



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

### REGULATIONS

#### ON ASSESSING AND MONITORING TRANSACTIONS WITH RELATED PARTIES AND PREVENTING SITUATIONS OF CONFLICTS OF INTEREST

##### I. CONTEXT

The Audit Committee of REN – Redes Energéticas Nacionais, SGPS, S.A. (hereinafter referred to as “**REN**” or “**Company**”), analysed the Company’s compliance with the Portuguese Securities Code, in particular with Articles 249-A et seq., and the Corporate Governance Code of 2018 of the Portuguese Corporate Governance Institute, reviewed in 2020 (hereinafter referred to as “**Corporate Governance Code**”), notably the provisions of its Recommendations I.5.1. and I.5.2., regarding transactions with related parties, and I.4.1. and I.4.2., regarding conflicts of interest. In the context of this analysis, the Audit Committee passed a resolution on 21<sup>st</sup> July 2021 to issue a positive opinion and to propose to the Board of Directors these “Regulations regarding Transactions with Related Parties and Preventing Situations of Conflicts of Interest” to be adopted (hereinafter referred to as “**Regulations**”). The objective of doing this was to lay down the Audit Committee’s procedures to monitor transactions concluded by or to be concluded by REN with related parties and to prevent cases of potential conflicts of interest.

Article 249-A of the Portuguese Securities Code, the corporate governance best practices reflected in the Corporate Governance Code, and the applicable accounting standards, in particular, IAS 24, reflect the need for the Audit Committee to control the transactions with related parties that depart from normal market conditions or are outside the scope of the Company’s ordinary course of business.

The system set out in the above instruments is also intended to achieve a greater degree of transparency in the market, by establishing mechanisms suitable to prevent and identify situations of conflicts of interest in the Company.

In this context, and as REN has historically acted in compliance with the applicable best practices of corporate governance, REN’s Executive Committee or Board of Directors, depending upon which corporate body has the power to approve the transaction in question, will, as part of their own decision making functions concerning the terms of transactions to be executed by REN, and their monitoring,



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

submit those transactions for assessment by the Audit Committee, pursuant to the terms and for the purposes of these Regulations.

### **II. DEFINITIONS**

For the purposes of these Regulations, the following terms and expressions have the following meanings, when beginning with a capital letter, except if the context in which they are used implies a clearly different meaning:

- A. Related Shareholder:** means any shareholder who has a qualified shareholding of the share capital of REN or any Affiliated Company, as defined and calculated under Articles 16 and 20 of the Portuguese Securities Code (hereinafter referred to as “CVM”), or other legal provisions succeeding them;
- B. Manager:** means any member of a management or supervisory body of REN or any of REN’s Affiliated Companies, as well as any natural person who has regular access to privileged information and the power to make management decisions that affect the future development and the business prospects of the entity in question;
- C. Family Member:** means the family member of a person referred to in point E.(a) that is expected to influence or be influenced by that person in the business with the Company, including:
  - a)** the children and spouse or the person who lives in the same household as the person concerned;
  - b)** the children of the spouse or of the person who lives in the same household as the person concerned; and
  - c)** the dependants of the person concerned or of his/her spouse or person who lives the same household as the person concerned.
- D. Management Body:** means the Executive Committee or Board of Directors of REN, depending upon which corporate body has the power to approve each Transaction, pursuant to REN’s Articles of Association and the resolution regarding the delegation of powers approved by the Board of Directors in force at any given time;
- E. Related Party:** is defined, under the terms of the applicable legislation in accordance with international accounting standards and, at the time of publication of these Regulations and for the purposes of them, means:



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

- a) a Related Shareholder;
  - b) a person or his Family Member who holds control<sup>1</sup> or joint control over REN or an Affiliated Company, or who has a significant influence over REN or an Affiliated Company, or who is a "key" element of the management (members of the management body and other Managers, if applicable) of REN, or an Affiliated Company;
  - c) an entity that is a member of REN Group (which implies that parent and affiliated companies are related to each other);
  - d) an entity that is associated or has a joint venture with REN or an Affiliated Company (or is associated or has a joint venture with an Affiliated Company);
  - e) an entity that has a joint venture with or is an associate of an entity with which REN or an Affiliated Company has a joint venture with or is an associate;
  - f) an entity which manages or somehow administers the post-employment benefits of REN's employees or of an entity related to REN;
  - g) an entity controlled or jointly controlled by a person identified in paragraphs a) and b);
  - h) an entity in which a person (or a Family Member of that person) who has control or joint control of REN has significant influence or is a "key"<sup>2</sup> element of the management of that entity (or of the parent company of that entity);
  - i) an entity, or any entity of the same group, which provides management services to REN or an Affiliated Company or its parent company;
- F. Affiliated Companies:** means companies which are in a control or group relationship with REN, under the terms of Article 21 of the CVM;
- G. Transactions with Related Parties:** means legal transactions to be entered into between a Related Party, on the one hand, and REN or an Affiliated Company, on the other hand, except for the following, which are not considered to be Transactions with Related Parties, for the purposes of the rules for approving and publishing transactions under these Regulations:

