Green Finance Framework Investor Presentation

February 2021

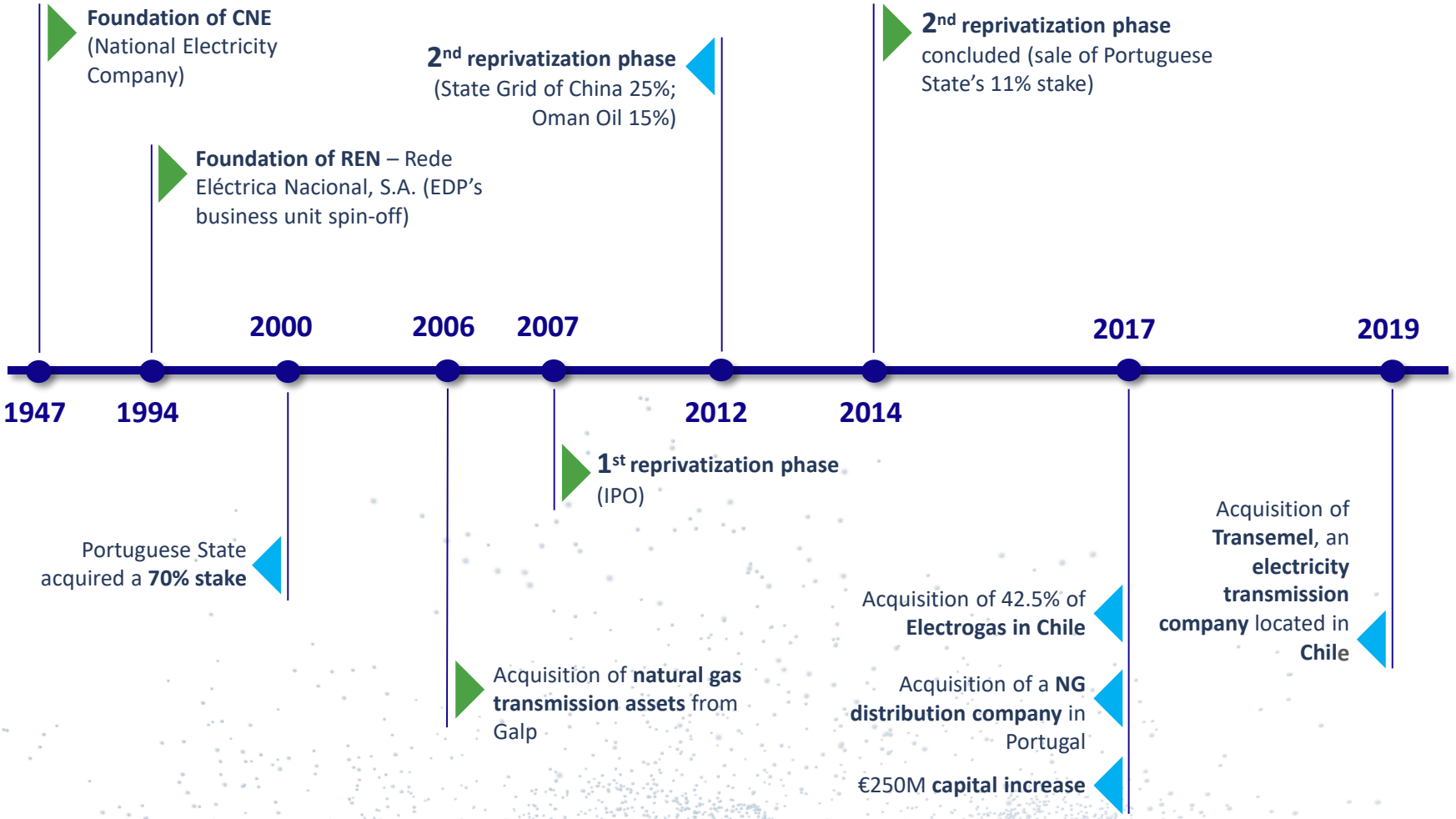
REN SUSTAINABILITY STORY

Industry-leading energy infrastructure operator in Portugal with stable shareholder base and best-in-class governance

Ambitious sustainability strategy and priorities focused on enabling Portugal's energy transition and renewables integration

A Green Finance Framework in line with latest standards and best market practice aimed at linking REN's funding and sustainability strategy

70-year track record as a leading energy infrastructure operator in Portugal



REN at a glance[1]

Corporate	Employees 684	Training hours 29,858	Trees planted 74,856
Electricity	Transported energy 43.0TWh	Consumption 50.3TWh	Interruption time 0.72min
Natural Gas	Transported energy 71.1TWh	Consumption 67.9TWh	LNG Terminal 91%
Financial	Net income 118.9M€	Investment 188.6M€	Average RAB 3,753.3M€

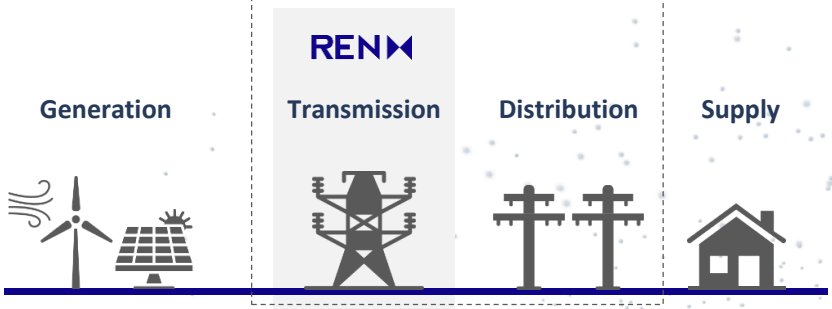
[1]2019

The **sole electricity Transmission System Operator** (TSO)

