

REN 

ANNUAL REPORT **2011**



CHAIRMAN'S MESSAGE



Dear shareholders,

In a very challenging year REN's net income reached 121 million Euros, representing a 10% increase versus 2010. In spite of the slowdown of CAPEX entries in operation recorded an all time high: 390 million Euros. The resulting increased income together with a reduction in core OPEX costs resulted in a solid EBITDA growth of 9.5%.

In terms of quality of service, REN achieved its best performance ever in 2011: just 16 seconds of interruption in electricity supply and zero seconds in natural gas supply.

Sustainable development is one of REN's main values. In 2011 we improved our initiatives in this area, including a formal consultation to our most relevant stakeholders. The result of this process allows us to better align our decisions and actions with the expectations and concerns of those involved.

The work being developed by REN in the area of corporate social responsibility, as well as our contribution towards sustainable development was internationally recognised by two renowned independent agencies, which rated REN among the leading utilities in the world. This recognition, which is a cause of pride to all of us, is also an

encouragement for keeping the principles of sustainable development as well as those of the UN Global Compact initiative, which we endorse and support unconditionally, as references for our activities.

In 2011 the financial rating assigned to REN was strongly penalised by the successive downgrades of Portugal's sovereign rating. As a result REN lost its investment grade credit rating with those two agencies. With the market for public issues closed, REN was still able to get new medium-term funding in 2011 through three international banks, in the form of private placements. Regarding bank credit, it was possible to extend the maturity of several existing lines by renegotiating with our banks. The share of external financing as a percentage of REN's total financing rose to close to 90%.

In order to cope with the increasingly difficult access to funding, the pace of new investments was slowed down towards the middle of the year.

In the context of domestic recession, REN's priority is to find alternative paths of growth and value creation. We are launching projects and partnerships to operate in markets with a higher growth potential, while maintaining high levels of excellence in our core activities in

Portugal. The technological expertise we have accumulated over the years makes the company especially suited to help others to plan, build and operate power grids as well as to integrate new centres of power generation in the networks. It will also help the host countries to speed up their electrification efforts thus contributing to development and welfare.

The second stage of REN's privatisation will reinforce our internationalisation effort. With the entry into REN's share capital of two new strategic partners – State Grid Corporation of China, and Oman Oil Company – our company gains an international dimension which is not yet common in European TSOs. This represents a great opportunity for REN's employees, shareholders, and also for the hundreds of Portuguese companies that supply REN.

I would like to thank all of REN's employees for their professionalism in a year of great difficulties, as well as our shareholders, whose continued support has been decisive for the transformation of REN into a modern international company.

A final word of appreciation is also due to the Audit Committee which has contributed to the adoption of best practises in the company.

Rui Cartaxo

Chairman of the boards of Directos

REN AT A GLANCE



PROFILE

BRIEF DESCRIPTION OF THE COMPANY'S ACTIVITY

REN's primary activity is managing energy transmission systems, with a strong presence in the fields of electricity and natural gas. In Europe it is one of the few operators with this feature:

- in electrical power, through the very high voltage transmission grid and the overall technical management of the national electrical system, insofar REN – Rede Eléctrica S.A. is the holder of the public service concession for 50 years, a situation implemented since 2007; and
- in natural gas, through its high-pressure transmission grid, the overall technical management of the national natural gas system, the reception, storage and regasification of liquefied natural gas and the underground storage of natural gas, under three 40-year public-service concessions in force since 2006, appertaining to REN Gasodutos, REN Atlântico, and REN Armazenagem.

Through REN Trading, REN promotes the management of the energy to purchase from two power plants, under power purchase contracts that were not subject to early termination.

In addition, REN has, since 2002, operated in the telecommunications sector through RENTELECOM, which was created to explore the surplus capacity of the security telecommunications networks which are essential to support the transmission of electricity and natural gas.



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In October 2010, the Portuguese State awarded ENONDAS, a company fully controlled by REN, a concession for the generation of electrical power from wave energy in a pilot area in the north of S. Pedro de Moel. This concession is valid for 45 years and includes the licence to build the connection infrastructures to the public electrical grid.

A set of the Group's business functions is run by REN Serviços, including support functions to concessions and back-office. In addition to these support functions, REN Serviços acts as a commercial extension for REN, namely by providing consulting and / or engineering services, within the energy sector, to third parties.

In order to enhance the extension of REN Serviços, as well as the important part that this company now plays within the REN Group, a corporate and functional restructuring was prepared in two stages, which aims at enhancing

the efficiency of the group's operational activities.

The first stage of this restructuring was completed in 2011, with the incorporation of REN Gás, S.A., responsible for managing and coordinating the activities of the Natural Gas sector, which is now directly held by REN Serviços.

During the second stage of this reorganization, a company with similar functions for the concessions in the electricity sector shall be incorporated.

SHARE PARTICIPATIONS

Following the agreement between Portugal and Spain on the establishment of an Iberian electrical power, REN is no longer the majority shareholder of OMIP, SGPS, SA, with a 35% share in the capital of that company by the end of 2011. This participation shall be gradually reduced until it reaches 10%. In October of

2011, following the sale of most of the share capital of OMIP, SGPS, S.A. the accounts of this Company were no longer consolidated within REN SGPS.

Under the mentioned agreement between the Iberian states, in October of 2011, REN acquired 10% of the share capital of OMEL, the Spanish company counterpart of OMIP SGPS, S.A.

With these participations in the share capital of OMIP SGPS, S.A. and OMEL – whose subsidiaries OMIP, SGMR, S.A. and OMIE manage the Iberian electricity market – REN promotes the development of the energy market in the Iberian Peninsula.

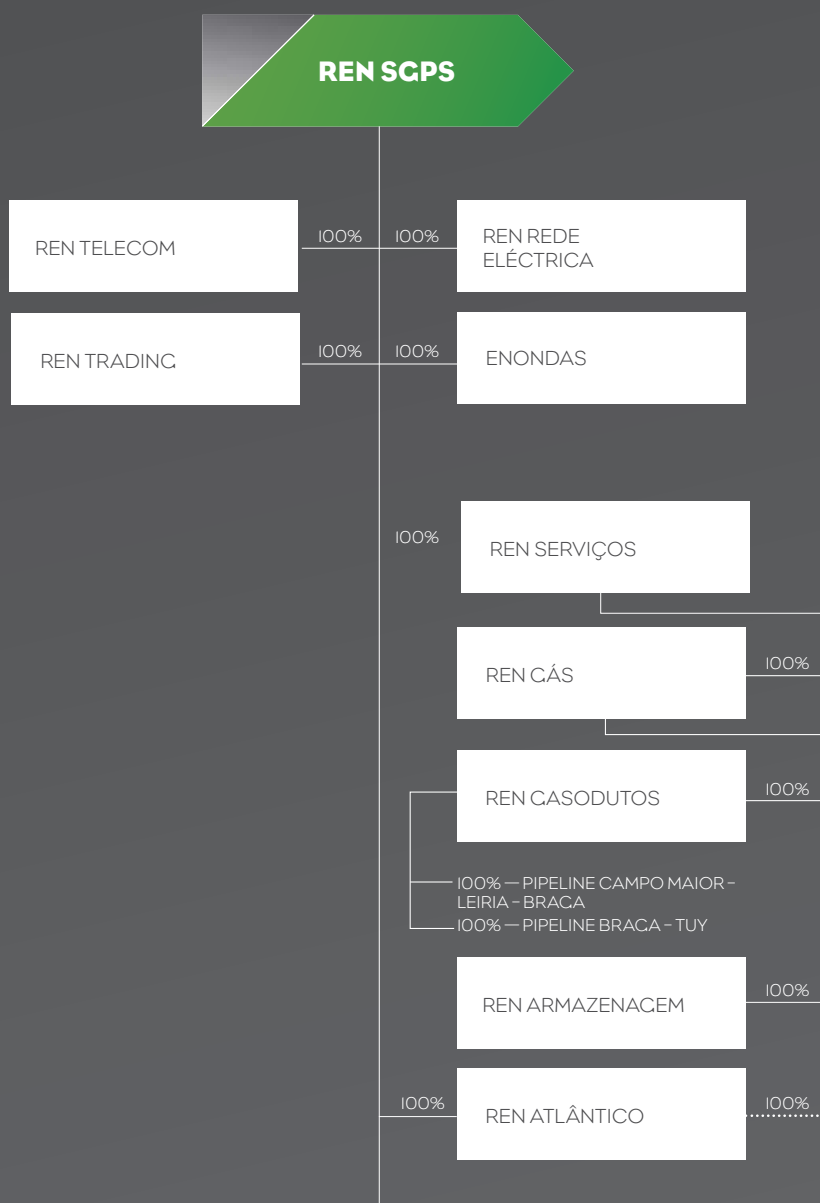
The importance of strategic partnerships for REN should also be highlighted, such as those that have been developed with the Red Eléctrica Corporación and Enagás, companies in which REN holds 1% of the share capital.



0.2 CORPORATE STRUCTURE

(ORGANIZATIONAL CHART REPRESENTING THE UNIVERSE OF REN COMPANIE)

REN
GROUP



———— PRESENT
 FUTURE

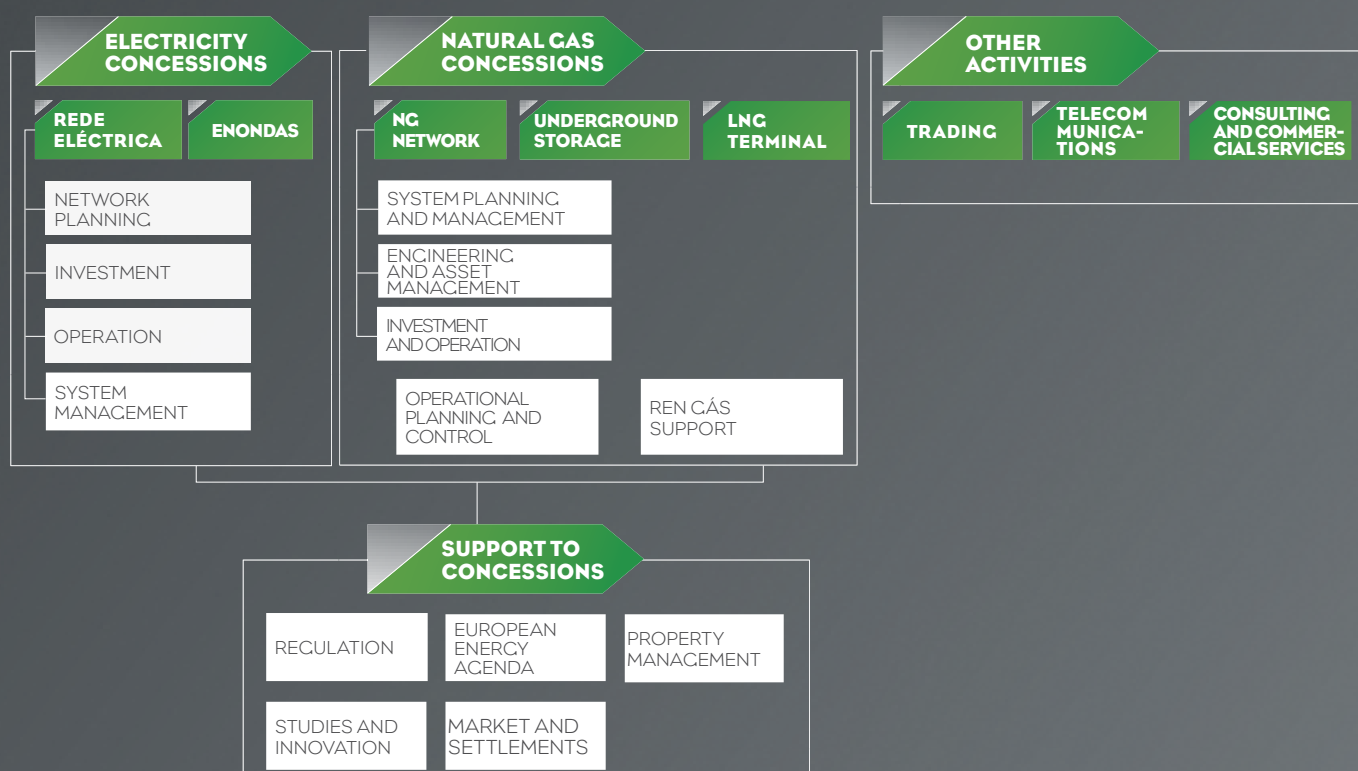
0.3 ORGANIZATIONAL SET-UP

(SUMMARY ORGANIZATIONAL CHART)

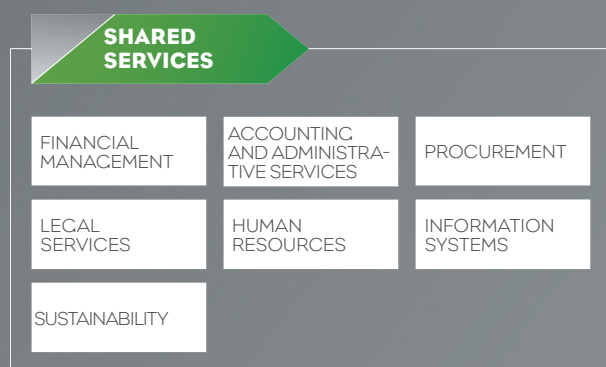
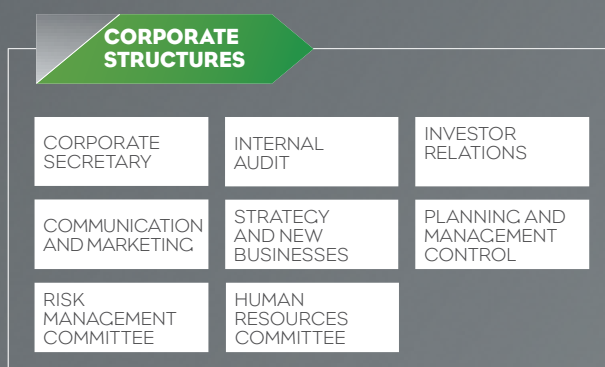
REN
GROUP



BUSINESS
UNITS



CORPORATIVE AND SUPPORT STRUCTURES



06. MAIN EVENTS IN 2011

REN GROUP



JAN

- Construction and start-off of the RNTGN station of Alcochete which underwent operational improvements to enhance security of supply.

FEB

- Construction and start-off of the RNTGN station of Rio Frio which underwent operational improvements to enhance security of supply.
- Functional restructuring of the REN Group.

MAR

- Construction and start-off of the RNTGN station of Maceira which underwent operational improvements to enhance security of supply.
- Resignation of the Members of the Board of Directors of REN-Redes Energéticas Nacionais, SGPS, S.A. ("REN SGPS") Mr. Filipe de Botton, Mr. Luís Maria Atienza Serna, Mr. Manuel Carlos Mello Champalimaud, and Mr. Gonçalo José Zambrano de Oliveira;
- Incorporation of the company REN Gás, S.A., which is the only shareholder of the concession holders of the Portuguese Natural Gas sector (initially REN Gasodutos, S.A. and REN Armazenagem, S.A., while the process is under way regarding REN Atlântico, Terminal de GNL, S.A.) and beginning of the corporate restructuring, according to which REN Serviços has a prominent role in the REN Group.

APR

- A bond issue, by private placement with two first-rate international banks in the amount of € 100 million unsecured, was launched with a maturity period of three years and six months.
- General Shareholder's Meeting of REN SGPS, held on April 15th 2011, where the following new directors of the company were elected for the current term (2010/2012):
 - EGF – Gestão e Consultoria Financeira, S.A. (formerly Logoplaste, Gestão e Consultoria Financeira, S.A.;
 - Gestmin, SGPS, S.A.;
 - Oliren, SGPS, S.A.; and
 - Red Eléctrica Corporación, S.A.

JUL

- A bond issue, by private placement with a first-rate international bank in the amount of € 50 million, unsecured, was launched with a maturity period of three years and six months.
- EGF, Gestão e Consultoria Financeira, S.A. appointed Mr. Luis Guedes da Cruz Almeida for the position of Director of REN SGPS for the current term (2010-2012).

AUG

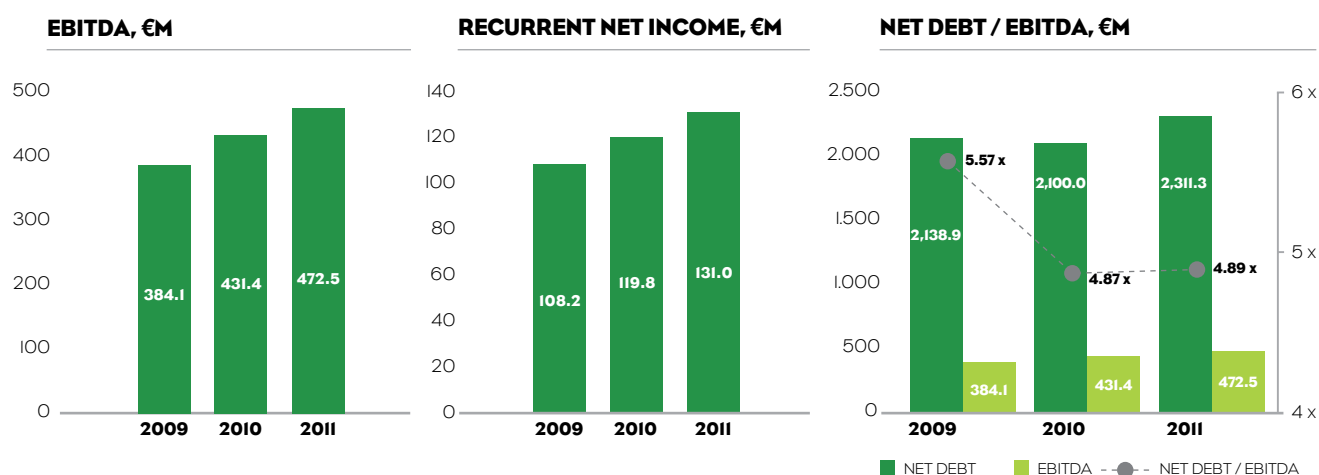
- A Gas-In and Cooldown operation was carried out at the Sines terminal to the methane ship LNG Wilgas;
- Entry into operation of the 400 kV lines between Portimão and the Spanish border and of the new Tavira substation. It is worth noting the massive investment in network expansion in the Algarve region.

07. KEY PERFORMANCE INDICATORS



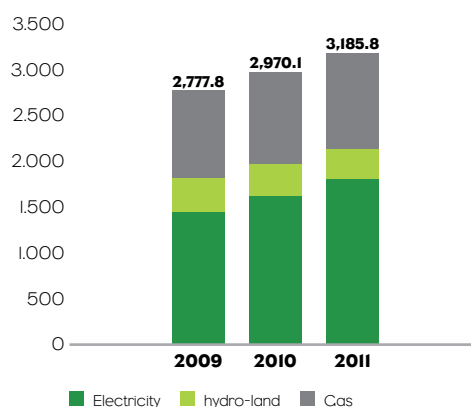
7.1 FINANCIAL INDICATORS

RESULTS [million euros]	09	10	11
EBITDA	384.1	431.4	472.5
EBIT	258.7	250.5	283.2
Net financial income	-73.8	-83.9	-103.4
Income before taxes	184.9	166.6	179.8
Net income	134.0	110.3	120.6
Recurrent net income	108.2	119.8	131.0



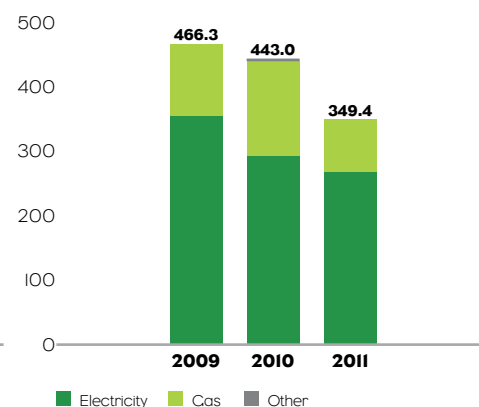
ASSETS, CAPITAL EXPENDITURE AND DEBT [million euros]	09	10	11
Average rate of return on RAB, %	7.12%	6.89%	7.61%
Capital Expenditure (CAPEX), million euros	466.3	443.0	349.4
Net debt, million euros	2,138.9	2,100.0	2,311.3
Net debt/EBITDA, x	5.57x	4.87x	4.89x

AVERAGE RAB, €M



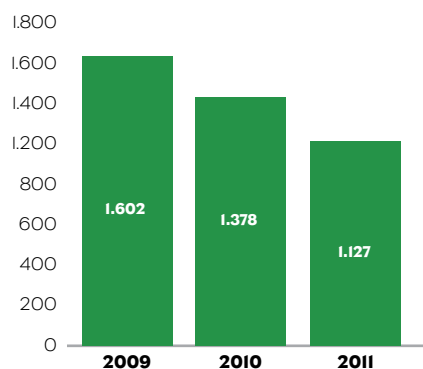
Note:
RAB, at reference costs

CAPITAL EXPENDITURE

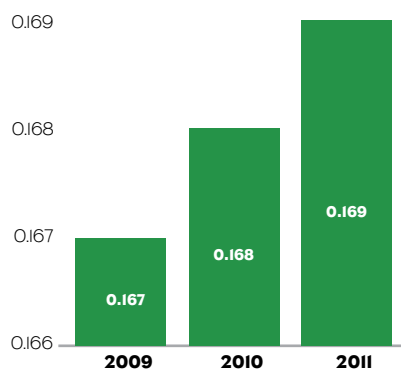


SHARE REN	09	10	11
Year-end price, euros	3.000	2.580	2.110
Total shareholder return, %	18.2%	7.4%	-7.4%
Market capitalisation, million euros	1,602	1,378	1,127
Earnings per share, euros	0,25	0,21	0,23
Dividend per share, euros	0.167	0.168	0.169
Payout ratio, %	66.5%	81.4%	74.8%
Dividend yield, %	5.6%	6.5%	8.0%

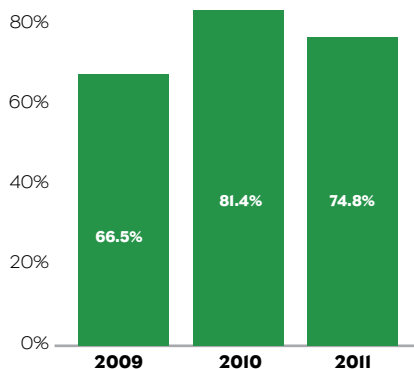
MARKET CAPITALISATION, M€



DIVIDEND PER SHARE, EUROS



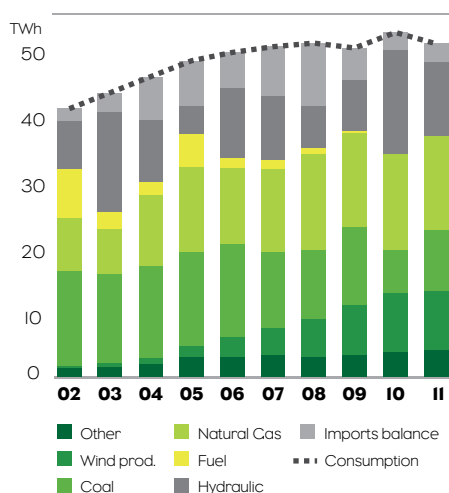
PAYOUT RATIO, %



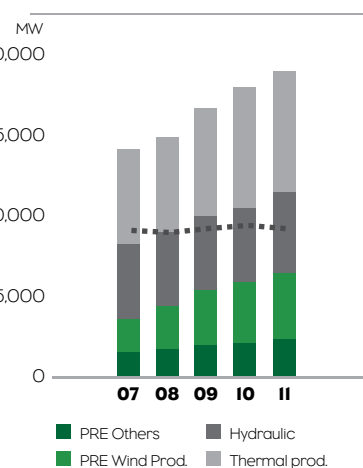
7.2 TECHNICAL ELECTRICITY

	07	08	09	10	11
Annual change in electricity consumption, %	1.8	1.1	-1.4	4.7	3.2
Installed capacity, MW	14,073	14,852	16,643	17,904	18,900
Equivalent interruption time, minutes	0.74	1.29	0.42	1.15	0.27

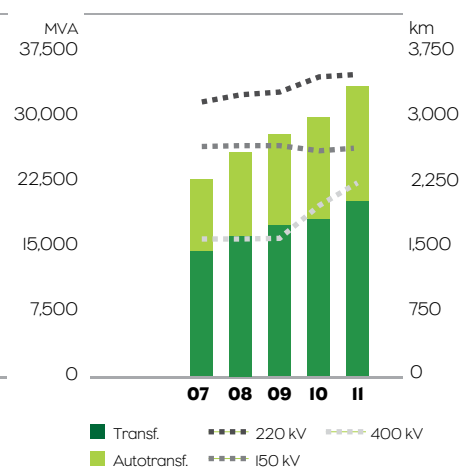
CONSUMPTION SATISFACTION



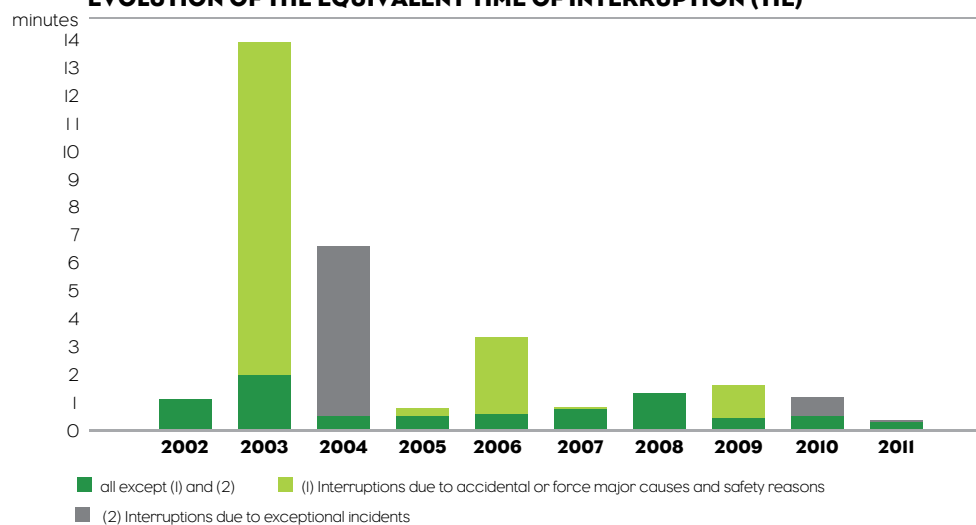
INSTALLED CAPACITY



LINE LENGTH AND TRANSFORMATION POWER



EVOLUTION OF THE EQUIVALENT TIME OF INTERRUPTION (TIE)

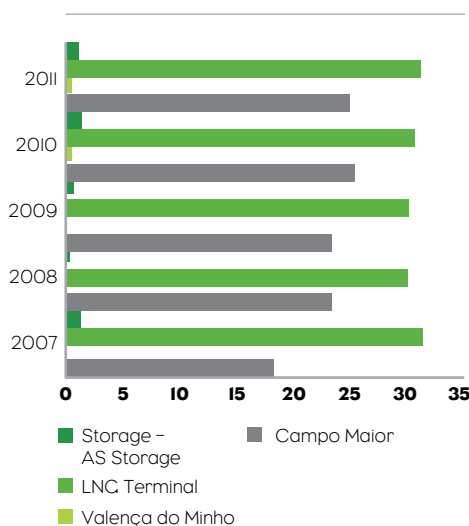


7.3 NATURAL GAS

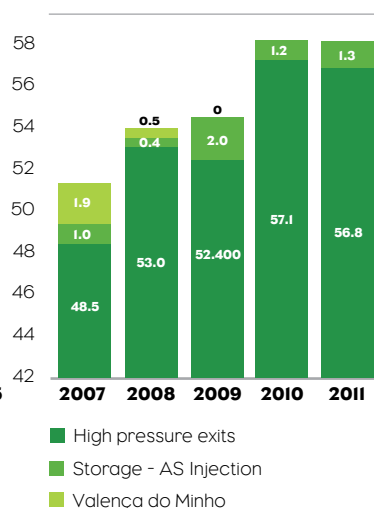
	07	08	09	10	11
Annual growth in consumption of natural gas, %	6.5%	9.4%	-1.0%	9.1%	-0.5%
Entries in RNTGN, TWh	51.1	53.9	54.3	58.3	58.1
Outputs in RNTGN, TWh	51.3	53.9	54.4	58.3	58.2
Expansion of RNTGN, km	1,218	1,248	1,267	1,296	1,298
Underground Storage Capacity Gas (Mm ³) (*)	66.3	66.3	138.2	138.2	132.7

(*) THE ABOVE VOLUME EXPRESSED THE MAXIMUM CAPACITY AVAILABLE FOR COMMERCIAL PURPOSES, WHICH IS CONDITIONED BY SPECIFIC THERMODYNAMIC NATURAL GAS STORAGE IN SALT CAVERNS AT HIGH PRESSURE.

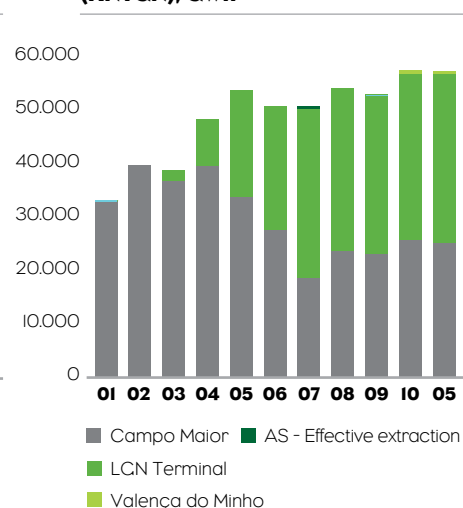
ENTRIES IN RNTGN, TWh



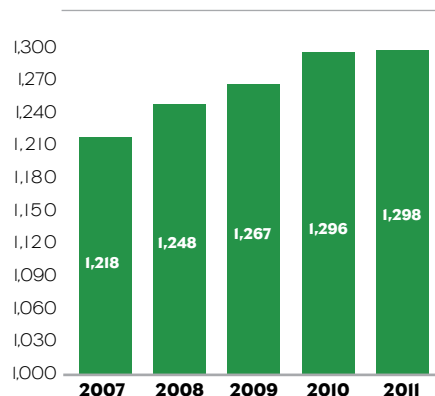
OUTPUTS IN RNTGN, TWh



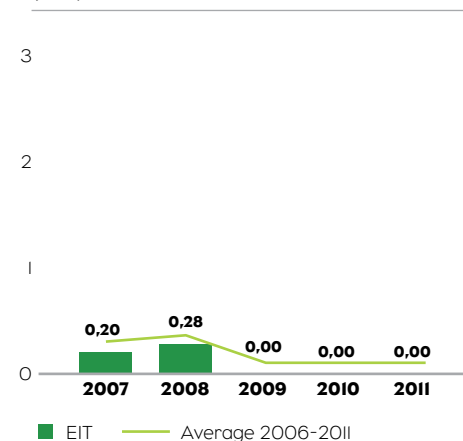
CONSUMER SATISFACTION (RNTGN), CWh



LENGTH OF PIPELINES, Km



DOWNTIME EQUIVALENT (EIT), minutes



08. REGULATED ASSETS



8.1 ELECTRICITY

The REN Group carries out three regulated activities in the electricity sector:

- Global Use of the System;
- Transmission of Electrical Power;
- Purchase and Sale of Electrical Power by the Commercial Agent, which consists of trading in the Iberian Electrical Power Market (MIBEL) the production from two remaining power purchase agreements (CAE in Portuguese) through REN Trading.

The allowed revenue from the first two activities is received by applying two regulated tariffs: the tariff for the Global Use of the System (in Portuguese, UGS) and the tariff for the Use of the Transmission Network (in Portuguese, URT).

The revenues from the third activity is received by applying the UGS tariff, which reflects the cost under CAE, the incentives to optimise the management of these contracts and CO2 emission licences, minus the revenues from the energy sales on the spot market and system services supplied by the power generators.

Both tariffs are annually defined by the Energy Services Regulatory Authority [Entidade Reguladora dos Serviços Energéticos – ERSE] based on energy and economic forecasts for demand, costs, revenues and capital expenditures.

The Global Use of System activity is regulated by a remuneration rate applied to the intangible assets allocated to the activity, net of depreciations and subsidies, and also of accepted costs.

The activities related to the Transmission of Electrical Power are regulated by incentives: (i) incentive to efficient investments in the transmission network; (ii) incentive to efficiency in operating costs by establishing a maximum limit for these costs plus a component based on the level of activity of the company; (iii) incentive to maintain in exploration equipment at the end of its service life; and (iv) incentive to increase the availability of the elements of the National Transmission Network (RNT).

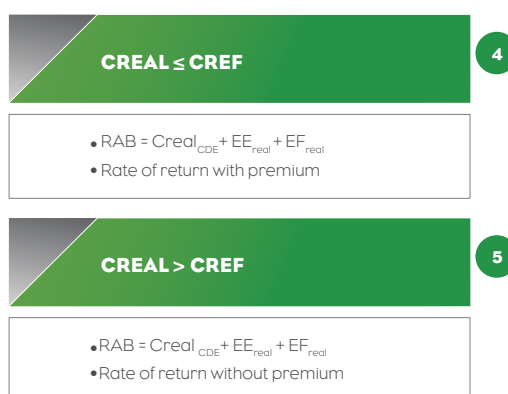
The investment incentive consists in calculating the remunerated assets base (RAB) and its rate of remuneration based on the level of efficiency achieved by the company.

The mechanism introduced by ERSE consists of comparing capital expenditure costs incurred by the company (Creal) and the equivalent cost valued at reference costs (Cref). The following pictures summarise the calculation of the asset base and the rate

of remuneration, for assets which started operating on January 1st 2009. For the remaining assets remains the application upon the net amount of depreciations and subsidies of the rate of remuneration without premium.



In the case of refurbishment works in substations that started operating before 2006, the following mechanism is applied:



In cases 1 and 2, the accepted asset base has an extra accounting treatment and its value differs from the figure entered in the statutory accounts (Article 7, and paragraph 3 of Article 8).

Although the treatment of certain costs continues to be the pass through, such

as costs under the Plan for the Promotion of Environmental Performance, or the costs with compensations between transmission system operators and other costs arising from legislative changes, most of the operation and maintenance costs (OPEX) are subject to regulation by a revenue cap.

The accepted amount of costs defined for the first year of the regulation period evolves in the following years with the change rate of the Price Index implicit in the Gross Domestic Product, deducted from an efficiency target set out by ERSE, which was 0.5% for 2010 and 2011. To this amount is added the change in the OPEX due to the annual growth of the transmission network (in kilometers of lines and in the number of bays), calculated with the corresponding incremental costs, also set out by ERSE.

The incentive to maintain the equipment in end of economic life intends to stimulate the continuity in service of certain assets that still have technical conditions to operate, but that are already at the end of their economic life. In 2011, the amount of this incentive was 7 M€.

The incentive to increase the availability of the National Electricity Transmission

Grid, which was introduced in 2009, aims at promoting a more efficient operation and maintenance of the grid's infrastructure. This incentive is calculated based on values that have already occurred, as a result, it is received with a two-year deferment, meaning the incentive for 2011, in the amount of 0.56 M€, will only be reflected on the tariffs for 2013.

The tariffs set out by ERSE also reflect tariff deviations that, two years later reconcile (to the extent they are justified and accepted by ERSE) predicted and actual values of income and expenses and deviations of demand.

The picture below shows the components of allowed revenues of the Transmission of Electrical Power and Global Use of the System activities.

CAPITAL COSTS		OPERATING AND MAINTENANCE COSTS	INCENTIVES TO MAINTAIN EQUIPMENT AT THE END OF SERVICE LIFE IN OPERATION	INCENTIVES TO INCREASE THE AVAILABILITY OF RNT ELEMENTS	+/- VARIATIONS FROM PREVIOUS YEARS	REVENUE TO BE RECOVERED WITH THE APPLICATION OF TARIFFS FOR YEAR _N
(TB ⁽¹⁾ + 300p.b.) x RAB	[TB ⁽¹⁾ +300p.b.+ 150 p.b. (pre-mium)] x RAB	Transmission Activity OPEX growth limited to (ICDP (2) - 0.5%) Additional OPEX induced by activity growth (network extension and increased no. of panels) on the basis of incremental costs established by ERSE -Costs with Promotion of Environmental Performance Plans (PPDA), clearing of forests and with the inter-TSO (Transmission System Operators) compensation mechanism treated as accepted costs. Global use of system (in Portuguese CGS) Activity Incurred costs	Incentives to maintain equipment fully depreciated, but in technical conditions to continue in operation	Promote availability as a determining factor for quality of service associated to RNT performance	Tariff deviations for year _{n-2} x (I + Euribor IY _{n-2} + spread ⁽³⁾ _{n-2}) x (I + Euribor IY _{n-1} + spread ⁽³⁾ _{n-1})	
(Assets in operation valued at actual costs)	(Assets in operation as of Jan 1st 2009 calculated according to the mechanism for valuing new investments at reference costs)				ALLOWED REVENUES FOR YEAR_N	
+ Depreciation	+ Depreciation					

⁽¹⁾ TB - 10Y PORTUGUESE TREASURY BONDS (CALCULATED BASED ON THE AVERAGE DAILY RETURNS OF 10Y TB BETWEEN SEPTEMBER 1ST OF YEAR_{N-2} AND AUGUST 31ST OF YEAR_{N-1}, 4.56% IN 2011.)

⁽²⁾ IMPLICIT PRICE INDEX IN THE GROSS DOMESTIC PRODUCT.

⁽³⁾ SPREAD: 1.25% IN 2010 AND 2.0% IN 2011.

Thus, in 2011, the average RAB upon which the premium rate of 9.06% is applied, is 594 million Euros, while the remaining 1170 million Euros are remunerated at a rate without premium of 7.56%.

The electricity regulated assets base (RAB) comprises the assets net of subsidies allocated to the activities of Transmission of Electrical Power and Global Use of the System. For the purposes of calculating the remuneration, ERSE uses the arithmetic mean of the RAB value in the beginning and end of each year.

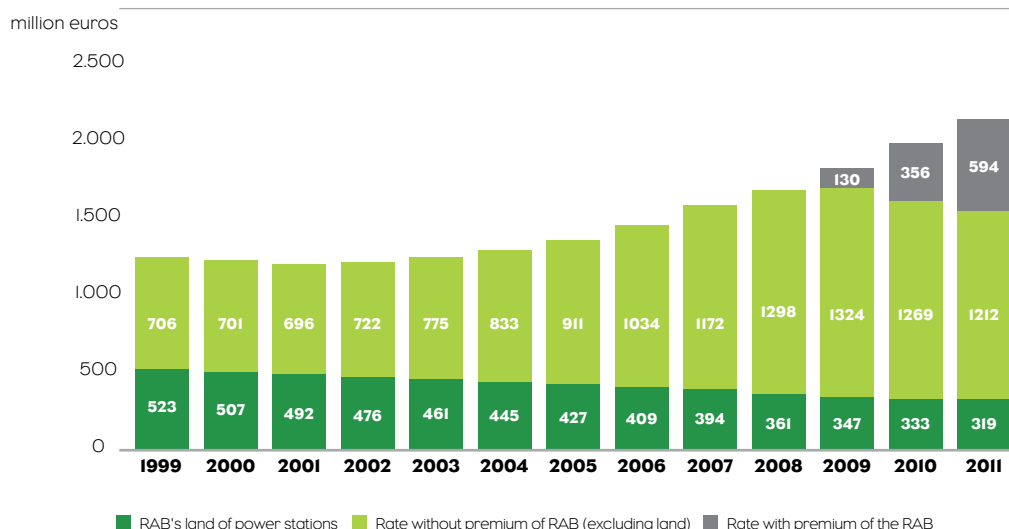
As already mentioned, with the publication of Order no. 14430/2010, of September 15th, the assets base to be remunerated for the activity of Transmission of Electrical Power will include the application of the valuation mechanism of new capital expenditure of the RNT at reference costs starting from January 1st 2009. Thus, in 2011, the average RAB upon which the premium rate of 9.06% is applied, is 594 million Euros, while the remaining 1170 million Euros are remunerated at a rate without premium of 7.56%.

