

04

Performance and ESG Commitments

- 4.1 ESG Commitments and Sustainable Development Goals
- 4.2 Economic and financial performance
- 4.3 Innovation
- 4.4 Decarbonisation towards Net Zero
- 4.5 People engagement
- 4.6 Community engagement
- 4.7 Taxonomy

































4. PERFORMANCE AND ESG COMMITMENTS

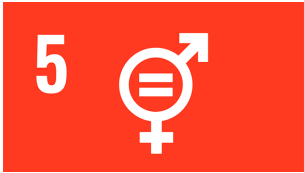

4.1 ESG Commitments and Sustainable Development Goals









GRI 2-22, 2-23, 2-24

ESG strategic goals	Sustainable Development Goals	CTT goals	Time frame	Accomplished in 2022
<p>ACCELERATE THE DECARBONISATION OF THE CTT OFFER IN IBERIA</p> <p>Achieve a net-zero carbon balance by 2030</p>	<p>7 ENSURE ACCESS TO RELIABLE, SUSTAINABLE AND MODERN SOURCES OF ENERGY FOR ALL</p>	Achieve 100% of own green vehicles in the last mile	2030 (50% by 2025)	15.30%
		Electrify 45% of the subcontracted fleet	2030	~0%; Identification of critical subcontractors and preparation of questionnaire for consultation
		Purchase annually 100% of electricity from renewable sources	2030	100% Green Energy purchased with a Guarantee of Origin certificate
		Increase photovoltaic energy production for own consumption (UPAC+UPP)	Annual	1,144,141.08 kwh (+45.4%)
		Increase the installation of LED lighting by 3% per year	2030 (up to 100k m ²)	7 more buildings equipped (+17.3% m ²)
		Reduce building consumption by 10% compared to 2019 by installing a specialised energy consumption monitoring system	2022	14% saving in the buildings covered (52 buildings)
		Reduce electricity consumption by 5%	-5% by 2022 -2% by 2023	+2.8%
		Reduce fuel consumption by 1%	-1% by 2022 -2% by 2023	Identical consumption (+0.4%)
















ESG strategic goals	Sustainable Development Goals	CTT goals	Time frame	Accomplished in 2022	
ACCELERATE THE DECARBONISATION OF THE CTT OFFER IN IBERIA Achieve a net-zero carbon balance by 2030	 ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATHS	Train 90% of the workers in the "Green Planet" environmental programme	2020-2025	486 trainees successfully completed the training (3.9%)	
		Keep office paper consumption the same as the previous year	Annual	-0.2	
		Maintain the waste recovery rate above 75%	Annual	99.1% rate (1.4%)	
		Incorporate recycled and/or reused material in the supply of mail and express & parcels	60% in 2023 80% in 2025 100% in 2030	Incorporation of 54.9% (21.3 p.p.)	
		Release 8 philatelic issues dedicated to sustainability	Annual	3 philatelic issues, 2 issues of automatic franking labels, 2 book editions	
		Include environmental criteria in 99% of pre-contractual procedures	Annual	98.1% (0.9 p.p.)	
		99% of contracts signed to include environmental criteria	Annual	94.7% (4.5 p.p.)	
		Assess 100% of critical suppliers	30% in 2022 100% in 2023	Assessment of 100% of critical suppliers	
		Achieve a net-zero carbon balance (scopes 1, 2 and 3)	2021-2030	Total emissions of scopes 1+2+3: 88,707.7 ton CO ₂	
		Reduce CO ₂ emissions of scope 1 by 3%	2022-2023	NEW	
 TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS	Reduce CO ₂ emissions of scopes 1 and 2, in relation to 2021	-1% by 2022 -2% by 2023 -61% by 2030	+0.5%		
	Reduce the total CO ₂ emissions of scopes 1, 2 and 3, in relation to 2021	+5% by 2022 +1% by 2023 -55% by 2030	-0.2%		
	SBT (well-below 2°C) target: 30% reduction of CO ₂ emissions of scopes 1, 2 and 3, compared to 2013	2013-2025	-15.9%		
	SBT (well-below 2°C) target: Reduce carbon intensity per postal item by 20% (scopes 1, 2 and 3) compared to 2013	2013-2025	+6.7%		
	Offsetting direct carbon emissions from CTT's offer	Annual	Achieved: 5,474.6 tonnes of CO ₂ offset for Green Mail and Express & Parcels offers in Portugal		
	Promote active reforestation of the national territory: over 6,500 kits A Tree for the Forest	Through an annual campaign	Sales of the 8 th edition: 5,985 kits sold.		

ESG strategic goals	Sustainable Development Goals	CTT goals	Time frame	Accomplished in 2022	
CARE FOR CTT PEOPLE AND THE DIVERSITY EXPERIENCE Be a benchmark employer, leveraged by a people-centred culture, by 2030	 ENSURE ACCESS TO QUALITY HEALTH CARE AND PROMOTE WELL-BEING FOR ALL AT ALL AGES	Reduce the number of road accidents by 5% per kilometre travelled	Annual	+5.1%	
		Increase the attendance rate	2022: 92% 2025: 93%	92.5% (-0.6 p.p. compared to 2021)	
		Prevention of labour mortality (own responsibility): 0 deaths	Annual	0 fatal accidents	
		Reduce occupational accidents by 5%	Annual	801 occurrences (1.5% more than the previous year)	
		Reduce lost days by 5%	Annual	19.1% more than the previous year	
	 ENSURE ACCESS TO INCLUSIVE, QUALITY AND EQUITABLE EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL	1% Training rate (CTT permanent staff)	Annual	0.8%	
		90% rate of workers trained (CTT permanent staff)	Annual	93.0%	
		Provide a welcome and integration programme to all new hirings, to enhance the experience of the worker	2022	679 participations; 11,600 hours	
		Assess employee satisfaction: quarterly survey	Annual	Survey conducted for the 1 st quarter of the year - NPS (Motivation)	
		Create and implement the new onboarding programme for integrating new employees	2025	New	■
		Disseminate a training programme for new managers (e-learning) on equal opportunities and non-discrimination	2022: c. 800 people 2023: Communicate annually	0 (the training did not take place in 2022)	
		Create and implement the new training programme on Equal opportunities and non-discrimination, aimed at recruitment, management and the internal public in general	2023-2025	New	■

ESG strategic goals	Sustainable Development Goals	CTT goals	Time frame	Accomplished in 2022	
CARE FOR CTT PEOPLE AND THE DIVERSITY EXPERIENCE Be a benchmark employer, leveraged by a people-centred culture, by 2030	 ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS	Achieve gender parity in senior and middle management positions (45%)	2025	40.5 (+0.1 p.p. than in 2021)	<input checked="" type="checkbox"/>
		Publish and implement the CTT Equality Plan	Annual	Accomplished	<input checked="" type="checkbox"/>
		Analyse the wage gap	2021-2023	Preliminary analysis carried out	<input checked="" type="checkbox"/>
PROMOTE PROXIMITY TO THE LOCAL COMMUNITY Strengthen the Iberian presence and the active involvement of employees in actions with a positive impact on communities	 REDUCE INEQUALITIES WITHIN AND BETWEEN COUNTRIES	Promote corporate volunteering and corporate social support actions: 6 actions	Annual	10 actions carried out	<input checked="" type="checkbox"/>
		Promote the active participation of employees in up to three volunteer days per year	2025	Annual average, per participant: 5 hours 1,517 volunteering hours were performed by a total of 291 people	<input checked="" type="checkbox"/>
		Invest 1% of recurring EBIT in social impact projects	2025	Investment of 0.97% of Recurring EBIT in community impact programmes in 2022	<input checked="" type="checkbox"/>
		Maintain CTT capillarity for 100% of municipalities and rural areas with at least one CTT post office	Annual	Accomplished	<input checked="" type="checkbox"/>
		Contract 75% of services to local suppliers (in the Iberian Peninsula)	2025	92.7%	<input checked="" type="checkbox"/>

ESG strategic goals	Sustainable Development Goals	CTT goals	Time frame	Accomplished in 2022	
<p>CREATE A GOVERNANCE MODEL OF REFERENCE</p> <p>Ensure the involvement of CTT people in the Company's culture and strategic goals</p>	<p>8</p>  <p>PROMOTE INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL</p>	Maintain the endorsement of the 10 principles of the United Nations Global Compact (UNGC)	Annual	Continued membership of the UNGC and the Business Ambition for 1.5° C initiative ensured	
		Score in the Leadership position in the Carbon Disclosure Project - Climate Change	Annual	Leadership position A	
		Score 90% on the sustainability proficiency rating (SMP) of IPC's SMMS - Sustainability Measurement System programme	2030	Score of 73.3% in SMP 5 th place in the sector	
		Reinforce the alignment of the ESG programme in meetings with Top Management (held quarterly) - Sustainability Committee	Annual (quarterly meetings)	Two meetings with the Corporate Governance, Evaluation and Nominating Committee to analyse CTT's sustainability programme in 2022 The Sustainability Committee did not meet	
		Introduce ESG incentives in the 50% targets of top and middle management	2025	Starting in 2023	
		Create opportunities and professional occupation for people with disabilities by hiring 50 workers	2025	2.4% of CTT workers have disabilities 4 workers with disabilities joined the company ²⁸	
		Promote open and trustful communication channels with Stakeholders	Annual (regular activity)	Segmented communication of the results	

²⁸ This figure excludes CTT Express, Corre, 321 Crédito, Newspring and Medspring.

ESG strategic goals	Sustainable Development Goals	CTT goals	Time frame	Accomplished in 2022	
<p>CREATE A GOVERNANCE MODEL OF REFERENCE</p> <p>Ensure the involvement of CTT people in the Company's culture and strategic goals</p>	 <p>PROMOTE PEACEFUL AND INCLUSIVE SOCIETIES FOR SUSTAINABLE DEVELOPMENT, PROVIDE ACCESS TO JUSTICE FOR ALL AND BUILD EFFECTIVE, ACCOUNTABLE AND INCLUSIVE INSTITUTIONS AT ALL LEVELS</p>	Train employees on the Code of Conduct: expand to 2500 people	2022	917 people attended the training	
		Train workers in the Code of good conduct to prevent and combat harassment at work: expand to 250 people	2022	240 training actions	
		Disclose the new CTT Code of Ethics to all employees	2023-2024	New	
		Training of employees who manage funds and assets on Prevention of Money Laundering and Terrorist Financing: expand to 150 more people and update 1700 more people	2022	Initial training: 323 Upgrading: 1328 Law 58/2020: 472	
		Maintain the certification of CTT Access points and expand to a further 120, totalling 520 certified CTT Access points	2022	Certification of all 520 CTT Access Points carried out	
		Maintain the certification of CTT operations	Annual	Accomplished	
		Maintain the certification of subsidiary companies	Annual	CTT Espresso, CTT Express and Contacto certifications maintained	
		Maintenance of corporate certification (ISO 14001, 9001, 45001)	Annual	Accomplished	
		Maintain the certification as a Family-Responsible Company	Annual	Accomplished	
		Start implementation of Energy Management System (ISO 50001): training and kick-off	2022	Working group training provided. Implementation postponed	
		Start implementation of Road Safety System (ISO 39001): kick-off	2022	Implementation postponed	
		Average Response Time for Universal Service Complaints National target: <= 15 days International target: <= 56 days	Annual	National: 19.2 days International: 48.3 days	
		Maintain or improve positioning in IPC's Letter-mail Interconnect Remuneration Agreement Europe ranking, K+1	Annual	22 nd position in 2022 (two positions down on 2021)	
Maintain the result in the UPU Global Monitoring System, inbound above target	Annual	77.4% (-16% versus 2021)			

The United Nations Sustainable Development Goals (SDGs) reflect 17 priority topics, at global level, for the preservation of the planet and human dignity. CTT's commitments are aligned with these global goals, aiming at a balance between the creation of economic value and the preservation of the planet and human dignity.

In addition to the SDGs, CTT has subscribed to the Ten Principles of the United Nations Global Compact, which relate to Human Rights, Labour Practices, Environmental Practices and Anti-Corruption, expressing the intention to support and disseminate the said principles in its sphere of influence. CTT is committed to making the Ten Principles reflected in the strategy, culture and daily operations of the organisation and to engage in cooperative projects that promote the broader development goals of the United Nations.

increases and the effects of the war in Ukraine, had an unfavourable impact on physical and technological resources (+€4.1m), which was partially offset by other costs (-€0.2m).

Impairments and provisions increased by €14.9m in 2022 (+130.4% y.o.y), primarily as a result of the growth in the Universo credit card portfolio.

Other costs grew by €17.2m (+38.9% y.o.y), mainly in the Mail & Other business unit due to the growth of business solutions (+€20.7m y.o.y in connection with the laptop sale project).

Depreciation & amortisation increased by €6.8m (+11.7% y.o.y) compared to 2021, not only due to the inorganic effect of the acquisition of NewSpring Services (+€1.2m) but also due to investment in IT systems (+€2.7m) and postal equipment (+€0.8m), and to new building and vehicle lease contracts which impacted amortisation (+€2.5m), due to the IFRS 16 accounting standard.

Specific items amounted to a net loss of €8.4m in 2022, which compares with a net gain of €1.8m in 2021. In 2022, specific items are detailed according to the following categories: (1) corporate centre restructuring costs amounting to €5.0m (as compared to €11.1m in 2021), which includes primarily suspension agreements of employment contracts; (2) costs associated with strategic projects amounting to €4.3m (as compared to €1.6m in 2021), and (3) a non-recurring net gain amounting to -€0.9m (as compared to a gain of -€14.5m in 2021). This mainly includes (i) gains from the appreciation of contracted derivatives (-€9.7m), which were partially offset by (ii) extraordinary compensation to the employees for coping with the macroeconomic context of inflation (€2.4m); (iii) the costs related to early exit from the head office building (€3.6m); (iv) the provision for CTT Express to face the notification issued by the *Comisión Nacional de los Mercados y la Competencia* (€1.9m).

The valuation of the derivative structure in the amount of €9.7m, as mentioned above, is the result of the MTM (Mark to Market) of the interest rate derivatives in the form of a Cap Agreement (associated with the Ulisses 1 and Ulisses 2 securitisation operations) and Interest Rate Swap (associated with the Ulisses 3 securitisation operation and a derivative existing in Banco CTT).

Recurring EBIT

Recurring EBIT stood at €64.5m in 2022, increasing €4.4m (+7.4% y.o.y) vis-à-vis 2021, with a margin of 7.1% (the same as in 2021). Banco CTT's recurring EBIT posted growth (+€6.3m; +76.9% y.o.y), as well as Financial Services & Retail (+€9.0m; +41.4% y.o.y), while the remaining business units posted decrease. In Mail & Other, the decrease (-€7.0m; -39.6% y.o.y) was due to the decline in higher-value and higher-margin mail volumes. In Express & Parcels (-€3.9m; -31.4% y.o.y), the decline was due to the increased costs associated with the expansion of sorting centres and the increase in fuel prices, while in Portugal there was also a decrease in the average revenue per item due to the change of the product mix (greater flows of smaller items).

The recurring EBIT also benefited from the cost savings associated with the change of CTT's headquarters already envisaged in the quick wins shared with the market, namely those related with the optimisation of facilities. The impact in 2022 is €3.4m and the annual impact in the future will be equivalent.

Recurring EBIT by business unit

	€ million							
	2021	2022	Δ	Δ%	4Q21	4Q22	Δ	Δ%
EBIT by business unit	60.1	64.5	4.4	7.4%	20.4	25.8	5.4	26.3%
Mail & Other	17.7	10.7	-7.0	-39.6%	7.9	5.9	-2.0	-25.8%
Express & Parcels	12.4	8.5	-3.9	-31.4%	5.4	3.8	-1.6	-29.8%
Banco CTT	8.2	14.4	6.3	76.9%	2.4	4.9	2.5	101.9%
Financial Services & Retail	21.8	30.8	9.0	41.4%	4.7	11.2	6.5	139.2%

It is worth pointing out that in 4Q22 recurring EBIT grew €5.4m, up by 26.3% y.o.y, to €25.8m, benefiting from the contributions of Financial Services & Retail and Banco CTT business units.

