes for employee participation in the Company's share capital.

9. COMPARATIVE REMUNERATION ANALYSIS

Remuneration market studies with companies that are comparable in size and complexity provide a solid basis for understanding the current formulation of remuneration strategy as well as their degree of competitiveness with both national and European peers.

Two independent salary studies were carried out in due course by two international reference bodies with a view to positioning REN in relation to other companies and thus confirming whether the general principles of the remuneration policy are being complied with.

These studies analyzed the remuneration of executive and non-executive members of a group of companies comparable to REN.

In one of the studies carried out by an international specialist body, companies from 15 sectors of economic activity were considered, both in Portugal and in seventeen other European countries.

The sample size of the reference markets used is detailed below.

PORTUGUESE REFERENCE MARKET
Made up exclusively of executive positions in companies operating in Portugal.

121 COMPANIES

369 EXECUTIVES

EUROPEAN REFERENCE MARKET
Made up exclusively of executive positions in companies operating in the European market.

461 COMPANIEE

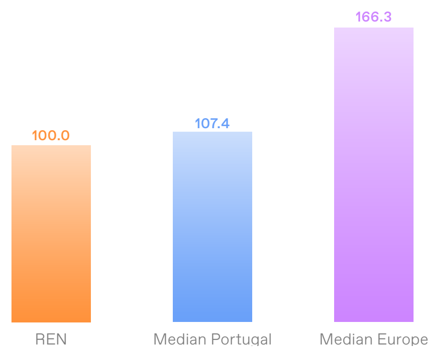
1.361 EXECUTIVES

This comparative salary analysis is based on the year 2022, the last year for which data is available.

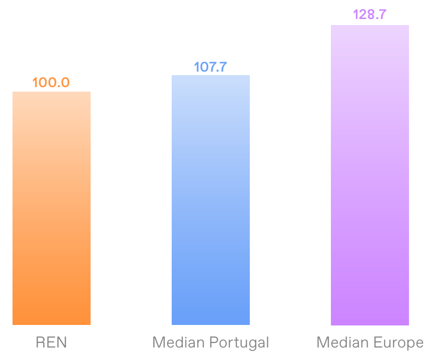
Executive members
The analysis of remuneration with groups of executives working in comparable companies, shown in the graphs below, shows that the remuneration policy followed by REN has a conservative profile in a comparative perspective, mainly with European executives – the remuneration of REN's CEO corresponds to the 60th percentile of the median value for functions in comparable companies and that of executive directors at the 78th percentile - showing to be more in line withthe median value for equivalent roles in the national market.

The results show that the Company's salary profile is generally moderate compared to the average of its peers.

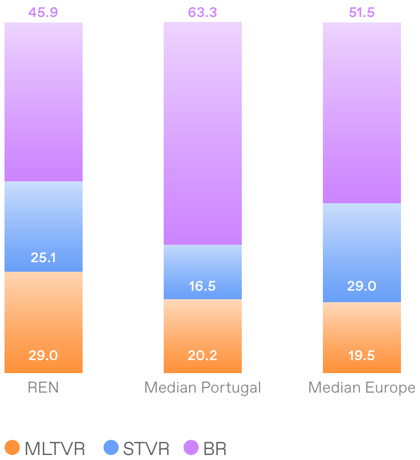
Total CEO compensation (%)



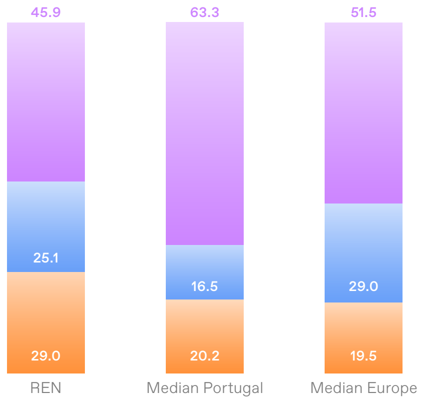
Total compensation Executive Directors (%)



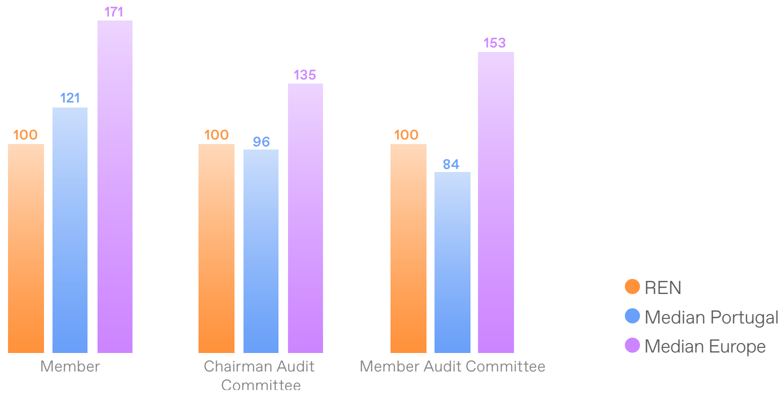
CEO's Retributive Mix (%)



Retributive Mix Executive Managers (%)



Remuneration of Non-Executive Directors (%)



Retributive mix

In terms of the components that make up the compensation policy, the study carried out shows that the remuneration principles in force at the Company, namely the mix of fixed and variable remuneration in the short and medium term, are in line with good market practice. However, compared to the study sample, REN gives greater weight to remuneration directly dependent on the Company's annual performance, since its fixed remuneration is lower than the median for Portuguese and European companies.

Non-executive members

The non-executive members of the Board of Directors are not involved in operational management but play a crucial role in the strategic direction of the company, so it is also critical to compare their remuneration policy with other salary practices.

The above-mentioned salary study also analyzed the remuneration of the non-executive members of REN's Board of Directors, in order to provide a comparative view of REN's remuneration vis-à-vis its counterparts in the Portuguese and European markets.

The data examined from these samples, and expressed in the graph above, highlights the existence of compensation that does not differ markedly from the national market, although it is clearly below the median for the European market.

To complement the sample study we have mentioned, a second study was carried out with another international company, independent of the first, which analyzed the Portuguese and European markets through three other samples with other groups of companies, also comparable.

The constituent base of the sample, for the year 2022, was as follows:

The three samples considered in this second study concern the PSI on the domestic market, a group of 11 companies in the electricity sector operating on the European market and finally companies that are part of the FTSE 250 index.

PORTUGUESE REFERENCE MARKET

Made up of companies that are part of the PSI.

16 COMPANIES

EUROPEAN REFERENCE MARKET

2 independent samples, one made up of companies comparable to REN in the electricity sector and the other of companies in the FTSE 250.

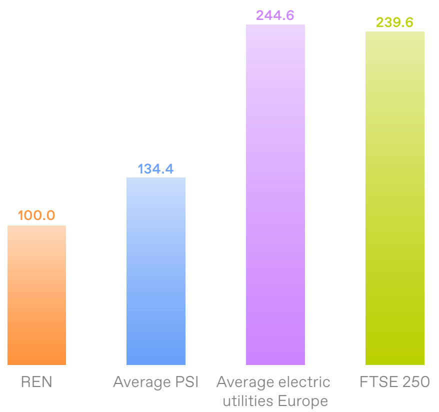
ELECTRICITY SECTOR	FTSE 250:
11	250
COMPANIES FROM 8 COUNTRIES	LISTED ON THE LSE

Executive members
Although the conclusions are in line with those of the previous study, the markets considered in these samples reinforce the sense of conservatism in the remuneration policy of REN's Governing Bodies, which is clearly expressed in the next charts.

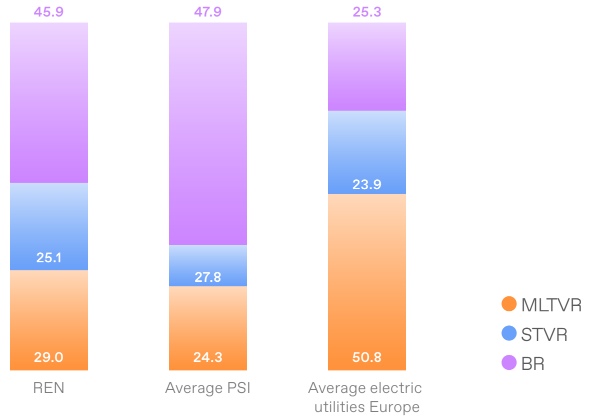
It should be noted, however, that the difference in REN's remuneration policy compared to the average of the companies in the two European market samples is fundamentally based on the large weight of medium-term variable remuneration, as shown in the next charts.

With regard to the remuneration mix, this second salary survey showed a great alignment in the weight of the fixed, short and medium-term variable remuneration components compared to the PSI companies. With regard to the two other European samples - Electric Utilities and the FTSE 250 - the enormous weight of medium-term variable remuneration should be highlighted, which is the basis of REN's salary gap with the companies in these two samples, as mentioned above.

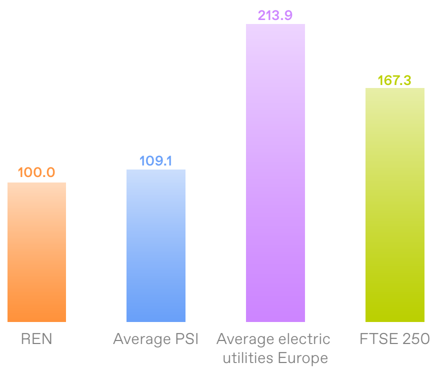
Total compensation CEO (%)



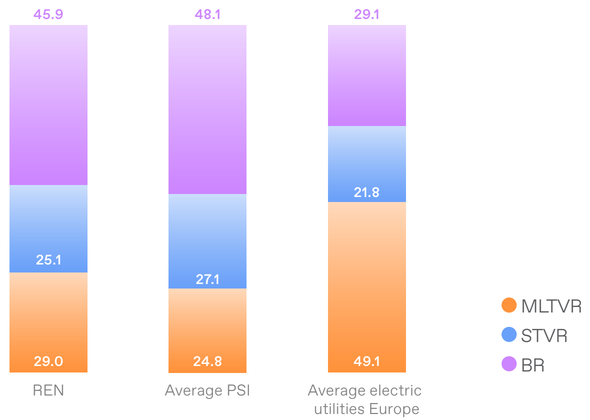
CEO Remuneration Mix (%)



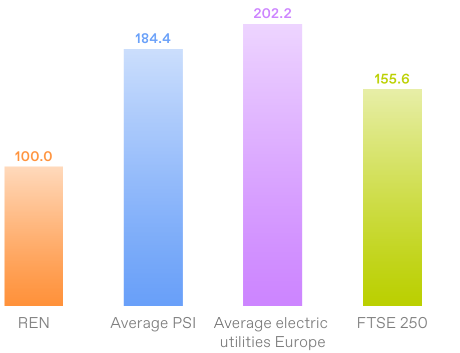
Total compensation Executive Directors (%)



Directors Remuneration Mix (%)



Non-Executive Directors' Remuneration (%)



Non executives

The analysis of the chart below reinforces the conclusions already inferred from the previous study, reinforcing the conviction about the moderation of the remuneration policy of REN's non-executive members, compared to the average values of the companies that made up these samples.

10. ALIGNMENT OF THE REMUNERATIONS WITH THE REMUNERATION POLICY

The principles

In accordance with the principles set out in paragraph 4 above, "(...) total remuneration must be competitive and equitable and in line with best practice in Portugal and Europe, (...) based on objective criteria that reward performance, (...) incorporating a reasonable variable component in relation to the fixed component, without encouraging excessive risk-taking and (...) encouraging the alignment of the interests of executive members with those of the Company".

Still in relation to the "Principles", the Variable Remuneration is determined based on objective and measurable criteria, based on nine KPIs, duly detailed in paragraph seven, and includes, in an aggregate manner,
i) financial ii) operational and iii) ESG KPI.

In turn, the proportionality between the fixed and variable components and the limits on variable remuneration (that is, between a minimum of 0% and a maximum of 120% of the fixed annual remuneration, in a gradual manner, without prejudice to the evolution of the value of the RU) discourages excessive risk-taking, while encouraging the pursuit of an appropriate risk management strategy.

Finally, it should also be mentioned that the MLTVR brings the interests of the executive directors closer to the long-term interests of REN, deferring payment over three years and also making its payment conditional on the future sustainability of the Company. In addition, it also contributes towards aligning the interests of executive directors with those of shareholders, given that the value of this component, through the UR attributed, evolves over time in an amount equal to the total shareholder return (TSR) of REN shares.

Remuneration policy

The fixed remuneration of executive and non-executive members is regularly compared with the figures of other companies of comparable size and complexity operating in both the domestic and international markets, as discussed in the previous section.

The two salary studies carried out on a very significant number of comparable companies, from five independent samples, and carried out by two international entities specializing in this type of analysis, showed the conservatism of REN's remuneration policy and its mechanisms to protect against excessive risk-taking.

The remuneration of non-executive directors (including the members of the Audit Committee) was composed exclusively of a fixed component, thus not depending on the performance or value of REN, thus meeting the recommendations applicable to this matter.

The structure of the executive directors' remuneration, on the other hand, included a fixed component and a variable component, although, as has already been seen, there was an appropriate proportionality between the two, confirmed by the salary studies mentioned above.

It should be noted that the performance assessment of the executive directors was carried out by the Remuneration Committee, based on the opinion of the major shareholders of the Company, as well as of the non-executive directors, and also taking into consideration the report prepared by the Appointments and Assessment Committee. The Audit Committee also validated the results that served as reference to the quantitative evaluation process.

If the performance assessment of the executive body takes into consideration the fulfilment of the KPIs defined to evaluate the performance of the Executive Board, while the individual evaluation of its individual members takes into account the performance of each one:

i) In the execution of the Company's strategic plan and budget;

ii) In the internal performance of the respective units;

iii) iIn their role in good articulation between organs of company; and

iv) On the role of the desired corporate culture, sustainability and "work life balance" in the respective areas.

In short, the value of the variable remuneration proposed by the Remuneration Committee to the shareholders depends on the individual assessment of each executive member and also on the respective alignment with the results achieved. Furthermore, the individual performance assessment of an Executive Director will only be taken into account when negative, in which case the variable remuneration will not be awarded to that Executive Director.

It should also be noted that payment of the short-term variable component only occurred after approval of the accounts, and payment of the medium and long-term component only after compliance with all the conditions and requirements established in the respective policy, explained in the chapter on Remuneration Principles and Policy, and that the value of the variable remuneration indexed to REN's actual performance measured against measurable, specific and unambiguous objectives, complies with the fundamental ideas of the respective Principles.

In short, as has been shown, there was no departure from either the Principles or the Remuneration Policy, nor were any derogations applied.

11. EVOLUTION OF THE EXECUTIVE REMUNERATION

The remuneration policy has been conducted in such a way that ensures a balance between the Company's Corporate Bodies and employees. Analyzing the variation in the salary mass paid to the employees compared to that assigned to the Board, over the last 5 years the latter has decreased compared to the former.

A detailed analysis shows that the change in the wage bill is due to the increase in the number of employees over the period under study and the corresponding increase in the average wage.

EMPLOYEES (EXCLUDING GENERAL MEETING BOARD)	2023	2022	2021	2020	2019
Salary mass[99]	39,498,426	36,338,682	35,049,549	34,546,294	**33,955,756**
Salary mass variation (compared to 2019)	16.3%	7.0%	3.2%	1.7%	-
Variation in the average number of employees	7.0%	2.9%	2.0%	1.2%	-
Variation in the average salary of employees	8.7%	4.0%	1.2%	0.6%	-
Average salary increase (compared to 2019)	16.9%	8.8%	5.3%	3.3%	-

Board of Directors	2023	2022	2021	2020	2019
Salary mass attributed to the BoD[100]	2.706.651	2,726,595	2,677,140	2,654,618	**2,562,756**
Salary mass variation (compared to 2019)	5.6%	6.4%	4.5%	3.6%	-

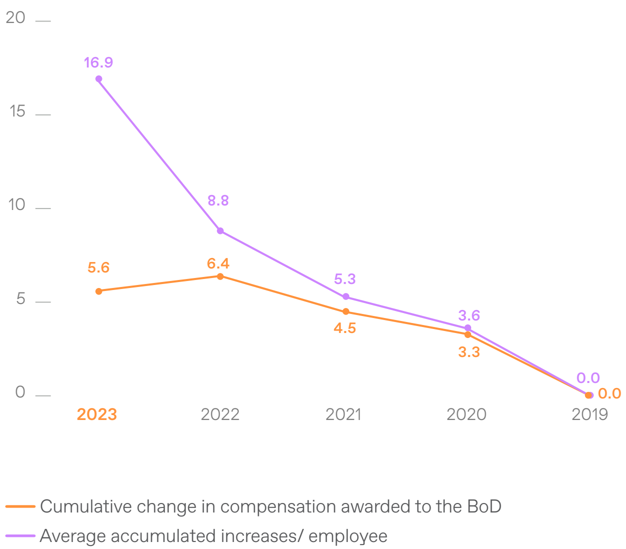
[99] Excluding S.S. and other personnel costs.

[100] Salary mass attributed excluding S.S. and other costs. In addition, the attributed salary mass does not take into account the evolution of the MLTVR as a function of the TSR.

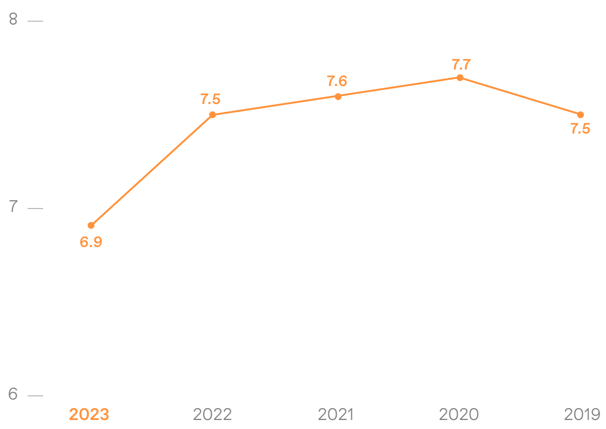
The fact that REN is rejuvenating its personnel, replacing senior employees with more junior ones, has allowed average wage growth to be much lower than the sum of average increases over the period. It is therefore relevant to analyze not only the evolution of the respective wage bill but also the average increases agreed by the Company over the five years under review, with variations in Board of Directors costs.

A final note on the weight of the total remuneration attributed to the Board of Directors in relation to the employees' payroll, which has seen a downward trend over the last five years.