In the activity of Global Use of the System, the principle of RAB valuation is based on historical costs. In these cases, the 7.56% rate of return is applied. The average RAB for the activity of Global Use of the System was, in 2011, 42 M€. The land of the public water domain whose remuneration is given by the interbank swap rate with the maturity closest to the remaining lifetime of each asset, calculated on the 1st day of each period, as disseminated by Reuters, plus 50 base point, pursuant to Ordinance No. 542/2010 of July 21st also belong to the assets allocated to this activity.

In 2011, the average RAB for hydro land was 319 M€ and the remuneration rate was 3.91%.

The following graph shows the RAB for the different asset groups:

RAB FROM 1999 TO 2011



STABILITY OF REVENUES – ALLOWED REVENUES

By the end of 2011, the balance of tariff deviations for REN's three regulated activities in the electricity sector amounted to 70.7 M€ to be given back to tariffs.

The balance of tariff deviation accounts for the activities of Transmission of Electrical Power and Global Use of the

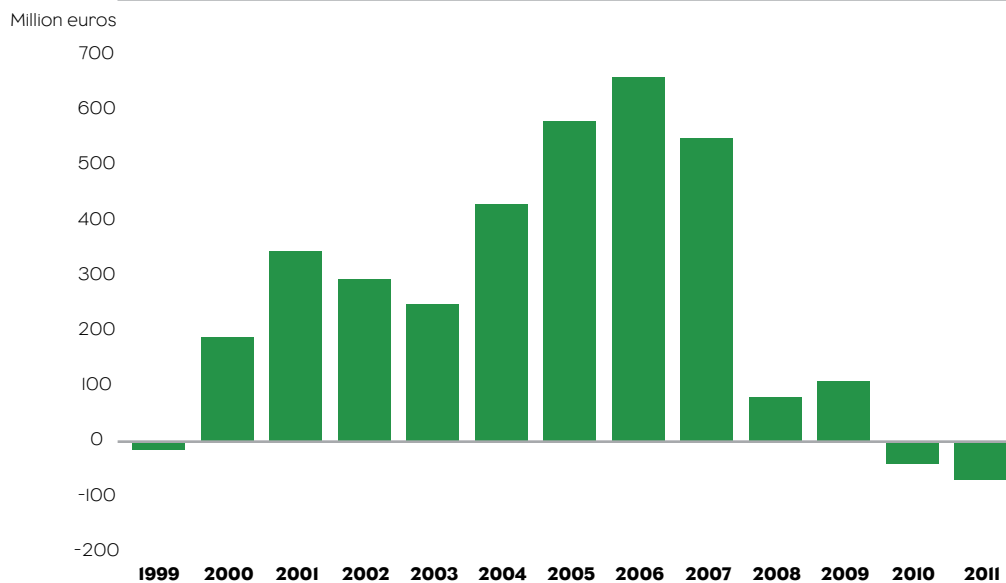
System amounted to 51.4 M€ to be given back to tariffs.

The deviation in 2011 resulted mainly from an overestimation of consumption and an underestimation costs with interruptibility by the regulator.

The balance of the tariff deviations account for the activity of Purchase and Sale of Electric Power in 2011 is 19.3 million Euros to be given back to tariffs

The following graph shows the balance of the tariff deviation accounts by the end of each year for the period between 1999 and 2011:

**BALANCE OF THE TARIFF DEVIATION ACCOUNTS
AT THE END OF EACH YEAR**



The figures of the balance of tariff deviations since 2008 are much lower than those in previous years. This reduction is largely due to the cessation

of the activity of Purchase of Electrical Power, which accounted for a large part of the tariff deviation given the difficulty in forecasting fuel prices.



8.2 NATURAL GAS

In 2011, the combined RAB for the REN natural gas companies progressed favourably following the investments made to raise the system's capacity.

ACTIVITIES IN NATURAL GAS

The Natural Gas (NG) sector in Portugal is based on REN's high-pressure network and infrastructures, essential for the viability of the natural gas market through three companies associated with public service concessions fully owned by REN:

- REN Gasodutos – high-pressure transmission network;
- REN Armazenagem – underground storage;
- REN Atlântico – reception, storage and regasification LNG terminal.

The high-pressure transmission network is a platform for logistical rotation between the country's sources of supply, the two interconnections with the Spanish gas pipeline network, the Sines terminal and the underground storage infrastructure. The network supplies natural gas to distribution networks, power plants and industries with a direct link to high pressure, regardless of its origin.

Decree-Law 30/2006, Decree-Law 77/2011, which republished the former, and Decree-Law 140/2006, legally framed the activities of these companies, which have, since 2006, a public service concession agreement for a period of 40 years. In particular, REN Gasodutos has the exclusive for the transmission of natural gas in Continental Portugal.

The activity of these companies complies with the law plus with the national and community regulations in force, as well as the public service concession agreements, and technical regulations issued by the Portuguese Directorate General for Energy and Geology (DGEG). They also carry out activities subject to economic regulation as applied by the Energy Services Regulatory Authority (ERSE), of which stand out the following:

- Natural gas transmission under high pressure;
- Overall technical management of the NGNN [Natural Gas National Network];

- Reception, storage and regasification of LNG;
- Natural gas underground storage.

In addition to the transmission of natural gas in high-pressure, REN Gasodutos has the role of global technical manager of the National System of Natural Gas (in Portuguese, SNGN) and, since early 2009, by regulatory enforcement, is the manager of the process of supplier switching.

REN's regulated companies have, from a legal point of view, full decision-making and ownership autonomy in relation to gas trading companies in line with the European Council's Directive 2009/73/EC, which lays down the rules for the natural gas market and which became effective on the 3rd of March 2011.

REN's natural gas infrastructures have a key role in the satisfaction of gas demand and the management of its risks of supply to consumers. The high level of integration and interdependence of the electricity and natural gas markets, in particular the relevance of electricity generation in the Iberian market as a means of valuing the use of natural gas, place REN in a unique position for integrating, in a coordinated way in its activities, the electricity transmission infrastructures and the natural gas logistics system under high-pressure and, in particular, its planning and management.

In 2010, the publication of European Regulation 994/2010 set out the framework to ensure the secure supply of natural gas. A document that, in addition to introducing in the infrastructure and natural gas networks the "N-1", security concept required to ensure the supply in case of failure of an infrastructure, also establishes criteria for the definition, creation and use of gas reserves to be determined by EU member states. This point is under study and implementation. Under the Tariff Regulation established principles, ERSE announced in June 2011 the tariffs and prices of natural gas for gas year 2011-2012 on the basis of the new regulation parameters published in 2010 for the regulation period 2010-2011

to 2012-2013, which determine the allowed revenues for each regulated activity and the prices for the tariffs.

The 2010-2013 regulatory period, which began in July 2010 ending in June 2013, is half way through in December 2011. Thus, it is important to note that, it was defined by ERSE to apply to regulated natural gas companies the Rate of Return over the calendar year. Within this context, ERSE determined that the effects of the new remuneration rate will be considered starting on January 1st 2013.

Over the same period, incentives were introduced to encourage efficient operation and maintenance costs (OPEX) associated with the transmission network activities at REN Gasodutos and REN Atlântico to all regulated operating costs associated with the reception, storage and regasification activities.

Operating costs were divided by the regulator into fixed amounts, subject to a regulatory approach of the type maximum revenue (revenue cap), while the rest were indexed to the relevant infrastructure dimensions and its use. These are therefore variables subject to a type of approach like a maximum rate (price cap).

Both will progress in the following years on the basis of the change in the GDP

- 3.8% in 2010, 0% in 2011 and 0% in 2012 for allowed revenues for the transmission activity of REN Gasodutos; and
- 1% in 2010, 2011 and 2012 for operating costs for the activities of REN Atlântico.

APPROXIMATE PERCENTAGES OF THE OPEX COMPONENTS WHEN IT WAS DEFINED BY ERSE:

TYPE / COMPANY	REN GASODUTOS	REN ATLÂNTICO
Revenue Cap	45%	45%
Price Cap	40%, associated to the length of the gas pipelines, in kms;	30%, associated to the regasified energy
Price Cap	10%, associated to the number of GRMS	25%, associated to the technical issuing capacity
Price Cap	5%, associated to the total energy transported	—

RETURN ON REGULATED NATURAL GAS ASSETS

The remuneration of the REN companies with regulated activities in the natural gas sector is established in the Tariff Regulation defining the calculation of the allowed revenues. For the three-year regulatory period, these parameters remain stable and tariffs are revised annually according to the regulator's estimated quantities.

The revenues related to invested capital stem primarily from the return on fixed assets in operation, net of depreciations and subsidies (RAB) at a rate set by the Regulator for each regulatory period added by the corresponding depreciations.

8%
UNTIL DEC 31ST
2012

RETURN ON RAB

+ ROR
* Regulated Asset Basis (RAB)

+ Depreciations
(net of subsidies)
+/- Smoothing mechanism^(*)

RECOVERY OF OPEX

For LNG Transportation and Terminal:
• Revenue cap - for OPEX growth is limited to $(1+IPC-X)^{(2)}$
• OPEX induced by growth and operation is subjected to a price cap with growth limited to $(1+IPC-X)^{(2)}$

For the Global System Management and underground storage:
• Accepted costs

TARIFF DEVIATIONS FROM PREVIOUS YEARS

Tariff deviations in s-2
 $\times (1 + \text{Euribor 3M} + 1\%) \times (1 + \text{Euribor 3M} + 2\%)$
and Tariff deviations in s-1 $\times (1 + \text{Euribor 3M} + 2\%)$

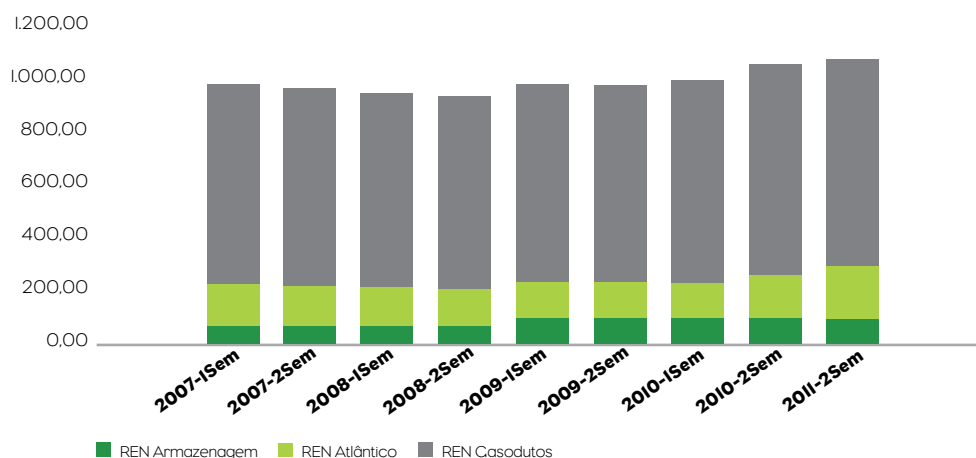
ALLOWED REVENUES URT/UGS/ UTRAR/ UAS

NOTES:

^(*) SMOOTHING EFFECT ONLY APPLIES TO THE TERMINAL UNTIL 2016

⁽²⁾ REN GASODUTOS: X=3.8% FOR THE FIRST YEAR AND 0% FOR THE FOLLOING; REN ATLÂNTICO: X= 1% FOR THE REGULATORY PERIOD
X APPLIES TO ALL OPEX COMPONENTS, BOTH TO THE REVENUE CAP AND TO THE PRICE CAP GDPDI – GDP DEFLATOR INDEX

The six months average RAB values for the natural gas companies had the following evolution until the end of 2011:



In 2011, the combined RAB for the REN natural gas companies progressed favourably following the investments made to raise the system's capacity in a market where demand has grown above the average of neighbouring European countries, even in economic crisis periods such as between 2009 and 2011. The increase RAB reflects in particular the project to expand the capacity of the LNG terminal, which saw the completion of its second phase in 2011 with the start up of the new regasification systems corresponding to an investment of about 49 million Euros. The completion of this project is scheduled for 2012, with the coming into operation of the 3rd LNG storage tank.

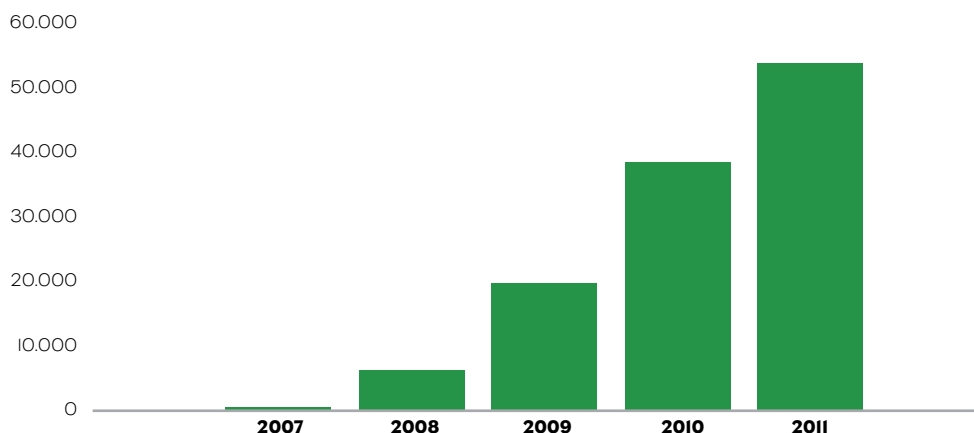
These occurred deviations are calculated each year and settled by including them

two years after they occur in the tariff calculation. This value is then paid at a regulated rate equal to the average 3-month Euribor observed in each period until the recovery year, plus 200 base points for the previous period and 100 base points for the deviations incurred in previously.

The tariff regulation also includes a mechanism for anticipating the process of recovery / return of estimated deviations from the year preceding the year of the tariff that applies a regulated rate equal to the average of the 3-month Euribor recorded in year plus 200 base points.

The balance of tariff deviations has the following evolution:

ACCUMULATED NET DEVIATIONS M€



01 MANAGEMENT REPORT



PROGRESS ENERGY

REN has installed more than 8300 km of lines to carry electrical power across the country. A constantly updated network that connects progress to wellbeing, contributing to the operation of schools, health care centres, hospitals, businesses and homes so that they won't go a single day without electricity.

REN. THE NETWORK THAT BRINGS US TOGETHER

REN. THE NETWORK THAT BRINGS US TOGETHER



02. ELECTRICITY



2.1 OPERATION OF NATIONAL TRANSMISSION NETWORK

THE EQUIVALENT INTERRUPTION TIME (TIE), AN INDICATOR OF OVERALL PERFORMANCE OF COMMONLY USED BY ELECTRICAL UTILITIES, RECORDED A NEW HISTORICAL MINIMUM.

SERVICE QUALITY

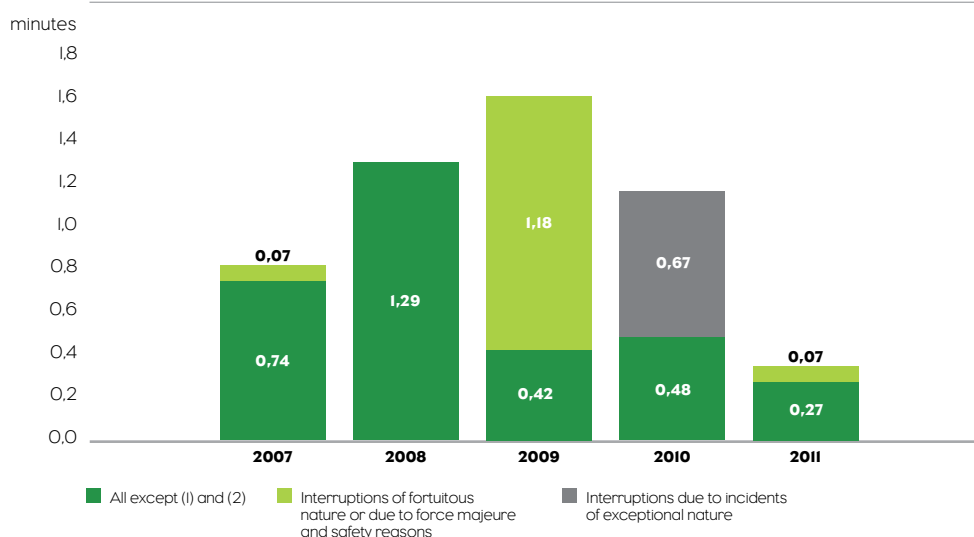
The Quality of Service provided by REN, understood as safety and continuity of power supply with the appropriate technical features, stood once again at a high level, maintaining and consolidating the trend of previous years of a gradual and sustained performance improvement of the National Transmission Grid (RNT).

The figures recorded for four (ENF, TIE, SAIFI and SAIDI) of the five general indicators of continuity of service, established in the Service Quality Regulation, were the best figures ever, thereby placing REN among the best European counterparts.

The Equivalent Interruption Time (TIE), an indicator of overall performance of commonly used by electrical utilities, recorded a new historical minimum, with the value of 0.27 minutes (16.2 seconds), corresponding to a non-supply of 25.6 MWh of energy. In other words, REN fed electrical energy into points of delivery to clients 99.99978% of the time (close to 999 hours, 59 minutes and 52 seconds per each 1,000 hours).

The graph illustrates the sustained improvement in service continuity in recent years, excluding isolated and exceptional situations.

EVOLUTION OF THE EQUIVALENT INTERRUPTION TIME - TIE



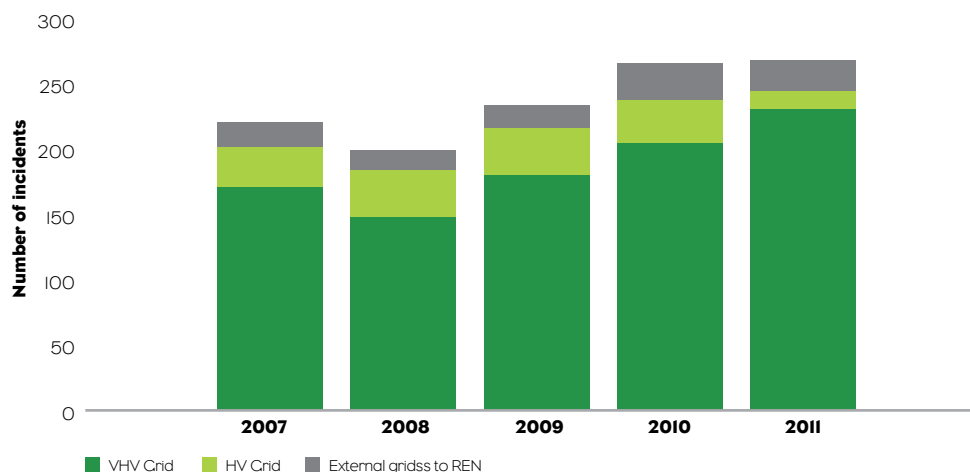
In 2011, REN continued to monitor voltage waveform quality in most of RNT's delivery and interconnection points.

Except for a few isolated cases, the measurements continued to show results within the range recommended by the Service Quality Regulation.

The overall level of the electrical energy quality depends on the number of

incidents affecting the transmission grid. In 2011, in what regards incidents and disturbances, there was a similar number to that obtained in 2010, with a total of 275 incidents (0.7% more than in 2010), of which 237 were from Very High Voltage Network (MAT); 14 in the High Voltage Network (HV) and 24 in other grids but with an impact in REN's VHV and HV grids.

EVOLUTION OF THE NUMBER OF INCIDENTS



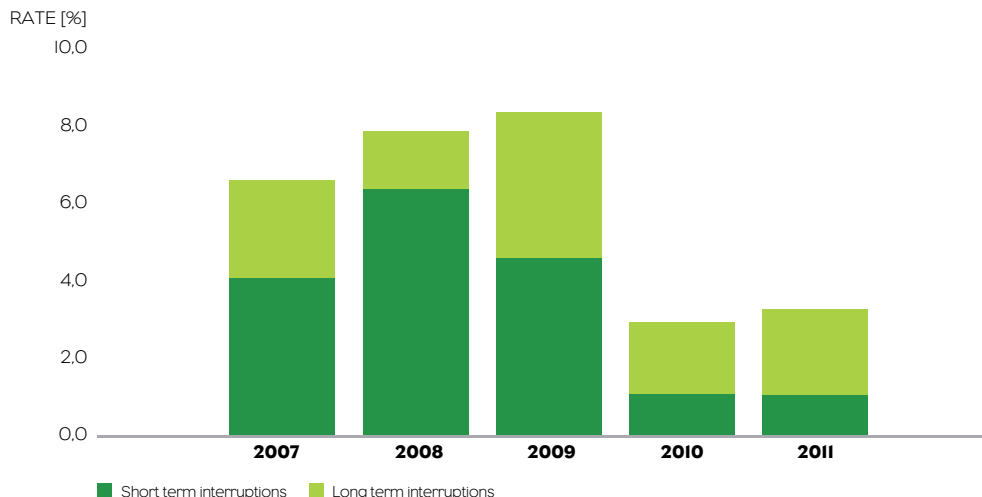
Only eight incidents (2.9% of the total) actually caused interruptions in the supply of electricity to clients, having caused 9 interruptions of consumption at the delivery points.

Another way of highlighting the performance of the transmission grid is through an indicator called "Vulnerability", which expresses the ability of the transmission grid not to discontinue the supply of electrical energy to consumers

following an incident, regardless of its origin (including incidents caused by force majeure). This indicator is a ratio of the number of supply interruptions to the number of incidents.

In 2011, the transmission grid had, on average, 0.0109 long interruptions (> 3 minutes) and 0.0218 short interruptions (between 1 second and 3 minutes) per incident.

EVOLUTION OF THE TRANSMISSION GRID VULNERABILITY



This indicator recorded, in 2011, the second-best figure ever, exceeded only by the figure achieved in 2010, which shows the good performance of the automatisms installed in the transmission grid.

GRID BEHAVIOUR

During 2011, the major congestions that occurred in the RNT were associated with outages of grid elements, which were then solved through the creation of generation constraints or by introducing topological changes introduced into the network.

The fortuitous unavailability that affected the Line Penela – Zêzere, on December 7th, 2010, following a decline of support caused by a tornado in the area of Tomar deserves specific attention. This outage, which lasted until the 1st of February of 2011, revealed the need for changes in the generation profile from the market south of Santarém, particularly in the Ribatejo, Setúbal, Sines and Alqueva power plants.

In 2011, as a result of the economic conditions of the country, there was a sharp decline in domestic consumption of electricity. A fact which, coupled with the growth in the length of the RNT (in 2011 the network of VHV lines in service

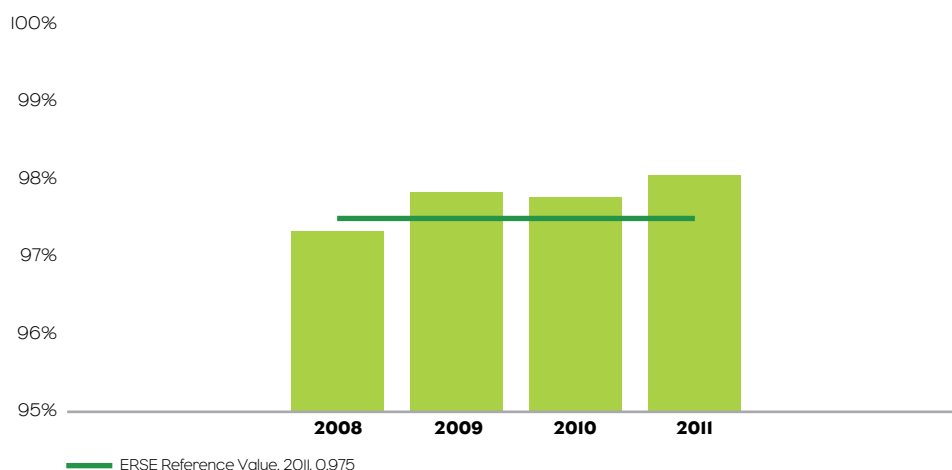
increased 322 km) and the increased weight of non-dispatchable production, resulted at times, in an excess of reactive power in the RNT and hence difficulties in controlling tension.

The above mentioned difficulty was overcome by the use of measures such as disconnecting VHV lines or asking the RND operator to turn off their capacitor banks. By the end of the year the issue was somewhat mitigated by the entry into service of two shunt reactances in the substations of Castelo Branco and Tábua, allowing the consumption of about 150 MVar.

AVAILABILITY

The Combined Availability Rate, a regulatory indicator introduced by ERSE in 2009, reached, in 2011, a new historic record, with a value of 98.06%. This variable is mainly affected by long lasting works, particularly the increases in line capacity and remodeling of equipment in substations.

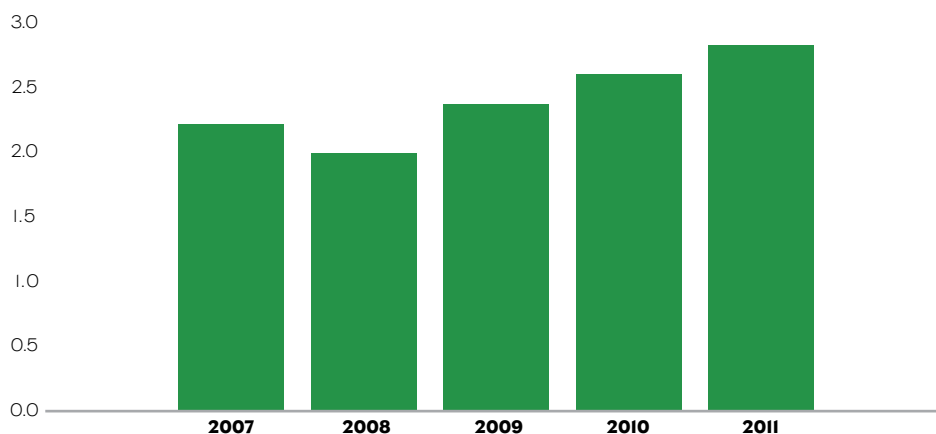
The figure below shows the annual evolution of this indicator since the beginning of its calculation in 2008. Its progressive improvement highlights the obvious evolution in terms of coordination and planning of grid outages during the period at stake.

COMBINED AVAILABILITY RATE**PERFORMANCE OF LINES**

In 2011, the lines of the RNT had an overall satisfactory performance, despite a slight increase in the number of faults per 100 kilometers of circuit. The overall availability rate of line circuits, including terminal panels, was 98.00%, quite

above the figure of the former year (+0, 51%).

The graph of the picture below illustrates the performance of lines in the last 5 years, with regard to the number of faults per 100 km of circuit.

EVOLUTION OF THE NUMBER OF FAULTS IN RNT LINES PER 100 KM OF CIRCUIT

The overall index of the VHV network recorded an increase of 8% over 2010, standing now at 2.81 defects per 100 km of circuit. This less favorable evolution is due particularly to the number of faults caused by lightnings, which have increased significantly in recent years (51% vs. 2010, 72% vs. 2007).

As a consequence of this growth, the impact of lightning gained new relevance

in all the external factors affecting the lines of the RNT. The company is particularly attentive to this development and has already started, on the one hand, monitoring the most problematic circuits, since these cross areas of high keraunic index and are sitting upon supports with high ground resistance; and secondly, the reevaluation of the possible need to review the criteria for insulation coordination of lines.

2.2 NATIONAL ELECTRICITY TRANSMISSION NETWORK INVESTMENTS

PERFORMANCE OF SUBSTATIONS

In general, all substations recorded a favourable behaviour in their service performance. The number of faults in transformers was below that of the previous year, contrarily to that observed in circuit breakers, where there was an increase in the number of failures, although in most cases without consequences for the operation of networks. The overall rate of availability

of transformers and autotransformers (including their boards) stood at 98.22%, slightly lower than in 2010 (-0.4%), as a consequence mainly of the numerous renovations and replacements of VHV and HV equipment and of power transformers during 2011.

In the Quality of Service Report, annually published by REN, these matters are handled in greater technical detail.

PROJECTS COMPLETED IN 2011

In 2011 a major batch of new projects in the National Electricity Transmission Network (RNT) was completed, thus contributing towards enhancing network reception capacity, particularly from renewable sources, increasing power exchange capacity with Spain, as well as for safety and reliability of the overall functioning of the system, and in order to improve power feeding conditions to distribution networks.

In the International Douro zone, a large refurbishing of the Picote switching substation was completed, and the Picote power plant reinforcement was connected. The Bemposta – Lagoaça 3 overhead line initiated its 400kV operation so as to connect the Bemposta power plant reinforcement.

Also in Trás-os-Montes, the 220 kV overhead line Macedo de Calaveiros – Valpaços entered into operation, as an important component in the future 220 kV loop between Lagoaça in International Douro and Valdigem, connecting the substations of Macedo de Cavaleiros, Valpaços and Vila Pouca de Aguiar.

In Porto area, in order to reinforce power demand supply, the new 220/60 kV substation of Prelada was put into operation, equipped with a 170 MVA transformer fed through an already existing 220 kV circuit, but so far operating at 60 kV level. As part of the upgrade to 220/60 kV of Ermesinde

substation, the 220 kV level of this facility was put into operation, with three 220/60 kV units of 170 MVA and a connection through an underground circuit between Ermesinde and the new transition station of Valongo.

In the central region of Portugal a new 400 kV connection was established between Lavos and Paraimo, in order to facilitate the north-south transmission in the coastal axis at 400 kV and to improve the generation flow.

In the Lisbon region, in order to support demand supply in the municipalities of Oeiras and Lisbon, a new 220/60 kV substation was put into operation in Zambujal, equipped with two 170 MVA transformers and fed by a 220 kV underground circuit from Alto de Mira, that was already built but operating in the 60 kV network. A new 220 kV underground circuit was commissioned, although temporarily operating at 60 kV, between the areas of Sacavém and Alto de São João, provisionally connected between two facilities belonging to EDP Distribuição.

In the Setubal Peninsula, the 400 kV overhead line Palmela – Ribatejo was diverted to the Fernão Ferro substation, under the project of introducing the 400 kV level at this facility.

In Algarve, the new Tavira 400/150/60 kV substation initiated operation, with a 400/150 kV autotransformer of 450 MVA and two 150/60 kV transformers of 126 MVA. The 400 kV

overhead lines Portimão-Tavira and the national section of the future international interconnection at 400 kV between Tavira and Puebla de Guzmán (Spain) were also completed. The Tavira substation also reinforces the renewable energy reception capacity as well as demand supply in eastern Algarve.

Also in Algarve, the 150 kV Portimão-Tunes 3 overhead line was completed, as an important step in ensuring supply to the substation of Tunes.

Fifteen new transformers began operating, with a total capacity of 2374 MVA, plus 5 new autotransformers, corresponding to 1680 MVA.

MAIN INVESTMENTS IN PROGRESS

REINFORCEMENT OF THE INTERCONNECTION CAPACITY BETWEEN PORTUGAL AND SPAIN

In order to reinforce the exchange capacities between Portugal and Spain, a new 400 kV interconnection is planned at the Minho region, connecting the future installation of Viana do Castelo, on the Portuguese side, with “O Covelo” and “Boborás” on the Spanish side.

CONNECTION OF SPECIAL STATUS PRODUCERS TO RNT

- Completion of the 220 kV loop in Trás-os-Montes, with the construction of the Valpaços-Vila Pouca de Aguiar overhead line.
- Implementation of a 220 kV connection between the substations of Vila Pouca de Aguiar and Carrapatelo, skirting the Serra do Alvão on the north. In most of its route, this connection will be built as a double 400+220 kV circuit in order to prepare also the future integration into the National Transmission Network of the PNBEPH power plants located in the basin of the Upper and Middle Tâmega;
- Upgrade of the current 220 kV single overhead line Carrapatelo – Estarreja 1, into a double 400+220 kV line in one section and double 220 kV in the remaining part;

- Construction of a new double 400+150 kV overhead line between Falagueira and Castelo Branco, although it will initially operate at 150 kV only;
- Construction of a new double 400+220 kV overhead line between the areas of Castelo Branco and Ferro, and startup of a new substation in the area of Covilhã, connected to Falagueira at 400 kV.

Connection of new large ordinary status power stations to RNT

- Construction of a 400 kV switching substation in Vieira do Minho and implementation of two connections, also at 400 kV, between that switching substation and Pedralva to connect the power reinforcements of Venda Nova (Venda Nova III) and Salomonde (Salomonde II).

POWER FEEDING TO THE DISTRIBUTION NETWORKS TO IMPROVE THE SUPPLY OF LARGE LOAD CENTRES

- In Minho, construction of the 400/60 kV substation in the area of Fafe, which also supplies the neighbouring counties of Guimarães, Vizela and Felgueiras.
- In the region of Trás-os-Montes, a new 220/60 kV setting-up of new substation in Valpaços, which will also improve the supply to the neighbouring counties, especially Chaves, where an old and less reliable installation might be disabled.
- In the south of Porto by the coast side, setting-up of the 400/60 kV substation of Feira, supplying the consumption in the counties of S. João da Madeira, Feira and Arouca.
- In the north of Lisbon, upgrading the current single 220 kV overhead line Carregado – Rio Maior 1 into a double 400+220 kV one, thus reinforcing the north-south capacity to feed the Greater Lisbon area.

- In the City of Lisbon, setting-up of the 220/60 kV substation of Alto de S. João, fed by two underground circuits, from Sacavém / Prior Velho.
- In the Peninsula of Setúbal, setting-up of the 400/60 kV substation of Montijo; introduction of 400 kV in the substation of Fernão Ferro; completion of the second 150 kV overhead line between the substations of Fernão Ferro and Trafaria.
- In the coastal area to the north and south of the Tagus, completion of the new 400 kV connection Marateca-Pegões-Fanhões, an improving the reliability of the north-south axis at 400 kV and also the load supply at the region of Lisbon / Peninsula of Setúbal.

SUPPLYING LARGE CONSUMERS AT VERY HIGH VOLTAGE (VHV)

To power the high-speed railway line on the Portuguese stretch between Lisbon and Madrid an extension of the 400 kV connection between the substations of Falagueira and Palmela has now been planned, through a new axis Falagueira – Estremoz – Divor (Évora) – Pegões – Palmela, and through the setting-up of connections to power the railway traction substations from the RNT substations of Estremoz, Divor and Pegões. However, the completion of this set of works depends on the schedule for the completion of this railway line.

The location of the main short and medium term reinforcements is duly shown on the RNT map included in this report.



2.3 SPECIAL STATUS PRODUCTION

REN HAS BEEN ACTIVELY INVOLVED IN THE WORK DEVELOPED IN PORTUGAL IN THE FIELD OF RENEWABLE ENERGIES.

The share of electrical power consumption from renewable sources, particularly from wind power, in which special status production is included (PRE), has grown significantly in recent years.

PRE is governed by specific legislation and includes small hydroelectric power plants, mostly with an installed capacity of less than 10 MVA (mini-hydros), wind farms, photovoltaic power plants, biomass plants, and waste power plants plus other technologies that use renewable energy sources, such as the use of wave energy, cogeneration plants and micro-production (<11.04 kW) and mini-production (<250 kW).

REN has been actively involved in the work developed in Portugal in the field of

renewable energies. REN is responsible for an important share of the effort made with the respective promoters for safe and effective integration of renewable energy sources in the National Electric System (SEN).

In 2011 there was an increase in the PRE power installed in the Public Service Power Grids (RESP), which amounted to new 675 MW, especially for cogeneration (172 MW) and wind (453 MW) – see table. The increase in wind power was mainly due to the connection of new wind farms and new wind generators to the wind farms already in operation, but whose construction had not yet been completed. Such increase was also due to situations of expansion and renovation of some wind farms already in operation.

PRE POWER GROWTH IN 2011

PLANTS	INSTALLED POWER [MW]	CONNECTION POWER ⁽¹⁾ [MVA]
Micro-production	27	27
Mini-hydric	2	2
Wind	453	368
Photovoltaic	2	2
Cogeneration	172	199
Biogas	19	20
Total 2011	675	618

(1) POWER ALLOWED TO BE INJECTED IN THE CONNECTION POINT TO THE RESP

In 2011, the connection to the RESP of wind farms of the winning consortium of Stage B of the tender for the construction of new wind farms in Portugal, whose contract was signed in September 2007, was also initiated. The connecting power at this stage of the tender was 400 MVA. The first wind farm of this consortium

– the Vale Grande wind farm with six turbines – was connected to the National Transmission Grid (RNT) on July 28th, 2011, using the internal 30 kV network of the Toutiço wind farm, then draining its production through the 220 kV of the Tábua substation, through the line Pampilhosa da Serra – Tábua.

REN's activities in coordinating connection processes and integrating special status production projects into the grid, particularly those connecting into the RNT, were deployed on several fronts:

- in the planning of the reception capacity for new production, of the necessary network reinforcements and of the technical conditions for connection (see image below);
- in project development, in the planning of construction works, in the execution of works under the REN's responsibility, and in the monitoring of the works under the promoters' responsibility;
- in taking part in and following-up on inspections and in the execution of connections to the grid; in the definition of protection systems to the communication systems, and to the command and control systems; in the definition of the metering and frontier systems with the markets; and in the operational control of the undertaking and in executing the operations through the control centres.
- in the forecast of energy volumes produced and in solving the issues arising from the management of the electrical production needed to satisfy demand.

In 2011 there was an increase in the PRE power installed in the Public Service Power Grids (RESP).



Wind farm of S. Macário II: as of June 3rd, 2011 it ceased to have limitations on its power connection, following a restructuring of the network topology, allowing to redirect its output towards the 60 kV of the Carrapatelo substation instead of the 60 kV of the Torrão substation.

03. NATURAL GAS



3.1 OPERATION IN RNTGN

THE DEMAND FOR NATURAL GAS IN PORTUGAL, DETAILED IN THE FOLLOWING TABLE, SUFFERED A 0.5% DROP WHEN COMPARED TO 2010.

In 2011, the intake of natural gas into the infrastructure operated by the concessionaire of RNTGN was predominantly made through Sines (55%) from the regasification of liquefied natural gas at the Sines Terminal of REN Atlântico. The imports through the entry point of Campo Maior, which interconnects with the Maghreb pipeline and supplies Portugal with gas coming mostly from Algeria, contributed with 44%. As in 2010, the intake through Valença accounted for merely 1% of total entries into the national system.

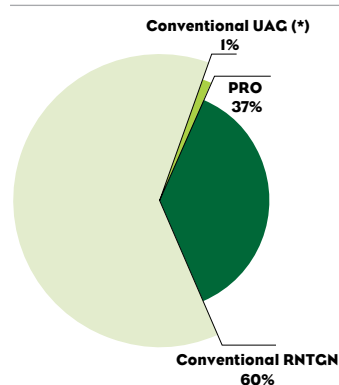
In 2011, the 58,157 GWh (around 4,90 bcm) of natural gas transported by the RNTGN included the domestic high-pressure consumption and the injection of natural gas into underground storage. The latter amounted to 1,324 GWh (around 0,11 bcm) and the offtake of natural gas to Spain through the interconnection of Valença do Minho amounted to 36 GWh / about 0.003 bcm.

The demand for natural gas in Portugal, detailed in the following table, suffered a 0.5% drop when compared to 2010.

MARKET SEGMENT	DEMAND FOR NATURAL GAS (CWH)		VARIATION (%)
	10	11	
Electricity generation under the standard regime (PRO in Portuguese)	22.296	21.317	-4,4%
RNTGN conventional market	34.828	35.480	1,9%
UAG conventional market	677	717	5,9%
Total	57.801	57.514	-0,5%

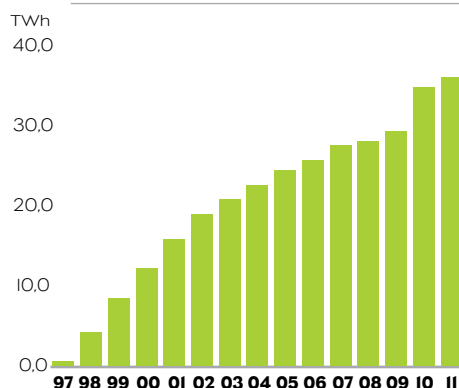
The following graph shows the weight of the several market segments in 2011.

MARKET SEGMENTS



The following picture shows the consumption of the conventional sector since natural gas was introduced in Portugal.