Electricity

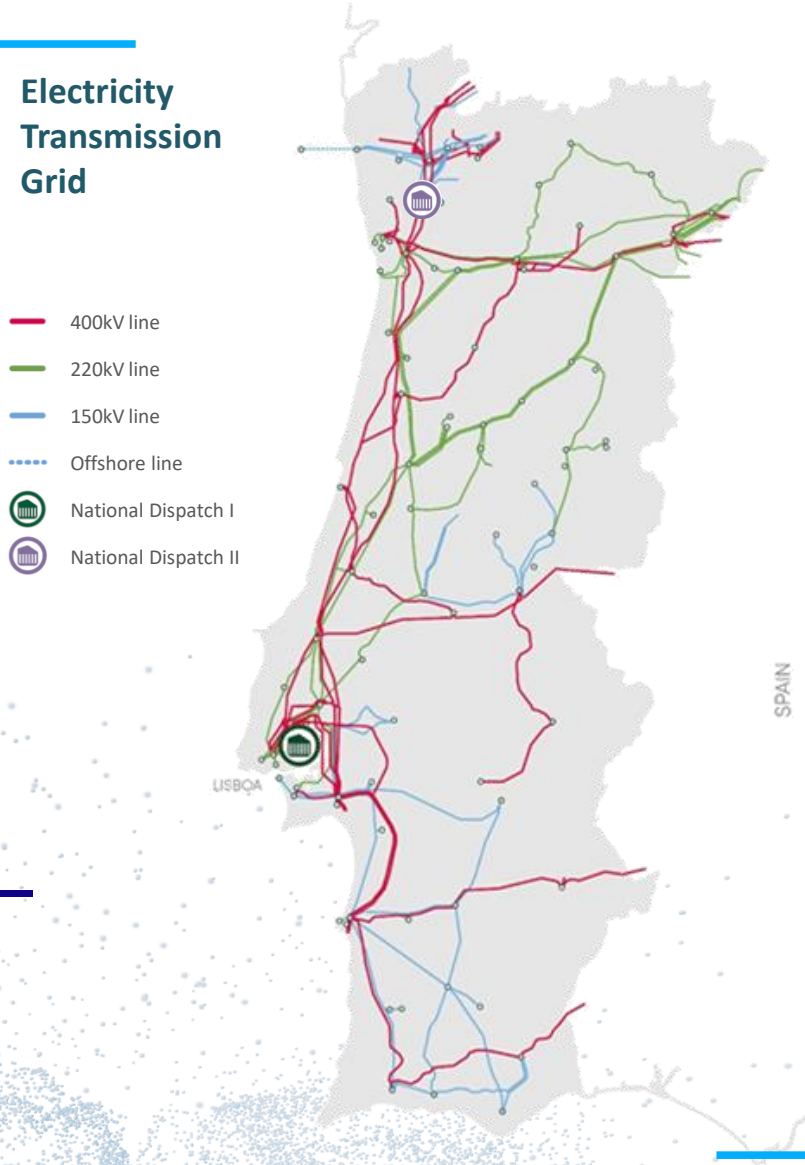
- **Sole** TSO (concession **until 2057**)
- **Transmission of high voltage electricity** and **overall technical management** of the system

Regulated Activities



RAB (€M, 9M20)	**2.016**
Network (Km, 9M20)	**9.002**

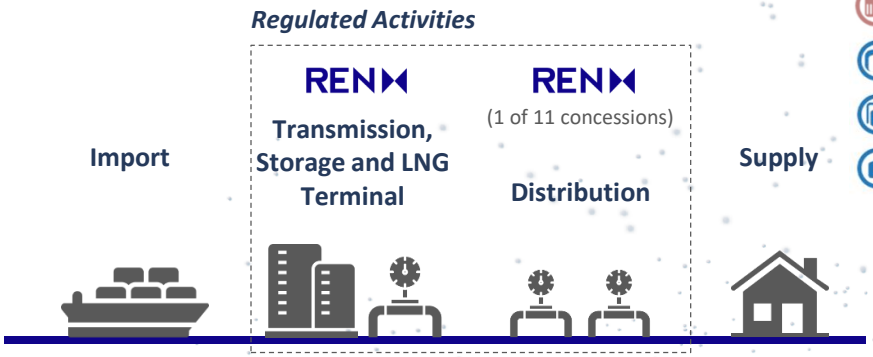
Electricity Transmission Grid



The **sole natural gas TSO** and the holder of the **second-largest natural gas distribution**

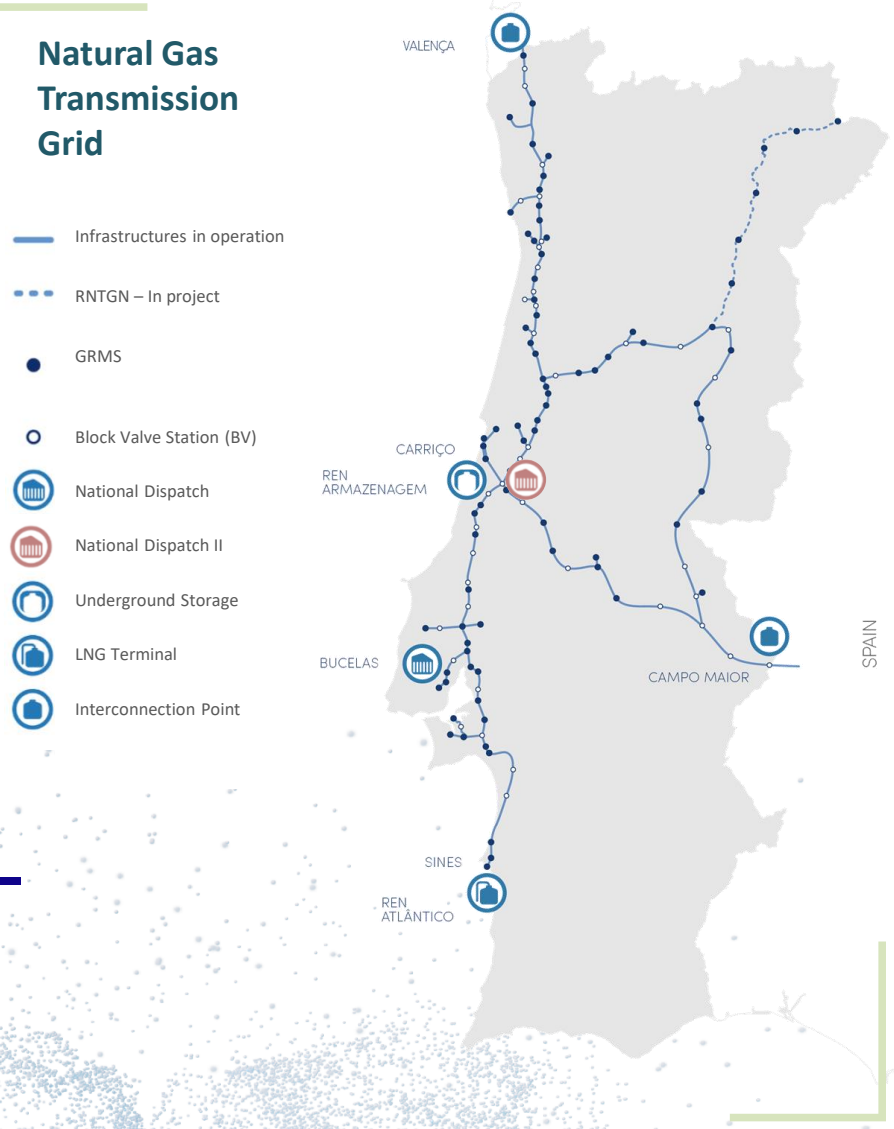
Natural Gas

- **Sole** TSO (concession **until 2046**)
- **Transportation of high-pressure natural gas** and overall technical **management of the system**
- **Reception, storage and regasification of LNG and underground storage** of natural gas
- In 2017, REN acquired **the second-largest gas distribution network**



