REN

CONDUCT, TRANSFORM, EVOLVE

SUSTAINABILITY 2021

REN

SUSTAINABILITY 2021

It is imperative to act sustainably.
Daily application of sustainability principles is not only a good practice, but a way of management that should define us. The focus of our activities is to exceed the objectives defined in our mission statement. And these have been our results.
In this brochure we present a summarized version of our sustainability report for the year 2021, which is presented in full in the 2021 Annual Report. The sustainability information reported was prepared in accordance with the requirements of the Global Reporting Initiative (GRI Standards 2016 and 2018) and the AA1000AP standard (Accountability Principles 2018), and subjected to independent external verification by PwC (PricewaterhouseCoopers) in accordance with ISAE 3000 (International Standard on Assurance Engagements 3000) principles.

More information on our 2021 initiatives is available in our 2021 Annual Report.

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MESSAGE FROM THE CEO

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1 MESSAGE FROM THE CEO

2021 was without question marked by a growing awareness of the climate emergency and the call to action for a sustainable future.

In what is a decisive decade for sustainability, we presented a new strategic plan for 2021-2024, in which we enhanced our commitment to sustainability. In this new plan, we continue with the strategic objectives previously defined with the conviction that rigour and discipline, associated with great responsibility in the way we manage all our teams, will continue to produce the results we seek.

We assumed our central role in the energy transition by setting out the goal of achieving carbon neutrality in 2040 and with our commitment to diversity, with the goal of having one-third of first-line management positions occupied by women by 2030, and our commitment to sustainable financing by committing to ensure 100% of new bond issues will be green.

We assumed our central role in the energy transition by setting out the goal of achieving carbon neutrality in 2040.

Our objectives and progress will be communicated regularly and transparently. We are convinced that this option will create added value for REN and its stakeholders in the regions in which we operate. We will ensure the constant monitoring of sustainability issues through the Sustainability Committee, whose main objective is to strategically analyse the evolution of the ESG (Environmental, Social and Governance) commitments and objectives assumed, supervise their implementation and decide on new actions within the Board of Directors.

Finally, we highlight the continuous investment in activities that contribute to the Sustainable Development Goals (SDGs) for 2030, and in particular projects that foster education and innovation, promote the preservation or restoration of biodiversity and forests and are aligned with decarbonisation. We also emphasise that our commitment to sustainable development is materialised in line with the ten principles on the UN Global Compact (UNGC) initiative on human rights, labour practices, environmental protection and anti-corruption.


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REN - Redes Energéticas Nacionais operates in two main business areas: very high voltage electricity transportation and the reception and regasification of LNG (Liquefied Natural Gas), along with the storage and distribution of natural gas. This includes the overall technical management of both systems (National Electricity System and National Natural Gas System).

REN's mission is to ensure the uninterrupted supply of energy throughout the country, contributing to community development and improving the quality of life of the Portuguese people.

We are one of the few operators in Europe that simultaneously transports electricity and natural gas.

ELECTRICITY

REN operates the National Transmission Network (RNT), a grid that connects energy producers to consumption centres, and manages the balance between energy demand and supply.

We are the sole electricity transportation body in Portugal operating a concession contract established with the Portuguese State.

NATURAL GAS

REN operates the National Gas Transport Network (RNTG), a network that receives gas at the Spanish border, at storage facilities (REN Armazenagem) and at the regasification terminal (REN Atlântico), and then delivers it to distributors or high-pressure end customers. REN also operates the natural gas distribution network on the north coast of Portugal.

In addition to our activities in electricity and natural gas transportation in Portugal, we have developed a set of complementary activities in the energy sector.

Enondas, whose focus is on the exploitation of a pilot zone for the production of electricity from wave power, reflects our commitment to renewable energy sources. The concession from the Portuguese State is for 45 years and includes authorisation for the installation of the public grid connection infrastructure.

Through REN Trading, we manage the energy to be purchased from two power plants under energy purchase agreements that were not subject to early termination.

With REN Portgás, we have moved from simply transporting natural gas to the development and operation of its public distribution network along Portugal's northern coastal region. REN Portgás is the largest natural gas distributor in terms of kilometres of network, with a total length of 6,118 kilometres in 2021.

Internationally, we own Transemel in Chile, a company that possesses and operates 92 km of electricity transmission lines, and we have an important stake in the share capital of Electrogas, a company with 166 km of reversible gas pipelines in operation.

2021 SUMMARY

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2021 SUMMARY

Operational performance

49.5 TWh
Electricity consumption

63.8 TWh
Natural gas consumption

A philosophy that makes us makes us transform challenges into energy.

73%
Power from renewable energy sources compared to the total

59%
National electricity supply from renewable sources

Financial performance

460.8 M€
EBITDA

97.2 M€
Net profit

247.1 M€
Investment (Capex)

3,602.8 M€
Average RAB

77.1 %
Capex eligible under EU taxonomy

1.3 M€
Investment in R&D

Social performance

701
Employees

25%
Women

28%
Women in management positions

1,577
Indirect employees (contractors and service providers)