Cumulative variation in compensation awarded to the BoD[101] versus average cumulative increases per employee (%)



Compensation awarded to the Board of Directors[101] compared to that of Employees (%)



[101] The compensation awarded to the Board of Directors each year does not take into account the evolution of the MLTVR in relation to the TSR.

As already mentioned, REN has been implementing a policy to rejuvenate its workforce, which has made it possible to make the average remuneration of the employees who remain more competitive, without prejudice to attracting new skills and talent.

The chart below on net job creation, which naturally excludes attracting talent by replacing departures, reflects the important role that REN has been playing in creating quality jobs and its role in keeping young people in Portugal.

EMPLOYMENT CREATION	2023	2022	2021	2020	2019[105]
Employees on January[102]	719	701	697	684	687
Retired employees[103]	14	12	10	15	9
Employees on December 31	748	719	701	697	684
Employment creation[104]	43	30	14	28	6
Cumulative employment creation	121	78	48	34	6

12. ESG

In its ongoing quest for responsible and sustainable business management, REN recognizes the importance of environmental, social and corporate governance (ESG) criteria. As a reflection of this commitment, the Company's objectives include a block dedicated exclusively to ESG aspects, representing 15% of the Company's total objectives and therefore affecting the respective remuneration strategy for executive members.

Health and safety
Employee health and safety is a fundamental principle of REN's corporate culture. In addition to strictly complying with safety regulations at the sites where it operates, comprehensive safety training programs are constantly implemented and a culture of accident prevention is encouraged. Regular safety audits are carried out to identify and correct potential risks, thus ensuring a safe and secure working environment for all employees.

Gender diversity
Recognizing the intrinsic value of diversity and promoting gender equality, REN's commitment is reflected in tangible actions and ambitious targets to increase female participation in leadership positions. Initiatives have been implemented to increase the representation of women at all levels of the organization. In addition to the Board of Directors already including a third of women, there is a commitment to generalize this objective to management positions by 2024.

Reducing greenhouse gas (GHG) emissions
As part of its environmental responsibility, REN is committed to the continued reduction of greenhouse gas emissions. Measures have been implemented to increase energy efficiency in all operations, using renewable energy production for self-consumption and investing in low-carbon technologies. REN is committed to the transparent measurement and disclosure of its GHG emissions, allowing stakeholders to assess real progress in their environmental impacts.

Rating performance
Believing in the importance of being assessed by independent, internationally recognized organizations that allow ESG performance to be monitored against global standards and areas for improvement to be identified, REN actively participates in the five main ESG ratings - S&P Global, CDP, Sustainalytics, MSCI and ISS ESG - submitting itself to a rigorous and comprehensive analysis of its practices.

[102] Employees who started working on this day are not included.
[103] In addition to pensioners, includes pre-retirees and other comparable situations.
[104] Job creation in the broad sense: number of people absorbed from the labor market (net balance of the permanent staff + retirees).
[105] Does not include internships as of January 1st.

Participation in ESG ratings is not only an opportunity to assess performance, but also to demonstrate commitment to transparency and accountability to stakeholders. The recommendations resulting from these assessments serve to drive continuous improvement in all ESG areas, setting ambitious targets and implementing tangible initiatives to promote outstanding performance on environmental, social and corporate governance issues.

ESG ratings strengthen trust and credibility, and help build solid relationships.

In sum, active participation in the top five ESG ratings is a tangible reflection of commitment to corporate responsibility.

By incorporating ESG criteria into its remuneration strategy, REN reaffirms its commitment to creating long-term value for shareholders, employees, communities and the environment. A holistic and balanced approach, which recognizes financial, operational and ESG aspects, is essential for sustainable success and business resilience.

A final note to mention that the ESG dimension is not new for REN, as it is increasingly present in its objectives and respective Key Indicators.

There is a growing awareness that corporate social responsibility is a priority for companies committed to the communities where they operate. it is also crucial to achieve a green recovery that promotes sustainable economic growth, accelerating the transition towards decarbonized societies. For REN, it is also clear that thinking about ESG in a systematic and integrated way also increases the potential for value creation since:

1. ESG practices help to reduce operational costs by improving resource efficiency and consequently financial performance.
2. Help attracting and retaining talent, in addition to improving employee motivation through a sense of purpose. Since the positive correlation between employee satisfaction and shareholder return is peaceful, we can conclude that ESG has a positive impact on productivity.
3. A robust ESG proposal can improve return on investment by allocating capital to more promising and sustainable opportunities, particularly in regulated sectors.

It is also for these reasons that the Company's Objectives for 2024 include four KPIs from this ESG dimension, out of a total of nine.

13. DEFINITION OF THE REMUNERATION POLICY

The Remuneration Committee, appointed by REN's General Meeting, plays a crucial role in defining the remuneration of the management and supervisory bodies.
It is also responsible for presenting and discussing the proposed remuneration policy for these members at the General Meeting, ensuring transparency and accountability.

Members of the Remuneration Committee 2021-2023

JOÃO DUQUE Chairman	JOSÉ GALAMBA DE OLIVEIRA Member	FERNANDO NEVES DE ALMEIDA Member

Independence

The current Remuneration Committee is made up of members who are independent from management. To this extent, the Remuneration Committee does not include any member of another corporate body for which it defines the respective remuneration and none of the three members has any family relationship with members of other corporate bodies, reinforcing integrity in the definition of remuneration.

Experience

All members of the Remuneration Committee have the knowledge, acquired through their academic training and/ or professional experience, to reflect on, deal with and decide on all matters within the remit of the Remuneration Committee.

The members of the Remuneration Committee have academic training in management areas, with the exception of one of its members whose specific training is in human resources management, which gives them the necessary and appropriate theoretical knowledge to carry out their duties.

It should also be noted that the Remuneration Committee is made up of three members with extensive professional experience in consultancies, government, higher education and companies in various sectors of activity, both in Portugal and abroad. In fact, all the members of the Remuneration Committee have continuously held positions as members of the management bodies of various national and international entities in a wide variety of sectors, i) management and consultancy positions in financial regulators; and ii) management positions in consultancies in the areas of management, technology and human resources, thus consolidating relevant practical knowledge of remuneration policy, performance evaluation systems and related matters, which complement each other.

Access to external consultants

The Remuneration Committee may, under the terms of its regulations, freely decide on the contracting by the Company of consultancy services necessary or convenient for the performance of its duties, within the Company's budgetary limits, ensuring that the services are provided independently and that the respective providers are not contracted to provide any other services to the Company itself or to others in a control or group relationship with it without its express authorization.

The independence and extensive professional experience of the Remuneration Committee means that decisions on remuneration are duly substantiated and understandable.

It should be noted that, within the scope of the internal committees, the Appointments and Assessment Committee, in accordance with its regulations, has the role of supporting the Board of Directors in the annual assessment of its executive members, and submitting the respective report to the Remuneration Committee by March of each year. Without prejudice to the above, this Committee has no powers to define the remuneration of the Board of Directors, although the evaluation carried out by this Committee may indirectly influence this remuneration.

The Remuneration Committee presents and justifies the rationale behind the remuneration policy to the General Meeting on an annual basis and, in accordance with the provisions of its Regulations, is always available to provide information or clarifications requested by shareholders at this Meeting and at any others if the respective agenda includes a matter related to the remuneration of members of governing bodies, company committees or if such presence has been requested by shareholders.

The main highlights of the Remuneration Committee's role include the increasing relevance of ESG indicators in the Key Indicators, and greater transparency in the disclosure of criteria and methods for calculating remuneration.

The regulations of the Remuneration Committee, approved in January 2019, are available on REN's institutional website.

Below are the most important activities carried out during 2023 by the Remuneration Committee as part of the meetings held.

A final note to mention that transparency and clear communication about the remuneration strategy have contributed to building shareholder confidence.

ACTIVITIES	1Q 2023	2Q 2023	3Q 2023	4Q 2023
Evaluation of the 2022 KPIs of the EC				
Evaluation of the members of the EC				
Definition of variable remuneration of the EC of 2022				
Approval of the KPIs and their metrics for the evaluation of the EC in 2023				
Approval of remuneration policy of 2023				
Monitoring the evolution of the relevant KPIs for the evaluation of the EC				
Monitoring the evolution of the Company's activity				

14. STAKEHOLDER ENGAGEMENT AND SUSTAINABILITY

REN's clear commitment to the sustainability of its remuneration policy is based on the following strengths:

Remuneration policy using the best market practices.	√	No discretionary variable remuneration.	X
Variable remuneration dependent on quantitative objectives.	√	No contracts to guarantee remuneration.	X
Objectives articulated with the Strategic Plan and integrating KPIs of sustainability.	√	No objectives that promote excessive risk.	X
50% of variable remuneration deferred over three years.	√	No advance payments of future remuneration.	X
Malus clause in long-term variable remuneration.	√		
Variable remuneration limited to 120% of fixed remuneration.	√		
Regular benchmarking of compensation policies.	√		
Moderation of the weight of the BoD salary mass in relation to employees.	√		

It has received continued and significant support from shareholders over the years, thus attesting to the effectiveness of the remuneration model.

On April 27, 2023, the Remuneration Committee's proposal on the remuneration policy of the members of the governing bodies was approved by a majority of 99.12% at the Annual General Meeting.

The design of the remuneration policy presented by the Remuneration Committee, which received broad consensus from its shareholders and is expressed in the table below, has proved to be appropriate from the perspective of creating value for stakeholders in a sustained manner.

GSM VOTING REGARDING THE RC STATEMENT ON THE REMUNERATION POLICY OF THE MGB

Date of GSM	In Favour	Against
27 April 2023	99.12%	0.88%
28 April 2022	99.98%	0.02%
24 April 2021	98.36%	1.64%
7 May 2020	99.61%	0.39%
3 May 2019	99.80%	0.20%

Also noteworthy is the proactivity in managing stakeholder expectations, anticipating concerns and addressing them in a transparent manner. This includes not only disclosing salary policies, but also explaining the underlying principles and the impacts on REN's performance.

15. CONCLUSION AND FUTURE PROSPECTS

The Remuneration Committees, in general, face today a considerable number of challenges often expressed through General Meetings and even the media. The value of their respective remuneration, the clarity of the relationship between compensation and performance, among others, are issues discussed outside the narrower scope of the Remuneration Committees.

The vectors of REN's compensation policy, set out in detail throughout this report, are based on clear principles that ensure both the transparency and intelligibility of the model.

Prior clarification of the role of each member of the Board of Directors is an important element in defining the Remuneration Policy. Additionally, the awareness that compensation, although very relevant, is only one of the elements that influence the behaviour of the executive members, via variable remuneration, and that other aspects such as career and individual satisfaction of success should not be neglected.

The weight of the remuneration of the Board of Directors in relation to that of the employees reaches a low percentage.

REN's model, foreseeing a relationship between performance and compensation, seeks to guarantee that the pursuit of KPIs depends, as far as possible, on the direct action of the respective executive members.

There is a concern for alignment between executive remuneration and the creation of shareholder value, without prejudice to the understanding that this analysis should be relative, since the evolution of the share price depends on several other forces exogenous to the Company.

The Company's compensation model bears in mind that there is a specific market for executives and that their attraction/ retention presupposes alignment with this same market.

The remuneration of the executive members has incorporated the risk associated to compliance with KPIs, and may fluctuate positively or negatively over the years.

The Remuneration Committee, besides being composed of independent members, has the full power to propose to the shareholders the respective remuneration policy for the governing bodies and any revisions thereof. However, as the independent members that they are, they have to ensure the monitoring of the activity, meeting regularly throughout the year with members of the Board of Directors, as well as being able to use the support of external consultants whenever they consider appropriate.

The Remuneration Committee, as the body responsible for designing the compensation plan, has been able to guarantee, over time, full alignment with shareholders, which is reflected in the almost unanimous votes in the General Meeting regarding the sanctioning of this policy.

In short, REN's compensation model, as shown, respects all the good practices instituted by corporate governance bodies in the vectors of:

- Transparency of compensation amounts and their business context;
- Independence of the body responsible for defining the compensation policy;
- Alignment with shareholders;
- Objectives adjusted to the strategic plan, guaranteeing medium and long-term sustainability; and
- Executive accountability in the medium and long-term, namely through the malus clause.

In preparing for the future, companies must maintain a flexible approach to defining executive remuneration strategies, adapting to changes in the business environment and the growing expectations of stakeholders. Sensitive management to emerging dynamics is therefore necessary to ensure that remuneration policies are aligned with the company's long-term objectives and therefore with its sustainability.

ANNEX 2

TO THE GOVERNANCE REPORT

LIST OF HOLDERS OF QUALIFIED SHAREHOLDINGS

In accordance with the provisions of article 20 of the Portuguese Securities Code, with reference to 31 December 2023 and according to the information provided by shareholders and/or managers, and information provided in section II.7. of the Corporate Governance Report, the qualified shareholdings to whom voting rights are attributable corresponding to at least 5% of the voting rights attached to the share capital of REN are as follows:

	No. of shares	Voting rights %
State Grid Corporation of China (through State Grid Europe Limited (SGEL), controlled and totally held by State Grid International Development Limited (SGID), which is controlled by State Grid Corporation of China)	166,797,815	25.0
Pontegadea Inversiones S.L.	80,100,000	12.0
Lazard Asset Management LLC (shares held on behalf of Clients, and attributable to it for having agreed with them to exercise the respective voting rights)	51,105,111	7.7
Fidelidade — Companhia de Seguros, S.A. (includes 119,889 shares held by Via Directa, 37,537 shares held by CPR, 98,732 held by Fidelidade Assistência and 63,470 held by Multicare)	35,496,424	5.32
Redeia Corporación, S.A. (shares held through its subsidiary Red Eléctrica Internacional S.A.U.)	33,359,563	5.0

LIST OF SHARES AND BONDS COVERED BY NUMBERS 1 AND 2 OF ARTICLE 447 OF THE PORTUGUESE COMPANIES CODE

The list of shares and bonds held, as well as transactions made, by members of the management and supervisory bodies, and the persons referred to in article 447(2) of the Portuguese Companies Code, is provided in section II.8. of the Corporate Governance Report.

ANNEXES

COMMITMENT TO THE FUTURE

We actively seek innovative initiatives that promote a shift in the paradigm and transition to clean energy.

ANNEXES

ANNEX 1. ENERGY LEGISLATION PUBLISHED IN 2023

1.1 ELECTRICITY

ERSE Directive 20-A/2023, of 29 of December
Approves regulations on the allocation of grid connection capacity to consumer installations in the Sines high demand area.

ERSE Directive no. 18/2023, of 22 of December
Implements the Frequency Restoration Reserve Band Market with manual activation.

Decree-Law no. 105/2023, of 17 of November
Reformulates the procedures concerning applications for the installation and operation of new biomass recovery plants.

Order no. 11035/2023 of the Ministry of Finance, of 27 of October
Assigns revenue to reducing the National Electricity System's tariff deficit.

European Commission Recommendation (EU) 2023/2407, of 20 of October
On energy poverty.

Directive (EU) 2023/2413 of the European Parliament and of the Council, of 18 of October
Amends Directive (EU) 2018/2001, Regulation (EU) 2018/1999 and Directive 98/70/EC regarding the promotion of energy from renewable sources and repealing Council Directive (EU) 2015/652.

Decree-Law no. 87/2023, of 10 of October
Amends the regime for the use of water resources and the legal regime for the environmental impact assessment of public and private projects likely to have significant effects on the environment.

Order no. 300/2023, of 4 of October
Defines the methodology for calculating the rate of return to be applied to the intertemporal transfer of allowed revenues relating to energy policy, sustainability and general economic interest costs.

Order no. 298/2023, of 4 of October
Delimits the technology-free zone (ZLT) for renewable energies of ocean origin or location off the coast of Viana do Castelo.

Directive (EU) 2023/1791 of the European Parliament and of the Council, of 13 of September
On energy efficiency and amending Regulation (EU) 2023/955 (recast).

Decree-Law no. 80/2023, of 6 of September
Establishes the exceptional procedure for the allocation of grid connection capacity for electricity consumption facilities in areas of high demand.

ERSE Directive no. 17/2023, of 31 of August
Approves the procedures manual of the Guarantees of Origin Issuing Entity.

Law no. 43/2023, of 14 of August
Composition, organisation and functioning of the Climate Action Council.

ERSE Regulation no. 828/2023, of 28 of July
Approves the Electricity Sector Tariff Regulation and repeals Regulation no. 785/2021, of 23 August.

ERSE Regulation no. 827/2023, of 28 of July
Approves the Commercial Relations Regulation for the Electricity and Gas Sectors and repeals Regulation no. 1129/2020, of 30 December.

ERSE Regulation no. 826/2023, of 28 of July
Approves the Quality of Service Regulation for the Electricity and Gas Sectors and repeals Regulation no. 406/2021, of 12 May.

ERSE Regulation no. 818/2023, of 27 of July
Approves the Regulation on Access to Electricity Sector Networks and Interconnections and repeals Regulation no. 560/2014, of 22 December, and Regulation no. 620/2017, of 18 December.

ERSE Regulation no. 816/2023, of 27 of July
Approves the Electricity Sector Network Operation Regulation and repeals Regulation no. 557/2014, of 19 December, and Regulation no. 621/2017, of 18 December.

ERSE Regulation no. 815/2023, of 27 of July
Approves the Electricity Sector Self-Consumption Regulation and repeals Regulation no. 373/2021, of 5 May.

ERSE Regulation no. 814/2023, of 27 of July
Approves the Regulation on the Misappropriation of Energy.

ERSE Directive 14/2023 of 26 of July
Tariffs and prices for electricity from July to December 2023 - exceptional fixing.

ERSE Directive no. 8/2023 of 15 of July
Establishes exceptional tariffs and prices for electricity for the period from July to December 2023.

Commission Delegated Regulation (EU) 2023/807, of 14 of April
On the revision of the primary energy conversion factor for electricity pursuant to Directive 2012/27/EU of the European Parliament and of the Council.

ERSE Directive no. 10/2023, of 11 of April
Approves the reporting obligations under the cost adjustment mechanism in the Iberian Electricity Market (MIBEL).

Declaration of Rectification no. 12-A/2023, of 10 of April
Amends Decree-Law no. 11/2023 of 10 February, which reforms and simplifies environmental licensing.

ERSE Directive no. 9/2023, of 3 of April
First update of the Electricity Sector Energy Tariff to come into force on 1 April 2023.