RAB (€M, 9M20)	948	470
Network (Km, 9M20)	1.375	5.814

Natural Gas Transmission Grid



Amongst **the most efficient TSOs** with **superior service quality**

(according to industry-wide benchmarks)

Electricity

Line costs[1]

Adjusted cost per equivalent circuit km

Line service level[1]

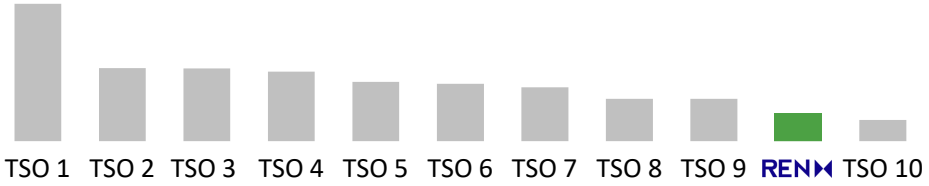
Service level per 1,000 circuit km

Best-in-class efficiency and service quality in electricity overhead lines operation

Natural Gas

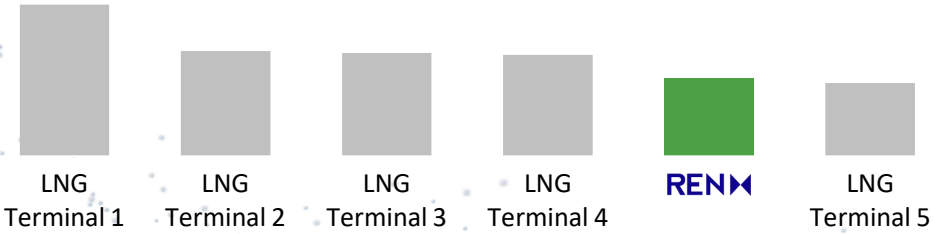
Pipeline costs[2]

Opex/complexity factor



LNG terminal costs[3]

LNG terminal total costs/complexity factor

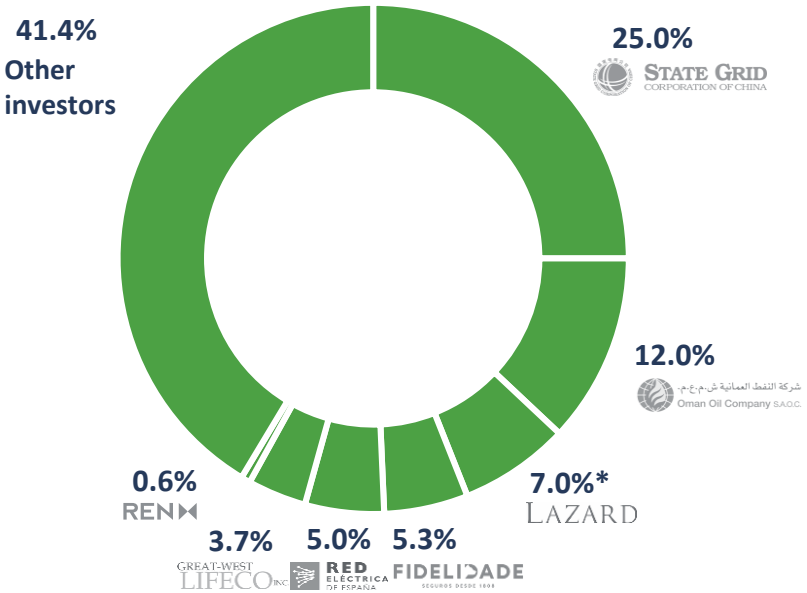


Superior efficiency in operating pipelines and REN's LNG Terminal

SCAN: Scandinavia; EUR: Europe; ASP: Asia and South Pacific; NSA: North and South America
1. ITOMS 2017 - International Transmission Operations & Maintenance Study
2. Gas Transmission Benchmarking Initiative 2019; total company spending
3. LNG Receiving Terminals Benchmarking 2019; total terminal costs

Stable shareholder base and best-in-class corporate governance

Shareholder structure



Board composition

Executive Committee 3

Independent Members 5
(3 from the audit committee)

Non-Independent Members 5
(representing State Grid, Oman Oil and Fidelidade)

Special committees and supervisory bodies

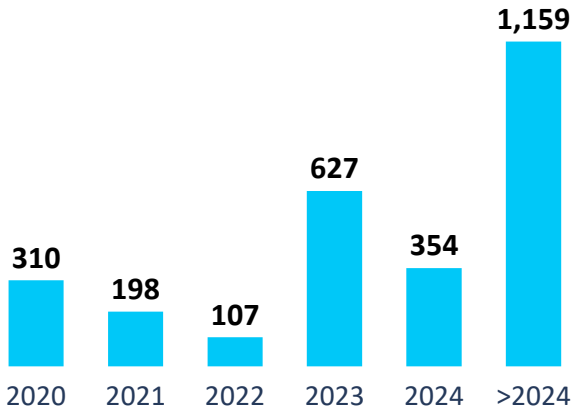
- **Remuneration** (External members)
- **Corporate governance**
- **Nomination and Appraisal**
- **Audit Committee**
- **Statutory Auditor**

* Updated information based on the communication received by the Company, with reference to 31st December 2018
** Updated information based on the communication received by the Company, with reference to January 2020
*** Updated information based on the communication received by the Company, with reference to August 2020

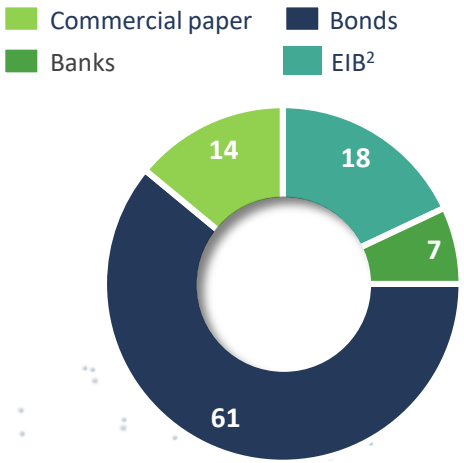
Stable credit profile with investment grade credit metrics

REN's credit profile

Gross debt maturity profile
(€M)



Gross debt funding sources[1]



Overall maturity — 3.66 years

Maturity ex-CP — 3.84 years

Liquidity — 2.75 years

REN's goal is to **maintain its liquidity over two years**[4]

REN's credit rating

FitchRatings (June 2020)	BBB	Negative outlook
MOODY'S (June 2020)	Baa3	Stable outlook
STANDARD &POOR'S (October 2020)	BBB	Stable outlook

The three major rating agencies have been **reaffirming REN's rating as investment grade** after the announcement of **Transemel acquisition**

1. Fixed/variable rate debt: 59%/41%; 3. European Investment Bank; 4. Cash and bank deposits and undrawn committed credit facilities that are available to cover all funding needs for at least the following two years.