EVOLUTION OF DEMAND FOR NG CONVENTIONAL MARKET

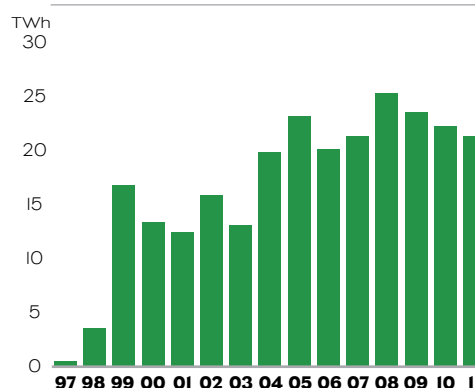


In the conventional market the evolution from 2010 to 2011 was lower than the growth of previous years. This way mainly due to the stabilization of the level of demand by major customers supplied at high pressure.

In the market segment of power generation under the standard regime, annual consumption according a function of the installed thermoelectric capacity, of the hydrological conditions and of the contribution of power generation under special regime.

The next graph shows the evolution of natural gas demand for power generation under standard regime since the introduction of natural gas in Portugal.

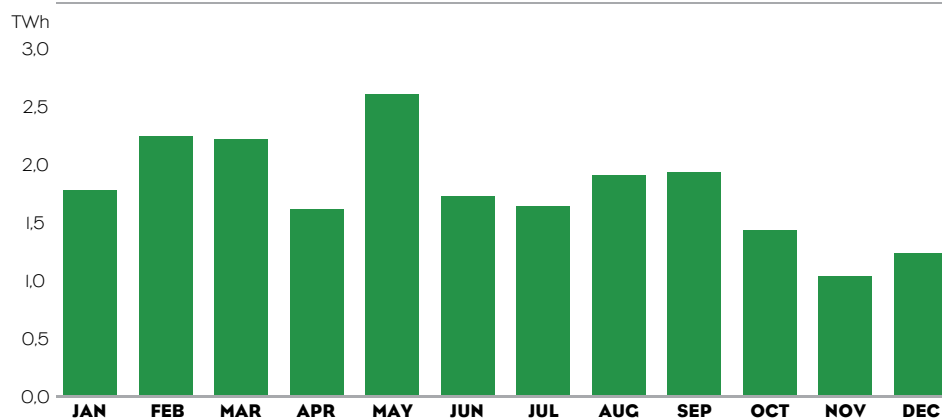
VARIATION IN THE DEMAND FOR NG FOR PRODUCING ELECTRIC POWER UNDER THE STANDARD REGIME



In the latter segment, wind power has a significant weight, having increased about 10% when compared with the installed power by the end of 2010.

The reduction of the demand for electricity, as well as the economic competitiveness of coal when compared to natural gas have influenced the consumption of gas in 2011, especially towards the last quarter of the year and explain its decrease with regards to 2010. The demand for this segment had the following variation:

DEMAND FOR NATURAL GAS FOR ELECTRICITY GENERATION UNDER THE STANDARD REGIME IN 2011



THE SINES LNG TERMINAL

In 2011 the works on the expansion of the LNG Terminal continued, namely in terms of its storage and emission capacity, and the 2nd phase of the project was successfully completed. The final completion of the project is scheduled for the second quarter of 2012.

As a result, the LNG Terminal of Sines increased its capacity for the emission of natural gas from 1,125,000 m³(n)/h to 1,300,000 m³(n)/h. In terms of its send out capacity, the terminal is already prepared to allow future expansions, up to 1.800,000 m³ (n) / h with minimum impact on the operation of the plant.

In what concerns its operational activity, the LNG Terminal received in 2011, 37 ships, amounting to a total of 32.7 TWh of unloaded energy and it regasified of 31.3 TWh into the network. During this same period, 2,639 tanker trucks were loaded (an 18.6% increase over 2010),

corresponding to a total energy of 799 GWh.

The total downtime was 70 hours of which 65 were planned and due to activities associated to the expansion project. These figures reflect a total availability of 99.2%.

In internal terms about 190,000 hours of work were performed without any accidents.

The company conducted seven audits, all with positive results, 3 of which under the SEVESO directive and two in connection with the verification of integrated quality, environment, safety and occupational health management.

A safety drill was conducted with the participation of external entities, which tested the response capacity of REN Atlântico and other bodies involved in the protection of the facility (ISPS) and Safety (PEI-SEVESO).

A safety drill was conducted with the participation of external entities, which tested the response capacity of REN Atlântico.



New sea water intake – Sines.

REN ARMAZENAGEM

In total, 926 GWh of natural gas were withdrawn from and 1,078 GWh were injected into the caverns of REN Armazenagem in 2011, with a global self consumption of 8 GWh. Regarding the operation of the gas station, the total processed energy was 2,447 GWh,

consisting of 1,123 GWh withdraw and 1,324 GWh injection, with 10 GWh of self-consumption. By the end of the year, compared with the situation in late 2010, the following balance amounts and average daily level of physical and commercial stocks in the caverns were observed:

STOCKS OF NATURAL GAS AT REN ARMAZENAGEM (CWH)*

AS OF DECEMBER 31 ST 10	AS OF DECEMBER 31 ST 11	VARIATION 10/11 (ENERGY)
1,295	1,439	11%

* THE FIGURES MENTIONED DO NOT INCLUDE THE CUSHION GAS.

AVERAGE DAILY LEVEL OF STOCKS OF NATURAL GAS AT REN ARMAZENAGEM (CWH)

	10	11	VARIATION 10/11 (ENERGY)
Physical	1,180	1,377	16.6%

* THE FIGURES MENTIONED DO NOT INCLUDE CUSHION GAS.

Note:

Cushion gas: permanent kept in the caverns in order to ensure the minimum pressure required to safeguard their structural stability.

The quantities stored by the end of 2011 represent an increase of 11% compared to those recorded by the end of last year, while the use of infrastructure, measured by the average daily physical stock over the year, saw a positive change between 2010 and 2011 of 16.6%.

As of December 31st 2011, the different capacity figures of REN Armazenagem's three caverns in operation were the following:

CAPACITY OF REN ARMAZENAGEM'S INFRASTRUCTURES [CWH]

	10	11
Maximum capacity	1,699	1,659
Maximum effective capacity after technical restrictions	1,521	1,483
Commercially available capacity	1,461	1,403
Cushion gas	1,591	1,591

Note:

Cushion gas: permanent volume of gas kept in the caverns in order to ensure the minimum pressure required to safeguard their structural stability;

Maximum capacity: total capacity minus the cushion gas volume;

Maximum effective capacity after technical restrictions: maximum capacity minus the volume restrictions for using the caverns due to technical constraints;

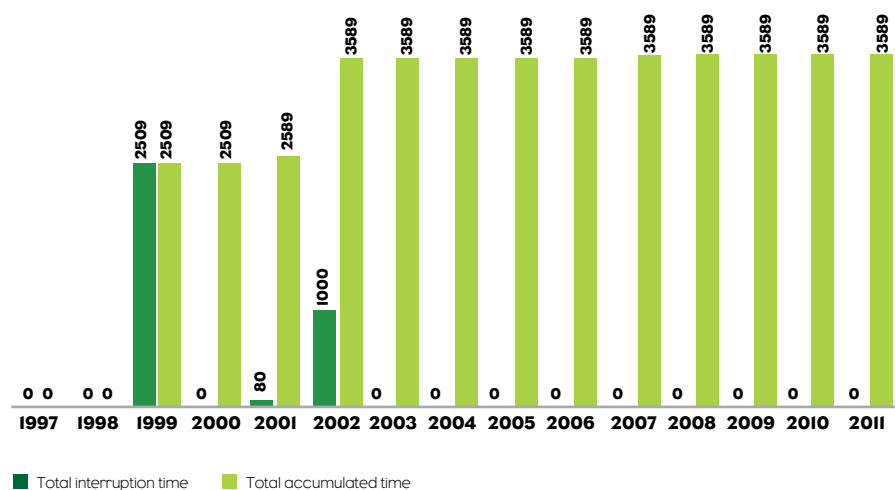
Commercially available capacity: maximum effective capacity after technical restrictions minus the capacity allocated to the technical system manager of the SNGN for operational reserves.

SERVICE QUALITY

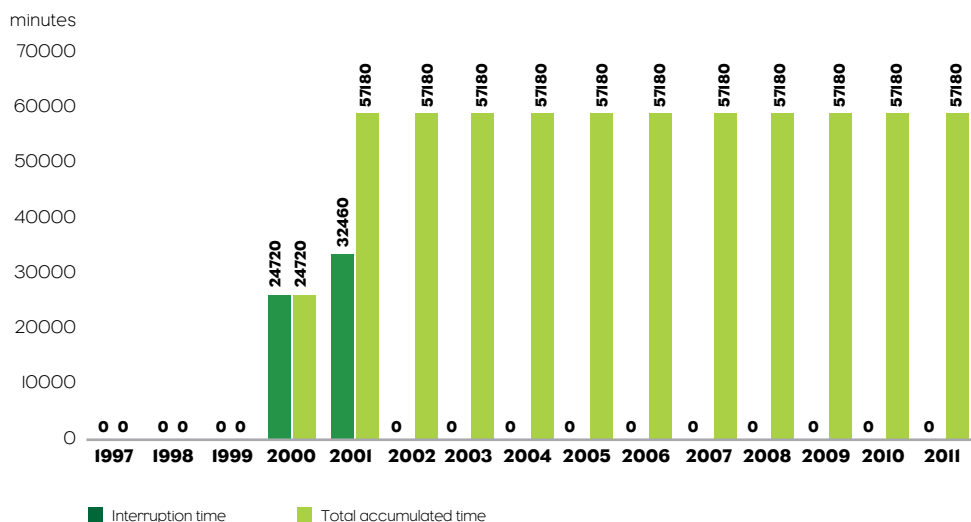
Service levels were once again excellent in 2011, since no supply interruptions occurred and all the indicators of the characteristics of natural gas were within the limits set out in the Quality of Service Regulation (QSR).

The historic values, annual and cumulative, for controllable, accidental and programmed outages from the beginning of the operation of RNTGN are presented in the following graphs:

ACCIDENTAL CONTROLLABLE INTERRUPTIONS



SCHEDULED CONTROLLED INTERRUPTIONS



During the year, the goal of zero incidents per year per each 1000 km of high-pressure transport infrastructure of the indicator of incidents of

unintentional gas release, published by the European Gas Pipeline Incident Data Group (EGIG), was reached.

Regarding article 13 of QSR, for the underground storage, the values of the

respective annual indicators were the following, as of December 31st 2011:

GENERAL INDICATORS OF REN ARMAZENAGEM'S QUALITY OF SERVICE

Fulfilment of the nominations of natural gas withdrawal	100,0%
Fulfilment of the nominations of natural gas injection	100,0%
Fulfilment of energy storage	100,0%

Notes:

Fulfilment of the nominations of natural gas withdrawal: the quotient between the number of duly fulfilled nominations and the total number of nominations;

Fulfilment of the nominations of natural gas injection: the quotient between the number of duly fulfilled nominations and the total number of nominations;

Fulfilment of energy storage: it is determined based on the mean square error between nominated and real energy values resulting from the total requests by the users of both injection and withdrawal of gas.

As far as REN Atlântico, and as already mentioned, 2011 was characterized by a significant increase in the workload associated with the expansion project, which involved sometimes strong

impacts upon the commercial operation of the LNG Terminal. Still it was possible to maintain high standards of service quality, which translate, among others, into the following indicators:

GENERAL INDICATORS OF REN ATLÂNTICO'S QUALITY OF SERVICE

Compliance with commercial service (nominations)	100,0%
Injection of natural gas into the network (injected / requested)	99,62%
Compliance with natural gas characteristics (RQS)	100,0%
Availability of the installation	99,19%
Complaints from customers/external bodies	0%

In 2011 REN continued the implementation of the development and investments plan in the National Transmission Network, in the Underground Storage Infrastructures and in the LNG Terminal (RNTIAT). This plan included projects related with the development and expansion of the RNTGN, also considering internal system reinforcement and refurbishment investments, and the connection of the high pressure grid to new delivery points to the RNDGN and customers.

Within the context of the connection projects of the RNTGN with the RNDGN and clients, REN Gasodutos erected new GRMS's and delivery points in Vila Nova de Cerveira, Soure, Lares and Chaparral III, and increased the capacity of the GRMS of Benavente.

The upgrades of three additional simple "tee" branch stations to full junction stations (JCT), namely Maceira, Rio Frio and Alcochete were successfully accomplished within the scope of the project that began in 2008, covering 14 facilities.

The new extension of Chaparral to supply the expansion of the refinery of Galp Energia in Sines has also been completed and commissioned.

Tenders for the works and supervision of the construction works of the pipeline Mangualde Celorico Guarda, planned for 2012, were also launched. This project was considered eligible under the EU European Energy Programme for Recovery (EEPR).

In 2011 REN Armazenagem developed a set of activities aimed at ensuring the security of supply and the availability of natural gas underground storage, of which we would highlight the following:

- Beginning of the construction of cavern RENC-6. All the land were acquired and the platform and access ways were completed, and a 1,451 meters deep bore was opened. On October 24th the leaching activities were started and it is expected that they will extend till March 2014.
- In November 2011 the leaching works of cavern TGC-2, owned by Transgás Armazenagem, were concluded. These works were performed by REN Armazenagem, as owner of the leaching facility.
- The environmental impact study and base engineering of Cavity RENC-8 were awarded and under development, following what was stipulated in the Memorandum of Understanding

between REN Armazenagem and Transgás Armazenagem for the joint construction of three new cavities.

In what concerns REN Atlântico, 2011 was characterized by the on-going construction works of the LNG Terminal expansion project, with the completion of its second stage namely the construction / installation of new process equipment, including: 1 recondenser, 2 high pressure pumps, 2 seawater open-rack vaporizers, and a bay for filling tank trucks.

During this year, just in the terminal expansion project, there was an amount of labor of about 1 million man hours worked, and there were only two minor accidents, with no casualties. The success of the achieved results was largely driven by the attention that REN Atlântico has always put on safety issues.

The total amount of revenues of the companies operating in REN's natural gas infrastructure in 2011 was approximately 65.4 million Euros.



Gas storage cavern in Carriço.

3.2 MAIN INVESTMENTS REN GAS

MAIN PROJECTS IN 2011

The amount of investment in natural gas infrastructures amounted to 81.4 M€ and the revenues under operations reached a total of 65.4 M€.

In REN Atlântico the construction works associated with the expansion project of the LNG Terminal continued, and

the second phase of this project was completed. This second stage consisted in the construction / installation of new process equipment (recondenser, high pressure pumps, seawater open-rack vaporizers and a bay for filling tanker trucks), as well as increasing to send out capacity of natural gas into RNTGN from 1,125,000 m³ (n) / m³ to 1,300,000 h.

REN Gasodutos continued with the implementation of the development and investment plan in the RNTGN in 2011, in which the most significant investments were the starting of four new gas delivery stations (Cerveira, Soure, Lares and Chaparral III) and the capacity increased of another station (Benavente), as well as the completion of three more upgrades from “tee” branch stations into junction stations (Maceira, Rio Frio and Alcochete), following the project started in 2008, which aimed the upgrade of a total of 14 stations, now completed.

The new extension of Chaparral to supply the expansion of the refinery of Galp Energia in Sines has also been completed and commissioned.

REN Armazenagem initiated the construction of cavern RENC-6, with the drilling of a bore (up to 1451 meters deep) and the beginning of the leaching process. The leaching works of cavern TGC 2 (owned by Transgás Armazenagem) were also completed. The environmental impact study and base engineering study of cavern RENC-8 were also awarded. The tender for the installation of individual fiscal metering systems for each cavern was completed, as well as the construction of the manifold to enable the connection between cavern TGC-2 and the Gas Station.

MAIN INVESTMENTS OF REN - NATURAL GAS GROUP



04. OTHER BUSINESSES



4.1 REN TRADING MANAGEMENT OF POWER PURCHASE AGREEMENTS (PPA)

Power Purchase Agreements (PPA) not subject to early termination in compliance with Decree-Law No. 172/2006, of August 23rd, are managed until they expire by REN Trading, a company 100% owned by REN – Redes Energéticas Nacionais, SGPS.

In this context, REN Trading manages the Power Purchase Agreement (PPA) with Tejo Energia, relating to the thermal power plant of Pego (600 MW), and Turbogás' PPA for the thermal power plant of Tapada do Outeiro (990 MW). The object of the company is to maximize profit by selling energy and system services in the market, coupled with the minimization of the costs of PPAs, in compliance with Order No. 11210/2008, from ERSE.

Within the scope of management of the respective PPAs, REN Trading purchases all energy and system services from the plants of Pego and Turbogás. As part of this activity the company also monitors fuel markets (coal and natural gas) and their benchmarks, as well as the Agreement on the Management of Natural Gas Demand (AGC) signed with GALP Gás Natural, S.A. In 2011 there were no renegotiations of contracts or modifications of procedures worth mentioning.

Within the context of implementation in the European Market of emission licenses (ETS- Emissions Trading Scheme) its active participation continued in the Bluenext and ICE (Intercontinental Exchange, formerly ECX) stock markets.

REN Trading is responsible for managing the portfolio of CO2 emission licenses allocated to the two power plants and for establishing a management strategy for these environmental obligations, which

includes the purchase and sale of licenses, as well as swap operations of the EUAs (European Unit Allowances) per CER (Certified Emissions Reductions). 2011 was marked by the sharp decline in this market both of volumes and prices, as a result of several factors. REN Trading's role was therefore much smaller, and the results of the corresponding Incentives are lower than in previous years.

The sale of electricity in the market is mostly done through REN performance in the Iberian Electricity Market (placement of offers to sell and daily and intraday repurchase in the OMIE) and in the market of System Services, operated by the System Manager. An active participation in the market for System Services in Portugal was also recorded, with good overall results.

To improve the results with sales, and as a means for diversifying risk, REN Trading took part in several CESUR auctions held throughout 2011, with very positive outcomes.

Through its Financial Products valence, the most relevant market trends for the sector are monitored, with greater emphasis on coal, energy and CO2 emission. Term hedges are conducted (in the derivatives market) and some purely financial transactions as a service provision to REN SGPS are also traded.

As it is a regulated company, the Energy Services Regulatory Authority (ERSE) provided in its Order No. 11210/2008, of April 8th, a set of incentives that define methods of sharing the benefits of regulated activities among energy consumers and the company. The final figure for the incentives results from the activity in the various aspects of the business, related either with optimization

of sales of energy from the power plants or with minimizing the costs of purchasing natural gas or CO₂ emission licenses.

Thus the company's operating results in 2011 correspond to the calculated value for the incentives set by ERSE, which are identified below:

I₁ – Incentives related to the efficient supply of energy from the Turbogás Power Plant in the daily market (limited to 1 M €, fully achieved in 2011)

I₂ – Incentive for the efficient procurement of natural gas consumed in the Turbogás Power Plant (limited to 1 M €, reached an estimated value of about 0.5 M €)

I₃ – Incentive on production optimization of Tejo Energia Power Plant (limited to 1 M € and it reached 0.7 M €)

ICO₂ – Incentive for the efficient management of CO₂ emission licenses (limited to 2.72 M €, while the figure achieved in 2011 was 0.1 M €)

Swaps – Incentive for the optimization of exchanges (swaps) of EUA for CER in the CO₂ emission licenses trading market (this incentive has no ceiling, the figure achieved in 2011 was 0.2 M€).

Thus, the total incentives obtained in 2011 is 2.53 M €, a figure below that of the previous year (due to the negative evolution of the market for CO₂ licenses and to the few business opportunities in the swaps area).



4.2 RENTELECOM

RENTELECOM's offer is diverse covering infrastructures, managed services and consulting.

The REN Group is in the Information and Communication Technologies market through RENTELECOM, a company 100% owned by the Group and certified by APCER in accordance with NP EN ISO 9001, NP EN ISO 14001 and OHSAS 18001 standards.

RENTELECOM was incorporated in 2002 with the primary goal of maximizing the surplus capacity of the security telecommunications network of REN – Rede Eléctrica Nacional and it subsequently expanded the scope of its activity to the infrastructure of REN Gasodutos when this company integrated the REN Group in 2007. Currently RENTELECOM continues to attend to the internal needs of the Group although it has been strengthening the focus of its activity on external customers, operators and large companies, which already represent almost 90% of its turnover.

RENTELECOM's offer is diverse covering infrastructures, managed services and consulting. The company provides rental services of dark fibre optic; rental of spaces for shared location of equipment, housing and associated services; leased lines and several projects in the fields of management and maintenance of telecommunications systems.

In 2011 the team involved in RENTELECOM's business was reinforced with the goal of ensuring a more proactive and systematic approach to the domestic and international markets of companies (57% weight) and operators (30% weight).

This strategy contributed towards the increase of turnover in those which are seen as the main business areas of RENTELECOM, namely space rental and housing services (26% highlighting the 41% growth in housing); rental of fibre optic (10%) and leased lines (6%). Also the maintenance of wind farms has increased their turnover when compared to 2010 (8%), in line with the growth trend initiated in 2005.

In 2011 RENTELECOM increased its commercial prospecting activity also accompanying the Group's efforts towards diversification and internationalization of business. Significant investments have also been pursued, such as the strengthening of the infrastructure in the Datacentre of Ermesinde, which helps to consolidate RENTELECOM as a provider of excellence in the field of Information and Communication Technologies.

4.3 ENONDAS

BRIEF BUSINESS DESCRIPTION

ENONDAS is a company dedicated to public service which aims at supporting the development of energy production from ocean waves, managing a maritime area of about 320 km² and providing it with the necessary infrastructure for the development of marine energy.

ACTIVITIES OF ENONDAS

One year and two months after the signing of the concession contract between Enondas and the Portuguese State, 2011 was the starting year of the development of the Pilote Area (PA), with the beginning of the following set of activities:

- Geophysical characterisation;
- Environmental characterisation;

- Previous studies of the infrastructure to be built in the PA;
- Signing of agreements with the science and technology system regarding the production of marine energy.

From what has already been established, the PA has a quality seabed for mooring systems; good energy potential in terms of waves, as well as room for further expansion. The promoter may move from a proof of concept project into a park in the same area, with a simplified licensing procedure. These features, combined with the enquiries made by the various developers and technologists, are positive signs for a commercial success in the future.

4.4 STRATEGY AND NEW BUSINESS

▀ MAIN INVESTMENTS

In 2011 the main investment was the geophysical characterization of the PA through a contract with the Hydrographic Institute, in compliance with the norms governing the concession.

Additionally, a database on sea wave propagation developed by another entity and collected by the Hydrographic Institute was purchased.

The project for the creation and start-off of the PA is budgeted in 15 million euros, according to an investment plan which spreads over four years.

▀ FUTURE PERSPECTIVES

It is anticipated that 2012 ENONDAS is the starting year for the engineering and infrastructure studies, as well as for other legal pieces (access regulation) in order to begin operating the PA in 2013.

Thus, we expect 2012 and 2013 to be investment years, with the beginning of the construction of the physical and operational infrastructures.

The initial estimation of having the PAZP prepared to receive the first machines for the production of offshore energy under the regimen of proof of concept ready by late 2013 is, therefore, maintained.

GEN conducts its activities bearing in mind that REN, in its capacity as the operator of the electricity and natural gas transmission systems, has as main function to ensure compliance with contractual commitments under its four concession agreements.

In line with this responsibility, GEN sought, in a logic of Group sustainability:

- to leverage the existing intellectual capital within the REN Group through the analysis, study and implementation of new business opportunities and provision of services, outside the scope of its current concessions;
- to identify partnerships with energy network operators of reference at international level, which may translate into operational cooperation agreements for technical exchanges and assessment of business opportunities of common interest;
- to establish and formalize relationships with international multilateral agencies to support infrastructure development and funding.

- Thus, GEN has focused its activities in areas where REN has expertise in

the state of the art, either in designing new greenfield projects, or seeking to, diversify the sources of institutional funding.

Thus, REN was involved in several business missions in South America, Africa (Maghreb and Central Africa), as well as in negotiating equity participations, still ongoing, in companies holding energy infrastructure in Brazil and Mozambique.

The following should be highlighted:

- partnership agreements made with similar companies in Mozambique, Colombia and China;
- the launching of new relationships with the African Development Bank (ADB) and the European Bank for Reconstruction and Development (BRED), making it possible to access tender opportunities for projects funded by these entities, while also generating the ambition to reach new funding possibilities for projects of REN's interest.

Simultaneously, several opportunities in various geographical areas (Africa, Central-Eastern Europe and South America) to provide services and consultancy were also promoted, some of which quite successful and yielding results in 2012, in conjunction with the Consulting and Services Office.

With regard to monitoring the development of the Strategic Plan, both in relationships with Stakeholders and in the monitoring legislative

procedures, an intense activity was developed, particularly in relation to new European regulations within the package of infrastructure in conjunction with the European Affairs Office.

In 2012, and in line with the Strategic Plan, GEN will intensify the identification of opportunities that may help develop a portfolio of high added value businesses and that may maximize the skills and resources available to REN.



06. RISK MANAGEMENT



6.1 INTERNAL AUDIT

The mission of the Internal Audit Department (GAI) is to verify the existence, functioning and effectiveness of the risk management control model and of the Group's governance and internal control systems.

The Audit Committee is bound by its obligations as set forth by law and in REN's Articles of Association, in particular:

- Supervising the management of the Company and monitoring compliance with the law and the Articles of Association;
- Verifying the accuracy of the accounting documents as prepared by the Board and monitoring the relevant technical review;
- Overseeing the preparation and dissemination of financial information;
- Proposing to the General Assembly the appointment of the statutory auditor;
- Summoning the General Assembly whenever the Chairman of the Board fails to do so.

The mission of the Internal Audit Department (GAI) is to verify the existence, functioning and effectiveness of the risk management control model and of the Group's governance and internal control systems, through objective, independent and systematic monitoring. It reports functionally to the Audit Committee, notwithstanding its hierarchical relationship with the executive management of the Company.

Of the various tasks of the Internal Audit Department, the following stand out:

- Review of the risk and internal control policies in force;

- Assessment of the extent of implementation of internal control;
- Performance of financial, IT, operational and management audits in various areas of the Group;
- Definition, together with the different areas, of corrective actions for weaknesses and noncompliances identified in the audits;
- Monitoring the implementation of corrective measures, through follow-up reports;
- Support to top management in defining and / or implementing control and governance measures.

The internal audits conducted by GAI follow a plan based on risk assessment, whether corporate or of GAI itself, the latter including an assessment of how risks are managed in terms of processes, systems and business units.

GAI's Plan of Activities for 2011, approved by the Audit Committee, has defined and characterized the audits to be carried out. The Plan of Activities was designed based on the following goals:

- Focus audits mainly on areas of greatest risk;
- Assess the level of effectiveness of the implemented Internal Control systems;
- Cover all Group companies;
- Add value to the Group.

In the implementation of the various audits, especial attention was given to the assessment of internal control systems; to the compliance with outlined procedures; to the efficient use of resources; to the effective monitoring

and evaluation processes; and to the mitigation of the identified risks.

In 2012, the audit procedures will be maintained and, for GAI's future Plan of Activities, we highlight the following goals:

**ALIGNING THE
INTERNAL AUDIT
WITH THE GROUP'S
STRATEGY**

**ORIENTATE
RESOURCES
TOWARDS THE
AREAS OF
GREATER RISK**

**FOCUS THE AUDITS
ON PROCESSES/
ACTIVITIES WHICH
DEMONSTRATE
SIGNIFICANT
SUBSTANTIALITY**

**COVER ALL
COMPANIES OF
THE GROUP**

**POSITION THE
INTERNAL AUDIT AS A
FUNCTION CAPABLE
OF ADDING VALUE**

07. PERSPECTIVES FOR 2012



The second phase of REN's privatization marks the beginning of a new stage in the company's life. The main shareholder is now State Grid, the largest utility in the world, with 25% of REN's share capital, and the second largest one is now Oman Oil with 15%. These shareholders bring in a global perspective that helps promote the internationalization of the company.

In its 2010-2016 strategic plan, REN defined as one of its goals the operation of business outside of Portugal. This is particularly relevant as a way to promote growth and the creation of shareholder value, especially after most of the domestic investments are over.

With the Framework Agreement signed with State Grid, that goal is clearly pursued. REN and State Grid have agreed to establish joint ventures to bid for projects in Angola and Mozambique, and agreed to compete as a consortium for projects in Brazil. The Agreement also includes activities to provide services in China and Brazil.

On the other hand, REN can access funding coming from China, which helps face a future of growth that would otherwise be difficult, at least while the critical situation in the Euro zone remains.

In turn, the Framework Agreement between REN and Oman Oil also

opens prospects for services to be sold in the Gulf area.

With these two strategic partnerships REN will consolidate its leadership position in the management of energy infrastructures in Portugal and will begin its process of growth abroad. Therefore REN will continue to create value for its stakeholders, while at the same time it will decrease the concentration of geographical and regulatory risks.

08. PROPOSED ALLOCATION OF NET PROFIT

The consolidated net profit of REN SGPS, S.A. in the 2011 financial year amounted to 120 576 499.52 Euros (one hundred and twenty million, five hundred and seventy-six thousand, four hundred and ninety-nine euros and fifty-two cents). Considering the above stated, the Board of Directors, pursuant to article 28 of the Articles of Association of REN SGPS, S.A. and articles 31 to 33 and 66 paragraph 5 of the Portuguese Companies Code, proposes that the net profit for the financial year of 2011, verified in the individual financial statements according to the National Accounting System's norms and rules,

amounting to 112 552 875.21 Euros (one hundred and twelve million, five hundred and fifty-two thousand, eight hundred and seventy-five euros and twenty-one cents), has the following implementation:

- For legal reserve – 5 627 643.76 Euros (five million, six hundred and twenty-seven thousand, six hundred and forty-three euros and seventy-six cents);
- For dividends 90 246 000.00 Euros (ninety million, two hundred and forty-six thousand euros), corresponding to a distribution

of 75.845% of the consolidated net profit of REN SGPS, S.A. in the 2011 fiscal year, amounting to 120 576 499.52 Euros (one hundred and twenty million, five hundred and seventy-six thousand, four hundred and ninety-nine euros and fifty-two cents), which corresponds to the distribution of a gross dividend per share value of 0.169€;

- For free reserves, the amount of 16 679 231.45 (sixteen million, six hundred and seventy-nine thousand, two hundred and thirty-one euros and forty-five cents).

02 REN'S SUSTAINABILITY



WE PROTECT NEW GENERATIONS

With the Programme for reconversion of Land Use of the protection strip, REN committed itself to plant 410,000 trees. But the company decided to go beyond that and reforested the land overcrossed by its lines, adopting techniques for preventing forest fires, thus contributing to the enhancement of the landscape and protecting the future of new generations.

REN. THE NETWORK THAT BRINGS US TOGETHER

REN. THE NETWORK THAT BRINGS US TOGETHER

REN 



01. SUSTAINABILITY APPROACH



1.1 INTRODUCTION

A question to the stakeholders:

Would you consider that REN has a clear vision of its economic, environmental and social responsibilities?

Average score - 4.3 (in a scale 1-5)

The sustainability information provided in this integrated report is related to REN performance in 2011 and covers the activities of the following companies: REN – Rede Elétrica Nacional S.A., REN Gasodutos S.A., REN Armazenagem S.A., REN Atlântico S.A., REN Trading S.A., REN Serviços S.A., REN Telecom S.A. and ENONDAS S.A.. Whenever possible, the indicators reported herein are presented in a detailed manner, except for the economic indicators which are presented on a consolidated basis for the whole

Group. Whenever the indicators do not correspond to the mentioned scope, this fact is explicitly stated in the document.

This report was prepared in accordance with the third version of the Global Reporting Initiative guidelines, based on protocols for general indicators and in the sectoral supplement for the electricity sector, having adopted and fully responded to the requirements corresponding to level of application A+ of the GRI.

	C	C+	B	B+	A	A+
Self-reporting						✓
Verified by external entity						✓

REN respects the commitment, arising from having joined in 2005 the United Nations initiative “Global Compact”, to provide information on its progress in implementing the ten principles, as indicated throughout this report.

Human Rights Principles

- 1 Respect and protect human rights
- 2 Stop violations of human rights

Principles of Employment Law

- 3 Support freedom of association at work
- 4 Abolish all forms of forced and compulsory labour
- 5 Abolish child labour
- 6 Eliminate discrimination at work

Environmental Protection Principles

- 7 Support a preventive approach to environmental challenges
- 8 Promote environmental responsibility
- 9 Encourage environmentally-friendly technologies

Principle Against Corruption

- 10 Fight corruption in all its forms, including extortion and bribery



Point 1.1 from annexes has a table with the correspondence between the contents of this report and the mentioned requirements. This report was verified by an external independent entity, Deloitte & Associados, SROC S.A., according

to the principles of standard ISAE 3000 (International Standard on Assurance Engagements 3000) and with reference to the GRI and to standard AA1000APS Accountability Principles Standard (2008)

AA1000APS ACCOUNTABILITY PRINCIPLES STANDARD (2008)

The application of the principles of standard AA1000APS, which are summarized below, was reflected in the strategic drivers and in the contents of the report as well.

- Inclusion (participation of stakeholders in the development and implementation of the sustainability strategy): methodologies and processes for involvement and participation of various stakeholders were defined, as described in chapter "3. Dialogue with stakeholders". The results were incorporated in the review of REN's Sustainability Strategy, a fact also mentioned in the chapter under analysis.
- Relevance (definition of the relevant issues for REN and its stakeholders): for the identification of relevant topics, a benchmark analysis to the leading companies and to the main industry trends was carried out, while the results of stakeholder consultations held in 2011, as described in chapter 3 "Dialogue with stakeholders" were also considered.
- Response (REN's response to relevant issues, through its decisions, actions, performance and communication): REN seeks to meet the expectations and concerns raised specifically by each stakeholder, either individually or globally. Overall, this report is the main form of communication used to disseminate the company's strategy, initiatives and performance achieved.

In this chapter and in chapter "3. Dialogue with stakeholders" more detailed information is provided on the application of these principles.

Social Responsibility Policy Statement

www.ren.pt/vEN/Group/Sustainability/Pages/grupo-ren_sustainability.aspx

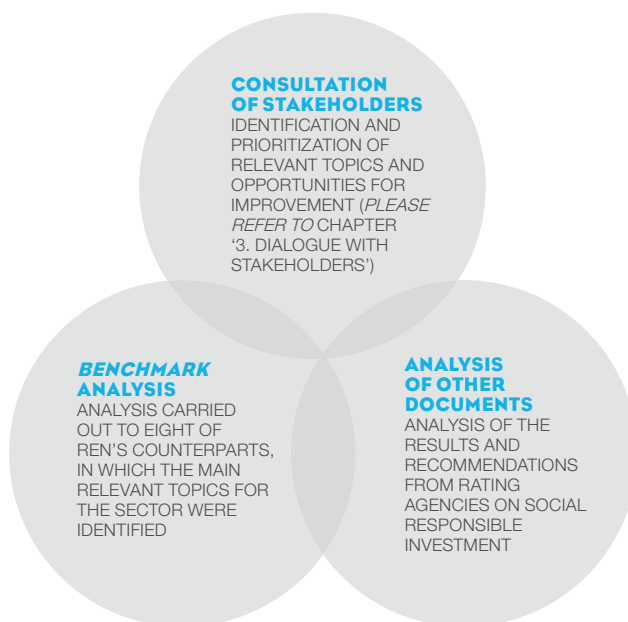
1.2 WHAT WAS DONE

In 2011 REN fulfilled the commitment previously made to reassess the most relevant issues to stakeholders in order to ensure that the company strategy meets its expectations and concerns and remains appropriate to the challenges it is currently facing.

The process of reviewing the strategic priorities in terms of sustainability was conducted in 2011 under the second stage of the project "+ Sustainability". This activity, with the aim of improving the integration of aspects of sustainable development in different business

processes of the company, was achieved through the joint analysis of different sources of information:

- Results of the consultation process to stakeholders;
- Results of the benchmark analysis to eight of REN's counterparts;
- Results from assessments and recommendations received from rating agencies on Social Responsible Investment

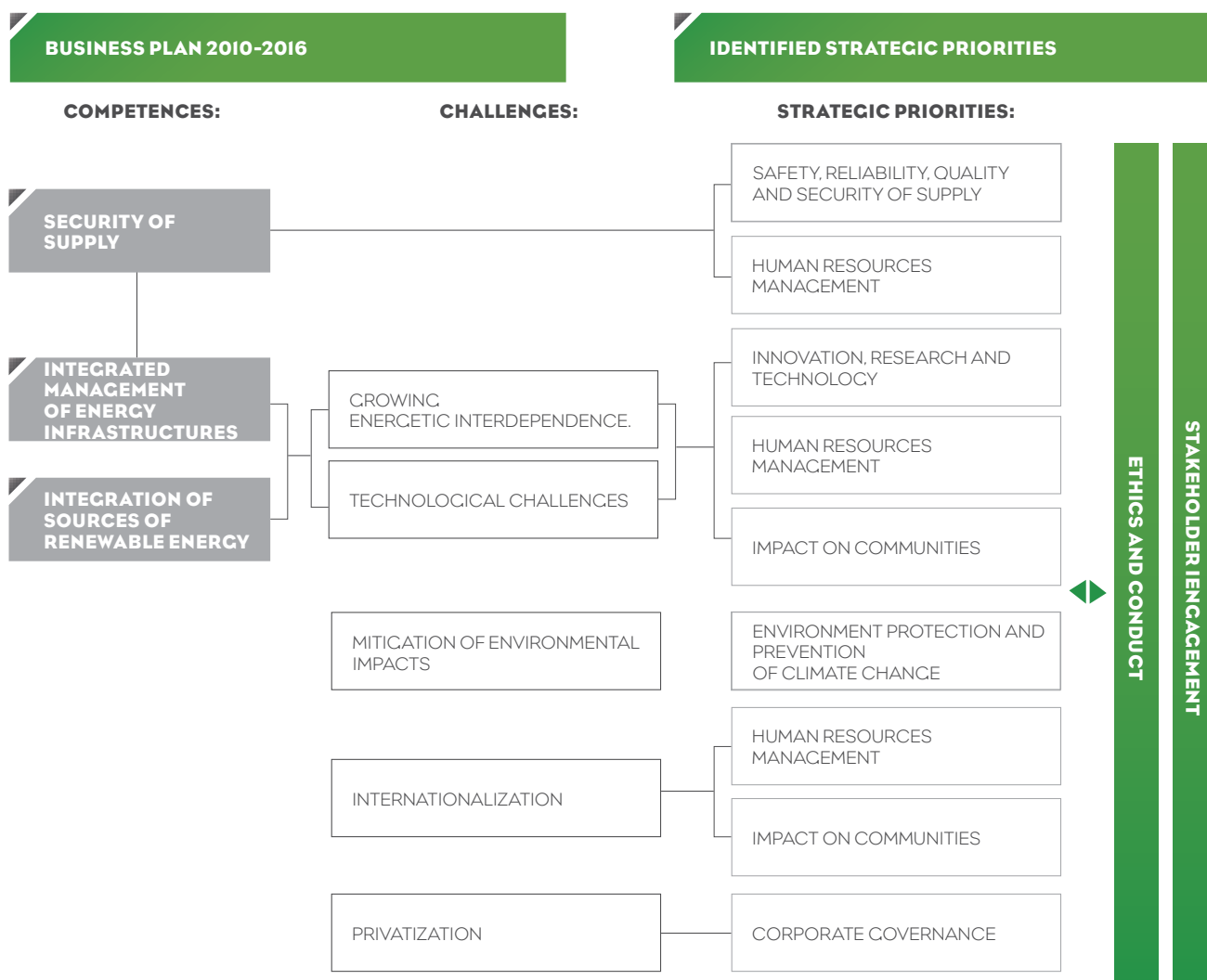


The work carried out helped to identify the following strategic priorities for REN, as far as sustainability is concerned:



These priorities, once aligned with the business plan 2010-2016 of the company, allowed the identification of

new commitments on sustainability for the period 2013 to 2015.