1.6
Accident frequency rate at REN

€186k
Donations/sponsorships

24k
Hours of training

35 Hours
Of training per employee

Environmental performance

3,787,710 GJ
Energy consumption

148,472 tCO_2eq
Emissions

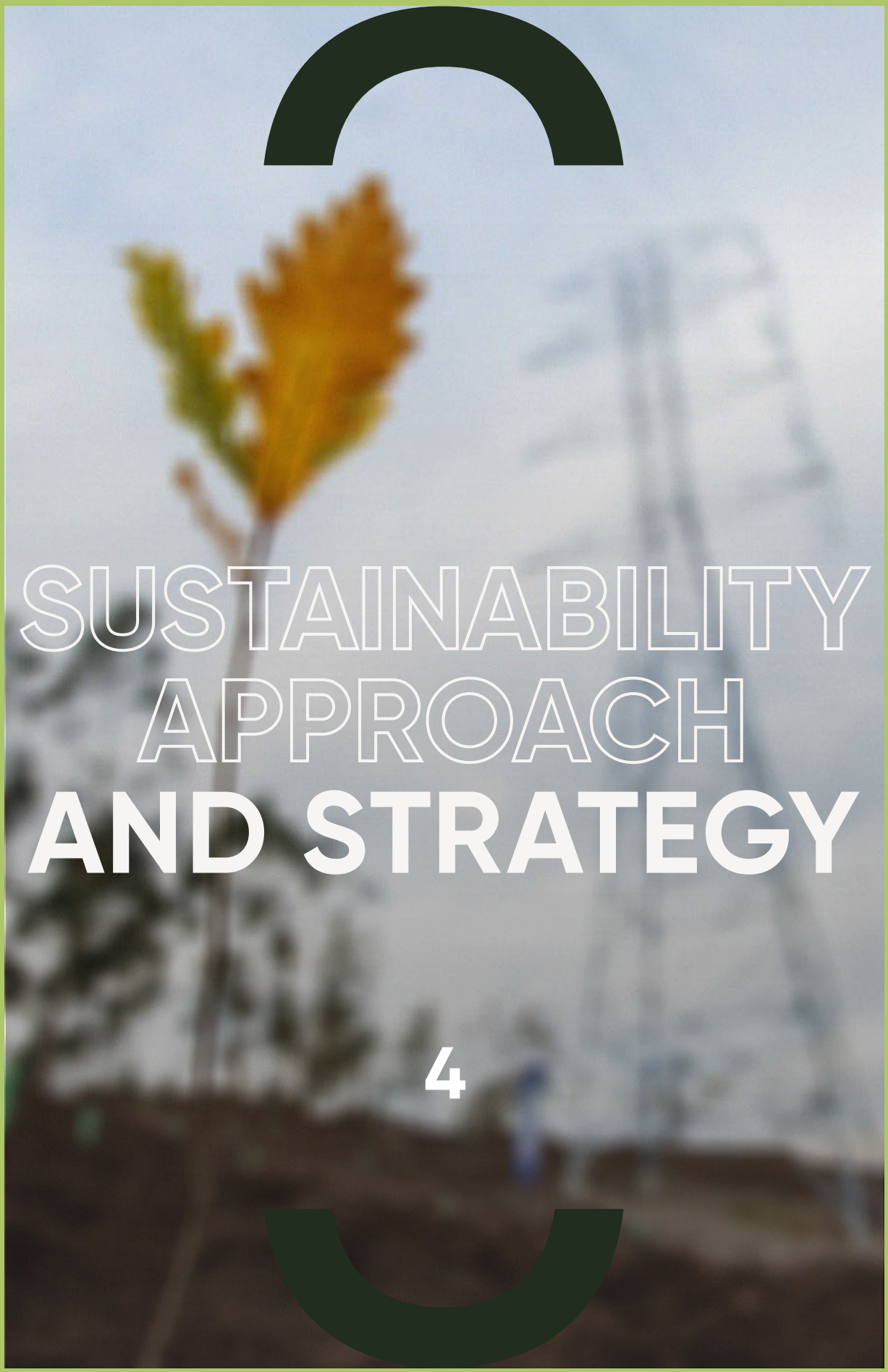
28%
Of the fleet electrified

723 ha
Reforested with native species

€8.3M
Investment in environmental conservation

3,803
White stork nests

211
Nests transferred



SUSTAINABILITY APPROACH AND STRATEGY

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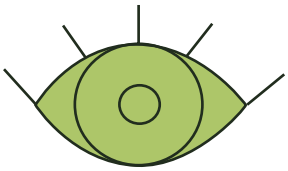
SUSTAINABILITY APPROACH AND STRATEGY



OUR VISION

At REN, our mission is to ensure the uninterrupted supply of energy to the entire country. This is a mission that we fulfil, contributing to the development of communities and improving the quality of life of the Portuguese people. This task involves continuous, dedicated effort. But our commitment goes beyond our mission.

Taking on this commitment means all REN's activities are guided by sustainability principles that follow strict and measurable criteria while respecting challenging standards of excellence, without losing sight of the positive impact we want to have on the communities and ecosystems in which we operate.

We believe in active corporate citizenship, engaging closely with the communities in which we operate, both socially and environmentally.

OUR APPROACH

Sustainability is an undeniable and critical priority in the coming decades. The sense of responsibility to ensure a sustainable future involves continuous effort on behalf of the environment, people and communities.

At REN, the need to ensure sustainable development begins with the commitment assumed by our Board of Directors to adopt an ethical and socially responsible management model. But it also extends to the principles that guide our actions, in particular the social, economic and environmental protection aspects and the fight against climate change.

We act with a critical sense of those principles that promote the construction of a sustainable future, and in particular the ten principles on human rights, labour practices, environmental protection and anti-corruption, arising from our signing up to the United Nations Global Compact (UNGC) in 2005.

For REN, sustainability means guiding business activities while respecting the company's founding values.

It is dealing with the future in the present, operating constructively and in harmony with the planet and society.

REN follows the best environmental and citizenship practices. We take sustainable steps in an ever-changing world.

OUR STRATEGY

Sustainability is one of REN's strategic pillars, along with a permanent focus on improving performance and service quality and creating value for all stakeholders, particularly shareholders, employees, customers, local communities, partners and suppliers.

We are guided by a strong purpose to strengthen our position at the centre of the energy transition, thus ensuring the development of a socially responsible future and catalysing our impact on the community and for stakeholders.

Our sustainability strategy reflects a threefold approach that includes current trends in ESG issues as well as the main themes identified by stakeholders as being important and impactful for REN. Additionally, it is directly connected to the 17 Sustainable Development Goals (SDGs) created by the UN in 2015.

Bringing this strategy to life means all our activities must be guided by sustainability principles and to this end we have defined four priority areas.

Four priority areas

For each of the priority areas we have defined a set of material topics:

PRIORITY AREAS AND STRATEGIC PRIORITIES

MATERIAL TOPICS

Promoting internal well-being:
To be acknowledged as a good company to work in, implementing management best practices, promoting diversity and equal opportunities, and hygiene, health and safety at work.

- Employee satisfaction and well-being
- Management and training of human capital
- Diversity and equal opportunities
- Respecting human rights

Stakeholder engagement and satisfaction:
To promote engagement with stakeholders and satisfaction of stakeholder goals while ensuring the safety, reliability, quality and supply of electricity and natural gas.

- Stakeholder engagement
- Supporting local communities
- Innovation, research and technology
- Quality of service information

Environmental protection:
To be acknowledged as an environmentally responsible company, operating according with best environmental management practices and playing an active role in preventing climate change.

- Energy Efficiency
- Biodiversity
- Environmental awareness and training
- Integration of energy markets
- Integration of renewable energies

Governance and ethics:
To align REN´s performance with best practices in international governance ethics, involving stakeholders and promoting a culture of fighting corruption and ensuring the control of risk.

