SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Integrated Sustainable Financing Framework

Redes Energéticas Nacionais
6 November 2024

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	▪ Sustainability-linked bonds
Relevant standard(s)	▪ Sustainability-Linked Bond Principles, ICMA, June 2024
Scope of verification	▪ REN's Integrated Sustainable Financing Framework (as of Oct. 22, 2024)
Lifecycle	▪ Pre-issuance verification
Validity	▪ Valid as long as REN's Integrated Sustainable Financing Framework and benchmarks for the sustainability performance target(s) remain unchanged

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SCOPE OF WORK

Redes Energéticas Nacionais ("REN," "the Issuer" or "the Company") commissioned ISS-Corporate to assist with its sustainability-linked bonds by assessing three elements to determine the sustainability quality of the instruments:

1. REN's Integrated Sustainable Financing Framework (as of Sept. 25, 2024) and structural components of the transaction, benchmarked against the Sustainability-Linked Bond Principles (SLBP), as administered by the International Capital Market Association (ICMA).

2. The sustainability credibility of the key performance indicators (KPIs) selected and sustainability performance targets (SPTs) calibrated — whether the KPIs selected are core, relevant and material to the Issuer's business model and industry, and whether the associated targets are ambitious.

3. Consistency of the sustainability-linked bonds issuance with REN's sustainability strategy, drawing on the key sustainability objectives and priorities defined by the Issuer.

REN BUSINESS OVERVIEW

Redes Energeticas Nacionais SGPS SA is a holding company that engages in the management of the main transport infrastructure of electricity and natural gas. It operates through the following business segments: electricity, gas, telecommunications and others. The electricity segment deals with the transmission of electricity and overall management of the public electricity supply system. The gas segment includes the transportation of gas, management of the national natural gas system and underground storage of natural gas. The telecommunications segment operates a telecommunications network. The others segment includes the operations of REN SGPS, REN Serviços and REN Finance, BV. The company was founded on Aug. 18, 1994, and is headquartered in Lisbon, Portugal. It is classified in the gas and electricity network operators industry, as per ISS ESG's sector classification.

ESG risks associated with the Issuer's industry

REN is classified in the gas and electricity network operators industry, as per ISS ESG's sector classification. Key sustainability issues faced by companies[1] in this industry are environmentally safe operation of plants and infrastructure, promotion of a sustainable energy system, accessibility and reliability of energy supply, worker safety and accident prevention, and protection of human rights and community outreach.

This report focuses on the sustainability credentials of the issuance. Part III of this report assesses the consistency between the issuance and the Issuer's overall sustainability strategy.

[1] Please note that this is not a company-specific assessment but rather areas that are of particular relevance for companies within that industry. Key ESG issues by industry are sourced from ISS ESG's Corporate Rating methodology.

ASSESSMENT SUMMARY

EVALUATION SUMMARY[2]			
Part I: Alignment with the SLBP	**The Framework is in line with the Sustainability-Linked Bond Principles.**		
Part II: KPI selection	**KPI 1.** Absolute aggregated GHG emissions of Scope 1 and 2	**KPI 2.** Absolute Scope 3 (purchased goods and services, capital goods, and fuel- and energy-related activities) GHG emissions	**KPI 3**. Absolute Scope 3 (Category 11 — use of sold products covering transmitted gas) GHG emissions
Relevant	Relevant	Relevant	Relevant
Core	Core	Core	Core
Material	Moderately Material if issued alone, but Material when combined with KPIs 2 and 3	Partially Material if issued alone, but Material when combined with KPIs 1 and 3	Moderately Material but Material when combined with KPI 1 or KPIs 1 and 2
Assessment[3]	**Best Practice**[4]	**Best Practice**	**Best Practice**
SPT calibration	**SPT 1.** Reduction of absolute Scope 1 and 2 GHG emissions by 55.3% by 2030 from a 2019 base year	**SPT 2.** Reduction of absolute Scope 3 (purchased goods and services, capital goods, and fuel- and energy-related activities) GHG emissions by 25% by 2030 from a 2021 base year	**SPT 3.** Reduction of absolute Scope 3 (Category 11 — use of sold products covering transmitted gas) GHG emissions by 42% by 2030 from a 2021 base year
Against Issuer's past performance	Qualitatively ambitious	Qualitatively ambitious	Qualitatively ambitious

[2] The evaluation is based on the engagement conducted between September and October 2024, on the Issuer's Integrated Sustainable Financing Framework (as of Sept. 25, 2024).
[3] The Issuer confirms that the three KPIs will systematically be issued on the same financial instrument.

Against Issuer's industry peer group	Ambitious	Ambitious	Ambitious on the basis of setting a target
Against international targets	In line with the Paris Agreement when used in conjunction with SPTs 2 and 3 on the same financial instrument.	In line with the Paris Agreement when used in conjunction with SPTs 1 and 3 on the same financial instrument	In line with the Paris Agreement when used in conjunction with SPTs 1 and 2 on the same financial instrument
Level of ambition	**Robust**	**Robust**	**Robust**

Part III: **Consistency of sustainability-linked bond with REN's sustainability strategy**	**Consistent with the Issuer's sustainability strategy** The key sustainability objectives and the rationale for issuing sustainability-linked bonds are clearly described by the Issuer. The KPIs selected by the Issuer are related to climate change and decarbonization. Decarbonization has been defined as one of the key priorities of the Issuer's sustainability strategy and has been assessed as a material sustainability topic for the Issuer. This transaction contributes to the Issuer's sustainability strategy due to the KPI's clear link to one of the key sustainability priorities of the Issuer and due to an ambitious SPT against the company's past performance and peer group.

SPO ASSESSMENT

PART I: ALIGNMENT WITH THE SUSTAINABILITY-LINKED BOND PRINCIPLES

This section describes ISS-Corportate's assessment of the alignment of REN's Integrated Sustainable Financing Framework (as of Sept. 25, 2024) with the SLBP.

SLB PRINCIPLES	ASSESSMENT	OPINION
1. Selection of KPIs	A detailed analysis of the sustainability credibility of the KPI selection is available in Part II of this report.	
2. Calibration of SPTs	A detailed analysis of the sustainability credibility of the SPT calibration is available in Part II of this report.	
3. Bond characteristics	✓	The description of the sustainability-linked bond characteristics provided by the Issuer is **aligned** with the SLBP. The Issuer gives a detailed description of the potential variation of the financial characteristics of the securities. For bonds issued under this Framework, trigger events will affect the security's financial characteristics, leading to a coupon/interest margin step-up, as specified in the bond documentation. The Issuer clearly outlines its recalculation policy, specifying the instances that may trigger recalculations. These include significant changes in calculation methodology, improvements in data accuracy, discovery of material errors, and structural changes such as mergers, acquisitions or shifts in emitting activities. Additionally, recalculations may occur if updates to the SBTi validation methodology necessitate target adjustments.
4. Reporting	✓	The reporting description provided by the Issuer is **aligned** with the SLBP. This will be published on its website made available annually to investors and include valuable information such as: ▪ Up-to-date information on the performance of the selected KPI, including the baseline where relevant ▪ A verification assurance report relative to the SPT outlining the performance against the SPT and the related impact, and timing of

SLB PRINCIPLES	ASSESSMENT	OPINION
		such impact, on a bond's financial performance ▪ Any relevant information enabling investors to monitor the progress of the SPT
5. External verification	✓	The verification description provided by the Issuer is **aligned** with the SLBP. This report constitutes the SPO. The performance of the SPTs against the KPIs will be externally verified with an independent third-party provider annually until the target is reached.