1.3 RECOGNITIONS

ENGAGEMENT RATING 2011

- Sair da Casca, in a partnership with the Exame magazine published, in the end of 2011, the study "Engagement Rating 2011". This, study, which has been being published since 2008, and it is based on the Accountability Rating methodology, placed REN among the top-10 most transparent companies in the Iberian market, occupying the 7th place nationally.
- REN was honoured as one of the leading companies in the Iberian

Peninsula for its performance and public information on human resources, occupational health and safety at work. This study also rated the company in the 2nd position in the field of environmental reporting (information on energy, emissions and impacts on biodiversity) and the 3rd position in the dimensions of strategy and management.

VICEO RATING

- REN was ranked in the 1st position in the Iberian Peninsula and in 2nd position at European level

in the energy sector, on a rating assessment on corporate social responsibility promoted by Vigeo I.

- That agency analyzed information on 28 European energy companies in six different domains: environment, human resources, human rights, community engagement, corporate behaviour and corporate governance.

✓ **Oekom RATING**

- Still in the field of social responsibility, REN achieved the B + category in the rating of the agency Oekom Research AG.
- REN was one of the two companies with the best score in a universe of 43 utilities in the energy sector at international level, having been rated as a Prime company for its performance.

✓ **WORLD FINANCE AWARD (PORTUGUESE COMPANY OF THE DECADE)**

- The World Finance, a London-based international publication, available in print and online, specialized in financial affairs, recognised REN as the Company of the Decade in Portugal (2000-2010). The award was based on criteria as diverse as solutions developed for the market, innovation, sustainability, history and ability to adapt to global business changes. Concerns with the community, longevity and prospects for growth were also considered.

- Thus, REN joins Apple (USA), Nokia (Finland), Toyota (Japan), ENI (Italy), Sonangol (Angola), or Samsung (South Korea), also previously awarded.

✓ **APAI (BEST NON-TECHNICAL SUMMARY OF AN ENVIRONMENTAL IMPACT ASSESSMENT AWARDED BY APAI)**

- The Portuguese Association for Impact Assessment (in Portuguese, APAI) recognised REN with the award for best non-technical summary (NTS) of environmental impact assessment (EIA). The award recognised the NTS of the EIA for the line Armamar – Recarei and confirmed the technical excellence of the approach and of the company teams.

✓ **CARBON DISCLOSURE PROJECT 2011**

- For the third consecutive year, REN answered to the survey promoted by Carbon Disclosure Project, having, for the first time, disclosed its answers to the public. Also for the first time, an analysis of the Iberian companies that participated in the CDP ("CDP Iberia "125 Report 2011) was published and in which REN was ranked in the 8th position at national level in terms of transparency and disclosure of information on its emissions of greenhouse gases and policies to prevent climate changes, with a score of 69%.

02. COMMITMENTS











Without prejudice to other initiatives and actions developed, which are referenced in throughout this report, the assessment

of commitments for 2010-2012 in terms of sustainability is presented as follows:

DIMENSION	MOTIVATIONS	ACTIONS 2010-2012	STATUS	ACTIONS DEVELOPED IN 2011
1. Code of conduct	<ul style="list-style-type: none"> Accession to principles of ethics and integrity by employees and all other stakeholders 	<ul style="list-style-type: none"> Assess the suitability of the code of conduct to social responsibility principles 		<ul style="list-style-type: none"> Review of the code of conduct with the inclusion of new articles and the reformulation of existing ones
		<ul style="list-style-type: none"> Reinforce the dissemination of the code of conduct 		<ul style="list-style-type: none"> Preparation of a questionnaire for employees on the code of conduct, so as to prioritise training and awareness sessions
2. Technical and specialised know-how in the energy sector	<ul style="list-style-type: none"> Maintenance of technical and specialised know-how among employees 	<ul style="list-style-type: none"> Ensure the transfer of technical and specialised know-how among the different generations of REN's employees 		<ul style="list-style-type: none"> FORMAR Programme VIVA programme Knowledge Management Project Management Meetings
3. Risk management	<ul style="list-style-type: none"> Minimisation of threats and risks at strategic level 	<ul style="list-style-type: none"> Reinforce the implementation of the risk management model 		<ul style="list-style-type: none"> Systematisation and implementation of the new risk management process aligned with ISO 31000
4. Corporate social responsibility	<ul style="list-style-type: none"> Systematisation of corporate social responsibility practices in social responsibility management system, integrating it with the quality, environment and safety management system 	<ul style="list-style-type: none"> Extend the scope of procedures that are common to the integrated quality, environment and safety management system 		<ul style="list-style-type: none"> Review documentation of transversal application to the system in order to address various aspects concerning corporate social responsibility
		<ul style="list-style-type: none"> Implement the requirements of standard SA 8000 so as to strengthen REN's practices and policies 		<ul style="list-style-type: none"> Carry out the planning of the work to be developed

(CONTINUATION)

DIMENSION	MOTIVATIONS	ACTIONS 2010-2012	STATUS	ACTIONS DEVELOPED IN 2011
5. Involvement with stakeholders	<ul style="list-style-type: none"> • Increased motivation of employees • Improved relationships with REN's stakeholders 	<ul style="list-style-type: none"> • Reinforce commitments with employees 		<ul style="list-style-type: none"> • Strengthen employees' skills and promote internal communication through the new VIVA and STAR Programmes • Hold REN Meetings
		<ul style="list-style-type: none"> • Develop a community involvement programme 		<ul style="list-style-type: none"> • Voluntary service sessions • Cultural patronage sessions • Support to national and local associations working for social inclusion
		<ul style="list-style-type: none"> • Strengthen the relationship and involvement with land owners 		<ul style="list-style-type: none"> • Reinforce activities related to the fulfilment of standard AA1000 through surveys to REN's stakeholders, including land owners
		<ul style="list-style-type: none"> • Promote the sharing of information and specialized know-how between companies and entities in the energy sector 		<ul style="list-style-type: none"> • Establishment of regular scientific and academic partnerships • Participation in national and international working groups on sectoral organisations and associations. • Publication of scientific papers and active participation in international conferences and discussion fora internacionais e fóruns de debate
6. Climate changes and resource consumption	<ul style="list-style-type: none"> • Reduced greenhouse gas emissions and improved efficiency of resource consumption 	<ul style="list-style-type: none"> • Increased energy efficiency of facilities and operations 		<ul style="list-style-type: none"> • Implementation of energy efficiency measures at the premises of REN Armazenagem and REN Atlântico resulting from energy audits
		<ul style="list-style-type: none"> • Reinforce the use of renewable energies in the energy consumption at the facilities 		<ul style="list-style-type: none"> • Industrial exploitation of solar panels installed in GRMS 1109 (Seixal) and 1209 (Frielas)
7. Communication	<ul style="list-style-type: none"> • Recognition by society and employees of REN's sustainability practices in various business aspects • Satisfaction of REN's stakeholders • Consolidation of REN's positioning in the field of new technologies, innovation and research 	<ul style="list-style-type: none"> • Enhance communication of REN's corporate social responsibility practices 		<ul style="list-style-type: none"> • Interventions and speeches carried out in several events • Provision of information in rating assessments by international agencies and response to questionnaires on sustainability and social responsibility
		<ul style="list-style-type: none"> • Incorporate principles of social responsibility in the selection and evaluation process of suppliers 		<ul style="list-style-type: none"> • Review of supplier qualification process with inclusion of corporate social responsibility issues

03. STAKEHOLDERS DIALOGUE



THE STAKEHOLDER MAPPING REVIEW WAS DONE BY CONDUCTING SEVERAL INTERNAL FOCUS GROUP MEETINGS.

Carrying on with work undertaken in 2007 and 2009 and fulfilling the commitment taken up in the sustainability report of 2010, in 2011 the stakeholders mapping was revised and a new consultation to relevant REN stakeholders was conducted under the second phase of the project “+ Sustainability”. This initiative, started in March 2009, has the main goal to improve the integration of different aspects of sustainability into the company's different business processes.

FRAMEWORK OF THE STAKEHOLDERS' CONSULTATION PROCESS

The consultation process began with a thorough review of the stakeholders mapping, with reference to the best practices adopted at international level (e.g., standard AA1000APS – Assurance Principle Standards – 2008). REN's main stakeholders were thus identified and prioritised, taking into account the binomial impact of each group in REN's decision-making process versus REN's impact on the activity and performance of that stakeholders group.

The stakeholder mapping review was done by conducting several internal focus group meetings, with the participation

of 21 employees from various functional areas of the company, with the aim of:

- Identify and prioritise stakeholders according to standard AA1000 APS criteria;
- Select the entities to consult;
- Identify and prioritise the relevant issues for each group or subgroup of stakeholders, based on the consultation and work previously performed, as well as the results of the benchmarking study on REN's counterparts;
- Assess REN's performance and make suggestions for improvement, in order to review the priorities of the company's operations aligned with sustainable development;

Assess the perception and expectations of REN's employees on the sustainability performance of the company.

As a result of the review of the stakeholder mapping, the stakeholders were categorised into three sets, by order of importance: critical, key and non-key stakeholders.

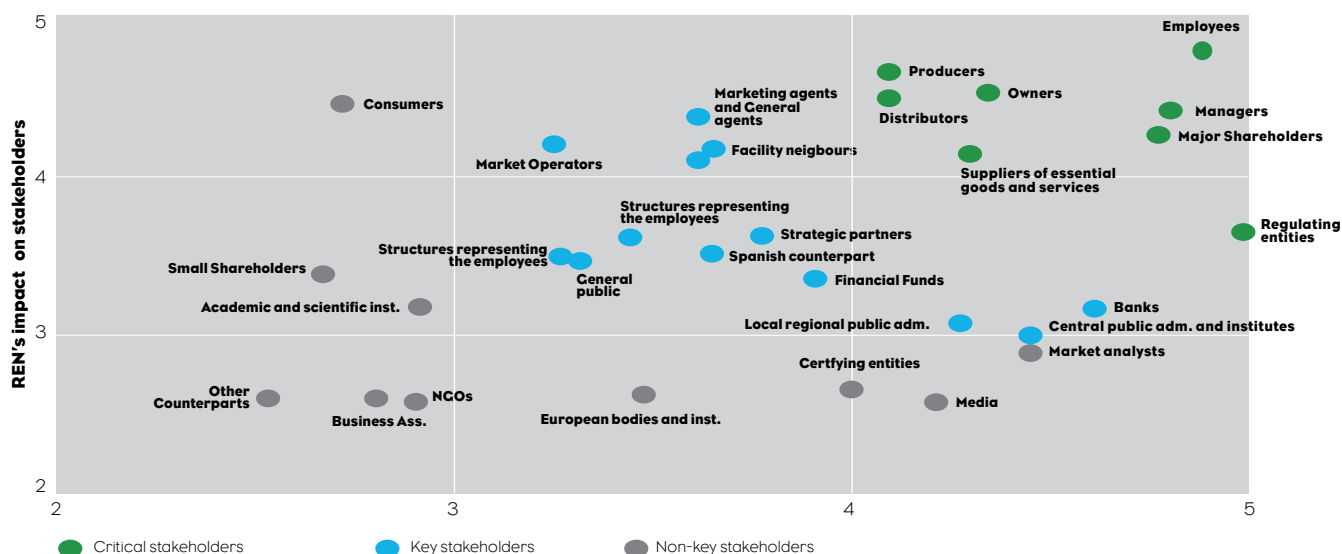
GROUPS AND SUBGROUPS OF REN'S STAKEHOLDERS

CLIENTS AND USERS OF INFRASTRUCTURES	SHAREHOLDERS	EMPLOYEES	SUPPLIERS AND SERVICE PROVIDERS
<ul style="list-style-type: none"> • PRODUCERS • MARKET AGENTS AND GENERAL AGENTS • DISTRIBUTORS • CONSUMERS • MARKET OPERATORS • SPANISH COUNTERPART • OTHER COUNTERPARTS 	<ul style="list-style-type: none"> • MAJOR SHAREHOLDERS • SMALL SHAREHOLDERS • FINANCIAL FUNDS 	<ul style="list-style-type: none"> • MANAGERS • EMPLOYEES • PENSIONERS • WORKERS' REPRESENTATIVE BODIES 	<ul style="list-style-type: none"> • SUPPLIERS OF ESSENTIAL GOODS AND SERVICES • SUPPLIERS OF OTHER GOODS AND SERVICES • CERTIFYING AUTHORITIES
GOVERNMENTAL INSTITUTIONS	FINANCIAL SECTOR	COMMUNITY	ASSOCIATIONS AND STRATEGIC PARTNERS
<ul style="list-style-type: none"> • CENTRAL PUBLIC ADMINISTRATION AND GOVERNMENT INSTITUTES • REGIONAL AND LOCAL PUBLIC ADMINISTRATION • EUROPEAN INSTITUTIONS AND BODIES • REGULATING ENTITIES 	<ul style="list-style-type: none"> • BANKS • MARKET ANALYSTS 	<ul style="list-style-type: none"> • ACADEMIC AND SCIENTIFIC INSTITUTIONS • BUSINESS ASSOCIATIONS • NGOS • MEDIA • LANDOWNERS OF RIGHTS OF WAY AND PROPERTY • FACILITY NEIGHBOURS • GENERAL PUBLIC 	<ul style="list-style-type: none"> • ASSOCIATIONS AND STRATEGIC PARTNERS

Employees, owners, producers, distributors, major shareholders, suppliers of essential goods and services and the regulatory authorities

are the most critical subgroups, broadly confirming the results of the last mapping exercise of stakeholders held in 2009.

Impact of stakeholders in REN



CRITICAL STAKEHOLDERS (2009)

- EMPLOYEES
- POWER DISTRIBUTORS
- POWER PRODUCERS
- OWNERS
- SHAREHOLDERS
- REGULATING ENTITIES
- SUPPLIERS OF GOODS AND SERVICES
- GOVERNMENTAL INSTITUTIONS
- FINANCIAL INSTITUTIONS

CRITICAL STAKEHOLDERS (2011)

- EMPLOYEES
- MANAGERS
- POWER DISTRIBUTORS
- POWER PRODUCERS
- OWNERS
- MAJOR SHAREHOLDERS
- REGULATING ENTITIES
- SUPPLIERS OF GOODS AND SERVICES

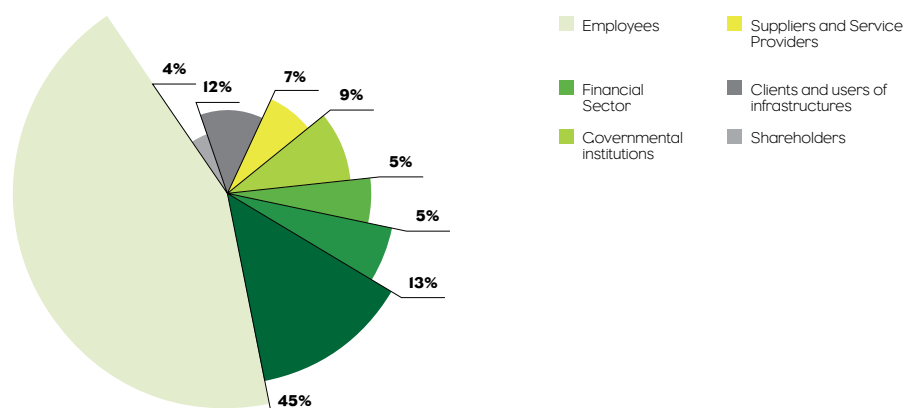
After validating the stakeholders mapping and identifying entities to be consulted, REN developed a new round of consultation to gather information on these stakeholders perceptions on:

- REN's vision and sustainability performance;
- REN's reputation and image;
- The engagement level of REN involvement with its stakeholders and

the main media and communication channels used;

- Identify and prioritise the issues deemed as most relevant to their relation with REN.

The consultation was held based on a questionnaire that was answered in personal interviews, by telephone or in writing. The sample included 65 people from eight stakeholder groups, distributed as follows:

SAMPLE CHARACTERISATION

Given the particular relevance of the stakeholder group "employees", the questionnaire was also made available through the company's corporate intranet.

The rate of responses to this consultation process was:

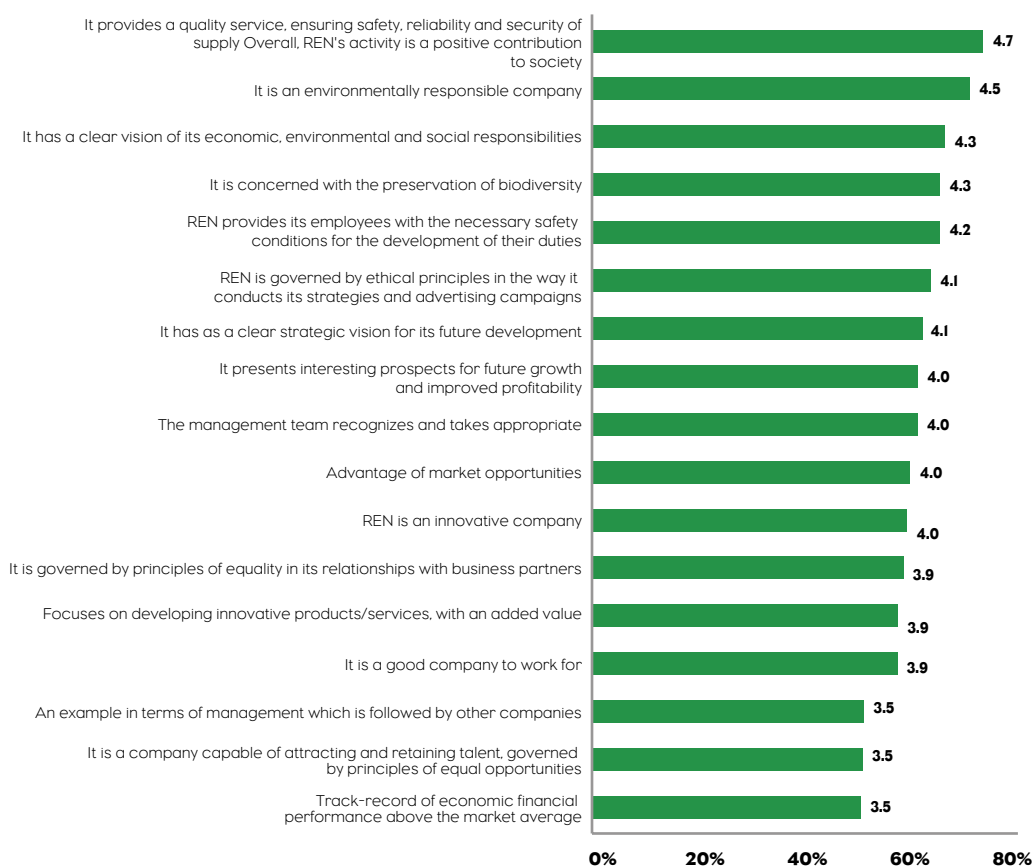
- 86.1% of the persons in the sample (56 out of 65);
- 36.8% of REN employees via the questionnaire in the intranet (270 out of 734 employees).

RESULTS OF THE STAKEHOLDERS CONSULTATION PROCESS

The results are presented below on an aggregate basis. In addition, throughout the sustainability tab of this report, the answers to the questions asked in the sustainability report of 2010 are also presented.

REPUTATION AND IMAGE

The aspects that stand out as best rated on a scale of 1 to 5, are: i) REN's service in terms of quality, reliability and security of supply (4.7); ii) the positive contribution of the Company to society (4,5) and, iii) the REN's commitment to environmental issues (4.3).



These aggregated results were calculated taking as reference the average of responses from each stakeholder group to each of the questions, weighted for the calculation of the overall results according to relevance of each group identified in the stakeholders mapping done in 2011.

RELEVANT ISSUES AND SUSTAINABILITY PERFORMANCE

The topics "Qualification of human resources and employee satisfaction,"

"Innovation, research and technology" and "Safety, reliability, quality and security of supply" were those with a higher percentage of referrals and those that were considered as most important. Of these topics, REN's performance was rated as very positive in relation to the theme "Safety, reliability, quality and security of supply." One of the topics whose performance had a less positive evaluation was "Internal and external communication."

RELEVANT TOPICS (2009)

- RELIABILITY, QUALITY, SECURITY OF SUPPLY AND MARKET INTEGRATION
- SAFETY AND MECHANISM OF PREVENTION FOR CRISIS SITUATIONS
- ENVIRONMENTAL PROTECTION AND PREVENTION OF CLIMATE CHANGES
- INNOVATION AND TECHNOLOGICAL DEVELOPMENT
- TRANSPARENCY IN COMMUNICATION WITH AGENTS
- QUALIFICATION OF HUMAN RESOURCES
- COMMUNICATION

RELEVANT TOPICS (2011)

- SAFETY, RELIABILITY, QUALITY AND SECURITY OF SUPPLY.
- ENVIRONMENTAL PERFORMANCE
- INNOVATION, RESEARCH AND TECHNOLOGY
- ETHICS AND CONDUCT
- QUALIFICATION OF HUMAN RESOURCES
- STAKEHOLDERS ENGAGEMENT
- CORPORATE GOVERNANCE

STAKEHOLDERS ENGAGEMENT

From the consultation process it is possible to conclude that the type of involvement and communication that REN has with its key stakeholders is considered very positive by the entities consulted, with 82% of answers revealing their satisfaction. With regard to the answer time of the company to the needs, opinions and expectations of key stakeholders, the weighted overall average rating was 4.11 on a scale from 1 (poor) to 5 (very good). It is worth highlighting that improvement opportunities were identified for the process of engagement / communication, in the stakeholders groups "clients and users of infrastructure," "community" and "employees."

Recognizing the importance of client satisfaction as well as the services provided by the company to the infrastructure users, it is crucial to monitor and measure their degree of satisfaction. For this reason REN developed a system for assessing the perceived quality and client satisfaction, having conducted the first studies in 2008 and 2009, which focused on the electricity and natural gas businesses, respectively. In those studies we used a client satisfaction model consistent with the methodology used by ECSI (European Client Satisfaction Index), comprising a structural and a measurement models with a wide range of indicators.

EVALUATION OF CLIENT SATISFACTION IN 2011

In the last quarter of 2011 a new satisfaction survey to clients/users of electricity and natural gas infrastructures was begun in order to monitor progress against the previous studies. In the 2011 survey, the universe of participants doubled, with a total of 184 participants (30 for natural gas and 154 for electricity). The study aims to address issues that may help REN identify opportunities for improvement of strategies, services, processes as well as understand which are the characteristics valued by clients, in order to strengthen loyalty/trust, perceived quality and satisfaction, in particular:

- Calculate the levels of overall satisfaction, and by business segment, as well as the results by indicator;
- Identify strengths; points to improve and areas of priority action, in order to increase client satisfaction and loyalty/trust;
- Provide information for identifying actions to be taken to improve perceived quality;
- Compare the results of this study with those of previous studies; with those of other sectors at national level; and with those of foreign organisations in the energy sector;
- Assess the response of market players to new platforms.

In order to implement the survey, an external and independent institution was contracted and it collected the data through an online questionnaire and also carried out its statistical treatment, which ensures the appropriate level of confidentiality of the answers. This organisation follows the code of conduct of ESOMAR - European Society for Opinion and Marketing Research Association; ensures the implementation of the study according to the Portuguese Code for Opinion and Market Research Studies (in Portuguese, CODEMO); and acts in accordance with the law for data protection.

Following is a table with a summary of the survey results, including the satisfaction and loyalty/trust indexes and other indicators in line with issues considered as relevant by clients.

RESULTS OF THE 2011 SURVEY	GLOBAL	ELECTRICITY	NATURAL GAS
Satisfaction	7.0	6.9	7.3
Loyalty/trust	7.7	7.6	7.9
Contributes towards sustainable development	7.2	7.2	7.0
Engages with local communities	6.8	6.7	7.0
Is concerned with environmental issues	7.6	7.6	7.8
Security of supply and meeting quality and safety criteria	7.7	7.5	8.3

SCALE FROM 1 TO 10, IN WHICH 1 REPRESENTS THE LOWEST LEVEL AND 10 THE HIGHEST. A RESULT EQUAL TO OR GREATER THAN 6 IS CONSIDERED AS A POSITIVE RESULT.

After having identified the expectations of REN's stakeholders, validated through the process of consultation and engagement, a set of solutions and

answers were defined, briefly presented below, in connection with business priorities on sustainability.

STAKEHOLDERS	EXPECTATIONS	RESPONSE	PRIORITIES
Shareholders	<ul style="list-style-type: none"> • Company results sustainability • Dividends • Sustained growth • Greater results • Listing on the stock market • Sharing of information • Communication on indicators related with safety, reliability, quality and security of <i>supply</i> 	<ul style="list-style-type: none"> • Management improvement and efficiency • Clarity and transparency of information disclosed • Publication of the 2011 Integrated Report, including information on sustainability, management, corporate governance, separate and consolidated accounts • Quality of Service Reports 	Stakeholders engagement Ethics and Conduct
Financial Sector	<ul style="list-style-type: none"> • Creation of business opportunities • Strengthening relations with REN • Sharing of information 	<ul style="list-style-type: none"> • Close relationship • Provision of relevant information • Publication of the 2011 Integrated Report, including information on sustainability, management, corporate governance, separate and consolidated accounts 	Stakeholders engagement Ethics and Conduct
Community	<ul style="list-style-type: none"> • Community consultations • Relationship and communication with owners and neighbours of facilities • Creation of partnerships and closer relations with the business environment • Impacts and constraints generated by infrastructures • Specialised support to the community 	<ul style="list-style-type: none"> • Consultation of stakeholders held in 2011 • Public consultations within the scope of environmental assessments • Provision of necessary clarifications and direct contact with property owners • Knowledge Sharing • Partnerships in R&D • REN Award • Integration of young trainees • Development of expert opinions on the feasibility of possible construction • Maintenance of the right-of-way 	Stakeholders engagement Ethics and Conduct Impact on Communities Innovation, Research and Technology

(CONTINUATION)

STAKEHOLDERS	EXPECTATIONS	RESPONSE	PRIORITIES
Employees	<ul style="list-style-type: none"> • Career management system • Adequate and specific training for employees • Performance appraisal • Benefits attributed • Sharing of information • Code of Conduct • communication and training Incubators of ideas / projects • Partnerships with colleges and institutes in order to allow the study and development of advanced technologies • Internal environmental awareness 	<ul style="list-style-type: none"> • Human Resources Management Policy • Career plans • REN's Training Policy and the FORMAR programme • VIVA programme • REN's Knowledge Management Project • STAR Performance Management Policy and programme • Development of a questionnaire on the Code of Conduct to apply to employees in 2012 for further training in the most relevant topics • Consultation of stakeholders held in 2011 	Stakeholders engagement Ethics and Conduct Human Resources Management Innovation, Research and Technology
Governmental Institutions	<ul style="list-style-type: none"> • Use of construction best practices • Network planning taking into consideration territorial planning and minimisation of environmental impacts • Regulatory and tariffs models • Tariff deviations • Operational compliance • Technical quality of service • Investment in innovation and technological development • Sharing of information 	<ul style="list-style-type: none"> • Information sessions for plans and programmes (PDIRT and PDIR) • Project review • Preparation of technical reports and expert opinions • Publication of monitoring reports • Quality of service reports • Clarity and transparency of information disclosed 	Stakeholders engagement Ethics and Conduct Safety Reliability, Quality and Security of Supply
Associations and strategic partners	<ul style="list-style-type: none"> • Increase and improve communication with communities affected by the construction of lines as well as implement measures to compensate such communities 	<ul style="list-style-type: none"> • Increased communication and implementation of projects in partnership 	Stakeholders engagement Ethics and Conduct Impact on Communities
Clients and users of infrastructures	<ul style="list-style-type: none"> • Sharing of information • Conditions of access and connection to the transmission system • Environmental constraints and territory planning • Network connections • Compliance with the planning • Infrastructure needs • Network development, location, terms and contracts 	<ul style="list-style-type: none"> • Evaluation of client satisfaction • Reports follow-up • Quality of service reports • Preparation of the RNT characterisation for network access and interconnections • Development and Investment Plan of the Electricity Transmission Network (PDIRT) • Publication of the energy availability programme (gas) • Adequacy of existing regulation (gas) • Preparation of the operational manual (gas) 	Stakeholders engagement Ethics and Conduct Environment Protection and Prevention of Climate Change Safety Reliability, Quality and Security of Supply Innovation, Research and Technology

(CONTINUATION)

STAKEHOLDERS	EXPECTATIONS	RESPONSE	PRIORITIES
Suppliers, contractors and service providers	<ul style="list-style-type: none"> • Technical capacity and quality of product/service • Identification, selection and qualification of suppliers • Cooperation to improve safety • Establishment of partnerships • Sharing of information 	<ul style="list-style-type: none"> • Creation of conditions for market diversification • Awards for best safety performance • Suppliers qualification and evaluation system with requirements that include technical components and quality of service; plus aspects related to social responsibility, occupational safety and environmental management • Publication of a ranking with the results of supplier assessment • Training for contractors in the field of Security 	Stakeholders engagement Ethics and Conduct

REN adopts a differentiated set of forms and means of communication to answer the needs and expectations of different

stakeholder groups, summarised in the following table:

TYPES OF COMMUNICATION	INVESTORS/ SHAREHOLDERS	POWER DISTRIBUTORS	POWER PRODUCERS	FINANCIAL SECTOR	ACADEMIC AND SCIENTIFIC INSTITUTIONS	EMPLOYEES	REGULATING ENTITIES	OWNERS AND LOCAL COMMUNITY	OFFICIAL ENTITIES	SUPPLIERS AND SERVICE PROVIDERS	ASSOCIATIONS AND STRATEGIC PARTNERS
General Assembly	●			●			●				
Joint committees		●	●								
Roadshows	●										
Meetings and workgroups		●	●	●		●		●	●	●	●
Conferences and workshops				●	●						
Jobshops					●						
Study visits					●						
Investors day	●			●							
Investor Relations Office	●			●							
Investors Channel on REN's website	●			●							
CMVM's website		●					●				
REN's website	●	●		●	●	●	●	●	●	●	●
Information System of the Energy Markets			●								
ERSE IT System - SIGNO							●				
RePro System										●	
Electronic procurement platform										●	
Network control rooms			●								
On-site support office								●			
Information sessions						●		●	●	●	
Free toll number								●			
Report and Accounts	●			●	●	●	●		●	●	
Periodical publications							●				●
Publication of notices								●			
Procedures for environmental impact assessment								●	●		
REN Safety Award										●	
Suppliers' performance assessment								●		●	
Survey to assess perceived quality			●						●		
Satisfaction surveys and organisational climate						●					
REN TV Channel						●					
REN's Intranet						●					
Internal newsletter						●					
Social events						●					
Human Resources Portal						●					

Regularity

● Continuous

● Periodical

● Occasional

04. MANAGEMENT AND DEVELOPMENT OF HUMAN CAPITAL



4.1 PRIORITIES FOR HUMAN RESOURCES

Question to stakeholders:

Would you consider REN to be a good company to work for?

Average of replies - 3.9 (in a scale 1-5)

REN fosters the sustainable management of its human resources, promoting skills development, acknowledging the merits of their teams, and encouraging motivation and well-being of employees, in a continuous improvement of its human resource management policy.

Several initiatives stand out in 2011 that show this commitment of REN with its employees, namely, the implementation of REN's training policy (FORMAR

programme); the consolidation of VIVA programme – welcome and integration of new employees; the definition of the performance management policy aiming to support the performance management tool (STAR programme) and which has been in force since 2010; the beginning of the Knowledge Management Project; new initiatives to mobilise human resources; the release of the REN Trainee Programme; and the setting up of the Human Resources Committee (in Portuguese, CRH).

4.2 HUMAN RESOURCES COMMITTEE

The general goal of the Human Resources Committee is to identify the needs and priorities in terms of human resources, acting as a mobilisation, validation and monitoring body for this matter in the whole structure.

The main responsibilities of this committee include adjusting REN's structure to business and investment decisions; being an active part in the

proposal of transversal policies for the Company; and also defining and implementing consolidated human resource management indicators for all business units.

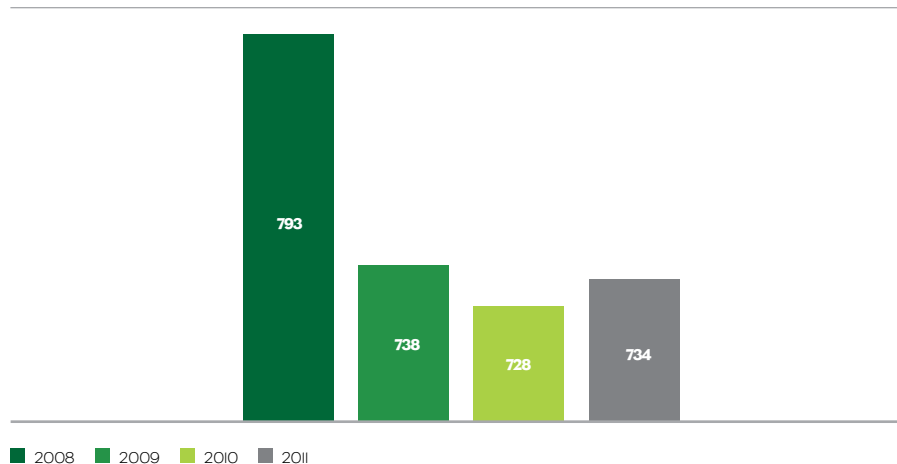
This management body includes a member of REN's Executive Board, the responsible person for human resources area, plus representatives from the various business units of the company.

4.3 CHARACTERIZATION OF HUMAN RESOURCES

In 2011, the number of employees increased 0.8% in relation to 2010, due

to the admission of 36 new employees whereas 30 left the Company.

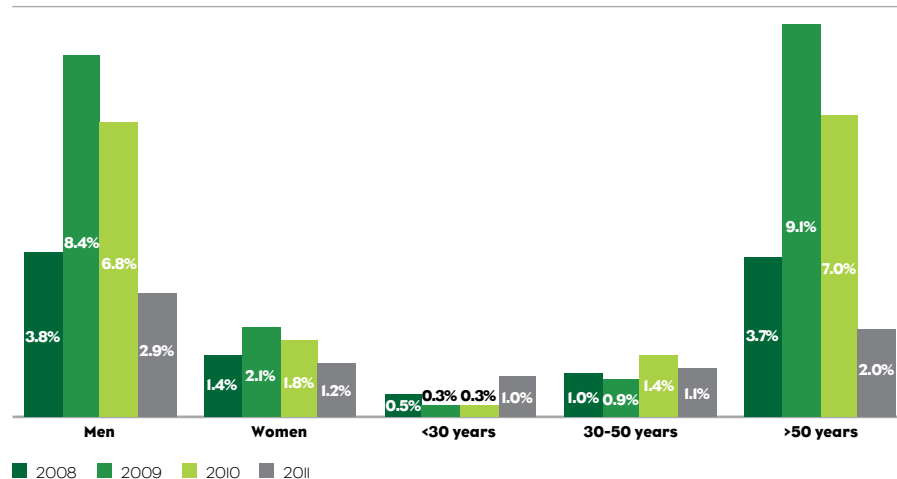
NO. OF EMPLOYEES



Last year, there was a 52% reduction in the number of employees leaving the company, which explains the decrease

of 8.7% in 2010 to 4.1% in the overall rotation rate

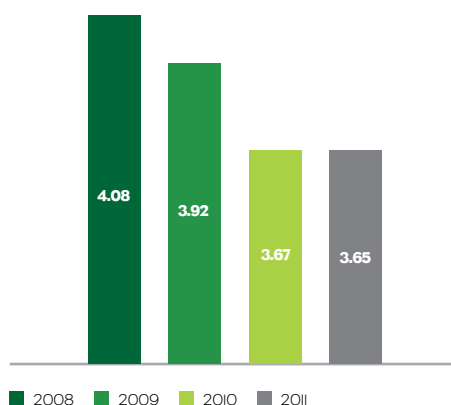
ROTATION RATE



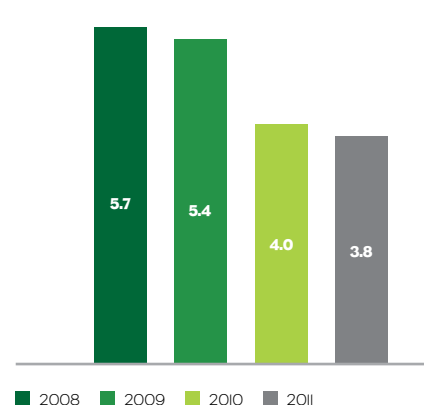
In 2009 and 2010, there were high rotation rates because a significant number of employees left the Company due to retirement and early retirement, as well as a result of new employees joining the company. It is expected that about 16% of employees go to retirement in the next five years and that this figure increases to about 36% in the next ten years.

As a result of REN's commitment to equal opportunities in the selection and recruitment processes of new employees, the number of women has increased in recent years, as well as the percentage of women in management positions.

DIVERSITY OF EMPLOYEES (NO. MEN / NO. WOMEN RATIO)



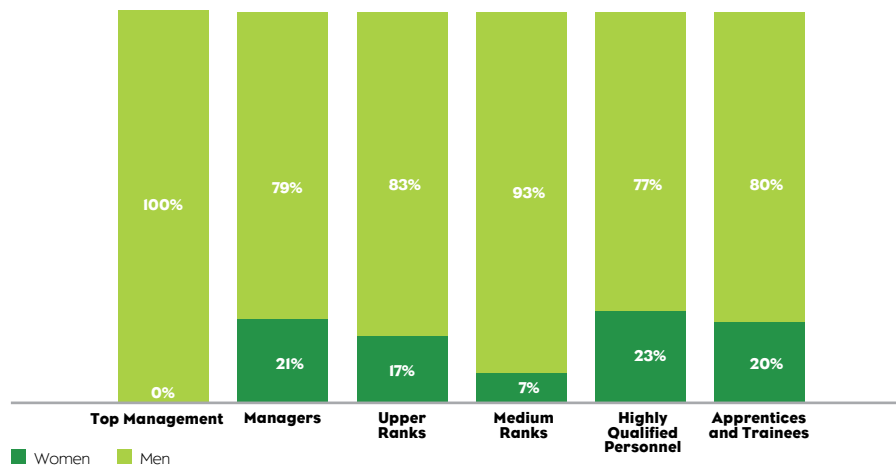
DIVERSITY OF MANAGERS (NO. MEN / NO. WOMEN RATIO)



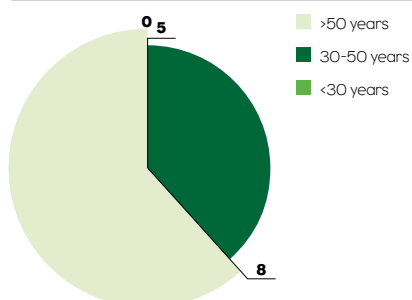
The average age of REN's employees in 2011 was 44.5 years, and it is worth mentioning that 11% of employees were

less than 30 years old as a result of the employees' renewal policy in progress.

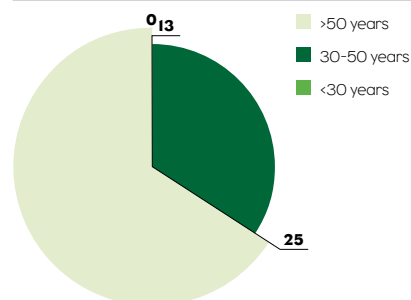
DISTRIBUTION OF EMPLOYEES BY GENDER AND PROFESSIONAL CATEGORY



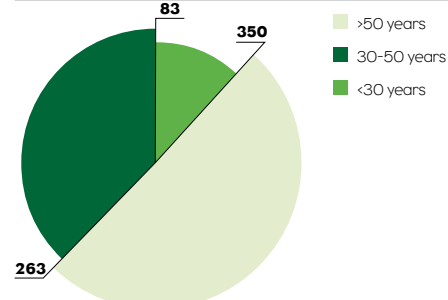
DISTRIBUTION OF TOP MANAGEMENT BY AGE GROUP



DISTRIBUTION OF MANAGERS BY AGE GROUP



DISTRIBUTION OF THE REMAINING EMPLOYEES BY AGE GROUP

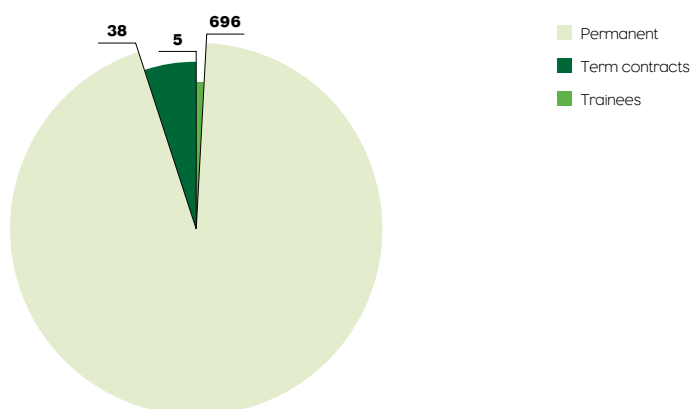


PROFESSIONAL CATEGORY

With regard to the nature of employment contracts, it should be mentioned that 95% of REN's employees had

a permanent employment contract. Of these, 59.7% were covered by a collective bargaining agreement (in Portuguese, ACT).