- Corporate governance
- Ethics and conduct
- Risk and crisis management
- Anti-corruption

Our action guidelines are set out in the REN Social Responsibility Policy.

Sustainability is in our nature. More than a commitment, it is the spirit of our mission.

OUR CONTRIBUTION TO SUSTAINABLE DEVELOPMENT

The United Nations 2030 Agenda for Sustainable Development integrates the 17 Sustainable Development Goals (SDGs) unanimously approved by 193 member states in 2015. These 17 goals, broken down into 169 targets, address various aspects of sustainable development and promote peace, justice and strong institutions.

At REN, we want to be part of this change. We have defined a sustainability strategy that is aligned with the 17 SDGs and have focused our activities on nine priority objectives.

Every day we go a little farther; we promote activities and projects within the framework of the goals which aim to solidify our contribution. We communicate the main activities we foster transparently and have produced a video portraying our performance in a generic way: "REN SDG: This is our journey!".

OUR ESG COMMITMENTS

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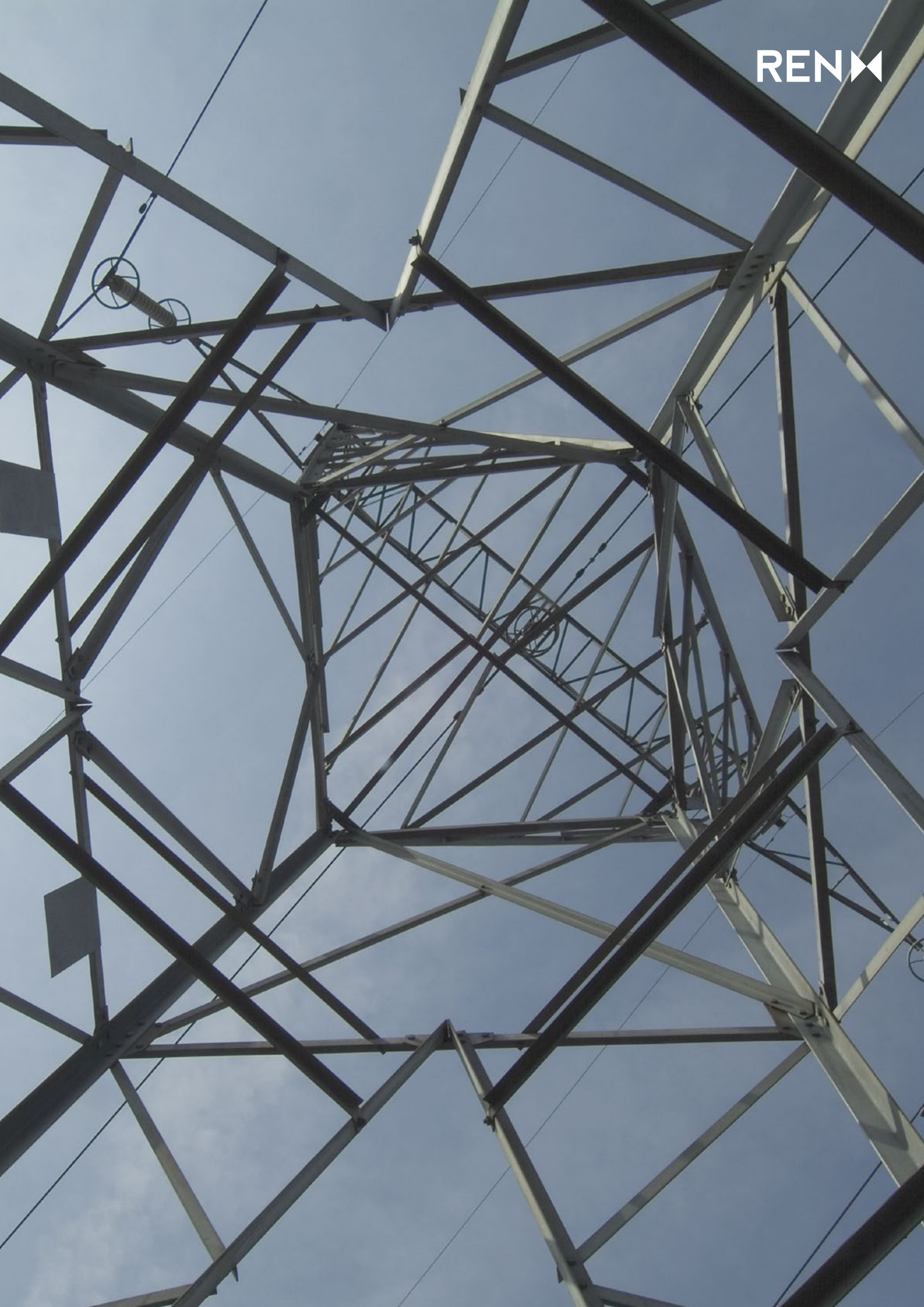

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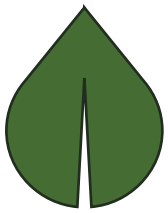
OUR ESG COMMITMENTS

Achieving our sustainability strategy is an essential step on the path to strengthening our position at the heart of the energy transition. To this end, in 2021 we defined and communicated a set of ESG commitments.

THESE ARE OUR ESG COMMITMENTS



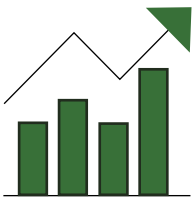
Environment

— Reducing our emissions by 50%[1] by 2030;

— Achieve carbon neutrality by 2040.

Social

— One-third of first line management positions to be held by women by 2030.



Governance

— Increased weighting of ESG in manager performance metrics as early as 2022;

— 100% of new bonds issued will be green.

[1] Scope 1 and 2 emissions compared to 2019.

OUR WORK

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REN

6 OUR WORK

ODS

Promoting internal well-being

The valorisation of our human capital is of inestimable importance for the achievement of our objectives. It is essential to ensure our employees have the best conditions in which to perform their duties, particularly in terms of hygiene, health and safety at work, and that diversity and equality at work are respected.

We consider a priority to be an increasingly good company to work for, one that provides all of its employees an environment in which their talent and work can bear fruit, contributing to their personal and professional growth, the good functioning of the company and the fulfilment of its purpose.

To this end, we have developed a set of initiatives aimed at the well-being of our people, diversity, inclusion and gender equality, and development and training.

The valorisation of our human capital is of inestimable importance for the achievement of our objectives.

Well-being of our people

REN's NÓS Programme has three action axes: Balance, Equality and Inclusion, impacting on the improvement of employee quality of life, experience and satisfaction. It includes measures in the fields of Health, Conciliation, Family and Citizenship.