PART II: KPI SELECTION AND SPT CALIBRATION

1. Selection of KPI 1

KPI 1 is defined as "Absolute aggregated GHG emissions of Scope 1 and 2"

Opinion	*The KPI is relevant, core and moderately material to the Issuer's overall business if issued alone, but fully material if issued alongside KPI 2 and KPI 3, and of strategic significance to the Issuer's current and/or future operations. It is appropriately measurable, quantifiable, externally verifiable and benchmarkable. It covers Scope 1 and 2 GHG emissions, which represents approximately 11.6% of REN's total GHG emissions.*[5]

Assessment[6]	Not Aligned	Aligned	**Best Practice**

KPI 1 **Characteristics and features**	**KPI definition:**	Absolute Scope 1 and 2 GHG emissions (in tCO_2e).
	Scope and perimeter:	The KPI scope and perimeter are transparently defined as it covers Scope 1 and 2 GHG emissions of all REN operations. Scope 1 and 2 together represent 11.6% of REN's total GHG emissions when Category 11 is included in the overall total. When Category 11 is exluded, Scope 1 represents 13.7% of the total GHG emissions and Scope 2 represents 52.5%.
	Quantifiable/Externally verifiable:	The KPI is quantifiable because it is calculated as tCO_2e. It is externally verifiable because absolute GHG emission KPIs are widely disclosed and standardized in the market. The Issuer is referring to key reporting and accounting protocols for GHG emissions such as the GHG Protocol.
	Externally verified:	The historical and baseline data for the KPI selected has been verified by a qualified third party. The Issuer commits to having the future data verified by an external reviewer, as well.
	Benchmarkable:	By referring to commonly acknowledged GHG accounting standards and protocols, the KPI is easily comparable with the data reported by other companies, and with international targets such as the Paris Agreement. Benchmarking of

[5] This percentage incorporates Category 11 (use of sold products) in the total GHG emissions. When excluding Category 11, the coverage percentage is approximately 66%.
[6] The KPI selection assessment is classified on a three-level scale: "Not Aligned," "Aligned" or "Best Practice." For further information on ISS-Corporate's methodology related to the KPI assessment, please refer to Annex 2.

		the SPT in relation to this KPI has been analyzed below.

KPI 1 **Analysis**	The KPI considered is:

Relevant to REN's business as its industry is highly GHG-emitting and exposed to climate change risks. The promotion of a sustainable energy system and environmentally safe operation of plants and infrastructure impacts of raw material extraction are considered key ESG issues faced by gas and electricity network operators, according to key ESG standards for reporting and ISS ESG's assessment.[8] According to the International Energy Agency (IEA), the production, transport and processing of oil and gas are responsible for just under 15% of total energy-related GHG emissions. Furthermore, natural gas operation is responsible for 6% of methane emissions in the EU, among which 23% of the emissions comes from transmission and storage of natural gas and 59% comes from distribution of natural gas. This underlines the relevance of addressing emissions across REN's operational activities to mitigate climate risks and align with sustainability goals.

Core to the Issuer's business as Scope 1 and 2 CO_2e emission reduction measures affect key processes and operations that are core to the Issuer's business model. In pursuit of its Scope 1 and 2 absolute GHG emissions reduction goal, REN is focused on integrating new renewable energy power plants (solar and wind) into the national grid, in line with Portugal's NECP 2030 objective of achieving 85% renewable energy in the electricity system by 2030. Its investment plan outlines initiatives such as high voltage infrastructure development, fleet electrification, PV and thermal solar installations, emissions reduction programs, and the introduction of hydrogen into the gas network. These programs are overseen by the Operational Sustainability Direction, which monitors progress and implementation measures. REN employs a scenario analysis model and holds monthly meetings to ensure alignment with emission reduction objectives and NECP 2030 targets. No offset mechanisms will be used to achieve the Issuer's targets.

Moderately Material[9] to REN's business model and sustainability profile from an ESG perspective if issued alone but **Material** if integrated with KPI 2 and KPI 3 as part of the same financial instrument:

- The KPI is material to the company's direct operations because the KPI focuses on Scope 1 and 2 GHG emissions covering the entirety of the company's operations.

[8] Key ESG standards include SASB and TCFD, among others.
[9] ISS-Corporate bases this analysis on the Issuer's own emissions reporting and makes no comment on the quality or consistency of the Issuer's Scope 1, 2 or 3 emissions reporting, either in relation to the GHG Protocol or to established norms for the Issuer's sector. Scope 3 reporting may be different between companies in the same sector and does not undertake any benchmarking of an Issuer's reporting.

- According to the SBTi's updated criteria, companies that sell, transmit and/or distribute fossil fuels (and derive less than 50% of their revenue from these activities) are required to set targets for Scope 3, including Category 11 (use of sold products) emissions, irrespective of the share of these emissions compared to the total Scope 1, 2 and 3 GHG emissions of the company. Additionally, separate and additional Scope 3 GHG emission targets may need to be established.
- The Issuer's inclusion of Category 11 aligns with the current SBTi requirements for transmission system operators (TSOs) and distribution system operators (DSOs). The Issuer has set two targets covering Scope 3 GHG emissions:
  - KPI 2 includes emissions arising from the following categories: purchased goods and services, capital goods, and fuel- and energy-related activities and covers 5.9% of the total GHG emissions.
  - KPI 3 includes the emissions arising from the use of sold products (Category 11) and thus emissions linked to transmitted gas. It represents approximately 82% of the Issuer's total GHG emissions.
- Given that the Issuer would cover its emissions across the entire corporate value chain through three individual KPIs (KPIs 1, 2 and 3), these KPIs can be regarded as fully material when integrated into the same financial instrument and linked to its financial characteristics, which REN commits to doing.

Of strategic significance to REN's current and future operations. The KPI is aligned with REN's sustainability strategy, which emphasizes energy transition and climate change as its primary pillar. The reduction strategy focuses on grid loss reduction, facilitation the integration of renewable energy sources into the grid and transitioning to low-carbon gases. By prioritizing Scope 1 and 2 emissions reductions, REN effectively addresses climate-related risks, thereby enhancing its long-term operational resilience. Furthermore, REN is committed to supporting Portugal's goal of achieving carbon neutrality by 2050.