Decree-Law no. 21-B/2023, of 30 of March
Amends the exceptional and temporary mechanism for adjusting electricity production costs within the scope of the Iberian Electricity Market.

ERSE Directive no. 8/2023, of 22 of March
Approves the implementation of the exceptional mechanism for adjusting electricity production costs.

ERSE Directive no. 3/2023, of 15 of March
First update of the Electricity Sector Energy Tariff to come into force on 1 April 2023.

Decree-Law no. 11/2023, of 10 of February
Proceeds to reform and simplifies environmental licensing.

ERSE Directive (extract) no. 6/2023, of 16 of January
Approves the loss profiles applicable in 2023.

Directive no. 3/2023, of 11 of January
Approves the tariffs and prices for electricity and other services in 2023.

1.2 GAS

Regulation (EU) 2023/1804 of the European Parliament and of the Council, of 13 of September
On the creation of an infrastructure for alternative fuels and repealing Directive 2014/94/EU.

ERSE Directive 16/2023, of 30 of August
Approves the rules for trading products with delivery at the Virtual Trading Point (VTP) on the MIBGAS platform.

Order no. 110-A/2023, of 24 of April
Regulates Decree-Law 84/2022 of 9 December, complementing the transposition of Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018.

ERSE Directive 7/2023, of 28 of February
Approves the rules for operationalising the establishment of the list of dominant operators.

Regulation (EU) 2023/435 of the European Parliament and of the Council, of 27 of February
Amends Regulation (EU) 2021/241 as regards the REPowerEU chapters of recovery and resilience plans and amending Regulations (EU) No 1303/2013, (EU) 2021/1060 and (EU) 2021/1755 and Directive 2003/87/EC.

Commission Delegated Regulation (EU) 2023/1184, of 10 of February
to complement Directive (EU) 2018/2001 of the European Parliament and of the Council establishing a European Union methodology setting out detailed rules for the production of renewable liquid and gaseous fuels of non-biological origin for transport.

Order no. 15/2023, of 4 of January
It establishes a centralised purchasing system for biomethane and hydrogen produced by electrolysis of water, using electricity from renewable energy sources.

ANNEX 2. TABLE OF CORRESPONDENCE WITH THE REQUIREMENT OF THE GLOBAL REPORTING INITIATIVE (GRI)

STATEMENT OF USE	GRI USED	APPLICABLE SECTOR STANDARD
REN has reported in accordance with the GRI Standards for the period of 1 January and 31 December 2023.	**GRI 1:** Foundation 2021.	**GRI 11:** Oil and Gas Sector 2021.

GRI STANDARD	LOCATION	OMISSION			NO OF SECTOR STANDARD	CORRESPONDENCE WITH ESRS STANDARDS[1]
		REQUIREMENTS OMITTED	REASON	EXPLANATION		
GRI 2: GENERAL DISCLOSURES 2021						
2-1 Organization details	REN – Redes Energéticas Nacionais, SGPS, S.A.	-	-	-	-	-
2-2 Entities included in the organization's sustainability reporting	About the report	-	-	-	-	ESRS 1 5.1 ESRS 2 BP-1
2-3 Reporting period, frequency and contact point	About the report	-	-	-	-	ESRS 1
2-4 Restatements of information	About the report 4.5 Human capital 4.6 Natural capital	-	-	-	-	ESRS 2 BP-2
2-5 External assurance	About the report	-	-	-	-	-
2-6 Activities, value chain and other business relationships	1. Our activity 4.2 Responsible management of the supply chain	-	-	-	-	ESRS 2 SBM-1
2-7 Employees	4.5 Human capital – Description of human resources	b. iii. non-guaranteed hours employees, and a breakdown by gender and by region.	Not applicable.	REN does not have employees without a guaranteed workload.	-	ESRS 2 SBM-1 ESRS S1-6

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GRI STANDARD	LOCATION	OMISSION: REQUIREMENTS OMITTED	OMISSION: REASON	OMISSION: EXPLANATION	NO OF SECTOR STANDARD	CORRESPONDENCE WITH ESRS STANDARDS[1]
2-8 Workers who are not employees	No of FTE: 1,524.	a. i. most common types of workers and their contractual relationship. a. ii. type of work performed. b. Describe the methodologies and assumptions used to compile the data. c. Describe significant fluctuations in the number of workers who are not employees.	Information unavailable/ incomplete.	Information not available as workers who are not employees are managed at the level of the areas responsible for hiring.	-	ESRS S1-7
2-9 Governance structure and composition	3.1 Governance structure – Composition of corporate bodies III – Corporate Governance Report	-	-	-	-	ESRS 2 GOV-1 ESRS 2 G1
2-10 Nomination and selection of the highest governance body	III – Corporate Governance Report	-	-	-	-	-
2-11 Chair of the highest governance body	3.1 Governance structure – Composition of corporate bodies III – Corporate Governance Report	-	-	-	-	-
2-12 Role of the highest governance body in overseeing the management of impacts	3.1 Governance structure – Composition of corporate bodies III – Corporate Governance Report	-	-	-	-	ESRS 2 GOV-1 and GOV-2 ESRS G1
2-13 Delegation of responsibility for managing impacts	3.1 Governance structure – Sustainability governance III – Corporate Governance Report	-	-	-	-	ESRS 2 GOV-1 and GOV-2 ESRS G1-3
2-14 Role of the highest governance body in sustainability reporting	3.1 Governance structure – Sustainability governance III – Corporate Governance Report	-	-	-	-	ESRS 2 GOV-5 ESRS 2 IRO-1
2-15 Conflicts of interest	3.3 Ethical culture and fight against corruption – Prevention of situations of conflicts of interests	-	-	-	-	-

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GRI STANDARD	LOCATION	OMISSION			NO OF SECTOR STANDARD	CORRESPONDENCE WITH ESRS STANDARDS[1]
		REQUIREMENTS OMITTED	REASON	EXPLANATION		
2-16 Communication of critical concerns	The Board of Directors of REN SGPS (holding company) meets periodically throughout the year. At every meeting, the Executive Committee addresses, presents, informs and proposes the most critical issues for decision, and these are typically addressed as agenda items: general information, usually from the CEO, on issues relevant to the company, the sector, the country and the markets, a presentation, usually by the CFO and COO, on the KPI, which includes a presentation on the most significant risks and the control mechanisms, a state of play on health, safety and the environment, as well as a detailed presentation of management notes and the control report by the members of the Executive Committee and first-line Directors of the relevant areas in each topic.	-	-	-	-	ESRS 2 GOV-2 ESRS G-1 and G-3
2-17 Collective knowledge of the highest governance body	3.1 Governance structure – Sustainability governance III – Corporate Governance Report	-	-	-	-	ESRS 2 GOV-1
2-18 Evaluation of the performance of the highest governance body	3.1 Governance structure – Remuneration policy III – Corporate Governance Report	-	-	-	-	-
2-19 Remuneration policies	3.1 Governance structure – Remuneration policy III – Corporate Governance Report	-	-	-	-	ESRS 2 GOV-3 ESRS E1
2-20 Process to determine remuneration	3.1 Governance structure – Remuneration policy III – Corporate Governance Report	-	-	-	-	ESRS 2 GOV-3
2-21 Annual total compensation ratio	4.5 Human capital – Diversity, equality and inclusion	-	-	-	-	ESRS S1-16
2-22 Statement on sustainable development strategy	Message from the Chairman	-	-	-	-	ESRS 2 SBM-1
2-23 Policy commitments	3.3 Ethical culture and fight against corruption REN's website – Regulatory compliance programme REN's website – Suppliers Code of Conduct REN's website – Sustainability management	-	-	-	-	ESRS 2 GOV-4 ESRS S1-1 ESRS S2-1 ESRS S3-1 ESRS G1-1
2-24 Embedding policy commitments	3.3 Ethical culture and fight against corruption	-	-	-	-	ESRS 2 GOV-2 ESRS S1-4 ESRS S2-4 ESRS S3-4 ESRS G1-4

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GRI STANDARD	LOCATION	OMISSION: REQUIREMENTS OMITTED	OMISSION: REASON	OMISSION: EXPLANATION	NO OF SECTOR STANDARD	CORRESPONDENCE WITH ESRS STANDARDS[1]
2-25 Processes to remediate negative impacts	2.1 Strategy – Stakeholders 2.3 Risk management – Main risks and opportunities 4.2 Responsible management of the supply chain 4.6 Natural capital	-	-	-	-	ESRS S1-1 and S1-3 ESRS S2-1 and S2-3 ESRS S3-1; S3-3 and S3-4 ESRS G1-1
2-26 Mechanisms for seeking advice and raising concerns	3.3 Ethical culture and fight against corruption – Communication of irregularities	-	-	-	-	ESRS S1-3 ESRS S2-3 ESRS S3-3 ESRS G1-1 and G1-3
2-27 Compliance with laws and regulations	REN's website – Audit Committee – Activity report In 2023, two cases of environmental offenses were raised; three cases were concluded; 13 cases were carried over from previous years. There were no fines resulting from non-compliance with environmental laws and regulations. The amount of fines paid was therefore zero euros.	-	-	-	-	ESRS 2 SBM-3 ESRS E2-4 ESRS S1-17 ESRS G1-4
2-28 Membership associations	4.3 Innovation and development	-	-	-	-	-
2-29 Approach to stakeholder engagement	2.1 Strategy – Stakeholders 4.5 Human capital – Social dialogue and benefits REN's website – Stakeholders	-	-	-	-	ESRS 2 SBM-2 ESRS S1-1 and S1-2 ESRS S2-1 and S2-2 ESRS S3-1 and S3-2
2-30 Collective bargaining agreements	4.5 Human capital – Social dialogue and benefits	-	-	-	-	ESRS S1-8
GRI 3: MATERIAL TOPICS 2021						
3-1 Process to determine material topics	Materiality 2.1 Strategy – Sustainability approach	-	-	-	-	ESRS 2 BP-1 and IRO-1
3-2 List of material topics	Materiality 2.1 Strategy – Sustainability approach	-	-	-	-	ESRS 2 SBM-3
Economic performance						
3-3 Management of material topics	Materiality 4.1 Financial performance REN monitors the information associated with this topic and reports it annually, namely through GRI indicators: 201-1.	-	-	-	11.14.1 11.21.1	ESRS 2 SBM-1 and SBM-3

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GRI STANDARD	LOCATION	OMISSION: REQUIREMENTS OMITTED	OMISSION: REASON	OMISSION: EXPLANATION	NO OF SECTOR STANDARD	CORRESPONDENCE WITH ESRS STANDARDS[1]
Operational excellence						
3-3 Management of material topics	Materiality 1.2 Electricity 1.3 Gas	-	-	-	-	ESRS 2 SBM-1 and SBM-3
Risk and crisis management						
3-3 Management of material topics	Materiality 2.3 Risk management REN monitors the information associated with this topic and reports it annually, namely through GRI indicators: 2-25.	-	-	-	-	ESRS 2 SBM-1 and SBM-3
Operational safety, emergency preparedness and response						
3-3 Management of material topics	Materiality 1.2 Electricity 1.3 Gas 4.5 Human capital	-	-	-	-	ESRS 2 SBM-1 and SBM-3
Integration of renewable energies						
3-3 Management of material topics	Materiality 1.1 Context 1.2 Electricity 1.3 Gas 4.6 Natural capital	-	-	-	11.1.1 11.2.1	ESRS 2 SBM-1 and SBM-3
Respect for human rights						
3-3 Management of material topics	Materiality 4.2 Responsible management of the supply chain 4.5 Human capital REN monitors the information associated with this topic and reports it annually, namely through GRI indicators: 408-1, 409-1 and 410-1.	-	-	-	11.12.1 11.18.1	ESRS 2 SBM-1 and SBM-3
Occupational health and safety						
3-3 Management of material topics	Materiality 4.5 Human capital REN monitors the information associated with this topic and reports it annually, namely through GRI indicators: 403-1 to 403-10.	-	-	-	11.9.1	ESRS 2 SBM-1 and SBM-3 ESRS S1-1; S1-2; S1-4 and S1-5

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GRI STANDARD	LOCATION	OMISSION: REQUIREMENTS OMITTED	OMISSION: REASON	OMISSION: EXPLANATION	NO OF SECTOR STANDARD	CORRESPONDENCE WITH ESRS STANDARDS[1]
Health and safety of surrounding communities						
3-3 Management of material topics	Materiality 4.4 Communities REN's website – Well-being, development and safety REN monitors the information associated with this topic and reports it annually, namely through GRI indicators: 416-1 to 416-2 and 417-2.	-	-	-	-	ESRS 2 SBM-1 and SBM-3
Anti-corruption						
3-3 Management of material topics	Materiality 3.3 Ethical culture and fight against corruption REN monitors the information associated with this topic and reports it annually, namely through GRI indicators: 205-1 to 205-3.	-	-	-	11.20.1	ESRS 2 SBM-1 and SBM-3 ESRS G1-1 and G1-3
Ethics and conduct						
3-3 Management of material topics	Materiality 3.3 Ethical culture and fight against corruption REN monitors the information associated with this topic and reports it annually, namely through GRI indicators: 2-23 to 2-27 and 205-1 to 205-3.	-	-	-	-	ESRS 2 SBM-1 and SBM-3
Climate change						
3-3 Management of material topics	Materiality 4.6 Natural capital REN monitors the information associated with this topic and reports it annually, namely through GRI indicators: 305-1 to 305-7.	-	-	-	11.1.1 11.2.1 11.3.1	ESRS 2 SBM-1 and SBM-3 ESRS E1-2; E1-3; E1-4 and E1-7 ESRS E2-1; E2-2 and E2-3
Energy efficiency						
3-3 Management of material topics	Materiality 4.6 Natural capital REN monitors the information associated with this topic and reports it annually, namely through GRI indicators: 302-1 to 203-5.	-	-	-	11.1.1 11.2.1	ESRS 2 SBM-1 and SBM-3 ESRS E1-2; E1-3 and E-4

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GRI STANDARD	LOCATION	OMISSION REQUIREMENTS OMITTED	OMISSION REASON	OMISSION EXPLANATION	NO OF SECTOR STANDARD	CORRESPONDENCE WITH ESRS STANDARDS[1]
Human capital management and training						
3-3 Management of material topics	Materiality 4.5 Human capital REN monitors the information associated with this topic and reports it annually, namely through GRI indicators: 2-7; 2-21; 2-30; 202-1; 401-1 to 401-3; 404-1 to 404-3; 406-1; 407-1; 408-1 and 409-1.	-	-	-	11.10.1 11.13.1	ESRS 2 SBM-1 and SBM-3 ESRS S1-1; S1-2; S1-4 and S1-5
Biodiversity and forestry						
3-3 Management of material topics	Materiality 4.6 Natural capital REN monitors the information associated with this topic and reports it annually, namely through GRI indicators: 304-1 to 304-4.	-	-	-	11.4.1 11.16.1	ESRS 2 SBM-1 and SBM-3 ESRS E4-1; E4-3 and E4-4
Diversity, equality, and inclusion						
3-3 Management of material topics	Materiality 4.5 Human capital REN monitors the information associated with this topic and reports it annually, namely through GRI indicators: 405-1 to 405-2.	-	-	-	11.11.1	ESRS 2 SBM-1 and SBM-3
Community engagement and support						
3-3 Management of material topics	Materiality 4.4 Communities REN monitors the information associated with this topic and reports it annually, namely through GRI indicators: 203-1 to 203-2 and 413-1 to 413-2.	-	-	-	11.15.1	ESRS 2 SBM-1 and SBM-3 ESRS S3-1; S3-2; S3-4 and S3-5
Sustainable supplier chain						
3-3 Management of material topics	Materiality 4.2 Responsible management of the supply chain REN monitors the information associated with this topic and reports it annually, namely through GRI indicators: 204-1; 308-1 to 308-2 and 414-1 to 414-2.	-	-	-	11.14.1	ESRS 2 SBM-1 and SBM-3 ESRS G1-2

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GRI STANDARD	LOCATION	OMISSION: REQUIREMENTS OMITTED	OMISSION: REASON	OMISSION: EXPLANATION	NO OF SECTOR STANDARD	CORRESPONDENCE WITH ESRS STANDARDS[1]
TOPIC SPECIFIC						
GRI 201-1: Economic performance 2016						
201-1 Direct economic value	Economic value generated: 763 M€ • Revenues: 651.8 M€ • Others: 111.3 M€ Economic value distributed: 458.5 M€ • Employees: 64 M€ • Suppliers: 136.5 M€ • Shareholders: 102.1 M€ • Financial sector: 83.2 M€ • Community: 0,7 M€ • Government: 72.0 M€ Economic value retained: 304.6 M€	-	-	-	11.14.2	-
201-2 Financial implications and other risks and opportunities due to climate change	2.3 Risk management 4.6 Natural capital Annex 5. Recommendations of the Task force on Climate-related Financial Disclosures (TCFD)	-	-	-	11.2.2	ESRS 2 SBM-3 ESRS E1-3 and E1-9
201-3 Defined benefit plan obligations and other retirement plans	Note 21 of the Consolidated financial statement annex	-	-	-	-	-
201-4 Financial assistance received from government	1.651.446,44 euros	-	-	-	-	-
GRI 202: Market presence 2016						
202-1 Ratios of standard entry level wage by gender compared to local minimum wage	4.5 Human capital – Diversity, equality and inclusion The lowest salaries paid by REN are in line with and/or higher than the average cost of living in Portugal, according to Eurostat data, marker "fairly easily able to make ends meet". The lowest salary paid at REN was 1,067 euros for men and 1,240 euros for women, corresponding respectively to ratios of 1.40 and 1.63 in relation to the national minimum wage (760 euros).	-	-	-	-	ESRS S1-10
GRI 203: Indirect economic impacts 2016						
203-1 Infrastructure investments and services supported	4.4 Communities	-	-	-	11.14.4	-
203-2 Significant indirect economic impacts	4.4 Communities	-	-	-	11.14.5	ESRS S3-4