In 2021, 802 people took part in 31 initiatives developed within the scope of this programme. We also continued to promote complementary well-being initiatives such as yoga classes, functional training and nutrition consultations. The level of employee satisfaction with the yoga, functional training and "conscious breaks" initiatives stands out, with 100% of participants saying they were satisfied or very satisfied with each of them.

In a year in which distance continued to be a feature of work routines, the focus of our work remained on bringing employees closer to the company and to each other; for example, the Christmas festivities, brought the whole of REN closer together remotely, in an innovative and interactive format, regardless of physical boundaries.

Development and training

At REN, we are committed to preserving a stable working environment that is based on dialogue with our staff. We promote the periodic review of our performance management model and training as a critical factor for the company's success.

We promote a number of initiatives in this area, including the REN Trainee Programme, a consolidated programme with high satisfaction levels, which consists of professional, academic and summer internships, with participants having the opportunity to develop specific projects with a focus on creating value for themselves and the organisation.

Through the REN Campus, the company's training model dedicated to the comprehensive development of the knowledge and skills of our human capital, we offer added value and differentiation in knowledge management. We do so based on the creation of transversal and specific training programmes that are aligned with the company's strategy and business.

Within the scope of our training model, we also highlight REN's Mentoring programme. This is an internal programme that enables employees to have annual supervision from a more senior employee, enhancing their development and the transfer of knowledge.

There are various circumstances in which REN's training model represents a tool for developing its staff's potential and talent. In the case of female talent, and as part of the Gender Equality Plan, REN also offers its employees the opportunity to take part in development programmes and other initiatives in partnership with associations that promote equal opportunities, as a way of accelerating their progress. An example of this is the Professional Women's Network (PWN), which has a number of REN employees as members.

We have a performance management model, the STAR Programme, the main objective of which is to provide information allowing us to know and manage staff performance and potential and support their personal and professional development.

STAR consists of evaluative and informative components to support the evaluation process. The evaluative elements are divided between Goals and Skills, and contribute to management decisions, particularly variable remuneration, salary/career progression, internal mobility, training and development and the management of talent and succession.

The informative components ensure the collection of qualitative information that complements the evaluative elements and contributes to the self-knowledge of the employee/manager, talent mapping and personal development/training. This segment includes the following processes: Skills Self-Assessment, Skills Assessment by peers and/or subordinates and the completion of a Questionnaire of interests and expectations (360º assessment).

Diversity, inclusion and equality

We see diversity and equality as essential values for the good operation of any organisation, and for promoting greater efficiency, creativity and innovation. Over the last few years, we have been a pioneer in advancing gender equality in the Portuguese market, promoting policies and practices that guarantee equal opportunities, rights and freedoms, and recognising and valuing the role of women and men in society and in REN's organisational success.

Since 2014 we have been members of the IGEN Forum, making a commitment to strengthen our gender equality policies and strategies both internally and externally. For REN, gender equality is also a question of fundamental rights and, therefore, non-discrimination on the basis of gender is expressly guaranteed in the Code of Ethics and Conduct.

Additionally, we reinforced our public commitment in this area by signing up to the Women's Empowerment Principles (WEP) in 2020.

This commitment to promoting diversity and gender equality led to our inclusion in the Bloomberg Gender-Equality Index (GEI) for the second consecutive year. The score obtained is in line with the overall results of the index (66.4%) for companies in the utilities sector (66.7%), as well as the Portuguese companies (71.7%) that participated in the index.

We also highlight the work developed with partner institutions such as APSA - Associação Portuguesa de Síndrome de Asperger and Associação Salvador, within the scope of the promotion of diversity. These partnerships have resulted in REN providing internships for the acquisition of skills and increasing levels of employability, and also support from these institutions in recruitment and selection processes within the scope of diversity and inclusion policies.

Health and safety

REN's main asset is its people. For this reason, we do not consider acceptable the existence of risks with a high level of severity for the health and safety of our staff, or for the employees of contractors and service providers. In this context, we are developing and/or promoting all possible measures to prevent or mitigate those risks that are within our reach.

With the aim of reducing accidents, policies are implemented, safety procedures are followed and best practices in this area are ensured. Examples of this are the audits, training programmes and strict monitoring of activities undertaken to guarantee a demanding operational control. The analysis of the accidents that have occurred allows a re-evaluation of the risks inherent to the activities during which they occurred.

We would like to point out that since 2020 we have transitioned our occupational health and safety management system to the ISO 45001 standard, which is certified by APCER, along with the quality and environment management system (ISO 9001 and ISO 14001).

In 2021, we began implementing a pilot project using a computer solution for document management and control that allows the digitalisation of processes and the management and control of all company documentation, machinery, equipment and employees. This project can be applied to contracts and services, ensuring the entire validation, approval and disclosure circuit is followed up.

The annual Audit programme, which includes internal and external audits of the integrated quality, environment and safety system, allows us to know if contractors and service providers are complying with their contracts in relation to safety procedures and best practices applicable to the type of work.

ODS

Stakeholder Engagement and Satisfaction

Due to the nature and scope of our mission, we are a company with a nationwide presence, and our activities often involve interaction with local communities and important stakeholders such as market agents, industry associations, official bodies and service providers.

To this end, we promote constructive interaction and active corporate citizenship, contributing to the country's development through the strategic importance of our infrastructure, communities and people, designing, building and operating infrastructure, addressing specific social problems and jointly developing solutions for a more sustainable future.

Stakeholder engagement

We conducted a new consultation process with our stakeholders in 2021, in accordance with the principles of the AA1000AP - Assurance Principle - 2018 standard. This is a procedure we consider fundamental if we are to meet our expectations and improve our performance in the key priority areas of our sustainability strategy.

To better meet the different needs demonstrated by stakeholders outside the company, we have an area exclusively for local communities. The main functions of this area are to promote and support the involvement of all stakeholders, giving communities an active role, listening to concerns and recommendations, encouraging and rewarding good initiatives and creating a positive impact among the populations, who we see not as passive beneficiaries, but as partners whose collaboration is decisive.

In addition to this area, we also have a Sustainable Networks and Right of Way area, which is also dedicated to the relationship with owners of land through which our electricity and natural gas network infrastructures pass. This unit maintains a permanent and constant dialogue with the affected landowners and other stakeholders to establish formal compensation mechanisms with them for the use of their properties.