2. Calibration of SPT 1

SPT 1 is defined as "Reduction of absolute Scope 1 and 2 GHG emissions by 55.3% by 2030 from a 2019 base year"

Opinion	*The SPT is (i) qualitatively ambitious against the Company's past performance, (ii) ambitious against peers and (iii) in line with the Paris Agreement when used in conjunction with SPTs 2 and 3. The target is set in a clear timeline and is supported by a strategy and action plan disclosed in the company's Framework .*

Level of ambition[10]	No Evidence	Moderate	Good	**Robust**

SPT 1 **Characteristics and features**	**SPT definition:**	Reduction of absolute Scope 1 and 2 GHG emissions by 55.3% by 2030 from a 2019 base year.
	Baseline performance and year:	258,000 tCO_2e in 2019
	Target performance and observation date:	115,326 tCO_2e in 2030
	Trigger event:	The non-achievement of SPT 1 relating to the KPI 1 on the observation date: Dec. 31, 2030.
	Long-term target:	REN commits to reach carbon neutrality by 2040.
	Strategy and action plan to reach the target:	To reduce its Scope 1 and 2 GHG emissions, REN focuses on five pillars: ▪ Very high voltage infrastructure projects ▪ Green electricity supply ▪ RES installation and integration ▪ Methane and sulfur hexafluoride emissions reduction programs ▪ Hydrogen introduction
	Key factors/risks beyond the Issuer's direct control that may affect the	▪ Changes in planning and permitting regimes ▪ Availability of capital and labor ▪ Ability of supply chains to deliver materials required ▪ Changes of regulation at both EU and national level affecting policies and regulatory regime

[10] The SPT selection assessment is classified on a four-level scale: "No Evidence," "Moderate," "Good" or "Robust." For further information on ISS-Corporate's methodology for assessing SPTs, please refer to Annex 2.

	achievement of the SPTs:	
	Historical data verified:	The baseline has been externally verified.
	Recalculations or pro-forma adjustments of baselines	The following events may trigger a recalculation: ▪ Changes in calculation methodology or improvements in the accuracy of relevant data that result in a significant impact on the baseline year emissions data ▪ Discovery of significant errors or a number of cumulative errors that are collectively significant ▪ Structural changes in the reporting organization that have a significant impact on the KPIs, SPTs and/or baselines, including (i) mergers, acquisitions and divestments and (ii) outsourcing and insourcing of emitting activities ▪ Changes to targets as a result of changes to the relevant SBTi validation methodology

SPT 1 **Analysis**	The level of ambition of the SPT is assessed as follows:

(i) Against past performance:

The Issuer provided four years of relevant historical data, including for the baseline year of 2019, shown in Table 1. Calculating the compound annual growth rate (CAGR) of the past performance shows that the Issuer has achieved an average yearly reduction of 14% between 2019 and 2023 for KPI 1.

TABLE 1.	2019–BASELINE	2020	2021	2022	2023	2030–SPT 1
Absolute Scope 1 and 2 GHG emissions in $ktCO_2$	258	197	161	165	141	129
CAGR 2019-2023					-14%	
CAGR 2023-2030						-1.26%
CAGR 2019-2030						-6.11%

Source: REN Integrated Sustainable Financing Framework, 2024

REN sets SPT 1 to achieve a reduction of Scope 1 and 2 GHG emissions of 50% in 2030 compared to a 2019 baseline. Calculating the CAGR amounts to an average annual reduction of 1.26% between 2023 and 2030, which is lower than the CAGR from 2019 to 2023.

Therefore, from a quantitative perspective, SPT 1 is less ambitious compared to REN's past performance.

However, REN acknowledges that COVID-19 had a negative impact on GHG emissions from 2020 to 2022, resulting in an induced reduction. However, as the recovery from the pandemic unfolds, there is a noticeable upward trend in Scope 1 and 2 GHG emissions, along with increased electricity consumption in Portugal. This poses a challenge for REN in maintaining its pre-COVID reduction trajectory, especially considering that the previous reductions were largely attributed to decreased electric consumption during the pandemic. Achieving a reduction while experiencing a growth in electric consumption is inherently more challenging.

In response, REN delineates its strategy, emphasizing the proportional relationship between GHG emissions linked to grid losses, the overall grid losses measured and the specific emission factor of the local energy mix. While the integration of renewable energy sources into the grid, combined with increased electricity consumption, will elevate grid losses, it will concurrently reduce the grid emission factor and overall emissions caused by the system.

The combination of emission factor improvements, grid loss reduction and increased consumption is anticipated to result in a minimum reduction of 34,000 tCO_2e by 2030. Additionally, REN plans to source greener electricity from suppliers, saving approximately 4,500 tCO_2e. Specific initiatives such as the electrification of 59% of the REN vehicle fleet as of June 2024 (targeting 80% by 2030), the introduction of up to 5 MW of photovoltaic installations by 2025 and 15 MW by 2030, methane and SF6 emissions reduction programs, and the introduction of hydrogen and biomethane into the Portuguese National Gas Transmission Network are expected to contribute to significant carbon savings. REN has also increased the replacement time for computer equipment from one to two years[11] and implemented a Sustainable Sites Initiative, requiring the installation of a mini power production unit and acquiring remaining electricity through guarantees of origin. Furthermore, REN has submitted its Development and Investment Plan for the National Electricity Transmission Network and the Gas Transmission Network Development and Investment 10 Year Plan, aligning with the Portuguese National Energy and Climate Plan, which anticipates 85% renewable energy in the electricity system and the progressive introduction of renewable gases into the gas network, combined with a reduction in gas consumption.

In this context and compared to the baseline year, SPT 1 is therefore considered qualitatively ambitious against past performance.

(ii) Against peers:

ISS-Corporate conducted a benchmark analysis of REN's SPT against a peer group of 20 European TSOs within the ENTSO-E association, including REN. Since approximately 65% of REN's revenue derives from electrcitiy transmission, European TSOs operating in a mature and integrated market provide the most relevant comparison. Despite this focus, regional differences in renewable generation and load patterns still influence overall GHG emissions and reduction capabilities across the peer group.

Of the 20 peers analyzed, five other TSOs, in addition to REN, have also established Scope 1 and 2 GHG emissions reduction targets. Four of these are verified by the SBTi, with three aligned to the 1.5°C scenario and one to the well-below 2°C scenario. The remaining peer has submitted its target for SBTi validation and is awaiting confirmation.To further assess target ambition, ISS-Corporate calculated annual reduction rates across the peer group. REN's target ranks in the top 10%, with only one peer setting a more ambitious reduction goal within the same timeframe.

In conclusion, REN's SPT 1 target is considered ambitious compared to industry peers.

(iii) Against international targets:

Paris Agreement

For SPT 1, REN commits to reducing absolute Scope 1 and 2 GHG emissions by 55.3% by 2030 from a 2019 base year.

This target has been submitted and verified by the SBTi. However, when assessed in isolation, it cannot be confirmed as fully aligned with the Paris Agreement.

Nonetheless, when combined with the targets addressing Scope 3 (purchased goods and services, capital goods and fuel and energy related activities), as well as the remaining Scope

[11] This results in an estimated reduction of the Issuer's carbon footprint of 208 tCO_2e per year.

3 emissions (Category 11), it aligns with the reductions required to limit global temperature rise to a maximum of 1.5°C.

As such, ISS-Corporate concludes that SPT 1 is calibrated to be in line with the Paris Agreement and in line with the Paris Agreement when used in conjunction with SPT 2 and SPT 3 within the same financial instrument.

Consistency with the Issuer’s sustainability strategy: Reducing Scope 1 and 2 GHG emissions by 50% by 2030 aligns with REN's sustainability strategy, which prioritizes environmental protection among its core pillars and aims for carbon neutrality by 2040.