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GRI 204: Procurement practices 2016						
204-1 Proportion of spending on local suppliers	4.2 Responsible management of the supply chain – Characterization of purchases Local suppliers mean national suppliers.	-	-	-	11.14.6	-
GRI 205: Anti-corruption 2016						
205-1 Operations assessed for risks related to corruption	2.3 Risk management	-	-	-	11.20.2	ESRS G1-3
205-2 Communication and training about anti-corruption policies and procedures	3.3 Ethical culture and fight against corruption - Formação e sensibilização All employees have access to available training on anti-corruption policies and procedures, through various training courses, namely training on "Ethics, Code of Conduct and Prevention of Corruption Risks", "REN Sustainability" and "REN Cybersecurity".	-	-	-	11.20.3	ESRS G1-3
205-3 Confirmed incidents of corruption and actions taken	3.3 Ethical culture and fight against corruption REN recorded no cases of corruption in 2023.	-	-	-	11.20.4	ESRS G1-4
Additional sector disclosures						
Describe the approach to contract transparency	-	Approach to contract transparency.	Confidentiality constraints.	Confidentiality constraints.	11.20.5	-
Beneficial owners	-	Beneficial owners.	Confidentiality constraints.	Confidentiality constraints.	11.20.6	-
GRI 302: Energy 2016						
302-1 Energy consumption within the organization	4.6 Natural capital – Operational efficiency	-	-	-	11.1.2	ESRS E1-5

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GRI STANDARD	LOCATION	OMISSION: REQUIREMENTS OMITTED	REASON	EXPLANATION	NO OF SECTOR STANDARD	CORRESPONDENCE WITH ESRS STANDARDS[1]
302-2 Energy consumption outside of the organization	-	a. Energy consumption outside of the organization, in joules or multiples. b. Standards, methodologies, assumptions, and/ or calculation tools used. c. Source of the conversion factors used.	Information unavailable.	The consumption of energy outside the organization subject to measurement is associated with transporting workers on business trips by airplane. REN does not have tools to calculate this consumption; however, CO_2 emissions related to this travel are reported in the emissions chapter (4.6 Natural capital).	11.1.3	-
302-3 Energy intensity	4.6 Natural capital – Operational efficiency	-	-	-	11.1.4	ESRS E1-5
302-4 Reduction of energy consumption	4.6 Natural capital – Operational efficiency	-	-	-	-	ESRS E1-5
302-5 Reductions in energy requirements of products and services	Indicator considered not applicable, given the nature of REN's energy transmission activity. The measures implemented by REN to reduce energy consumption can be found in GRI 302-4.	-	-	-	-	-
GRI 303: Water and effluents 2018						
303-3 Water withdrawal	4.6 Natural capital – Operational efficiency	b. Total water withdrawal from all areas with water stress.	Information unavailable.	Given the nature of REN's activity and the non-materiality of the issue, an analysis related to water stress has not yet been carried out.	-	-
GRI 304: Biodiversity 2016						
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	4.6 Natural capital – Biodiversity	-	-	-	11.4.2	ESRS E4-5
304-2 Significant impacts of activities, products, and services on biodiversity	4.6 Natural capital – Biodiversity	-	-	-	11.4.3	ESRS E4-5
304-3 Habitats protected or restored	4.6 Natural capital – Biodiversity	-	-	-	11.4.4	ESRS E4-3

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		REQUIREMENTS OMITTED	REASON	EXPLANATION		
304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	4.6 Natural capital – Biodiversity	-	-	-	11.4.5	ESRS E4-5
GRI 305: Emissions 2016						
305-1 Direct (scope 1) Greenhouse gas (GHG) emissions	4.6 Natural capital – Reduction of the climate footprint	-	-	-	11.1.5	ESRS E1-4 and E1-6
305-2 Indirect (scope 2) GHG emissions	4.6 Natural capital – Reduction of the climate footprint	-	-	-	11.1.6	ESRS E1-4 and E1-6
305-3 Other indirect (scope 3) GHG emissions	4.6 Natural capital – Reduction of the climate footprint	-	-	-	11.1.7	ESRS E1-4 and E1-6
305-4 GHG emissions intensity	Emissions intensity (scope 1 and 2): 1.30 tCO_2eq Emissions intensity (scope 1, 2 and 3): 2.0 tCO_2eq	-	-	-	11.1.8	ESRS E1-6
305-5 Reduction of GHG emissions	4.6 Natural capital – Reduction of the climate footprint	-	-	-	11.2.3	ESRS E1-3; E1-4 and E1-7
305-6 Emissions of ozonedepleting substances (ODS)	-	a. Production, imports, and exports of ODS in metric tons of CFC-11 (trichlorofluoromethane) equivalent.	Not applicable.	REN has no products or services that use ozone depleting substances. Over time, climate control equipment containing ozone depleting gases has been replaced, in accordance with REN's equipment replacement plan.	-	-
305-7 Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	4.6 Natural capital – Operational efficiency	-	-	-	-	ESRS E2-4
GRI 306: Waste 2020						
306-3 Waste generated	4.6 Natural capital – Operational efficiency	-	-	-	-	ESRS E5-5

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		REQUIREMENTS OMITTED	REASON	EXPLANATION		
GRI 308: Supplier environmental assessment 2016						
308-1 New suppliers that were screened using environmental criteria	4.2 Responsible management of the supply chain Compliance with legislation is validated during the supervision of subcontracting and during audits. REN complies with Portuguese legislation, guaranteeing the human rights mirrored in the company's Code of Conduct.	-	-	-	-	ESRS G1-2
308-2 Negative environmental impacts in the supply chain and actions taken	4.2 Responsible management of the supply chain – Sustainable procurement In 2023, REN was not aware of any real or potential significant environmental impacts in its supply chain.	-	-	-	-	ESRS 2 SBM-3
GRI 401: Employment 2016						
401-1 New employee hires and employee turnover	4.5 Human capital – Description of human resources Table 1 of the complementary information: GRI 401-1 Hires and turnover.	-	-	-	11.10.2	ESRS S1-6
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.5 Human capital – Well-being, Equality, and Inclusion – NÓS Programme 4.5 Human capital – Social dialogue and benefits	-	-	-	11.10.3	ESRS S1-11
401-3 Parental leave	In 2023, 17 employees, of whom six are women and 11 are men, were entitled to parental leave. Of these employees, one left on his own initiative. The remaining employees who have completed their leave have returned to work, which for the purposes of internal indicators is considered to be a 100% return rate. The rate of return adapted to the GRI is 94% (discounting the voluntary departure recorded here). With regard to employees who took parental leave in 2022, they remain active at REN 12 months after their return, and the retention rate, with reference to 2022, is 100%. It should be noted that REN complies with Portuguese legislation regarding the period of leave, with the initial leave period being 120 or 150 consecutive days.	-	-	-	11.10.4 11.11.3	ESRS S1-15
GRI 402: Labour relations 2016						
402-1 Minimum notice periods regarding operational changes	The notice periods are those arising from the General Labour Law (“Lei Geral de Trabalho”).	-	-	-	11.10.5	-

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		REQUIREMENTS OMITTED	REASON	EXPLANATION		
GRI 403: Occupational health and safety 2018						
403-1 Occupational health and safety management system	4.5 Human capital – Occupational health REN has implemented an Occupational Health and Safety Management System certified under standard ISO 45001:2018, covering 100% of the employees of REN SGPS, REN Eléctrica, REN Serviços, REN Gasodutos, REN Atlântico, REN Armazenagem, REN Telecom, R&D Nester, Enondas and REN PRO (except for commercial management activities). Information related to this system is described in the Integrated System (SIG) Manual.	-	-	-	11.9.2	ESRS S1-1
403-2 Hazard identification, risk assessment, and incident investigation	4.5 Human capital – Occupational health	-	-	-	11.9.3	ESRS S1-3
403-3 Occupational health services	4.5 Human capital – Well-being, Equality, and Inclusion – NÓS Programme	-	-	-	11.9.4	-
403-4 Worker participation, consultation, and communication on occupational health and safety	4.5 Human capital – Occupational health 4.5 Human capital – Engagement with employees	-	-	-	11.9.5	-
403-5 Worker training on occupational health and safety	4.5 Human capital – Well-being, Equality, and Inclusion – NÓS Programme Consultations are held with different protocols for employees in specific roles or who start work on a hybrid basis. An awareness and information campaign on mental health was carried out in conjunction with screening as part of the occupational health consultation. The programme of psychology consultations open to all employees and a specific protocol for employees following serious accidents at work was consolidated. Adherence to the mental health pact promoted by the Católica Lisbon Social Responsibility Centre and development of activities with a special focus on mental health assessment and diagnosis. In 2023, 5,866.5 hours of training were given to employees in Occupational Health and Safety.	-	-	-	11.9.6	-

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GRI STANDARD	LOCATION	OMISSION: REQUIREMENTS OMITTED	REASON	EXPLANATION	NO OF SECTOR STANDARD	CORRESPONDENCE WITH ESRS STANDARDS[1]
403-6 Promotion of worker health	4.5 Human capital – Well-being, Equality, and Inclusion – NÓS Programme The internal occupational health services are organized taking into account REN's geographical dispersion and the number of employees. The legal requirement for occupational health consultations is the focus of all the assistance provided to employees, who are formally called for consultations, auxiliary nursing examinations and analyses, and referred to the curative medicine, nutritionist, psychologist and social worker services following a diagnosis or on their own initiative. Specific women's and men's health screenings are aimed at employees over the age of 45. Other initiatives such as occupational gymnastics are aimed at employees with specific functions who have been diagnosed as being at risk. Yoga, functional training and other sports activities within the REN clubs (padel, running, cycling, among others) are free activities available to all employees. The initiatives are publicized on the intranet and promoted through internal communication campaigns. The curative medicine consultation is accessible to permanent service providers at the workplace. All employees have an individual and family health insurance plan. Only REN employees are covered by REN's health activities. The strategy and coordination of all health and wellbeing activities has been recognized externally through first place in the Wellbeing Awards.	-	-	-	11.9.7	-
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.5 Human capital – Occupational health	-	-	-	11.9.8	ESRS S2-4
403-8 Workers covered by an occupational health and safety management system	4.5 Human capital – Occupational health 100% of the employees of: REN SGPS, REN Eléctrica, REN Serviços, REN Gasodutos, REN Atlântico, REN Armazenagem, REN Telecom, R&D Nester, Enondas e REN PRO. 100% of workers who are not employees serving at these companies.	-	-	-	11.9.9	ESRS S1-14
403-9 Work-related injuries	4.5 Human capital – Occupational health Table 2 of the complementary information: GRI 403-9 Work-related injuries.	-	-	-	11.9.10	ESRS S1-4
403-10 Work-related ill health	No cases of work-related ill health recorded.	-	-	-	11.9.11	ESRS S1-4

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		REQUIREMENTS OMITTED	REASON	EXPLANATION		
GRI 404: Training and education 2016						
404-1 Average hours of training per year per employee	4.5 Human capital – Training and development	-	-	-	11.10.6 11.11.4	ESRS S1-13
404-2 Programs for upgrading employee skills and transition assistance programs	4.5 Human capital – Training and development No of internal courses: 85 No of sabbaticals with guaranteed job reintegration: 0 No of retirement or dismissal transition support programs: 6	-	-	-	11.10.7	ESRS S1-1
404-3 Percentage of employees receiving regular performance and career development reviews	4.5 Human capital – Performance management 4.5 Human capital – Training and development In 2023, 100% of eligible employees received regular performance and career development reviews.	-	-	-	-	ESRS S1-13
GRI 405: Diversity and equal opportunity 2016						
405-1 Diversity of governance bodies and employees	4.5 Human capital – Well-being, Equality, and Inclusion – NÓS Programme Table 3 of the complementary information: GRI 405-1 Employees diversity. In the universe of REN employees, there are 18 employees with a degree of disability equal to or greater than 60%.	-	-	-	11.11.5	ESRS S1-6; S1-9 and S1-12
405-2 Ratio of basic salary and remuneration of women to men	4.5 Human capital – Well-being, Equality, and Inclusion – NÓS Programme	-	-	-	11.11.6	ESRS S1-16
GRI 406: Non discrimination 2016						
406-1 Incidents of discrimination and corrective actions taken	REN complies with Portuguese legislation with regard to guaranteeing human rights and is a signatory to the principles of the United Nations Global Compact. In 2023, no cases of discrimination were recorded. However, complaints about cases of discrimination are addressed immediately and the respective treatment and corrective actions are ensured, in accordance with the procedures in place.	-	-	-	11.11.7	ESRS S1-17

[1] REN carried out a preliminary mapping of the correspondence between the GRI requirements and the ESRS disclosure requirements.

GRI STANDARD	LOCATION	OMISSION: REQUIREMENTS OMITTED	OMISSION: REASON	OMISSION: EXPLANATION	NO OF SECTOR STANDARD	CORRESPONDENCE WITH ESRS STANDARDS[1]
GRI 407: Freedom of association and collective 2016						
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	REN guarantees the right to freedom of association and collective bargaining in accordance with the law, ethical principles and standards of conduct established in the Code of Conduct. In 2023, no situations were identified in which the right to freedom of association and collective bargaining was at risk. The mechanisms for managing the right to strike are guaranteed by the national legislation in effect.	-	-	-	11.13.2	-
GRI 408: Child labour 2016						
408-1 Operations and suppliers at significant risk for incidents of child labour	In compliance with Portuguese legislation and its Code of Conduct, REN prohibits the practice of child labor. Compliance with legislation and the Code is validated during supervision and audits. The company is also a signatory to the principles of the United Nations Global Compact initiative.	-	-	-	-	ESRS S1-1 ESRS S2-1
GRI 409: Forced or compulsory labour 2016						
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	REN complies with Portuguese legislation prohibiting forced labour, and is a signatory to the principles of the United Nations Global Compact. Compliance with legislation is validated at the time of supervising and conducting audits.	-	-	-	11.12.2	ESRS S1-1 ESRS S2-1
GRI 410: Security practices 2016						
410-1 Security personnel trained in human rights policies or procedures	For all employees (100%) with security/ safety functions, the same human rights training is provided as for the rest of the organization.	-	-	-	-	-
GRI 413: Local communities 2016						
413-1 Operations with local community engagement, impact assessments, and development programs	4.4 Communities	-	-	-	11.15.2	ESRS S3-2; S3-3 and S3-4
413-2 with significant actual and potential negative impacts on local communities	4.4 Communities	-	-	-	11.15.3	ESRS 2 SBM-3

[1] REN carried out a preliminary mapping of the correspondence between the GRI requirements and the ESRS disclosure requirements.

GRI STANDARD	LOCATION	OMISSION: REQUIREMENTS OMITTED	OMISSION: REASON	OMISSION: EXPLANATION	NO OF SECTOR STANDARD	CORRESPONDENCE WITH ESRS STANDARDS[1]
Additional sector disclosures						
Number and type of grievances from local communities	-	Number and type of grievances.	Information unavailable/ incomplete.	Information unavailable/ incomplete.	11.15.4	-
GRI 414: Supplier social assessment 2016						
414-1 New suppliers that were screened using social criteria	4.2 Responsible management of the supply chain	-	-	-	11.10.8 11.12.3	ESRS G1-2
414-2 Negative social impacts in the supply chain and actions taken	4.2 Responsible management of the supply chain – Sustainable procurement In 2023, REN was not aware of any findings of actual or potential significant human rights impacts in its supply chain.	-	-	-	11.10.9	ESRS SBM-3
GRI 416: Customer health and safety 2016						
416-1 Assessment of the health and safety impacts of product and service categories	REN assesses the impacts on health and safety in 100% of its significant service categories.	-	-	-	-	-
416-2 Incidents of noncompliance concerning the health and safety impacts of products and services	In 2023, in the renewal audits (ISO 9001:2015 and ISO 14001:2015) of the Integrated Quality, Environment and Occupational Health and Safety Management System certification conducted by APCER, two non-conformities related to health and safety were identified: i) one related to the operational control of equipment (ISO 45001:2018 - Requirement 8.1.1 - Operational planning and control. General); ii) and the second related to risk assessment (ISO 45001:2018 - 6.1.2.1 Hazard identification). Both non-conformities have been addressed and resolved in the meantime.	-	-	-	-	-

[1] REN carried out a preliminary mapping of the correspondence between the GRI requirements and the ESRS disclosure requirements.

TOPICS FROM THE SECTOR STANDARD APPLICABLE BUT IDENTIFIED AS NON-MATERIAL

GRI 11: Oil and Gas Sector 2021	
11.5 Waste	Explanation The topic was not identified as material for REN, according to the stakeholder consultation and materiality exercise carried out in 2023 ▶ see section Materiality.
11.6 Water and effluents	
11.7 Closure and rehabilitation	
11.8 Asset integrity and critical incident management	
11.17 Rights of the indigenous people	
11.19 Anti-competitive behaviour	
11.22 Public policy	

COMPLEMENTARY INFORMATION TO ANNEX 2: TABLE OF CORRESPONDENCE WITH THE REQUIREMENT OF THE GRI

TABLE 1 GRI 401-1 HIRE AND TURNOVER	2023	2022	2021
Entries (by gender)			
Total	65	58	25
Men	45	36	15
Women	20	22	10
Exits (by gender)			
Total	36	40	21
Men	22	27	15
Women	14	13	6
Rate of exists (by gender, in %)			
Total	4.9	5.7	3.0
Men	4.0	5.1	2.8
Women	7.5	7.4	3.5

TABLE 2 GRI 403-9 WORK-RELATED ACCIDENTS	2023
Employees	
Fatalities resulting from work-related injury	0
High-consequence work-related injuries	0
Recordable work-related injuries	11
Hours worked	1,251,156
Main types of work-related injuries	Sprains, dislocations, fractures, others
Employee ratios	
Fatalities resulting from work-related injury	0
High-consequence work-related injuries	0
Recordable work-related injuries	8.8
Employees from contractors and service providers	
Fatalities resulting from work-related injury	0
High-consequence work-related injuries	5
Recordable work-related injuries	32
Hours worked	3,170,182
Main types of work-related injuries	Injuries, fractures, sprains, others
Employees from contractors and service providers ratios	
Fatalities resulting from work-related injury	0
High-consequence work-related injuries	1,6
Recordable work-related injuries	10,1
Work-related hazards that pose a risk of high-consequence injury	
How these hazards have been determined	The hazards were included in the Hazard Identification, Risk Assessment and Control Matrix (MIPACR), which is part of the site's Health and Safety Plan.
Which of these hazards have caused or contributed to high-consequence injuries during the reporting period	Work in the presence of electric current Work in forest areas Working on slippery ground Working with (self-propelled) machinery
Actions taken or underway to eliminate these hazards and minimize risks using the hierarchy of controls	All contracts have a Health and Safety Plan or a Safety Procedures Sheet, as applicable. There are other jobs that have a Safety Procedures Guide. In either case, there is a Site Safety Coordinator or a Safety Technician, or a team made up of both, as applicable. All the workers involved undergo awareness-raising/ training before starting work.