Financial Results and Net Profit

The **consolidated financial results** amounted to -€9.4m, corresponding to an improvement of €1.7m (+14.9% y.o.y) compared to 2021.

Financial Results

	€ million							
	2021	2022	Δ	Δ%	4Q21	4Q22	Δ	Δ%
Financial results	-11.1	-9.4	1.7	14.9%	-3.0	-2.3	0.7	23.8%
Financial income, net	-8.5	-9.2	-0.7	-8.5%	-2.1	-2.3	-0.2	-8.1%
Financial costs and losses	-8.5	-9.3	-0.7	-8.5%	-2.1	-2.3	-0.2	-8.3%
Financial income	0.0	0.0	-0.0	18.6%	-0.0	0.0	0.0	-57.4%
Gains/losses in subsidiaries, associated companies and joint ventures	-2.6	-0.2	2.4	92.7%	-0.9	—	0.9	101.2%

Financial costs and losses incurred amounted to €9.3m, mainly incorporating financial costs related to post-employment and long-term employee benefits of €3.9m, interest expense associated to finance leases liabilities linked to the implementation of IFRS 16 for an amount of €3.2m and interest expense on bank loans for an amount of €1.7m.

In 2022, CTT obtained a **consolidated net profit** attributable to equity holders of €36.4m, which is €2.0m below 2021. The evolution of consolidated net income was positively impacted (i) by the growth of recurring EBIT (+€4.4m); (ii) by the improvement in the net financial results (+€1.7m), and (iii) by the favourable evolution of the corporate income tax for the period (-€1.8m y.o.y), while it was negatively affected (iv) by the specific items, given that in 2021 CTT registered a gain of €1.8m as compared to a loss of €8.4m registered in 2022.

Investment

Capex stood at €37.0m in 2022, up by €0.8m (+2.3% y.o.y) compared to 2021.

This evolution is justified above all by the growth in the banking business, which led to strengthening the support systems of the activity (+€1.1m), and by the implementation of the physical-digital omnichannel strategy for the private customers segment (+€1.5m). On the other hand, there was a decrease in the acquisition of parcel processing equipment compared to the previous year (-€1.7m).

Cash flow

In 2022, the Company generated an operating **cash flow** of €99.6m, a year-on-year increase of €37.8m (+61.2% y.o.y). The growth of operating cash-flow was primarily explained by: (i) the favourable EBITDA performance (+€11.2m to €129.3m), and by (ii) the very positive evolution of working capital (+€25.9m).

Moreover, the reduction in the non-cash items at the EBITDA level amounting to €11.8m was largely offset by the higher cash costs related with specific items (an unfavourable evolution of €10.2m). Also, the capex in 2022 was broadly stable as compared to 2021.

In terms of working capital, the evolution observed results from a positive performance of EBITDA-related items, reflecting a more efficient management of accounts receivable, namely regarding collections, which positively impacted the average collection period, as well as the recovery of amounts related to advance payments to third parties.

Cash flow

	€ million							
	2021	2022	Δ	Δ%	4Q21	4Q22	Δ	Δ%
EBITDA	118.1	129.3	11.2	9.5%	35.2	42.5	7.3	20.7%
Non-cash items*	-18.9	-7.2	11.8	62.1%	-5.1	0.6	5.7	111.8%
Specific items **	1.8	-8.4	-10.2	«	-4.0	-12.6	-8.6	«
Capex	-36.1	-37.0	-0.8	-2.3%	-14.7	-17.1	-2.4	-16.2%
Δ Working capital	-3.0	22.8	25.9	»	-1.1	27.2	28.3	»
Operating cash flow	61.8	99.6	37.8	61.2%	10.4	40.6	30.2	»
Employee benefits	-12.8	-15.8	-3.0	-23.3%	-3.3	-4.4	-1.1	-33.5%
Tax	-3.6	-16.4	-12.7	«	-1.2	-0.7	0.5	42.1%
Free cash flow	45.3	67.4	22.1	48.7%	5.9	35.5	29.6	»
Debt (principal + interest)	-10.8	-16.0	-5.3	-49.1%	-0.6	-0.6	0.0	2.2%
Dividends	-12.8	-17.7	-4.9	-38.5%	0.0	0.0	-0.0	-
Acquisition of own shares	-6.4	-21.6	-15.2	«	0.0	0.0	0.0	-
Disposal of buildings	2.2	0.4	-1.8	-80.9%	0.0	0.4	0.4	»
Financial investments	0.0	12.0	12.0	-	0.0	12.0	12.0	-
Investments in associated companies and joint ventures	-15.7	-0.6	15.0	95.9%	-0.7	0.0	0.7	100.0%
Inorganic cash - NewSpring	4.9	0.0	-4.9	-100.0%	0.0	0.0	0.0	-
Change in adjusted cash	6.8	23.9	17.1	»	4.6	47.3	42.7	»
Δ Liabilities related to Financial Serv. & others and Banco CTT, net ³⁰	351.3	-470.1	-821.4	«	-59.1	87.8	146.9	»
Δ Other ³¹	1.6	24.8	23.2	»	-0.6	11.5	12.0	»
Net change in cash	359.7	-421.4	-781.1	«	-55.1	146.6	201.7	»

*Impairments, Provisions and IFRS 16 affecting EBITDA.

**Specific items affecting EBITDA.

³⁰ The change in net liabilities of Financial Services and Banco CTT reflects the evolution of credit balances with third parties, depositors or other banking financial liabilities, net of the amounts invested in credit or investments in securities/banking financial assets, of entities of the CTT Group providing financial services, namely the financial services of CTT, Payshop, Banco CTT and 321 Crédito.

³¹ The change in other cash items reflects the evolution of Banco CTT's sight deposits at Banco de Portugal, outstanding cheques/clearing of Banco CTT cheques, and impairment of sight and term deposits and bank applications.

Consolidated Balance Sheet

Consolidated Balance Sheet

	31.12.2021	31.12.2022	Δ	Δ%
Non-current assets	1,970.3	2,253.3	282.9	14.4 %
Current assets	1,614.9	1,804.2	189.4	11.7 %
Assets	3,585.2	4,057.5	472.3	13.2 %
Equity	174.5	224.9	50.4	28.9 %
Liabilities	3,410.7	3,832.6	421.9	12.4 %
Non-current liabilities	705.3	789.4	84.1	11.9 %
Current liabilities	2,705.4	3,043.1	337.8	12.5 %
Equity and consolidated liabilities	3,585.2	4,057.5	472.3	13.2%

€ million

The key aspects of the comparison between the **balance sheet** as of 31.12.2022 and that as of 31.12.2021 are as follows:

- **Assets** grew by €472.3m, mostly due to the growth in credit to banking clients (+€235.7m), especially mortgage credit and auto loans, as well as to the increase in investments in securities at amortized cost (+€203.6m), and in other banking financial assets (+€447.2m) as a result of the bank applications made by Banco CTT in Banco de Portugal. These increases were partly attenuated by the decrease in cash and cash equivalents (-€421.4m) given the aforementioned bank applications made by Banco CTT, as well as the payment of dividends and the acquisition of own shares.
- **Equity** increased by €50.4m following the net profit attributable to shareholders of the CTT Group in 2022 in the amount of €36.4m and the increase in other changes in equity (+€50.9m) following the reduction in liabilities related to Employee benefits net of deferred tax assets. In the opposite direction, there was the acquisition of own shares in the amount of €21.6m, the share capital reduction implying the reduction of reserves (-€13.2m) and the payment of dividends in the amount of €17.7m.
- **Liabilities** increased by €421.9m, underpinned by the increase in banking clients' deposits and other loans (+€123.8m), the increase in accounts payable (+€179.4m) largely due to the significant increase in the subscription of Savings/Treasury Certificates, and the increase in debt securities at amortised cost (+€167.8m) following the Ulisses Finance No.3 securitisation operation and the increase in financial liabilities at fair value through profit or loss (+€26.3m). In the opposite sense, there was a decrease in employee benefits (-€74.5m), due to the actuarial valuation carried out with reference to 31.12.2022 and the updating of the underlying assumptions, namely the increase in the discount rate.

The CTT Group consolidated balance sheet excluding Banco CTT from the full consolidation perimeter and accounting it as a financial investment measured by the equity method would be as follows:

Consolidated Balance Sheet with Banco CTT under equity method

	31.12.2021	31.12.2022	Δ	Δ%
				€ million
Non-current assets	680.2	687.9	7.7	1.1%
Current assets	454.9	566.0	111.1	24.4%
Assets	1,135.0	1,253.9	118.9	10.5%
Equity	173.9	225.2	51.3	29.5%
Liabilities	961.1	1,028.7	67.6	7.0%
Non-current liabilities	422.5	331.1	-91.5	-21.6%
Current liabilities	538.6	697.6	159.0	29.5%
Equity and consolidated liabilities	1,135.0	1,253.9	118.9	10.5%

Liabilities related to employee benefits (post-employment and long-term benefits) stood at €210.2m in December 2022, down by €72.9m compared to December 2021, broken down as specified in the table below:

Liabilities related to employee benefits

	31.12.2021	31.12.2022	Δ	Δ%
				€ million
Total liabilities	283.1	210.2	-72.9	-25.8%
Healthcare	263.5	190.4	-73.2	-27.8%
Healthcare (321 Crédito)	1.5	1.0	-0.5	-35.1%
Suspension agreements	9.5	10.3	0.8	8.9%
Other long-term employee benefits	6.5	5.1	-1.4	-21.5%
Other long-term benefits (321 Crédito)	0.2	0.2	-0.0	-15.3%
Pension plan	0.3	0.2	-0.0	-16.9%
Other benefits	1.6	3.0	1.4	85.3%
Deferred tax assets	-78.6	-59.5	19.1	24.3%
Current amount of after-tax liabilities	204.5	150.7	-53.9	-26.3%

The decrease in Healthcare (-€73.2m) results from the actuarial valuation carried out with reference to 31.12.2022 and the updating of the underlying assumptions, namely the increase in the discount rate.

These liabilities related to employee benefits are associated with deferred tax assets amounting to €59.5m, which brings the current amount of liabilities related to employee benefits net of deferred tax assets associated with them to €150.7m.

Consolidated net debt

Consolidated net debt

	31.12.2021	31.12.2022	Δ	Δ%
Net debt	58.9	29.8	-29.1	-49.4%
ST & LT debt	201.1	196.0	-5.2	-2.6%
of which Finance leases (IFRS16)	115.3	125.9	10.6	9.2%
Adjusted cash (I+II)	142.3	166.2	23.9	16.8%
Cash & cash equivalents	877.9	456.5	-421.4	-48.0%
Cash & cash equivalents at the end of the period (I)	857.0	410.8	-446.2	-52.1%
Other cash items	20.9	45.7	24.8	118.4%
Other Financial Services liabilities, net (II)	-714.7	-244.6	470.1	65.8%

The key aspects of the comparison between the **consolidated net debt** as of 31.12.2022 and that as of 31.12.2021 are as follows:

- **Adjusted cash** increased by €23.9m, as the positive performance of the operating cash flow (+€99.6m) offset the payment of employee benefits (-€15.8m), tax payments (-€16.4m), debt service (-€16.0m), the acquisition of own shares (-€21.6m), and the payment of dividends (-€17.7m), partially compensated by the receipt of €12.0 million from the sale of financial investments by Banco CTT.
- **Short-term & long-term debt** decreased by €5.2m essentially due to the combined effect of the increase in lease liabilities (+€10.6m) and the reduction in bank loans (-€14.3m).

CTT Group net debt excluding Banco CTT from the full consolidation perimeter and accounting it as a financial investment measured by the equity method would be as follows:

Consolidated net debt with Banco CTT under equity method

	31.12.2021	31.12.2022	Δ	Δ%
Net debt with Banco CTT under equity method	182.4	192.6	10.2	5.6%
ST & LT debt	198.5	192.0	-6.4	-3.2%
of which Finance leases (IFRS16)	112.6	122.0	9.3	8.3%
Adjusted cash (I+II)	16.1	-0.5	-16.7	«
Cash & cash equivalents	215.2	361.2	146.0	67.9%
Cash & cash equivalents at the end of the period (I)	215.2	361.2	146.0	67.9%
Other cash items	0.0	0.0	0.0	68.4%
Other Financial Services liabilities, net (II)	-199.1	-361.7	-162.7	-81.7%

Economic value

GRI 201-1

The Company distributed over 358 million euros in wages and benefits (in line with 2021, with a slight increase of 0.1%) and is a major tax payer and direct investor in the community (with a 16.5% increase in these investments compared to last year).

Direct economic value generated and distributed by CTT

	2021	2022	Δ%
Direct economic value generated	845,338	906,468	7.2%
Revenues	845,338	906,468	7.2%
Direct economic value distributed	819,497	887,781	8.3%
Operating costs	424,465	488,680	15.1%
Wages and Employee benefits	358,013	358,237	0.1%
Payments to providers of capital	21,282	26,913	26.5%
Payments to the Government	15,197	13,323	-12.3%
Community investments	539	628	16.5%
Accumulated economic value	25,841	18,687	-27.7%

€ thousand

4.3. Innovation

GRI 201-1, 203-1

In 2022, CTT reinforced the process of renewal and growth of its innovative drive on several fronts, with innovations at the business, operational and sustainability levels. The internal culture of innovation continued to be fostered and support for startups that are relevant to our activity was a strategic pivot of action.

As referred to in CTT website , ["With 500 years of reinvention, innovation is a constant in our DNA"](#).

Highlights



Locky

CTT opened a new locker company, which offers more than 350 lockers countrywide and avoids carbon emissions in the last mile.



New app

A new version - more intuitive and with new functionalities - allows customers to pick up a digital ticket for service in physical shops, avoiding queues and waiting times.

4.3.1 Innovative projects

Locky – The new CTT locker company

One of the highlights of 2022 was the presentation of Locky, the new locker company of the CTT Group, which already has an offer of over 350 lockers, located in various parts of the country, namely in retail chains, supermarkets, shopping centres, university campuses, intermodal transport platforms, car parks, hospitals and also service stations.

Locky lockers allow easy and worry-free order reception, in lockers of different sizes and with different compartments so that customers can receive the most varied objects, always in convenient locations. The use of the entire locker network is simple and intuitive. The recipients decide when they are buying online whether they want to receive it in a locker by identifying what is most convenient for them and, after the item has been deposited, they decide when they will pick it up. The interface with the recipient is based on sending, via SMS and email, the secret code that allows them to interact with the locker and receive their order. This whole process was designed and implemented with the support of CTT's Digital Factory.

In addition to all the advantages it offers customers, Locky lockers also provide environmental benefits, since the final distribution has a consolidating effect, which reduces the dispersion of delivery vehicles in urban environments. As a single locker allows delivery to multiple recipients, this avoids travel to the various homes and, the more deliveries there are to lockers, the greater the reduction in travel, generating fewer carbon emissions associated with the last mile.

Locky has already established partnerships with several entities to install lockers, such as Galp, with the installation of about 90 lockers at various service stations from the north to the south of the country. This way, Locky and Galp now offer an exclusive service to their customers and workers, as well as to the surrounding local community.

E-Commerce – More plugins and new edition of the CTT E-Commerce Awards

CTT extended the shipping plugin service to online stores created on the ePages, ECWID and OpenCart platforms. This CTT e-commerce service, which allows customers to automate their shipments, was launched in April 2021 but until this upgrade, in 2022, only stores created in Prestashop, Shopify, Magento and Woocommerce could integrate the shipping services.

With this extension, the online stores created on these platforms benefit, free of charge, from various functionalities, such as the automatic importation of orders and generation of transport documentation, the updating of the item code and order status in the online store and the request for complementary services, such as collection on delivery or the delivery time window. This is a service that also allows the customer to present 1,700 CTT delivery points at their store as a delivery option for customers, including the locker solution and its expanding network in the country.