3. Selection of KPI 2

KPI 2 is defined as "Absolute Scope 3 (purchased goods and services, capital goods, and fuel- and energy-related activities) GHG emissions"

Opinion	*The KPI is relevant, core and partially material to the Issuer's overall business if issued alone, but fully material if issued alongside KPIs 1 and 3, and of strategic significance to the Issuer's current and/or future operations. It is appropriately measurable, quantifiable, externally verifiable and benchmarkable. It covers 6.7% of total Scope 3 GHG emissions, which represent approximately 82% of REN's total GHG emissions.*[12]

Assessment[13]	Not Aligned	Aligned	**Best Practice**

KPI 2 **Characteristics and features**	**KPI definition:**	Absolute Scope 3 GHG emissions (in tCO_2e) for the following categories: purchased goods and services, capital goods, and fuel- and energy-related activities.
	Scope and perimeter:	The KPI scope and perimeter are transparently defined and cover 6.7% of Scope 3 GHG emissions. Category C4, C5, C6, C7 and C15 are also excluded from the KPI. Total Scope 3 represents 82% of REN's total GHG emissions.[14]
	Quantifiable/Externally verifiable:	The KPI is quantifiable because it is calculated as tCO_2e. It is externally verifiable because absolute GHG emission KPIs are widely disclosed and standardized in the market. The Issuer refers to key reporting and accounting protocols for GHG emissions such as the GHG Protocol.
	Externally verified:	The baseline data for the KPI selected has been verified by a qualified third party. The Issuer commits to having the future data verified by an external reviewer, as well.
	Benchmarkable:	By referring to commonly acknowledged GHG accounting standards and protocols, the KPI is easily comparable with the data reported by other companies and with international targets such as the Paris Agreement. Benchmarking of the SPT in relation to this KPI has been analyzed below. However, not all companies currently report using the same methodology for Scope 3 emissions, and disclosing and reporting on

[12] This percentage is applicable when Category 11 is excluded.
[13] The KPI selection assessment is classified on a three-level scale: "Not Aligned," "Aligned" or "Best Practice." For further information on ISS-Corporate's methodology related to the KPI assessment, please refer to Annex 2.
[14] This percentage is applicable when Category 11 is excluded.

		Category 11 is considered aligned with best market practices.

KPI 2 **Analysis**	The KPI considered is:

Relevant to REN's business as its industry is highly GHG-emitting and exposed to climate change risks. The promotion of a sustainable energy system and environmentally safe operation of plants and infrastructure impacts of raw material extraction are considered key ESG issues faced by gas and electricity network operators, according to key ESG standards[15] for reporting and ISS ESG's assessment. According to the IEA, the production, transport and processing of oil and gas are responsible for just under 15% of total energy-related GHG emissions. Furthermore, natural gas operation is responsible for 6% of methane emissions in the EU, among which 23% of the emissions comes from transmission and storage of natural gas and 59% comes from distribution of natural gas. This underlines the relevance of addressing emissions across REN's operational activities to mitigate climate risks and align with sustainability goals.

Core to the Issuer's business as the Scope 3 GHG emissions reduction measures affect key processes and operations that are core to the Issuer's business model. In its goal of minimizing the Scope 3 GHG emissions arising from purchased goods and services, capital goods and fuel- and energy-related activities, REN places emphasis on engaging suppliers by conducting awareness meetings, enhancing the integration of ESG considerations within the Supplier Code of Conduct and collaborating with suppliers to gather primary data for emissions calculations, progressively reducing reliance on secondary sources. REN has implemented a Scope 3 GHG emissions roadmap, embedding carbon footprint considerations into procurement processes. REN has also initiated a targeted supplier training program focused on science-based targets and the SBTi validation process. Notably, procurement criteria requires the disclosure of supplier carbon footprint data, emission limits for vehicle fleets and adherence to Environmental Product Declarations. Additionally, REN has established a percentage target for suppliers to attain SBTi-validated targets or equivalent by 2025 and/or 2030. To achieve this target, REN is developing a set of initiatives such as a sustainability academy targeting its suppliers and stricter ESG standards in tenders. No offset mechanisms will be used to achieve the Issuer's targets.

Partially Material[16] to REN's business model and sustainability profile if issued alone, but **Material** if integrated with KPIs 1 and 3 as part of the same financial instrument:

[15] Key ESG standards include SASB and TCFD, among others.

[16] ISS-Corporate bases this analysis on the Issuer's own emissions reporting and makes no comment on the quality or consistency of the Issuer's Scope 1, 2 or 3 emissions reporting, either in relation to the GHG Protocol or to established norms for the Issuer's sector. Scope 3 reporting may be different between companies in the same sector and does not undertake any benchmarking of an Issuer's reporting.

- The KPI is partially material to REN's indirect operations because it focuses only on 6.74%[17] of Scope 3 GHG emissionswhich represent of 82% of the Company's total GHG emissions. This limitation arises because KPI 2 covers only a small perimeter of total Scope 3 GHG emissions, excluding Category 11 (use of sold products), which alone constitutes approximately 82% of the total GHG emissions. Also, KPI 2 does not include Scope 1 and 2 GHG emissions. Consequently, issued alone, KPI 2 is partially material to the Issuer's corporate value chain.
- However, KPI 1 addresses Scope 1 and Scope 2 emissions, which cover the Company's direct operations and represent 11.6% of REN's total GHG emissions.
- Also, following the SBTi's updated requirement, the Issuer sets an additional separate target including the emissions arising from the use of sold products (Category 11) and thus emissions linked to the transmitted gas, which represents approximately 82% of the Issuer's total GHG emissions.
- Since the Issuer would cover emissions across the whole corporate value chain in three individual KPIs, KPIs 1, 2 and 3 can be considered fully material if integrated on the same financial instrument and both linked to the instrument's financial characteristics, which REN commits to doing.

Of strategic significance to REN's current and future operations. The KPI is aligned with REN's sustainability strategy, which emphasizes energy transition and climate change as its primary pillar. The Issuer addresses GHG emissions across all scopes, including reducing Scope 3 emissions from purchased goods and services, capital goods, and fuel and energy-related activities. By minimizing emissions in the supply chain, optimizing resource use and enhancing the sustainability of purchased goods and services, REN contributes effectively to its overall decarbonization strategy.

[17] Please note that categories C4, C5, C6, C7 and C15, which constitutes approximately 10% of the Scope 3 emissions encompassed by KPI 2, are excluded from the calculation.

4. Calibration of SPT 2

SPT 2 is defined as "Reduction of absolute Scope 3 (purchased goods and services, capital goods, and fuel- and energy-related activities) GHG emissions by 25% by 2030 from a 2021 base year"

Opinion	*The SPT is (i) qualitatively ambitious against the Company's past performance, (ii) ambitious against industry peers and (iii) in line with the Paris Agreement when used in conjunction with SPTs 1 and 3 on the same financial instrument. The target is set in a clear timeline and is supported by a strategy and action plan disclosed in the Company's Framework.*

Level of ambition[18]	No Evidence	Moderate	Good	**Robust**

SPT 2 **Characteristics and features**	**SPT definition:**	Reduction of absolute Scope 3 GHG emissions by 25% by 2030 from a 2021 base year.
	Baseline performance and year:	91,711 tCO_2e in 2021
	Target performance and observation date:	68,783 tCO_2e in 2030
	Trigger event:	The non-achievement of SPT 2 relating to KPI 2 on the observation date: Dec. 31, 2030.
	Long-term target:	The Company commits to reach carbon neutrality by 2040.
	Strategy and action plan to reach the target:	To reduce its Scope 3 GHG emissions, REN focuses on: ▪ Supplier Code of Conduct ▪ Supplier training programs ▪ Procurement criteria ▪ Target for suppliers achieving SBTi-validated targets
	Key factors/risks beyond the Issuer's direct control that may affect the achievement of the SPTs:	▪ Insufficient capacity of external value chain participants to incorporate the necessary improvements to the carbon performance of equipment, goods or services delivered

[18] The SPT selection assessment is classified on a four-level scale: "No Evidence," "Moderate," "Good" or "Robust." For further information on ISS-Corporate's methodology for assessing SPTs, please refer to Annex 2..