We also provide contact mechanisms for stakeholders. In addition to the general contacts already provided through our website, we have a direct and exclusive contact line for land owners, which can be accessed by phone or via the form provided on our website. This was a new step towards more personalised monitoring to meet the needs revealed by the different stakeholders.

Stakeholder satisfaction

We regularly assess the perceived quality and level of satisfaction of our customers, who are understood to be the users of our infrastructures or recipients of the services we provide in the areas of electricity and natural gas, and the internal customers themselves. To this end, in addition to carrying out studies in line with the ECSI (European Customer Satisfaction Index) methodology, in the case of infrastructure users/recipients, a study is currently being carried out on the level of internal customer satisfaction with regard to the support and response capacity of the concession support areas.

Besides being a fundamental part of our relationship with stakeholders, volunteering is a practice that is crucial to the construction of a responsible internal culture.

REN volunteer programme for everyone to "give their best"

Besides being a fundamental part of our relationship with stakeholders, volunteering is a practice that is crucial to the construction of a responsible internal culture. We have proudly assumed a set of important commitments in this area that aim to promote an increasingly caring culture and contribute to the social and economic development of the communities in which we operate.

Within the scope of our Volunteering Policy, we have defined our commitment in three main areas of volunteering: skills, guidance and team volunteering, which we have enhanced over the years through the continuous execution of initiatives.

In 2021, despite the remoteness and uncertainty caused by the Covid-19 pandemic, we continued to ensure the proper functioning of corporate volunteering activities by adopting alternative formats. We carried out eight volunteering actions involving 51 volunteers. The 624 hours of volunteering carried out in 2021, an increase of around 11% compared to 2020, were the result of our employees' commitment to society, even in the face of the pandemic.

We highlight the educational initiatives of the Junior Achievement Portugal (JAP) and the Potencial REN - Explicações de Matemática [REN Potential - Mathematics Explanations] initiative that promotes the struggle against school dropout and failure, which was developed in partnership with EPIS - Empresários para a Inclusão Social [Enterpreneurs for Social Inclusion]. 23 employees took part in these initiatives in 2021.

In the social field, we continued with the Em Linha [On Line] project which, through the participation of five volunteers in the REN/EDP Retirees Association's "Comfort Calls" initiative, continues to promote interactions between former and current employees, combating loneliness, affective and family deprivation and encouraging the sharing of experiences. Also in this context, we highlight our participation in the Salvador Association's Adapted Sports Day initiative.

Education, innovation and development

We promote the REN Award, the oldest scientific award in Portugal, which in its 26th edition had 37 applications (27 for master's theses and 10 for doctorates). Created in 1995, the REN Award continues to demonstrate our firm commitment to guiding the transformations and developments that have shaped the energy sector, anticipating challenges, identifying issues and proposing innovative solutions. In 2021, the winning doctoral and master's projects deal with current issues and are linked to the ongoing energy transition with a view to decarbonisation, namely through diffusion models in the planning and policies of electricity systems, a support tool for grid management - Optimal Power Flow (OPF) - capable of dealing with the uncertainties and variabilities of the production and consumption of Renewable Energy Sources and Distributed Energy Resources (DER) that compares the traditional enhancement of networks and the use of DER flexibility, namely the importance of the flexibility of these bidirectional networks for network planning and expansion.

Inspired by the REN Award, in 2021, together with the LP Science Centre and the Foundation for Science and Technology, we created and awarded the REN-LP Science Scientific Merit Medals for research work carried out by young people from Portuguese-speaking African Countries (PALOP) in the areas of energy and energy transition. Held every two years, in its first edition the REN-LP Science Scientific Merit Medals received 16 applications. The winning entries in the Young Students category dealt with power flow and renewable energy. In the Women Researchers category, the awarded themes focused on three-phase regenerative PWM (Pulse Width Modulation) rectifiers and public energy policies.

Together with the Portuguese Physics Society, we have once again distinguished the scientific work of the schools that stood out the most in the area of electromagnetic fields with the MEDEA Award. In addition to students gaining better scientific understanding – in the field of physics in particular – and developing a critical outlook, the MEDEA project challenges them to seek out credible scientific information on the possible effects of electromagnetic fields on human health. In its 12th edition, the MEDEA Award involved 151 students and 25 teachers representing 24 educational institutions from around the country. First prize was awarded to a team of students from the Escola Básica e Secundária de Carrazeda de Ansiães in the Bragança district. In the 2021 edition, two teams from schools in Valongo and Penafiel received honourable mentions.

The REN Award continues to demonstrate our firm commitment to guiding the transformations and developments that have shaped the energy sector.

ODS

Environmental Protection

We are committed to being an active environmental protection agent. In this context, we develop electricity and gas infrastructures to ensure a progressive decarbonisation of both sectors, we implement innovative forest protection and reforestation policies, we promote environmental education, the preservation of biodiversity and the decarbonisation of our fleet, and we advocate for the rational use of natural resources and pollution prevention.

Biodiversity

At REN, biodiversity is one of the most important environmental descriptors considered in the systematic assessment of the possible impacts of our activities at the various stages of the infrastructure life cycle.

Despite our constant concern with protecting and promoting biodiversity, a small percentage of our infrastructures are in sensitive areas of the country, such as Rede Natura 2000 [Natura 2000 Network Sites], Special Protection Zones and other protected areas that include national parks, reserves, parks and natural monuments; this is essentially for historical reasons.

Whenever possible, we aim to ensure our electricity transmission lines and gas pipelines are optimally routed, which in 2021 meant reducing the area occupied by energy transmission lines by 1%.

We were the first Portuguese company to join the European Transport4nature initiative, which aims to encourage companies involved in the transportation of goods, people and energy at the European level to protect, promote and restore biodiversity. This project flows from and subscribes to the principles of the Act4nature International initiative, to which we have been committed since 2020.

Given the importance of biodiversity, we seek to act in an important way with regard to avifauna and to this end we have implemented a set of compensatory measures and infrastructures that are compatible with the white stork population.

For more than twenty years we have undertaken a nesting control policy for this species in our infrastructures, creating conditions for this bird to nest in habitats that are favourable to it and installing devices that minimise the risk of electrical accidents.

In 2015, we created the REN Biodiversity Chair. In 2020 we continued this project with the establishment of a new protocol between REN and the Centro de Investigação em Biodiversidade e Recursos Genéticos (CIBIO-InBIO) [Centre for Research in Biodiversity and Genetic Resources] for the years 2020-2023. This protocol seeks to ensure the development of lines of work that will increase knowledge, dissemination and applied research in the environment sector and in the characterisation of biodiversity that is associated with electricity transmission structures and the mitigation of their impact on biodiversity.