---

<sup>1</sup> The standard defines Control as "the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities"

<sup>2</sup> "Key" member of management or key management personnel (in legal terminology) are defined as "those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (executive or otherwise) of that entity"



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

- a) Transactions between the Company and its Affiliated Companies, as long as these companies are in a control relationship with the Company and none of the related parties of the Company has an interest in that Affiliated Company;
- b) Transactions regarding the remuneration of the directors, or certain elements of that remuneration;
- c) Transactions proposed to all shareholders under the same terms, under which the equal treatment of all shareholders and the protection of the interests of the Company are guaranteed.;

**H. Significant Transactions:** means Transactions with Related Parties which:

- a) Involve a purchase and/or sale of goods, provision of services or a works contract with an economic value exceeding €1,000,000 (one million euros);
- b) Involve an acquisition or assignment of shareholdings;
- c) Imply new loans, financing and the subscription of financial investments which represent an annual aggregate value of indebtedness exceeding €100,000,000 (one hundred million euros), except in case of mere renewal of existing situations or operations carried out within the framework of pre-existing contractual obligations;
- d) Are not performed within the scope of the ordinary course of business of the Company or Affiliated Company, as the case may be, or under normal market conditions;
- e) If none of the materiality criteria stipulated in the previous items is applicable, (i) transactions which have an economic value exceeding €1,000,000 (one million euros) or (ii) are considered relevant for this purpose by the Management Body, by virtue of their nature or their special susceptibility to result in a situation of a conflict of interest.

Transactions with the same Related Party entered into during any 12-month period or during the same financial year, and which have not been subject to the obligations provided for in these Regulations, will be aggregated for the purposes of these Regulations.



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

### **III. FORMS OF INTERVENTION BY THE AUDIT COMMITTEE**

The Management Body must submit for assessment by the Audit Committee any Transaction pursuant to the terms laid down in these Regulations, which set out two levels of assessment by the Audit Committee:

- a) “Prior opinion”: applicable to all Significant Transactions; and
- b) “Subsequent assessment”: applicable to all Transactions with Related Parties which are not subject to a prior opinion, to confirm that it was carried out within the scope of the ordinary course of business of the Company or under normal market conditions.

### **IV. DEADLINE FOR NOTIFICATIONS REGARDING TRANSACTIONS WITH RELATED PARTIES**

The notification by the Management Body must be sent:

- a) In the case of Significant Transactions, at least 15 (fifteen) days prior to the estimated date of its conclusion;
- b) In the case of Transactions with Related Parties, up to the last day of January or July, as the case may be, regarding Transactions with Related Parties taking place in the respective preceding six-month period.

### **V. CONTENTS OF NOTIFICATIONS REGARDING SIGNIFICANT TRANSACTIONS**

Notifications regarding any Significant Transaction by the Management Body to the Audit Committee are to be treated as strictly confidential (both their existence and their content) and must include:

- a) A summary of the essential terms of the Significant Transaction and, in particular, a description of the obligations undertaken by REN, as well as the specification of which material criterion made it necessary to submit the transaction for assessment by the Audit Committee;
- b) A brief contextualisation of the operation, including the pre-contractual procedures adopted;
- c) If there was more than one proposal, the criteria adopted to select the final counterparty;



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

- d) In the event that no other entity was consulted, the reasons for adopting such a procedure,
- e) In the event of urgency to sign a Significant Transaction, a complete and justified explanation for the urgency;
- f) The mechanisms adopted to prevent conflicts of interest in the specific case; and
- g) Proof that the operation will be carried out under normal market conditions and within the Company's ordinary course of business.

**VI. ISSUANCE OF PRIOR OPINION**

1. The Audit Committee must issue an opinion within 10 (ten) days of the date of receipt of the notification regarding the Significant Transaction.
2. In the case of transactions with, on the one hand, the members of the Management Body or supervisory body of REN or of its Affiliated Companies and, on the other hand, REN or any of its Affiliated Companies, the Audit Committee's assessment for the purpose of issuing a prior opinion is carried out under the terms and for the purposes laid down in Articles 397 and 423-H of the Portuguese Companies Code.
3. In the absence of an opinion from the Audit Committee concerning the matter in question within the deadline established in paragraph 1 above, the Significant Transaction will be deemed to be approved and the reasons for carrying out the Significant Transaction contained in the notification by the Management Body are sufficient to conclude the Transaction.
4. If the Audit Committee issues an unfavourable opinion, the conclusion of the Significant Transaction will depend on the authorisation by REN's Board of Directors, regardless of which body has the power to approve the Significant Transaction in question.
5. The Board of Directors' approval of a Significant Transaction pursuant to paragraph 4 above must be especially justified, so as to demonstrate that the conclusion of the Significant Transaction is in line with the corporate interest of REN or the Affiliated Companies and that the advantages resulting for REN or the Affiliated Companies positively outweigh the disadvantages identified in the unfavourable opinion issued by the Audit Committee.