	Historical data verified:	The Issuer confirms that 2021, 2022 and 2023 data have been externally verified by a qualified third party.
	Recalculations or pro-forma adjustments of baselines	The following events may trigger a recalculation: ▪ Changes in calculation methodology or improvements in the accuracy of relevant data that result in a significant impact on the baseline year emissions data ▪ Discovery of significant errors or a number of cumulative errors that are collectively significant ▪ Structural changes in the reporting organization that have a significant impact on the KPIs, SPTs and/or baselines, including (i) mergers, acquisitions and divestments and (ii) outsourcing and insourcing of emitting activities ▪ Changes to targets as a result of changes to the relevant SBTi validation methodology

SPT 2 **Analysis**	The level of ambition of the SPT is assessed as follows:

(i) Against past performance:

The Issuer provided three years of relevant historical data, including for the baseline year of 2021, shown in Table 2. Calculating the CAGR of the past performance shows that the Issuer has achieved an average yearly reduction of 11.23% between 2021 and 2023 for KPI 2.

TABLE 2.	2021–BASELINE	2022	2023	2030–SPT 1
Absolute Scope 3 GHG emissions in tCO_2e	91,711	83,444	72,273	68,783
CAGR 2021-2023			-11.23%	
CAGR 2023-2030				-0.7%
CAGR 2019-2030				-2.58%

Source: REN Integrated Sustainable Financing Framework, 2024

REN sets SPT 2 to achieve a reduction of Scope 3 GHG emissions of 25% in 2030 compared to a 2021 baseline. Calculating the CAGR amounts to an average annual reduction of 0.732% between 2023 and 2030.

The projected average annual reduction to achieve SPT 2 is quantitatively smaller than the historical data.

This is in part due to REN's aggressive initial efforts to reduce Scope 3 GHG emissions, but also because the Issuer anticipates significant efforts in CapEx to deliver electricity system decarbonization. According to REN's 2024-2027 business plan, annual investment will average 70% higher than in the 2021-2023 cycle, primarily directed toward enhancing and expanding the electricity grid and gas infrastructure to support the green hydrogen and biomethane scale-up. Consequently, Scope 3 categories C.1 (purchased goods and services) and C.2 (capital goods) are expected to rise significantly due to increased input from contractors and suppliers, pushing Scope 3 emissions higher. This will necessitate additional efforts from REN to meet the SPT 2 target, as these factors make continued reductions in Scope 3 GHG emissions increasingly challenging.

As a result, we conclude that SPT 2 is qualitatively ambitious against past performance.

(ii) Against peers:

ISS-Corporate conducted a benchmark analysis of REN's SPT against a peer group of 20 European TSOs within the ENTSO-E association, including REN. Because approximately 65% of REN's revenue derives from electrcitiy transmission, European TSOs operating in a mature and integrated market provide the most relevant comparison. Despite this focus, regional differences in renewable generation and load patterns still influence overall emissions and reduction capabilities across the peer group.

Of the 20 peers analyzed, five other TSOs, in addition to REN, have also established Scope 3 targets. Four of these are verified by the SBTi, with three aligned to the 1.5°C scenario and one to the well-below 2°C scenario. The remaining peer has submitted its target for SBTi validation and is awaiting confirmation.To further assess target ambition, ISS-Corporate calculated annual reduction rates across the peer group. REN's target ranks in the top 10%, with only one peer setting a more ambitious reduction goal within the same timeframe.

In conclusion, REN's SPT 2 is considered ambitious compared to industry peers.

(iii) Against international targets:

Paris Agreement

For SPT 2, REN commits to reducing absolute Scope 3 GHG emissions from purchased goods and services, capital goods and fuel- and energy-related activities by 25% by 2030, using 2021 as the base year.

This target has been submitted and verified by the SBTi. However, when assessed in isolation, it cannot be confirmed as fully aligned with the Paris Agreement.

Nonetheless, when combined with the targets addressing Scope 1 and 2 emissions, as well as the remaining Scope 3 emissions (Category 11), it aligns with the reductions required to limit global temperature rise to a maximum of 1.5°C. As such, ISS-Corporate concludes that SPT 2 is calibrated to be in line with Paris Agreement and in line with Paris Agreement when used in conjunction with SPT 1 and SPT 3 within the same financial instrument.

Consistency with the Issuer's sustainability strategy: Striving to reduce Scope 3 GHG emissions by 25% by 2030 is in line with REN's sustainability strategy and the company's commitment to achieving carbon neutrality by 2040.

5. Selection of KPI 3

KPI 3 is defined as "Absolute Scope 3 (Category 11 — use of sold products covering transmitted gas) GHG emissions"

Opinion	*The KPI is relevant, core and moderately material to the Issuer overall business if issued alone, but fully material if issued alongside KPI 1, or KPIs 1 and 2 and of strategic significance to the Issuer current and/or future operations. It is appropriately measurable, quantifiable, externally verifiable and benchmarkable. It covers 93.26% of Scope 3 GHG emissions, which represent approximately 82% of the Company's total GHG emissions.*

Assessment[19]	Not Aligned	Aligned	**Best Practice**

KPI 3 **Characteristics and features**	**KPI definition:**	Absolute Scope 3, Category 11 (use of sold products) GHG emissions (in tCO_2e).
	Scope and perimeter:	The KPI scope and perimeter are transparently defined as it covers 93.26% of Scope 3 GHG emissions of all REN operations. Scope 3 GHG emissions represent 82% of REN's total GHG emissions.
	Quantifiable/Externally verifiable:	The KPI is quantifiable because it is calculated as tCO_2e. It is externally verifiable because absolute GHG emission KPIs are widely disclosed and standardized in the market. The Issuer refers to key reporting and accounting protocols for GHG emissions such as the GHG Protocol.
	Externally verified:	The baseline data for the KPI selected has been verified by a qualified third party. The Issuer commits to having the future data verified by an external reviewer, as well.
	Benchmarkable:	By referring to commonly acknowledged GHG accounting standards and protocols, the KPI is easily comparable with the data reported by other companies and with international targets such as the Paris Agreement. Benchmarking of the SPT in relation to this KPI has been analyzed below. However, not all companies currently report using the same methodology for Scope 3 GHG emissions, and disclosing and reporting on Category 11 is considered aligned with best market practices.

[19] The KPI selection assessment is classified on a three-level scale: "Not Aligned," "Aligned" or "Best Practice." For further information on ISS-Corporate's methodology related to the KPI assessment, please refer to Annex 2.