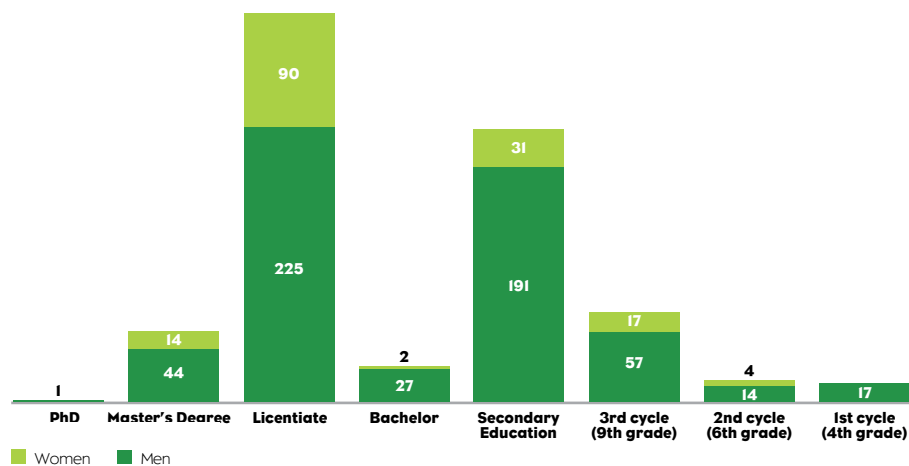
DISTRIBUTION OF EMPLOYEES BY TYPE OF CONTRACT



The geographical distribution of employees has remained constant since 2008, with 70% in the Lisbon region,

22% in the northern/central region and 8% in the south.

SCHOOLING



In an industry where technical expertise is a very important requirement, we can

see that 55% of the employees have a high level of education.

4.4 PERSONAL AND PROFESSIONAL DEVELOPMENT

The overall goal of training at REN is to ensure lifelong learning in line with the company's values, and according to the specific needs and functions

of the respective areas. The general principles governing those activities were embodied in the company's training policy, defined and implemented in 2011.



Under the new policy, various programmes and initiatives are planned, among which the following stand out:

- **Transversal Training Programme**

This annual programme, initiated in April 2011, leads to the implementation

of actions that respond to specific training needs and contribute to the development of skills and knowledge of a strategic and transversal nature. All company employees are included in this transversal training programme.

Goals of the Transversal Training programme 2011

- To develop a number of sequential training sessions for the different levels at REN.
- To standardise the language in use and optimise results through human resources management and leadership.
- To develop teamwork and communication behaviours.

Results of the Transversal Training programme 2011

- People focused on the development of behavioural skills which are relevant to the organisation.
- Team leaders equipped with management and leadership tools.
- Common attitudes, behaviours and, consequently, languages within REN.
- Focus: "Guideline for people".

- **Specific Training programme**

The implementation of this programme, initiated in August 2011 and scheduled for completion in July 2012, follows from the results of the management and performance assessment process conducted within the STAR programme and from the needs identified in the assumption of new responsibilities or for career development . It is incumbent

on the area managers, individually and together with each employee, to design and prioritise the needs and actions to develop, whereas it is the Human Resources Department's responsibility to present, disseminate and manage the programme and the respective initiatives arising from the needs that have been identified.

Goals of the 2011 Specific Training Programme

- Ensure that the specific training needs of employees identified by STAR are met.
- Develop and maintain specific knowledge and skills adjusted to performance and to the specific needs of the positions and areas of the company.

Results of the 2011 Specific Training programme

- Consolidate, maintain and/or develop knowledge and skills.
- Improve processes and procedures.
- Optimize the levels of employees and teams performance

• Participation in Training

The purpose of this programme is to participate in advanced programmes, such as postgraduations, MBAs and master's degrees, according to the interest and continued relevance they may have for employees and for REN.

• Seminars, Conventions and Conferences

Given the specificity of REN's activity, updating best practices in technical and

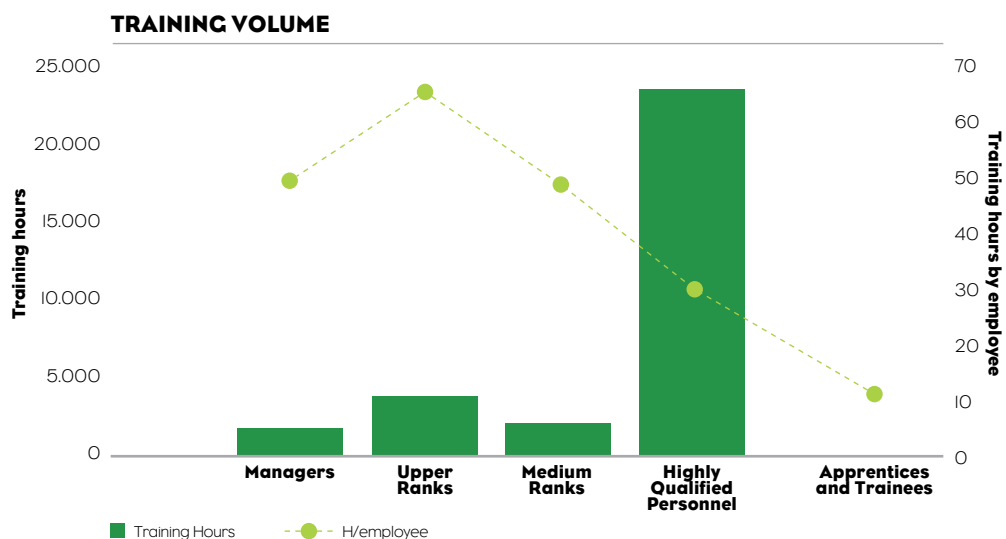
management areas is a priority for the company and its employees.

As a result of the implementation of the programme Formar, which aggregates all training, learning and empowering initiatives previously presented, in 2011, there was an increase of 121% in the number of training hours provided by the company when compared to the previous year.

	08	09	10	11
No. of training hours	13,568	17,248	14,118	31,241
No. of participants	874	2,012	2,242	2,256
No. of hours/employee	16,8	23,1	19,0	42,3

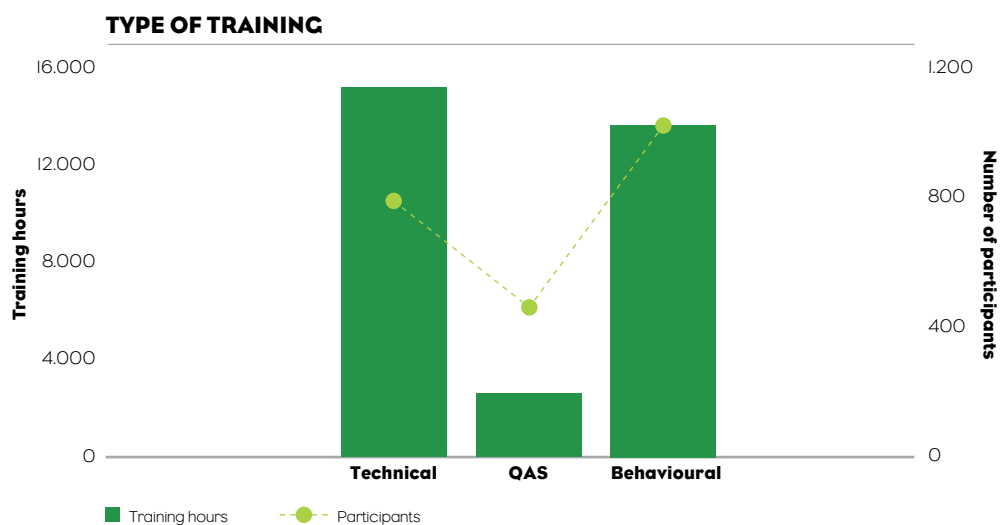
The vocational training developed in 2011, which reached a total of 31,241 hours and 2,256 participants, contributed

greatly to the professional development and fulfilment of REN's staff.



Of the training initiatives carried out, those of a technical nature stand out, with a volume exceeding 15 thousand

hours; as well as those focused upon behavioural skills, which involved more than one thousand participants



Also in 2011, the company held 25 internal training courses and granted

financial support for 10 external training initiatives.



• VIVA Programme

VIVA initiated in 2010 and was consolidated in 2011. This programme aims to standardise and professionalise

the welcoming and integration practices for new employees in all of REN's business units.

The bi-annual sessions held in 2011 counted with the participation of all new employees, the invitation is also being extended to those who joined the Company before the beginning of the programme, who thus had the opportunity to broaden and enhance their knowledge about the company and the respective business.

REN intends to continue holding VIVA programme sessions on a regular basis for new employees as well as for senior employees, so as to provide information on the company, which is essential for the continued development, integration and adaptation of all employees.

Relevant data on the 2011 VIVA Programme

- No. of sessions – 2
- No. of participants – 63
- Satisfaction rate – 94%

“These activities give us the opportunity to consolidate our knowledge of the activities developed by REN and its strategic positioning, key issues for a successful integration in the company. These initiatives also help us develop internal contacts, as well as acquire knowledge in a more informal way, in particular for people who have recently joined REN. ”

Susana Neves | REN Serviços | Accounting and Taxation

“This is a very important project. People who join the company for the first time always have many doubts, many questions, they don't understand very well what is done in the company. I believe that this type of presentation is essential so that they may realize what we do and to help them feel at home. ”

Albino Marques | REN Eléctrica | Investments

“The VIVA programme is an excellent initiative. It is certainly an opportunity to enter the REN world with a golden key. I must also mention the total availability of the speakers, who provided us with access to inside information. Stories told in the first person who helped me gain a better perception and understanding of REN's strategy. It is also worth highlighting the opportunity we had to learn about the several different physical areas and activities of REN's teams. Lastly, there is another aspect that I believe has benefited this programme, which is the chance that was given to co-workers who joined in 2008 and 2009 to also participate in the programme. Since that attitude enabled a unique sharing of experiences.”

Sofia Santos | REN Serviços | Procurement

TRAINEE REN

• **REN Trainee Programme**

The REN Trainee programme aims to provide the company with the best and most suitable human resources, introducing new skills, rejuvenating permanent staff, developing closer relations with the scientific and academic community, filling temporary needs

with qualified resources and promoting REN's image as an employer. In 2011, the Trainee programme was reinforced with ten rotating traineeship programmes. REN will continue to invest in attracting and training new trainees according to its corporate needs.

• **Knowledge Management Project**

REN's Strategic Plan for 2010-2016 leveraged the strong points of the company to extract the maximum advantage of opportunities in the short and medium term in the energy sector, putting the company on a path of growth and progressive assertion of its leadership position. REN's response to these challenges has to be based on specialisation and on the development of specific skills of its employees, ensuring the correct transfer/management of knowledge among employees.

Thus, REN initiated the Knowledge Management Project, which aim is to identify exactly where this specific

knowledge lies and therefore create the tools to help its distribution and sharing in a sustainable way throughout the entire organisation, while also identifying the degree of criticality of residing knowledge in the company. REN intends thereby to enhance and disseminate existing knowledge in the company, so as to increasingly become a unique company in the market in which it operates, making a difference through its human assets. For such, the completion of Stage 1 of the knowledge management project is already scheduled for 2012, as well as the assessment of the next steps to be taken, according to the needs and the strategy for its future.

4.5 ACKNOWLEDGING PERFORMANCE

REN's performance management policy regulates the performance management system to be applied to all employees who have already developed their activity for a minimum period of six months during the reference year and that are linked to the company by a work contract. For all other employees, who do not meet the criteria for being included in the performance management system, individual goals are also set, however the assessment of performance takes on an informative nature only.

This policy clarifies and creates new rules, in particular regarding the following:

- Evaluation model (STAR programme):
- Anticipating the stage of defining goals

- Clarification of the different responsibilities of the various stakeholders in the process
- Definition of common criteria for final assessments
- Principles and rules of the Variable Remuneration Programme

This new performance management policy enabled the simplification of the implementation of the assessment model, adapting it to the different realities of REN's different business areas. To this effect, the computer application for the support model to the STAR programme was improved, through the implementation of control requirements and the creation of support reports to the various stages of the process. The first cycle of the STAR programme, regarding

employees' performance in 2010, covered all the employees who met the criteria for inclusion in the system.

The Variable Compensation Programme (VCP), which aims to reward employees whose performance contributed to enhance the creation of value for REN was approved in 2011, ensuring

mainstreaming, uniformity and transparency in the implementation of rules and procedures throughout the organisation. This programme is therefore a key component of the company's compensation policy, ensuring a clear relationship between performance and the value earned by the employees.

4.6 COMMITMENT AND INVOLVEMENT

In 2011, the Management Meeting was reinforced as a practice in REN.

The 2nd Meeting brought together representatives from the 1st and 2nd lines of the Group and the Executive Board. Along with presentations from the leading projects and from some internal areas, it also featured presentations by guest speakers who reinforced the themes of leadership and management of trust.

The REN Meetings were launched in 2011. An initiative that aims to discuss current issues with an impact on the

company and society in general. In 2011, there were two meetings of this type under the topics "Beating Low Coast Competition" and "The Power of Trust in Organisations."

Finally, two breakfasts with the Chairman were also organised. The purpose of this initiative was to bring together different employees, facilitating interaction and sharing of experiences, as well as providing an opportunity to discuss different topics and to get to know the perspective of REN's Chairman for the company's future.

4.7 BENEFITS AND SOCIAL DIALOGUE

In terms of benefits, there are different realities associated to REN's contracts established under the Collective Bargaining Agreement (in Portuguese ACT) and under individual employment contracts (in Portuguese CIT).

Nevertheless, in both situations a set of competitive benefits in line with market practices is assigned to the employees of the Permanent Staff (in Portuguese QP) and to those under Term Contracts (in Portuguese CT), including:

BENEFITS	COLLECTIVE BARGAINING AGREEMENT (ACT)		INDIVIDUAL EMPLOYMENT CONTRACT (CIT)	
	QP	CT	QP	CT
1. Occupational accident insurance	✓	✓	✓	✓
2. Personal accident insurance	✓		✓ ¹	
3. Health plan	✓	✓	✓	
4. Life insurance			✓ ¹	✓
5. Pensions Fund	✓			
6. Electricity at reduced prices	✓			

REN maintains good relations with the Workers Committee, which meets regularly with the Executive Board in order to express and talk about their concerns and answers to the questions

posed. Meetings are also held with unions, either by initiative of the company or upon the request of the unions, which represent 47% of REN's employees.

4.8

OCCUPATIONAL HEALTH AND SAFETY

Ensuring good safety and health at work is a constant concern of the company, aspect that has been recognized by the employees as one of the strengths of management over the years. The safety and health at work management system (which is certified by an accredited entity and covers most of the group companies), is primarily aimed at preventing the occurrence of occupational accidents and illnesses involving both the company's own employees or employees from contractors and service providers

with whom REN cooperates in the development of its mission.

All employees, at different levels of responsibility, have a decisive role in the implementation and success of the company's safety and health policy. In a very simplified way, below are some of the responsibilities of the main organic and functional units involved.

AREAS OF RESPONSIBILITY

- | | | |
|--|---|---|
| <ul style="list-style-type: none"> • Executive Committee and Board of Directors • Quality, Environment and Safety Councils • Process managers • Officers in charge of safety | <ul style="list-style-type: none"> • Sustainability department • Human resources department • Other Departments in the Group companies | <ul style="list-style-type: none"> • Occupational Health & Safety Committees <p>(There are three Occupational Health and Safety committees covering all the employees in the companies Rede Eléctrica Nacional, REN Gasodutos e REN Atlântico)</p> |
|--|---|---|
-

MAIN RESPONSIBILITIES

- | | | |
|---|--|---|
| <ul style="list-style-type: none"> • Establish overall goals and objectives • Analyse the results of internal audits and performance of management systems • Approve the audit plans • Ensure compliance with legal requirements on safety • Promote hazard identification and risk assessment • Ensure the adequacy and updating of internal emergency plans • Assess the results of reports on occupational accident and collaborate in analysing the accidents as such and investigating their causes | <ul style="list-style-type: none"> • Ensure the permanent adequacy of the security component of the integrated management system • Ensure connections with official entities • Ensure the preparation and updating of support documents on safety • Identify the vulnerabilities of energy transmission systems • Develop scenarios and procedures for emergency response and risk management • Promote training exercises and drills • Prepare the annual training plan (including the component of health and safety) and coordinate its implementation • Promote medical check-ups in the field of occupational health and campaigns to raise awareness towards the prevention of risk • Carry out technical visits to facilities and work places • Ensure the supervision of onsite safety at work • Carry out analysis | <ul style="list-style-type: none"> • Consider procedures for improvement of working conditions • Consider proposals for safety procedures • Make suggestions on personal and collective protection equipment • Propose training and awareness initiatives among workers on OHS matters • Request and consider suggestions from workers on OHS • Analyse the statistics on occupational accidents • Analyse reports on work accidents |
|---|--|---|
-

MAIN ACTIVITIES CARRIED OUT

- Preparation and update of internal reference documents;
- Promotion of training initiatives (e.g. first aid, fire fighting, defensive driving);
- Internal audits, inspection visits and monitoring of safety conditions at work;
- Supervision and coordination of onsite work safety;
- Drills and exercises;
- Provision of personal protection equipment and verification of its correct use.

SAFETY

The activities of a more operational nature, including those related with the construction, maintenance and operation of infrastructure that constitute the networks of energy transmission and storage of natural gas are exposed to a multitude of risk factors threatening the health and safety of persons. To prevent, control and mitigate the possible consequences of those risks,

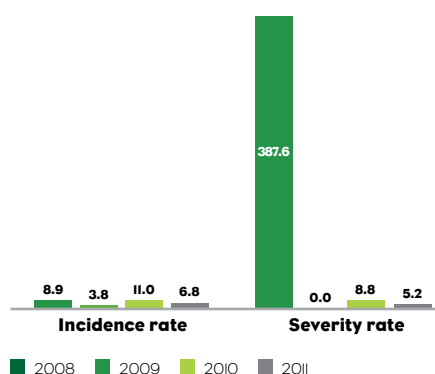
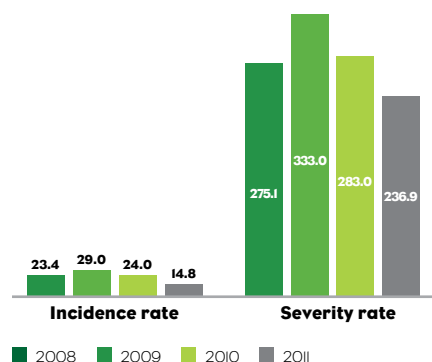
which are the subject of a systematic characterisation, the company, in addition to meeting all the technical standards and legal obligations, promotes and implements the best international practices in the industry as far as safety is concerned. As a result of this activity, and compared to the previous year, in 2011 there was a reduction from eight to five in the number of accidents involving company employees.

COMPANY	AVERAGE N.º OF EMPLOYEES	N.º OF HOURS WORKED	NO. OF ACCIDENTS		
			FATAL	NON-FATAL	DAYS LOST
Rede Elétrica Nacional	307	523,296	0	2	6
REN Serviços	216	360,197	0	2	7
REN Gasodutos	115	199,225	0	0	0
REN Atlântico	40	72,473	0	0	0
REN Armazenagem	9	15,236	0	1	49
REN Trading	8	12,305	0	0	0
REN SGPS	39	64,773	0	0	0
ENONDAS	1	2,356	0	0	0
RENTELECOM	1	1,231	0	0	0
TOTAL REN	736	1,251,121	0	5	62
Contractors and service providers	2.025	4.001.858	0	30	948

The accident rates have had a favourable progress, particularly in relation to contractors and service providers. Although the number of employees in the category of service providers allocated to REN's activities has increased, compared to 2010, there was a 35% decrease in the number of accidents.

About 27% of REN's contractors and service providers have safety management systems developed and

certified according to OHSAS 18001/ NP 4397 standards, which in itself is an indicator of the high degree of social responsibility of these partners. It is also worth mentioning that, in 2011, REN promoted several safety training and awareness raising initiatives involving 270 contractors and service providers, which represents an increase almost three times higher when compared to the previous year.

INCIDENCE AND SEVERITY RATE - REN**INCIDENCE AND SEVERITY OF CONTENTS - SERVICE PROVIDERS****SAFETY AWARD****FOR CONTRACTORS AND SERVICE PROVIDERS
RELATED TO THE CONSTRUCTION OF ELECTRICAL
GRID INFRASTRUCTURES**

As a way to distinguish and to encourage performance improvement in occupational safety and health, REN, since 2007, delivered annually awards of merit and honourable mentions to contractors and service providers that excel in safety management in the construction works of power lines and substations. The award's ceremony takes place at a safety technical session, to which the executing and supervising entities are invited, as well as REN's employees, and where issues related to safety at work are addressed through technical presentations, as to share useful information on safety procedures, practices and behaviour in construction sites.

The award is given to the entities performing with more hours of work, one for power line works and another for works in substations, provided they have not had any fatal accident or permanent disability, and have met the targets set by REN for the frequency and severity rates of accidents. Other companies that meet the above requirements, and have over 40,000 hours of work in the year to which the award relates also receive a honourable mention. These indexes, for the ambitious nature with which they were defined in 2007, have remained constant until now. The sessions have been considered a contribution to the continuous improvement of safety at work since 2009, there was a significant reduction in the rate of severe accidents in the construction of substations, and 2011 was the year with the lowest figure since 2007. In construction works of lines there is also an improvement in the frequency rate of accidents, and the lowest figure to be registered in five years was achieved in 2011.

In addition, these sessions have helped to convey the safety goals sought by REN and changes to some of the practices that are adopted on site. Examples include the required strengthening of safety teams and their involvement in work sites, the improved enforcement of alcohol control and new demands on the contents of awareness raising initiatives.

EMERGENCY RESPONSE

The strong human component associated with the company's facilities management, requires systematic awareness and training on how to act in emergency situations. Thus, several exercises and drills are held every year aimed at testing the effectiveness of safety procedures and the response to emergency situations, taking into account the technical features of each installation and involving both internal and external teams in providing aid.

In 2011 eleven drills were held on situations of fire and personal accidents in substations of Trafaria, Macedo de Cavaleiros, Estremoz, Pego, Tábua, Lagoaça, Batalha, Alto do Mira and Armamar and also in the building of Bucelas and in the liquefied natural gas terminal of Sines. For this year 19 drills are expected to be carried out.

Given the emphasis on communication and engagement with official entities in emergency situations, fire brigades, civil protection and the security forces have always been encouraged to take part in such drills. The results of each simulation are object of analysis, which contributes to the improvement of procedures and response teams.

It is also worth highlighting that REN regularly takes part in exercises and drills at national and international levels, in articulation with the authorities, other companies in the energy sector and with entities providing essential services of general interest.

HEALTH

All employees are covered by one of the two possible health plans which began in the companies that presently make up the Group. Most are covered by a complementary plan of the National Health System and other employees benefit from a health insurance, including those hired after 2009. The health plans are extended to the household of the employee, more precisely to the spouse and to the children until 25 years.

Moreover, the company offers an occupational medicine service, beyond what is covered by the applicable legislation, and complementary medical tests and exams can also be made in order to enable preventive action in terms of its employees' health. Currently there are seven medical centres in its own premises, providing a closer contact between the occupational medicine services and the employees, minimizing inconvenience time and travel costs.

In 2011 the following were performed:

- 607 diagnose support tests
- 365 medical acts
- 1315 nursing acts

As in previous years, there were no recorded cases of occupational diseases in 2011 and the rate of absenteeism rate has fairly constant over the past years and on a level that can be considered low.

	08	09	10	11
Absenteeism rate	2,8%	2,3%	2,2%	3,1%

05. RELATIONSHIP WITH THE COMMUNITY



5.1 RELATIONSHIP WITH OWNERS

The concern with dialogue and communication with landowners and people who are close to REN's infrastructures, fits the commitments made in the company's social responsibility policy.

REN's relationship with landowners is part of the daily activity of the company, particularly during the stages of construction and maintenance of electricity and natural gas infrastructures. This relationship is governed by specific legislation, and REN ought to contact and establish agreements with all affected landowners, as well as with other stakeholders. The direct contact between REN and landowners helps to providing information on the infrastructures to be built, to inform them on the rights and duties of owners regarding the installation of utilities infrastructures and on the consequent losses to their estates, as well as on the compatibility between the operation of the infrastructures and other types of use the estates. This contact also

helps to establish formal compensation mechanisms for the use of their estates. This usage may include the establishment of rights of way, whether electric or for gas, or the acquisition of the respective estate in case of construction or expansion of electrical substations or gas stations.

In addition to the employees directly related to this area, for the negotiation of the rights of way and land acquisitions, REN resorts to qualified service providers who also represent REN before the owners. Since the dialogue process is very important to REN, there is a close monitoring of these services by the company, which carries out, directly, the required formal communications.

Once the infrastructures are built, REN continues to foster permanent and constant dialogue with the landowners, in order to harmonize the use of the land in service areas with the safety standards imposed by good practices and the law in force.

In 2011, due to the high level of investment made for the expansion of the company's electrical and natural gas infrastructure, 59 estates were acquired and contacts with some 2,400 landowners were made. Thus, on December 31st 2011, the owners database contained about 63,400 records, which, in itself, shows the importance this group of stakeholders has for REN.

For the establishment of rights of way, in more delicate situations, REN often feels the need to resort to legal mechanisms such as the subpoena process or to request support from public authorities for the progress of the works. In 2011, it had to resort to the subpoena process in four occasions only in the electrical lines, in a universe of over 3,000 contacts that were made. In the field of gas, that need did not exist. These results are an indicator of the efforts that REN has been making with a continuous improvement of performance, in order to reconcile the legitimate interests of landowners and communities affected, with the establishment and operation of the company's infrastructure.

5.2 SUPPORT TO THE COMMUNITY

REN, being aware of its responsibility on corporate citizenship, and in line with its commitment to maintain a model of ethically and socially responsible management, supported once again, in 2011, many civil society organizations and public institutions, by participating in many initiatives in several domains: social, cultural, education, environment and sports.

Some of these supports have helped to establish a long-lasting partnership, such as the "Dias da Música" in Belém, in the cultural field, the "Sempre Mulher" race in solidarity sports, and, in technical and scientific matters, the Expo Energy, which has relied on REN's support since its first edition, the Cogen Conference and the Technology Days, in which the company has been participating as a sponsor for several years.

It is also the case of the Annual Conference of BCSD Portugal, of which REN is a member, and the HIV Portugal Conference, arising from Ren's engagement on the Code of Conduct Companies and HIV derived from the Labour Platform against HIV since 2008.

Regarding training and education it is worth mentioning, for the fourth

consecutive year, the partnership with the Portuguese Society of Physics under the MEDEA Project, which encourages high school students to develop projects on the topic of electromagnetic fields of very low frequency.

Also targeted at university students, it is highlighted the sponsorship to the Católica Top + program and to The Lisbon MBA. In addition to this, REN awards an annual prize, an initiative that takes place since 1995 which aims to promote collaboration and interaction with Universities, by rewarding the best engineering work associated with the energy sector.

Since 2010, REN supports the project "Visão Braille", which promotes the dissemination of informative content among the blind. This is a non-profit publication which is distributed for free.

Of great importance is also the partnership with the (in Portuguese, EPIS) Association – Entrepreneurs for Social Inclusion, of which REN is a founding member, for the fight against school failure and early school dropout.

COMMUNITY ENGAGEMENT

In the scope of its policy of engagement with local communities, where company infrastructure and facilities are located, REN seeks to act as a socially responsible entity, expressing concerns on environmental protection, historical and cultural heritage and also on the legitimate interests of the populations of the surrounding areas. This is materialized through its support to civil society initiatives, whose implementation depends a lot on this type of contribution, whether on the support and participation in conservation projects, within the scope of the measures to mitigate environmental and heritage impact, or even on actions promoted by the company in the field of environmental dissemination and awareness.

In this respect it is worth mentioning the reforestation action in Pousos, which brought together 81 children from two primary schools of the borough, and which resulted in planting 1,300 trees.

Integrated in the reforestation works of the protection strip along the Batalha-Lavos line, this action reflects on the one hand, the relationship with local authorities, which have been a partner throughout the entire construction process, acting as a mediator and facilitator with the population; and reflects, on the other hand, the company's stake in information and environmental awareness among the younger population, in this particular case.

Through this initiative, REN intended to mark the National Week of Reforestation



in the International Year of Forests, alluding to the forest conversion work that the company is developing across the country and its importance in terms

of forestry planning, namely in this particular line, supporting the planting of approximately 148,000 trees in a total converted area of 178.2 ha.

Also within the scope of environmental dissemination and awareness, REN we invested once again in the television broadcast of "Condoninho da Renata," an animated series in which the leading character, a white stork named Renata, together with other characters, seeks to raise young people's awareness towards environmental issues.

Energy management and REN's activity are among the topics addressed, thus seeking to contribute to the demystification of certain preconceptions related to high voltage power lines. This TV program was developed together with QUERCUS (National Association for Nature's Protection) and with the support of the (in Portuguese, ERSE -Regulator for the Energy Sector).

REN also supported the project "Sentir a Biodiversidade" (Feeling Biodiversity),

as well as the initiative developed by Quercus "Eco Casa" (Eco House), which aims to encourage more eco-efficient behaviours, including proper energy management at household level.

Also worth stressing is the contribution towards the promotion of the fourth Grand Crossing of Via Algarviana, an action of the Association for the Protection of Cultural and Environmental Heritage of the Algarve, which the company has been supporting since its first edition; and our sponsorship to the publication "Responsabilidade Ambiental – Operadores públicos e privados" (Environmental Responsibility – Public and Private Operators), a publication that provides technical information on the implications and effects of environmental liability regulation.

At social and cultural levels, the company has supported a number of fire-fighters associations and initiatives promoted by these, as well as numerous cultural and recreational activities carried out by local authorities, and by cultural and sports associations.

In 2011, REN established a cooperation protocol with the National School of fire-fighters (in Portuguese ENB) for supporting the construction of a training camp for urban search and rescue that will help provide training in emergency situations in case of earthquake. This new infrastructure, to be installed at the headquarters of ENB in Sintra, will be the first training camp of its kind in Portugal and will provide training for fire-fighters to act in many urban settings, from search and rescue, to collapsed structures, to extrication methods and urban fire fighting.

From another standpoint, but still within the scope of communities promotion

policy, REN kept its openness towards the exterior through numerous tours to its facilities, not only for school and university students, but also for other entities such as the Ministry of Economy, the Engineers Society, and CIP, the Business Confederation of Portugal.

At an internal level, the company promoted the REN Encounters, spots of debate and discussion on current topics of general interest, with guest speakers; while at the same time that, by promoting the practice of sports among its employees, it restated its support to their participation in several initiatives. In order to establish an integrated communication, where each tool plays its part, the means for internal communication were also strengthened. REN's Intranet homepage and the internal newsletter were reformulated in order to give more visibility to the company's important issues and bring the employees closer together, encouraging their participation.

✓ SOCIAL SOLIDARITY

Aiming at supporting social causes and helping others fight against inequalities and the issues that most affect society, REN's spirit of solidarity materialized in several ways. Through the partnerships established with charities and also the volunteer work of our employees in initiatives developed by the former. As examples, the campaign "Tampinhas por uma mão para o Rodrigo" (Bottle Caps for Rodrigo's Hand) and the 2nd National Collection of Batteries stand out.

In terms of partnerships, REN renewed the protocol with Helpin, which began in 2008, thus continuing to support the work of the UNHCR (UN High Commissioner for Refugees) in the Horn of Africa. Pursuing the occasional supports granted in recent years, REN established, at the beginning of the year, a protocol with CADIn (Support Centre for Child Development), an institution with an important role in supporting children, young people and adults with development disorders.

REN also supported the Adapted Sports Space, a project of the Salvador Association, which aims to improve the physical condition of people with physical disabilities, in order to promote their highest possible level of independence. The support to various institutions has also been renewed, namely to Abraço, to the Gil Foundation, to the Humanitarian Union of Cancer Patients, to the Pro Dignitate Foundation and to the Portuguese Association Against Leukaemia.

As in the previous year, around Christmas time, REN supported two causes, the homeless and the fight against hunger, through the project "Comunidade Vida e Paz" and through the "Banco Alimentar contra a Fome" (Food Bank Against Hunger). The donation made to the "Comunidade Vida e Paz" was aimed at their Christmas party, which, for 23 years now, this institution offers to the homeless in Lisbon, and which gathered in the

canteen of the University of Lisbon about 2500 people. A value 25% higher than the one of last year as a result of the increasing number of families in need, plagued by unemployment and the crisis.

The support given to the Food Bank allowed to complete the food baskets that are delivered everyday to charities, which, in turn, they offer to those in need. With this goal, approximately 60,000 litres of milk and more than 2,000 litres of olive oil and oil were acquired, among other basic necessities.

✓ VOLUNTEER WORK

The year 2011 was a pioneering year with regard to employee engagement in business voluntary work to the benefit of partners. This was the case of the Adapted Sports Day, a joint initiative of the Salvador Association, which promotes the protection of the interests and rights of persons with reduced mobility, and the Inatel Foundation where REN employees helped some 60 participants with physical disabilities to complete several courses, in different sports disciplines.

Arising from the internal training programme "Customer Orientation", 120 employees "jumped into their overalls, rolled up their sleeves and got down to some serious work," remodelling the canteen and seven rooms of the Institution for Social Support of Bucelas, institution which the company has been engaged with for many years and that supports more than 100 children and elderly.

In order to implement many of the concepts covered in the training sessions, such as team spirit, proactiveness, availability and solution-orientation, this team building action had a clear solidarity goal, which was to aid a charity in need.

These were the first steps of a corporate volunteer project, which REN aims to develop in 2012, thus promoting an increasingly supportive corporate culture.

06. INNOVATION, RESEARCH AND TECHNOLOGY



6.1 INITIATIVES

REN continued to invest in Research, Development and Innovation (RDI) activities in 2011 by participating in projects or developing new differentiating solutions with current and future impact on its activity and performance.




This year is also marked by the beginning of a series of RDI initiatives in which REN takes on an active role:

- Project iTESLA: the project "Innovative Tools for Electrical System Security Within Large Areas (iTESLA)" is a new European project embedded in the 7th Framework-Programme of the European Commission which aims to develop and validate a flexible toolbox that, with 2015 in the horizon, would allow to support the

future operation of the pan-European electricity transmission grid, while promoting increased coordination / harmonization of procedures among network operators;

- Project MoDPEHS ("Modular Development of a pan-European Electricity Highway System 2050"): This project aims to develop the foundations for a robust and modular expansion of the pan-European electricity transmission grids between 2020 and 2050, taking into account the three pillars of the European energy policy.

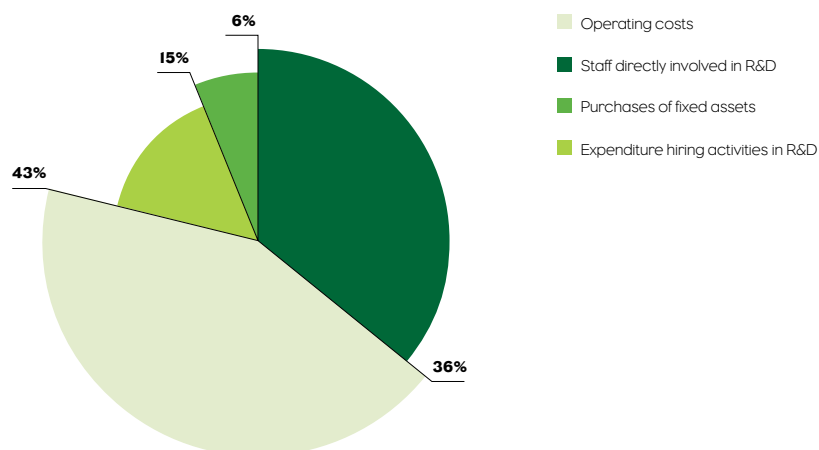
REN also participates in a number of projects started in previous years and whose results are relevant to the current and future activity of the company:

PROJECT	FUNDING PROGRAMME	DESCRIPTION
	FAI (Innovation Support Fund)	The REIVE (Smart Grids with Electric Vehicles) project aims to study, develop and test solutions and pre-industrial prototypes for the active and intelligent management of electrical grids with a large penetration of micro-generation and electric vehicles.
	FP7 ¹	The European project PEGASE ("Pan European Grid Advanced Simulation and State Estimation") aims to develop a methodology to implement the state estimator of the European network and dynamic models in real time. http://fp7-pegase.eu/
	FP7	Led by INESC Porto, the project MERGE ("Mobile Energy Resources for Grids of Electricity") aims to prepare the European electrical system for the widespread use of electric cars. http://www.ev-merge.eu/
New Transduction Solutions (Rogowski)		This project aims to develop a technologically innovative solution, capable of performing the functions of monitoring and protection of underground cables and to ensure the currently existent levels of quality and reliability. It involves a new intensity transformer solution for measurements and protection at the transition or circuit-breaker stations, perfecting monitoring by improving the accurate identification of defects / faults in the electrical system, regardless of the voltage to which this has been subjected.
Research - Electromagnetic Fields Associated with RNT infrastructures		This project aims to improve the methodologies for assessing the impact of electric and magnetic fields (EMF) of the infrastructures of the National Transmission Grid (in Portuguese RNT) on human health, to ensure evidence-based decisions with regard to the location and characteristics of equipment for electricity transmission. The project uses innovative methods in the field of nanotechnology, to deepen the knowledge on the molecular mechanisms associated with the effects of the EMFs in biological systems and conducts an assessment of possible implications to human health in the long term.
Assessment of the effectiveness of anti-collision devices		This project aims to assess the effectiveness of anti-collision devices in reducing the collision of wild birds with RNT overhead cables and testing of new FBF (Firefly Bird Flapper) devices.

¹ 1FP7 - 7TH FRAMEWORK PROGRAMME OF THE EUROPEAN COMMUNITY ON RESEARCH, TECHNOLOGICAL DEVELOPMENT AND DEMONSTRATION ACTIVITIES.

In 2011, REN submitted three applications for the funding programme SIFIDE – Tax Incentives System for Corporate Research & Development (R&D) – related to 2010 and within the scope of the R&D activities developed by REN – Rede Eléctrica Nacional, SA, by REN Serviços, SA and by REN Gasodutos. In this context, 21 R&D

projects were identified, which relied on the participation of about 78 employees in a part-time regime. The amount spent by REN, with R&D activities developed in the company in 2010 was 1.9 M€. Given the information currently available, it is estimated the amount spent in this field in 2011 to be higher than 1.6 M€.

DISTRIBUTION OF RELEVANT R&D EXPENDITURES IN 2010**▀ DISTRIBUTION OF RELEVANT R&D EXPENDITURES IN 2010**

In July 2011, the Office for Planning, Strategy, Evaluation and International Relations (GPEARl, in Portuguese), of the Ministry of Education and Science (MEC), published the results of the Portuguese companies with greater expenditure in R & D activities in the year of 2009. For the first time, REN is included in the group of the top 100 Portuguese companies which have invested the most in R & D activities. This work was based on the results of the national Science and Technology Potential Survey of 2009 (IPCTN09), launched in June 2010 and aimed at a total of 9678 companies. The amount spent on R&D by REN in 2009 was 2.2 million euros.






