



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

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

Approved by the Audit Committee on 23 September 2020

ARTICLE 1

(Object)

1. These terms of reference set out the rules applicable to the functioning of the Audit Committee of REN – Redes Energéticas Nacionais, SGPS, S.A., hereinafter referred to as REN or the Company, as well as the duties and responsibilities of its members. They complement the provisions stipulated by law and the Company's Articles of Association and Code of Conduct.
2. The provisions of these terms of reference apply to the members of the Audit Committee, who are required to comply with the said provisions. For this purpose, the Company Secretary shall provide them with a complete copy of these terms of reference upon their appointment.

ARTICLE 2

(Affiliated companies)

Within its remit, the Audit Committee's activities may also extend to companies in which REN directly or indirectly holds an interest, without prejudice to the remit of the companies' corporate bodies.

ARTICLE 3

(Membership)

1. The Audit Committee shall consist of three non-executive directors, of which one shall assume the office of Chair of the Audit Committee.
2. Should the General Meeting not appoint the Chair of the Audit Committee, the Audit Committee shall do so.

ARTICLE 4

(Independence and incompatibilities of Audit Committee members)

1. Audit Committee members shall comply with the requirements regarding incompatibilities and independence in force in the Portuguese legal system, especially those that apply to REN as a company issuing financial instruments admitted to trading on the regulated market in Portugal.
2. For the purposes of the previous paragraph, an independent person is considered to be someone who is not associated to any specific interest group at REN or in a situation liable to limit his or her ability for impartial assessment or decision making, more specifically as a result of:
 - a) holding or acting on behalf or account of holders of qualified shareholdings equal to or greater than 2% of REN's share capital; or



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- b) having been re-elected for more than two consecutive or non-consecutive terms-of-office.
3. Audit Committee members are not permitted to remain in office if they:
- a) are beneficiaries of specific advantages offered by the Company;
 - b) are members of a corporate body of a company that is in a controlling or group relationship with REN;
 - c) are partners in partnerships in a controlling relationship with REN;
 - d) directly or indirectly provide services or have a significant commercial relationship with REN or with any company which is in a controlling or group relationship with REN;
 - e) exercise functions in a competing company and act on behalf of or represent such a company or are in any way bound to the interests of a competing company;
 - f) are spouses, relatives or kin in a direct line, up to and including the third degree of a collateral line, of individuals barred due to the provisions of sub-paragraphs a), b), c) and e), or the spouses of the individuals specified in sub-paragraph d);
 - g) hold management or supervisory offices in five companies, except law firms, statutory audit firms and statutory auditors;
 - h) are statutory auditors who have other incompatibilities provided for in specific legislation that applies to them; or
 - i) have been banned, disqualified, insolvent, bankrupt or sentenced to a penalty involving the prohibition, albeit temporary, to perform public functions.
4. The Board of Directors of REN shall assess compliance with the requirements concerning incompatibilities and independence with regard to the members of the Audit Committee.
5. Audit Committee members shall promptly inform the Chair of the Committee with regard to facts which may constitute or give rise to a conflict between their interests and the interests of the Company.
6. In the event of conflict between the interests of a member of the Audit Committee and those of the Company, even if only potential, in relation to any matter, the said member shall not interfere in the respective decision process, without prejudice to his or her duty to provide information and clarifications as requested. More specifically, the said member shall:
- a) not receive information on such matter (including preparatory information sent in anticipation of a meeting at which such matter is to be discussed and voted);
 - b) refrain from discussing the matter with other members of the Audit Committee; and
 - c) not attend the meeting when the discussion and vote on the matter takes place.



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**ARTICLE 5
(Duties of Audit Committee Members)**

1. Audit Committee members shall:
 - a) attend the meetings of the Audit Committee;
 - b) attend the meetings of the Board of Directors and the General Meeting;
 - c) attend the meetings of the Executive Committee at which the accounts for the financial year are assessed;
 - d) ensure confidentiality concerning facts and information of which they become aware due to their office; and
 - e) ensure that all inspections, complaints received and the measures taken to address them as well as the results of such measures be recorded in writing.
2. The Chair of the Audit Committee shall:
 - a) be bound to the duty of diligence stipulated in Article 420-A of the Portuguese Companies Act; and
 - b) report alleged criminal facts of which the Audit Committee becomes aware to the Public Prosecutor's Office (*Ministério Público* in Portuguese).