KPI 3 Analysis	The KPI considered is:

Relevant to REN's business as its industry is highly GHG-emitting and exposed to climate change risks. The promotion of a sustainable energy system and environmentally safe operation of plants and infrastructure impacts of raw material extraction are considered key ESG issues faced by gas and electricity network operators, according to key ESG standards[20] for reporting and ISS ESG's assessment. According to the IEA, the production, transport and processing of oil and gas are responsible for just under 15% of total energy-related GHG emissions. Furthermore, natural gas operation is responsible for 6% of methane emissions in the EU, among which 23% of the emissions comes from transmission and storage of natural gas and 59% comes from distribution of natural gas. This underlines the relevance of addressing emissions across REN's operational activities to mitigate climate risks and align with sustainability goals.

Core to the Issuer's business as the Scope 3, Category 11 CO2e emission reduction measures are integral to the Issuer's business as they directly impact key processes and operations central to REN's business model. By targeting emissions from transmitted gas, REN addresses its core activities in gas transmission and distribution. To reduce gas consumption, REN aligns with Portugal's National Energy and Climate Plan, which aims to achieve up to 90% renewable energy in electricity consumption. In support of this, REN is investing in additional electricity transmission grid capacity to facilitate the integration of renewable energy sources and reduce reliance on combined cycle gas turbines. Additionally, REN is adapting its infrastructure to accommodate renewable gases and is actively involved in the H2 Valley network to advance hydrogen integration. No offset mechanisms will be used to achieve the Issuer's targets.

Moderately Material[21] to REN's business model and sustainability profile if issued alone, but **Material** if integrated with KPI 1 or with KPIs 1 and 2 as part of the same financial instrument:

- The KPI is material to the Company's indirect operations because it addresses 93.26% of Scope 3 GHG emissions, which represent of 82% of REN's total GHG emissions. However, the KPI is moderately material to the direct operations, as it does not include the GHG emissions arising from Scope 1 and 2. Consequently, issued alone, KPI 3 is moderately material to the Issuer's corporate value chain.
- However, KPI 1 addresses Scope 1 and Scope 2 GHG emissions, which cover REN's direct operations and represent 11.6% of its total GHG emissions.
- When issued together with KPI 1 or KPI 1 and KPI 2, the Issuer ensures full coverage of its direct emissions and addresses over two-thirds of its indirect emissions. Thus, KPI 3

[20] Key ESG standards include SASB and TCFD, among others.

[21] ISS-Corporate bases this analysis on the Issuer's own emissions reporting and makes no comment on the quality or consistency of the Issuer's Scope 1, 2 or 3 emissions reporting, either in relation to the GHG Protocol or to established norms for the Issuer's sector. Scope 3 reporting may be different between companies in the same sector and does not undertake any benchmarking of an Issuer's reporting.

can be considered fully material if integrated on the same financial instrument as KPI 1 or KPIs 1 and 2 and linked to the instrument's financial characteristics, which REN commits to doing.

Of strategic significance to REN's current and future operations. This KPI aligns with the company's sustainability strategy, which prioritizes energy transition and climate change mitigation. By addressing Scope 3, Category 11 emissions — specifically, those associated with the use of sold products — REN targets emissions related to the gas it transmits. Methane is a potent greenhouse gas with a Global Warming Potential more than 25 times greater than that of carbon dioxide over a 100-year period, as noted by the Intergovernmental Panel on Climate Change. Through strategies aimed at minimizing methane emissions during both transmission and usage phases, REN effectively reduces its environmental impact and advances its decarbonization goals, reinforcing its commitment to a sustainable energy future.

6. Calibration of SPT 3

SPT 3 is defined as "Reduction of absolute Scope 3 (Category 11 — use of sold products covering transmitted gas) GHG emissions by 42% by 2030 from a 2021 base year"

Opinion	*The SPT is (i) qualitatively ambitious against the company's past performance (ii) ambitious on the basis of setting a target against industry peers and (iii) in line with the Paris Agreement when used in conjunction with SPTs 1 and 2 on the same financial instrument. The target is set in a clear timeline and is supported by a strategy and action plan disclosed in the Company's Framework*

Level of ambition[22]	No Evidence	Moderate	Good	**Robust**

SPT 2 **Characteristics and features**	**SPT definition:**	Reduction of absolute Scope 3 GHG emissions by 42% by 2030 from a 2021 base year.
	Baseline performance and year:	13,026,147 tCO_2e in 2021
	Target performance and observation date:	7,555,165 tCO_2e in 2030
	Trigger event:	The non-achievement of SPT 2 relating to the KPI 3 on the observation date: Dec. 31, 2030.
	Long-term target:	The Company commits to reach carbon neutrality by 2040.
	Strategy and action plan to reach the target:	To reduce its Scope 3 (Category 11 — use of sold products covering transmitted gas) GHG emissions, REN focuses on: ▪ Investment in additional electricity transmission grid capacity to connect new renewable energy ▪ Gas network adaptation to facilitate injection of renewable gases (green H2 and biomethane) ▪ Finalization of feed-in tariff agreements ▪ Fuel switching to electricity
	Key factors/risks beyond the Issuer's direct control that	▪ Complex processes to secure required licenses and permits

[22] The SPT selection assessment is classified on a four-level scale: "No Evidence," "Moderate," "Good" or "Robust." For further information on ISS-Corporate's methodology for assessing SPTs, please refer to Annex 2.

	may affect the achievement of the SPTs:	▪ Limited supply chain capacity to implement projects in a short timeframe ▪ Insufficient availability of certified low-carbon gases in the market ▪ Insufficient policy and market incentives to increase the volume of low-carbon gas ▪ Logistical challenges to substitute the fossil fuel infrastructure for other gases
	Historical data verified:	The Issuer confirms that 2021, 2022 and 2023 data have been externally verified by a qualified third party.
	Recalculations or pro-forma adjustments of baselines	The following events may trigger a recalculation: ▪ Changes in calculation methodology or improvements in the accuracy of relevant data that result in a significant impact on the baseline year emissions data ▪ Discovery of significant errors or a number of cumulative errors that are collectively significant ▪ Structural changes in the reporting organization that have a significant impact on the KPIs, SPTs and/or baselines, including (i) mergers, acquisitions and divestments and (ii) outsourcing and insourcing of emitting activities ▪ Changes to targets as a result of changes to the relevant SBTi validation methodology

SPT 3 **Analysis**	The level of ambition of the SPT is assessed as follows:

(i) Against past performance:

The Issuer provided three years of relevant historical data, including for the baseline year of 2021, shown in Table 3. Calculating the CAGR of the past performance shows that the Issuer has achieved an average yearly reduction of 12.39% between 2021 and 2023 for KPI 3.

TABLE 3.	2021–BASELINE	2022	2023	2030–SPT 1
Absolute Scope 3 GHG emissions in tCO_2e	13,026,147	12,614,283	9,998,808	7,555,165
CAGR 2021-2023			-12.3%	
CAGR 2023-2030				-3.92%
CAGR 2021-2030				-5.87%

Source: REN Integrated Sustainable Financing Framework, 2024

REN sets SPT 3 to achieve a reduction of Scope 3 GHG emissions by 42% in 2030 compared to a 2021 baseline. Calculating the CAGR amounts to an average annual reduction of 3.92% between 2023 and 2030.