In parallel, CTT, AMEN and Dominios.pt established a partnership in order to allow the latter's customers to benefit from the dispatch plugins to automate the shipments of their online stores, thus contributing to the development of the e-commerce ecosystem in Portugal.

Finally, it should be noted that CTT organised the second edition of the CTT E-Commerce Awards. The aim of the CTT E-Commerce Awards competition is to value and promote the best e-commerce practices and/or tools – for example digital marketing, logistics, payments – and digital business models underlying them, with value for people and the community, in Portugal.

Payshop – New payments platform, POP

In 2022, Payshop launched a new online payments service, a simple, intuitive option adapted to the daily needs of all customers.

With no membership costs or monthly fees, Payshop Online Payments (POP) is a platform that allows Payshop to make available to merchants that sell, or intend to sell online, a set of common payment methods in the market – Payshop reference, Multibanco reference, MB Way and bank card, credit or debit.

In order to facilitate daily payments, POP's aim is that both merchants and their customers have a simple, intuitive and secure experience, where the focus is on selling through an evolving platform adjustable to the needs of both.

At a time when online sales have become a vital and strategic channel for merchants, innovations combined with ease-of-use and security have taken on an increasingly relevant role. The availability of virtual payment methods has been increasing and, according to the recently presented CTT E-commerce Report 2022, 38.6% of e-sellers admit there will be an evolution in payment methods, referring mainly to the growth of digital payment methods and payment methods based on mobile phones and/or contactless means.

In addition to multiple payment methods in a single platform, POP also has other conveniences: centralised and single contracting, secure and certified platform, simple implementation, intuitive and functional dashboard, and real-time notifications.

As a result of the increasing investment in online shopping, a trend that is here to stay, POP appears as a strong commitment on the part of Payshop in the digital world, in particular in e-commerce, consistent with the CTT Group's strategy to develop new digital products, in order to bring merchants closer to their customers.

Several methods of integrating Payshop Online Payments are available, namely plugins, direct platform integrations (already available in CTT's "Create Online Stores" platform) or integration via API REST.

Mail and Business Solutions – New version of the 'e-carta' (e-letter) portal

CTT launched a new version of the 'e-carta' portal, with the objective of further simplifying the sending of mail by customers.

The portal is now more accessible and intuitive, bringing numerous advantages in its use, including: faster interface, unlimited simultaneous submissions, improved user experience and greater search capacity.

The 'e-carta' solution is an online mail production service that allows sending from a given company's computer, as CTT ensures the printing, enveloping and dispatching, therefore the customer does not need to go to a CTT Post Office or post office. Thus, while CTT helps to simplify the entire mail sending process, the customer reduces time and resources by digitally processing documents, printing and enveloping them at the lowest cost. Mail management becomes more efficient, allowing you to define approval mechanisms, generate usage reports and track the status of mail/documents from production to delivery. With the new 'e-carta' portal, customers can also consult their delivery history for one year.

In addition to the advantages for customers, the 'e-carta' also has an environmental aspect, reducing the ecological footprint in the creation and transport of mail.

Digital Factory and Customer Experience

CTT is committed to pursuing developments in the digital transformation of the customer experience and journey, with emphasis on the launch of the following functionalities:

- a. The shipping simulator on CTT's website, giving the customer the possibility of knowing which is the best shipping solution that meets his/her specific needs;
- b. The new experience of using a locker on the CTT network, in an articulated manner with Locky and using the new client area for private customers on the CTT website as a basis;
- c. The Digital Password in the CTT App that allows the customer to obtain a password before going to a CTT Post Office, improving the in-store experience and reducing waiting time.

Business Services Portal – Client Area and Shipping Module

On 12 August 2022, the new Business Services Portal was released. By logging into CTT's account, a company can now create and dispatch its Mail and Express items and have access to its client area.

In the Shipping Module, business customers are now able to:

- a. Create shipments according to the products available in their contract;
- b. Schedule timely pickups (for express shipments);
- c. Check and track the status of their dispatched shipments.

In the Client Area, they are now able to:

- a. Consult and update their company details, addresses and contact persons;
- b. Consult detailed information about their contracts;
- c. Clarify their doubts through a set of FAQs, articles and helplines.

This new module is aimed at all CTT customers, but with an initial focus on micro and small companies that dispatch Mail and Express items.

The products that became available were: Express Tomorrow, Express In 2 Days, International Express, Premium International Express, National Priority Mail, International National Priority Mail, National Registered Mail, National Simple Registered Mail and International Registered Mail.

The advantages are homogenisation, with the elimination of heterogeneity and multichannel nature of existing applications, and the convenience brought by the centralisation of CTT business solutions.

B2C Customer Area – New toll experience on CTT website

The toll consultation, payment and notification experience is now available on the CTT website and in the B2C Client Area. Users are now able to have an integrated view of all tolls payable for their vehicles.

CTT's new online tool for national and international shipments

The new application that now functions as a shipping simulator (national and international) to assist customers in identifying the most appropriate way of shipping for their needs, also allowing them to create their shipment and proceed to payment.

This app allows customers to make a comparison, taking into account their needs, such as price and speed. By characterising the shipment, customers are now able to access the results that best satisfy their needs, regardless of the distribution product (Mail or Express).

In addition to the simulator, it is now possible to make shipments by completing the Origin and Destination information and additional services. The process is completed with delivery to a CTT Post Office or Access Point, or by requesting collection from a location of your choice for Domestic or International Express parcels.

CTT launches new app with digital password

At the end of 2022, as previously mentioned, CTT launched a new app, more intuitive and with several new functionalities, namely the creation of the Digital Password for post offices, the change of the delivery location or the payment of tolls in arrears.

In addition to being able to obtain a password before arriving at the shop, thus avoiding queues at the location, the "Digital Password" also indicates which of the nearest post offices have this functionality and how many people each customer has in front of him/her.

The new app is available for the iOS operating system and for Android.

Retail – Make an appointment at Hospital da Luz at the CTT counter

With the launch of an innovative project, in 2022 it became possible to book appointments and exams at Hospital da Luz at the counter of a CTT Post Office and even speak directly with the doctor through a video consultation. This was the aim of the project being developed within the scope of a partnership between CTT and Hospital da Luz, which aimed to ensure fast, easy and proximity access to health care in the Hospital da Luz Network.

Designed to avoid the costs of travelling to the hospital and to overcome possible mobility difficulties and digital illiteracy, especially among the older population, this project aimed to ensure easier contacts with the Hospital da Luz services, taking advantage of the extensive nature of the CTT retail network.

Therefore, in addition to the booking of appointments and exams at the CTT counter, video consultation rooms are now available in selected post offices for scheduled appointments and urgent consultations with a doctor from the Hospital da Luz Network, in which the privacy and comfort of patients and the safety of the clinical procedure are guaranteed.

In an initial phase, this project was launched in the CTT Post Offices in Alcobaça, Leiria and Viseu. Later on, it is expected to be gradually extended to the entire CTT network and the CTT workers involved have had the necessary technical training to support the 'entry' of patients and customers in the video consultation room and the digital access to the consultation with the doctor in the Hospital da Luz Network.

As mentioned, two types of video-consultations were made available: scheduled ones, for all medical specialities; and urgent ones for Adults and Paediatrics, without the need for scheduling, aimed at acute illness situations without the need for physical observation.

All health care is provided by the Hospital da Luz clinical staff, and the urgent video consultation will be performed by doctors who are on duty at the Urgent Care of the Hospital da Luz Network, with the possibility for customers to have personalised access at the nearest Hospital da Luz, in case of need. It should be noted that this new equipment - the video consultation rooms – that became available at CTT post offices, were designed and manufactured in Portugal from an ecosystem of national companies.

Operations – Reinforcement of the operational area of CTT Express

The CTT Group awarded GAM (BME): GALQ), a Spanish multinational company specialising in providing comprehensive made-to-measure machinery solutions, the supply of more than 200 machines, including pallet trucks and handling equipment. The new collaboration agreement on an Iberian scale, worth 4 million euros, will have a total duration of 5 years and involves both the facilities and activities of CTT, in Portugal, and of CTT Express, in Spain. As part of this partnership, GAM will also provide training to the employees of the express delivery company.

The agreement is part of the investment that has been made to improve the distribution process, which is supported by new facilities, a high level of automation and a uniformly equipped network, for the benefit of e-commerce customers.

New Mobility app

CTT implemented a new Mobility app, to support CTT Expresso Distribution and in partnership with the CTT Express team. Following its implementation in Spain, the Operations and Information Technology team made adjustments to the Portuguese reality, including banking services or collection processes. From that moment on, there was an Iberian app that allowed the creation of synergies between the two geographies.

Decision Server

E-commerce distribution is an extremely competitive environment where new services and customer interactions are constantly improving, creating constant pressure on operations. On many occasions, the only way to comply with distribution adjustments is to manually sort the package, until all sorting plans can be adjusted or the machine vendor can update its software. In order to avoid this dependence on equipment suppliers, whenever it is necessary to change or add new criteria for the sorting of items, the Decision Server project was developed, which gives CTT autonomy to manage the business rules that support the express parcel handling process.

The sorting decisions for each package, in this innovative model, started to change in real time and new rules could be set or removed in minutes, without any dependence on machines or supplier costs. More than 200 thousand parcels are now managed daily by the decision server in CTT's seven high-capacity sorters. Thus, the geographical coverage of the implementation of this server was total and covered all types of operations (national, regional and delivery).

The Decision Server also facilitated the transition from the postal network to the express network. With the decrease in volumes it has become easier to increase the number of parcels that can be sent automatically to each delivery post office and thus balance that reduction.

4.3.2 Financial instruments for research, development and innovation

CTT Startup Investment Fund – TechTree

The TechTree Fund, with a budget of 5 million euros, aims to invest in startups (seed, series A and growth) and small and medium-sized enterprises, focusing on sectors aligned with CTT's priorities,

namely e-commerce, operations and logistics, communications, fintech, retail, advertising and sustainability. Co-investment is also envisaged, with the opening of possible partnerships with networks of investors to promote the sharing of opportunities.

The fund invested in two Portuguese startups with solutions in the area of operations and logistics, thus strengthening the connection and support to the national business fabric and boosting the development of innovation in companies. The investment was made in the startups KIT-AR and Sensefinity, with CTT's investment fund participating in the funding round for KIT-AR.

KIT-AR promoted a platform that reduces production errors in industry by using augmented reality and artificial intelligence to expand the capabilities and results of female and male workers on the factory floor to make them more efficient. Sensefinity developed an Internet of Things platform focused on providing real-time critical commodity and asset metrics to businesses for visibility into their supply chain. KIT-AR and Sensefinity are recognised by the National Innovation Agency as entities suitable to practice research and development activities, which allowed the investment of the TechTree fund under the SIFIDE II programme.

The fund also participated in the funding round of Habit, Insurtech, a Portugal-based startup offering an innovative and unified insurance solution. This investment in which CTT's fund participated, through its management company, Iberis Capital, included three more participants and raised 5.2 million euros to promote the global acceleration of this company, expanding its capacity and maintaining growth in Europe and Latin America. The operation also enabled it to strengthen its regulatory capacity to exploit large global deals. The focus is on recruiting technical, marketing and business development talent to increase sales and accelerate the already rapid customer onboarding process.

Habit is the only platform with a unified insurance distribution application programming interface (API) and, an orchestration technology that, regardless of insurer and insurance product, gives distribution partners full control over the policy lifecycle as well as reducing IT efforts, enabling rapid go-to-market. Global consumer credit banks also represent a significant growth sector at Habit, given their speed and ability to customise sales processes, as well as the automation of claims management and notification to the banks' systems.

For CTT, these investments reinforced its proximity to the national ecosystem of startups, in areas where we operate.

European funding to support Research, Development and Innovation

CTT, Banco CTT and CTT Express prepared applications to the SIFIDE programme. Three Mobilising Agendas for Business Innovation, in whose applications CTT participated, were approved in Phase II of Call C5 – Capitalisation and Business Innovation of the Recovery and Resilience Plan (RRP). In these agendas, CTT participated in a consortium with several relevant entities of the national scientific and technological system, as well as with other players from different industries.

The three initiatives eligible for funding are related to the modernisation of operations (Produtech R3) and to sustainable and intelligent mobility (Be.Neutral and Route 25). The Produtech R3 project aims to study the implementation of two different solutions in the operational area of CTT and CTT Espresso. At stake are robotic solutions on the shop floor, for automatic palletizing; and mobile robotics with AMRs (Autonomous Mobile Robots), for towing logistic trolleys and for internal transport of pallets or containers. CTT's participation as a demonstrator in this project was in line with the objective of modernising operations, incorporating Industry 4.0 concepts and technologies for that purpose.

CTT participated in the Be.Neutral initiative by defining requirements and testing several solutions in the area of urban logistics, namely a new four-wheeled vehicle, the BEN, developed at CEIIA; testing the sensing and tracking of vehicles and items; testing a mobility and emissions management platform;

integrating and analysing the data generated to improve CTT's operational efficiency and fleet management; and, finally, testing electric charging hubs in the cities.

The Route 25 project focused on autonomous driving, data collection, analysis and representation in specialised platforms. CTT participated in the definition of requirements and tests the following solutions in the urban logistics area: creation of a sensing network for CTT vehicles; integration with a real-time data visualisation platform (precursor of an Integrated Management Centre); integration of the Virtual World (Digital World) with the Integrated Management Centre; integration of these data lakes with CTT's mobility and energy management platforms; and use of public high-power chargers in urban environments.

CTT's participation in these two initiatives was based on the importance of developing new urban logistics solutions that promote, on the one hand, the existence of Smart Cities that meet the needs of citizens and companies and, on the other hand, an integrated offer of 100% green delivery solutions ('Green' Deliveries). The participation in these RRP Agendas, besides enabling the testing of innovative technologies and solutions, will allow the enlargement of the partnership network with entities from the scientific and technological system, as well as from other industries and sectors, developing synergies and potential future collaborations.

On another front, the execution of the Productive Innovation project dedicated to the modernisation of CTT Expresso's operations continued, whose application was approved, at the beginning of 2021, within the scope of Portugal 2020.

4.3.3 Innovation programmes

1520 StartUPProgram

This is an interaction programme with startups, whose main objective is to support and accelerate ideas or business solutions aligned with the needs and strategic objectives of the CTT Group, making the innovation process more agile and reducing uncertainty in the development of new products, services or business models.

Since its creation, the programme has mapped over 1,800 companies, with 29 projects currently underway: 12 in commercial partnerships, 17 in co-creation projects (four as technical pilot projects and 13 in production), one acquisition and three investments via Techtree.

During 2022, partnerships with LACS, with Monday, with Microsoft for Startups, with Fintech Solutions and with Start-up Lisboa/Fábrica de Unicórnios were signed and operationalised to reinforce the 1520 network. Between CTT and LACS, the agreement aimed at taking advantage of complementarities and synergies in three main areas of collaboration that can jointly leverage entrepreneurship in Portugal, namely: the installation of the CTT 1520 StartUPProgram in LACS' spaces; and the strategic partnership for reflection on the use of CTT spaces.

The partnership between CTT and Fintech Solutions aimed at taking advantage of complementarities and synergies in various areas, as well as providing advantages for startups in the CTT 1520 Startup program, namely: direct access to the ecosystem of technological companies in the financial sector (fintechs, in English), and easy access to Fintech Solutions programmes, namely through a free trial for startups based on their interests, in two of the three types of sessions available. This trial was followed by an individual assessment to assess interest in the continuity of the program.

In the context of a corporate matching partnership with the incubator Start-up Lisboa, as responsible for the "Unicorn Factory" project and for the development of the general "Scale-up Programme" to support startups after the first stages of investment, CTT will have:

- a. The opportunity to collaborate with carefully selected scale-ups, reinforcing the commitment to innovation;
- b. Access to innovation for incubated scale-ups, with relevant products and services and effective growth potential;
- c. The visibility and notoriety of the association with the “Unicorn Factory” project;
- d. The specialised involvement with the ecosystem.