Forest

We are one of the companies in Portugal that contributes most to the protection and recovery of native forest. With more than 60% of our right of way corridors located in forested areas, we are constantly seeking to carry out correct vegetation management in these areas and land use reconversion.

The need for energy networks to adapt to the new paradigm of climate change in the management of right of way corridors has led us to develop a set of more resilient fuel right of way management tools and practices.

In collaboration with the authorities and with the involvement of local communities, we have increased the planting of native species: in 2021, we replanted 723 ha of forest, 57% of which was planted with strawberry trees. This species, which is compatible with the presence of power lines, is also of great economic interest, namely due to the use of its fruit in the production of spirits (the best-known use) and in the agro-food industry. In this way, we combine economic development with sustainability, allowing us to reduce the risk of fire while creating economic value for the rural environment in which the species is planted.

The work we do to protect forests and fight fires was highlighted at the European level in the PREVAIL project, which focuses on preventive actions and which recognised REN as an example of good practice.

We have been partners and members of the Board of Directors at Forestwise - Collaborative Laboratory for Integrated Forest and Fire Management, a project involving companies, academe and public bodies, since it began. Forestwise seeks to develop research, innovation and knowledge transfer activities and intends to increase sustainable forest management in Portugal, strengthen the sector's competitiveness and reduce the consequences of rural fires.

We are also leaders in a consortium, together with the University of Coimbra, that aims to implement collaborative strategies for integrated forest and fire management so as to provide greater protection, forecasting and anticipation of the impact of rural fires, both on forest assets and on energy infrastructures. To this end, a number of video surveillance and monitoring systems, including thermal, optical and monitoring cameras and meteorological stations, were installed on

National Transmission Network assets to protect them and monitor rural fires. These systems send information online to a fire simulator which, using its own heuristics, forecasts the evolution of the fire and issues alerts to REN's dispatch and operations rooms and other entities.

Energy transition, challenges and preventing climate change

The fight against climate change places decarbonisation at the forefront of public policies, generating significant changes at the energy sector level. From the perspective of energy transition, the suitability of electricity and gas network infrastructures is a critical factor in meeting national energy policy targets.

In terms of the electricity sector infrastructures, the growth targets for renewable energy sources, combined with the decommissioning of thermal power plants that make up the current national electricity system, determine the need to adapt and develop transport infrastructures to ensure security of supply. Changes in the national and European legislative and regulatory framework and technological developments (e.g. in mobility and energy storage) pose additional challenges.

In the gas sector, the current reception, storage, transport and distribution infrastructures will play an important role in allowing the introduction, distribution and consumption of renewable gases in various sectors of the economy, enabling us to achieve an increasing incorporation of renewable sources in final energy consumption.

Our investments, as the electricity transmission and gas storage, reception, transport and distribution networks concessionaire, are located in different areas and will enable the energy transition, namely through the gradual reduction of greenhouse gas emissions. These developments occur, for example, at the level of construction of the infrastructure necessary to receive renewable production and the essential suitability for accommodating the injection of renewable gases into current networks, guaranteeing the quality and security of supply, as well as the systems' operation.

The commitment we have assumed in this area can be seen in the set of initiatives introduced to ensure the gradual decarbonisation of infrastructures in the various energy sectors.

We were awarded the Gold Standard by the Oil and Gas Methane Partnership (OGMP 2.0), headed by UNEP (United Nations Environment Programme), for our commitment to reducing methane emissions by at least 20% by 2025 (compared to 2018).

Recognising the decisive role of companies in climate action, we signed the "Towards COP26" manifesto promoted by the Business Council for Sustainable Development (BCSD) Portugal, a document developed within the scope of the 26th United Nations Conference on Climate Change (COP26) which presents 11 objectives for halting global warming. We remain committed to the objectives of the "Business Ambition for 1.5°" letter, which we signed in 2020, and that seeks to lead companies around the world to create measures to combat climate change.

We are responsible for implementing and managing the system for issuing GOs (Guarantees of Origin). In this context, the beginning of 2021 was characterised by a very significant volume of registration of entities and installations in the EEGO (Guarantees of Origin Issuing Entity) system, due to the start of the certification of electrical energy produced by cogeneration and the beginning of GO auctions in the national electrical system. Five auctions were held by the end of the year, resulting in a contribution of around €9.2 million to the national electricity system.

Within the gas sector, more specifically with regard to renewable gases, we have made a commitment to the development of green hydrogen. This commitment was embodied in our proposal and acceptance as a member of Hydrogen Europe and the European Clean Hydrogen Alliance.

We have a network (RNTG) goal that hydrogen should represent 5% by 2026 and at least 10% by 2030.

We also obtained approval, under the Recovery and Resilience Plan (RRP), for the next phase of the "H2Green Valley", which aims to mobilise a set of projects in the hydrogen value chain in a coordinated, scalable and innovative way, focusing on transmission and distribution networks, for the creation of the first "H2 Valley" in Portugal, in the Sines region. Producers and consumers will be directly linked, enabling the development of a new offer of innovative services in the area and the development of the green hydrogen economy.

As part of our participation in Gas Infrastructure Europe (GIE) and through Gas Storage Europe (GSE), as a pillar of GIE, we and a group of TSOs (Transmission System Operator) were involved in a detailed technical study related to the potential of hydrogen storage in current infrastructures, in view of our role in the current context of energy transition.

Our commitment to energy transition also resulted in the development of an innovative solution, patented at European level (registered in 32 countries and under examination in Canada and the United States), aimed at promoting electric mobility. This solution is based on charging electric vehicles using the Very High Voltage (VHV) network and will complement current solutions, contributing to accelerating mobility towards more sustainable solutions.

ODS

Governance and Ethics

This pillar reflects the importance of updating and aligning our performance with best international governance and ethical practices, involving our stakeholders and promoting a culture of combating corruption and the failure to control risk.

Sustainability governance

In 2021, REN's Board of Directors established a Sustainability Committee to strategically analyse the evolution of commitments to ESG objectives and supervise the respective implementation and decisions on new activities within the Board of Directors.

This new governance structure is geared towards the ESG axes, aiming to achieve a broader organisation in the execution of the communication and action plan related to sustainability.

The Sustainability Committee consists of the current three members of REN's Executive Committee and two members of the Board of Directors.