TABLE 3 GRI 405-1 EMPLOYEE DIVERSITY			2023
NATIONALITY DIVERSITY (BY GENDER)	MEN	WOMEN	TOTAL
Total	**560**	**188**	**748**
Portuguese	543	184	727
Foreigner	17	4	21

ANNEX 3.
TABLE OF ALIGNMENT WITH THE INTEGRATED REPORTING FRAMEWORK (IR)

CONTENT ELEMENTS	LOCATION
Organizational overview and external environment	Message from the Chairman Our year Value chain 1. Our activity
Governance	2.1 Strategy 2.2 Commitments 3.1 Governance structure
Business model	1. Our activity
Risk and opportunities	2.3 Risk management
Strategy and resource allocation	2.1 Strategy 2.2 Commitments
Performance	Value chain 2.2 Commitments 4. Our contribution Annex 2. Table of alignment with the requirement of the Global Reporting Initiative (GRI)
Outlook	1.1 Context 2.1 Strategy 2.2 Commitments 2.3 Risk management
Base of preparation	About the report Materiality

ANNEX 4.
TABLE OF ALIGNMENT WITH THE SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)

TOPIC	INDICATOR	METRIC	CATEGORY	UNIT	LOCATION
Greenhouse gas emissions and energy resource planning	EM-MD-110a.1	Gross global scope 1 emissions, percentage methane, percentage covered under emissions limiting regulations.	Quantitative	Tons (t) CO_2eq, percentage (%)	4.6 Natural capital – Reduction of the carbon footprint
	IF-EU-110a.1	1) Gross global scope 1 emissions, percentage covered under; 2) emissions-limiting regulations; 3) emissions-reporting regulations.	Quantitative	Tons (t) CO_2eq, Percentage (%)	4.6 Natural capital – Reduction of the carbon footprint
	EM-MD-110a.2 and IF-EU-110a.3	Discussion of long-term and short-term strategy or plan to manage scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets.	Discussion and analysis	n.a.	2.1 Strategy 2.2 Commitments 4.6 Natural capital – Climate change and integration of renewable energy 4.6 Natural capital – Reduction of the carbon footprint
Ecological impact	EM-MD-160a.1	Description of environmental management policies and practices for active operations.	Discussion and analysis	n.a.	4.6 Natural capital – Environmental management
	EM-MD-160a.2	Percentage of land owned, leased, and/ or operated within areas of protected conservation status or endangered species habitat.	Quantitative	Percentage (%) per hectare (ha)	4.6 Natural capital – Biodiversity 4.6 Natural capital – Forestry
	EM-MD-160a.3	Terrestrial acreage disturbed, percentage of impacted area restored.	Quantitative	Hectares (ha), Percentage (%)	4.6 Natural capital – Forestry
Water management	IF-EU-140a.1	1) Total water withdrawn; 2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress.	Quantitative	Cubic meters (m^3), Percentage (%)	4.6 Natural capital – Operational efficiency[2]
Competitive behaviour	EM-MD-520a.1	Total amount of monetary losses as a result of legal proceedings associated with federal pipeline and storage regulations.	Quantitative	Euros (€)	Information not publicly disclosed.

[2] Partial report.

TOPIC	INDICATOR	METRIC	CATEGORY	UNIT	LOCATION
Workforce health & safety	IF-EU-320a.1	1) Total recordable incident rate (TRIR); 2) fatality rate; and 3) near miss frequency rate (NMFR).	Quantitative	Ration	4.5 Human capital – Occupational safety Annex 2. Table of correspondence with the requirements of the Global Reporting Initiative (GRI) – GRI 403-9[2]
Grid resilience	IF-EU-550a.1	Number of incidents of non-compliance with physical and/ or cybersecurity standards or regulations.	Quantitative	Number	2.3 Risk management – Information security 1.2 Electricity – Exploration
Integrity of gas delivery infrastructure	IF-GU-540a.1	Number of 1) reportable pipeline incidents; 2) Corrective Action Orders (CAO); and 3) Notices of Probable Violation (NOPV).	Quantitative	Number	1.3 Gas – Exploration
	IF-GU-540a.3	Percentage of gas 1) transmission and 2) distribution pipelines inspected.	Quantitative	Percentage (%) per length	1.3 Gas – Exploration
	EM-MD-540a.4	Discussion of management systems used to integrate a culture of safety and emergency preparedness throughout the value chain and throughout project lifecycles.	Discussion and analysis	n.a.	1.3 Electricity – Exploration 1.3 Gas – Exploration 4.5 Human capital – Occupational safety

INDICATOR	ACTIVITY METRICS	CATEGORY	UNIT	LOCATION
IF-EU-000.B	Total electricity transported.	Quantitative	Megawatt-hour (MWh)	1.2 Electricity – Main performance indicators 1.2 Electricity – Exploration
IF-EU-000.C	Length of transmission lines.	Quantitative	kilometres (km)	1.2 Electricity – Main performance indicators 1.2 Electricity – Exploration
IF-GU-000.C	Length of gas 1) transmission and 2) distribution pipelines.	Quantitative	kilometres (km)	1.3 Gas – Main performance indicators 1.3 Gas – Technical infrastructure

[2] Partial report.

ANNEX 5.
RECOMMENDATIONS OF THE TASK-FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

ALIGNMENT WITH TCFD RECOMMENDATIONS

CATEGORY	RECOMMENDATIONS	LOCATION
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	2.3 Risk management CDP - Climate Change 2023[3] (C1.1a; C1.1b; C2.1a)
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	2.3 Risk management CDP - Climate Change 2023[3] (C1.2)
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long-term.	2.3 Risk management This Annex: Climate-related risks and opportunities CDP - Climate Change 2023[3] (C2.1a; C2.3; C2.3.a; C2.4; C2.4a)
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	2.3 Risk management This Annex: Climate-related risks and opportunities CDP - Climate Change 2023[3] (C2.3.a; C2.4a; C3.1; C3.2a; C3.2b; C3.3; C3.4))
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C scenario or lower.	2.3 Risk management 4.6 Natural capital CDP – Climate Change 2023[3] (C3.2)
Risk management	a) Describe the organization's processes for identifying and assessing climate-related risks.	2.3 Risk management CDP - Climate Change 2023[3] (C3.2)
	b) Describe the organization's processes for managing climate-related risks.	2.3 Risk management CDP - Climate Change 2023[3] (C2.1; C2.2)
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	2.3 Risk management CDP - Climate Change 2023[3] (C2.1; C2.2)
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	2.1 Strategy 2.2 Commitments CDP – Climate Change 2023[3] (C4.2; C4.2a; C4.2b; C9.1)
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	4.6 Natural capital CDP – Climate Change 2023[3] (C6.1; C6.3; C6.5; C6.5a)
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	2.1 Strategy 2.2 Commitments CDP – Climate Change 2023[3] (C4.1; C4.1.a; C4.1.b; C4.2; C4.2a; C4.2b)

[3] Reply from REN - Redes Energéticas Nacionais to the questionnaire CDP Climate Change 2023.

CLIMATE-RELATED RISKS AND OPPORTUNITIES: CLIMATE-RELATED RISKS

RISK CATEGORY	RISK AGENT	POTENTIAL IMPACT	MINIMUM	MAXIMUM	TIMELINE	MITIGATION AND ADAPTATION MEASURES
	TRANSITION RISKS					
Policy/ legal: Current/ emerging regulations Activity area: Electricity	Regulation of existing products and services The growing concern with fluorinated gases, resulting from national and community legislation (e.g.: Regulation on Fluorinated Gases), in particular, changes to regulations relating to the use of sulphur hexafluoride - SF_6 may pose a risk to REN. SF_6 is a gas used as an electrical insulator (dielectric) in various high and very-high voltage equipment. This gas has very high Global Warming Potential (GWP) (23,500 times that of CO_2), and there is a proposal to gradually eliminate it from all new electricity transmission equipment by 2031, in accordance with European legislation. The risk of increased requirements arising from the Regulation may impact the implementation of criteria to reduce the leakage rates of assets containing SF_6, and the necessary Capex/ Opex to introduce improvements, changing maintenance/ monitoring methodologies and/ or gradually replace equipment.	Increase in Capex (replacement of equipment containing SF_6).			Medium-term	In 2023, SF_6 leaks remained at low levels (0.12%). The effort to reduce SF_6 leakage can be seen in the results which are considered technically very positive on an international level. Nevertheless, REN has implemented a specific programme for operations in Chile (Transemel) with a plan to monitor and implement actions to reduce the leakage rate and in Portugal has ordered the first SF_6-free equipment see 4.6 Natural capital.
Policy/ legal: Emerging regulations Activity area: Gas	Mandates and regulation of existing products and services The EU is committed to achieving climate neutrality by 2050, through an economy with Net Zero Greenhouse Gas (GHG) emissions and Portugal recently announced this target for 2045. This objective is at the heart of the European Green Deal and in line with the EU's commitment to global climate action under the Paris Agreement. The main energy trends (e.g.: IEA-WEO 2023) point to a long-term reduction in the use of fossil fuels (including natural gas), especially in the Net Zero 2050 scenario. Accordingly, the risk of REN's gas infrastructure having a shortened useful life or lower usage rates is real, mainly if the process to introduce renewable gases is not conducted quickly, given the financial planning projections, leading to depreciation or possible early withdrawal of assets currently in operation.	Reduction in the value/ useful life of assets leading to their depreciation or early withdrawal.			Long-term	REN's strategy is based on the national aim to adapt current gas transmission, storage, and distribution infrastructure to accommodate renewable gas produced from renewable sources which will contribute to the energy transition and public policy objectives to decarbonize the economy. Gas infrastructure can play a relevant role on the road to carbon neutrality. Based on this strategy, REN launched a project to ensure the compatibility of its infrastructure with growing percentages of hydrogen. It should be noted that the current infrastructure is already 100% compatible with biomethane. However, we are also working to ensure the management and operation of the gas system, simulating different operating conditions, and are seeking to encourage projects and increase our partner base, more specifically, scientific and technological partners. We are also participating on a European level in associations such as Hydrogen Europe, European Clean Hydrogen Alliance, and the European Hydrogen Backbone (EHB) initiative see 4.3 Innovation and development.

Caption of potential financial impact: < 25 M€ 25-50 M€ 50-75 M€ > 75 M€

RISK CATEGORY	RISK AGENT	POTENTIAL IMPACT			TIMELINE	MITIGATION AND ADAPTATION MEASURES
	PHYSICAL RISKS		MINIMUM	MAXIMUM		
Severe: Extreme climate events Activity area: Electricity and Gas	Extreme climate events (wind, storms, frost, etc.) According to the Intergovernmental Panel on Climate Change (IPCC) (6th Assessment Report), a generalized increase in the probability of occurrence, frequency, and severity of impact of extreme (severe) climate events is expected. This is a risk with potential relevant impact on REN assets, in particular on the electricity infrastructure. Strong winds, extreme rain/ floods, and the formation of ice sleeves are the main factors that can affect very high voltage pylons and cables, damaging these assets and potentially affecting the integrity and security of supply. We have already experienced this type of event, incurring in economic and financial losses.	Increase in Opex/ Capex in repair, maintenance, and replacement of assets.			Current, medium and long-term	In relation to the process to adapt to climate change, we have analysed the effects on the electricity and gas transmission and distribution infrastructures, especially with respect to vulnerability to extreme weather phenomena, minimizing the risks. Under the National Climate Change Adaptation Strategy (ENAAC 2020), a working group for the energy sector was formed, which identified measures and actions to adapt, minimize and prevent the vulnerabilities encountered in the infrastructures of energy companies. As such, PDIRT 2022-2032 (National Transmission Network Development and Investment Plan) submitted by REN, has integrated several initiatives into the Base Projects which will lead to increased infrastructure resilience with regard to climate change effects. This work focuses on the infrastructure, with reinforcements of metal structures and their foundations, and upgrading of conductor cables and guards so as to converge with the European and Portuguese NP EN 50341 standard. As gas infrastructures are mostly underground, they are more immune to certain types of climate phenomena.
Severe: Extreme climate events Activity area: Electricity and Gas	Extreme climate events (fires) According to the IPCC (6th Assessment Report), changes in weather conditions (increased temperatures and water scarcity) are expected to intensify desertification in Portugal, leading to an increase in the probability of fires and the respective impacts, mainly in areas with vegetation. Furthermore, sharp temperature increases cause changes to the properties of the conductors, reducing their electrical transmission capacity, leading to a potential increase in the risk of fires on REN lines and at technical facilities (e.g., electricity substations, regulating and metering stations and underground gas storage), with consequences in terms of repair costs and jeopardizing the quality and security of supply.	Increase in Opex/ Capex in repair, maintenance, and replacement of assets.			Current, medium and long-term	REN has developed a series of instruments and practices to manage firebreaks and areas adjacent to technical facilities, in line with the new National Plan for the Integrated Management of Rural Fires, in order to provide greater security in the operation of our infrastructure, through greater resilience to rural fires. With the setting up of the National System of Forest Defence against Fires (SNDFCI), Fuel Management Firebreak Networks were also created, where our infrastructure forms part of the so-called secondary network see 4.6 Natural capital. As gas infrastructures are mostly underground, they are more immune to certain types of climate phenomena. REN plays a key role in the strategic planning of vegetation management in access corridors. Moreover, REN has adopted new methodologies such as obtaining information from LIDAR (Light detection and grading) flights which allows 3D representation of vegetation in access corridors with the goal of planning vegetation management. Strategy takes into account the different levels of priority and the risk to infrastructure. In addition to this information, it also allows trees to be identified which could impact on power lines. REN is one of the companies that most contributes to the protection and recovery of native forest and 66% of our access corridors is located in forests. For this reason, management and mitigation of fire risks is a permanent concern. By keeping the corridors clean, we increase resilience to fire and provide access to Civil Protection agents. With respect to helping prevent and combat forest fires, the innovative rePLANT project, which involves installing cameras (video, thermal and optical), together with a weather station and a specific algorithm, provides real-time images to monitor, protect and anticipate the impact of rural fires on the forest. This project also allowed a new purpose to be given to REN electrical infrastructure as the equipment is installed in VHV network pylons, also using fibre optic communications, which are located mostly in the forest. In addition to providing more effective management of our network, it also allows us to predict the behaviour of fire through a simulator, as well as have real-time information on wind speed and air temperature.

Caption of potential financial impact: < 25 M€ 25-50 M€ 50-75 M€ > 75 M€

CLIMATE-RELATED RISKS AND OPPORTUNITIES: OPPORTUNITIES

RISK CATEGORY	RISK AGENT	POTENTIAL IMPACT	MINIMUM	MAXIMUM	TIMELINE	MITIGATION AND ADAPTATION MEASURES
	TRANSITION RISKS		MINIMUM	MAXIMUM		
Products and services Activity area: Electricity	Development and/ or expansion of low-carbon products and services The development of the existing network to facilitate energy transition, through new investment in the transmission network, is the most relevant opportunity for REN. More specifically, the possibility exists to invest in new facilities and infrastructures with improved sustainability criteria in the short, medium and long-term. REN has the public service concession for very high voltage (VHV) transmission and the Global Technical Management (GTM) of the national electricity system. As REN is a regulated entity, where remuneration is set in accordance with our regulated asset base, the increase in investment through the construction and adaptation of new lines and substations is a relevant opportunity, seeking to integrate new Renewable Energy Sources (RES) into the National Electricity System (SEN), and supporting the electrification and decarbonization of the economy. Cooperation with Spain in the implementation of the cross-border connections required for the proper functioning of energy markets is another opportunity in this area.	Increased revenue associated with higher demand for products and services: increased annual revenue due to growth in the regulated asset base (REN investment in the RNT and the integration of RES).	> 75 M€	> 75 M€	Medium-term	With regard to the energy transition, REN plays a facilitator role in Portugal and, as such, we have an ambitious annual investment programme to carry out a wide range of initiatives with the goal of supporting public policy. The targets established in the National Energy and Climate Plan (PNEC 2030) have recently been raised. To increase RES in the SEN to achieve 85% in the energy mix by 2030, along with the incorporation of new renewable capacity, which depending on different scenarios, could double current renewable capacity, will require proportional investment. An increase of 45% in average annual Capex is expected (domestic and international) in the 2021- 2024 period (compared to 2018-2020), exceeding 900 million euros. This investment will be made in network connections for RES projects and in strengthening the quality and resilience of the current network. REN is also reinforcing the interconnection capacity between Portugal and Spain.