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

6. If the Audit Committee issues an unfavourable opinion affirming that the conclusion of the Significant Transaction would be detrimental to the corporate interest of REN or the Affiliated Companies, the opinion of the Audit Committee must include a proposal for measures to harmonise the corporate interest and the conclusion of the Significant Transaction.

**VII. APPROVAL OF TRANSACTIONS WITH RELATED PARTIES BY THE MANAGEMENT BODY**

The Transactions with Related Parties to which the Company is a party must always be approved by the Board of Directors or by the Executive Committee of the Company, pursuant to the Article of Association and to the delegation of powers in effect at any given time, without prejudice to the Board of Directors' exclusive power to approve Significant Transactions that are not carried out within the scope of the Company's ordinary course of business or under market conditions, regardless of the findings of the opinion of the Audit Committee.

**VIII. SUBSEQUENT ASSESSMENT OF TRANSACTIONS WITH RELATED PARTIES**

The Audit Committee will assess all Transactions with Related Parties subject to subsequent assessment and issue a half-yearly report regarding such transactions which it has been notified of, within 30 (thirty) days of the end of the period for such notifications. The report will also indicate the Significant Transactions that were subject to prior opinion.

**IX. ASSESSMENT OF TRANSACTIONS WITH RELATED PARTIES BY THE AUDIT COMMITTEE**

1. In performing its role of supervision of Transactions with Related Parties, the Audit Committee must assess the adequacy of the pre-contractual and contractual procedures adopted, and the reasonableness and adequacy of the reasons presented. The Related Parties that entered into Transactions with Related Parties being assessed must not participate in this assessment. The assessment process must take into account the following principles:
  - a) Pursuit of the corporate interest of REN and Affiliated Companies;



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

- b) The adequacy of the Transaction with Related Parties' terms and conditions regarding the Company's ordinary business activity and the market conditions in which similar transactions are normally concluded;
    - c) No direct or indirect granting of disproportionate advantages to the Related Party in the context of the Transaction with Related Parties.
- 2. When assessing Transactions with Related Parties, the Audit Committee may request an opinion from an external expert, in cases in which the Audit Committee considers that a new assessment of compliance with the principles stipulated in paragraph 1. above is especially justified. This external expert must agree in advance with the Audit Committee to treat any information regarding Transactions with Related Parties as strictly confidential (both regarding their existence and content).
- 3. Apart from assessing Transactions with Related Parties, as part of its duties to coordinate internal mechanisms concerning Transactions with Related Parties, the Audit Committee also has the following powers:
  - a) To ask the Management Body for any information or documentation that is necessary to assess the Transaction with Related Parties in a suitable and informed manner;
  - b) To submit recommendations to the Board of Directors;
  - c) To issue an annual report on the implementation of these Regulations and, if necessary, to review the Regulations.

**X. SITUATIONS OF CONFLICTS OF INTEREST**

- 1. As part of the prevention of situations of conflicts of interest at REN, the Audit Committee is responsible for the following:
  - a) Submitting recommendations to the Board of Directors with regard to measures to prevent and identify conflicts of interest to be adopted by the latter; and
  - b) Annually including information in the annual activity report as to whether these Regulations are adequate to prevent and resolve conflicts of interests.
- 2. In order to prevent and detect situations of conflicts of interest, Managers must notify the Audit Committee and the chairman of the relevant corporate





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

body of any shares they hold in civil or commercial companies whose registered office or permanent establishment is located in Portugal or abroad, of the management positions they hold in other civil or commercial companies, and of any other facts that may constitute or cause a conflict between their interests and the corporate interest.

3. The communication mentioned in paragraph 2 above must be made within 30 days of the date of entry into force of these Regulations or of the date the Manager takes up his or her position, and it must be updated by 31 January of each year after the Manager takes up his or her position. Nevertheless, the Manager is under an obligation to communicate the facts set out in the previous paragraph as soon as he or she becomes aware of them.
4. In the event of a conflict between the interests of a Manager and of the Company or an Affiliated Company, even if potential, on behalf of the Manager or of a third party, regarding any topic, such Manager must not interfere in the decision-making process, but the manager is under a duty to provide information and clarifications requested, in particular:
  - a) He or she must not receive any information regarding this matter (specifically, preparatory information that is sent prior to any meeting at which the matter will be discussed and voted on);
  - b) He or she must abstain from discussing the matter with other Managers; and
  - c) He or she must not participate nor be present in the discussion and voting on the matter in question.

**XI. FINAL PROVISIONS**

1. These Regulations were approved by the Board of Directors on 11<sup>th</sup> November 2021.
2. These Regulations have been disclosed to all Managers of the Company and Affiliated Companies and are published on the Company's website.