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Ambitious sustainability strategy and priorities focused on enabling Portugal's energy transition and renewables integration

A Green Finance Framework in line with latest standards and best market practice aimed at linking REN's funding and sustainability strategy

Ambitious European and national targets for 2030 to drive REN's domestic growth

Europe[1]

40%
reduction in greenhouse gases emissions

32.5%
improvement in energy efficiency

32%
of energy from renewables

15%
of interconnection capacity

Portugal[2]

45% to 55%
reduction in greenhouse gases emissions

35%
improvement in energy efficiency

7.8 to 9.3
increase in solar installed capacity (GW)

47%
of energy from renewables

15%
of interconnection capacity

8.8 to 9.2
increase in wind installed capacity (GW)

1. Clean Energy Package; 2. National Energy and Climate Plans

The role of REN in the decarbonization of the energy system

Impact of RES integration and more electrification on TSOs vs system emissions

	TSOs emissions	Electricity / Energy sector emissions
RES Integration 	**Reduction** of **indirect GHG emissions** due to **lower specific emission factor of generation fleet** (Scope 2, grid losses) **Increase** GHG emissions due to increased **need for grid development** (Scope 3, asset lifecycle) and **increase in power losses** due to geographical distance of RES and demand (Scope 2, grid losses)	**High reduction** of overall electricity sector´s GHG emissions due to **lower specific emission factor of generation fleet**
Electrification of energy end-use consumption 	**Increase** in overall TSOs´ GHG emissions due to higher **electricity consumption & consequent transmission losses** (Scope 2)	**High reduction of overall energy sector´s GHG emissions** due to the **increase decarbonization of electricity generation** and **more efficient electricity** use

Reduction of GHG emissions

Increase of GHG emissions

Proven experience on **promoting and integrating renewables**

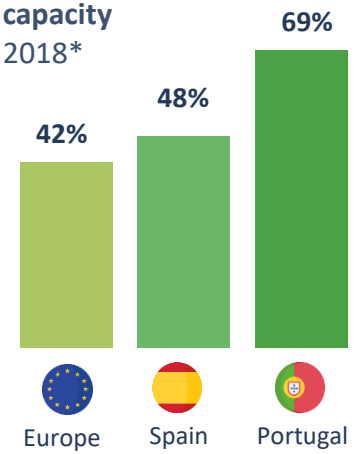
2016
- **4 consecutive days** 100% renewable

2018
- **Two 70-hour periods** 100% renewable
- Production in March **exceeded consumption** of mainland Portugal

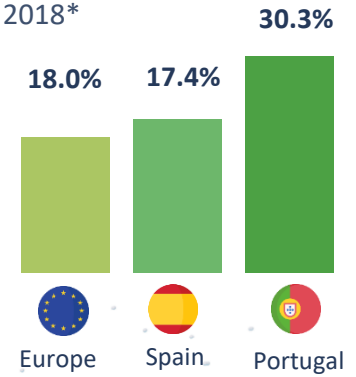
2019
- **Renewable generation supplied** 51% of national electricity consumption
- **Portugal's auction of solar energy broke a world record,** with one of the licenses on offer selling for €14.76/MWh

2020
- **Solar Power** in high demand. More than 4k requests of grid connections YTD
- In line with the National Hydrogen Strategy, **REN submitted its plans to deliver an hydrogen-ready network to the EU Innovation Fund**

Share of renewables installed capacity
2018*



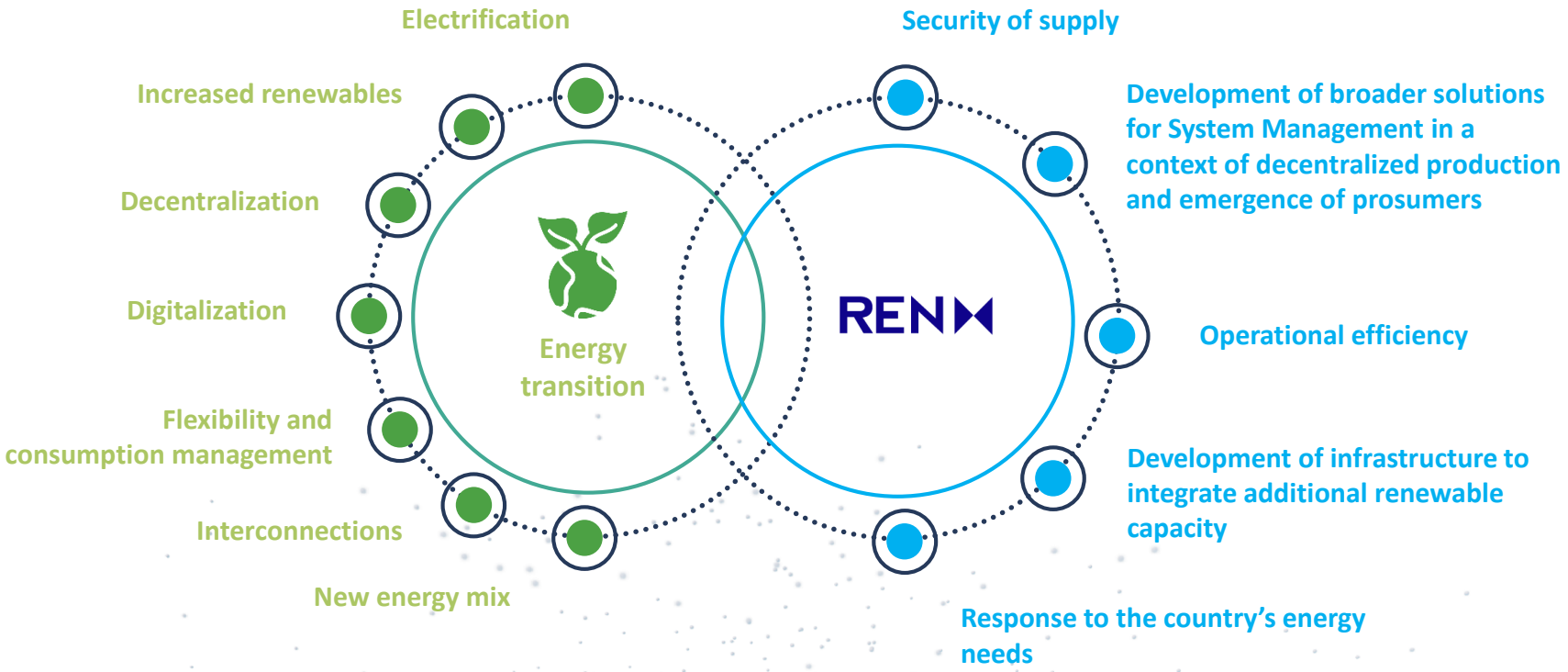
Share of renewables in energy consumption
2018*