The RDI activities developed in the company relied on the collaboration of external entities, with emphasis on partnerships with academic institutions and other national R&D institutions, such as: IST – Instituto Superior Técnico

(Higher Technical Institute); IDAD – Instituto de Ambiente e Desenvolvimento da Universidade de Aveiro (Institute for the Environment and Development of the University of Aveiro); INESC Porto – Instituto de Engenharia de Sistemas e Computadores (Institute for System and Computer Engineering); LABELEC – Estudos, Desenvolvimento e Atividades Laboratoriais SA (R&D Lab and Studies); ISQ – Instituto de Soldadura e Qualidade (Welding and Quality Institute).

In addition to the regular participation in events promoted by COTEC Portugal – Business Association for Innovation, REN, as an associate company, was invited to join the new digital platform Colaborar.COTEC, released in 2011 by this organization, with the purpose of bringing together and fostering cooperation between companies within the COTEC universe, and between these and the remaining agents of the National Innovation System.

6.2 INTERNATIONAL WORKING GROUPS

In 2011 REN pursued its collaboration with various international organizations, such as the following:

	CIGRÉ – Conseil International des Grands Réseaux Électriques
	EURELECTRIC – Union of Electricity Industry
	ENTSO-G – European Network of Transmission System Operators for Gas
	ENTSO-E – European Network of Transmission System Operators for Electricity
	ACER – Agency for the Cooperation of Energy Regulators
	FSR – Florence School of Regulation
	METSO – Mediterranean Transmission System Operators
	MEDGRID - Consortium with the goal of promoting the development of electrical interconnections between the North, South and East Mediterranean

The entry into force of the 3rd package of the European Union (EU) legislation on the Energy Sector, among others, with the creation of ENTSO-E and ENTSO-G, has been representing a gradual and significant increase of REN's presence and engagement in the activities of these two bodies.

ENTSO-G (EUROPEAN NETWORK OF TRANSMISSION SYSTEM OPERATORS FOR GAS)

According to Article 12 of Regulation (EC) 715/2009, transmission networks operators establish regional cooperation within the ENTSO-G, particularly through the publication of a regional investment plan every two years. REN took part in the preparation of the Regional Investment Plan for the year 2011 and closely followed the evolution of the working groups in different areas of ENTSO-G's activities, with particular emphasis on the working groups involved in capacities, balance sheets, investment, interoperability and transparency, both as a member of the Liaison Group (a group which aims to transversally disseminate the progress

in various areas of business of the ENTSO-G), as well as by participating in several work sessions.

Among the main results achieved by ENTSO-G, the completion of the 1st draft version of the network code for the allocation of cross-border capacities stands out. Also noteworthy are the preparatory works and surveys at community level on the impact assessment of the resolution on congestions in each member-state. This documentation – as well as the already expected tasks of the ENTSO-G – as well as the preparation of the respective network codes in the fields of balance and interoperability of European networks and the developments and discussions on the definition of a target model for gas, is of great importance to the operators of transmission systems and other industry agents. These documents embody a set of basic and common rules which shall be the foundation for the operations of the internal gas market to be implemented in the EU, thus affecting each member state in particular.

Still within the scope of the work developed by the working group for the southern region, the work begun by REN and its counterpart Enagás deserved particular recognition. The goal is to develop a pilot project to harmonize the process of capacity allocation in the Portugal-Spain border, to be implemented from June 2012, and which sits on the work and results already achieved in other areas of activity, namely the framework guidelines and network codes.

In the interoperability and transparency chapter, REN's activity in 2011 was marked by the beginning of continuous and automatic publication of operational information related to its activities of transportation, storage and acceptance, and re-gasification of LNG into the market through its website, thus complying with the requirements of European regulations on the subject of transparency applicable to the natural gas sector. Since November 2011, REN decided to make publicly available on an European Internet platform (called AGSI – Aggregated Gas Storage Inventory and managed by GSE – Gas Storage Europe) information related to the underground storage capacity of Carriço for consultation by sector agents.

ENTSO-E (EUROPEAN NETWORK OF TRANSMISSION SYSTEM OPERATORS FOR ELECTRICITY)

Similar to gas, the electricity sector is regulated by the legal provisions set forth under Regulation (EC) 714/2009, which foresees, among other, the following obligations by ENTSO-E: preparation of European codes in the areas of planning, operations and markets; preparation of a ten-year plan for the development of the pan-European network (Network Ten-Year Development Plan); and preparation of a R&D plan that identifies the priorities and needs of transmission system operators in order to achieve the goals of EU energy policy.

To this, end, the ENTSO-E is organized into four committees respectively: SDC (System Development Committee), SOC (System Operations Committee), MC (Market Committee) and RDC (Research and Development Committee). REN has

representatives in all committees, as well as in the working groups associated with each committee.

In 2011, the main activities in which REN was involved, within the ENTSO-E, were:

- Monitor and participate in the process of preparing the new European codes in the areas of planning, operations and markets, and draw proposals for amendments to several requests (eg. requests regarding framework guidelines derived by the Agency for the Cooperation of Energy Regulators (ACER)).
- Articulate and clarify the national stakeholders such as industry associations, promoters, network and power plants operators (REN was the first European operator of transmission systems to organize an informative session on the first European code for the national stakeholders who will directly suffer the impacts of its future provisions).
- Contribute towards the preparation of 'position papers' of ENTSO-E on topics of European interest (eg. policy on energy efficiency, integration of renewable energies in the market and service exchange system) and for the preparation of the Ten-Year Network Development Plan (TYNDP), identifying the most relevant projects that contribute to the fulfilment of the national targets set in European energy policy as well as contribute towards the modelling of the pan-European electrical system..
- Participate in the definition of operation and planning standards consistent within the pan-European area, and also the mechanisms for the allocation of interconnection capacity in the various schedules which may enable the creation of the European market. Enable the integration of renewable energies.
- Participate in R&D projects that aim to design and identify lines of topological and technological development of the future pan-European network, to be materialized by 2050; while also

participating in REN's connections to the Electronic Highway applications, a data communication network exclusive for the exchange of operational data between transmission systems operators.

- Submit, on a daily basis, data on the model estimated by REN for consumption, generation and transit of energy in the RNT for the following day, in order to implement the DCAF process (Day Ahead Congestion Forecast) and prepare estimations of the Portuguese network for other timeframes in addition to the daily regime.
- Verify the frequency answer of the Portuguese system to the incidents occurred in the Continental European network and harmonize the mechanisms for the electronic exchange of information in the European electricity market, ensuring system interoperability, enabling the

development of low cost information technology systems and facilitating the entry of new agents in the market.

ACER – AGENCY FOR THE COOPERATION OF ENERGY REGULATORS

Under the context of regional initiatives of ACER, within the activities of the regional group of southwest Europe, REN, together with Spanish and French corporate counterparts, established a mechanism for the international exchange of services between the transmission system operators of the three countries, which will ease the integration of renewable energies while maximizing the integration of wind power production and minimize the occurrence of turbine flow discharges in hydro power plants. In another aspect of these regional projects, the three system operators are cooperating in the work to prepare further legislative or regulatory changes that may allow coupling the Iberian Electricity Market (MIBEL) with other European markets.

07. ENVIRONMENTAL PERFORMANCE



7.1 ENVIRONMENTAL MANAGEMENT

A question to the stakeholders:

Would you consider REN an environmentally responsible Company?

Average score – 4.3 (in a scale 1-5)

REN has always devoted its attention to environmental issues, going far beyond its strict legal obligations. And so, for over 10 years, the company has developed a systematic approach and improved its environmental management practices, in a coordinated and increasingly integrated way with other relevant aspects to its processes and stakeholders, namely concerning quality, safety and health.

The following table shows the chronology of the integrated management system

certifications which covers most of the group companies.

These certifications were renewed in 2011, following a third party audit held for that purpose in November.

REN generates various environmental impacts in the surrounding environment where it operates and, although these are generally not very significant, they are nonetheless subject to mitigation and monitoring measures in order to ensure the development of the company's activities in a sustainable manner.

	REN- REDE ELÉCTRICA NACIONAL	REN SERVIÇOS	REN TRADING	REN GASODUTOS	REN ATLÂNTICO	REN ARMAZENAGEM	REN TELECOM
2010						ISO 9001 OHSAS 18001 ISO 14001	ISO 9001 OHSAS 18001 ISO 14001
2009				ISO 9001 OHSAS 18001 ISO 14001	ISO 9001 OHSAS 18001 ISO 14001		
2008	ISO 9001 ⁽²⁾ OHSAS 18001 ⁽²⁾ ISO 14001 ⁽²⁾	ISO 9001 ⁽²⁾ OHSAS 18001 ⁽²⁾ ISO 14001 ⁽²⁾	ISO 9001 ⁽²⁾ OHSAS 18001 ⁽²⁾ ISO 14001 ⁽²⁾				
2005	ISO 9001 ⁽¹⁾ OHSAS 18001 ⁽¹⁾						
2003	ISO 14001 ⁽¹⁾						
2000	ISO 9001*						

* CERTIFICATION GRANTED TO LINE AND SUBSTATION CONSTRUCTION ACTIVITIES OF THE INVESTMENT DEPARTMENT OF REDE ELÉCTRICA NACIONAL.

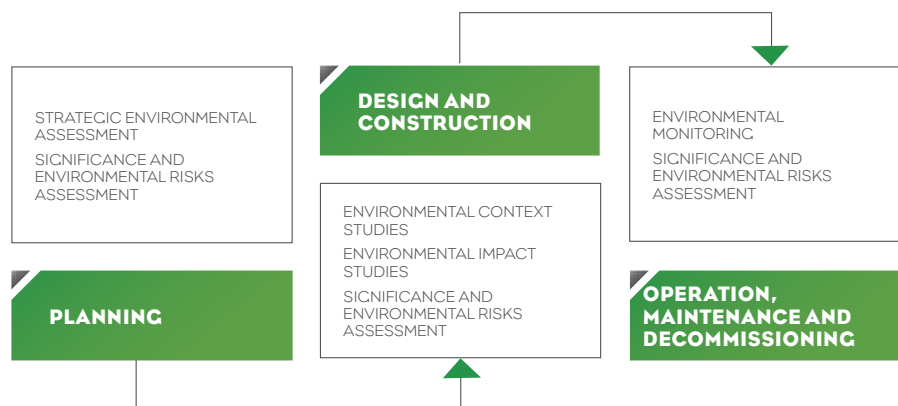
⁽¹⁾ CERTIFICATION GRANTED TO THE OBJECT OF CONCESSION OF REDE ELÉCTRICA NACIONAL.

⁽²⁾ TRANSFER OF CERTIFICATIONS TO THE OWNERSHIP OF REN, SGPS. EXTENSION OF ALL THREE CERTIFICATIONS TO THE COMPANIES REN - REDE ELÉCTRICA NACIONAL, REN TRADING AND REN SERVIÇOS.

	IMPACTS	MITIGATION AND MONITORING MEASURES
LANDSCAPE	VISUAL IMPACT OF INFRASTRUCTURES	<p>LANDSCAPE STUDIES DURING THE DESIGN STAGE OF NEW INFRASTRUCTURE.</p> <p>INFRASTRUCTURE LANDSCAPING PROJECTS</p> <p>DISMANTLING AND SHUTDOWN OF ELECTRICAL LINES AT THE END OF USEFUL LIFE</p>
NOISE	DISCOMFORT	<p>ENCAPSULATION AND REPLACEMENT OF POWER TRANSFORMERS IN SUBSTATIONS</p> <p>IMPLEMENTATION OF NOISE MONITORING PLANS</p> <p>REPLACEMENT OF CONVENTIONAL INSULATORS BY COMPOSITE INSULATORS IN LINES AND BUSBARS OF SUBSTATIONS</p> <p>REPLACEMENT OF MARKER SPHERES IN ELECTRIC LINES TO REDUCE NOISE</p>
WATER RESOURCES	CHANGES OF HABITATS	<p>MONITORING OF BIOLOGICAL AND ECOLOGICAL MARINE FACTORS IN THE REJECTION OF SEAWATER FROM THE LIQUEFIED NATURAL GAS (LNG) HEATING CIRCUIT</p>
AIR QUALITY	CONTRIBUTE TO GREENHOUSE EFFECT AND AIR POLLUTION	<p>CONTROL OF NATURAL GAS PURGES</p> <p>INSTALLATION OF SOLAR PANELS IN CRMS</p> <p>TRAINING AND CERTIFICATION OF TECHNICIANS THAT USE SF6</p>
FAUNA, FLORA AND USE OF THE LAND	COLLISION OF BIRDS WITH POWER LINES, CHANGE OF HABITATS AND LAND USE	<p>PLACEMENT OF NESTING PLATFORMS AND NESTS TRANSFER</p> <p>LINES MARKING TO REDUCE COLLISION OF BIRDS</p> <p>MONITORING OF FAUNA IN THE BRINE DISCHARGING AREA AND OF THE BIOLOGICAL STATUS OF DUNE DEPRESSIONS DUE TO THE CONSTRUCTION OF NATURAL GAS STORAGE CAVITIES</p> <p>PROMOTION OF THE FEEDING AREA FOR ENDANGERED SPECIES</p> <p>HEIGHTENING OF LINES</p> <p>RESTRICTION OF THE INTERVENTION AREA TO THE LIMITS OF THE PROPERTY CORRIDOR AND CLEANING OF THE CORRIDORS OF ENERGY TRANSMISSION GRIDS</p>

In order to identify, assess, monitorise and minimise the impacts generated, various tools and instruments are used depending on the nature of the activity to

be undertaken (planning, project design, construction, operation, maintenance or decommissioning).



STRATEGIC ENVIRONMENTAL ASSESSMENT OF THE DEVELOPMENT

AND INVESTMENT PLAN OF THE ELECTRICITY TRANSMISSION NETWORK (IN PORTUGUESE, PDIRT)

PDIRT reflects the expansion strategy of the National Transmission Network (RNT), in order to ensure the proper functioning of the Portuguese network interconnected with the remaining European network. The main goal of this plan is to ensure the medium and long term, quality and security of supply, considering its surrounding environment as a whole, including the national and European energy policies, the social-environmental impacts and free access to the network, including marketing goals, to ensure the efficient operation of the National Electric System (in Portuguese, SEN).

PDIRT is a periodic document which, according to Decree-Law No. 232/2007, is preceded by an Environmental Assessment (EA) by which the technical and operational objectives of the plan are reconciled and optimised with the social and environmental aspects, ensuring that the options for expanding the RNT are assessed and not merely limited to technical and economic goals and criteria.

The results from the Environmental Assessment (EA) constitute a framework for future approval of projects subject to Environmental Impact Assessment (EIA), as is the case with most of REN's investment projects. This process has been consolidated by the company since mid 2007, and its practical application was implemented upon the preparation of the PDIRT 2009-2014 (2019). In 2011 REN concluded the second similar exercise with the Strategic Environmental Assessment (SEA) of the PDIRT 2012-2017 (2022).

The environmental report, resulting from the implementation of the environmental

assessment of PDIRT 2012-2017 (2022), was submitted for public consultation along with the PDIRT. 48 contributions were received, of which 43 were opinions from central and local government bodies and five from other institutions. Most of the comments and opinions received focused on the topic "spacial planning" (48%) and 11% of comments were from private developers operating in the area of renewable energy. All contributions received have been considered and, whenever relevant, appropriately integrated into the final version of PDIRT.

Assessment and monitoring measures (guidelines) associated to the implementation of PDIRT were also identified in the environmental report, which were then included in the environmental statement. These measures will be subject to monitoring by REN and to annual reporting to the EIA authority.

As part of the expansion and improvement activities of the electricity and natural gas transmission network and natural gas storage infrastructures, a significant range of environmental assessment processes in the project stage have been developed:

	08	09	10	11
Processes of Environmental Impact Assessment	15	12	4	5
Post-Assessment Processes of Environmental Impact	3	11	6	0
Environmental Impact Statement	7	11	7	6
Project Environmental Studies	7	8	9	8
Environmental Impact Studies (EIS)	8	5	9	3
Environmental Compliance Report of the Execution Project (in Portuguese, RECAPE)	3	10	2	1

Additionally, with the aim of harmonising the procedures and methodologies associated with EIA procedures, REN published in 2011 a methodological guide for assessing the environmental impact of National Electricity Transmission Grid (RNT) substations. The publication of this guide aims to:

- Compile, in a pedagogical way, all relevant technical and environmental information, aimed at the general public and for professionals involved in drafting Environmental Impact Studies and in processes of Environmental Impact Assessment;
- Integrate and improve the knowledge acquired from the experience of EIA procedures already developed.

- Create conditions for increased quality, efficiency and effectiveness of EIA procedures.

For the success of this initiative, REN relied on the crucial support of the Portuguese Environmental Agency (APA in Portuguese) and the Portuguese Association for Impact Assessment (APAI in Portuguese). The guide is available to all organisations and to the general public and may be consulted in digital format, the websites of the APA, the APAI and REN (Portuguese website. <http://www.centrodeinformacao.ren.pt/PT/publicacoes/Paginas/GuiaMetodologico.aspx>).

In 2011, actions have also been developed for monitoring several of REN's infrastructure covering the following keywords:

DESCRIPTORS	NUMBER OF WORKS MONITORED			
	08	09	10	11
Birdlife	13	11	10	26
Soundscape	12	10	15	21
Electromagnetic fields	4	1	1	0
Water resources	2	1	1	1
Flora	1	1	2	3
Iberian Wolf	1	1	1	0

PLANS FOR PROMOTING ENVIRONMENTAL PERFORMANCE (IN PORTUGUESE PPDA)

PPDAs are voluntary regulating instruments, promoted and coordinated by the Energy Services Regulatory Authority (ERSE), aim at promoting the environmental performance of regulated companies in the electrical and natural gas sectors.

The National Electric Network has joined this initiative, launched by ERSE in 2002, which allowed the development of a broader set of initiatives, which became a huge advantage and true asset to the company's environmental performance. PPDA 2009-2011 of REN – Rede Eléctrica nacional (main measures)

PPDA 2009-2011 OF REN - REDE ELÉCTRICA NACIONAL (MAIN MEASURES)

PROJECT LIFE + STEPPE BIRDS	ASSESSMENT OF THE EFFECTIVENESS ANTI-COLLISION DEVICES WITH BIRDS	BIRDLIFE PROTECTION	PROTECTION OF PROTECTED SPECIES	"A VIDA DO CONDONINHO [JOINT-NEST]" PROJECT
A PARTNERSHIP WITH THE LEAGUE FOR THE PROTECTION OF NATURE, AIMS TO PROMOTE THE CONSERVATION OF BIRDS IN THE CEREAL STEPPES HABITAT OF THE LOWER ALENTEJO, IN PARTICULAR THREE VULNERABLE SPECIES: THE BUSTARD, THE LITTLE BUSTARD AND THE LESSER KESTREL OF THE TOWERS.	A PARTNERSHIP WITH QUERCUS, AIMS TO EVALUATE THE EFFECTIVENESS OF NEW ANTI-COLLISION DEVICES, NAMELY OF THE <i>FIREFLY BIRD</i> FLAPPER, IN REDUCING THE NUMBER OF COLLISIONS OF WILD BIRDS.	THE PROJECT INCLUDES THE INSTALLATION OF NESTING PLATFORMS, AND ANTI-PERCHING DEVICES AND THE TRANSFER OF NESTS.	THIS PROJECT AIMS TO MINIMISE THE IMPACT CAUSED BY THE CORRIDORS OF RNT LINES IN THE FOREST OF CORK-OAKS AND HOLM-OAKS AND IN THE SPECIES THAT USE THESE FORESTS AS THEIR HABITAT, BY RAISING THE LINES (THIS MEASURE WAS COMPLETED IN 2010).	THE RENATA SERIES, WITH ADVICE AND INFORMATION ON ENVIRONMENTAL PROTECTION, ENERGY EFFICIENCY AND CLARIFICATIONS TO THE POPULATION ON THE EFFORTS MADE BY REN IN TERMS OF MINIMISING ENVIRONMENTAL IMPACTS, CONSERVATION OF SPECIES AND SUSTAINABILITY.

2011 is the last year of implementation of the PPDA 2009-2011 of the National Electric Network. More information on REN's performance

under the PPDA is available at the ERSE website: <http://www.erse.pt/pt/desempenhoambiental/ppda/Paginas/default.aspx>

CONSUMPTION OF MATERIALS ¹	08	09	10	11
Nitrogen (m ³)	893	758	1.119	1.127
Ethylene Glycol (t)	10	0	0	4
Lubricating oils (t)	6,5	0,9	8,9	1,7
Lubricating greases (t)	0,20	0	0,01	0,01
Oil (t)	12	11	8	11
pH softener H ₂ SO ₄ at 38% (litres)	3.325	5.075	1.770	330
Caustic soda (t)	0	0,2	0,1	0,1
Sodium hypochlorite (t)	140	146	147	411,95
Gas odorant (THT) (t)	39	48	55	54
Reused oil (t)	51	19	3	4
Ink cartridges and toners (no.)	5.714	1.639	1.282	1.092
Administrative paper for consumption (t) ²	33	28	30	11,4
Recycled paper for internal use (t)	5	6	3	0,7

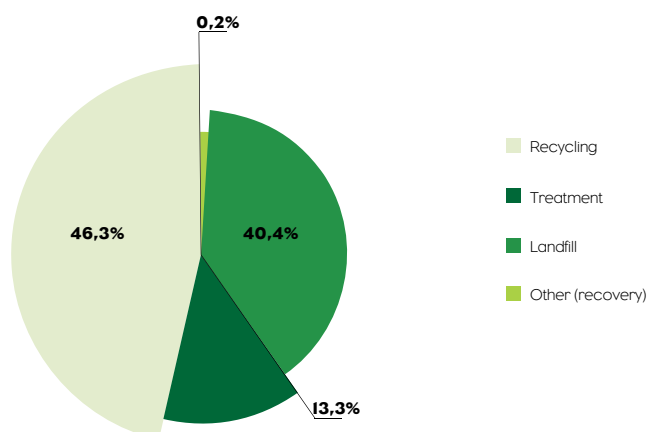
WATER AND EFFLUENTS	08	09	10	11
Consumption of tap water from public network (m³)	77,063	82,284	90,936	86,783,79
Water withdrawal from underground sources (m³)	2,053,026	1,846,617	1,548,250	1,703,726
Usage of sea water (m³) ⁴	69,855,000	72,835,000	73,115,000	75,976,708
Discharge of brine into the sea (m³)	1,573,351	1,764,157	1,167,472	1,330,500
Discharge of brine for treatment (m³) ⁵	371,159	611,604	266,399	270,639
Free chlorine – annual average value (mg/l)	0.68	0.56	0.34	0.15

⁴ CAPTURE AND DISCHARGE OF SEAWATER USED IN THE PROCESS OF REGASIFICATION OF LIQUEFIED NATURAL GAS

⁵ DISCHARGE OF WATER PROCEEDING FROM THE PROCESS OF BUILDING CONSTRUCTION OF SALINE CAVITIES FOR NATURAL GAS STORAGE

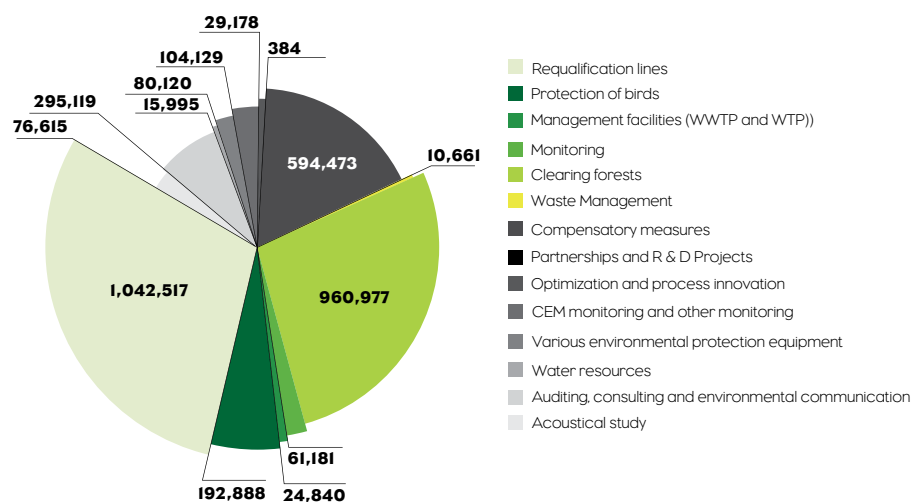
PRODUCTION OF WASTE	09	10	11
Hazardous (t)	1,439	41	69
Non hazardous (t)	49,578	195	367

Chart showing the breakdown of waste by destination.



The following chart shows environmental costs by type. Of notice, compared to 2010, a decrease in the costs associated with the clearing of forests due to the scarce frequency of this intervention,

with the development, over the past year of the activities for the construction of protection strips in a significant percentage of the existing infrastructures.



7.2 CLIMATE CHANGES AND ENERGY CHALLENGES

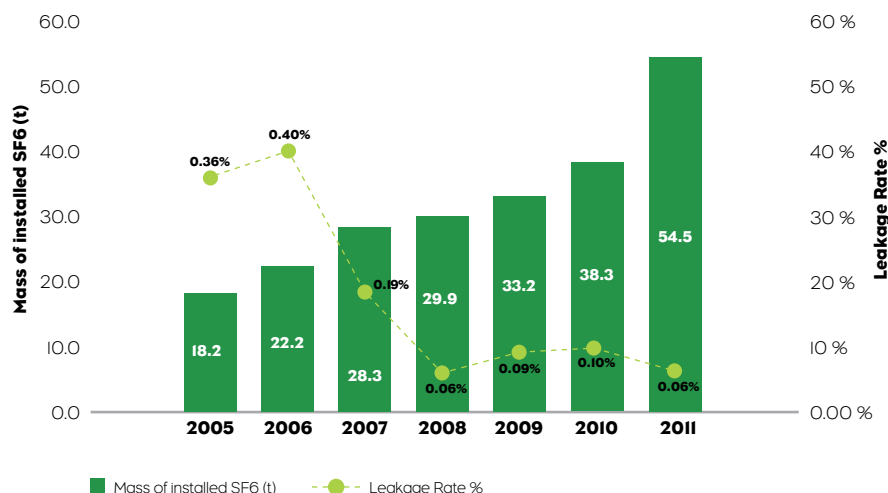
REN is contributing towards a development model based on a low-carbon energy matrix, performing its functions of electricity transmission system operator with flexibility in order to facilitate the integration of a significant proportion of renewable energies.

CLIMATE CHANGES

Aware of the potential impact of climate changes upon energy transmission and storage infrastructures – in particular those with a linear configuration, such as the electricity and natural gas transmission network – REN has been working actively to identify and implement adaptation and mitigation measures for the consequences of the risk of extreme weather events. It is with this purpose that the company is part of the sub-working group for the energy sector, coordinated by the Directorate General for Energy and Geology, within the scope of the sectoral work for the detailed definition of the National Strategy for Adaptation to Climate Changes (in Portuguese, ENAAC), and is involved in international working groups in the energy sector on this issue.

In the field of prevention and control of greenhouse gases emissions, REN has been implementing over the past years, an action plan to reduce direct emissions of such gases, in particular with regard to emissions of sulphur hexafluoride (SF6), a gas used as an electrical insulator (dielectric) in various high voltage equipment. In 2011, and in compliance with the regulations published, all REN technicians that handle this gas in electrical equipment were certified by an accredited entity for this purpose in Portugal.

The efforts made by the company to reduce the leakage of SF6 are materialized in the evolution of leak rate for this gas, technically with very positive results even if considered an international level.



GREENHOUSE GAS EMISSIONS (T CO ₂ E)	08	09	10	11
Direct emissions	16,839	20,954	20,876	17,205
Purges of natural gas (CH ₄)	567	1,405	1,260	853
Flare burning	–	948	2,028	1,030
Boilers self-consumption	13,232	14,352	13,467	11,089
Cogeneration	1,228	1,440	818	1,590
Sulphur hexafluoride (SF ₆)	397	663	839	780
Natural gas	7	10	443	7
Propane	7	0	5	5
Diesel in other equipment	24	17	37	38
Fleet fuel	1,384	2,099	1,979	1,896
Indirect emissions	299,556	225,328	193,759	172,851
Electricity	31,142	23,730	16,092	16,885
Electrical losses in the network	268,415	201,598	177,667	153,402
Emissions from air travels at REN's service	–	–	–	2,564

Although REN does not have any facility covered by the European Emissions Trading Scheme (EETS), REN Trading, in its regulated activity as a commercial agent, is responsible for optimising the management of the portfolio of CO₂ allowances in compliance with the environmental obligations of the plants holding Power Purchase Agreements (PPAs): Tejo Energia and Turbogás. This situation requires the purchase and sale of licenses and the conduction of exchange operations of allowances under the ETS by certificates of emission reduction originated by Clean Development Mechanism projects.

In 2011, REN Trading transacted, in the spot market, purchases and sales of about 923,000 tons of CO₂, and, in the futures market, about 1.4 million tons. In the same year, the market for emission allowances has been marked by signs of difficulty, having generated

a surplus of allowances, due to a worse macroeconomic scenario and to the specific difficulties of this market, which shook the agents' confidence in the system.

Moreover, it should be noted that REN has tried to reduce its emissions of greenhouse gases caused by transportation, namely by promoting and encouraging videoconferences at the expense of employee travels.

Also in 2011, 780 videoconferences were held, an increase of 41% over the previous year, some of them were international and with more than two locations simultaneously. By the end of the year a collaborative application that allows corporate instant messaging and conducting video calls was released, which is yet another tool to reduce the company's carbon footprint.

In 2011, for the very first time, the indirect emissions associated with the 947 plane trips, both domestic and international, in the service of the company were accounted. The extension of the scope of reporting of REN's carbon footprint, including the emissions under scope 3 'Greenhouse Gas Protocol' (GHG Protocol), is the fulfillment of the commitment to improve monitoring and control of the company's environmental impacts, and its contribution towards climate changes..

	08	09	10	11
Number of train trips	636	599	597	780
Number of video conferences	142	209	426	601

The company keeps encouraging the use of trains over the use of light vehicles, particularly in the displacements Porto-Lisbon. In 2011, the number of train trips increased 30% compared to 2010.

ENERGY CHALLENGES

Aware of its goals and commitments under the European and national energy policy, REN has been providing its contribution to the development of renewable energies in the country, including through the connection and integration of new renewable production centres into the grid, and through the development and participation in studies for the use of new forms of energy for mobility (e.g. adoption of electric vehicles and their importance and impact upon network management).

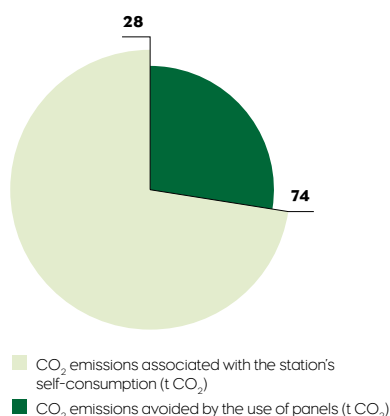
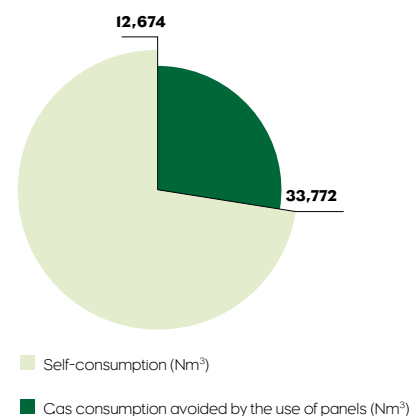
REN AND WAVE ENERGY

In this context we should note the work done by ENONDAS, a Group company, in the development of a pilot area in the north of S. Pedro de Moel for the production of wave energy. In 2011 studies and preparatory work were performed for the development of infrastructures, namely the geophysical characterization of the pilot area. This work, developed in partnership with the Hydrographical Institute, is fundamental to the development of the engineering project behind the placement of the submarine cable, as well as the parameterization of the electrogeneration

system plus the associated systems, such as the mooring system. Also in 2011, studies were initiated to characterize the local environment, by carrying out a census of all the species, birds and marine mammals upon which the activity of ENONDAS may have a significant impact. Its results will be publicly disclosed, as well as other studies, thus contributing to the knowledge of the marine species on the Atlantic coast of Portugal.

USE OF SOLAR PANELS IN NATURAL GAS STATIONS

The integration of renewable energy sources into their own processes is also a priority for REN, thus reducing fossil fuel use and hence the emissions of greenhouse gases. As an example of this policy we should refer a project initiated in 2009, but that only came into industrial exploitation in 2011, related to the use of solar thermal systems in Gas Regulating and Metering Station (GRMS), with a view to reducing self-consumption of natural gas resulting from burning it in the boilers. These panels were installed in the GRMS of Seixal and Frielas within the scope of the Plans for Promoting Environmental Performance (in Portuguese PPDA), of REN Gasodutos. As a result, savings of 12,674 m³ of natural gas in GRMS Seixal were obtained, which corresponds to a reduction of 27.75 tons of CO₂ emissions for the period from April to December 2011.

CO₂ EMISSIONS AT GRMS IN SEIXAL**SELF-CONSUMPTION OF NATURAL GAS AT GRMS IN SEIXAL****MARKET MECHANISMS (GREEN CERTIFICATES AND GUARANTEES OF ORIGIN)**

Since December 1st, 2003, REN is the national issuer of RECS certificates (Renewable Energy Certificate System), and since then a permanent member of the Association of Issuing Bodies. The company is currently responsible for

managing the process of power stations registration and certification in the RECS; for the issuance, transfer and redemption of RECS certificates; and for carrying out audits to production facilities, registered or to become registered under the RECS system. The following transactions have already occurred in this activity:

	NUMBER OF CERTIFICATES (2011)	NUMBER OF CERTIFICATES (CONSOLIDATED SINCE 2003)
Issue of RECS certificates	146,606	955,226
Export of RECS certificates	519,390	544,390
Import of RECS certificates	3,088	3,088
Cancellation of RECS certificates	24,488	44,538

More information on REN's activity as an issuer of RECS certificates available at: <http://www.centrodeinformacao.ren.pt/PT/InformacaoCertificados/Paginas/BreveDescricao.aspx>

With the publication of Decree-Law n.º 23/2010 REN was also awarded the responsibility of implementing the Issuing Entity for Guarantees of Cogeneration Origin (in Portuguese, EEGO). In this context the company is responsible for developing and managing a system for issuing guarantees and certificates of origin, for the electricity produced in cogeneration plants classified as highly

efficient and efficient, repetitively. REN is also responsible for auditing production facilities and equipment to enable and ensure the correct classification of facilities and the appropriate certification of the electricity produced. Warranties and licenses issued under this legislation will certify the primary energy savings achieved by cogeneration facilities.

ENERGY EFFICIENCY AND ENERGY MANAGEMENT

REN has two facilities integrated under the concept of major intensive energy consumers: the gas and leaching station of REN Armazenagem and the Liquefied Natural Gas (LNG) Terminal of Sines belonging to REN Atlântico.

Under Decree-Law n.º 71/2008, dated April 15th, which governs the management system of the Intensive Energy Consumption (in Portuguese, SGCIE), REN held a series of energy audits to these facilities in order to identify and implement a set of measures to rationalize energy consumption, as part of a plan for the Rationalization of Energy Consumption (PREn). The PREn of both companies are in operation and the following measures are worth being highlighted:

• REN Armazenagem

- a) Gas station: reduction of the pressure of compressed air to a

safety minimum, thus reducing electricity consumption and energy costs associated with operating the instrumentation air compressors.

- b) Leaching (rejection): supply of the installation of Leirosa through an autonomous solar photovoltaic system and installation of variable speed drives in the centrifugal water pumps.

• REN Atlântico

- a) Adoption of a minimum gas emission flow rate of 174 km³(n)/h. Although, to date, this measure has not been systematically observed due to various constraints (need to perform scheduled stops and functional tests, etc.), it is expected that in 2012, with the completion of the terminal's expansion project, it may be possible to fulfil it with greater regularity, with significant improvement in the energy efficiency of the LNG Terminal.

ENERGY CONSUMPTION (GJ)	08	09	10	11
Electricity for infrastructures and buildings	238,527	241,040	255,465	259,733
Natural gas (cogeneration, boilers, pilots and controlled burns of flare))	257,757	295,205	288,760	242,902
Diesel in other equipment	334	228	506	507
Propane	112	0	74	81
Natural gas	134	182	7,894	130
Fleet fuel	28,341	28,837	27,177	25,916
Losses in the electricity transmission network	2,055,942	2,048,062	2,820,852	2,360,030
Losses in the gas transmission network – purges	1,465	3,658	3,281	2,221
PRODUCED /SOLD ENERGY (GJ)				
Primary energy produced (cogeneration)	10,984	10,290	5,975	8,447
Primary direct energy sold (cogeneration)	7,703	7,091	3,942	5,806

7.3 BIODIVERSITY

A question to the stakeholders:

Would you consider that REN is concerned with the preservation of biodiversity?

Average of replies - 4.3 (in a scale 1-5)

Biodiversity is one of the most relevant environmental descriptors in the systematic evaluation of potential impacts of REN's activities in the various phases of the lifecycle of its infrastructure lifecycle.

For this reason, the company's performance in this area is structured along the following lines of action:



Despite this constant concern with the protection and promotion of biodiversity, only a small percentage of REN's infrastructure are actually integrated in sensitive areas of Portugal: sites of

Natura 2000, Special Protection Areas and other protected areas including national parks, reserves, natural parks and monuments.

OCCUPATION IN SENSITIVE AREAS	AREA / LENGTH	% OF OCCUPATION OVER TOTAL OCCUPATION
Stations/ Facilities	0,47 km ²	5,4%
Extension of gas pipelines / lines	1177,43 km	12,2%

The occupation of these areas by REN's infrastructure is mainly due to historical reasons (the integration of these infrastructure in the field was prior to the classification of these protected areas), but also due to the urge of allowing or enhancing the flow of energy from renewable sources of production centres located in these sensitive areas. Where these facilities are subject to changes, such as changes in the layout of the transmission lines and gas pipelines, their optimization is guaranteed in order to reduce impacts upon biodiversity.

FLORA AND SOIL USE WITH

the development of its construction and maintenance activities, REN produces direct impacts upon the flora and land use, such as, for example, during the creation or maintenance of protection corridors attached to its

line infrastructure (power lines and gas pipelines).

In order to compensate the trees felled in those operations, since 2007 the company has performed various conversion initiatives as part of the construction of new facilities. In these projects, which largely extend beyond the strict compliance of the law or of the Environmental Impact Statements (EIS), namely in terms of compensatory measures, emphasis is placed on planting native species from the intervened site.

Additionally, the company has taken systematic actions in terms of conversion of land use, particularly in the construction of new power transmission lines. This initiative presents a wide range of positive aspects, including:

The **line protection corridor** consists of the land corridor beneath the electricity transmission line, with 45 m of maximum width, delimited by two parallel lines at 22.5 m from the axis of the outline, where trees needed to ensure the minimum length set out in Regulatory Decree no. 1/92 of February 18th. The **reconversion of the protection corridor** of a given line consists on pulling out the stumps from the trees which were cut down in the overcrossed areas and in the consequent reforestation with vegetable species that may help meet the minimum safety distances between the conductors and the vegetation.