Caption of potential financial impact: < 25 M€ 25-50 M€ 50-75 M€ > 75 M€

RISK CATEGORY	RISK AGENT	POTENTIAL IMPACT	TIMELINE	MITIGATION AND ADAPTATION MEASURES
Products and services Activity area: Gas	Development and/ or expansion of low-carbon products and services With regard to the gas sector, the current reception, storage, transmission and distribution infrastructure will play an important role in allowing the introduction, distribution and consumption of renewable gases in the different sectors of the economy, allowing increasing levels of RES to be incorporated into final energy consumption. Included in plans for European cooperation in the creation of a green hydrogen transmission infrastructure is the development of continent-wide initiatives such as H_2Med which will make it possible to interconnect Portugal, Spain, France, and Germany. The decarbonization of the gas system will be further strengthened through the Hydrogen and Decarbonized Gas Markets Package, which aims to reduce the carbon footprint of the gas market by passing from fossil natural gas to renewable and low-carbon gases, driving its implementation throughout the European Union (EU) by 2030. On a national level, the approval of the Biomethane Strategy, which is in addition to the prior Hydrogen Strategy, means that the injection of renewable gases into current networks will contribute to the viability of the energy transition objectives, more specifically, the gradual reduction of GHG emissions from the gas sector. On the other hand, the increasingly demanding rules for reducing methane emissions will require new investment in monitoring and control systems.	Increased revenue associated with increased demand for products and services: increased annual revenue due to growth in the regulated asset base (REN investment in the RNTIAT and the integration of RES).	Medium-term	In the 2021-2024 period, REN intends to invest more than 50 million euros in infrastructure adaptation projects for H_2. We also intend to build a valley, while a project is also underway to build two new underground caverns which are fully H_2 compatible. With regard to distribution, REN Portgás has started a project to ensure the full compatibility of its infrastructures with 100% hydrogen. The first phase seeks to achieve up to 20% compatibility and work with other partners in the value chain for the introduction of biomethane. In-depth analysis through a study on the technical limits of the infrastructure and to identify the necessary investment, as well as the potential consequences for the operation and maintenance of the infrastructure and the impacts on different users arising from the incorporation of green hydrogen, will constitute relevant steps forward in the strategy to drive the introduction of hydrogen. The company is also working to ensure the management and operation of gas transmission and distribution systems, with the injection of mixtures from renewable energy sources and is seeking projects on a national level while also participating in important European projects. In this regard, working with Enagás, GRTgaz and Teréga, REN has signed the “Green2TSO” agreement to drive the transformation of the gas network into a hydrogen network, employing open innovation. REN is also part of the Oil and Gas Methane Partnership (OGMP 2.0) which aims to reduce methane emissions see 4.3 Innovation and development e 4.6 Natural capital. REN also held a meeting with national and international market agents, with the aim of promoting guarantees of origin for renewable gases.
Markets: Access to new markets Activity area: Electricity	Access to new markets (non-regulated business) In the process to accelerate energy transition, REN has the opportunity to promote electric mobility, entering this emerging market through the development of an innovative and patented solution on a European and USA level (underway in other markets) for charging electric vehicles directly through the very high voltage (VHV) network. This solution aims to complement traditional solutions, helping to speed up electric mobility, by providing a direct access solution to the VHV network, characterized by greater power availability and nationwide coverage. This way, we can position REN as a promoter in the energy transition, in a complementary manner, providing support in the decarbonization of the transport sector by using the existing transmission network to meet high power needs, as is the case with fast and very fast charging, large charging points hubs, and heavy electric vehicles for passengers and goods.	Increased revenue associated with increased demand for products and services: increased revenue associated with the Speed-E project.	Medium and long-term	REN has developed an innovative grid connection solution that allows the direct transformation from VHV grid circuits to low voltage circuits. This goal of Speed-E is to supply high-power electric vehicle charging stations directly from the VHV grid. The sustainable Speed-E solution works in synergy with the SEN since it allows a new use for an existing infrastructure, positioning itself in a complementary way as a complement to the conventional charging infrastructure in urban centres. It can also be applied in other situations, such as the decarbonization of forest machines, river docks, energy supply to military installations, industrial or rural areas and remote temporary facilities, through the development of a mobile solution see 4.6 Natural capital. Recently, a Memorandum of Understanding was signed with Atlante to develop five pilot projects in Portugal, and REN continues to develop commercial contacts to find new markets and partners.

Caption of potential financial impact: < 25 M€ 25-50 M€ 50-75 M€ > 75 M€

ANNEX 6.
CMVM NON-FINANCIAL DISCLOSURE

REQUIREMENT		LOCATION
PART I – INFORMATION ON POLICIES ADOPTED		
A – Introduction	Description of the company's general policy on sustainability issues, indicating any changes to the policy previously approved.	2.1 Strategy 2.2 Commitments 3.1 Governance structure 4. Our contribution
	Description of the methodology and the reasons for its adoption in the reporting of non-financial information, as well as any changes that have occurred in relation to previous years and the reasons for these changes.	About the report
B – Business model	General description of the company/ group's business model and form of organization, indicating the main business areas and markets where it operates (if possible, using organizational diagrams, graphs or functional charts).	1. Our activity
C – Main risk factors	1. Identification of the main risks associated with the topics being reported on and arising from the Company's activities, products, services or business relations, including, where appropriate and whenever possible, the supply and subcontracting chains.	2.3 Risk management 4.2 Responsible management of the supply chain Annex 5. Recommendations of the Task force on Climate-related Financial Disclosures (TCFD)
	2. Indication of how these risks is identified and managed by the company.	2.3 Risk management
	3. Explicit indication of the new risks identified by the company in relation to those reported in previous years, as well as the risks no longer identified as such.	2.3 Risk management
	4. Explicit indication of the new risks identified by the company in relation to those reported in previous years, as well as the risks no longer identified as such.	2.3 Risk management Annex 5. Recommendations of the Task force on Climate-related Financial Disclosures (TCFD)
	5. Indication and brief description of the main opportunities identified by the Company in the context of the topics being reported on.	2.3 Risk management Annex 5. Recommendations of the Task force on Climate-related Financial Disclosures (TCFD)

REQUIREMENT		LOCATION
D – Policies implemented		
i. Environmental policies	1. Description of the company's strategic objectives and the main actions to be undertaken to achieve them.	4.6 Natural capital Annexes 5. Recommendations of the Task force on Climate-related Financial Disclosures (TCFD)
	2. Description of the key performance indicators defined.	4.6 Natural capital
	3. Indication, in relation to the previous year, of the degree of achievement of those objectives, at least by reference to: i. Sustainable use of resource; ii. Pollution and climate change; iii. Circular economy and waste management; and iv. Biodiversity protection.	4.6 Natural capital Annexes 5. Recommendations of the Task force on Climate-related Financial Disclosures (TCFD)
ii. Social and fiscal policies	1. Description of the company's strategic objectives and the main actions to be undertaken to achieve them.	4.1 Financial performance 4.2 Responsible management of the supply chain 4.4 Communities 4.5 Human capital
	2. Description of the key performance indicators defined.	
	3. Indication, in relation to the previous year, of the degree of achievement of those objectives, at least by reference to: i. Company's commitment to society; ii. Subcontracting and suppliers; iii. Consumers; iv. Responsible investment; v. Stakeholders; and vi. Tax information.	4.1 Financial performance 4.2 Responsible management of the supply chain 4.4 Communities 4.5 Human capital Annex 7. European environmental taxonomy
iii. Employees and gender equality and non-discrimination	1. Description of the company's strategic objectives and the main actions to be undertaken to achieve them.	4.5 Human capital
	2. Description of the key performance indicators defined.	
	3. Indication, in relation to the previous year, of the degree of achievement of those objectives, at least by reference to: i. Employment; ii. Organization of work; iii. Health and safety; iv. Corporate relations; v. Training; and vi. Equality.	

REQUIREMENT		LOCATION
iv. Human rights	1. Description of the company's strategic objectives and the main actions to be undertaken to achieve them.	4.2 Responsible management of the supply chain 4.4 Communities 4.5 Human capital
	2. Description of the key performance indicators defined.	
	3. Indication, in relation to the previous year, of the degree of achievement of those objectives, at least by reference to: i. Due diligence procedures; ii. Risk prevention measures; and iii. Legal proceeding for human rights violations.	
v. Fight against corruption and attempted bribery	1. Prevention of corruption.	3.3 Ethical culture and fight against corruption
	2. Prevention of money laundering (for issuing companies subject to this regime).	3.3 Ethical culture and fight against corruption
	3. Codes of ethics.	3.3 Ethical culture and fight against corruption
	4. Management of conflicts of interest.	3.3 Ethical culture and fight against corruption
PART II – INFORMATION ON THE STANDARDS/ GUIDELINES FOLLOWED		
1. Identification of standards/ guidelines followed in the reporting of non-financial information		About the report
2. Identification of the scope and method for calculating indicators		About the report

ANNEX 7. EUROPEAN ENVIRONMENTAL TAXONOMY

1. THE FRAMING OF THE EUROPEAN ENVIRONMENTAL TAXONOMY

At REN, sustainable development is more than a fundamental value - it is a commitment that permeates all our activities. We observe strict and quantifiable sustainability criteria, seeking not only operational excellence, but also a positive impact on the communities and ecosystems where we operate.

Sustainability is one of the pillars of our Strategic Plan for 2021-2024, as detailed in section 2.1 Strategy.

The EU Taxonomy for Environmentally Sustainable Activities Regulation 852/2020 represents a considerable advance toward sustainable financing by defining economic activities that are considered sustainable and which contribute to the EU's six environmental objectives.

During fiscal 2021, REN released a detailed analysis on the compliance of our operations with EU climate targets. In 2022, we extended this assessment to include three key aspects: Substantial contribution to climate change mitigation; observance of the 'Do No Significant Harm' criteria (DNSH); and compliance with the established minimum safeguards. In fiscal year 2023, REN reassessed the the Climate Delegated Act and conducted an assessment of the Environmental Delegated Act, to identify which of our economic activities could be considered eligible. Regarding the Climate Delegated Act, the analysis was carried out for the purpose of mitigating climate change.

2. ELIGIBILITY ANALYSIS

The analysis of the Environmental Delegated Act, concluded that there are no activities relevant to the current scope of REN operations. The overall result obtained was as follows:

OBJECTIVE	ACTIVITY	DESCRIPTION OF REN ACTIVITY
Mitigation	4.9 - Transmission and distribution of electricity	REN operates the RNT that connects producers to consumption centres at very high voltage, covering the entirety of mainland Portugal and with interconnections to the Spanish network.
Mitigation	4.14 - Transmission and distribution networks for renewable and low-carbon gases	REN has a series of projects to adapt the gas transmission and storage infrastructure to hydrogen.
Mitigation	6.5 - Transport by motorbikes, passenger cars and light commercial vehicles	Investment associated with the mobile fleet (light vehicles, mostly electric and/ or hybrid vehicles).
Mitigation	7.4 - Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	Investment associated with the installation of charging systems to support REN's electric mobility.
Mitigation	7.6 - Installation, maintenance and repair of renewable energy technologies	Investments made in the acquisition and installation of panels to produce electrical and thermal power.
Mitigation	8.1- Data processing, hosting and related activities	Through RENTELECOM, housing services are provided at the datacenters of Lisbon, Sacavém, Ermesinde and Riba de Ave.

Furthermore, other economic activities were analysed. However, it was seen that, in the 2023 tax year, investment in these activities was not considered significant.

REN's gas transmission business, the technical management of the National Gas System, and the underground storage of gas, were considered as ineligible activities, given that they do not form part of the Climate Delegated Act and are not included in Regulation 2022/2014 as regards to economic activities in certain energy sectors.

3. ALIGNMENT ANALYSIS

The result of the analysis conducted by REN to identify activities aligned under the EU taxonomy of environmentally sustainable activities, was as follows:

a. Substantial contribution (SC) and Do No Significant Harm (DNSH)

REN analysed all the technical criteria of "Substantial Contribution" and "Do No Significant Harm" set out in the Climate Delegated Act (Annex I - Mitigation) in accordance with the tables below:

Activity: 4.9 - Transmission and distribution of electricity

SC/ DNSH CRITERIA	DESCRIPTION OF THE CRITERIA (NON-EXHAUSTIVE)	ALIGNMENT ANALYSIS
SC	The infrastructure or equipment for the transmission and distribution of electricity meets at least one of the following criteria: 1) Forms part of the interconnected European system; 2) More than 67% of the new permitted production capacity in the system is below the production limit value of 100 g CO_2eq/ kWh (based on one life cycle); and 3) The average net emission factor is below the limit value of 100 CO_2eq/ kWh (measured on the basis of one life cycle). Additionally, the consumption metering infrastructure complies with the requirements applicable to smart metering systems provided for in Article 20 of Directive (EU) 2019/944.	The entire REN electricity transmission network is located in Portugal (connected to the European system). New infrastructure in Portugal is intended to connect new renewable capacity to the grid, with an average grid emission factor below 100g CO_2eq/kWh (estimate). Transemel activities focused on building/ installing infrastructure with the main goal of increasing the production or use of electricity produced from renewable sources. SC criteria complied with.
DNSH	Climate change adaptation.	See analysis of application of appendix A below.
DNSH	Transition to a circular economy.	REN follows the best waste management practices by applying a waste management plan that ensures maximum reuse or recycling at the end of life. In our Quality, Environment and Safety Policy Statement, we undertake to minimize the impacts arising from our work by promoting the rational use of natural resources. In 2023, REN launched a strategy to promote the circular economy and achieve carbon neutrality by setting priority targets and actions via a specific schedule, as detailed in section 4.6 Natural capital. DNSH criteria complied with.
DNSH	Pollution prevention and control.	REN complies with the rules and regulations applicable to electromagnetic waves. REN is certified in accordance with the ISO 45001 standard: Health and Safety Management Systems. REN activities do not involve PCBs. DNSH criteria complied with.
DNSH	Protection and restoration of biodiversity and ecosystems.	See analysis of application of appendix D below.

Activity: 4.14 - Transmission and distribution networks for renewable and low-carbon gases

SC/ DNSH CRITERIA	DESCRIPTION OF THE CRITERIA (NON-EXHAUSTIVE)	ALIGNMENT ANALYSIS
SC	The activity covers the subsector to adapt transmission and distribution networks to allow hydrogen and other low carbon gases to be integrated, including activities to increase the mixture of hydrogen or other low-carbon gases in the gas transmission and distribution networks.	In 2022, investment was made to evaluate the impact of injecting hydrogen into existing infrastructure, and in 2023 we continued this evaluation while also developing specific projects in the same area. SC criteria complied with.
DNSH	Climate change adaptation.	See analysis of application of appendix A below.
DNSH	Sustainable use and protection of water and marine resources.	See analysis of application of appendix B below.
DNSH	Pollution prevention and control.	The investment made is in accordance with the requirements in this regard. DNSH criteria complied with.
DNSH	Protection and restoration of biodiversity and ecosystems.	See analysis of application of appendix D below.

Activity: 6.5 - Transport by motorbikes, passenger cars and light commercial vehicles

SC/ DNSH CRITERIA	DESCRIPTION OF THE CRITERIA (NON-EXHAUSTIVE)	ALIGNMENT ANALYSIS
SC	For vehicles in categories M1 and N1, up to 31 December 2025, specific CO_2 emissions were less than 50 gCO_2/km.	The mobile fleet acquired by REN essentially consists of hybrid and electric vehicles. SC criteria complied with.
DNSH	Climate change adaptation.	See analysis of application of appendix A below.
DNSH	Transition to a circular economy.	Requirements associated with the reuse and recycling of vehicles, equipment and waste management. It was not possible to identify sufficient supporting information to reasonably assess this criterion. DNSH criteria not complied with.
DNSH	Pollution prevention and control.	Requirements associated with the approval of light vehicles with regard to emissions, requirements for external noise and the provisions of Regulation (EU) No 540/2014 of the European Parliament and of the Council. It was not possible to identify sufficient supporting information to reasonably assess this criterion. DNSH criteria not complied with.

Activity: 7.4 - Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)

SC/ DNSH CRITERIA	DESCRIPTION OF THE CRITERIA (NON-EXHAUSTIVE)	ALIGNMENT ANALYSIS
SC	Installation, maintenance, or repair of electric vehicle charging points.	REN has installed vehicle charging systems to help achieve the targets set in terms of decarbonizing mobility. In 2023, the electric fleet (BEV and PHEV) grew to 42%, an increase of 8% compared to 2022, helping reduce emissions per kilometre with improved charging infrastructure, as detailed in section 4.6 Natural capital.
DNSH	Climate change adaptation.	See analysis of application of appendix A below.

Activity: 7.6 - Installation, maintenance and repair of renewable energy technologies

SC/ DNSH CRITERIA	DESCRIPTION OF THE CRITERIA (NON-EXHAUSTIVE)	ALIGNMENT ANALYSIS
SC	Installation, maintenance, and repair of solar collectors to heat water and auxiliary technical equipment.	REN has acquired and installed solar collectors in buildings to produce thermal power as part of our approach to energy efficiency, as detailed in section 4.6 Natural capital.
DNSH	Climate change adaptation.	See analysis of application of appendix A below.

Activity: 8.1- Data processing, hosting and related activities

SC/ DNSH CRITERIA	DESCRIPTION OF THE CRITERIA (NON-EXHAUSTIVE)	ALIGNMENT ANALYSIS
SC	Economic operators have adopted all the relevant practices listed in the "planned practices" list in the most recent version of the European code of conduct on datacentre energy efficiency. The global warming potential (GWP) of the coolants used in the datacentre cooling system is not greater than 675.	RENTELECOM operates the datacentres of REN - Redes Energéticas Nacionais, S.A., through hosting activities. As such, RENTELECOM only manages and controls such datacentres. The datacentres are owned by REN - Rede Energética Nacionais, S.A. and not RENTELECOM. Therefore, it is considered that the CS criteria are complied with..
DNSH	Climate change adaptation.	See analysis of application of appendix A below.
DNSH	Sustainable use and protection of water and marine resources.	See analysis of application of appendix B below.
DNSH	Transition to a circular economy.	Requirements associated with Directive 2009/125/EC regarding servers and products for data storage and waste management plan. The datacentres are owned by REN - Rede Energética Nacionais, S.A. and not RENTELECOM. It was not possible to identify sufficient supporting information to reasonably assess this criterion. DNSH criteria not complied with.

Application of Appendix A - Climate change adaptation

Risks

Relevant climate risks (acute and chronic physical risks) are periodically assessed by REN with regard to activities through a Risk Management System (further information on this subject can be found in subchapter 2.3 Risk management).

Acute physical risks relating to climate (such as forest fires, heavy rain, or floods) can affect transmission lines, as well as other infrastructure managed by REN and the entire value chain, thus affecting the performance of economic activity. In the case of the acute risk "Forest Fires", the potential financial impact on the response to the CDP Climate Change 2023 was detailed and quantified.

Chronic physical risks refer to long-term changes in climate patterns, such as rising sea levels or chronic heat waves, and can damage REN equipment (for example, the increase in average temperature can affect external equipment that has a certain maximum operating temperature defined by the manufacturer).

Scenario analysis

With respect to projections, REN analysed possible ways to reduce CO_2 emissions based on the evolution of Public Policy. This is achieved in the scenarios set out in the National Energy and Climate Plan (PNEC 2030), the Electricity and Gas Supply Security Monitoring Reports, and REN initiatives. The analysis included three different time horizons: current (2023), medium-term (2030) and long-term (2050) and revealed that REN faces potential impacts associated with physical risks arising from the effects of climate change on our activity due to extreme weather conditions (for more detail on the scenario analysis, see subchapter 2.3 Risk management). For physical risks, REN based the analyses on the scenarios developed by the IPCC. In terms of the trajectory for temperature increase, two main scenarios were considered (increase of ~1,5°C and increase of ~4,0°C). Relating the sources/ scenarios with the trajectories, REN defined the following scenarios: an increase of 1.5°C (decarbonization scenario - Go Green) and an increase of 4.0°C (fossil fuel scenario - BAU), aligned with the main references: IEA-WEO (Netzero [~1.5°C] and STEPS [~4°C]); IPCC (RCP/ SSP-2.6 [~1.5°C] and RCP/ SSP-8.5 [~4°C]). With respect to timelines, whenever possible, the diagnosis of climate risks and opportunities analysed the current timeline (~2030), the medium term (~2030) and the long term (~2050).