Source: Eurostat
*2019 data is yet to be released

As the concession holder for the national energy transmission grid, REN has invested heavily in the introduction of renewable energy into the grid, where its main role is to provide access and capacity for the transmission of renewable energy

REN as a pillar of the energy transition



Transitioning from natural gas: The National Strategy for Hydrogen brings sustainable opportunities for REN

Hydrogen may have a central role in the energy and climate agenda, facilitating the transition to a decarbonized economy, aligned with PNEC's targets

National Hydrogen Strategy (ENH2)[1]

Production

- Origin guarantees system
- Regulate H2 injection
- Financial support and R&D

Consumption

- Set targets
- Financial support and R&D

Exports

- Infrastructures reinforcement
- Consolidate strategic partnerships

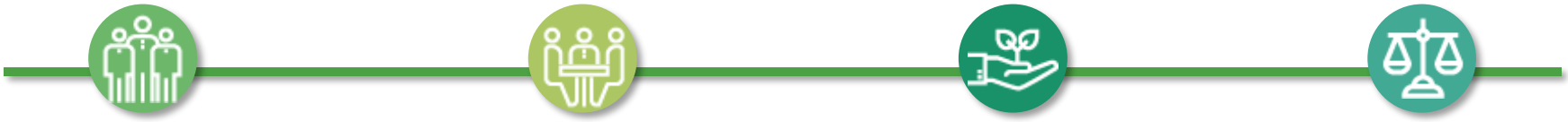
National hydrogen targets for 2030

5% in final energy consumption	**5%** in road transport consumption	**5%** in industrial consumption
15% injection in natural gas networks	**50-100** fueling stations	**2 GW** electrolyser capacity installed
7 000M€ Investment in hydrogen production projects	**300-600M€** Reduction in natural gas imports	**900M€** support to investment and production

Project for clean hydrogen production in Sines, sponsored by the government

1. Document approved in Council of Ministers; Public consultation ended in July 6, currently under analysis; The National Hydrogen Strategy are aligned with the European strategy – in July 8 the European Commission published the EU Hydrogen Strategy and launched the Hydrogen Alliance

Social and **Environmental engagement** is at the core of REN's Sustainability strategy



ENSURE STAKEHOLDERS SATISFACTION

PROMOTE INTERNAL WELLBEING

PROMOTE ENVIRONMENTAL PROTECTION

GOVERNANCE AND ETHICS

Stakeholders consultation → **Material issues identification** → **Integration with company´s strategy**

REN's Sustainability Strategy contributes **UN Sustainable Development Goals**

REN's Sustainability Strategy

Promote internal wellbeing

- **Gender Equality** | In 2019, REN had 27% of women in 1st and 2nd line management positions
- **Training** | In 2019, REN gave to its employees a total of 29,858 hours of training which comprises around 43.46 hours per employee

27% of women in management positions

Contribute to the community

- **REN Award** | Award to the best Master and Doctoral theses in energy in Portugal
- **AGIR Award** | Support projects which solve social problems
- **MEDEA Project** | National high school contest in the area of electromagnetic fields
- **SHARE Program** | REN corporate volunteer program

24% of employees engaged in corporate volunteering

Promote environmental protection

- **"Heroes of all species"** | Educational program on biodiversity for 3rd and 4th grade students
- **Reforestation program** | Reforestation of right of way passages with native species
- **REN's Chair in Biodiversity** | Together with the Science and Technology Foundation and the University of Porto

More than **1m indigenous trees** planted since 2010

Governance and ethics

- **United Nations Global Compact** | Founding member. REN adopted the 10 principles related to human rights, labour practices, environmental protection and anti-corruption
- **CEO Guide to Human Rights BCSD Portugal** | Agreement in defense of human rights and improving people's living conditions

CSR management system **certified**

Strong risk management system to **minimize the environmental and social impact**

Tools to ensure minimization of environmental and social impacts associated with REN's business

Environmental Assessment

Strategic Environmental Assessment
Assessment of projects' environmental consequences prior to adoption

Project assessment
Environmental Impact Assessment (EIA)

Minimization measures
Monitoring and environmental compensation actions

Compensation measures
Compensation actions regarding loss of biodiversity

Biodiversity and Ecosystem

Conservation projects
Awareness-raising and responsibility action

Anti-collision devices for birds
Installing effective devices to protect birdlife

REN Chair in Biodiversity
Partnership with FTC and UP

Business and Biodiversity Initiative (B&B)
Protecting areas of the Rede Natura 2000

Prevention of Climate Change

Promotion of renewables
Providing access and capacity for the transmission of renewables

Reduction of emissions
Programs to control and reduce GHG emissions

Energy management
Minimizing energy consumption and promoting efficiency

REN – Corridor Forestation Programme
Actions to protect the Portuguese Forest

Local Communities and Suppliers

Owners of land and easements
Sustained and regular communication with landowners

Relationship with local authorities
Meetings with local authorities during the project planning

Ren Group Code of Conduct & Principles
Following the 10 Principles of UN Global Compact

Supplier Code of Conduct
Strict rules for suppliers aimed at sustainable development

Sustainability **signatories and external recognition**

MSCI ESG Rating

MSCI **Rating: A**

- MSCI ESG Rating measures the **company's resilience to long-term ESG risks**, using an **industry-relative AAA-CCC scale**
- On **Corporate Governance**, REN falls into the **highest scoring range relative to global peers**
- On **Biodiversity & Land Use**, REN demonstrated **strong efforts** to mitigate adverse environmental impact of operations **relative to peers**

ISS ESG Rating

ISS ESG **Rating: B**

- The **assessment of a company's sustainability** performance is based on specific criteria for each industry using a **scale rating from D- to A+**
- Amongst the 46 industry companies analyzed, **the industry-leader has a score of B+** while REN's B score is immediately below

Sustainalytics

SUSTAINALYTICS **Rating: Medium Risk**

- Sustainalytics assesses companies performance based on its Risk Rating Methodology, using a **scale that goes from Negligible to Severe Risk (5 levels)**
- **REN is rated 20 out of 198 in the Electric Utilities sub-industry**
- The company's **management score has increased significantly in the past year**, and its management category has improved

CDP Score

CDP **Rating: C**

- The Carbon Disclosure Project scores the companies according to its **environmental impact**, using a **scale rating from D- to A**
- REN's C score is in the **Awareness band**. This is the same score as the **Europe regional average**, and the same as the **Energy utility networks sector average**

Good performance in international ESG scores but with ambition to do more

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Rationale for **Green Financing**

- In light of our long journey towards sustainable development, we have decided to align our funding and sustainability strategy

Green Finance Framework

- **Align the sustainability and the funding strategy**
- **Support our aim to guide the energy transition**
- **Contribute to the UN SDGs**
- **Support the growth of the green bond market**
- **Address increasing demand towards sustainable assets**
- **Diversify our investor base**