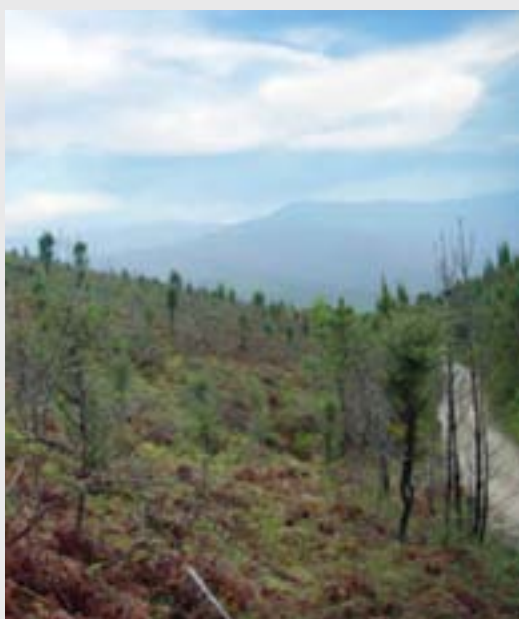
- Compatibleness of land occupation with the presence of the line, while simultaneously avoiding the proliferation of fast growing tree species
- Enhancing the value of the landscape while promoting the variety of vegetable species and higher profitability in the use of the land exploration by the owners
- Increasing the number of intervention cycles in the area of the line protection corridors and the reduction of annual maintenance costs
- Involving the owners in a co-responsible manner in managing the intervened areas, making them responsible for selecting the species to be used in reforestation, among those suggested by REN
- Greater acceptance of infrastructure by the owners, helping them to obtain another type of income through the use of the land, in a consistent way with the presence of the line
- Breakdown the mono-specificity of the existing vegetation in the area surrounding the protection corridors, and reduction of the exposure time of the land to erosive agents
- Decreasing the fire risk and creating a barrier to the advancement of fire, which is also part of the national strategy of forest fighting

In 2011, a total of 153,000 trees were planted in an area of approximately 182 ha in the following infrastructure:

INFRASTRUCTURES	AREA (ha)	NUMBER OF TREES
Overhead 400 kV line, Batalha – Lavos	173.5	145,000
Overhead 150 kV line, Riba d'Ave – Oleiros	8.4	7,030
Picote Circuit Breaker Station	-	22
Substation of Tavira	-	883
Subestação de Ermesinde	-	155

In 2012 the initiatives for the conversion of protection corridors will continue, and it is expected that an area of

approximately 298ha will be covered and a total of more than 200,000 new trees will be planted.



Following the authorization granted by the National Forest Authority for cutting down cork oak trees in settlements within the scope of the Industrial Extension of Leça construction, the implementation of the “Beneficiação de Povoamento de Sobreiros” was completed in the Perímetro Florestal Soajo-Peneda (Plot 14) in the waste land area in Lugar da Cumeira, near the village of Cousso, municipality of Melgaço, as a compensatory measure for the required tree felling. A total of 4,760 oak trees were planted, following the contour lines, in order to avoid erosion effects and to prune the spontaneous formation of existing cork oaks.

After the initial stage was over, in December, with only 520 plants pruned which did not withstand the attacks of wildlife (wild boar and some birds), the “Management Plan” which was also approved by the AFN is now under way, will allow REN to maintain the benefited area (6.8 ha) during a period of 15 years, to ensure the proper development of the settlement until they reach adulthood.

▀ BIRDS

Given the linear character of the REN's infrastructure, which are distributed throughout the national territory, its potential impact on birds is significant, in particular the possibility of episodes of bird collisions with overhead lines, as well as, although very rarely, of electrocution episodes.

Currently, the places where the national transmission grid infrastructure is located is potentially occupied by about 440 species classified according to the Red List of the International Union for Conservation Nature (IUCN), in the following categories:

IUCN CLASSIFICATION	NUMBER OF DANGERED SPECIES		
	09	10	11
Criticamente ameaçado	2	2	3
Ameaçado	2	2	4
Vulnerável	17	17	17
Quase ameaçado	28	23	36
Pouco preocupante	314	339	366
Informação insuficiente	1	1	14

BUSINESS AND BIODIVERSITY INITIATIVE

A few years ago REN joined the EU initiative Business and Biodiversity whose main goal, as conveyed by its name, is to promote the protection of biodiversity by companies.

Under this initiative, REN has participated in the project LIFE + Estepárias, which aims to promote the conservation of birds in the cereal steppe habitats of the Baixo Alentejo. This project involves three vulnerable bird species in particular: the Great Bustard (*Otis Tarda* – an endangered species); the Little Bustard (*Tetrax tetrax* – a vulnerable species); and the Lesser Kestrel (*Falco naumanni* – a vulnerable species) and has actions in three areas of Natura 2000 Network, classified as Special Protection Areas (SPAs): Castro Verde, Vale do Guadiana and Mourão/Moura/Barrancos.

ANTI-COLLISION DEVICES FOR BIRDS

In the construction of high voltage lines, REN seeks to minimise the occurrence of impacts on birds by selecting locations that avoid the most critical situations of compatibility with habitats and migration routes of some species. However, these initiatives are not always enough to prevent the existence of negative impacts. In these cases, it is necessary to identify and implement additional mitigation measures.

To minimise the possible collision of birds, signalling devices called Bird Flight Diverters (BFD) are usually installed, which are spiral-shaped devices with double fixation, and with about 30 cm in diameter and 1 meter in length. They come in orange and white colours. The

spacing between these devices in the potentially most striking line sections takes into account the territory zoning defined in joint studies with the ICNB.

Since 2009 REN has an ongoing study in partnership with QUERCUS, in order to evaluate the effectiveness of new anti-collision devices in reducing the crashing of wild birds against National Electricity Transmission Grid (RNT in Portuguese) cables, called FBF -Firefly Bird Flapper'. The Baixo Alentejo region was selected for this study based on data collected in previous studies (protocol REN – Institute for Nature Conservation and Biodiversity (ICNB)), enabling the evaluation of the effectiveness of the installation of devices for species such as the Great Bustard, the Little Bustard and the Crane. These devices were installed in the lines of Ferreira do Alentejo – Evora and Palmela – Evora, both at 150 kV. The study has also assessed the impact of the FBF in noise descriptors as well as in the landscape. It was concluded that the use of these devices does not induce a significant change in these descriptors.

COMPATIBILITY OF REN'S INFRASTRUCTURE WITH THE POPULATION OF WHITE STORKS

In 2011, REN continued its efforts to reconcile the growing population of white storks with their infrastructures, by creating conditions so that these birds may nest in favourable habitats, and by installing devices that minimise risk of accidents of electrical origin.

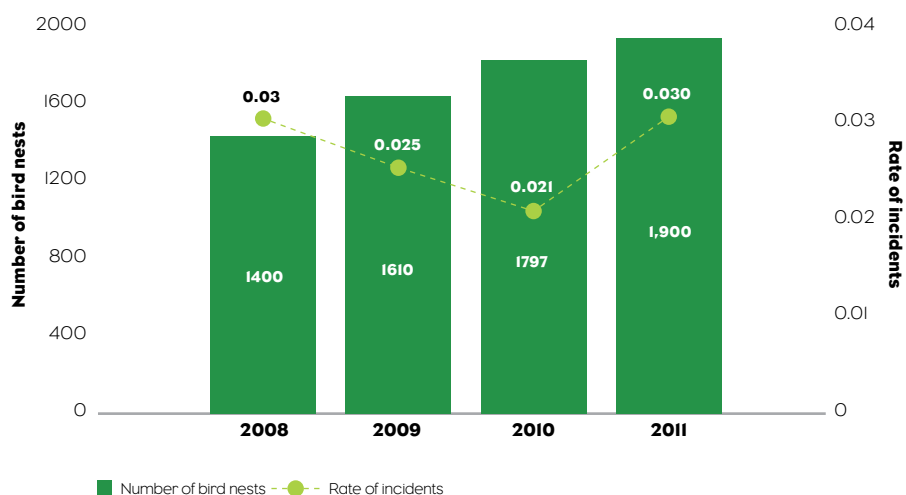
Continuing with the work developed in previous years, several nesting platforms for birds have been installed, to which the nests located in support areas

considered at risk for the birds were transferred. In these points, devices to inhibit the birds' perching and nesting were also installed. All these interventions are annually reported to the Institute for Nature Conservation and Biodiversity (ICNB, in Portuguese) through a descriptive report specifying the measures implemented throughout the year, complemented by the analysis of the historical evolution of the situation and associated indicators. In 2011 were installed:

- 150 platforms for building nests and laying of artificial nests, and;
- 481 anti-perching devices;

43 NESTS THAT WERE AT RISK HAVE BEEN TRANSFERRED TO ARTIFICIAL PLATFORMS.

Comparing with 2010 there was a slight increase in the rate of incidents white storks during the year, due to the significant increase in the number of storks perching in the supports but that do not nest there.



COMPENSATORY MEASURES FOR IMPACTS UPON BIRDS

An important area of REN's activity is, within the context of bird protection, is the implementation of compensatory measures following from the process

of Environmental Impact Assessment (EIA) of new infrastructures. In 2011 the following measures should be highlighted:

ALQUEVA LINE – BROVALES, AT 400 KV (PORTUGUESE SECTION)

The first phase of implementation of compensatory measures consisted of habitat management directed to the little bustard. In 2011 REN submitted a methodological protocol to the National Authority for Nature Conservation and Biodiversity, (at the time Institute of Nature Conservation and Biodiversity), which includes habitat management directed at the little bustard which benefits and protects also other birds.

TUNES LINE -TAVIRA I AND 2 AND TAVIRA-ESTÓI I AND 2

The project initiated in 2009, which includes the development and implementation of a set of compensatory and monitoring measures for specific pairs of Bonelli's eagle nesting near that very high voltage line, was continued, defined within the respective process of Environmental Impact Assessment, for "Sections 1 and 2". In this second phase of the project the monitoring and compensation measures already implemented and aimed at specific couples of Bonelli 'Cepo' and 'Court', shall continue, namely by overcoming constraints and knowledge gaps identified during the previous phase.

The following initiatives shall be carried out by REN during this second phase, between 2009-2014:

- Compensatory and monitoring measures for specific couples of Bonelli's eagle 'Cepo' and 'Court';
- Recovery and development of populations of wild rabbit;
- Monitoring and health control of wild rabbit populations subject to measures to promote their development;
- Maintenance of a safety perimeter around the nesting site of the 'Cepo' couple;
- Construction/strengthening of the nests of Bonelli couples potentially most affected by the line;
- Restoration/maintenance of the plant cover in the nesting site of the 'Cepo' couple.

LINE SINES-PORTIMÃO 3

The project includes the development and implementation of a set of compensatory measures and specific monitoring aimed at the pair of Bonelli's eagle labelled as "Odelouca" and which nest near that very high voltage line.

For the three year period 2010-2013 the implementation of the necessary activities for the operationalization of the following compensation measures and the monitoring specific pair of Bonelli named "Odelouca" was proposed":

- **Monitoring and Compensation Measures for Bonelli's Eagles**

The plan of activities includes the continued monitoring of the pair "Odelouca" and sustainable measures to protect the nesting habitat in terms of reinforcing / maintaining nests and artificial platforms, and maintenance of safety protection against wildfires.

- **Increased food resources for the couple of Bonelli's eagle named "Odelouca". Recovery of wild rabbits**

The recovery of wild rabbit populations in the area of intervention will be followed until an appropriate level for their exploitation as a food resource by the Bonelli's Eagle is achieved, while simultaneously allowing their hunting, with the creation of mechanisms self-sustainable in the medium / long term to ensure the maintenance of a high density of wild rabbits.

- **Health monitoring program for wild rabbits (*Oryctolagus cuniculus algirus*)**

INTERNATIONAL DOURO AND VALLEY OF THE TAVORA RIVER

The initiatives developed with the implementation of compensatory measures intended to ensure the ecological recovery of bird populations (black stork, britango, Bonelli's eagle, golden eagle, eagle owl, peregrine falcon, raven-de- Red-billed) affected by predictable negative impacts of the new lines that will cross the International Douro Natural Park (DINP) and the Valley of the Tavora River, were structured according to the following components:

- **Description and evaluation of the baseline situation and selection of sites to be intervened upon.**
- **Implementation of Habitat Management Compensatory Measures**

The ecological improvement and restoration actions that will build on the implementation of the following habitat management measures:

- Measure 1: habitat management for the wild rabbit and the red partridge;
- Measure 2: construction and settlement of traditional dovecots;
- Measure 3: execution of ponds;
- Measure 4: promotion of extensive grazing.

- **Plan to monitor the breeding success and the use of space by the couples that develop in the intervention area.**

In 2011 the implementation of compensatory measures for ecological improvement and restoration at the Natural Park of International Douro and in the Valley of the Tavora River actually began. Such measures include habitat management measures for wild rabbits and red partridges (deforestation and sowing, among other measures) that will increase the number of individuals of these species, which in turn are prey species for birds. Additionally, extensive grazing will be fostered, which will also benefit the red partridges. Likewise, the construction and settlement of dovecots aims to increase the food available for birds.

LINE MOCADOURO - MACEDO DE CAVALEIROS

In 2011 the following compensatory measures were implemented:

Measure 1 – Habitat management to recover the populations of prey species, which was aimed at improving the living conditions of the main wild prey species for the birds under study, the wild rabbit and the red partridge, through the implementation of management measures for habitat restoration, through the installation of mosaics of crops and water points within the eagle management territory in strategic locations and away from the lines;

Measure 2 – Recovery and repopulation of dovecots, in which the intention was to recover and restock traditional dovecots to increase the population of pigeons as prey available for couples of Bonelli's eagle and golden eagle, in strategic locations and away from lines.

Measure 3 – Monitoring the couples of Bonelli's eagle and golden eagle present in the study area, mainly focusing on verifying the breeding success and the use of space by the couples of Bonelli's eagle and golden eagle present in the study area.

03 CORPORATE COVERAGE



A WAVE OF RENOVATION

Reflection of the national investment in the field of renewable energy, the Portuguese Government has given REN, through Enondas, the concession of the infrastructure which will make the production of electricity from ocean waves possible. A network that connects the present to a sustainable future in a scientific and technological challenge, which seeks to place Portugal at the forefront of clean energy and, in particular, D waves.

REN. THE NETWORK THAT BRINGS US TOGETHER

REN THE NETWORK THAT BRINGS US TOGETHER



5.8 RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

- Finally, it should also be noted that there are no transactions between the Company, on the one hand, and the members of its managing or

supervisory bodies or companies in a group or control relationship, on the other.

The management and supervisory bodies of the Company have been attributing growing importance to the development and improvement of the internal control and risk management systems, with a significant impact on the activities of the Group's companies. This approach has been in line with national and international recommendations, including CMVM's recommendations as included in the Corporate Governance Code and the good governance principles contained in the Council of Ministers Resolution no. 49/2007, of March 28.

The Executive Committee and, ultimately, the Board of Directors, are responsible for creating and managing the internal control and risk management systems. The Audit Committee is responsible for assisting the Executive Committee in analyzing the integrity and efficiency of REN's Internal Control and Risk Management Systems. Furthermore, in its plan of activities for the financial year of 2011, the Audit Committee considered carrying out a number of steps to monitor and evaluate the functioning and adequacy of the internal control and risk management systems.

It is considered that a risk management and internal control system – as implemented by REN – should meet the following objectives, among others:

- Guarantee and supervise fulfillment of the objectives previously set by the Board of Directors;
- Ensure that information is reliable and complete;
- Ensure the complete, reliable and timely preparation and reporting of financial and accounting information, and apply an appropriate management information system;
- Guarantee the safeguarding of assets;
- Ensure prudent, appropriate valuation of assets and liabilities;
- Identify risk factors, risk occurrence consequences and mechanisms related to their treatment and minimization;
- Bring tolerable risk into line with the Group's strategy;
- Improve the quality of decisions;
- Promote the rational and efficient use of resources.

During the 2009 financial year, on May 13, 2009, the Executive Committee passed a resolution to set up the Internal Audit Department (IAD), with the mission of supervising the creation, operation and effectiveness of the Group's risk management control model and internal control and governance systems, through objective, independent and systematic monitoring. In operational terms, it reports to the Audit Committee, notwithstanding its hierarchical relationship with the executive management of the Company. The officer in charge of the Internal Audit Department is Gil Vicente Jorge Marcelino.

Noteworthy, among the various tasks of the Internal Audit Department are the following:

- Review of risk management and internal control policies in force;
- Assessment of the degree of implementation of internal control (organizational structure and governance, delegation of powers, ethics and conduct code, policies and procedures);
- Implementation of financial, IT, operational and management audits in the various areas of the REN Group, confirming compliance with the policies, laws and regulations (compliance services);
- Definition, jointly with the various areas, of measures to correct any

weaknesses and non-compliances identified during the audits;

- Monitoring the implementation of corrective measures, through follow-up reports;
- Support for high-level management in defining and/or implementing control and governance measures.

All internal audits conducted by the IAD follow a plan based on risk assessment, whether corporate or by the IAD itself, the latter including an assessment of how risks are managed in terms of processes, systems and business units.

The IAD's Business Plan for 2011, approved by the Audit Committee, has defined and characterized the audits to be carried out. The Business Plan was designed to:

- Focus on the audits in areas of greatest risk;
- Assess the efficiency of the internal control systems implemented;
- Cover all Group companies;
- Add value to the Group.

In implementing the various audits, particular attention was paid to the assessment of internal control systems, to compliance with established procedures, to the efficient use of resources, to the effective monitoring of processes and to the assessment and minimization of identified risks.

In 2012, the audit procedures will be maintained and as far as the IAD's future plan of activities is concerned, we highlight the following objectives:

**ALIGN THE
INTERNAL AUDIT
WITH THE GROUP'S
STRATEGY**

**ORIENTATE
RESOURCES
TOWARDS THE
AREAS OF
GREATER RISK**

**FOCUS THE AUDITS
ON PROCESSES/
ACTIVITIES WHICH
DEMONSTRATE
SIGNIFICANT
SUBSTANTIALITY**

**COVER ALL
COMPANIES OF
THE GROUP**

**POSITION THE
INTERNAL AUDIT AS A
FUNCTION CAPABLE
OF ADDING VALUE**

With the main concern being the monitoring of the main aspects of REN's activity, and in order to ensure the procedures followed are in compliance, an assessment of the main Internal Control Systems in the Group's various companies is conducted regularly, with the following underlying principles:

- Strengthening and improving effectiveness and efficiency in the use of resources;
- Safeguarding assets;
- Analyzing the information processing system;
- Checking of the reliability and accuracy of financial, accounting and other kinds of information;
- Preventing and detecting fraud and errors;

- Checking for compliance of the Group's operations and business with applicable legal and regulatory provisions, as well as with general policies and Company regulations;
- Promoting operational effectiveness and efficiency.

In addition, the mission of the Risk Management Committee, created in 2010, is to support the Board of Directors in monitoring the Group's risks, as well as ensuring the enforcement of risk management policies common to the entire Group and the internal disclosure of best practices for Risk Management. The Risk Management Committee's main functions are to:

- Promote the identification and systematic evaluation of business risks and their impact on REN's strategic objectives;

- Categorize and prioritize the risks to be addressed, as well as the opportunities identified;
- Identify and define the persons responsible for risk management;
- Monitor significant risks and REN's risk profile;
- Approve regular risk reporting mechanisms by different businesses areas.
- Approve, or submit to the Executive Committee, recommendations for prevention, mitigation, sharing or transfer of material risks.

In 2011, the Risk Management Committee, together with the company's various areas, identified "risk owners", whose main role is to contribute

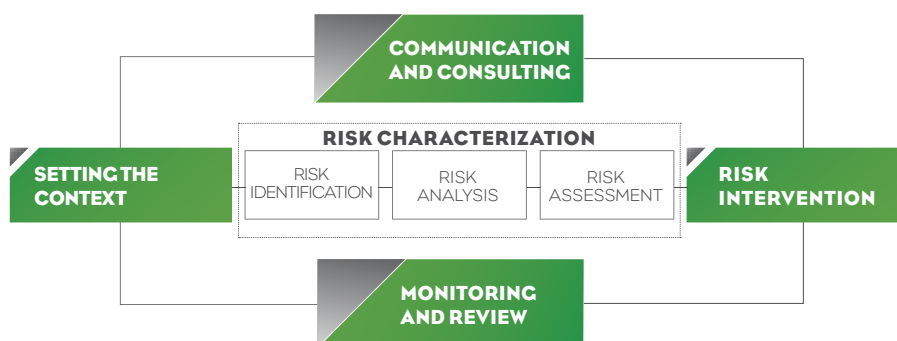
towards developing and enforcing a risk management strategy in line with the company's strategic objectives.

RISK MANAGEMENT PROCEDURE

REN has been implementing a set of changes to its internal control and risk management systems, involving the components provided for in the CMVM's Recommendation II.1.1.2. It has also been guided by International Organization for Standardization (ISO) rules.

In 2011, the company set out to design, develop and apply a homogeneous and integrated corporate risk management strategy across the entire organization, aligned and structured in accordance with the specific priorities and features of each of the company's areas.

REN's risk management procedure is based on the five areas in the following table:



1. **Establishing the context** enables the company to identify the main external and internal parameters to be considered in managing risk and to define the scope of the risk management process. The external and internal contexts and the context of risk management procedure in which REN carries on its operations are described in general terms under this heading.
2. The methodology for **characterizing risk** involves three stages:
 - a) **Identifying the risk**, where potential risks that could jeopardize the Group's normal operations and, subsequently, its strategic objectives are identified;
 - b) **Risk analysis**, reflecting a set of activities intended to understand the nature of the risk and to determine its likelihood and corresponding impact; and
 - c) **Risk assessment**, resulting in steps being taken that make it possible to prioritize the risks that need to be dealt with.
3. **Dealing with the risk** involves selecting, prioritizing and implementing one or more specific strategies and measures to handle the risk. The strategies to deal with risk that are put in place can avoid, transfer, share or retain the risk. The strategy to be chosen is not only the one that has

- a greater ability to reduce risk, but also that one that has a greater ability to create additional benefits and opportunities. It is advisable to choose strategies that are able to address several risks simultaneously.
4. **Risk monitoring** aims to monitor the evolution of risks. It is carried out on a continuous basis and is included in the company's routine processes and activities. Associated with the monitoring process are a set of risk management indicators (Key Risk Indicators) which are defined for the main risks identified. These indicators make it possible to monitor risk factors and possible risk events, their likelihood and impact, as well as the control measures adopted.
5. **Risk review** consists of assessing the adequacy, effectiveness and efficiency of the risk management process and is aimed at identifying non-compliance or deficiencies and determining any need to implement corrective measures.
6. **Communication and consultation** establishes the guidelines for effective communication and consultation in the risk management process. This aspect is developed in a continuous and interactive manner by those involved in the risk management process,

over the various stages and activities involved in this process.

The goal of the risk management process is to contribute directly towards improving REN's performance, by including risk management activities as a factor for optimizing the Group's other activities and bringing about compliance with CMVM recommendations on governance of listed companies.

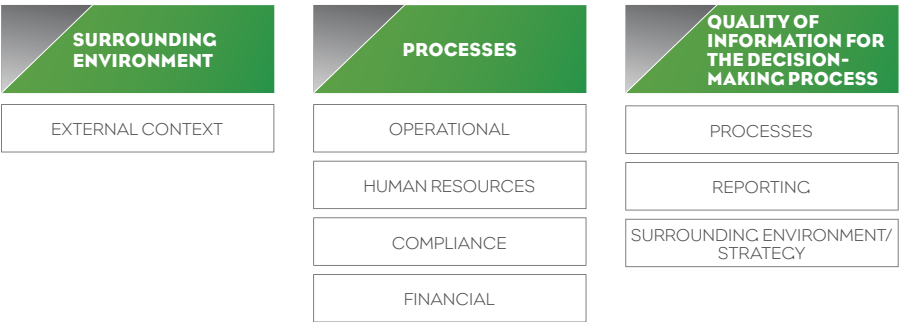
REN Risks

When carrying out its business, REN is subject to multiple risks in every one of its own business areas or in those of its affiliates. These risks have been brought together in the following categories and subcategories:

The category Surrounding Environment analyzes factors external to the organization which could adversely affect the viability of the organization's business model and interfere with the achievement of its goals and strategy.

The category Processes considers the internal sources of risk that compromise the viability of the organization's business processes, as concerns effective and efficient operational management, as well as proper alignment with the strategy.

This category contains four subcategories:



- **Operational risks**, which represent the risk of operations becoming inefficient and ineffective in executing REN's business model, in meeting customer needs and in achieving quality, expenditure and time performance goals;
- **Human Resource** risks are the set of risks run by employees when they do not know how to put their activities into operation correctly or when they do not know what to do when they need to perform a task, because they have exceeded the

limits of the powers given to them or because they have been encouraged to act incorrectly;

- **Compliance risks** are linked to compliance with the provisions of concession contracts, laws and regulations, and with international standards and agreements; and
- **Financial risks**, representing a set of risks that compromise the efficient management of the organization's financial resources, including maximizing the availability of cash flow, reducing uncertainty linked to exchange rates, interest rates, credit and other financial risks, and the timely movement of funds without loss in value, to wherever they are most needed.
- Process risks, which are related to a lack of reliable and timely information on the organization's processes and activities;
- Reporting risks arising from a lack of reliable and timely reporting and aimed at addressees within and outside the Company;
- Surrounding environment/strategy risks, which represent the lack of reliable and timely information on the internal and external surroundings that prevents the organization from adapting to change or from maximizing its value.

The category **Quality of Information for Decision-Making** covers risks that compromise the information used for supporting the execution of the business model, internal or external reporting on performance and the continued assessment of the effectiveness of the organization's business model. This category considers every risk pertaining to activities involving the creation of value, as well as the corresponding management information that is produced.

This category includes three subcategories:

The appetite for risk reflects the amount of risk the company is willing to shoulder or to retain in pursuing its goals. REN adopts a prudent position as concerns its appetite for risk.

In 2011, the Risk Management Committee, with support from risk owners, identified the various risks to which REN is exposed, thereby determining the Group's risk profile. Given that the risks and controls for mitigating risks rely on internal and external factors, the risk profile is not static.

The most serious risks for the REN Group are shown in detail below, with their category and subcategory:

CATEGORY	SUBCATEGORY	NATURE	RISK
Surrounding Environment	External Context	Regulatory	Change to the regulatory model and parameters
		Financial Markets	REN's credit quality / rating
			Evolution of interest rates
Processes	Operational	Business Interruption	Occurrence of a general incident
		Investment Projects	Approval of investment plans
		Health and Safety	Occurrence of serious work accidents
		Information Technology	Information systems safety
		Human Resources	Capacity to attract / retain skills and the know-how necessary for the business
Quality of Information for the Decision-Making	Reporting	Accounting / Taxation	Adequacy of the management information

- **Changes to the regulatory model and parameters**

The risk of the existence of changes to the regulatory model and/or regulator decisions may affect the company's ability to run its business efficiently and is linked to the fact that the activity being developed by REN is a regulated activity.

REN manages such risk by monitoring the progress of the regulatory strategy as well as European regulatory trends.

- **REN's credit quality /rating**

REN's credit quality and changes to its rating could have an impact in terms of access to financing as well as the cost of such financing. REN manages this risk by building a position of sound liquidity and by an efficient management of its financing needs combined with effective initiatives for communicating with both the market and the various financial agents. It should be noted that the company's rating could be affected by any deterioration in Portugal's rating.

- **Evolution of interest rates**

The fluctuation of interest rates can have an impact on remuneration from regulated assets and on servicing REN's debt. A change to relevant benchmarks of market interest rates could result in higher financing expenses for the Group. REN manages exposure to the risk of changes in interest rates by hiring financial derivatives, in order to achieve a balanced ratio of fixed and variable interest rate and to minimize financial burdens in the medium and long term.

- **Occurrence of a generalized incident**

The company's performance could be influenced by the occurrence of events causing an interruption in the electricity supply service and by any difficulty in restoring the service in a timely manner. The infrastructures supporting REN's operations are exposed to a set of conditions (pollution, atmospheric conditions, fires, birds, among others), which could cause interruptions in the service. The plan for restoring service following a generalized incident implemented by REN and the

organization of drills to test the ability to restore the service in the event of an incident, are some of the initiatives adopted for managing this risk.

- **Approval of investment plans**

The existence of delays in the approval of investment plans by the Regulator or by other authorities can cause significant delays in implementing new infrastructures and/or loss of the investment made, with an impact on the quality of the service provided. REN has adopted procedures for managing this risk that involve the process of authorizing the investment to be made.

- **Occurrence of serious work accidents**

Non-compliance with safety and operational procedures for equipment could result in the occurrence of serious work accidents with damage to people and property during work organized by REN.

REN manages this risk through the safety management system, with specific training for operations involving risks and training for employees of REN's service providers on safety awareness.

- **Information systems security**

REN's activities rely heavily on the information systems and technologies used within the Group. Therefore, the security of information systems and technologies and their capacity to meet the needs of the company are crucial to REN performing well. To manage this risk, REN keeps its communication systems and the respective support services up to date by performing periodic inspections of the configurations of network and security equipment. At the same time, security measures are in place for systems deemed to be critical, such as the existence of redundant communications and the shielding of such systems from potentially dangerous traffic.

- **Ability to attract/retain the skills and know-how required for the business**

REN's success depends on the skills

and efforts of its employees and its management teams. The continuation of the company's success depends, to a great extent, on its ability to attract, keep and motivate skilled employees.

To this end, REN is developing its human resources policy by focusing on training, ethics, the development of potential and motivation. The human resources policy also aims to constantly update knowledge and strengthen a culture of quality, both of which are indispensable for it to fulfill its public service mission.

- **Adequacy of management information**

REN regularly provides management

information, to strictly monitor its operations. In this regard, all management information provided both for internal use and for disclosure to other organizations, is prepared on the basis of sophisticated IT systems. REN carries out initiatives that seek to continually improve the support information processes and systems that produce financial and management information.

In this way, the production of accurate, reliable information allows us to ensure that the information does not contain errors that could compromise the decision-making process.

5.9 NO DEFENSIVE MEASURES THAT AUTOMATICALLY CAUSE A SERIOUS EROSION OF THE COMPANY'S ASSETS IN THE EVENT OF CHANGE OF CONTROL HAVE BEEN ADOPTED

REN has not adopted any defensive measures which result in a serious, automatic erosion of the Company's assets in the event of change of control or a change in the composition of the management body. This prevents any limitations on the free transfer of shares and the shareholders freedom to evaluate the performance of the members of the management bodies.

In specific terms, there are no significant agreements to which REN is a party that would come into force, be amended or terminate in the event of a change in control

over the Company. Nor are there any agreements between REN and the members of the management body or other officers, pursuant to paragraph 3 of article 248-B of the Portuguese Securities Code, that would award compensation in the event of resignation or dismissal of any member of the management and supervisory bodies, or in the event of resignation of any employee, unfair dismissal or termination of the employment relationship, following a change in control over the Company.

Similarly, REN has not adopted any measure aimed at preventing the success of takeover bids.

However, the existence of legal limits on the ownership of shares representing REN's share capital should be highlighted, as sub-paragraphs i) and j) of paragraph 2 of article 25 of Decree-Law no. 29/2006, of February 15 (as amended by Decree-Law no. 78/2011, of June 20), as well as sub-paragraphs b) and c) of paragraph 3 of article 20-A and sub-paragraphs h) and i) of paragraph 3 of article 21 of Decree-Law no. 30/2006, of February 15 (as amended by Decree-Law no. 77/2011, of June 20) prohibit the ownership of shareholdings exceeding 5% or 10% of REN's share capital, depending on whether or not such entities carry out business directly or in any way indirectly in the respective sector.

the terms of the Resolution of the Council of Ministers no. 13/2012, of February 8, and in the context of the second reprivatization phase of the Company, amendments to the abovementioned legal documents concerning the ownership of shares representing REN'S capital share are expected.

On the other hand, and as disclosed by the Company, a shareholder proposal of amendment of REN's Articles of Association in order to not count the votes inherent to class A shares cast by any shareholder, on its own behalf or as

ANNEXES



MANAGEMENT REPORT



0.1 LEGISLATION IN 2011

ELECTRICITY

ERSE Order ("Despacho") no. 122/2011 of January 4th, DR. no. 2, Series II

Approves the procedure of the communications, implementation and monitoring of the interruptibility service system.

ERSE Order ("Despacho") no. 1549/2011 of January 19th, DR. no. 13, Series II

Establishes the time profiles of losses for the networks of BT, MT, AT and MAT between January 1st and December 31st, 2011 and changes to the profiles in BTN and BTE.

Ministerial Order ("Portaria") no. 71/2011 of February 10th, DR. no. 29, Series I

Changes the conditions of the interruptibility service, to be provided by a consumer of electricity to the operator of the transmission network.

Ministerial Order ("Portaria") no. 117/2011 of March 25th, DR. No. 60, Series I

Amendment to the transitional regime, applicable during 2011, to the provision of the interruptibility service per consumer of electricity in very high voltage (VHV), high voltage (HV) and medium voltage (MV) to the operator of the transmission network.

Decree-Law no. No. 62/2011 of May 9th, DR. No. 89, Series I

Establishes the procedures for the identification of critical infrastructures for health, safety and economic and social well-being of society in the energy sector.

Decree-Law no. 78/2011 of June 20th, DR. no. 117, Series I

Establishes common rules for the electricity internal market.

Resolution from the Council of Ministries no. 34/2011, of August 1st, DR no. 146 Series I

Approves the timetable for the staged termination of regulated tariffs for electricity and natural gas.

Regulation no. 496/2011 of August 19th, DR. no. 159, Series II

Regulatory review of the electricity sector - Regulation of Commercial Relations, Tariffs Regulation, and Regulation of Access to Networks and Interconnections.

Order ("Despacho") no. 13492/2011, of September 26th, DR. no. 194, Series II

Recognises the relevant public interest of the supporting infrastructure and equipment for the production of electricity by renewable energy sources, WaveRoller Peniche, in Praia da Almagreira.

Law no. 51-A/2011, of September 30th, DR. no. 189, Series I, Suppl.

Eliminates the reduced VAT rate on electricity, with consequent submission of this good to the standard rate.

Ministerial Order ("Portaria") no. 286/2011 of October 31st, DR. no. 209, Series I

Sets the coefficient Z for offshore wind power projects with the use of floating platforms.

ERSE Guideline. no. 5/2011 of November 24th, DR. no. 226, Series II

Establishes the terms and conditions for PRE Placement Auctions.

Ministerial Order ("Portaria") no. 310/2011 of December 21st, DR. no. 243, Series I

Revokes the interruptibility system per consumer of electricity in very high voltage.

ERSE Guideline no. 6/2011 of December 22nd, DR. no. 244, Series II

Changes the Tariff Regulation of the Electricity Sector.

ERSE Guideline no. 7/2011 of December 22nd, DR. no. 244, Series II

Approves the rates and prices for electricity and other services in 2012, and control parameters for the regulatory period 2012-2014.

✓ NATURAL GAS

ERSE Order ("Despacho") no. 3454/2011 of February 21st, DR. No. 36, Series II

Approves the terms and conditions of the auction for the gas year 2011- 2012 and its regulation.

Ministerial Order ("Portaria") no. 137/2011, of April 5th, DR. No. 67, Series I

Adopts the NP 1473 standard as the Regulation of Acceptance Terminal, Storage and Regasification of Liquefied Natural Gas.

Ministerial Order ("Portaria") no. 142/2011, of April 6th, DR. No. 68, Series I

Regulation of the Natural Gas National Transmission Network.

ERSE Order ("Despacho") no. 6794/2011 of April 14th, DR. No. 84, Series II

Approves the Logistics Management Manual of UAG Supply.

Decree-Law no. No. 62/2011 of May 9th, DR. No. 89, Series I

Establishes the procedure for the identification and protection of the infrastructure critical to health, safety and economic and social well-being in the energy sectors.

Decree-Law no. 77/2011 of June 20th, DR. no. 117, Series I

Establishes common rules for the natural gas internal market.

ERSE Guideline no. 2/2011 of June 26th, DR. no. 142, Series II

Approves the trade terms of connection to the natural gas transmission and distribution networks. Republishes the methodology of universal coding of the facilities.

ERSE Order ("Despacho") no. 8687/2011 of June 28th, DR. no. 122, Series II

Approves the rates and prices of natural gas for the gas year 2011-2012.

Decree-Law no. 87/2011 of July 18th, DR. no. 136, Series I

Establishes the applicable regulation for recognition and transmission of regular rate adjustments due to the regulatory authorities in the sector of natural gas.

Law no. 51-A/2011, of September 30th, DR. no. 189, Series I, Suppl

Eliminates the reduced VAT rate on natural gas, with consequent submission of this good to the standard rate.

ERSE Guideline no. 3/2011 of October 7th, DR. 193, Series II

Approves the general conditions of contracts for use of distribution networks and transmission of natural gas.

Regulation no 541/2011 of October 10th, DR. no. 194, Series II

Changes the Tariff Regulation of the Natural Gas Sector.

Ministerial Order ("Portaria") no. 297/2011 of November 16th, DR. No. 220, Series I

Determines the minimum safety reserves of natural gas of all non-interruptible consumption

REN'S SUSTAINABILITY



GRI CORRESPONDENCE TABLE

INDICATOR	GC	LOCATION - EVALUATION
STRATEGY AND ANALYSIS		
1.1 Message from the Chairman		Pag. 4, 5
1.2 Impacts, risks and opportunities		Pag. 16-17, 89-91, 93-94, 101-103
ORGANISATIONAL PROFILE		
2.1 Denomination		REN – Redes Energéticas Nacionais, SGPS, SA, 150
2.2 Brands and services		Pag. 6-7
2.3 Operational structure		Pag. 6-11
2.4 Head office		Av. EUA, 55 – 1749-061 Lisboa
2.5 Countries in which it operates		Portugal
2.6 Type and legal nature of ownership		Pag. 6-7, 89
2.7 Markets covered		Pag. 6-7
2.8 Size		Pag. 18-21
2.9 Main changes		Pag. 4-7, 16-17
2.10 Premiums		Pag. 91-92
EU1 Installed capacity (MW), broken down by energy source and by country or regulatory regime		REN's activity does not include the production of energy, and therefore it is not seen as an applicable indicator.
EU2 Net exports of energy, broken down by energy source and by country or regulatory regime		REN's activity does not include the production of energy, and therefore it is not seen as an applicable indicator.
EU3 Number of domestic, industrial and commercial clients		REN's activity does not include the distribution of energy, and therefore it is not seen as an applicable indicator.
EU4 Length of transmission lines		Pag. 20-21
EU5 Distribution of CO2 allowances, by country and by regimen		REN's activity does not include the production of energy, and therefore it is not subject to the allocation of emission allowances, and so it is not seen as a relevant indicator.
PARAMETERS FOR THE REPORT		
Report Profile		
3.1 Period covered		2011 January 1st to 2011 December 31st
3.2 Date of the latest report		2010 Sustainability Report
3.3 Publishing cycle		Annual
3.4 Contacts		Pag. 450-451
Report Scope and Limits		
3.5 Definition of the contents		Pag. 88-89
3.6 Limits		Pag. 88-89
3.7 Specific limitations		Pag. 88-89
3.8 Basis for preparation		Pag. 88-89

(CONTINUATION)

INDICATOR		GC	LOCATION - EVALUATION
3.9	Measurement techniques and calculation bases		Pag. 88-89, 439-440
3.10	Reformulations		There was a reformulation of the amount of nitrogen consumed by REN Atlântico due to an error in the factor conversion
3.11	Significant changes		Inclusion of REN Telecom
	Table of Contents of the GRI		
3.12	Table of Contents of the GRI		Present table, 426-438
	Verification		
3.13	Current policy and practice related to seeking external control for the report		Pag. 88-89
	GOVERNANCE		
	Governance		
4.1	Governance structure		Pag. 161-164
4.2	Role of the Chairman		Pag. 163, 219
4.3	Independent and/or Non-executive Directors		Pag. 163, 219-220
4.4	Mechanisms of communication with shareholders and employees		Pag. 104
4.5	Relation between remuneration and organizational performance		Pag. 212-214
4.6	Conflicts of interests		Pag. 160, 202-204, 284
4.7	Qualifications and skills of the administrators		Pag. 224-227
4.8	Mission statement, values, codes of conduct, and principles		http://www.ren.pt/vPT/GrupoREN/Missao/Pages/Missao.aspx
4.9	Procedures for overseeing the economic, environmental and social performance		Pag. 196, 202
4.10	Processes for assessing the performance of management		Pag. 196, 202
	Commitments to External Initiatives		
4.11	Approach to the precautionary principle	7	Pag. 130-132, 209-201, Global Compact
4.12	Participation in initiatives subscribed by the organisation	7	Pag. 121, UN Global Compact
4.13	Participation in associations and national / international bodies	7	Pag. 121, 125-129
	Relation with Stakeholders		
4.14	List of stakeholders		Pag. 96-97
4.15	Basis for identification of stakeholders		Pag. 95
4.16	Approaches to the relation with stakeholders		Pag. 95-104
4.17	Issues and concerns of stakeholders and response		Pag. 95-104

ECONOMIC PERFORMANCE

INDICATOR			GC	LOCATION - EVALUATION
FORMS OF MANAGEMENT				Pag. 16-17, 70-71, 83-84, 93-94
ASPECT: AVAILABILITY AND RELIABILITY				
EU6	Sectorial	Availability and Reliability of energy supply		Pag. 50-53
ASPECT: DEMAND MANAGEMENT				
EU7	Sectorial	Demand management programmes, including residential, commercial and industrial programmes		REN has no, nor may it develop demand management programmes.
ASPECT: RESEARCH & DEVELOPMENT				
EU8	Sectorial	Research and development approach		Pag. 124-126
ASPECT: PLANT DECOMMISSIONING				
EU9	Sectorial	Provisions for decommissioning nuclear plants		There are no nuclear power plants in Portugal
ASPECT: ECONOMIC PERFORMANCE				
EC1	Essential	Creation and distribution of value		Direct Economic value generated: €342.201M Economic value Distributed €310.675M Economic value retained: €31.529M
EC2	Essential	Financial implications, risk assessment and opportunities posed by climate change		The risks and opportunities posed by climate change are identified by REN, however, the respective financial implications are not yet evaluated. Partial Indicator 133-137
EC3	Essential	Coverage of Retirement Plans in the organisation		Pag. 114, 317, 349
EC4	Essential	Financial contributions to investment		Pag. 121, 296, 318
ASPECT: MARKET PRESENCE				
EC5	Complementary	Ratio between the minimum wage earned at REN and the national minimum wage		The amount of the minimum wage earned in REN is 1.44 times the national minimum wage for 2011 (485€).
EC6	Essential	Contracting suppliers		The contracting process for the procurement of goods, services and works is based on the public procurement rules in force, namely, in the Public Contracts Code. This process is based on limited tendering, involving companies included in a list of qualified suppliers for various classes of relevant supplies. In 2011 REN had an average payment term of 31 days.
EC7	Essential	Contracting top managers		REN does not have a policy that limits the hiring of top managers to a specific region of Portugal, to which it confines its activity.