In addition to establishing this Committee, we have enhanced our internal skills in terms of resources allocated to sustainability management by increasing resources in the Communication and Sustainability Department and strengthening competences.

We also created an Operational Sustainability Department and an area for Planning Renewable Gases, with the latter integrated into the Department of Studies and Regulation.

Transparency and anti-corruption

In 2021, we approved a new REN Group Integrity Policy that establishes the principles of the Group companies and partner actions and duties to prevent the practice of illicit acts, namely crimes of corruption, money laundering and financing of terrorism.

The REN Group Integrity Policy aims to promote ethics, integrity and transparency in doing business, ensuring compliance with current legislation and regulations.

We also strengthened internal communication in this area, particularly in relation to whistleblowing channels, with information directed at employees, corporate bodies and other agents who interact with REN, with news on the intranet to ensure staff are aware of the existence of this whistleblowing mechanism.

Also in 2021, REN's Board of Directors extended the competence and activities of the Corporate Governance Committee to expressly cover ethics issues, in particular, by strengthening the management of risks related to this matter and monitoring the implementation of the Code of Conduct and internal rules and policies. To this end, in 2021 REN's Board of Directors changed the name of this body to the Ethics and Corporate Governance Committee.

With regard to external good practices, we maintain our subscription to the BCSD Portugal CEO Guide on Human Rights, an initiative that seeks to encourage business leaders to promote the defence of human rights and the improvement of people's living conditions.

We are also signatories of the project Gestão Transparente.org - Guia Prático de Gestão de Riscos de Corrupção nas Organizações (Practical Guide for the Management of Corruption Risks in Organisations), the main objective of which is to raise the awareness of the business community and civil society in general of the problems associated with the phenomenon of corruption, as well as the advantages deriving from the early identification of its risks and from the implementation of internal and external policies and actions to promote transparency and combat corruption. We also have a General Data Protection Regime.

SUSTAINABILITY INDICATORS

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SUSTAINABILITY INDICATORS

The information on REN key ESG indicators is presented below.

TABLE OF ENVIRONMENTAL INDICATORS

Environmental impact assessment	**UN**	**2021**	2020	2019
Environmental impact assessment processes	#	4	4	6
Environmental impact statements issued	#	3	0	5
Environmental project studies	#	1	1	0
Environmental impact studies	#	1	0	1

Infrastructures monitored by descriptor	**UN**	**2021**	2020	2019
Birdlife	#	3	5	2
Sound Environment	#	5	4	2
Flora	#	1	1	0
Electromagnetic fields	#	5	3	0

IUCN species list	**UN**	**2021**	2020	2019
Critically endangered	#	2	2	2
Endangered	#	13	9	9
Vulnerable	#	33	69	66
Near threatened	#	76	31	28
Least concern	#	758	739	697

Birdlife: White stork	**UN**	**2021**	2020	2019
Nests in infrastructures	#	3,293	3,694	3,803
Accident rate	%	0.98	1.43	1.42
Installed platforms	#	26	559	87
Number of anti-perching devices installed	#	120	253	87
Transferred nests	#	211	170	111

Energy consumption (GJ)	**UN**	**2021**	2020	2019
Electricity (administrative buildings)	#	73,367	72,653	71,802
Electricity (technical installations and process)	#	314,556	296,418	301,006
Natural gas (administrative buildings)	#	4,771	2,821	7,095
Natural gas (technical installations and process)	#	334,861	321,852	337,004
Propane gas and diesel (technical installations and process)	#	893	1,030	30
Electricity (fleet)	#	174	n.a.	n.a.
Natural gas (fleet)	#	1,051	n.a.	n.a.
Other fuels: diesel and petrol (fleet)	#	21,109	21,006	27,768
Losses on the electricity transmission grid	#	3,009,600	2,842,778	2,647,516
Losses on the gas transportation and distribution network, storage and LNG terminal	#	27,328	2,457	2,290
Total	#	**3,787,710**	**3,561,015**	**3,394,511**

Energy Intensity	**UN**	**2021**	2020	2019
Energy intensity (GJ/GWh)	#	33.95	31.54	4.32

n.a.: not available

GHG emissions (tCO_2eq)	UN	2021	2020	2019
Scope 1				
Natural gas (administrative buildings)	#	269	158	398
Natural gas (technical installations and process)	#	18,786	18,056	18,906
Natural gas (fleet)	#	59	n.a.	n.a.
Natural gas (losses)	#	12,893	1,159	1,080
Propane gas (technical installations and process)	#	4	6	2
Diesel (technical installations and process)	#	62	69	93
Diesel and petrol (fleet)	#	1,550	1,551	1,959
Sulphur hexafluoride (SF_6) (technical installations and process)	#	566	738	567
Total (Scope 1)	#	**34,187**	**21,737**	**23,005**
Scope 2				
Electricity (administrative buildings)	#	4,182	3,976	5,604
Electricity (technical installations and process)	#	17,930	16,211	23,492
Electricity (losses)	#	92,127	155,571	206,624
Electricity (fleet)	#	10	n.d.	n.d.
Total (Scope 2)	#	**114,249**	**175,758**	**235,720**
Scope 3				
Air travel	#	35	106	557
Rail journeys	#	0	0	0
Total (Scope 3)	#	**36**	**106**	**557**
Total (Scope 1, 2 and 3)	#	**148,472**	**197,601**	**259,282**

Intensity of GHG emissions	UN	2021	2020	2019
Intensity of GHG emissions (tCO_2/GWh)	#	1.24	1.75	2.1

SF_6 emissions	UN	2021	2020	2019
Installed SF_6 leakage mass (kg)	#	70.9	74.1	73.4
Leakage rate	%	0.035	0.044	0.032

Fleet electrification	UN	2021	2020	2019
BEV	%	3.5	3.3	2.5
PHEV	%	24.1	3.8	0.2
Others	%	72.4	92.9	97.3

TABLE OF SOCIAL INDICATORS

Characterisation of Human Resources	UN	2021	2020	2019
Employees	#	701	697	684
Male	#	528	528	518
Female	#	173	169	166
% women	%	24.7	24.3	24.3
Distribution of employees by functional group				
Executives	#	26	27	27
Male	#	18	28	18
Female	#	8	9	9
	%	30.8	33.3	33.3