Because the projected average annual reduction to achieve SPT 3 is quantitatively smaller than the improvements already achieved based on the recent historical data, we conclude that the SPT is quantitatively not ambitious against past performance.

However, REN explained that the recent trajectory (2021-2023) benefited from gains not solely tied to REN's decarbonization strategy but also to external factors, including shifts in electricity demand and hydroelectric variability. Indeed, the 12.3% annual decrease between 2021 and 2023, in particular, is largely attributed to a 21% reduction in 2023 of the gas consumption driven by a significant 42% drop of the electricity market in Portugal.

Consequently, it will be increasingly challenging for REN to sustain this trend, given limited visibility into future electricity consumption patterns and the variability in the hydro index. Therefore, the marginal reductions in the coming years are expected to be lower despite the continuous effort to support Portugal's National Energy and Climate Plan targets.

Therefore, from a qualitative perspective this SPT can be seen as ambitious against past performance.

(ii) Against peers:

ISS-Corporate conducted a benchmark analysis of REN's SPT 3 against a peer group of 20 European TSOs within the ENTSO-E association, including REN itself.

This peer selection is based on REN's significant role in electricity transmission. However, comparability of Scope 3, Category 11 targets across this peer group is limited due to structural differences; specifically, REN engages in gas transmission, whereas the majority of its peers do not. Consequently, most peers lack dedicated Scope 3, Category 11 targets, reflecting the operational diversity among TSOs and the variations in European regulatory requirements for entities involved in both electricity and gas transmission. Among the selected TSOs, REN is the only one with a dedicated target for this category. This outcome is in line with the business model of the selected sample. REN's target for Scope 3, Category 11 reflects compliance with recommendations from the SBTi, specifically for TSOs/DSOs involved in oil and gas transmission.

Hence, we conclude that SPT 3 is considered ambitious within the peer group on the basis of setting a target.

(iii) Against international targets:

Paris Agreement

For SPT 3, REN commits to reduce absolute scope 3 GHG emissions from use of sold products covering transmitted gas by 42% by 2030 from a 2021 base year.

This target has been submitted and verified by the SBTi. However, when assessed in isolation, it cannot be confirmed as fully aligned with the Paris Agreement.

Nonetheless, when combined with the targets addressing Scope 1 and 2 emissions, as well as the remaining Scope 3 emissions (purchased goods and services, capital goods, and fuel- and energy-related activities), it aligns with the reductions required to limit global temperature rise to a maximum of 1.5°C.

As such, ISS-Corporate concludes that SPT 3 is calibrated to be in line with Paris Agreement and in line with Paris Agreement when used in conjunction with SPT 1 and SPT 2 within the same financial instrument.

Consistency with the Issuer's sustainability strategy: Striving to reduce Scope 3, Category 11 GHG emissions by 42% by 2030 is in line with REN's sustainability strategy and the company's commitment to achieving carbon neutrality by 2040.

PART III: CONSISTENCY OF SUSTAINABILITY-LINKED BOND WITH REN'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

TOPIC	ISSUERAPPROACH
Strategic ESG topics	The Issuer focuses on the following strategic priorities: energy transition and climate change, natural capital management, valuing people, stakeholders value and responsible governance. The priority areas and relevant topics were identified from the combination of the double materiality perspectives (impact and financial materiality) in establishing a matrix of sustainability topics.

ESG goals/targets	To achieve its strategic ESG topics, the Issuer has set the following ESG goals:
	
	▪ Environmental:
	  ▪ Reduce Scope 1 and 2 absolute GHG emissions by 50% by 2030 (vs. 2019), verified by the SBTi
	  ▪ Reduce Scope 3 (purchased goods and services, capital goods, and fuel- and energy-related activities) absolute emissions by 25% by 2030 (vs. 2021), verified by the SBTi
	  ▪ Reduce Scope 3, Category 11 absolute emissions by 42% by 2030 (vs. 2021), verified by the SBTi
	  ▪ Carbon neutrality by 2040
	
	▪ Social:
	  ▪ By 2030, women will account for more than one-third of first-line management positions
	  ▪ 100% of employees trained in ESG by 2030
	  ▪ EUR 3 million investment in communities by 2027
	
	▪ Governance:
	  ▪ ESG as a key performance metrics across the company (vs. for managers only)

	▪ Ensure that 100% of the new bonds issued will be green bonds REN tracks its ESG targets annually on its website and in its Annual Report.
Consistency with the KPIs	**KPI 1:** REN has set decarbonization and carbon neutrality as one of its priority long-term goals. KPI 1 focuses on reducing its Scope 1 and 2 GHG emissions and is therefore consistent with its decarbonization objective. **KPI 2:** REN has set decarbonization and carbon neutrality as one of its priority long-term goals. To achieve this goal, the company has outlined strategies including engaging suppliers by conducting awareness meetings, enhancing the integration of ESG considerations within the Supplier Code of Conduct, and collaborating with suppliers to gather primary data for emissions calculations, progressively reducing reliance on secondary sources. KPI 2 focuses on reducing the Company's Scope 3 (purchased goods and services, capital goods, and fuel- and energy-related activities) GHG emissions and is therefore consistent with the company's decarbonization objective. **KPI 3:** REN has set decarbonization and carbon neutrality as one of its priority long-term goals. To achieve this goal, it has outlined strategies including investing in additional electricity transmission grid capacity to connect new renewable energy and adapting the gas network to facilitate the injection of renewable gases (green H2 and biomethane). KPI 3 focuses on reducing the Company's Scope 3, Category 11 GHG emissions and is therefore consistent with its decarbonization objective.
Action plan	REN plans to achieve its direct absolute emissions reduction targets primarily through the integration of new renewable energy power plants (solar and wind) into the national grid. The development and investment plans for both the National Electricity Transmission Network and the Gas Transmission

	Network align with Portugal's National Energy and Climate Plan 2030, which targets 85% renewable energy in the electricity system and the gradual introduction of renewable gases, alongside reduced gas consumption. Key projects include: ▪ Very high voltage infrastructure (under construction) ▪ Methane and SF6 emissions reduction programs ▪ Hydrogen integration into the National Gas Transmission Network By June 2024, 59% of REN's vehicle fleet was electrified, with a target of 80% by 2030. REN also aims for up to 15 MW of solar PV installations by 2030 and a 50% reduction in SF6 emissions and 30% in methane emissions by 2030 (vs. 2023 levels). To support these targets, REN has developed a scenario analysis model and established organizational incentives, with ESG KPIs tracked across various management levels. The Operational Sustainability Direction is responsible for monitoring progress and meets monthly with REN's operational areas to oversee target achievement. To tackle its indirect emissions, REN plans to further engage with its suppliers and has developed a Scope 3 emissions roadmap to support target-setting and has integrated carbon footprint considerations into procurement processes, including mandatory emissions disclosures and Environmental Product Declarations for suppliers. A supplier training program on science-based targets and the SBTi validation process has also been introduced, with targets set for supplier compliance by 2025 and 2030. To address the indirect emissions arising from the use of sold products (the gas being transmitted through REN's network), REN is investing in expanding its electricity transmission grid to connect new renewable