On the other hand, CTT commits to providing structured and constructive support to potential scale-ups.

CTT participated in the Open Innovation programme “Mobility Booster”, promoted by the startup accelerator BGI and supported by the European Institute of Innovation & Technology – EIT Urban Mobility. CTT was invited to present a challenge in the area of mobility, for which BGI carried out a process of identification and selection of startups with potentially suitable solutions. The selected startup developed a pilot project with CTT.

In 2022, CTT developed a solution for FNAC in partnership with Startup LOOP. This project aimed to allow customers of FNAC Restart (mobile phone reconditioning service) to sell their mobile phones through a fully digital process, since, until that moment, customers could only do it in the post offices, and now they can do it anywhere. This service was only possible through the use of the LOOP platform and the logistical capacity of CTT with the inclusion of its more than 2,600 delivery points where customers can now deliver the equipment sold for reconditioning.

In terms of communicating the programme's progress, four 1520 newsletters were published and the first CTT 1520 StartUProgram Let's Talk event was organised. The theme of this CTT Session was "How can partnership networks add value to the startup ecosystem" and counted with the participation of 1520 partners in a round table format, namely Microsoft, Portugal Ventures, LACS, Iberis and Monday, as well as a moment for startups to pitch.

The 1520 programme was present at several entrepreneurial ecosystem events, with particular emphasis on the Business Booster organised by EIT InnoEnergy and at the Blue Bio Value Acceleration.

Exploratory Innovation – What's next?

CTT published the Trends Report 2022, a document that aims to identify the main factors of change and the trends that will impact in the short, medium and long term, the sectors where CTT operates, namely Mail, Express, Parcels and Logistics, Banking and Financial Services and Retail. It featured contributions and testimonies from a number of international experts in the sector.

The session "What's Next?" was held on Web 3.0, where topics such as metaverse, cryptocurrencies and non-fungible tokens (better known as NFT) were addressed. The objective of these sessions was to share knowledge with those who work at CTT on frontier innovation issues, with the contribution of various international and national experts.

The session "What's Next?" was also held, on "5G in the Postal Business", where the challenges and opportunities of this technology in terms of support for new solutions and profitability of infrastructures were addressed. The session was attended by representatives of La Poste Group, Austrian Post and Swiss Post.

Inov+ Programme

Within the scope of the dynamics of the corporate platform for idea management, INOV+, the PitchDay was held for selected ideas of the 11th cycle and the 12th cycle of challenges was concluded. The production of the internal newsletter, Postal 360, continued with the publication of innovation news.

It should be noted that two of the ideas presented on the Inov+ platform were implemented during 2022, namely:

- a. Reusing printed and discarded paper gave rise to the [Thin Strips of Paper](#) project;
- b. A synergy between CTT and Banco CTT gave rise to the project “Free Locky Lockers for Banco CTT customers”.

4.3.4 Participation in national and international innovation networks and associations

As mentioned in the chapter dedicated to [External Awards and Distinctions](#), CTT was awarded the COTEC INNOVATOR Status 2022, attributed by the Business Association for Innovation, COTEC Portugal, for the second consecutive year. This status was awarded for achieving high standards of financial solidity, innovation and economic performance, and is a seal of reputation and prestige that recognises the quality of the company's leadership, management and performance.

The 6th edition of the PostEurop Innovation Award was also launched, an initiative of the Innovation Forum, a PostEurop working group, whose chairmanship is ensured by CTT. This association, which has brought together and represented European postal operators since 1992, promotes cooperation, sustainable growth and innovation, and is a Restricted Union of the Universal Postal Union (UPU).

4.3.5 Innovation and sustainability

ESG goals (environment, social and governance) are of strategic importance to CTT and, for over a decade, our company has been on the forefront of the postal sector in managing and mitigating its carbon footprint. In our approach to community impact, proximity is a key value and CTT focuses on issues such as social isolation, digital literacy or equality and diversity.

Alternative fleet

Strongly committed to sustainability issues, [CTT put new electric vehicles on the streets of the country](#), contributing to the improvement of air quality – with a positive impact on the health of the entire population, thus taking another decisive step towards achieving the environmental goals to which it committed itself. More than 50 new Citroën AMI Cargo have joined the CTT fleet, in Delivery Centres in the North, Centre and South. Due to their dimensions, these vehicles are now used to deliver mail and parcels mainly in urban areas, namely in the main Portuguese cities. They also have the advantage of being easy to park, an added value for our postmen and women who travel several kilometres every day at the service of CTT.

By the end of 2022, with more than 600 fully electric vehicles of various types, CTT already had five 'green' Delivery Centres: Cascais, Arroios, Junqueira and also the islands of Graciosa and Porto Santo, with expansion to other centres planned in 2023.

Presence at the Portugal Mobi Summit

CTT participated, on 18 and 29 September, in the Portugal Mobi Summit, which brought together leading voices on topics such as sustainable mobility, smart cities, energy transition, digital transition,

innovation and public policies for transport and urban planning. These were two days of debate at the Nova SBE University campus in Carcavelos, with a vast panel of national and international speakers and guests. CTT participated in the panel discussions: “Sustainability in Mobility of People and Goods” and “Electrification of long-haul fleets, H2 trains and last-mile urban distribution”.

9th edition of “A Tree for the Forest” – The Legendary Tigerman gives voice to the QR Code campaign

Regarding the "[A Tree for the Forest](#)" campaign, a CTT and Quercus initiative that entered its 9th edition, the contribution of the musician Paulo Furtado, better known as The Legendary Tigerman, who voiced the audio that can be accessed via the QR code in the "A Tree for the Forest" kit, stands out. The artist joins television presenter Joana Teles, actress Sandra Córias and, also in 2022, chef António Alexandre as campaign ambassadors. In this QR code, the artist recorded an audio message that provides information and instructions for registering the kit on the campaign website – www.umaarvorepelaforesta.quercus.pt – where it is possible to obtain more information about the project and how to register as a volunteer in the plantations that will take place later.

Since the initiative started, about 110,000 trees have already been planted, through the active participation of hundreds of people. This was precisely what happened in the last reforestation action before the start of this new edition, which took place in February, in Mata Nacional da Machada, in Barreiro, where around 7000 cork oaks trees were planted.

CTT at Greenfest

Between 23 and 25 September 2022, CTT participated in the Green Fest, the biggest sustainability event in our country, this year under the theme: “The Regenerative Circular Economy and Nature-Based Solutions”. This edition, which celebrated 15 years of existence of the event, was held in Carcavelos, at NOVA SBE, and in digital format.

On the CTT stand, the highlight was the electric Citroen AMI Cargo, the new ecological vehicle used in distribution, as well as the ‘Green’ Mail product and the "A Tree for the Forest" project. On the 23 September, the panel “CTT on the path to decarbonisation” was promoted. The conversation was attended by CTT, To-Be-Green and Quercus, who discussed common projects – recycled masks and the 'A Tree through the Forest' campaign, of which they are partners, respectively – and talked about the importance of walking an increasingly sustainable path.

PostEurop's 2022 CSR Coups de Coeur Environment Award

CTT [won PostEurop's CSR Coups de Coeur 2022 award](#), in the Environment category, with its project to recycle masks against COVID-19, a To-Be-Green initiative, which the company joined in July 2021.

The [mask recycling and valorisation project](#) coordinated by To-Be-Green, a spin-off from the University of Minho, to give a second life to discarded masks usually sent to landfill, was initially implemented in the CTT Production and Logistics Centres of Cabo Ruivo and Maia and in the Logistics and Distribution Centre of Taveiro, and then extended to the company's headquarters, in Lisbon, and also to two Express operations centres, MARL and Perafita.

This project was sponsored by the Ministry of the Environment and the Portuguese Environmental Agency and its aim was to reduce the environmental impact associated with the daily use of COVID-19 masks by processing them and creating new products, instead of sending them to landfill.

CTT and EDP create energy communities with benefits for 8,000 families and companies

CTT and EDP signed a strategic partnership for the installation of solar energy production plants in over 40 locations. These plants were created to supply renewable energy to CTT buildings and, as most of the locations had more available space than needed to power those facilities, energy communities were also created so that families and companies could share this renewable electricity and benefit from real savings on their bills.

Members of these Solar Neighbourhoods – the name given by EDP to local energy communities – will be able to enjoy electricity savings of up to 35%. In addition to supplying its buildings with sustainable energy and being able to share it with the surrounding population, this business will generate significant savings for CTT and reduce its dependence on the energy network.

For CTT, this partnership allows significant energy savings and is an important step in the company's decarbonisation strategy. These facilities could reach an annual production of 8.8 GWh, contributing to avoid more than 1,600 tons of CO₂ emissions. Participation in the Solar Neighbourhoods project was further proof of CTT's enormous capillarity and proximity to the population, as it was this proximity that enabled the generation of the energy that will feed the Solar Neighbourhoods.

EDP was responsible for the investment, maintenance and operation of the panels, as was the whole process of recruiting neighbours and managing this community. The list of locations is available at edp.pt.

4.4 Decarbonisation towards Net Zero

Aware of the responsibility of being agents in a sector that, through the movement of goods, is responsible for a considerable carbon footprint, CTT looks at Sustainability as a central theme of its development strategy – Faster, Better, Greener. Moving in this direction, CTT has committed to achieving the net zero goal by 2030.

To this end, the company has defined environmental targets to which it is committed for the coming years and until the end of this decade: to operate with 50% electric vehicles in the last mile by 2025 and 100% by 2030; to promote responsible consumption through the use of 100% recyclable packaging and packaging produced with recycled and/or reused material by 2030.

Highlights



Electric vehicles

At the end of 2022, CTT had 667 units, 93% more than the previous year, and the number of kilometres travelled expanded by 126%.



Avoided emissions

9200 tonnes of CO₂ emissions were avoided due to the consumption of electricity from 100% renewable sources.

In relation to solar panels alone, the increase in energy generation was 180% compared to 2021.



Recycled materials in the offer

55% of the mail and express & parcels offer already includes recycled materials.



Position in the ratings

CTT obtained the classification of A in the Carbon Disclosure Project and the 5th best score in IPC's Sustainability Measurement and Management System.

4.4.1 Environmental management policy and systems

GRI 3-3, GRI 201-2

With an active and conscious role in the defence of the environment, CTT has implemented its policies on Quality, Environment, Occupational Health and Safety, Information Security, Energy and Carbon Management, Climate Change and Responsible Procurement. CTT's commitment to sustainability and to the ongoing improvement of its performance is visible throughout the entire organisation and has a continuous impact on its daily operations and business model, reflecting the company's challenges and response to the needs of its stakeholders.

CTT has identified, assessed and prioritised the most significant corporate risks that may compromise the achievement of its strategic objectives and negatively affect its sustainable growth ([see Chapter 2.3 Risk Management](#)). Two strategic, external risks were assessed and prioritised at an environmental level, associated to the following aspects:

- The negative perception of CTT's image by its customers, investors and other stakeholders, with respect to its environmental reputation in case of non-fulfilment and ESG performance;
- Frequency and severity of natural disasters with potentially devastating effects, entailing direct and indirect economic losses.

CTT is actively engaged in the search for and implementation of environmental, energy and carbon management initiatives, in line with the organisation's priorities and goals, which are on the radar of the managers and all other employees, from top to bottom. Some of the recent and most relevant business decisions in the short- and long-term were influenced by considerations on reduction of the carbon footprint and enhancement of energy efficiency (further identified below). This is an attitude placed in practice on a daily basis, by innovating in processes, in products, in technology at the service of companies, and in a variety of initiatives and support actions that generate value for the community.

4.4.2 Environmental management policy and systems

CTT has invested in the implementation of certified management systems in various areas. The following table shows the entities that have had their activities certified at environmental level, namely by ISO 14001.

Certifications Distinctions	Environment
Benchmarks	ISO 14001
Corporate CTT	X
CTT Espresso (Spain)	X
CTT Espresso	X
CTT Contacto	X

4.4.3 Energy

GRI 302-1, 302-3, 302-4

The various energy sources can be classified as renewable and non-renewable. One of the most serious consequences of the use of non-renewable energy sources is linked to the use of fossil fuels and the release of greenhouse gases which cause the intensification of the global warming effect and thus the worsening of climate change. Hence, energy management is one of the greatest challenges of current times.

At CTT, direct energy consumption accounts for around 5% of the value of the company’s total external supplies and services and is a priority issue with respect to the monitoring and implementation of energy efficiency measures. The increased energy efficiency leads to direct environmental gains – each Joule of energy saved is reflected in a lower production of carbon emissions – as well as in a more solid consolidated balance sheet of the company in the short- and long-term.

In 2022, electricity consumption accounted for about 37% of the total energy consumed, and all consumed energy comes from 100% renewable resources. CTT’s annual electricity consumption increased 2.8%, mainly reflecting the following factors:

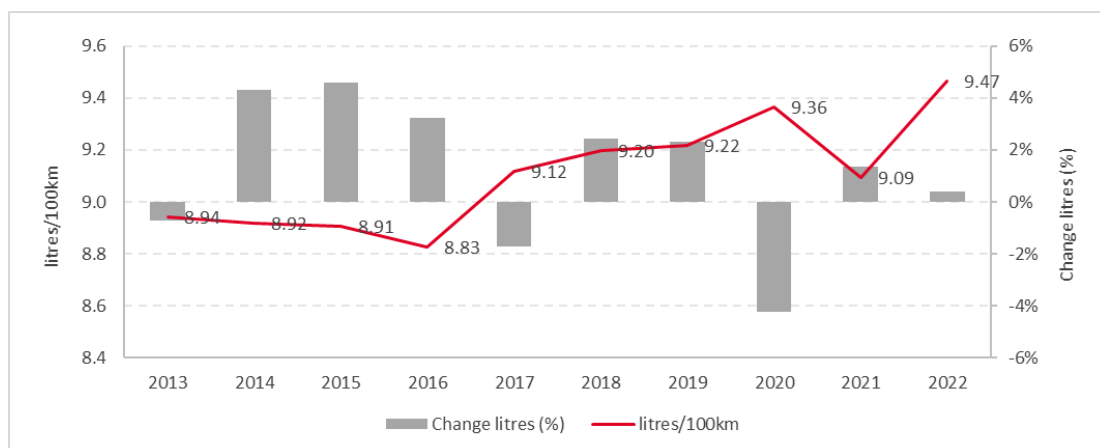
- Organic growth of CTT Express’ activity, with the opening of new centres and the relocation of several centres to larger premises;
- Inorganic growth with the integration of NewSpring Services’ activity;
- Greater activity in the production and logistics centres in the North (CPLN) and South (CPLS);
- Increase in the amount of electric vehicle charging at CTT S.A. and CTT Expresso;
- Comparison with respect to a period (2021) marked by the effects resulting from the COVID-19 pandemic.

Since August 2021, the CTT Espresso building located in MARL, on the outskirts of Lisbon, has been consuming a significant part of the electricity it needs produced by photovoltaic solar panels.

CTT also consumed, in insignificant amounts, energy produced by solar thermal panels at the old headquarters building in Lisbon and at the production and logistics centre in the North, in Maia. It also consumed thermal energy for air conditioning in the old headquarters building (the only building that used this energy source).

Fuels continue to be the main source of CTT’s energy consumption (62%). The overall efficiency of CTT’s fleet (measured in litres/100 km) declined by 4.1% relative to 2021.

Evolution of the average consumption of the CTT fleet



The loss of efficiency indicated above is fundamentally related to a change in the profile of use of heavy goods vehicles, with greater recourse to the use of trailers and semi-trailers, and to the increase in the average age of this type of vehicle and also of light goods vehicles, linked to the implementation of planned fleet renewal plans, which vary in time frequency and quantitative scope according to the type of vehicle in question.

In 2022 there was a slight increase in the amount of litres of fuel consumed compared to 2021, due to a higher number of kilometres travelled in distribution by motorbikes and greater commercial and support activity in CTT, Banco CTT and 321 Crédito.