Currently, REN is undertaking work for the future integration of TCFD recommendations into processes for strategy and management of climate related risks and opportunities, and in greater depth, in the analysis of climate scenarios, quantification of risks and formulating of adaptation plans. A first draft has been prepared, which is presented in the Annex to this Report.

Application of appendix B - Sustainable use and protection of water and marine resources

Environmental Impact Assessment (EIA) is an assessment tool which applies to some of the public utility infrastructure projects promoted by REN, and is used to obtain an operating license (more details on EIA can be found in subchapter 4.6 Natural capital - Environmental management). Regarding the sustainable use and protection of water and marine resources, the EIA includes an assessment of the impact of projects on water resources. For new projects, REN assesses whether the physical changes in surface water bodies, or whether the change in water table levels in groundwater bodies, resulting from the implementation of the projects, are permanent and cause a change in the state of water bodies and allow the objectives of the Water Framework Directive as transposed by the Water Law (WFD/WL) to be achieved

Application of appendix D - Protection and restoration of biodiversity and ecosystems

During network operation and maintenance, monitoring and supervision actions are carried out to ensure compliance with attenuation, mitigation and monitoring measures provided for in the Environmental Impact Statement (EIS) and in the Execution Project Environmental Compliance Report (RECAPE).

The planning and design of execution projects and environmental studies is carried out with the premise of minimizing the impact on sensitive areas. However, where over-interference in these areas proves to be necessary, because there is no viable alternative, REN guarantees compliance with the regulations applicable to protected areas, and in the environmental study phase, and then safeguards the characterization of the ecological values present, as well as birdlife targets and monitoring during the operation phase. With regard to priority habitats, field surveys of the ecological component also ensure that the implementation project and the distribution of supports avoids affecting areas with greater levels of biodiversity.

Since 2015, the Group has developed a research and knowledge transfer programme called the "REN Chair in Biodiversity", a partnership between CIBIO (University of Porto) and the Foundation for Science and Technology (FCT), as part of the FCT Invited Chairs Programme. Further to the "REN Chair in Biodiversity" (2015-2020) initiative, in 2020 a new protocol was established between REN and the Research Centre in Biodiversity and Genetic Resources (CIBIO-InBIO) for the 2020-2023 period. (Further information on the REN Chair can be found in subchapter 4.6 Natural capital.

b. Minimum safeguards

In accordance with Article 3 of the Taxonomy Regulation, published in 2020, for an activity to be considered sustainable it must comply with the minimum safeguard requirements.

The Final Report on Minimum Safeguards, published by the European Commission's Sustainable Finance Platform in October 2022, identifies four main topics where compliance with minimum safeguards must be defined: Human Rights, Corruption, Taxation and Fair Competition. Accordingly, compliance with minimum safeguards is ensured by Article 18 of the Taxonomy Regulation and the Final Report on Minimum Safeguards and the information set out in the European Commission Notice on the interpretation and application of certain legal provisions of the EU Taxonomy Regulation and links with the Sustainable Finance Disclosure Regulation.

Human Rights

We recognize the role we play in respecting human rights, labour practices, environmental protection and anti-corruption.

To ensure the protection and prevention of these issues, the Integrity Policy was approved in 2021, which aims to define the principles of action and duties applicable to the REN Group companies' employees and other partners, in order to prevent the practising of illicit acts, such as crimes of corruption, money laundering and terrorist financing, and to promote ethics, integrity and transparency in our work, ensuring compliance with legislation and regulations in force. The Integrity Policy is also reflected in the REN Group Code of Conduct which sets out the rules of ethics and professional conduct to be observed by all employees and members of governing bodies.

In our Code of Conduct, REN condemns all forms of child labour and forced labour and seeks to promote respect for human rights, labour, and freedom of association. REN also actively participates in social and cultural initiatives, promoting more active and responsible citizenship. Additional information on the commitments taken on in this regard in can be found in subchapter 3.3 Ethical culture and fight against corruption.

REN expects suppliers to pledge to observe the Conventions of the International Labor Organization (ILO), declaring and guaranteeing that their workers fully enjoy all the rights and duties set out in national legislation and in International Conventions, without any restriction. No kind of abuse or violation of fundamental human rights by suppliers is tolerated, nor is any tolerance on their part for possible abuses or violations they witness. REN Group suppliers undertake to make their best efforts to implement sustainability policies and to promote levels of requirement equivalent to those of the Supplier Code of Conduct in relation to their suppliers, service providers and subcontracted entities. Failure to comply with the Supplier Code of Conduct may result in termination of our relationship with the supplier, depending on the severity of the violation and the specific circumstances. By adhering to this code, the supplier accepts REN's right to carry out audits at its facilities, both with regard to the Supplier Code of Conduct and the REN Group Statement of Social Responsibility Policy (further detail can be found on the supplier management model in subchapter 4.2 Responsible management of the supply chain).

In relation to human rights, it should also be noted that in 2024, REN will continue to work on the implementation of a formal Due Diligence procedure. This procedure will be drawn up in accordance with international guidelines, the guidelines already included in the European environmental taxonomy, the Human Rights Due Diligence proposal published by the European Commission in 2022 and the Corporate Sustainability Due Diligence proposal published by the European Commission in February 2022 and updated in June 2023.

Corruption, Taxation and Fair Competition

The REN Group believes in a free market with a competitive and transparent environment for the provision of our services. Accordingly, at REN there is zero tolerance for any situation of corruption, influence peddling, receiving undue advantages or paying any benefits contrary to the laws and regulations of the Group and the sector (further detail on our commitment to comply with Anti-Corruption, Taxation and Fair Competition policies can be found in subchapter 3.3 Ethical culture and fight against corruption).

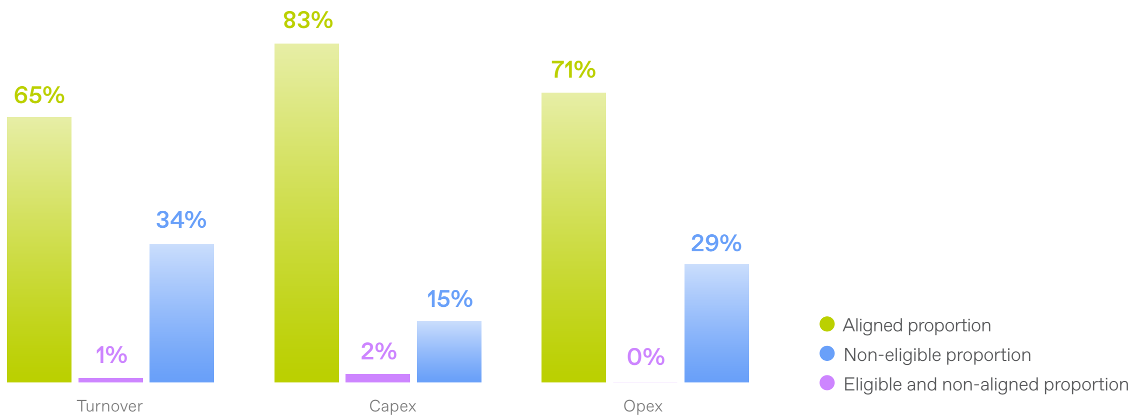
In none of these areas were cases or convictions identified that represented a failure in the way REN manages the risks associated with Human Rights, Corruption, Taxation and Fair Competition.

4. DISCLOSURE OF KPIS

The Taxonomy Regulation defines Key Performance Indicators (KPIs) for economically sustainable activities that should be reported by non-financial companies.

These include the proportion of sustainability-related turnover (Turnover KPIs), the proportion of capital investment (Capex KPIs) and the proportion of operational expenses (Opex KPIs) linked to these activities. Furthermore, companies are required to detail the accounting policies adopted to calculate these KPIs.

The chart below summarizes the KPIs associated with REN's business in 2023, which are later detailed in the tables required by Article 8 of the Delegated Act:



The table below shows the weighting of eligible activities in the abovementioned KPI in comparison with previous years:

	TOTAL (M€)		PROPORTION OF ECONOMIC ACTIVITIES ELIGIBLE IN THE TAXONOMY (%)		PROPORTION OF ECONOMIC ACTIVITIES NON-ELIGIBLE IN THE TAXONOMY (%)	
	2023	2022	2023	2022	2023	2022
Turnover	651.8	588.2	66.2	64.3	33.8	35.7
Capex	301.5	201.5	84.7	79.1	15.3	20.9
Opex	17.1	17.8	70.7	74.7	29.3	25.3

A. Turnover table

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria (Do no significant harm) (h)									
Economic activities (1)	Code (a) (2)	Absolute turnover (3)	Proportion of turnover, year 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Economia circular (15)	Biodiversity (16)	Minimum safeguards (17)	Taxonomy-aligned (A.1) or elegible proportion of turnover (A.2), year 2022 (18)	Category — enabling activity (19)	Category — transition activity (20)
		€	%	Y; N; N/ E	Y; N; N/ E	Y; N; N/ E	Y; N; N/ E	Y; N; N/ E	Y; N; N/ E	Y/ N	Y/ N	Y/ N	Y/ N	Y/ N	Y/ N	Y/ N	%	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Transmission and distribution of electricity	CCM 4.9	426,741,524	65	Y	N	N/ EL	N/ EL	N/ EL	N/ EL	S	S	S	S	S	S	S	64	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A1)		**426,741,524**	**65**	65%	0%	0%	0%	0%	0%	S	S	S	S	S	S	S	**64**		
Of which, enabling		426,741,524	65	65%	0%	0%	0%	0%	0%	S	S	S	S	S	S	S	64	E	
Of which, transition		-	0	0%						S	S	S	S	S	S	S	1		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
Data processing, hosting and related activities	CCM 8.1/ CCA 8.1	4,875,260	1	EL	EL	N/ EL	N/ EL	N/ EL	N/ EL								0		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A2)		**4,875,260**	**1**	**1%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0**		
A. Turnover of Taxonomy-eligible (A.1+A.2)			**66**	**66%**	**0%**	**0%**	**0%**	**0%**	**0%**								**64**		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy non-eligible (B)		220,143,100	34																
Total (A + B)		**651,759,884**	**100**																

Acronyms:
CCM: Climate change mitigation.
CCA: Climate change adaptation.
Y: Yes, activity eligible for taxonomy and aligned with the taxonomy in terms of the environmental objective in question.
N: No, activity eligible for taxonomy, but not aligned with the taxonomy in terms of the environmental objective in question.
N/ EL: Not eligible, activity not eligible for taxonomy for the environmental objective in question.

Definition and reconciliation

The proportion of turnover is calculated as the part of annual net turnover derived from products or services, including intangibles, associated with taxonomy-aligned economic activities (numerator) divided by net turnover (denominator) as defined in Article 2(5) of Directive 2013/34/EU. The turnover shall cover the revenue recognised pursuant to International Accounting Standard (IAS) 1, paragraph 82(a), as adopted by Commission Regulation (EC) No 1126/2008.

In 2023, the denominator for the proportion of turnover consists of our total sales and services as presented in the consolidated income statement, excluding construction income on concession assets. The denominator can be reconciled to the total income presented in Note 24 of the Notes to the consolidated financial statements, and the respective accounting policies are detailed in Note 3 Revenue).

The numerator corresponds to the amount of the denominator resulting from taxonomy-aligned economic activities, detailed in point 3. Alignment analysis.

Additional information

Our annual turnover analysis covers only the economic activities associated with the revenue from sales and services provided to third parties, since intra-group transactions are removed when preparing the consolidated accounts.

Annual turnover was allocated to taxonomy-aligned economic activities as follows:

- Included under activity 4.9 - Transmission and distribution of electricity: the turnover of Group companies operating in the transmission of electricity, which involves REN Eléctrica, which operates in Portugal, and Transemel, which operates in the Chilean market.

Similarly, annual turnover was allocated to eligible economic activity which is not taxonomy-aligned as follows:

- Included under activity 8.1 - Data processing, hosting and related activities: the turnover of RENTELECOM relating to the provision of housing services.

Regarding activity 8.1 - Data processing, hosting and related activities, after the alignment review carried out in 2023, this activity is no longer considered an economic activity aligned with the taxonomy, and is now considered an eligible economic activity and not aligned with the taxonomy.

As detailed in the table above, we have considered the amounts included in the numerator according to their contribution to Environmental Goal 1. Climate change mitigation. There were no additional amounts to be included in the numerator solely according to Environmental Goal 2. Climate change adaptation.

B. Capex table

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria (Do no significant harm) (h)									
Economic activities (1)	Code (a) (2)	Capex (3)	Proportion of Capex, year 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Economia circular (15)	Biodiversity (16)	Minimum safeguards (17)	Taxonomy-aligned (A.1) or elegible proportion of turnover (A.2), year 2022 (18)	Category — enabling activity (19)	Category — transition activity (20)
		€	%	Y; N; N/ E	Y; N; N/ E	Y; N; N/ E	Y; N; N/ E	Y; N; N/ E	Y; N; N/ E	Y/ N	Y/ N	Y/ N	Y/ N	Y/ N	Y/ N	Y/ N	%	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Transmission and distribution of electricity	CCM 4.9	248,206,849	82	Y	N	N/ EL	N/ EL	N/ EL	N/ EL	Y	Y	Y	Y	Y	Y	Y	78	E	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	187,743	0	Y	N	N/ EL	N/ EL	N/ EL	N/ EL	Y	Y	Y	Y	Y	Y	Y	0	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	1,822,787	1	Y	N	N/ EL	N/ EL	N/ EL	N/ EL	Y	Y	Y	Y	Y	Y	Y	0	E	
Capex of environmentally sustainable activities (Taxonomy-aligned) (A1)		**250,217,379**	83	83%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	**78**		
Of which, enabling		250,217,379	83	83%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	78	E	
Of which, transition		-	0	0%						Y	Y	Y	Y	Y	Y	Y	0		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
Transmission and distribution networks for renewable and low-carbon gases	CCM 4.14/ CCA 4.14	4,247,334	1	EL	EL	N/ EL	N/ EL	N/ EL	N/ EL								0		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5/ CCA 6.5	985,995	0	EL	EL	N/ EL	N/ EL	N/ EL	N/ EL								0		
Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A2)		**5,233,330**	2	2%	0%	0%	0%	0%	0%								1		
A. Capex of Taxonomy-eligible activities (A.1+A.2)		**255,450,709**	85	85%	0%	0%	0%	0%	0%								79		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Capex of Taxonomy non-eligible activities (B)		46,061,719	15																
Total (A + B)		**301,512,427**	**100**																

Acronyms:
CCM: Climate change mitigation.
CCA: Climate change adaptation.
Y: Yes, activity eligible for taxonomy and aligned with the taxonomy in terms of the environmental objective in question.
N: No, activity eligible for taxonomy, but not aligned with the taxonomy in terms of the environmental objective in question.
N/ EL: Not eligible, activity not eligible for taxonomy for the environmental objective in question.

Definition and reconciliation

The proportion of capital expenditure is defined as taxonomy-aligned Capex (numerator) divided by total Capex (denominator).

Pursuant to the Delegated Act under Article 8 of the taxonomy, total Capex consists of the value of additions to tangible and intangible assets during the year, including business combinations, before considering depreciation, amortization and any re-measurements, including those resulting from revaluations and impairments, and excluding fair value changes. Additions of fixed tangible assets (IAS 16), fixed intangible assets (IAS 38), right-of-use assets (IFRS 16), investment property (IAS 40) and biological assets (IAS 41) are included. Goodwill additions are not included.

The numerator corresponds to the portion of capital expenditure included in the denominator that:

a) Is related to assets or processes associated with taxonomy-aligned economic activities;

b) Is part of a plan to expand taxonomy-aligned economic activities or allow taxonomy eligible economic activities to become taxonomy-aligned; or

c) Is related to the purchase of output from taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, provided that these measures are implemented and operational within 18 months.

In 2023, the denominator of our Capex KPI consisted of total annual additions to tangible and intangible fixed assets, including right-of-use assets. The denominator can be reconciled to the total income presented in Note 8 of the Notes to the consolidated financial statements, and the respective accounting policies are detailed in Note 3 (Tangible and intangible fixed assets and leasing operations).

In 2023, the numerator corresponded to the portion of the denominator associated with our taxonomy-aligned economic activities detailed above in point 3, including activities for internal consumption by the Group, and the acquisition of the output of taxonomy-aligned economic activities.

Additional information

In order to be included in the numerator, the denominator values are first analysed with respect to our economic activities which are eligible or taxonomy-aligned. Only when they do not qualify as such, are they assessed individually as to whether they result from the purchase of output from an economic activity which is eligible or taxonomy-aligned, to avoid allocating them to more than one economic activity.

For eligible amounts resulting from the purchase of output of economic activities, we analysed the investments for which the suppliers provided us with the necessary information to confirm that the respective economic activity is taxonomy-aligned, including compliance with DNSH criteria and minimum safeguards, or otherwise we considered what could be directly assessed.

In 2023, annual Capex was allocated to taxonomy-aligned economic activities as follows:

- Included under activity 4.9 - Transmission and distribution of electricity: total Capex of Group companies which operate in the transmission of electricity, more specifically, this involves REN Elétrica, which operates in Portugal, and Transemel, which operates in the Chilean market;

- Included under activity 7.4 - Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings): The Capex of REN Portgás, REN ARMAZENAGEM and REN Gasodutos relating to the installation of charging systems to support REN electric mobility; and

- Included under activity 7.6 - Installation, maintenance and repair of renewable energy technologies: The Capex of REN Gasodutos and REN Atlântico relating to the acquisition and installation of panels for the production of electricity and thermal energy.

Similarly, annual Capex was allocated to eligible economic activities which are not taxonomy-aligned, as follows:

- Included under activity 4.14 - Renewable and low-carbon gas transmission and distribution networks: The Capex of REN Portgás, REN Gasodutos and REN Armazenagem relating to studies, equipment and platforms for projects to prepare the infrastructure for the injection of renewable gases; and

- Included under Activity 6.5 - Transport by motorbikes, passenger cars and light commercial vehicles: The Group's Capex relating to the acquisition of vehicles through financial leasing contracts, which result from the acquisition of the production of eligible economic activities. These figures exclude those that have already been considered in the abovementioned activities. Of the investment in this activity which is included in the numerator, it was not possible to determine alignment with the taxonomy.

In 2023, the main investment included in the numerator of our Capex KPI associated with our aligned economic activities was 250.2 million euros in activities 4.9, 7.4 and 7.6, where the key types of investment were the remodelling and construction of new lines and substations (172 million euros).