	energy sources, aiming to reduce gas consumption by decreasing the need for combined cycle gas turbines. Additionally, REN is adapting its gas network to accommodate renewable gases like green hydrogen and biomethane, contributing to the decarbonization of the gas network. REN is also involved in the development of the H2 Valley network, which will connect hydrogen producers with major off-takers, with excess hydrogen injected into REN's gas transmission network.
Climate transition strategy	REN has established science-based targets for both its direct and indirect emissions that are verified by the SBTi and aligned with the Paris Climate Agreement 1.5-degree pathway.
ESG risk and sustainability strategy management	REN has adopted the NP EN ISO 31000 standard for the implementation of the risk management system as a support process for the integrated management system, a system that applies to all Group companies. The risks are first characterized by the heads of the different areas of business and are communicated to REN's Corporate Risk Management Committee. The committee assesses the risks and classifies them by importance, category and subcategory. This process determines REN's risk profile and the risks that will be monitored and followed up on, especially those associated with ESG. Additionally, the committee seeks to apply preventive control and mitigation measures by drawing up an action plan with priorities established in accordance with the degree of risk. In 2021, the board of directors created the Sustainability Committee, which oversees the integration of sustainability principles into REN's decision-making and management processes.
Sustainability reporting	REN follows the Global Reporting Initiative reporting standard, the Sustainability Accounting Standards Board, the Task Force on Climate-Related Disclosures recommendations and the EU Taxonomy for its Sustainability Report.[23]
Industry associations, collective commitments	REN is a signatory to the Business Ambition for 1.5°C campaign and joined the "Take advantage of the crisis

[23] As outlined in REN's 2022 Sustainability Report.

	to launch a new sustainable development paradigm" mainfesto promoted by BCSD Portugal in 2020.
Previous sustainable/sustainability-linked issuances or transactions and publication of sustainable financing framework	In April 2021, REN issued its first green bond for an amount of EUR 300 million, with a coupon of 0.50% per annum and a maturity of eight years.[24] In January 2024, REN published its Green Financing Framework, which was assessed by ISS-Corporate. REN issued a second EUR 300 million green bond in 2024 with a coupon of 3.6% and a maturity of eight years.

Rationale for issuance

The Integrated Sustainable Financing Framework will complement REN's Green Bond Framework, published in January 2024, by enabling the issuance of sustainability-linked bonds in addition to green financing instruments. This Framework allows REN to link its financial instruments to specific decarbonization targets such as reducing Scope 1, 2 and 3 GHG emissions, supporting the integration of renewable energy sources and adapting its gas network to incorporate green hydrogen and biomethane. By issuing sustainability-linked bonds, REN can finance projects that align with its overall decarbonization strategy and carbon neutrality goals, in line with the objectives of Portugal's National Energy and Climate Plan 2030. In addition, sustainability-linked financing instruments issued under the Framework will be aligned with ICMA's Sustainability-Linked Bond Principles (as of June 2024).

Opinion: *The key sustainability objectives and the rationale for issuing sustainability-linked bonds are clearly described by the Issuer. The majority of the KPIs/SPTs financed are in line with the Issuer's sustainability objectives.*

[24] As outlined on Page 3 of REN's 2022 Green Bond Report.

DISCLAIMER

1. Validity of the Second Party Opinion ("SPO"): Valid as long as the cited Framework and benchmarks to the sustainability performance targets remain unchanged.
2. ISS-Corporate, a wholly owned subsidiary of Institutional Shareholder Services Inc. ("ISS"), sells, prepares, and issues Second Party Opinion, on the basis of ISS-Corporate's proprietary methodology. In doing so, ISS-Corporate adheres to standardized procedures designed to ensure consistent quality.
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ANNEX 1: ISS-CORPORATE SUSTAINABILITY-LINKED BONDS AND SUSTAINABILITY-LINKED LOANS METHODOLOGY

The ISS-Corporate SPO provides an assessment of labeled transactions against international standards using ISS-Corporate's proprietary methodology

Analysis of the KPI selection and associated SPTs

In line with the voluntary guidance provided by the Sustainability-Linked Bond Principles, an in-depth analysis of the sustainability credibility of the KPIs selected and associated SPTs has been conducted.

The analysis has determined whether the KPI selected is core, relevant and material to the Issuer's business model and consistent with its sustainability strategy thanks to long-standing expertise in evaluating corporate sustainability performance and strategy. The analysis also reviewed whether the KPI is appropriately measurable by referring to key reporting standards and against acknowledged benchmarks. Based on the factors derived from the SLBP and using proprietary methodology, the KPI selection assessment is classified on a three-level scale:

Not Aligned	Aligned	Best Practice
The KPI is not aligned if one of the core requirements from the SLBP selection of KPIs section is not satisfied.	The KPI is aligned if all core requirements from the SLBP selection of KPIs section are satisfied.	The KPI follows best practice if all core requirements from the SLBP selection of KPIs section are satisfied and if the KPI is fully material and follows best market practices in terms of benchmarkability.

The ambition of the SPT has been analyzed against the Issuer's own past performance (according to the Issuer's reported data), against the Issuer's industry peers (e.g., per ISS ESG Peer Universe data) and against international benchmarks such as the Paris Agreement (based on data from the Transition Pathway Initiative or Science-Based Targets initiative). Finally, the measurability and comparability of the SPT and the supporting strategy and action plan of the Issuer have been evaluated.

Based on the factors derived from the SLBP and using proprietary methodology, the SPT selection assessment is classified on a four-level scale:

No Evidence	Moderate	Good	Robust
If none of the three dimensions (past performance, industry peers and international benchmarks) are positively assessed.	One of the three SPTs' benchmarking approaches have been assessed positively.	Two of the three SPTs' benchmarking approaches have been assessed positively.	All the SPTs' benchmarking approaches have been assessed positively.

ANNEX 2: QUALITY MANAGEMENT PROCESSES

SCOPE

REN commissioned ISS-Corporate to compile a sustainability-linked bonds SPO. The second-party opinion process includes verifying whether REN's Integrated Sustainable Financing Framework aligns with the SLBP and assessing the sustainability credentials of its sustainability-linked bonds, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant standards for this second-party opinion:

- Sustainability-Linked Bond Principles, ICMA, June 2024

ISSUER'S RESPONSIBILITY

REN's responsibility was to provide information and documentation on:

- Framework

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, which ISS-Corporate is part of, has built up a reputation as a highly reputed thought leader in the green and social bond market and has become one of the first CBI-approved verifiers.

This independent second-party opinion of the sustainability-linked bonds to be issued by REN has been conducted based on proprietary methodology and in line with the SLBP.

The engagement with REN took place between October and November 2024.

ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this SPO

Companies turn to ISS-Corporatefor expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk and manage the needs of a diverse shareholder base by delivering best-in-class data, tools and advisory services.

ISS-Corporate assesses alignment with external principles (e.g., the Sustainability-Linked Bond/Loan Principles), analyzes the sustainability quality of the assets and reviews the sustainability performance of the Issuer itself. Following these three steps, we draw up an independent SPO so that investors are as well-informed as possible about the quality of the bond from a sustainability perspective.

Learn more: https://www.iss-corporate.com/solutions/sustainable-finance/bond-issuers/.

For information about SPO services, please contact: SPOsales@iss-corporate.com.

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