Green funding will allows us to support our transition to green energy, while diversifying our investor base

Overview of **Green Finance Framework and alignment with standard**

Standards & best practice

Our Green Finance Framework:

- Is a broad document aimed to showcase our sustainability ambition of providing access and capacity for renewables in the transmission grid
- In line with the ICMA GBP & LMA GLP
- Follows the EU Taxonomy recommendation
- Takes into account CBI Standards
- Will be updated to reflect emerging market practice, such as the EU Green Bond Standards

The Green Bond Principles

Green Loan Principles

Climate Bonds Initiative

REN Green Finance Framework: description of the Pillars

1 Use of proceeds

- Renewable Energy: Connecting and integrating renewables
- Additional categories: Energy Efficiency, Green Buildings, Clean Transportation

2 Project evaluation and selection

- Carried out by REN's Green Finance Working Group ("GFWG")
- Based on Eligibility Criteria and Do No Significant Harm ("DNSH") assessment

3 Management of proceeds

- In accordance with the portfolio approach
- Eligible Green Asset Portfolio as of September 2020 equal to €2.4bn (Renewable Energy category only)

4 Reporting

- Allocation and impact reporting until full allocation of Green Debt Instrument proceeds
- Impact reporting in line with the Harmonized Framework for Impact Reporting (April 2020)

5 External Review

- Pre-issuance: SPO by ISS-ESG
- Post-issuance: Limited assurance on the Allocation Report

REN can issue Green Finance Instruments aimed at (re)financing assets with positive environmental impact

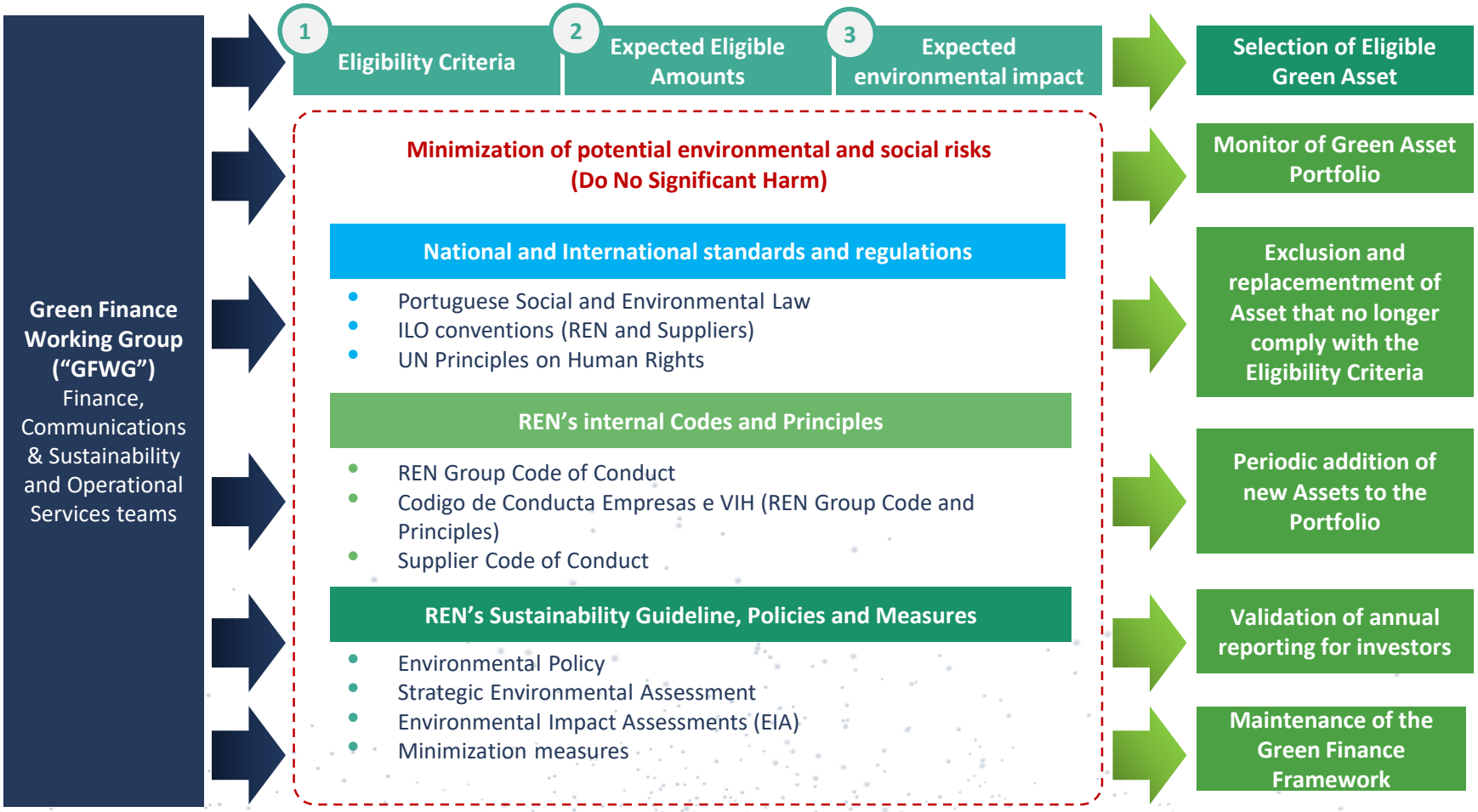
1. Use of proceeds – List of Green Eligible Categories

ICMA GBP / GLP Category	Description Eligible Assets: Eligibility Criteria	Eligibility to Green Finance	Contribution to UN SDGs	Contribution to EU Environmental Objective (3)
Renewable Energy	• Electricity grid assets **built for the sole purpose of connecting renewable energy to the grid** (including powerlines and related infrastructure such as substations)	100%		• **EU Environmental Objective 1: Climate Change Mitigation** (Article 10) • Substantial contribution: **(1.a)** Generating, transmitting, storing, distributing or using **renewable energy in line with Directive (EU) 2018/2001, including through using innovative technology with a potential for significant future savings or through necessary reinforcement or extension of the grid**
	• Electricity grid assets **aimed at integrating and enhancing the transmission capacity for renewable energy** in the Portuguese electricity grid	Apply the **renewable power generation capacity ratio in Portugal** to the full electricity grid asset value (4)		
Energy Efficiency	• Fibre optic cable and network assets	**100%**		• **EU Environmental Objective 1: Climate Change Mitigation** (Article 10) • Substantial contribution: **(1.b)** Improving energy efficiency, except for power generation activities as referred to in Article 19(3) and **(1.g)** Establishing energy infrastructure required for **enabling the decarbonization of energy systems**
Green Buildings	New, existing and/ or refurbished office buildings which meet any of the following criteria: • Office buildings belonging to top 15% low carbon buildings, including certified buildings • Refurbished buildings where the refurbishment results in energy savings of at least 30%	**100%**		• **EU Environmental Objective 1: Climate Change Mitigation** (Article 10) • Substantial contribution: **(1. b) Improving energy efficiency**, except for power generation activities as referred to in Article 19(3)
Clean Transportation	• Low-carbon transportation vehicles: fully electrified vehicles within REN's own fleet	**100%**		• **EU Environmental Objective 1: Climate Change Mitigation** (Article 10) • Substantial contribution to EU Objective 1: **(1.c)** Increasing **clean or climate-neutral mobility**