CTT also consumes gas for the operation of canteens and water heating in some of the CTT buildings, with gas m³ consumption having decreased by 18.7% compared to 2021, mostly due to awareness raising among local teams on how to save resources.

CTT energy consumption

GJ	'21	'22	Δ '22/'21
Total green electricity consumption	127,668.5	131,229.1	2.8%
Solar panel power consumption	813.5	2,275.3	179.7%
Thermal power consumption	4,549.0	5,619.6	23.5%
Total fuel consumption	224,589.5	225,384.5	0.4%
Total gas consumption	1,102.9	954.2	-13.5%
Total	358,723.4	365,462.7	1.9%

Overall, there was an increase in CTT's energy consumption, mostly associated with an increase in electricity consumption.

Total energy consumption is reflected in an energy bill of close to €18m.

Buildings

Reinforcing the commitment to reduce energy consumption, with direct consequences on greenhouse gas emissions, CTT has implemented various energy efficiency and facility modernisation measures. These interventions have primarily focused on the major components of the energy bills, air conditioning and lighting, respectively. In order to ensure legal compliance with the ECS - Energy Certification System, energy rationalisation plans are underway at the production and logistics centre in the North of the South.

An energy control and monitoring project was started in 2020 at the premises with higher energy consumption, on a national level, in line with CTT's corporate policies, which focus on improving sustainability. In partnership with a specialised supplier, CTT installed a control and actuation system in 52 buildings, which account for over 55% of consumption in CTT's buildings. This project seeks to optimise performance and mitigate energy consumption, thus contributing to a greater efficiency and helping reduce the impact of CTT's daily operations on climate change. In 2022, energy savings of around 14% were achieved in the intervened facilities, compared to the average consumption of the period 2019-2021. The main measures adopted included improvements in lighting (better management/suitability to the operations involved, reduced power, deactivation of lights, motion sensor readjustment and replacement of conventional lamps with LED lamps) and air conditioning (adjustment in operating hours and reduction of ventilator speed), with 394 measuring points and 492 controlled circuits.

Operating centres and postal delivery offices

The two sorting centres (CPL) are the largest energy consumers, out of CTT's total of approximately one thousand buildings, being energy intensive consumers.

Notwithstanding the effort to rationalise energy consumption and the implementation of energy efficiency measures in these centres, there was an aggregate increase of 4.4% in these two centres. In the CPLN, the main reasons were the higher number of charging carried out in electric vehicles and the higher number of hours of operation of mail and parcel sorting equipment. In the CPLS, there was also a higher number of charging carried out in electric vehicles and a higher average occupancy rate of the

building compared to 2021, a year with more restrictive contingency measures for the management of the COVID-19 pandemic.

The postal delivery offices (CDP), delivery offices (CE) and postal logistics and delivery offices (CLD) also underwent interventions, with:

- 330 interventions aimed at improving air conditioning system operation at the facilities, including the replacement of older units with equipment of a higher energy-efficiency class;
- 384 lighting system reformulations, involving the installation of sensors and LED solutions;
- Upgrading of 35 electrical switchboards;
- Replacement of 12 air compressors and modernisation of the compressed air network;
- Installation of 124 electric vehicle charging points, due to the expansion of the electric fleet for mail distribution;
- 137 interventions in elevators.

Administrative services building

GRI 302-5

The former CTT head office, in Lisbon was responsible for 1.4% of CTT's total energy consumption and 4.0% of total electricity consumption. Monitoring and control based on advanced solutions was maintained, in order to identify and optimise potential actions to reduce consumption/costs.

Particular note should also be made of the fact that part of the power consumed in the building came from renewable sources, namely thermal solar power produced for hot sanitary water.

Other buildings

GRI 302-5

Following best practice tested in previous years, 1022 interventions were carried out in buildings, as previously mentioned, leading to a higher energy efficiency and also contributing to reduce CTT's energy footprint.

In general terms, the following actions are noteworthy:

- Reinstallation of the Oeiras post office, with a new CTT store concept, using construction practices aimed at improving energy efficiency;
- Opening of new facilities in Famões (international mail centre), Braga (operational centre of CTT Expresso) and Algoz (sorting centre);
- Request for authorisation from Lisbon City Hall for the creation of an access ramp to the interior of the CTT Picoas post office.

The production unit for self-consumption (UPAC), located at CTT Expresso's facilities in MARL (Lisbon Regional Supply Market), allowed for the production and consumption of 600 MWh in 2022. This production practically tripled the one recorded in 2021, when the unit came into operation in August.

This type of investment will be extended during 2023 under the [Solar Neighbourhoods](#) project, in partnership with EDP.

The actions were continued in terms of replacement of computer equipment with more efficient equipment, enabling energy savings in the establishments.

Cutting energy consumption is essential for CTT, which annually spends around 7 million euros on electricity.

Mobility

GRI 302-1, 302-3, 302-5, 305-1, 305-5

CTT operates one of the largest and most modern fleets of national companies, composed of 4,180 vehicles under direct operation, with transport services also being outsourced to third parties. CTT's fleet includes 667 less pollutant vehicles.

CTT vehicles

	'21	'22	Δ '22/'21
Total vehicles in operation ³²	3,840	4,180	9%
Less pollutant vehicles	346	667	93%

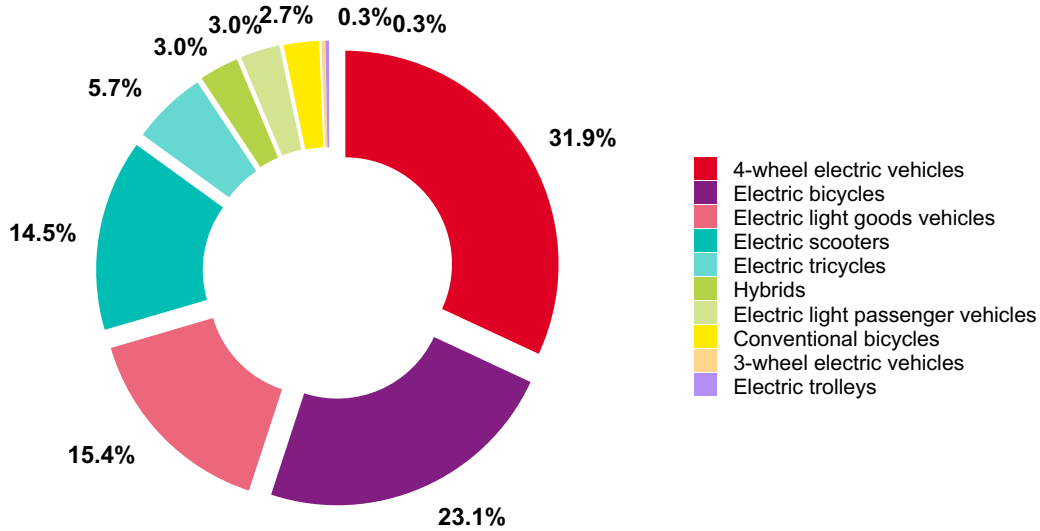
CTT's total activity covered 66.0 million km travelled by its own fleet (3.0% less than in 2021), plus 133.9 million km travelled by the outsourced road fleet (3.7% less than in 2021), and 2.0 million km travelled by postal delivery employees on walking delivery routes.

As road transport is responsible for a significant part of the final energy consumed, it is crucial to develop measures aimed at the sustainability of this activity. The solutions are distributed over three areas of action: technological development, mobility management and behavioural change.

The search for economically efficient and less polluting has led to the acquisition of alternative vehicles, primarily electric vehicles, which currently correspond to 16% of CTT's total fleet, comprising 667 vehicles. In the same context, the integration of conventional vehicles with increasingly more recent technological solutions not only enables optimising operating costs but also the highest possible reduction of the negative impacts of its activity.

³² Excluding the fleet of CORRE.

Types of alternative vehicles



The kilometres travelled by CTT’s fleet of 667 alternative vehicles increased by 126% in relation to 2021, not only due to the increased quantity of this type of vehicle but also due to the optimisation and expansion of its activity.

In 2022, there was a significant increase in fleet electrification, resulting in the preparation of the charging infrastructure (mainland and autonomous regions) and the entry into service of 73 light electric vans of the 5 m³ typology, 57 electric motorbikes and 140 electric quadricycles. Also included in the operation were 73 light vans with combustion engines, acquired at the end of 2021.

Electric vehicles do not release greenhouse gases, in addition to being silent and easier to drive (without gearbox). They contribute to reducing CTT’s ecological footprint and mitigate the risk of conventional vehicle restrictions to movements in urban/historical zones.

It should be noted that CTT has progressively shown a change in its activity profile, with increased use of larger vehicles as a consequence of the increased volumes of express & parcels.

The overall average age of the fleet of CTT, S.A. increased in relation to the previous year, and currently stands at 4.0 years.

Average age of the CTT S.A. fleet

	'20	'21	'22
Overall average age	2.7	3.5	4.0

CTT completed the Final Report of the Plan for Rationalisation of Consumption and Energy (PRCE) for its fleet, with the seal of approval of the Directorate-General for Energy and Geology (DGEG) for the four-year period of 2018-2024, and started the preparation of the new Plan for 2022-2024. The main measures involved relate to the fleet renewal plan, the optimisation of the delivery and transport routes, the control of supplies and maintenance of vehicles, the installation of GPS systems in the operational

vehicles, and the training and awareness-raising of drivers and fleet managers on safe and eco-efficient driving. At the end of 2021, the accumulated reduction reached 5.1% (gcp/vehicle.km), corresponding to a reduction of 257,529 litres (greater than the legally required 5.0%). The final information for 2022 is not yet available. However, it is expected that its evolution should be similar to that of the 3 previous years, with a reduction of around 100,000 litres of fuel.

In pursuing its focus on vehicles with alternative motorisation, that are less pollutant, pilot tests were conducted with different electric vehicles in an operational context, namely quadricycles and vehicles equipped with postal service organisation systems, such as to increase delivery efficiency. This assessment is essential for future options for the increase of CTT's electric fleet.

In 2020, CTT launched a Green Deliveries service, in response to the search for less pollutant and more carbon neutral solutions by its business customers. This service now allows the end customers to receive their parcels by CTT electric vehicles in the cities of Lisbon and Porto, for the contracted locations. Since its launch in mid-2020, over 180 thousand items have been delivered, representing a revenue of approximately 250 thousand euros.

After the entry into operation, in 2021, of the first fully electric own hub at the Delivery Centre 1300 in Lisbon, the reinforcement of CTT's last-mile electric fleet allowed four more fully electric hubs to start operating: Delivery Centre 1000 in Lisbon, Postal Distribution Centre 2750 in Cascais, Distribution Support Centre 9880 in Santa Cruz da Graciosa and Distribution Support Centre 9400 in Porto Santo. In the locations served by these centres, regular mail and parcel delivery is emission-free.

In 2021, CTT organised the Portugal Drivers' Challenge edition, hosting six participant teams nationwide, at the CPL of the Centre, in Taveiro, Coimbra, in late October. The winner was Transportes Norte, represented by Vítor Pegas and João Matos. This event is part of the IPC Sustainability Programme, which seeks to reward delivery employees who adopt sound eco-consumption practices and simultaneously achieve a low accident rate. The winning national team will now represent CTT in the international final of the IPC Drivers' Challenge in 2023, after the event was cancelled in 2022 as a result of the COVID-19 pandemic.

Under the Road Safety programme, CTT recorded the a comparable number of road-related accidents compared to 2021. Further information can be found in the [Road Safety](#) section of the 4.5 chapter. In this context, CTT joined the Christmas 2022 and New Year 2022 Road Prevention campaigns, promoted by the National Road Safety Authority, aimed at raising awareness on safe driving. Nevertheless, this has always been a habitual topic of focus and importance for CTT, in view of the size of the fleet and the large number of employees who travel the country's roads on a daily basis. CTT's Road Prevention Programme covers all aspects in which human intervention can exert a positive influence, paying special attention to the training and awareness-raising of all the employees. This subject can be further explored in the [4.5.5 Training](#) chapter.

CTT also joined the ROADPOL Safety Days, an initiative that seeks to reduce the number of traffic-related deaths per day in Europe to zero, on at least one day of the year. In this context and in celebration of a day without road deaths, CTT organised actions about this topic and concern, which involved the participation of dozens of services, the majority of which in postal delivery centres, but also in operational centres. About 500 directors, managers responsible for operations and employees of different areas of CTT signed their individual commitment to Road Safety.

CTT once again took part in the European Mobility Week, an occasion that has been commemorated for various years to reiterate its commitment to values related to the environment and corporate civic participation in the context of soft mobility. In 2022, with fewer restrictions than in 2021 but still in the context of the pandemic, the CTT programme included a communication and awareness plan that included pastimes and tips. During this week, CTT invited all the employees to reflect on their mobility habits and find more responsible solutions, such as alternative transport and/or sharing lifts.

In 2022, an assessment was made of the actions carried out by CTT under the Business Mobility Pact for the City of Lisbon, which CTT signed in 2019 at the invitation of the Lisbon City Council, the World Business Council for Sustainable Development (WBCSD) and BCSD Portugal. This agreement is public, voluntary, free of charge and collaborative, between the Lisbon City Council and a group of 55 companies and institutions, aimed at actively improving mobility in the city of Lisbon, through the development of more ecological, safe and efficient mobility actions. The positive impact generated by CTT under this agreement amounted to 380 tons of CO₂ not emitted in the period 2020-2021 as a result of the increase in the number of electric vehicles in its fleet.

4.4.4 Atmospheric emissions and climate change

GRI 302-2, 305-1, 305-2, 305-3

Climate change affects the company's costs, revenues and reputation, playing a fundamental role in the definition of its strategy. In most cases, the influence of the topic derives from the commitment to climate change mitigation and potential financial gains, more than from the response to compliance with legal and regulatory obligations.

In 2022, there was a decrease (-0.2%) in CTT's total CO₂ emissions (scopes 1, 2 and 3)³³ in relation to the previous year, mainly due to the increase in emissions from outsourced road transport activity.

The emissions arising from CTT's own fleet activity registered a slight increase year-on-year (0.5%), which is reflected in the total direct and indirect carbon emissions derived from the acquisition of energy for own use (scopes 1 and 2).

Scope 3, mostly associated with outsourced transport, continues to represent the largest portion of emissions, accounting for 81.9% of the overall emissions of the company's activity, followed by scope 1 emissions, relative to fuel consumption by the fleet and gas consumption in buildings (18.1%) and scope 2, relative to electricity consumption and air conditioning (0.01%).

CTT carbon emissions GRI 305-1, 305-2, 305-3, 305-5

t CO ₂	'21	'22	Δ '22/'21
Direct emissions – Scope 1	15,999.4	16,077.6	0.5%
Indirect emissions – Scope 2	9.0	9.9	10.0%
Indirect emissions – Scope 3	72,862.0	72,620.1	-0.3%
Total emissions (Scopes 1, 2 and 3)	88,870.4	88,707.6	-0.2%
Total emissions (Scopes 1, 2 and 3) for SBTi target³⁴	54,513.0	56,259.8	3.2%

Direct emissions (scope 1) increased slightly, mainly due to a higher number of kilometres travelled in distribution by motorbikes and greater commercial and support activity in CTT, Banco CTT and 321 Crédito.

³³ CTT publishes CO₂ emissions throughout the Integrated Report, with the exception of the table "Direct atmospheric emissions of CTT", which presents Greenhouse Gas (GHG) emissions. The GHG emissions are considered non-material for the sector.

³⁴ SBTi (Science-based Targets initiative) scope excludes CTT Express' activity and includes Scope 1, Scope 2 and for Scope includes Air Transport, Road transport by outsourced fleet and Commuting.

Direct atmospheric emissions of CTT GRI 305-1, 305-5, 305-7

Greenhouse gas emissions (t CO₂e)³⁵	'21	'22	Δ '22/'21
Fleet ³⁶	16,100.0	16,186.2	0.5%
Gas	55.4	47.8	-13.7%
Total direct emissions (scope 1)	16,155.4	16,234.0	0.5%
Other pollutants and GHG (t)			
NO ₂	115.0	115.5	0.4%
SO ₂	45.7	45.7	—%
CH ₄ and N ₂ O	0.2	0.2	—%

Indirect emissions arise from the electric and thermal energy consumed in buildings, as well as other indirect consumption that occurs along the value chain. These include emissions derived from outsourced road, air and sea transport, delivery by postmen using their vehicles, service travelling and journeys between home and the workplace (commuting).