	UN	2021	2020	2019
Senior management	**#**	**48**	**50**	**50**
Male	#	35	38	38
Female	#	13	12	12
	%	27.1	24.0	24.0
% of women in executive/senior management positions	%	28.4	27.3	27.3
Management	**#**	**392**	**385**	**375**
Male	#	281	278	270
Female	#	111	107	105
Operational/administrative	**#**	**235**	**235**	**232**
Male	#	194	194	192
Female	#	41	41	40
Distribution of employees by age group				
Up to 29	**#**	**51**	**57**	**60**
	%	7.3	8.2	8.8
Male	#	33	37	36
Female	#	18	20	24
30-49	**#**	**392**	**394**	**382**
	%	55.9	56.5	55.8
Male	#	289	291	284
Female	#	103	103	98
50+	**#**	**258**	**246**	**242**
	%	36.8	35.3	35.4
Male	#	206	200	192
Female	#	52	46	44

	UN	2021	2020	2019
Diversity				
Employees with special needs (reduced mobility)	#	4	4	4
	%	0.6	0.6	0.6
Internships				
Professional internships	#	16	17	16
Academic internships	#	11	9	20
Summer internships	#	12	0	17
Collective labour agreements (CLAs)				
Unionised employees	**%**	**35.7**	**36.9**	**38.7**
Male	%	40.3	41.3	43.4
Female	%	21.4	23.1	24.1
Active CLA employees	**%**	**98.4**	**99.0**	**99.6**
Male	%	98.1	98.7	99.4
Female	%	99.4	100	100

Human Resources Turnover	UN	2021	2020	2019
Entries	**#**	**25**	**40**	**21**
Male	#	15	30	16
Female	#	10	10	5
Rate of new entries	**%**	**3.6**	**5.7**	**3.1**
Male	%	2.8	5.7	3.1
Female	%	5.8	5.9	3.0
Exits	**#**	**21**	**27**	**28**
Male	#	15	20	13
Female	#	6	7	15

	UN	2021	2020	2019
Rate of turnover	**%**	**3.3**	**4.8**	**3.6**
Male	%	2.8	4.7	2.8
Female	%	4.7	5.1	5.8

Absenteeism	UN	2021	2020	2019
Global	%	2.1	2.1	2.2
Male	%	2.2	2.1	1.9
Female	%	1.6	2.1	3.2

Salary indicators	UN	2021	2020	2019
REN minimum wage/national minimum wage ratio				
Male	%	1.5	n.a.	n.a.
Female	%	1.9	n.a.	n.a.
Total annual remuneration ratio[2]	**%**	**3.8**	**n.a.**	**n.a.**
Gender pay gap[3]	**%**	**-2.0**	**n.a.**	**n.a.**

Training and performance	UN	2021	2020	2019
No. of hours of training	**#**	**24,415.9**	**25,325.1**	**29,858.0**
Male	#	18,476.0	19,432.5	21,423.0
Female	#	5,939.9	5,892.6	8,435.0
Hours of training per employee	**#**	**34.8**	**36.4**	**43.5**
Male	#	34.9	36.9	41.6
Female	#	34.5	35.1	49.0

[2] Total annual remuneration ratio: Ratio between the total annual remuneration of the highest paid individual in the organisation and the average annual remuneration of all employees
[3] Gender pay gap: (Average salary [males] - Average salary [females] / Average salary [males]

	UN	2021	2020	2019
Distribution of training hours by category				
Executives and Senior Management	#	**2,303.3**	**2,558.4**	**3,062.9**
Male	#	1,531.1	1,818.1	1,905.5
Female	#	772.2	740.3	1,157.4
Management	#	**16,920.1**	**16,460.6**	**21,285.7**
Male	#	12,422.1	11,992.9	14,875.4
Female	#	4,498.0	4,467.7	6,410.3
Operational/administrative	#	**5,192.5**	**6,306.1**	**5,509.4**
Male	#	4,522.8	5,621.5	4,642.1
Female	#	669.7	684.6	867.3
Distribution of training hours by category				
Behaviour	#	3,486.2	7,064.8	4,877.0
Technical	#	14,625.6	10,565.9	16,594.1
Quality, Environment and Safety	#	2,092.0	4,337.4	4,520.4
Senior management	#	4,212.1	3,357.0	3,866.5
Participation				
Participants	#	**4,460**	**3,432**	**3,959**
Male	#	2,959	2,470	2,933
Female	#	1,501	962	1,026
Performance evaluation[4]				
Employees covered	#	668	663	664
Completed evaluations	%	100	100	100
Average of final skills assessment	#	2.5	2.5	2.5
Average of final assessment against goals	#	4.2	4.1	4.1

[4] The performance evaluation refers to the previous year.

Safety	UN	2021	2020	2019
REN employees				
Fatal accidents	**#**	**0**	**0**	**0**
Male	#	0	0	0
Female	#	0	0	0
Non-fatal accidents	**#**	**5**	**7**	**9**
Male	#	4	5	8
Female	#	1	2	1
No. days lost	**#**	**188**	**59**	**80**
Male	#	188	59	54
Female	#	0	0	26
No. hours worked	**#**	**1,233,898**	**1,215,968**	**1,197,616**
Male	#	943,447	932,982	913,089
Female	#	290,451	282,986	284,527
Frequency rate	%	1.6	2.5	0.8
Severity rate	%	152	48.5	21.7
Contractors and service providers				
Contractors and service providers	**#**	**1,577**	**1,205**	**1,076**
Male	#	1,402	1,059	937
Female	#	175	146	139
Fatal accidents	**#**	**1**	**0**	**1**
Male	#	1	0	1
Female	#	0	0	0
Non-fatal accidents	**#**	**28**	**19**	**26**
Male	#	28	18	20
Female	#	0	1	6

	UN	2021	2020	2019
No. days lost	**#**	**1,225**	**422**	**533**
Male	#	1,225	400	458
Female	#	0	22	75
No. hours worked	**#**	**3,278,498**	**2,411,182**	**2,234,982**
Male	#	2,915,413	2,115,067	1,946,075
Female	#	363,085	296,115	288,907
Frequency rate	%	6.4	5.0	9.4
Severity rate	%	373	175	373

TABLE OF GOVERNANCE AND ECONOMIC INDICATORS

Board of Directors	UN	2021	2020	2019
Board members	**#**	**14**	**14**	**13**
Executive Directors	#	3	3	3
Non-executive Directors	#	5	5	5
Independent Directors	#	6	6	5
Female board members	%	36	33	23
Independent board members	%	43	43	38

Economic value created and distributed	UN	2021	2020	2019
Economic value created (€m)	#	288.21	299.82	325.79
Economic value distributed (€m)	#	293.81	303.66	323.0

REN

SUSTAINABILITY **2021**

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