(3): Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending regulation (EU) 2019/2088. See: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2020.198.01.0013.01.ENG&toc=OJ:L:2020:198:TOC

(4): The renewable power generation capacity ratio is defined as the renewables installed capacity versus all sources electricity capacity in the Portuguese transmission grid. According to the Portuguese Renewable Energy Association, in May 2020 the renewable power generation ratio in Portugal corresponded to 71.63%: https://www.apren.pt/en/renewable-energies/production

2. Process for Project Evaluation and Selection



REN's Process for Project Evaluation and Selection is in line with best practice and is focused on risk mitigation

3. Management of Proceeds & Eligible Green Asset Portfolio

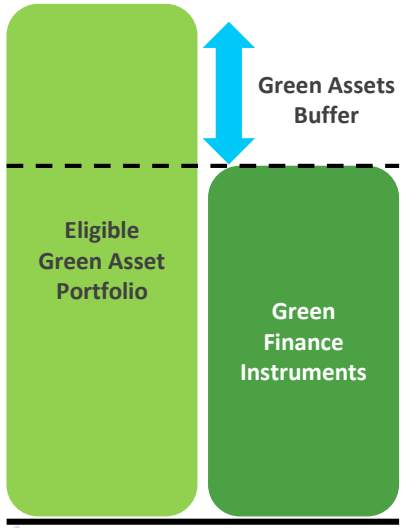
Management of Proceeds

Eligible Green Asset Portfolio:

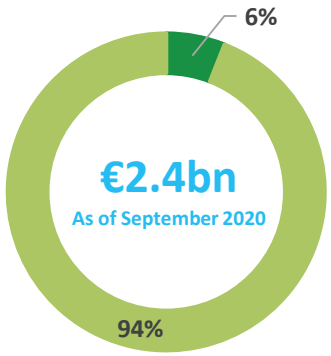
- Green Finance Instruments proceeds are allocated to an Eligible Green Asset Portfolio selected based on the Eligibility Criteria
- Consists of new and / or existing assets
- Monitored and reviewed on a quarterly basis
- Projects that no longer comply are excluded and replaced on a best effort basis
- As Green Finance Instruments mature, the oldest projects are removed for an equivalent amount

Management of Proceeds:

- In line with the portfolio approach



Eligible Green Asset Portfolio



- Electricity grid assets built for the sole purpose of connecting renewable energy to the grid
- Electricity grid assets aimed at integrating renewables

The Electricity Grid Assets selected are broadly in line with the EU Taxonomy recommendation because the Portuguese electricity transmission infrastructure is on a trajectory to full decarbonization (almost 71.6% renewables capacity installed). Via our strong environmental and social risk assessment processes, we ensure to at least partially address the DNSH requirements. Our current portfolio is broadly aligned with the EU Taxonomy

Our Green Asset Portfolio is overcollateralized. In case of a Green Debt Issue, we will be fully allocated at issuance

4. Reporting & External review

Reporting

- Reporting to be provided annually, until full allocation

Allocation Reporting

- The aggregated amount of allocation of the net proceeds to the Eligible Green Assets, at category and sub-category level
- The balance of any unallocated proceeds invested in bank deposits or liquid marketable instruments, among others, if any
- The proportion of net proceeds used for financing versus refinancing
- The breakdown per type of Eligible Green Assets

Impact Reporting

- In line with the Harmonized Framework (portfolio approach)

ICMA / LMA Eligible Category	Potential impact reporting indicators to be provided at Eligible Category level
Renewable Energy	• Capacity (and production, if possible) of renewable energy connected in the grid (in MW) • Estimated avoided CO2 emissions (in tCO2e per year)
Energy Efficiency	• Fibre optic cable and network assets - Estimated avoided CO2 emissions (in tCO2e per year) - Energy consumption savings
Green Buildings	• Average primary energy consumption savings (in MJ/m2) compared to the Portuguese average • Avoided CO2 emissions (in tCO2e per year) • Environmental certification type and level (if applicable) • EPC label (if applicable)
Clean Transportation	• Number of electric vehicles acquired in REN's own fleet • Estimated avoided CO2 emissions (in tCO2e per year)

External Review

Pre-issuance: Extremely positive Second Party Opinion by ISS-ESG

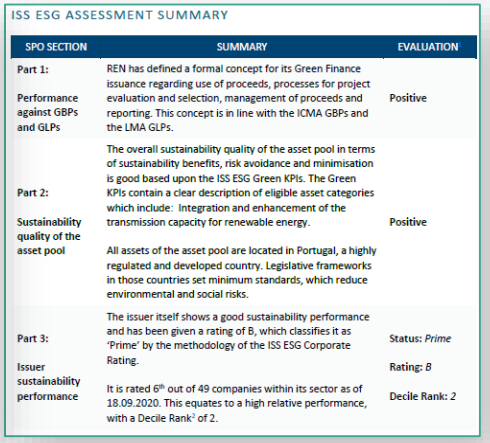

ISS ESG

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Asset Pool

Redes Energéticas Nacionais SGPS S.A.
2 February 2021

VERIFICATION PARAMETERS


ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION
Part 1: Performance against GBPs and GLPs	REN has defined a formal concept for its Green Finance issuance regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA GBPs and the LMA GLPs.	Positive
Part 2: Sustainability quality of the asset pool	The overall sustainability quality of the asset pool in terms of sustainability benefits, risk avoidance and minimisation is good based upon the ISS ESG Green KPIs. The Green KPIs contain a clear description of eligible asset categories which include: Integration and enhancement of the transmission capacity for renewable energy. All assets of the asset pool are located in Portugal, a highly regulated and developed country. Legislative frameworks in those countries set minimum standards, which reduce environmental and social risks.	Positive
Part 3: Issuer sustainability performance	The issuer itself shows a good sustainability performance and has been given a rating of B, which classifies it as 'Prime' by the methodology of the ISS ESG Corporate Rating. It is rated 6th out of 49 companies within its sector as of 18.09.2020. This equates to a high relative performance, with a Decile Rank[1] of 2.	Status: *Prime* Rating: *B* Decile Rank: *2*

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Integration and enhancement of the transmission capacity for renewable energy	Significant Contribution	7 AFFORDABLE AND CLEAN ENERGY · 13 CLIMATE ACTION