By acquiring 'green' electricity for 100% of its consumption since 2015, the carbon emissions derived from CTT's electricity consumption are reported as zero based on the specific carbon content of the electricity supplier (market-based approach). By evaluating the total carbon footprint based on the national energy mix (location-based approach), it is found that the acquisition of energy corresponds to approximately 9.2 kt CO₂ avoided in 2022. Thus, the acquisition of 'green' energy influences CTT's total carbon footprint, as well as its performance in relation to the adopted carbon reduction targets.

Indirect atmospheric emissions from electricity and thermal power consumption by CTT

t CO₂³⁷	'21	'22	Δ '22/'21
Electricity consumption	0	0	0.0%
Thermal power consumption	9.0	9.9	10.0%
Total indirect emissions (Scope 2)	9.0	9.9	10.0%

In terms of the outsourced road fleet, there was a decrease in activity (-3.7% of the distance travelled), with direct impact on the associated carbon emissions (-2.7%).

With regard to the CTT Express operation, the year 2021 saw a change in the last-mile delivery model in which the franchised operation was progressively replaced by outsourced transport. Technical difficulties meant that until 2020 it was only now possible to gather reliable data on the distance travelled by the vehicles of the franchised operation. With the transition to contracted transport, this limitation was overcome and hence the appearance of a greater number of km travelled in last-mile delivery in 2021 and 2022 compared with the previous period. This transition had a positive impact on the increase of delivery efficiency, measured in grams of CO₂ per item delivered, with the distance travelled in 2022 decreasing by 6.8% compared to 2021.

Regarding the operation of CTT Espresso, an update of the information on km travelled in 2021 was carried out, with 2022 registering an increase of 4.7% in km travelled compared to the previous year.

It should be noted that a significant part of CTT Espresso's cargo activity was outsourced during 2021 and 2022, a component that is not reflected in the reported carbon emissions performance.

³⁵ Fleet: value estimated based on the emission factors published by the Portuguese Environment Agency (APA) (https://apambiente.pt/sites/default/files/_Clima/Inventarios/NIR20210415.pdf) and the Global Warming Potential Values - IPCC Fifth Assessment Report (AR5), by converting pollutant emissions to CO₂, based on emission factors for CH₄ and N₂O. Gas: value estimated based on Order 6476-H/2021 and the WRI GHG Emission Factors Compilation, by converting pollutant emissions to CO₂, based on emission factors for CH₄ and N₂O.

³⁶ Does not include the CORRE fleet.

³⁷ Electricity: for the location-based approach, the value is estimated based on Order 6476-H/2021 and <https://www.statista.com/statistics/1190075/carbon-intensity-outlook-of-spain>. Thermal energy: estimated value through Order 4343/2019 and <https://www.sce.pt/relatorio-dgeg-factor-energia-primaria-da-rede-da-climaespaco-v0/>. Does not include CORRE.

It should also be said that CTT has been investing in and implementing IT systems for dynamic routes, which enhance route optimisation and, consequently, the energy efficiency associated to the transport and distribution of mail, parcels and express.

Also to be noticed is the fact that in 2022 the outsourced fleet of CTT Express and CTT Expresso began to incorporate, still on a small scale, electric vehicles in distribution, which is intended to translate into a growing trend in the near future.

The emissions resulting from the air transport of mail, express and parcels products registered an increase relative to the previous year. Domestic air transport increased by 8.7% in kg transported in Portugal and 14.2% in Spain, linked to the increase in parcels (15.6%) and EMS (express) (24.6%), as well as the reopening of air traffic, which allowed for the preferential use of this means of postal delivery. In international air transport there was an overall increase of 33.7% in kg, due to an increase in priority mail (44.6%) and EMS (89%), despite the 6.6% reduction in distance travelled.

In the maritime transport of mail, express mail and parcels there was an 8.6% increase in weight transported, with a 2.7% decrease in distance travelled. The exponential increase in the transport of parcels in relation to 2021 (+408%) should be noted, mainly due to the flow through the inter-island transport route to minimize the negative impacts of the end of the year. Emissions related to this type of transport decreased by 42.9% (50.3 t CO₂) due to the adjustment in the type of vessel considered in relation to 2021 (container ship in 2022, bulk cargo ship in 2021), and respective emission factor.

Emissions resulting from commuting by employees suffered a decrease in 2022 due to the implementation of more flexible ways of organising work, introduced during the COVID-19 pandemic, and the consequent reduction in the average distance travelled, with a direct impact on the Company's carbon emissions.

Carbon emissions associated with domestic and foreign service trips increased in relation to the previous year, justified by the lifting of restrictions to movement. Nevertheless, meetings by audio/videoconference using tools such as MS Teams were continued and emphasised.

Other indirect atmospheric emissions GRI 302-3, 305-4

t CO ₂ ³⁸	'21	'22	Δ '22/'21
Air transport	13,217.8	15,629.0	18.2%
Sea transport	118.4	66.9	-43.5%
Road transport by outsourced fleet	52,890.5	51,458.1	-2.7%
Delivery by postmen on motorcycles	1,374.4	1,013.6	-26.3%
Air and rail travel on company business ³⁹	18.0	61.4	241.1%
Commuting	5,243.0	4,391.1	-16.2%
Total outsourced transport (Scope 3)	72,862.1	72,620.1	-0.3%

Considering direct (scope 1) and indirect (scope 2) carbon emissions, the carbon incorporation of each postal item is 16.6 g of CO₂, corresponding to a year-on-year increase of 6.2%. This deterioration in efficiency is the result of a combination of the overall reduction in traffic and a slight increase in emissions. Incorporating scope 3 emissions, there was an increase of 5.5% in relation to 2021, associated with the factors set out above.

³⁸ Value estimated based on the WRI methodology of the Greenhouse Gas Protocol tool for mobile consumption, version 2.6, using the conversion factors indicated in the "Compilation of emission factors used in the cross-sector tools" for the various fuels used by the fleets, applied to the respective consumptions. Does not include CORRE.

³⁹ Does not include CTT Express.

Climate change

CTT considers the fight against Climate Change to be an issue of growing relevance for society and for companies and has come a long way in promoting and supporting energy transition.

CTT has also been experiencing increasing pressure from customers to seek less polluting or carbon-neutral solutions. CTT anticipated this trend with the launch of 'green' mail in 2010, and the Express Offer, in Portugal, offsetting direct emissions that were impossible to avoid, with no additional costs for customers. The offer whose direct emissions are neutralized represents represents 17.1% of CTT's total revenues.

Member of the "Business Ambition for 1.5°C" initiative of the United Nations Global Compact, CTT has aligned its strategies with the global objective of keeping the increase in the planet's average temperature below 1.5°C. Furthermore, CTT is part of the group of companies with ambitious goals for the reduction of carbon emissions approved by the SBTi – Science Based Target Initiative, committing to reduce absolute emissions by 30% by 2025, compared to 2013, and emissions per letter or order by 20% in the same period.

Highlighting its performance, CTT was distinguished with top worldwide classifications in the two sustainability rankings in which it participates: the Carbon Disclosure Project (CDP) and the Sustainability Measurement and Management System (SMMS), of the International Post Corporation (IPC).

In CDP, in 2022, in the Climate Change area, we maintained our Leadership level with a score of A. Specifically, we obtained the maximum level (A) with respect to carbon management targets, scope 1&2 emissions, risk management processes, risk disclosure, opportunity disclosure, governance and emission reduction initiatives.

In the SMMS ranking, we ranked 5th in the group of 21 postal operators worldwide. As positive aspects of our performance compared to the sector, IPC highlighted the electricity from exclusively renewable sources and the high recycling rate of non-municipal waste. It also highlighted the significant reduction in direct emissions since 2008, when this sectorial programme was launched, as well as the carbon efficiency of our fleet, buildings and mail delivery. This programme also aims to address the sector's sustainable objectives for the next 10 years, focusing on seven categories of intervention: health and safety, learning and development, resource efficiency, climate change, air quality, circular economy and sustainable procurement.

For the 4th consecutive year, CTT joined 17 other postal operators worldwide to celebrate Green Postal Day, an initiative also promoted by IPC and that aims to mark the positive results of the collective effort that postal operators have been making. Performance in combating climate change and reducing carbon emissions should be highlighted.

In 2022, CTT continued to develop the projects undertaken within the scope of the Lisbon Green Capital Commitment 2020 – Lisbon 2030 Climate Action, and the Corporate Mobility Pact for the City of Lisbon was concluded. The Lisbon European Green Capital 2020 commitment seeks to ensure the contribution of the various economic agents to the achievement of the objectives and targets defined under the Action Plan for Sustainable Energies and the Climate, and fosters a new vision of the city of Lisbon with a view to carbon neutrality by 2050. To this end, CTT submitted 14 measures in the following categories, aimed at improving the company's environmental performance: energy, mobility, water, circular economy, citizenship and participation.

CTT joined the Porto Climate Pact, demonstrating once again its commitment to decarbonising the company's activity, to promoting more responsible consumption and to the continuous development of its offer portfolio in response to the needs of customers and society in general.

We joined the manifesto Women for Climate - from Portuguese-speaking countries to the world, an initiative promoted by Business as Nature, which brings together women from all geographies and the most diverse areas in an integrated movement, active and committed to the progress and well-being of communities and the sustainability of the planet, highlighting the need for greater balance and approximation between human rights and climate action, focusing on the implementation of sustainable development models.

Under the identification and assessment of impacts derived from climate phenomena, with implications in terms of costs and operations, 12 events occurred, with winter storms and floods standing out. It is estimated that these events had an impact of €21.8k at operational level and €6.2k in terms of work potential.

The records and study of those events, their possible forms of mitigation and the development of resilience mechanisms, have allowed CTT to adopt adequate and balanced management strategies in the face of the occurrence of new extreme meteorological phenomena.

CTT adopts the following formulation of principles on these matters:

Policy on Energy and Carbon Management and Climate Change

- Creation of value for the business, and likewise generating value for society;
- Improvement of the energy efficiency of equipment, facilities, fleet and product design, with a view to continuous improvement of performance;
- Provision of information and resources, in order to achieve the established objectives and targets;
- Respect for the legal and regulatory framework in force and other commitments which the company endorses.

4.4.5 Consumption, waste and circular economy and biodiversity

Climate change affects the company's costs, revenues and reputation, playing a fundamental role in the definition of its strategy. In most cases, the influence of the topic derives from the commitment to adaptation to climate change and potential financial gains, more than from the response to compliance with legal and regulatory obligations.

Water

GRI 303-1, 303-3, 303-4, 303-5

Postal activity is not particularly intensive in its water consumption, although water constitutes a resource for the daily operation of the facilities, namely for human consumption, irrigation or occasional situations of vehicle washing and use in air conditioning equipment.

CTT Water Consumption

	'21	'22	Δ '22/'21
Consumption (m ³) ⁴⁰	33,247.7	35,479.4	6.7%

The increase in water consumption in 2022 is due to improvements in the accounting system with the inclusion of four new consumption points, compared to the previous year. The implementation of

⁴⁰ Of the subsidiaries, it does not include water consumption of CORRE, Business Solutions, Medspring, Open Lockers and CTT Imobiliária.

measures aimed at rationalising consumption and the planned reduction in vehicle washing frequency was maintained. For buildings in the Lisbon region, CTT monitors information on network water consumption in real time, using telemetry, with a view to optimising water consumption and costs.

CTT has been authorised to use water resources for discharging of wastewater at the Taveiro building, which defines discharge points and parameters to be monitored, respective periodicity of analysis, emission limit values to be complied with and reporting to the competent authority.

Consumption of materials

GRI 301-1, 301-2, 306-2

Although CTT's activity involves very little incorporation of intermediate or final materials in its supply process, priority has been given to their reduction and promotion of the use of recycled materials.

Approximately 3,772.9 tonnes of materials were consumed⁴¹ this year, corresponding to a year-on-year increase of 8.7%. In the total figures, the most representative consumption items are paper and plastic, accounting for 80.6% and 17%, respectively. The recorded increase is associated with paper consumption due to the increase in the Printing & Finishing and Mailmanager activities, with an increase in new customers and in printing mailings.

In addition, in 2022, 55% of CTT's mail, express and parcels will incorporated recycled materials.

The implementation of actions aimed at decreasing the consumption of consumables and the dematerialisation of procedures by digital models continued, with the online subscription of forms, instead of pre-printed formats, as well as the digital filing of the generated case-files, namely in the operational areas. With regard to this innovation, special reference is made to the paper-free process, whose purpose is to eliminate the printing of shipment documents, both Inbound and Outbound, in order to reduce the size of physical archives. The Deminis project, which relates to the customs clearance of non-EU items, seeks to improve automation through the implementation of a system whereby CTT interacts with its customers via a web portal instead of the traditional letters and paper documents. At Banco CTT, 70% of customers have already subscribed to digital statements.

Waste and circular economy

GRI 301-2, 301-3, 306-1, 306-2; 306-3, 306-4, 306,5

Continuing the internal management practice and final sending of waste to the most suitable destination, recovery solutions, instead of sending waste to landfills, are given priority. This year there was an increase in the annual amount of waste produced, mainly due to the growth in activity in Spain. The global valuation rate also increased, standing at 99.1%.

Waste

	'21	'22	Δ '22/'21	Destination
Paper and cardboard	1,393.5	1,483.5	6.5 %	Recovery
Plastic	280.7	334.7	19.3 %	Recovery
Wooden pallets	915.1	978.2	6.9 %	Recovery
Undifferentiated waste	363.6	294.0	-19.1 %	Recovery / Disposal
Other	107.0	196.3	83.5 %	Recovery / Disposa
National Total	3,059.9	3,286.6	7.4%	

⁴¹ The reported figures were obtained via analysis of the acquisitions made through the e-procurement electronic system. The gradual expansion and improvements introduced to the accounting process regarding the consumption of materials have enabled the inclusion of more products and the identification of different types of materials.

Waste by hazard level and destination⁴²

Tons	Recovery	Disposal	Total
Hazardous waste	5.0	16.4	21.4
Non-hazardous waste	3,250.7	14.5	3,265.3
Total	3,255.7	30.9	3,286.6

CTT has progressively developed processes of reverse logistics with its customers and partners, in order to maximize the network occupation through the return transport of materials and the level of efficiency of CTT's transport and logistics network and costs.

Another avenue we are pursuing is that of promoting a more circular economy. In 2022, we were proud to receive the Coups de Coeur Prize, awarded by PostEurop, for our initiative to reconvert unused sanitary masks into new materials. The initiative comes from a partnership with a spin-off from the University of Minho, To-Be-Green, which recycled the masks into decorative objects, such as Christmas decorations. We are currently incorporating the polymer resulting from the processing of these masks in the production of trays used in mail, express and parcel sorting operations.

Also as part of the circularity of our operation, we have developed a reusable packaging for parcel delivery, which has the potential to be reused for up to 50 shipping cycles. CTT also has a pilot project for 100% recycled thin strips of paper, produced from waste paper at our largest production and logistics centre, in Lisbon, which is available in some CTT post offices. These recycled materials are used to fill the packages in the Shipment Preparation area.

Within this context, Banco CTT maintained its association with the Merece movement (Business Movement for the Recycling of Cards with Electronic Components), aiming at a sustainable end to bank cards with their collection and recycling, at no cost to customers. The waste from the cards is then converted into materials that can be integrated into urban furniture. Moreover, CTT seeks to offset the estimated carbon footprint resulting from the use of cards by planting a tree for each kg of cards collected.