C. Opex table

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria (Do no significant harm) (h)									
Economic activities (1)	Code (a) (2)	Opex (3)	Proportion of Opex, year 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Economia circular (15)	Biodiversity (16)	Minimum safeguards (17)	Taxonomy-aligned (A.1) or elegible proportion of turnover (A.2), year 2022 (18)	Category — enabling activity (19)	Category — transition activity (20)
		€	%	Y; N; N/ E	Y; N; N/ E	Y; N; N/ E	Y; N; N/ E	Y; N; N/ E	Y; N; N/ E	Y/ N	Y/ N	Y/ N	Y/ N	Y/ N	Y/ N	Y/ N	%	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Transmission and distribution of electricity	CCM 4.9	12,065,316	71	Y	N	N/ EL	N/ EL	N/ EL	N/ EL	Y	Y	Y	Y	Y	Y	Y	75%	E	
Opex of environmentally sustainable activities (Taxonomy-aligned) (A1)		12,065,316	71	71%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	75%		
Of which, enabling		12,065,316	71	71%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	75	E	
Of which, transition		-	0	0%						Y	Y	Y	Y	Y	Y	Y	0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A2)		-	0	0%	0%	0%	0%	0%	0%								0		
A. Opex of Taxonomy-eligible activities (A.1+A.2)		**12,065,316**	71	71%	0%	0%	0%	0%	0%								75		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Opex of Taxonomy non-eligible activities (B)		4,990,691	29																
Total (A + B)		**17,056,007**	**100**																

Acronyms:
CCM: Climate change mitigation.
CCA: Climate change adaptation.
Y: Yes, activity eligible for taxonomy and aligned with the taxonomy in terms of the environmental objective in question.
N: No, activity eligible for taxonomy, but not aligned with the taxonomy in terms of the environmental objective in question.
N/ EL: Not eligible, activity not eligible for taxonomy for the environmental objective in question.

Definition

The proportion of operating expenditure is defined as taxonomy-aligned Opex (numerator) divided by total Opex: (denominator). Pursuant to Article 8 of the taxonomy, total Opex consists of direct non-capitalized costs during the year that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and other direct expenditures relating to the day-to-day servicing of tangible fixed assets necessary to ensure the continued and effective functioning of such assets.

The numerator corresponds to the portion of operating expenditure included in the denominator that:

a) Is related to assets or processes associated with taxonomy-aligned economic activities, including training and other human resources adaptation needs

b) Is part of a plan to expand taxonomy-aligned economic activities or to enable taxonomy-eligible economic activities to become taxonomy-aligned; or

c) Is related to the purchase of output from taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, provided that these measures are implemented and operational within 18 months.

In 2023, our Opex KPI denominator includes 17.1 million Euros in maintenance and repair expenditure, recognized in accordance with the accounting policy detailed in Note 3 (Fixed tangible and intangible assets) of the Notes to the consolidated financial statements.

The amounts above are included in our consolidated statement of income under "External supplies and services" Note 27 of the Notes to the consolidated financial statements. Amounts under the heading "Staff costs" are not included, since they do not incorporate costs of natures that meet the definition of total Opex in the taxonomy.

In 2023, the numerator corresponded to the portion of the denominator associated with our taxonomy-aligned economic activities, detailed above in point 3, including activities for internal consumption by the Group. Training costs are not included in the Opex KPI, as such inclusion is not provided for in the denominator.

Additional information

In order to be included in the numerator, the denominator values are first analysed with respect to our economic activities which are eligible or taxonomy-aligned. Only when they do not qualify as such, are they assessed individually as to whether they result from the purchase of output from a taxonomy-aligned economic activity, to avoid allocating them to more than one economic activity.

Annual Opex was allocated to taxonomy-aligned economic activities as follows:

- Included under activity 4.9 - Transmission and distribution of electricity: The Opex of Group companies working in the transmission of electricity, involving REN Eléctrica, which operates in Portugal and Transemel, which operates in the Chilean market.

5. NEXT STEPS IN THE APPLICATION OF THE TAXONOMY

In 2024, REN will focus on strategically overseeing advancements in EU environmental taxonomy regulations.

Planning is already underway for a robust initiative to ensure alignment with the future “Corporate Sustainability Due Diligence” Directive. This project will reflect our commitment to minimum safeguards and strengthen our sustainable corporate governance.

In sub-chapter 2.3 Risk management, the analysis and methodologies used in the Task Force on Climate-Related Financial Disclosures (TCFD) framework were consolidated and explained. In future exercises and whenever context changes are justified, updates will be implemented to continuously improve our ability to identify risks and climate opportunities and assess the company's vulnerability to these risks and develop corresponding action plans to adapt accordingly.

D. Model 1 of the Complementary Delegate Act (activities related to nuclear energy and fossil gas)

The Taxonomy Regulation, through Article 8 of the Delegated Act, also requires non-financial entities to disclose the models associated with activities related to nuclear energy and fossil gas. REN does not carry out activities related to these activities and the Model 1 below is provided as required by the Delegated Act.

	ACTIVITIES RELATED TO NUCLEAR ENERGY	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	ACTIVITIES RELATED TO FOSSIL GAS	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/ cool and power generation facilities using fossil gaseous fuels.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

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(Translation from the original Portuguese language. In case of doubt, the Portuguese version prevails)

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 sustainability disclosures included in the Integrated Report 2023, identified in "2. GRI table", "4. SASB table" and " 5. TCFD table" (the "Sustainability Information"), for the year ended December 31, 2023.

Criteria applied

REN prepared the Sustainability Information in accordance with the sustainability reporting standards of the Global Reporting Initiative – GRI Standards, guidelines of the Sustainability Accounting Standards Board (SASB), recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and with the principles of inclusivity, materiality, responsiveness and impact set by AA1000AP Standard (2018) (together the "Criteria").

Responsibilities of the Management

REN's management is responsible for selecting the Criteria, and for preparing the Sustainability Information 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 Sustainability Information, such that it is free from material misstatement, whether due to fraud or error.

Responsibilities of the Auditor

Our responsibility is to examine the Sustainability Information 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 Sustainability Information is prepared in accordance with the Criteria.

Our work also considered the AA1000 Assurance Standard (AA1000AS v3) issued by AccountAbility for a type 2 process, with the aim of obtaining a moderate level of assurance on the alignment of REN with Standard AA1000AP (2018).

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 505 988 283 · C. R. Comercial de Lisboa sob o mesmo número

Procedures performed in a limited assurance engagement vary in nature and timing 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:

- Inquiries to management with the objective to understand the business context and the sustainability reporting process;
- Conducting interviews with personnel responsible for preparing the information in order to understand the processes for collecting, collating, reporting and validating of the Sustainability Information for the reporting period;
- Conducting analytical review procedures to support the reasonableness of the data;
- Execution, on a sample basis, of tests to the calculations carried out, as well as tests to prove the quantitative and qualitative information included in the report;
- Verification of the level of adherence to the principles of inclusivity, materiality, responsiveness and impact defined in AA1000AP Standard (2018), through the analysis of contents contained in the Sustainability Information and in the internal documentation of REN;
- Verification of the conformity of the Sustainability Information with the results of our work and with the Criteria applied.

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, confidentially, and professional behavior.

Conclusion

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

Other Matters

Without affecting the conclusion above, we also present the following aspects regarding REN's adherence to the principles of AA1000AP Standard (2018):

- Principle of inclusivity: internal and external stakeholders' engagement is one of the strategic priorities defined in REN's Sustainability Strategy, and the survey of topics, expectations, and needs through stakeholder auscultation processes is a critical process for the operationalization of the Strategy. There are mechanisms in place to identify stakeholders as well as obtain information on their expectations.

- Principle of materiality: REN reviews every two years the relevance of its sustainability topics, on which it focus its management and reporting disclosures, using appropriate, explicit, and well-defined processes and criteria. In 2023, REN carried out a new consultation with its external and internal stakeholders, taking into account an initial list of topics identified through a sector benchmarking, context and trend analysis, and sustainability indices and ratings analysis. The assessment of these topics was based on the stakeholders' perception of REN's impact on each topic, as well as their relevance to REN's business, allowing REN to update its material topics.
- Principle of responsiveness: REN has the mechanisms to define, develop, evaluate, and communicate the necessary responses to meet the main expectations of its stakeholders. In addition, REN has a Stakeholder Relations Policy that reinforces commitments and responses to stakeholder concerns.
- Principle of impact: REN monitors and reports, for each material topic, the main direct and indirect impacts of its activity. REN has defined a set of quantitative and qualitative indicators to monitor over time the operational, economic, environmental, social, and governance impacts in accordance with the Criteria.

Lisbon, 21 March 2024

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

Manuel Ladeiro de Carvalho Coelho da Mota - ROC nº 1410
Registered with the Portuguese Securities Market Commission under license nr. 20161020

GLOSSARY

FINANCIAL GLOSSARY

ACRONYMS

Capex
Capital Expenditure on acquisitions and upgrades of tangible fixed assets

Debt to equity ratio
Net debt/ Equity

Dividend per share
Ordinary dividend/ total number of shares outstanding

EBIT
Earnings Before Interest and Taxes (operating profit)

EBITDA
Earnings Before Interest, Taxes, Depreciation and Amortisation (operating profit, excluding amortisation and depreciation)

GDP
Gross Domestic Product

HCROI
Human capital return on investment

HICP
Harmonized Index of Consumer Prices

Net debt
Short and long-term financial debt – cash balances

Opex
Operational Expenditure (operational and maintenance spending)

Payout ratio
Ordinary dividend/ net profit

RAB
Regulated Asset Base (Assets value net of depreciations and subsidies also net of depreciations)

RCCP
Current ROE

ROA
Return on assets (EBIT/ total assets)

ROE
Return on equity (Net profit/ equity)

RoR
Rate of Return

TB
Treasury Bonds

Totex
Total expenditure (CAPEX + OPEX)

TSR
Total Shareholder Return

Turnover
Sales plus services provided

VAT
Value Added Tax

TECHNICAL GLOSSARY

ACRONYMS

A&P
Analysis and Performance

AA1000AP
AccountAbility Principles – 2018

ACER
Agency for the Cooperation of Energy Regulators

ACT
Collective Bargaining Agreement

AERC
Analysis of Environmental Risk of Corridors

AFIR
Alternative Fuels Infrastructure Regulation

AGC
Gas Consumption Management Agreement

AGU
Autonomous Gas Unit

AI
Artificial Intelligence

AIT
Average Interruption Time

APA
Portuguese Environmental Authority

APEE
Portuguese Association of Business Ethics

APPDI
Portuguese Association for Diversity and Inclusion

APREN
Portuguese Association of Renewable Energy

AREP
EDP and REN Pensioners' Association

AS/ US
Underground Storage

BAU
Business As Usual

BD
Board of Directors

BEV
Battery Electric Vehicle

BRIDGE
Horizon 2020 Task Force for R&I Priorities

CBAM
Carbon Border Adjustment Mechanism

CCILC
Luso-Chinese Trade and Industry Chamber

CIGRÉ
Conseil International des Grands Réseaux Électriques

CMVM
Portuguese Securities Market Commission

CNR
Carbon Neutrality Roadmap

CORESO
Regional Coordinating Centre

COTEC
Business Association for Innovation

CRR
Capacity Reservation Rights

CSP
Contractors and Service Providers

CSRD
Corporate Sustainability Reporting Directive

CVP
Comunidade Vida e Paz - Life and Peace Community

DGEG
Directorate-General for Energy and Geology

DPO
Data Protection Officer

EA
Environmental Assessments

EC
European Commission

EC
Executive Committee

EED
Energy Efficiency Directive

EEGO
Issuing Body for Guarantees of Origin

EERA
European Energy Research Alliance

EF
Emission Factors

EGIG
European Gas Pipeline Incident Data Group

EHB
European Hydrogen Backbone

EIA
Environmental Impact Assessment

EIB
European Investment Bank

EIS
Environmental Impact Statement

EMD
European Electricity Market Design

ENAP
Empresa Nacional del Petróleo

ENNOH
European Network of Network Operators for Hydrogen

ENTSO-E
European Network of Transmission Operators for Electricity

ENTSOG
European Network of Transmission Operators for Gas

EPBD
Energy Performance of Buildings Directive

EPD
Environmental Product Declarations

EPDS
Environmental Product Declaration Sheet

EPIS
Associação Empresários pela Inclusão - Business for Incluir Association

ERSE
Energy Services Regulatory Authority

ESG
Environmental, Social and Governance

ESRS
European Sustainability Reporting Standards

ETIP-SNET
European Technology & Innovation Platforms

ETS
Emissions Trading System

EU
European Union

EUA
European Unit Allowance

EY
Ernst & Young

FCT
Foundation for Science and Technology

FGG
Fluorinated Greenhouse Gases

GDPR
General Data Protection Regulation

GEDOC
Online Document Management Tool for Works and Service Provision

GHG
Greenhouse Gas

GO
Guarantees of Origin

GRI
Global Reporting Initiative

GRMS
Gas Regulating and Meeting Stations

GSM
General System Management

GSU
General System Use

GTBI
Gas Transmission Benchmarking Initiative

GUS
General Use of the System

HCB
Hidroeléctrica de Cahora Bassa

HP
High-Pressure

HV
High Voltage Network

HVAC
High Voltage Alternating Current

HVDC
High Voltage Direct Current

IASB
International Accounting Standards Board

IASC
International Accounting Standards Committee

ICT
Information and Communication Technologies

IEA
International Energy Agency

IEC
International Electrotechnical Commission

IEEE
Institute of Electrical and Electronics Engineers

IEQ
Interests and Expectations Questionnaire

IERI
Incentive for the Economic Rationalization of Investment

IFRIC
International Financial Reporting Interpretation Committee

IFRS
International Financial Reporting Standards

IMF
International Monetary Fund

INEGI
Institute of Science and Innovation in Mechanical and Industrial Engineering

IPCG
Portuguese Institute of Corporate Governance

IR
Integrated Reporting

IREI
Incentive for the Economic Rationalization of Investment

ISEL
Lisbon Higher School of Engineering

ISGAN
International Smart Grid Action Network

ISMS
Information Security Management System

ISO
International Organization for Standardization

ISPS
Ship and Port Facility Security Protection

JAP
Junior Achievement Portugal

LNG
Liquefied Natural Gas

LNG Terminal
Liquefied Natural Gas Terminal

LP
Portuguese Language

LULUCF
Regulation on Land Use, Land Use Change and Forestry

mFRR
manual Frequency Restoration Reserve

MIBEL
Iberian Electricity Market

MIE
Internal Energy Market

MPGGS
Procedures Manual for the General Management of the Electrical Sector System

NCRF
Accountancy standards for financial reporting

NDC
Nationally Determined Contributions

NDGN
National Gas Distribution Network

NECP
National Energy and Climate Plan

NGO
Non-Governanmental Organization

NGTN
National Gas Transmission Network

Nova SBE
Nova School of Business and Economics

OGMP
Oil and Gas Methane Partnership

OMIE
Iberian Energy Market Operator

OMIP
Iberian Market Operator - Portugal

OPR
Orçamento Participativo REN - REN Participatory Budget

P2P
Purchase to Payment

PBS
Porto Business School

PCI
Projects of Common Interest

PDIRG
Gas Transmission Network Development and Investment Plan

PDIRT
Transmission Network Development and Investment Plan

PHEV
Plug in Hybrid Electric Vehicles

POP
Personal Opinion Programme

PPA
Power Purchase Agreement

PPC
Public Procurement Code

PPE
Personal Protective Equipment

PRS
Pressure Reduction Stations

PWN
Professional Women's Network

QES
Quality, Environment and Safety

QSR
Quality of Service Regulations

R&D
Research and Development

RCA
Root Cause Analysis

RCN
Roadmap for Carbon Neutrality

RDI
Research, Development and Innovation

RDIC
Research, Development and Innovation Committee

RECAPE
Environmental Compliance Report on the Execution Project

RED
Renewable Energy Directive

REMIT
Regulation on Wholesale Energy Market Integrity and Transparency

RES
Renewable Energy Sources

RESP
Public Service Electricity Network

RGI
Renewables Grid Initiative

RMS
Reduction and Metering Stations

RND
National Electric Distribution Network

RNT
National Electric Transmission Network

RNTG
National Gas Transmission Network

RNTIAT
Rede Nacional de Transporte, Infraestruturas de Armazenamento e Terminais de GNL

RRB
Regulation Reserve Band

RRP
Recovery and Resilience Plan

SASB
Sustainability Accounting Standards Board

SBT
Science Based Targets

SBTi
Science Based Targets initiative

SDG
Sustainable Development Goals

SEA
Strategic Environmental Assessment

SEN
National Electric System

SIC
Standard Interpretation Committee

SIFIDE
National System of Tax Incentives for Corporate R&D

SPA
Sines Port Authority

TCFD
Task Force on Climate-related Financial Disclosures

TEP
Transmission of Electrical Power

ToR
Terms of Reference

TSO
Transmission System Operators

TUGS
Tariff for the General Use of the System

TURT
Tariff for the Use of the Transmission Network

UCP
Portuguese Catholic University

UNEP
United Nations Environment Programme

UNGC
United Nations Global Compact

UPAC
Self-consumption Power Units

USA
United States of America

VHV
Very High Voltage Network

VIP
Virtual Interconnection Point

WHO
World Trade Health Organization

UNITS
ACRONYMS

€
euro

bcm
billion cubic meters

cent
cent

CH_4
methane

CO
carbon monoxide

CO_2
carbon dioxide

GHz
gigahertz

GJ
gigajoule

GW
gigawatt

GWh
gigawatt/ hora

H_2
hydrogen

k€
thousands of euros

km
kilometre

kV
kilovolt

kWh
kilovolt/ hour

M€
millions of euros

m3
cubic metre

$m^3(n)$
standard cubic metre (volume of gas measured at 0º celsius and at standard atmospheric pressure)

mM€
billion euros

Mva
megavoltampere

Mvar
megavoltampere reactive

MW
megawatt

MWh
megawatt/ hour

n.a.
not applicable/ not available

n.m.
not measurable

NH_3
ammonia

NMVOC
non-methane volatile organic compounds

NO_x
nitrogen oxides

p.p.
percentage points

PM
particulate matter

s
second

SO_x
sulphur oxides

tcm
1×1.012 cubic metres

tCO_2eq
ton of carbon dioxide equivalent

t
ton

TWh
terawatt/ hour

CONTACTS

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