**ARTICLE 6
(Duties of the Audit Committee)**

1. The Audit Committee shall audit REN's corporate business activities.
2. For the purposes of the previous paragraph, the Audit Committee shall receive the final reports prepared by the Statutory Auditor and request its cooperation when necessary.
3. The Audit Committee shall:
 - a) supervise the Company's management;
 - b) monitor compliance with the law, REN's Articles of Association and the applicable principles of corporate governance;
 - c) certify whether REN's corporate governance report includes the elements specified in Article 245-A of the Portuguese Securities Code and in Portuguese Securities Market Commission (CMVM) Regulation No 4/2013, as amended;
 - d) express its agreement or disagreement with the annual management report and with the accounts for the financial year;
 - e) check, when deemed convenient and in the manner considered appropriate, cash in all its forms and inventories of any kind of goods or values belonging to the company or received by the Company as guarantee, deposit or in another capacity;
 - f) check the accuracy of the accounting records, supporting documents, and books;
 - g) check whether the accounting policies and valuation criteria adopted by the company enable a correct assessment of the Company's assets and results;
 - h) prepare the report regarding its supervisory activities on an annual basis;
 - i) issue an opinion on the annual report and accounts as well as the proposal for the distribution of profits submitted by the Board of Directors;



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- j) convene the General Meeting, whenever the Chair of the General Meeting fails to do so;
 - k) receive communications regarding alleged wrongdoing in financial reporting or other matters submitted by shareholders, employees of the Company or other individuals or entities;
 - l) ensure that the company's arrangements to receive such communications, in confidence, allow proportionate and independent investigation of such matters and appropriate follow up action.
 - m) supervise the process of preparing and disclosing information, in particular financial information, by the Board of Directors or the Executive Committee, including the adequacy of accounting policies, estimates, relevant judgements and disclosures, and their consistent application across financial years, in a manner that is duly documented and reported;
 - n) supervise the audit of the Company's accounting documents;
 - o) hire the services of experts to assist one or more of its members in discharging their duties. Hiring and remuneration of such experts shall take into account the importance of the matters to be dealt with, as well as the Company's economic situation; and
 - p) comply with all other duties set out in the law or in the Company's Articles of Association.
4. In its relationship with other corporate bodies, the Audit Committee shall:
- a) supervise the efficiency of the risk management system, the internal control system and the internal audit system of REN, including monitoring, evaluating, issuing opinions, and submitting proposals for improving the functioning of such systems, so that the risks actually incurred by the company are consistent with the objectives set by the Board of Directors or the Executive Committee;
 - b) propose to the General Meeting the appointment of an effective and alternate Statutory Auditor;
 - c) assess the independence of the Statutory Auditor, including with regard to providing non-audit and additional services and its suitability for the performance of its duties;
 - d) represent the Company, for all purposes, in dealings with the Statutory Auditor, carrying out the functions of REN's interlocutor with the Statutory Auditor and being the first recipient of the respective reports;
 - e) strive to ensure suitable conditions within REN's internal organisation for the provisioning of audit services by the Statutory Auditor;
 - f) monitor the activities of the Statutory Auditor on a regular basis, by analysing its periodic reports, monitoring the execution of audit and review work, and assessing possible recommendations for changes in procedures recommended by the Statutory Auditor;
 - g) assess the work of the Statutory Auditor on an annual basis;
 - h) give prior approval to contracts between the Company and the Statutory Auditor, or any entity affiliated with the Statutory Auditor or which is part of the same network, concerning services other than audit services, explaining the reasons for the execution of such contracts;



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- i) approve the business plan for the following year and the previous year's annual report issued by REN's Internal Audit Department; and
 - j) approve the proposals with respect to the annual budget and staff members for REN's Internal Audit Department, which shall be submitted to the Executive Committee for final assessment, together with the proposals from other REN departments.
5. In order to comply with the duties mentioned in the previous paragraphs, the Audit Committee shall:
- a) request and assess notices to convene and minutes of meetings necessary for the exercise of the legal and statutory powers of other Company bodies and committees;
 - b) request and assess all the management information it deems necessary at any time;
 - c) have unrestricted access to documents issued by the Statutory Auditor and request any information it deems necessary; and
 - d) request and assess information it deems necessary from the Company's executive directors, employees, consultants and other individuals or entities.