Biodiversity

GRI 304-2, 304-3, 306-2

CTT pays special attention to the mitigation of its impacts, albeit indirect, on biodiversity. The fact that a significant part of CTT's business is based on communication on paper makes this a relevant topic for the company. Therefore, while not considered a critical topic, the company manages its impacts on biodiversity in an active manner, focusing on the use of paper derived from sustainable forests and on promoting the use of certified paper in its products and services.

Mail solutions prioritise the more sustainable options, especially in terms of selection of the materials to be used. It should be highlighted that CTT's large envelopes and boxes and the 'Green' Mail offer have Forest Stewardship Council (FSC) certification.

The philatelic business also contributes to environmental awareness, with the regular launch of emissions dedicated to biodiversity, nature or national fauna and flora. In 2022, the tradition was maintained with the release into circulation of several philatelic issues and books, all of which were produced with FSC certified paper, with the themes "Hunting in Portugal (2nd Group)", "Seahorses of the Ria Formosa", "Epic Fishing Trips of Portugal", totalling 751 thousand philatelic units.

In addition, we are part of the "act4nature" initiative, and have signed up to the 10 common commitments, as well as a set of individual commitments focused on ongoing awareness raising and

⁴² The amount of waste does not include CORRE, Business Solutions, NewSpring, Medspring, Open Lockers and CTT Imobiliária.

communication, both internally and externally, on the subject of preserving biodiversity and the sustainable use of natural resources.

The "A Tree for the Forest" campaign, in partnership with Quercus for the 9th consecutive year, is an excellent initiative that aims to reforest Protected Areas and Classified Zones in our country with indigenous species, particularly those areas most affected by fires. The kit of this edition, featured the Loureiro (*Laurus nobilis*), remaining on sale in CTT post offices and in our online store, until the launch of the next edition. Since the beginning of this project, more than 110,000 trees have already been planted.

This year, CTT was once again a partner of the Portuguese government within the scope of the "Aldeia Segura, Pessoas Seguras" (Safe Village, Safe People) programme, promoting a set of contents among its workers and customers, in order to raise awareness on risk behaviour prevention and on the adoption of self-protection and rural fire-preparedness measures, as a way of reinforcing their safety.

Awareness raising and communication with the community

CTT transmitted information on sustainability issues through the television channel that is broadcast in its retail network nationwide and regularly shared news on sustainability through its Facebook page, which currently has more than 58 thousand fans. They are also present on the social networks LinkedIn and Instagram, with more than 131 thousand followers. In 2022, 192 posts related to sustainability topics were released.

On the Banco CTT website, "Green Tips" were created, a space to share simple tips and recommendations with the objective of promoting sustainable habits that can be applied in day-to-day life.

The Keep Me Posted – Citizen's Right to Choose campaign, which aims to promote the right to choose how you receive your information (such as bills and statements from service providers), remained active. This is not an anti-digital campaign, but a pro-choice campaign, which has the support of other Portuguese associations – Apigraf, Navigator, Celpa and Deco.

CTT promoted multiple participations as speakers in thematic meetings and conferences. We highlight the participation in the XXIX AICEP Forum of Portuguese-speaking Communications, in the panel "Sustainability as a business model" of the Green Economy Forum, in the panel "Sustainability & Innovation" of the ThinkingFootball Summit, in the EDP Business Summit conference, in the Mobi Summit, in the panel "Sustainability Communication" of the Major Conference on Business Sustainability – Cofina, in the Top Executives Meeting of the International Association of Portuguese-speaking Communications (AICEP), in the GreenFest and, finally, in the Post+Parcel Expo conference. In addition, articles on CTT's sustainability programme were also published in the newspaper "Jornal de Negócios", in the magazine Green Savers, in the Yearbook Capital Verde Eco, on the Marketeer and Executive Digest websites, on the digital platform ECO – Capital Verde, including an opinion article on the Green Purpose platform and in the Recicla magazine of Sociedade Ponto Verde.

Environmental investment

The overall value of environmental investment, in 2022, was approximately 5.2 million euros. In terms of the distribution of the investment, the majority took place at CTT S.A., with a significant focus on fleet renewal, with a view to improving CTT's overall performance.

Environmental investment

(€1,000) ⁴³	'21	'22	Δ '22/'21
Maintenance, Conservation of Buildings	437.4	617.5	41.2%
Renewal of the Conventional Fleet	3,003.5	1,800.5	-40.1%
Environmental Reporting, Partnerships, Events and Sponsorships	122.5	143.0	16.7%
Information Technology Equipment	182.6	617.7	238.3%
Renewal of the Electric Fleet	900.2	1,949.9	116.6%
Certifications and Legal Compliance	49.8	53.9	8.2%
Energy and Carbon Management	34.3	52.7	53.6%
National Total	4,730.3	5,235.2	10.7%

4.5 People engagement

Regarding CTT's people, we intend to ensure gender parity in top and middle management by 2025 and leverage a culture focused on the employees and their well-being.

Hence, people management is guided by the following priorities: to conceive, develop and implement the strategy and respective development policies of CTT People, that enable the promotion of skills, reward performance and streamline the organisation, as well as maintain a good social and welfare environment. Thus, we intend to promote the improvement of the employees' experience, continuously investing in health, training and qualification, optimising and adapting CTT People, always aware of the evolution and challenges of the market and customers.

Highlights



Family-Responsible Company

For its efforts regarding work-life-family balance, CTT received the certification as Family-Responsible Company, by the MásFamilia Foundation.



Vitória programme

CTT Persons with greater restrictions on their functions were assessed and, when possible, relocated to new functions more suited to their constraints.

⁴³ Does not include data from 321 Crédito, CORRE, Business Solutions, NewSpring, Medspring, Open Lockers and CTT Imobiliária.

4.5.1 Characterization of human capital

GRI 2-7, 2-8, GRI 401-1, 403-9

On 31 December 2022⁴⁴, the number of CTT employees (permanent employees and fixed-term employees) was 12,506, 102 less (-0.8%) than on 31 December 2021.

Headcount

	31.12.2021	31.12.2022	Δ 2022/2021	
Mail & Other ⁴⁵	10,866	10,628	-238	-2.2%
Express & Parcels ⁴⁶	1,258	1,345	87.0	6.9%
Banco CTT ⁴⁷	455	497	42	9.2%
Financial Services & Retail	29	36	7	24.1%
Total, of which:	12,608	12,506	-102	-0.8%
Permanent	11,283	11,192	-91	-0.8%
Fixed-term contracts	1,325	1,314	-11	-0.8%
Portugal ⁴⁸	12,015	11,788	-227	-1.9%
Other geographies	593	718	125	21.1%

There was an increase in the number of employees in almost all business units, with the exception of the Mail & Other business unit (-238), largely due to projects to increase the productivity of operations that are underway and have adapted the network to the new profile of mail flows and reduced the need for additional hiring, as well as the Human Resources optimisation programme underway mainly in the central structure, which has already resulted in 80 agreements to suspend work contracts.

The number of departures and entries was 2,316 and 3,735, respectively, and the turnover rate was 18.5%.

The overall absenteeism rate increased sharply, both in CTT, S.A., where the calculated rate was 9.6% (+0.96 p.p. compared to 2021), and in the CTT Group, where the rate rose to 9.0% (+0.86 p.p.).

The reasons that most contributed to absences were: illness (5.5%), accidents (0.7%), union activity (0.4%), parenthood (0.6%) and other reasons (0.9%), such as family assistance, bereavement or unjustified absences. It should be noted that the rate of absenteeism, excluding maternity/paternity, was 8.4%.

The absenteeism rate calculated in accordance with GRI guidelines (which excludes absences due to maternity/paternity, bereavement or study hours) was 7.5%. The rate of return to work after parental leave corresponded to 95.1%.

Regarding the subcontracting of people, CTT counted the number of hours hired and invoiced by service provision and temporary work companies. This value of hours is matched to a number of Full Time Equivalents (FTE), which would be equivalent to the work provided by a full-time worker. In 2022, the number of FTEs recorded was 1,366.

⁴⁴ For more information, see [Table 1 – Employees](#), in Annex III

⁴⁵ Includes CTT, S.A., CTT Contacto, NewSpring Services, and MedSpring.

⁴⁶ Includes data from CTT Expresso, CORRE and CTT Express (Spain), and Open Lockers.

⁴⁷ Includes Banco CTT, Payshop and 321 Crédito.

⁴⁸ Includes people working in companies with operations in Portugal. The counting of employees in "Other geographies" refers to those who work in other countries.

4.5.2 Certifications

GRI 403-1

The strategic focus on certification, [already mentioned above](#), has contributed significantly to the consistency and quality of the services provided and optimisation of the processes in the various phases of the value chain, creating strong dynamics of internal motivation, by developing and fostering employee participation, with impact on the improvement of customer satisfaction and strengthening of CTT's image. Internally, the certifications obtained by CTT in 2022 were:

Certifications Distinctions	Work-life balance	Occupational Health and Safety
Benchmarks	Family-Responsible Company - efr 1000-1	ISO 45001
Corporate CTT		Corporate Departments and divisions ⁴⁹
Operations		Management of Postal Items in the Production and Logistics areas (North and South), Transport (North, Centre and South), Customs Management, Airmail Unit (EPA), Shipping Counter (North, Centre and South) and Document Management at Business Solutions (Centre and South)
CTT, S.A.	X	
CTT Expresso	X	Collection, Handling, Transport and Distribution of Documents and Goods, other Postal Items and Complementary Services in the Logistics area, developed in the CEP Market (Courier, Express e Parcels), in the National and International Territory.
CTT Contacto	X	

In addition to these certifications, CTT has progressively made a considerable investment in the implementation of certified management systems in various areas. We highlight the fact that the certifications shown in the following table were successfully maintained in 2022, including the Postal Agencies Certification and the SMETA Certification (4 Pillars), at CTT Expresso. The certifications can also be consulted at ctt.pt.

Certifications Distinctions	Quality	Information Security	Certification of Services CTT Points	SMETA (5)
Benchmarks	ISO 9001	ISO 27001 IEC	Service Certification benchmark	4 Pillars
Corporate CTT	X			
Operations	X	X		
CTT Expresso	X			X
CTT Contacto	X			
Network of Postal Agencies			X	

Regarding Service Certification, its main objective was to promote quality in customer service in order to ensure excellence in CTT products and services. This certification of services in the retail network, which is over 10 years old, aims to ensure that standards are maintained, and in 2022, the objective was:

- Maintenance of internal certification;

⁴⁹ Does not include CORRE, 321 Credit, CTT Express (Spain), CTT NewSpring Services and MedSpring.

- Certification of 44 CTT post offices, with a 100% completion rate, through a multi-site system, with a sample selected and audited annually;
- External Channels: certification of 88 CTT points and 24 CTT point managers, with a 100% completion rate).

External Certification, carried out in 2022 by Bureau Veritas, consisted of validating and auditing a set of requirements that defined the quality of service at CTT points. This year was particularly ambitious, being the first time that the company proposed to certify more than twice as many CTT points as in previous years (+120). Having obtained this certification with an excellent result, CTT has, since June 2022, a network of 520 certified CTT points, covering more than 85% of municipalities nationwide. These certifications attest to the maturity of CTT's vast network of access points, offering a customer service with conditions that maximise customer satisfaction.

We also highlight the initiative, starting on 6 June 2022, to abolish the printing of a large part of the post offices' lists, which were used to check their daily activities. The conference in the post office is now carried out entirely on screen, which also reduces the archive. This change was the result of the work developed in the Dematerialisation Project, with the aim of fostering the improvement of post office processes.

4.5.3 Remuneration

GRI 2-19, 2-20, 2-21, 2-30, GRI 405-2

As already mentioned in the [2021 Integrated Report](#), after the conclusion of the first Company Agreement (AE), on 25 November 2020, between the company CTT Espresso and 6 trade union associations, 3 January 2021 represented the beginning of its term and, consequently, the beginning of a new phase in the people management policy in this company, aligned with the new People and Culture strategy. It is intended to contribute towards the full development of CTT Espresso's activity and its affirmation as a leader in the market in which it operates, in its dual economic and social dimension, as well as in the best customer service experience.

Also in relation to CTT Espresso, the salary review process for 2022 was initiated, with the parties having signed the respective agreement on 28 April. Associated with this agreement, the company was committed to hiring 50 employees, from qualification level I, to permanent employment by the end of 2022, and the final number of admissions was reached. Finally, 2022 marked the adhesion of a trade union association to the CTT Espresso Company Agreement and to the Wage Review Agreement of the CTT Espresso Company Agreement 2022, a fact that allowed this agreement to cover an additional 24 employees.

Regarding CTT SA, the negotiation process related to the salary review of the CTT Company Agreement for 2022 began on 12 January and 8 working meetings were held with the signatory trade union associations. The process was concluded without obtaining their agreement on the final proposal submitted by the company. However, and for the protection and benefit of the employees, the company took the initiative to implement the final proposal presented to the trade union associations, with effect from 1 January 2022.

The year 2022 was also marked by the beginning of AE CTT's salary review process for 2023, as was the continuation of the discussion of the current of careers for non-executives, which continued into 2023.

Ratios and remunerations, by gender and professional category

Professional category	Average female salary (€)	Average male salary (€)	F/M Ratio
Senior personnel	€1,951.50	€2,514.50	0.78
Middle management	€1,299.10	€1,342.60	0.97
Counter service	€1,087.90	€1,156.90	0.94
Delivery	€869.40	€930.70	0.93
Other groups	€872.10	€997.40	0.87
Total	€1,127.35	1 125,22 €	1.00

In response to the GRI 2-21 indicator, under the Global Reporting Initiative, CTT discloses the ratio between the total annual remuneration of the highest paid employee in each country where the organisation operates and the total annual average remuneration of all employees, excluding the highest paid employee, for that same country. The ratio, in 2022, was 22.3 (-0.7% than the previous year) and, as such, the proportion of percentage increase of this rate remains zero.

4.5.4 Assessment, talent management and employee experience

GRI 401-3, 404-3

The CTT People management strategy aims to improve the experience of the employee, their level of satisfaction, involvement in the organisation, the sense of belonging and pride in the Brand, in order to increase everyone's commitment, turning each employee into an ambassador of the CTT Brand, consequently improving the customer experience.

The Company Agreement established the objective and professional content for each of the qualification levels and professional categories. The criteria for professional progression and evolution are also defined, based on the principles of recognition, merit and performance, the acquisition and increase of skills, with an emphasis on the commitment and development effort of each employee and on their contribution to the value chain.

In 2022, the performance assessment model 'Evoluir CTT' [Evolve CTT] started to include three components: objectives (corporate; management and individual); competencies; and commitment (CTT pride, commitment, and accountability). The components of objectives and competencies have associated weighting that vary according to the functional evaluation profile. This model aims to reinforce the alignment between business and performance cycles, the consolidation of culture and business values, and the recognition and differentiation of contributions.

The process involved the transmission of results by management to employees, including an assessment of the activity and the presentation of objectives for the new cycle, favouring the identification of possible development needs.

There was a strong commitment to publicise the performance assessment model 'Evoluir CTT' in order to explain the various phases of the performance evaluation process, either through clarification sessions for employees, as well as the provision of videos and quick guides on the CTT Intranet to answer any questions.

The Annual Performance Assessment process for 2021 was successfully completed on the new My CTT Portal in 2022, in the module corresponding to performance evaluation, called 'Performance & Goals', involving 9221 employees, corresponding to the total of the eligible universe.

In CTT, the motivation and development of employees played a critical and crucial role in the success of the business, which is why the company focused on affirming a culture that favours their experience

and skills. The assessment of the skills most critical to the performance of the function, a fundamental aspect of this culture, allowed better decisions in strategic processes such as: recruitment and selection, professional reclassification, appointment of new managers, development and identification of potential and restructuring (internal mobility).

In this context, using exclusively internal resources, 127 assessment centre processes were carried out to understand the individual profile of employees and map their competences/knowledge, identifying training lines for the development of skills, from a reskilling and upskilling perspective, and assessing their ability to assume other professional challenges and responsibilities.