Annual Audit / Limited Assurance on the Allocation Reporting

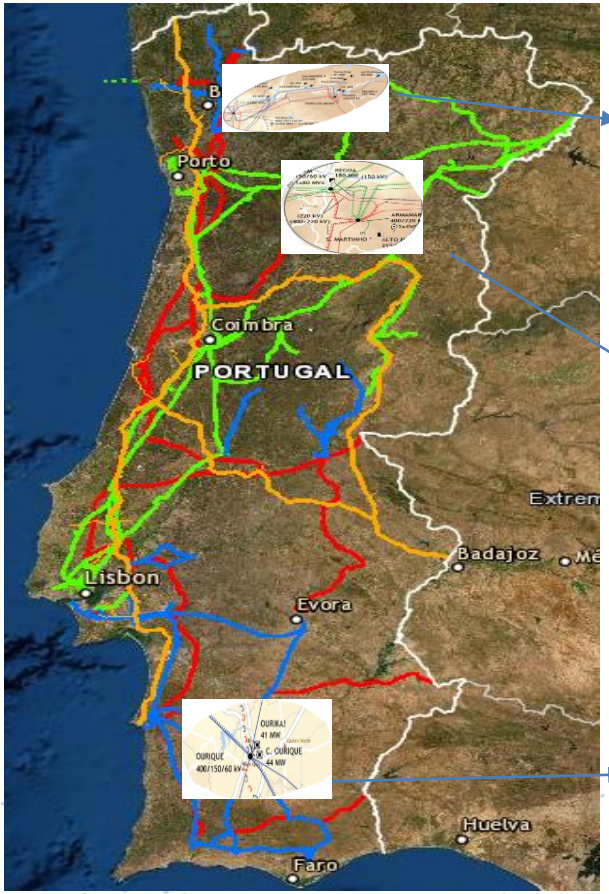
- REN intends to obtain a limited assurance report by its auditor on the allocation of each Green Finance Instrument's proceeds. Such report will be incorporated within the REN Green Finance Report

Reporting in line with market practice. Positive SPO and intention to obtain verification on the proceeds allocation

Case studies: examples of projects included within the Green Finance Portfolio

The following are representative examples of green assets in the grid:

- 400 kV Vieira do Minho switching station: it receives energy from hydro power plants
- 400 kV Overhead Line Vieira do Minho to Pedralva: it transmits the energy produced by hydro power plants to consumption areas
- Armamar substation, 400/220 kV: it receives energy from hydro and wind power plants
- Ourique substation 150/60 kV: receives solar energy from fotovoltaic parks

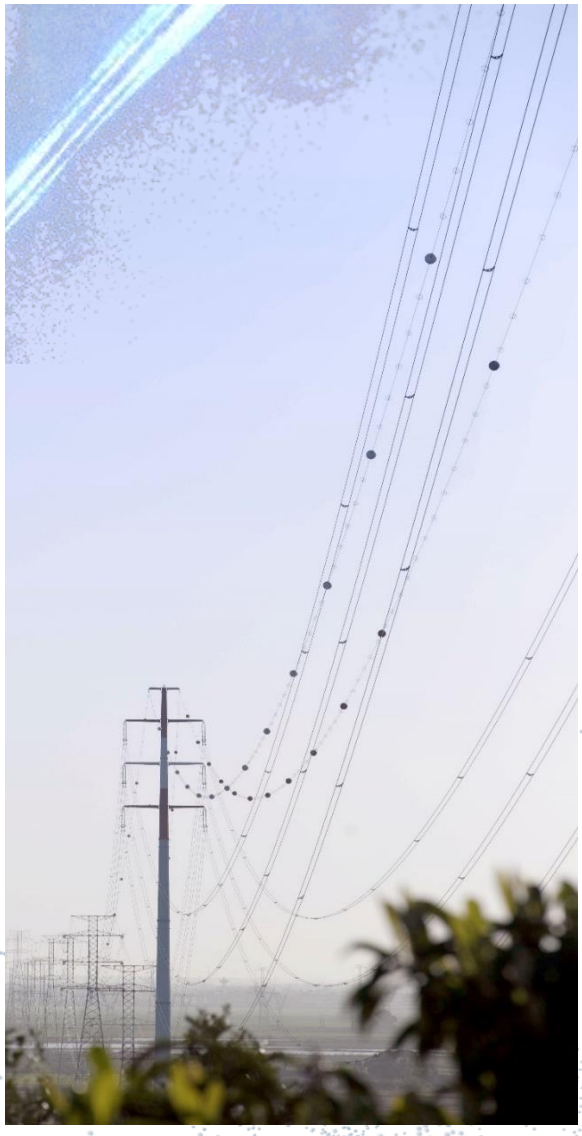


400 kV Vieira do Minho switching station

400/220 kV Armamar substation

150/60 kV Ourique substation

Closing Remarks



- REN is an **industry-leading energy infrastructure operator in Portugal** with stable shareholder base and best-in-class governance
- As the concession holder for the national energy transmission grid, **REN has invested heavily in the introduction of renewable energy into the grid**, where its main role is to provide access and capacity for the transmission of renewable energy
- REN has established a clear **Sustainability Strategy and a strong risk management system** to minimize the environmental and social impacts of its business
- In alignment with our Sustainability Strategy and objectives, we have established our **Green Finance Framework, aimed at (re)financing Green Eligible Assets**
- The REN Green Finance Framework has been established in accordance with the most important standard in the market such as the **ICMA Green Bond Principles and follows the recommendation of the EU Taxonomy**
- REN's Green Finance Framework **has obtained a positive Second Party Opinion by expert ESG party ISS-ESG**

9M20 Results

	9M20	9M19	2019	Δ 9M20 / 9M19	
EBITDA	352.5	368.0	486.2	-4.2%	-15.5
Financial Results	-36.7	-39.4	-52.5	-7.0%	2.8
Net Profit	76.1	86.3	118.9	-11.9%	-10.3
Recurrent Net Profit	98.6	110.7	144.8	-10.9%	-12.1
CAPEX[1]	103.7	110.3	188.6	-6.0%	-6.6
Transfers to RAB[2]	21.9	60.1	190.6	-63.6%	-38.3
Average RAB	3,652.9	3,717.8	3,753.3	-1.7%	-64.9
Net Debt	2,743.0	2,586.5	2,826.0	6.1%	156.5
Average cost of debt	1.9%	2.2%	2.08%		-0.3 pp

1. Capex includes direct acquisitions; 2. Transfers to RAB (at historic costs) includes direct acquisitions RAB related; Note: Values in millions of euros unless otherwise stated

REN's IR & Media app:

REN INVESTORS

The Communicator Awards

MERCURY EXCELLENCE AWARDS

VIENNA 2019 SILVER STEVIE WINNER INTERNATIONAL BUSINESS AWARDS

2019 WINNER ASTRID AWARDS 2019

Grande Prémio '19 apce

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Thank you