(CONTINUATION)

INDICATOR			GC	LOCATION - EVALUATION
ASPECT: INDIRECT ECONOMIC IMPACTS				
EC8	Essential	Development and impact of investments in the community, of a commercial nature, pro-bono or in kind		The initiatives are developed considering the assessment to the community needs and the spontaneous actions in response to the requests made by the referred institutions. Pag. 121-123
EC9	Complementary	Description of significant indirect economic impacts for public benefit		Pag. 54-56, 66-69
ASPECT: AVAILABILITY AND RELIABILITY				
EU10	Sectorial	Coverage of long-term demand (including reserves)		Ren cooperates with the Directorate-General of Energy and Geology (DGEG) in monitoring the safety of supply of the SEM and SNGN having as reference prospective data on the medium and long term evolution of the electro-producer system and the RNTIAT. For further information, please refer to pages 46 and 47 of the SUSTAINABILITY REPORT 2010 (available at http://www.ren.pt)
ASPECT: DEMAND MANAGEMENT				
EU11	Sectorial	Average generation efficiency, by energy source and by country or regulatory regime		REN has no energy production activities and so it is not affected by this type of analysis.
ASPECT: EFFICIENCY OF THE SYSTEM				
EU12	Sectorial	Efficiency in energy transmission and distribution		Pag. 50-53
ENVIRONMENTAL PERFORMANCE				
FORMS OF MANAGEMENT				Pag. 16-17, 70-71, 83-84, 93-94, 109-110, 130-132
ASPECT: MATERIALS				
EN1	Essential	Consumption of materials	8	Pag. 134
EN2	Essential	Percentage of materials used that are not recycled	8,9	Pag. 134
ASPECT: ENERGY				
EN3	Essential	Direct energy consumption		Energy consumed by REN comes from fossil sources 140
EN4	Essential	Indirect energy consumption		REN's electricity supplier is EDP Serviço Universal and all information regarding the primary energy associated with electricity production can be found at the following link: http://www.edpsu.pt/pt/origemdaenergia/Pages/OrigensdaEnergia.aspx Pag. 140
EN5	Complementary	Energy conservation and efficiency	8,9	Pag. 136-140
EN6	Complementary	Initiatives to provide products and services based on energy efficiency or on renewable energies and reductions in the consumption achieved	8,9	Pag. 136-140

(CONTINUATION)

INDICATOR			GC	LOCATION - EVALUATION
EN7	Complementary	Initiatives to reduce indirect energy consumption and reductions achieved	8,9	Pag. 136-140
ASPECT: WATER				
EN8	Essential	Total water consumption	8	Pag. 135
EN9	Complementary	Water resources affected	8	Pag. 135
EN10	Complementary	Reused water	8,9	Pag. 135
ASPECT: BIODIVERSITY				
EN11	Essential	Land in protected areas or areas with high biodiversity value outside protected areas	8	Pag. 141-143
EU13	Sectorial	Comparison between the biodiversity of restored habitats and that of original habitats		Monitoring plans have been implemented in the works being developed in lines and substations, regarding environmental aspects of greater impact. REN has no way to measure what is original state of habitats was, as it is about old facilities for which REN has no information on their original state. Pag. 131-133
EN12	Essential	Significant impacts upon protected areas or areas with high biodiversity value outside protected areas		Pag. 141-147
EN13	Complementary	Protected or restored habitats	8	Pag. 141-147
EN14	Complementary	Managing impacts on biodiversity	8	Pag. 130-132, 141-147
EN15	Complementary	Number of species listed in the IUCN Red List and in the national conservation list of species with habitats in areas affected by REN	8	Pag. 144
ASPECT: EMISSIONS, EFFLUENTS AND WASTE				
EN16	Essential	Direct and indirect emissions of greenhouse gases		Pag. 136-137, 139
EN17	Essential	Other indirect emissions of greenhouse gases	8	REN pretends to increase the range of the GEE emissions reported accordingly to scope 3 of the GHG Protocol Pag. 137
EN18	Essential for REN's sector	Initiatives to reduce the emissions of greenhouse gases	8,9	Pag. 136-140

(CONTINUATION)

INDICATOR			GC	LOCATION - EVALUATION
EN19	Essential	Emissions of ozone depleting substances	8	REN does not produce any products or services that use any ozone depleting substances. Over time, all cooling equipment containing ozone depleting gases has been replaced according to REN's equipment replacement plan.
EN20	Essential	NOx, SOx and other significant emissions into the atmosphere	8	Arising from the REN's activity, the emissions of NOx and SOx are considered immaterial. Additionally, this indicator was not considered relevant by our stakeholders.
EN21	Essential	Waste water rejection	8	Pag. 135
EN22	Essential	Production of waste by type and by final destination	8	Pag. 135
EN23	Essential	Occurrence of spills in certain activities	8	In 2011, there were nine spills of hazardous substances. From the registered spills it was only possible to quantify three of those, all from hydrocarbons: - 1 spill of 200 l; - 2 spills of 9 m ³ . In a perspective of continuous improvement, in 2012 it is REN's aim to enhance the awareness of its employees and of the environmental monitoring teams to always record the amounts of hazardous substances spilled.
EN24	Complementary	Production of waste according to the Basel Convention	8	This indicator is not applicable, since the waste produced by REN is all sent to national waste management operators.
EN25	Complementary	Water resources and respective habitats affected by the rejection of wastewater	8	Pag. 135
ASPECT: PRODUCTS AND SERVICES				
EN26	Essential	Initiatives to assess and mitigate environmental impactss	8,9	Pag. 130-133
EN27	Essential	Percentage that has been recovered from products sold and the respective packaging	8,9	This indicator is not applicable to REN's activity.
ASPECT: COMPLIANCE				
EN28	Essential	Legal proceedings and penalties for breach of legislation on environmental issues	8	In 2011 twelve cases related to administrative environmental offenses were raised, and which are still on-going; Two administrative environmental offenses cases were completed, in which there was no guilt was found (without penalty); Sixty cases were carried forward from previous years, and which were still unresolved in 2011.

(CONTINUATION)

INDICATOR			GC	LOCATION - EVALUATION
ASPECT: TRANSPORTATION				
EN29	Complementary	Environmental impacts resulting from transportation	8	Pag. 137
ASPECT: GENERAL				
EN30	Complementary	Costs and investments with environmental protection	8,9	Pag. 135
SOCIAL PERFORMANCE - LABOUR PRACTICES				
FORMS OF MANAGEMENT				Pag. 16-17, 70-71, 83-84, 97-98, 109-110, 116, 130
ASPECT: EMPLOYMENT				
EU14	Sectorial	Retention and renewal of skilled labour		Pag. 109-113
LA1	Essential	Employees per type of job		There are no part-time employees. All work contracts are full-time. REN does not have supervised employees. Pag.106-180
LA2	Essential	Rate of employee rotation by age, gender and region		The rotation rate by region is not applicable, since REN's operations are centred in Portugal. Pag.106
EU15	Sectorial	Percentage of employees eligible to retire in the next 5 and 10 years		Pag. 106
EU16	Sectorial	Policies and requirements relating to health and safety of employees, contractors and subcontractors		Pag. 115-119
EU17	Sectorial	Average of subcontracted employees		Pag. 117
EU18	Sectorial	Training of subcontracted employees		The increase almost 3 times higher than last year in the number of entities involved in training was due to the terminal expansion works of REN Atlântico. Pag. 117
LA3	Complementary	Benefits for full time employees	6	Pag. 114
ASPECT: RELATIONS BETWEEN EMPLOYEES AND MANAGEMENT				
LA4	Sectorial	Employees covered by collective bargaining agreements	3	Pag. 114
LA5	Sectorial	Minimum periods of notice in relation to operational changes	3	The notice periods follow from the General Labour Law.

(CONTINUATION)

INDICATOR			GC	LOCATION - EVALUATION
ASPECT: HEALTH AND SAFETY AT WORK				
LA6	Complementary	Employees represented on safety and occupational health committees		Pag. 116
LA7	Essential	Rates of injuries, occupational diseases, lost days, absenteeism and deaths resulting from work activities		Pag. 117-118
LA8	Essential	Programmes related to serious illnesses		Pag. 116
LA9	Complementary	Topics related to health and safety, covered in formal agreements with trade unions		The topics covered are described under Title XV and under Annex IV of the Collective Bargaining Agreement.
ASPECT: TRAINING				
LA10	Essential	Annual training per employee		Pag. 110-111
LA11	Complementary	Skills management programmes		
LA12	Complementary	Employees with performance evaluation and career development		100%, Pag. 113-114
ASPECT: DIVERSITY AND EQUAL OPPORTUNITIES				
LA13	Essential	Number of employees per diversity indicator	1,6	Within REN's universe of employees, there are two employees with disabilities. Pag. 107
LA14	Essential	Ratio between men and women base-salaries by functional category	1,6	The amount of salary at REN does not depend on gender but on the professional category and on the skills shown.
SOCIAL PERFORMANCE - HUMAN RIGHTS				
FORMS OF MANAGEMENT				Pag. 16-17, 70-71, 83-84, 97-98, 109-110, 116, 130
ASPECT: INVESTMENT PRACTICES AND PROCUREMENT PROCEDURES				
HR1	Essential	Investment agreements with clauses on human rights		In Portugal the aspects related to human rights are included in the Constitution and in the General Labour Law. However, REN is preparing a specification to be included in the lists of specifications, which will address requirements on social responsibility to be fulfilled in undertakings and in contracts for the provision of services, which shall include human rights.

(CONTINUATION)

INDICATOR			GC	LOCATION - EVALUATION
HR2	Essential	Suppliers evaluated on human rights	1,2,4,5,6	Legal compliance is validated during the supervision of subcontractors and during audits. REN complies with Portuguese law, namely by ensuring human rights as reflected in the company's Code of Conduct (see answer HR1).
HR3	Complementary	Training of employees on human rights	1,4,5	0% Although the REN has not promoted any specific training initiative on human rights, the Company's Code of Conduct covers compliance with human rights, being known to all employees. Additionally, REN is a signatory to the principles of the UN Global Compact.
ASPECT: NON-DISCRIMINATION				
HR4	Essential	Incidents involving discrimination and actions taken	1,6	REN complies with the Portuguese legislation as far as ensuring human rights and is a signatory to the principles of the UN Global Compact. No incidents involving discrimination were identified in 2011.
ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING				
HR5	Essential	Right to freedom of association and collective bargaining	1,3	REN guarantees the freedom of association and negotiates in accordance with the ethical principles and conduct norms established in the Code of Conduct. In 2011 were not identified situations in which the right of freedom of association and collective negotiation were at risk. The mechanism of the right to strike are guaranteed by national legislation.
ASPECT: CHILD LABOUR				
HR6	Essential	Risk of child labour	1,5	REN complies with Portuguese legislation prohibiting the contracting of child labour and is a signatory to the principles of the UN Global Compact. Legal compliance is validated during supervision and audits.
ASPECT: FORCED AND SLAVE LABOUR				
HR7	Essential	Risk of forced and slave labour	1,4	REN complies with Portuguese legislation prohibiting the contracting of forced and slave labour and is a signatory to the principles of the UN Global Compact. Legal compliance is validated during supervision and audits.
ASPECT: SAFETY PRACTICES				
HR8	Complementary	Security personnel trained in human rights	1,2	0% REN complies with the Portuguese legislation as far as ensuring human rights and is a signatory to the principles of the UN Global Compact. Legal compliance is validated during the supervision of subcontractors and during audits.
ASPECT: INDIGENOUS RIGHTS				
HR9	Complementary	Cases of violation of the rights of indigenous people	1	REN's activity is developed in Portugal and so this indicator is not applicable.

(CONTINUATION)

INDICATOR		GC	LOCATION - EVALUATION
FORMS OF MANAGEMENT			
FORMS OF MANAGEMENT			Pag. 16-17, 70-71, 83-84, 97-98, 120, 130
ASPECT: COMMUNITY			
EU19	Sectorial	Decision-making processes participated by communities	Pag. 133
EU20	Sectorial	Management of impacts resulting from involuntary changes / displacement	The notice periods follow from the General Labour Law, of which the measures set out in Chapter II, Section I of the ACT are complied with.
EU21	Sectorial	Planning and response to disasters / emergencies	Pag. 116, 119
SO1	Essential	Management of impacts upon the communities	Pag. 121-123
EU22	Sectorial	Movement of persons as a result of expansion or construction of production facilities and transmission lines, from the economic and physical standpoint	The construction of infrastructure at national level has a strong outsourced component, most of which happens at local level.
ASPECT: CORRUPTION			
SO2	Essential	Assessment of corruption risks	10.3 The Group's accounts are audited by an independent auditor and are subject to external legal certification in accordance with the applicable regulations, and is not therefore our practice to carry out a risk analysis for corruption within REN's units or business areas. It should be noted that there is no legal case against REN companies, to date, namely under investigation.
SO3	Essential	Training of employees in anti-corruption practices	0% Although the REN has not promoted any specific training initiative on anti-corruption policies and procedures, the company's Code of Conduct defines the mechanisms for reporting any eventual irregularities and violations to the Code (Article 20). 10.3
SO4	Essential	Actions taken in case of corruption	10.3 No corruption case was detected involving any of the REN companies refer to SO2

(CONTINUATION)

INDICATOR			GC	LOCATION - EVALUATION
ASPECT: PUBLIC POLICY				
SO5	Essential	Position on public policies and lobbying practices		<p>REN collaborates in the preparation of studies and in discussion forums for the sector at government level, namely:</p> <ul style="list-style-type: none"> - Active follow-up in the drafting of EU legislation and establishment of contacts with its institutions (European Commission and European Parliament). - Regular participation in different projects and working groups of international organisations in the electric and natural gas sector, namely in ENTSO-E, ENTSO-G, Eurelectric and Cigré, which actively influence European policies and promote good practices for the sector. - Combined work with DGEG ERSE in the establishment of new European network codes for the natural gas and electricity sectors.
SO6	Complementary	Funding of political parties	10.3	REN does not fund any political parties, and this is an activity forbidden by law to companies in Portugal.
UNFAIR COMPETITION				
SO7	Complementary	Lawsuits for unfair competition, antitrust and monopoly practices		The REN is the single concession holder for the transmission of energy in Portugal, whose activity is regulated, and therefore it has no interference in setting prices.
SOCIAL PERFORMANCE - PRODUCT				
SO8	Essential	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations		In 2011 there were no fines or non-monetary sanctions.
SOCIAL PERFORMANCE - PRODUCT				
FORMS OF MANAGEMENT				
ASPECT: ACCESSIBILITIES				
EU23	Sectorial	Programmes, including in partnership with the Government, to improve and maintain access to electrical services		<p>Pag. 16-17, 70-71, 83-84, 97-98, 109-110, 116, 130</p> <p>Refer to answer given to indicator SO5.</p>
ASPECT: AVAILABILITY OF INFORMATION				
EU24		Practices for dealing with language, cultural, educational and physical barriers limiting the safety access to and use of electrical services		REN does not distribute power to retail and the end consumers. However, where appropriate it publishes information to clarify the general public on relevant issues concerning the impact of energy transmission.

(CONTINUATION)

INDICATOR			GC	LOCATION - EVALUATION
ASPECT: HEALTH AND SAFETY OF THE CLIENT				
PR1	Essential	Health and safety related with products and services		Pag. 50-56, 61-64
PR2	Complementary	Cases of legal non-compliance related to impacts of products and services on health and safety		Three non-compliances were identified in audits by a third party on the safety aspects of REN's SIGQAS, certified in accordance with the requirements of OHSAS 18001, indicating a reduction of 50% over the previous year.
EU25	Sectorial	Number of deaths and injured, including diseases caused by REN's infrastructures, to people outside the Company		There were no occurrences in 2011.
ASPECT: LABELLING OF PRODUCTS AND SERVICES				
PR3	Essential	Information on products and services required by regulations	8	Pag. 50-52, 59-65
PR4	Complementary	Cases of legal non-compliance related to information on products and services, and labelling	8	There were no cases of non-compliance recorded on the information available in 2011.
PR5	Complementary	Client satisfaction		Pag. 100
ASPECT: ADVERTISING				
PR6	Essential	Programmes of voluntary codes related to marketing communications, including advertising, promotion and sponsorship		The principles by which REN is governed in terms of communication are covered in the Company's Code of Conduct (Article 14).
PR7	Complementary	Cases of legal non-compliance concerning voluntary codes related to marketing communications, including advertising, promotion and sponsorship		There were no recorded cases of non-compliances related to communication, marketing, advertising, promotion and sponsorship, in 2011.
ASPECT: CLIENT PRIVACY				
PR8	Complementary	Complaints regarding breaches of client privacy		REN complies with Portuguese legislation regarding the confidentiality of information, this principle being covered in the Company's Code of Conduct. No complaints have been identified regarding breaches of client privacy.
ASPECT: CLIENT PRIVACY				
PR9	Essential	Fines for legal non-compliance related to the provision and use of products and services		There were no fines in 2011 for legal non-compliances related to the provision and use of products and services.

(CONTINUATION)

INDICATOR			GC	LOCATION - EVALUATION
ASPECT: ACCESSIBILITIES				
EU26	Sectorial	Percentage of population not supplied in areas of concessioned distribution, by rural and urban areas		REN's activity does not include power distribution, so this indicator is not applicable.
EU27	Sectorial	Interruptions to domestic supply and respective duration due to non-payment		REN's activity does not include distribution, so this indicator is not applicable.
EU28	Sectorial	Interruption of supply		Pag. 50-52, 63
EU29	Sectorial	Average duration of supply interruptions		Pag. 50-52, 63
EU30	Sectorial	Average coefficient of availability of a plant per energy source, country and regulatory regime		REN's activity does not include distribution, so this indicator is not applicable.

METHODOLOGICAL NOTES

INDICATOR		DEFINITION / CRITERIA OF CALCULATION
EN1	Lubricating oils	The average density value used for the conversion of the volume of lubricating oils to mass units was 0.89 kg/dm ³
EC1	Direct Economic Value Created	It corresponds to the sum of net added value, net income not related to the VAB, financial income and dividends from subsidiaries, subtracted from other costs and losses.
	Economic Value Distributed	It corresponds to the costs with employees and management bodies, dividends paid to shareholders, interest payments, payments to the State in taxes, Corporate Income Tax and community support.
	Accumulated economic value	It corresponds to the subtraction of the Direct Economic Value Created by the Economic Value Distributed.
EN3	Diesel	Net calorific value of diesel fuel taken from the legislation in force (Decision 17313/2008 of June 26th): 43.3 GJ / t.
	Petrol	Net calorific value of petrol taken from the legislation in force (Decision 17313/2008 of June 26th): 44.8 GJ / t.
	Natural gas	Net calorific value of gas taken from the National GEE Inventory published in 2008 by the Portuguese Environment Agency: 38.46 GJ / (Nm ³ x 103).
	Propane	Net calorific value of petrol taken from the legislation in force (Decision 17313/2008 of June 26th): 47.3 GJ / t.
EN16	Direct and indirect emissions of greenhouse gases	Total amount of greenhouse gas direct emissions (SF6 used as dielectric insulator, CH4 from the purges of the gas pipeline, and CO2 from the boilers) and indirect emissions (through the consumption of electricity and network losses).
	Electricity	In 2011 the emission factor used was 234 gCO2/kWh, which corresponds to the figure provided by REN's energy supplier, EDP Serviço Universal (average of monthly values from January to November 2011). http://www.erse.pt/pt/desempenhoambiental/rotulagemenergetica/comparacaoentrecomercialisadores/Paginas/default.aspx).
	Diesel	Emission factor for diesel fuel taken from the legislation in force (Commission Decision n. ° 2007/589/EC of July 18th): 0.0741 ton CO2/GJ.
	Petrol	Emission factor for petrol taken from the legislation in force (Commission Decision n. ° 2007/589/EC of July 18th): 0.0686 ton CO2/GJ.
	Natural gas	Emission factor for natural gas taken from the legislation in force (Commission Decision n. ° 2007/589/EC of July 18th): 0.0561 ton CO2/GJ.
	Propane	Emission factor for natural gas taken from the legislation in force (Commission Decision n. ° 2007/589/EC of July 18th): 0.0631 ton CO2/GJ.

INDICATOR		DEFINITION / CRITERIA OF CALCULATION
EN17	Other indirect emissions of greenhouse gases	<p>Calculated from the calculation of GHG emissions associated with transportation of passengers by plane DEFRA (2011 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting: Methodology Paper for Emission Factors). Only Scope 3 direct emissions were considered, corresponding to emissions associated with burning of fuel in flights.</p> <p>The following assumptions were made:</p> <ul style="list-style-type: none"> • All flights made within Europe, except for domestic flights, were deemed short-haul. The long-haul flights correspond to intercontinental flights; • All distances were obtained by resorting to Goggle Earth; • As it is not known exactly what the no. of trips made in economy class or in executive class is, it was considered that all trips corresponded to average seats; • The calculation of the indicator passageiro.km was made by considering that each ticket issued corresponds to one passenger. For flights classified as round trips, two trips were considered.
EN21	Waste water rejection	Rejection of wastewater associated with the LNG regasification process and leaching of the caverns for underground storage of natural gas.
LA2	Rotation rate	Ratio of the number of employees that left the company in 2011, by the total number of employees on December 31st 2011.
LA7	Absenteeism rate	Ratio of the sum of paid leaves of absence (for illness, accident, maternity and other reasons) and unpaid absences, by the total number of theoretical working hours.
	Incidence rate	Measures the number of fatal and non-fatal occupational accidents occurred in a given period per one thousand employees at risk in that same period.
	Severity rate	Measures the number of days lost through non-fatal accidents that occur in a given period of time per each million hours worked during the same period.

1.3 REVIEW REPORT

REVIEW REPORT

Free translation of a report originally issued in Portuguese.

To the Board of Directors of REN – Redes Energéticas Nacionais, SGPS, SA.

Introduction

1. We have performed a review to the sustainability information included in the 2011 Annual Report of REN – Redes Energéticas Nacionais, SGPS, S.A. that covered:
 - The reliability of the Strategy and Profile information and the 2011 data of the core performance indicators, including those specific to the sector, as identified in the “GRI Index” included in the 2011 Annual Report, and its consistency with the remaining content of that report, and compliance with the disclosure of information requirements defined by the Guidelines for Sustainability Reporting of the Global Reporting Initiative, version v3.0 of 2006, considering the electric utilities supplement, for A+ application level;
 - The information provided by REN regarding the application of the principles of Inclusivity, Materiality and Responsiveness established in AA1000 *AccountAbility Principles Standard 2008* (“AA1000APS (2008)”), as described in the Sustainability Separator of the 2011 Annual Report.

Responsibilities

2. The Board of Directors of REN is responsible for preparing the 2011 Annual Report, as well as defining, implementing and carrying out adequate processes, procedures and criteria for collecting, processing, presenting and validating the information contained therein. Our responsibility is to express an opinion, based on the procedures referred to below, on the information referred to above.

Scope

3. We conducted our review in accordance with the International Standard on Assurance Engagements 3000 – ISAE 3000, issued by the *International Auditing and Assurance Standards Board*, for assurance engagements other than audit or limited reviews of historical financial information, for a limited level of assurance. Was also considered AA1000 *Assurance Standard 2008*, for type 2 reviews and a moderate level of assurance.
4. These standards require that we plan and perform procedures and apply audit skills and techniques, in order to obtain an adequate understanding of the subject matter and, considering the circumstances, to obtain sufficient appropriate evidence on which to base our opinion. In a limited assurance engagement (equivalent to a moderate assurance level), the procedures performed consist primarily of inquiries of company personnel and analytical procedures, including tests on a sample basis, and therefore, less assurance is obtained than in an engagement aimed at obtaining reasonable assurance.

5. The main procedures performed were:

- Interview of those responsible in REN for the management of sustainability and for the preparation of the sustainability information, in order to know and understand the management principles, as well as the systems and procedures applied;
- Review of the compliance of the 2011 Annual Report content in accordance with the "GRI Index", with the GRI Guidelines information disclosure requirements for level A+;
- Review of the contents of the Sustainability Separator of the 2011 Annual Report, namely chapter "1. Sustainability approach" and "3. Stakeholders Dialogue" relating to adherence to the principles of Inclusivity, Materiality and Responsiveness of AA1000APS (2008);
- Review of the processes, criteria and systems in place to collect, accumulate, present and validate the quantitative data for 2011, relating to the indicators reviewed by us;
- Analytical data review, and tests, on a sample basis, of the company's calculations relating to the quantitative data subject to our review, as well as tests to confirm the quantitative and qualitative data included in the scope of our work, referred in paragraph 1 above, obtaining and reviewing related evidence thereof; and
- Verification of the consistency of the sustainability information included in the 2011 Annual Report with the results of our work and with the remaining contents of that report.

Opinion

6. Based on the work performed, which was executed to obtain a moderate level of assurance, nothing has come to our attention that causes us to believe that:
- The sustainability information included in REN's 2011 Annual Report, referred to in paragraph 1 above, has not been reliable and consistently prepared and that it does not conform, in all material respects, with the disclosure requirements of the GRI Guidelines for the application level A +; and
 - REN does not apply, in all material respects, the principles of Inclusivity, Materiality and Responsiveness defined in standard AA1000 APS, as described in the Sustainability Separator of the 2011 Annual Report.

Independence and competence of the team

7. We comply with the policies of independence of Deloitte, which are, in all respects, similar to the Code of Ethics of the *International Ethics Standards Board for Accountants*.
8. Our team consists of Deloitte employees who have the skills and experience required to perform this work.

Observations and recommendations

9. The following main observations and improvement opportunities, which do not affect our conclusions, were communicated to REN:

- Principle of Inclusivity: REN reviewed the mapping and re-evaluated the relevance of the various stakeholder groups and performed, as planned, a consultation process specifically designed to obtain input's that took into account in the review of the sustainability strategic priorities. Alongside REN has several mechanisms of periodic or continuous interaction, through which can ensure regular communication and involvement with these agents.

We recommend that during the next sustainability strategic cycle (2013 to 2015), REN considers the opportunities for improvement relating to the involvement / communication with the following groups: "clients and infrastructure users", "community" and "employees" that were identified during the working groups sessions and the stakeholders consultation undertaken for the review of strategic priorities.

- Principle of Materiality: REN regularly review the relevant issues on which to focus its management and communication on sustainable management approach and performance, using objective criteria and processes for this purpose. We recommend that the external communication of the process of defining relevant issues (or materiality) includes the identification of the criteria considered in the assignment of levels of relevance and not just the sources / mechanisms used; and
- Principle of Responsiveness: REN tries to address the information needs and concerns of their stakeholders and define sufficient mechanisms for this purpose, which is reflected in its recognition. The adoption of international reference standards and guidelines in its management, and reporting of information, ensures the comprehensiveness and relevance of the sustainability information managed and communicated.

We recommend that the statement of commitments and resulting sustainability action plans be enhanced through the disclosure of the cause-effect relationship between these commitments and actions identified, and the needs and suggestions expressed by stakeholders, as well as by defining and communicating goals and performance against them.

Lisbon, 02 March 2012

Deloitte & Associados, SROC S.A.

Deloitte & Associados, SROC S.A.
Represented by João Carlos Frade



AA1000
Licensed Assurance Provider
000-71



Statement GRI Application Level Check

GRI hereby states that **REN - Redes Energéticas Nacionais, SGPS, S.A.** has presented its report "Annual Report 2011" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 12th April 2012

A handwritten signature in blue ink, appearing to read "Nelmar Arbex", is written over a faint, large watermark of the GRI logo in the background.

Nelmar Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because **REN - Redes Energéticas Nacionais, SGPS, S.A.** has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.
www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 10th April 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

GLOSSARY



FINANCIAL GLOSSARY

CAPEX

Capital expenditure on acquisitions and upgrades of tangible fixed assets

DEBT TO EQUITY RATIO

Net debt/equity

NET DEBT

Short- and long-term financial debt – cash balances

DIVIDEND PER SHARE

Ordinary dividend / total number of shares outstanding

EBIT

Earnings before interest and taxes (operating profit)

EBITDA

Earnings before interest, taxes, depreciation and amortisation (operating profit, plus amortisations, plus provisions, adjusted per non-recurring items)

EBITDA MARGIN

EBITDA/Turnover

PAYOUT RATIO

Ordinary dividend/net profit

RETURN ON ASSETS (ROA)

EBIT/total assets

RETURN ON EQUITY (ROE)

Net profit/Equity

TURNOVER

Sales plus services provided

TECHNICAL GLOSSARY

ACRONYMS

AA

Environmental Assessment

AAI000

Assurance Standard 2008

AAI000APS

Accountability Principles Standard

AAI000SES

Stakeholder Engagement Standard

AAE

Strategic Environmental Assessment

ACER

Agency for the Cooperation of Energy Regulators

ACNUR

United Nations High Commissioner for Refugees

ACT

Collective Bargaining Agreement

AGC

Agreement on the Management of Natural Gas Consumption

AGSI

Aggregated Gas Storage Inventory

APA

Portuguese Environment Agency

APAI

Portuguese Association for Impact Assessment

BCSD

Business Council for Sustainable Development

BTN

Normal Low Voltage

CADIN

Support Centre for Child Development

CADM

Board of Directors

CAE

Energy Emission Contracts

CDP

Carbon Disclosure Project

CELE

European Union Emission Trading Scheme

CEM

Electric and Magnetic Fields

CEO

Chief Executive Officer

CER

Certified Emissions Reductions

CESUR

Power Purchase Agreements for the Supplier of Last Resort

CICRÉ

Conseil International des Grands Réseaux Électriques

CICRÉ

International Council on Large Electric Systems

CIT

Individual Employment Contract

CMVM

Portuguese Securities Market Regulator

CO

Certificates of Origin

CO₂

Carbon dioxide (greenhouse gas)

CODEMO

Portuguese Code for Market Research and Opinion Studies

CRH

Human Resources Committee

CT

Term Contracts

DACF

Day Ahead Congestion Forecast

DCEG

Department of Energy and Geology

DR

Diário da República [Portuguese Official Gazette]

DRS

Disaster Recovery System

DWDM

Dense Wavelength Division Multiplexing

EC

European Commission

ECS

Environmental Framework Studies

ECSI

European Customer Satisfaction Index

ECX

European Climate Exchange

EDP

Energias de Portugal, S.A.

EEGO

Issuing Entity for Cogeneration Guarantees of Origin

EGIG

European Gas pipeline Incident Data Group

EIA

Environmental Impact Assessment

EIA

Environmental Impact Studies

EIB

European Investment Bank

EinCA

Study of Environmental Incidences

EIS

Environmental Impact Statement

EIT

Equivalent Interruption Time

ELECPOR

Portuguese Association of Companies in the Electricity Sector

EMTN

Euro Medium Term Notes

ENAAAC

National Strategy for Adaptation to Climate Changes

ENB

National Fire brigade School

ENF

Energia Não Fornecida [Non Supplied Energy]

ENTOS-E

European Network of Transmission System Operators for Electricity

ENTSO

European Network of Transmission System Operators for Gas

ENTSO-G

European Network of Transmission System Operators for Gas

EPIS

Entrepreneurs for Social Inclusion

ERCEG

European Regulators Group for Electricity and Gas

ERSE

Energy Services Regulatory Authority

ESOMAR

European Society for Opinion and Marketing Research Association

ETA

Electricity Transmission Activity

ETS

Emissions Trading Scheme

ETSO

European Transmission System Operators

EU

European Union

EUA

European Unit Allowances

EURELECTRIC

European Union of Electricity Companies

EURELECTRIC

The Union of the Electricity Industry

FAI

Innovation Support Fund

FBF

Firefly Bird Flapper

FEUP

School of Economics, University of Porto

FP7

7th Framework Programme of the European Community on research, technological development and demonstration activities.

FSR

Florence School of Regulation

GDP

Gás de Portugal, SGPS, S.A.

GDP

Gross Domestic Product

GHG

Greenhouse gases

GMRS

Gas Regulating and Metering Station

GNL

Liquefied Natural Gas

GNR

Guarda Nacional Republicana [Portuguese National Guard]

CO

Guarantees of Origin

CPEARI

Planning, Strategy, Evaluation and International Relations Office

CRI

Global Reporting Initiative

GRMS

Gas Regulating and Metering Station

CSE

Gas Storage Europe

CVA

Gross Value Added

HICP

Harmonised Index of Consumer Prices

HIV

Human Immunodeficiency Virus

HV

High Voltage

ICE

Intercontinental Exchange

ICNB

Institute for Conservation of Nature and Biodiversity

IDAD

Institute for the Environment and Development of the University of Coimbra

IEA

International Energy Agency

IES

Independent Electricity System

IFRS

International Financial Reporting Standards

IGU

Independent Gasification Units

INE

Portuguese Institute of Statistics

INESC

Institute of Systems and Computer Engineering

IOPS

Official Social Welfare Institutions

IP

Internet Protocol

IPCTN09

Survey of the National Scientific and Technological Potential, 2009

IPSS

Private Institutions of Social Solidarity

IRC

Corporate Income Tax

ISAE 3000

International Standard on Assurance Engagements 3000

ISDA

International Swap and Derivatives Association

ISO

International Organization for Standardization

ISQ

Welding and Quality Institute

IST

Higher Technical Institute

ITELSA

Innovative Tools for Electrical System security within Large Areas

IUCN

International Union for conservation of Nature

KPI

Key Performance Indicator

LABELEC

Research, Development and Laboratory Activities

LBC

London Benchmarking Group

LTNEC

National Laboratory for Energy and Geology

LNG

Liquefied natural gas

LPN

League for the Protection of Nature

MBA

Master of Business Administration

MC

Market Committee

MEC

Portuguese Ministry of Science and Education

MEDGRID

Consortium with the goal of promoting the development of electrical interconnections between the North, South and East Mediterranean

MEFF

Spanish Futures and Options Exchange

MERGE

Mobile Energy Resources for Grids of Electricity

METSO

Mediterranean Transmission System Operators

MIBEL

Iberian Electricity Market

MLT

Medium- and Long-Term

MODPEHS

Modular Development of a pan-European Electricity Highway System

MTSP

Municipal Tax on Sale of Property

NATO

North Atlantic Treaty Organization

NG

Natural Gas

OECD

Organisation for Economic Co-operation and Development

OHS

Occupational Health and Safety

OHSAS

Occupational Health and Safety Advisory Services

OMEL

Operador del Mercado Ibérico de Energía – Polo Español, S.A. [Spanish Cluster]

OMI

Iberian Market Operator

OMICLEAR

Sociedade de Compensação de Mercados de Energia, S. A.

OMIP

Operador do Mercado Ibérico de Energia (Pólo Português), S.A. [Portuguese Cluster]

OPEX

Operating and Maintenance Costs

PAPI

Pen and Paper Interview

PDIR

Development and Investment Plan of the Electricity Transmission Network

PDIR

Development and Investment Plan of the RNTIAT

PEGASE

Pan European Grid Advanced Simulation and state Estimation

PNALE

Portuguese Emission Licence Award Plan

PNBEPH

Portuguese Plan for High Hydraulic Potential Dams

PNDI

Natural Park of International Douro

PNLE II

Portuguese Emission Licence Award Plan

POC

Portuguese Official Accounting Plan

PPA

Power Purchase Agreements

PPDA

Environmental Performance Promotion Plan

PPDA

Plan for Promoting Environmental Performance

PPEC

Plan for the Promotion of the Efficient Use of Electricity

PRE

Subsidised producers

PREN

Plan for the Rationalization of Energy Consumption

PRV

Variable Remuneration Program

PSP

Portuguese Police Force

QAS

Quality, Environment and Safety

QP

Permanent Staff

QSR

Quality of Service Regulation

QUERCUS

National Association for Nature Conservation

R&D

Research & Development

RAB

Regulatory Asset Base

RCCP

Current ROE

RDC

Research and Development Committee

RDI

Industrial Data Network

RDI

Research, Development & Innovation

RECAPE

Environmental Compliance Report on the Execution Project

RECS

Renewable Energy Certificate System

REIVE

Power lines with Smart Electric Vehicles

RENTELECOM

RENTELECOM – Comunicações, S.A.

RES

Renewable Energy Sources Directive

RH

Human Resources

RNDGN

National Natural Gas Distribution Network

RNT

National Electricity Transmission Grid

RNTGN

National Natural Gas Transmission Network

RNTIAT

National Natural Gas Transmission Network, Storage Infrastructure and LNG Terminals

ROA

Return on Assets

SAP

Systems of applications and products for data processing

SDC

System Development Committee

SDH

Synchronous Digital Hierarchy

SEN

National Electricity System

SEP

Public Electricity Supply System

SCCIE

Intensive Energy Consumption Management System

SCNL

Sociedade Portuguesa de Gás Natural Liquefeito, S.A.

SCPS

Holding Company

SGRI

South Gas Region Initiative

SIFIDE

System of Tax Incentives for Research and Development

SICQAS

Integrated Management System for Quality, Environment and Safety

SNGN

National Natural Gas System

SOC

System Operations Committee

SRPV

Service of Private Voice Networks

SS

Substation

SSSV

Safety Valves on Surface

TEN

Trans-European Networks

TSO

Transmission System Operators

TYNDP

Ten-Year Network Development Plan

UCTE

Union for the Co-ordination of Transmission of Electricity

UGS

Tariff of Global Use of the System

URT

Tariff of Use of the Transmission Network

VAT

Value Added Tax

VHV

Very High Voltage

VHVL

Very High Voltage Lines

ZCA

Hunting Area

ZPE

Special Protection Areas

UNITS

bcm	109 cubic metres
cent	€ Euro cents
CO₂	carbon dioxide
EUR	Euro
€	Euro
GHz	gigahertz
GJ	gigajoule
GW	gigawatt
GWh	gigawatt hour
k€	thousands of Euros
km	kilometre
kV	kilovolt
kWh	kilowatt hour
m₃	cubic metre
m₃(n)	normal cubic metre (volume of gas measured at 0o Celsius and at the pressure of 1 atmosphere)
M€	million Euros
mEuros	thousands of Euros
MVA	megavolt-ampere
Mvar	megavolt-ampere reactive
MW	megawatt
MWh	megawatt hour
p.p.	percentage points
s	second
t	tonne
tcm	10 ₁₂ cubic metres
tCO₂eq	Tonne of CO ₂ equivalent
TWh	terawatt-hour

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