ARTICLE 7

(Other duties with respect to the Statutory Auditor)

1. For purposes of selecting the Statutory Auditor, to be proposed pursuant to Article 6(4)(b) above, the Audit Committee shall request bids from the statutory auditors registered with CMVM and select the best proposal based on specified criteria, especially track record and price.
2. The monitoring of the independence of the Statutory Auditor pursuant to Article 6(4)(c) above, shall be based on regular contacts and by requesting the Statutory Auditor to confirm that no circumstances exist that may hinder its independence. The Audit Committee shall suitably address any information it may obtain on the matter within the scope of its remit.

ARTICLE 8

(Monitoring compliance with applicable provisions)

1. The Audit Committee shall supervise compliance with the legal and statutory provisions that apply to the company.
2. Pursuant to Article 6(3)(k) and (l) above, the Audit Committee shall receive communications of alleged wrongdoing submitted by shareholders, Company employees or other individuals or entities.
3. The Audit Committee shall:
 - a) issue a prior and binding opinion addressed to the Board of Directors on internal procedures and criteria for assessing business with related parties according to the law in force;



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- b) check if transactions with related parties are carried out within the scope of the Company's current activity and under market conditions;
 - c) issue prior opinion on certain transactions with related parties in accordance with the law and REN's internal procedures and criteria;
 - d) assess, jointly with the Board of Directors and/or the Executive Committee, any relevant matters related to compliance by the Company's activities and business with applicable legal and statutory provisions, as well as instructions, recommendations and guidelines issued by competent entities; and
 - e) assess the Board of Directors' communications on the conduct of business referred to in paragraph b) above.
4. REN's Internal Audit Department shall report to the Audit Committee on matters pertaining to the internal audit function, within the scope of the Audit Committee's remit, and to the Executive Committee on administrative matters.

**ARTICLE 9
(Meetings)**

- 1. Audit Committee meetings are convened and chaired by the respective Chair and are held monthly, except in the month of August.
- 2. In addition to the ordinary meetings stipulated in the preceding paragraph, the Audit Committee may meet whenever convened by the respective Chair or by the two other committee members.
- 3. Audit Committee meetings shall be held at the Company's registered office or at a different venue chosen for the purpose. Such meetings may be held by videoconference or conference call, in accordance with the law and with respect to the meetings of the Board of Directors, in accordance with the provisions of REN's Articles of Association.
- 4. The notice to convene each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Audit Committee no later than three working days prior to the date of the meeting. Supporting documents shall be sent to committee members at the same time.
- 5. Notices, agendas and supporting documents may be sent in electronic form.
- 6. The Audit Committee may invite the Chair of the Board of Directors to participate in their meetings, who shall have no voting rights.
- 7. Directors, employees and consultants of any REN Group company may be called to attend meetings of the Audit Committee, whenever their attendance is deemed necessary or convenient for the progress of its work.
- 8. In order for the Audit Committee to deliberate, the majority of its members shall be in attendance and resolutions are taken by majority vote.
- 9. In the event of a tie in voting, the Chair shall have the casting vote.
- 10. Any member of the Audit Committee may be represented at a meeting by another member by



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means of a simple letter addressed to the Chair of the Audit Committee, or to the other members in the absence of the Chair.

11. The representation letter mentioned in the previous paragraph shall only be valid for the meeting to which it refers.

**ARTICLE 10
(Minutes of meetings)**

1. Minutes of each Audit Committee meeting shall be drawn up specifying the proceedings and decisions adopted, including recording the names of the participating committee members and other persons attending or participating.
2. The draft minutes shall be sent promptly to all committee members, and shall be subject to changes that improve the account of the meeting. The final version shall be approved at the following meeting.

**ARTICLE 11
(Ways and means)**

1. The Audit Committee shall have at its disposal the ways and means of REN's organisation required to carry out its duties, including a secretariat.
2. The Audit Committee may, at its own initiative, request independent opinions or hire specialised advisory or external consultancy services, insofar as it deems such services necessary for the performance of its duties.