With a view to bringing the company closer to its People and their families, 50% of the vacancies in the 'Programa Estágios de verão 2022' [Summer Traineeship Programme 2022], which took place in July and August, were reserved for the children (or equivalent) of employees with the profile for the job. This initiative aimed to involve families and provide the opportunity for employees' children to develop skills in a business context.

With the objective of attracting talent and rejuvenating the Retail and Operations operational management areas, a nationwide Youth Talent Programme, 'Programa Operacional do Retalho e Operações' [Retail and Operations Operational Programme], was designed and launched.

In terms of young talent, the first edition of the CTT Ambassador Programme was also created, an initiative that gave university students who joined the programme – Ambassadors – the opportunity to learn about the CTT corporate and operational world, helping them to develop skills for their professional future. On the other hand, these Ambassadors became the closest communication link to the student community, with the objective of publicising and increasing the brand's presence among them, making known the reality of the Group and encouraging opportunities for collaboration on internal projects and challenges.

Employee Experience

With a view to strengthening and continuously improving the Employee Experience, 2022 was a year of implementation and evolution of several wide-ranging projects, namely, the implementation of certification as a Family-Responsible Company (referred to as "efr" [Empresa Familiarmente Responsável]), in accordance with Standard 1000-1, with the seal of Másfamilia Foundation. The reconciliation between professional, personal and family life is fundamental for the balance of employees and for CTT as a company. With the involvement and participation of employees in the certification process, including governing bodies, this certification was obtained, which has been in force since 2022 at CTT Companies, CTT Expresso and CTT Contacto. The efr Management model was then implemented.

In this process, it was possible to obtain feedback from employees, as well as their suggestions for improvement, which allowed establishing the starting point for the design of new conciliation measures and subsequent evaluation of potential implementation.

The measures are based on 5 pillars: Quality at work; temporal and spatial flexibility; family support; personal and professional development and equal opportunities. It was in accordance with this systematisation by pillar, and to facilitate consultation on the Intranet, that the existing measures were widely disseminated through the various Internal Communication channels, encouraging their use.

Family-responsible companies give special focus to issues related to positive parenting, namely the sharing of parental and family responsibilities. As a result, some indicators have been established which, due to their relevance in this context, are hereby disclosed:

- In 2022, the enjoyment of parental leave continued to focus mainly on women. The number of leaves taken by men made up about 44% of the total, despite the fact that 62% of the people who work at CTT are male. This figure should also give the analysis of days of absence for family support, for which men requested only 31% of the total.
- Regarding the retention of employees who took parental leave, in 2022, of the 263 people who requested it, 25 left the company by the end of the year. Of these, 12 did so on their own initiative, 8 were not retained after the conclusion of the fixed-term contract that bound them to CTT (3 men and 5 women), one left by mutual agreement and the remaining four left for other reasons (licences).
- Attention must also be given to the Rate of Return, a metric that accommodates cases of withdrawal from the company immediately after the end of parental leave. Of the 263 cases of employees who took parental leave, 250 returned to the Company at the end of the leave, which represents a Rate of Return of: 95.1%. Even so, there was a visible difference between men (96.6%, with only four employees not returning) and women (nine employees did not return, placing the rate at 93.8%).

My CTT - New Employee Portal

In view of the challenges in the sector where CTT operates, it is essential to provide technological tools that facilitate and streamline the relationship between the company and its People. Based on this premise, My CTT, the new CTT Employee Portal, was developed.

My CTT essentially seeks to promote:

- Agility and efficiency, through an agile and user-friendly platform that supports the main People management processes and is available to all CTT employees;
- Integration and innovation, offering an innovative experience to those for which it is intended, through the implementation of an integrated platform that allows managing the main processes of People management;
- Guidance to People, reinforcing the commitment of CTT to the development and management of People throughout their stay with the organisation.

The implementation was scheduled in a phased manner and the 'Performance & Goals' module was successfully developed and implemented in the first semester with the objective of allowing the Annual Performance Assessment for 2021 to be carried out entirely on the My CTT Portal. This effort involved the entire eligible universe, in a total of 9221 employees.

During the second half of 2022, the development of three more modules concerning People management processes related to:

- Employee data management ('Employee Central')
- Salary processing ('Employee Central Payroll')
- Training management ('Learning')

New work organisation model

In the second semester of 2022, and after a pilot phase in departments with different characteristics, a new Work Organisation Model was implemented, with different modalities of work provision, in person

and remotely, to be adopted according to service needs. It is a flexible and dynamic model that seeks to meet the needs of the organisation and employees.

This new model allows six different work regimes:

- 100% in Person, with daily presence in the building/facilities;
- 100% Telework, with application of the rules relating to this regime set out in a specific Service Order;
- Mixed Model, with 2 to 3 days of telework per week;
- Rotating Model, with rotating weekly or fortnightly periods, of providing in-person work and telework;
- Flex Model, with a minimum of 20% in-person work per month;
- Dynamic Model, with a monthly allocation between 25% and 75%, and weekly allocation defined by the Department.

Tou CTT – Getting Closer to Employees

Continuously wanting to improve the employees' experience with regard to requests for information and requests raised in connection with the employment relationship with CTT, we have evolved to be ever closer. In this sense, in addition to the telephone support line TOU CTT 800 210 010, we also now have an e-mail channel to assist employees: touctt@ctt.pt. The activity for 2022 reflects an increasing number of users with a total of 30,844 incoming calls and 23,172 tickets.

Internal Communication and Partnerships and Protocols

The dissemination of the Internal Communication newsletter, 'Somos CTT', and of the CTT magazine, continued in order to promote everyone's involvement and knowledge about the organisation. The headings, 'O Sucesso da Nossa Partilha' [The Success of Our Sharing], were created, which seeks to publicise the new businesses raised by CTT Client Managers and share the best practices followed by them, in order to transform a sale into a successful case. And the heading 'Aqui falamos de... Tecnologia e Informação (TI)' [Here we talk about... Information Technology (IT)], which seeks to share numbers, tips and best practices in the areas of Information and Technology.

'Deixa comigo!' [Leave it to me!] continued its activity as a service for the exclusive use of employees who seek help or have received requests for help or clarification about CTT products and services, from their group of friends and acquaintances.

More partnerships and protocols were established with companies with employee benefits, maintaining the 10% discount internally for CTT People on products purchased through the retail network.

In order to measure the level of employee satisfaction, as well as the quality of their experience and the impact of the policies/actions, and in line with the award of first place in the category 'Most attractive company to work for', in the transport sector, Randstad launched the company's first internal Net Promoter Score measurement survey in March 2022.

Labour legal cases

GRI 2-25, 2-27

In 2022, 241 lawsuits were filed, 36 of which were closed during the same year, a decrease compared to 2021, which saw 277 lawsuits filed, 45 of which were closed in the same year and 75 in 2022. The aforementioned 241 cases include 73 new cases at the Authority for Working Conditions, of which 16 were closed in the same year. Compared to 2021, there was a decrease in cases (149 new cases and 6 filed). With regard to the payment of fines in this area, there was a total of €11 674, compared to €47,502 than in the previous year, which represents a decrease of 75.4%.

Management of labour relations

GRI 2-29, 2-30

Employees are assured of their communication with management through various representative bodies. The two Workers' Committees, at CTT, S.A. and CTT Espresso, and the 128 Subcommittees constituted by CTT, S.A., exercise the powers conferred on them by law. CTT maintains permanent contact with the Workers' Committees through monthly meetings at the highest level and specific meetings, whenever necessary, both with each of the Committees, as well as with each of the unions affiliated with CTT.

As of 31 December 2022, 96.5% of employees were covered by the Company Agreement and 75.7% were unionised (permanent and contracted)⁵⁰.

4.5.5 Training

GRI 205-2, GRI 403-5, 404-1, 404-2

In 2022, 138,042 hours of training were recorded, with 40,690 participations from a total of 8,317 workers (66.5% of the whole CTT Group workforce), in 24 thematic areas for improving skills.

In relation to the number of hours, there was a variation of -35.8% compared to 2021. This decrease is due to the fact that substantially fewer free webinars were held in 2022, since the companies that during the pandemic made many of these actions available for free, reduced this offer drastically in 2022. In parallel, problems in the process of registering attendance in training actions, which required a change to a manual procedure, are believed to have had impacts on this process.

Academia CTT pursued its activity according to the strategic focus on the development of the skills of CTT's employees based on the following methodological approach:

1. Customer Excellence: promote the systematic updating of knowledge of CTT's offer and increase the effectiveness of the strategy and processes involved in the sales act, commercial contact, relationship and negotiation, with a view to satisfying customer needs and adding value to the business;
2. Operational Excellence: To develop the skills to deliver what is promised to customers, through the knowledge of processes, equipment, systems and the adoption of operating practices that lead to asset efficiency, at the different stages of the operational flow, in regulatory compliance and promoting quality and sustainability;
3. Culture and Leadership: To foster individual commitment, reconnecting people and teams, overcoming limiting beliefs and valuing the purpose in each person's actions, with a view to

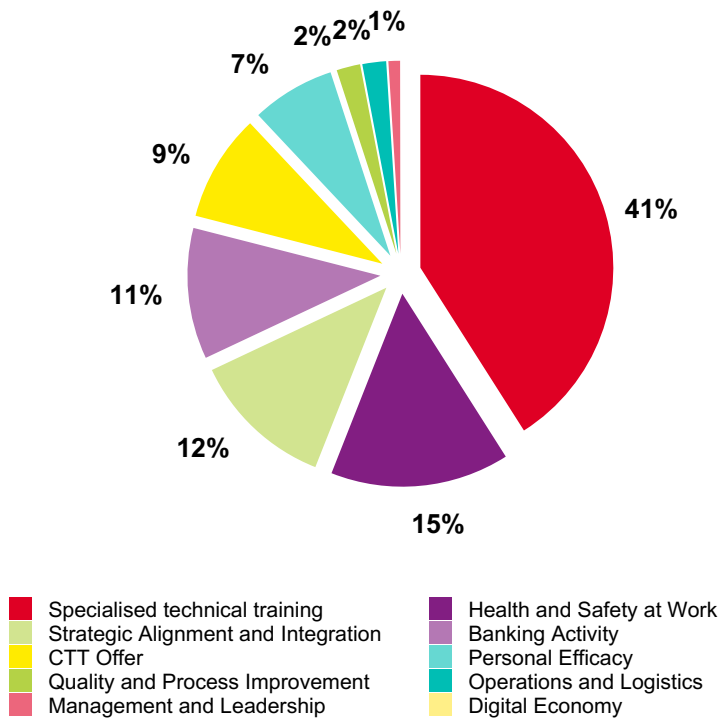
⁵⁰ This does not include CTT Express (Spain), CORRE (Mozambique), 321 Crédito, NewSpring Services and MedSpring.

creating value. In addition to being facilitators of this process, we will seek to ensure that leaders continuously develop the distinctive capacities that allow them to make a difference in transforming challenges into opportunities.

As a common vector for all of these aspects, this methodological approach was the promotion of conduct of total transparency and responsibility in a healthy work environment that values the dignity of individuals, contributes to their personal and human development and prevents the practice of less correct acts in the name or on behalf of CTT and its subsidiaries, with negative effects on their reputation and image.

14 programmes incorporating the Strategic Development and Training Plan were developed and the volume of training was distributed as follows:

Training programmes



From among the various subjects, we highlight the following:

- **‘Ser CTT’ and Initial Training and integration** of new employees, which involved 679 participants and over 11,600 hours.
- **Skills management and continuous learning programmes** involving more than 40 thousand participants and over 123 thousand hours.
- **Employees who were informed of the anti-corruption policies and procedures adopted by the organisation** had over 1,900 participants and a total of over 8,000 hours.
- **Training in policies and procedures related to aspects of Human Rights** reached 3,357 people, totalling 10,390 hours.
- The actions related to **‘Occupational Health and Safety’** represented more than 19,920.5 hours and more than 14,200 participations for the general population. The specific road prevention programme for the operational areas, which involved more than 10,000 participations and more than 5,000 hours, dealt with 22 different themes. It is a programme with recognised success, which has promoted the reduction of absenteeism caused by road accidents, both in terms of the number of road accidents and of days lost.
- The training area of **Certifications and Compliance** continued to be very important, with more than 44 thousand hours of training on topics such as ethics, information security, prevention of money laundering and terrorist financing, or data protection.
- In the area of **Sustainability**, more than 500 hours of training involving 490 participants were provided.

Other courses not listed individually in the graph above dealt with topics such as leadership or language teaching, namely English, as well as specific training dedicated to the trainee programme. Regarding road safety, a subject that falls under the Occupational health and safety theme, inhouse training and awareness-raising actions were promoted, including all kinds of actions (awareness-raising, practical training of driving and training for senior managers). Some of the training actions provided were, by way of example: Zero rate driving, “Cinto-me vivo” (joint action with ANSR), Two-wheeled vehicles and road accidents, Social and economic impact of road accidents in Portugal, Mobile phones and driving, Eco-defensive driving, Fit driver.

Also noteworthy is the 14th edition of the Human Resources Development Programme, a programme that brings together students from various Portuguese-speaking and Hispanic countries and was born out of a partnership between International Management and the Training Department. This year’s action had 58 participants and also the B2B Offer Training for CTT post offices which involved more than 1900 participations and 3500 hours.

Given the pandemic context, the focus remained in remote training, which accounted for 59% of the total volume carried out, as well as training in collaborative work tools within the scope of Microsoft 365, which involved more than 2000 participations and more than 3000 hours of training.

Sustainability training and awareness

As a way of promoting environmental sustainability, disseminating good practices and raising awareness of the importance of individual and collective behaviour in reducing the impact on the environment, CTT regularly both internally and externally develops numerous initiatives that promote knowledge on the subject.

In this sense, several articles and content of an environmental and social nature were published in the CTT Magazine, published internally, with a view to raising employees' awareness. In the same way, environmental content was also broadcast on the CTT TV channel that was transmitted in the head office building.

The celebration of thematic days stands out, such as International Recycling Day, where information about the sustainability pyramid was provided with a view to promoting environmental literacy, as well as useful tips for rethinking and reducing the waste that each of us produces on a daily basis.

We also celebrated the World Environment Day, with the sharing of some curiosities and proposals of environmental practices that can be done with the family, and the World Oceans Day, with the holding of an internal webinar on "Marine Waste", in partnership with LPN – Liga para a Proteção da Natureza [Nature Protection League]. This action to raise awareness of the problem of ocean pollution culminated in a beach cleaning volunteer action.

World Earth Day was marked by an event in which the employees' children were able to share their vision of the planet on which they will live and, on World Environmental Conservation Day, a volunteer action was held to support the maintenance of the Santo André Wild Animal Recovery Centre – CRASSA. During the European Waste Prevention Week, a set of pieces was released with the purpose of demystifying the topic of recycling. There were also communications adapted to the time of year, with information and suggestions on how to experience a healthier Halloween, or a more sustainable Christmas, among others.

In our Intranet, a connecting link for all CTT People, CTT's sustainability policies and commitments were disclosed, as well as its performance and initiatives developed with a view to environmental protection and social integration. It also continued with the dissemination of e-newsletters containing sustainability content aimed at employees in the operational areas.

In addition to all this, CTT relaunched an internal distance training action totally dedicated to sustainability issues, also making available several training actions managed by partners, accessible to the internal public, in digital, hybrid or in-person formats.

Training in Ethics and Conduct

Internally, the dissemination of the Code of Good Conduct for the Prevention and Combat of Harassment at Work is ensured through the CTT Intranet and training sessions that, in 2022, involved 982 participants who successfully completed the course.

Regarding the company's performance in the field of information and prevention, training sessions on the prevention of money laundering and terrorist financing were given to 3,841 employees whose functions directly relate to the marketing of financial products.

4.5.6 Good health and well-being management

GRI 201-3, GRI 401-2, 403-1, 403-2, 403-3, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10

In order to act in the promotion and prevention of health, going beyond legal obligations regarding occupational health and safety, three cross-cutting programmes were implemented through an integrated approach in the areas of physical, mental and social well-being. The year 2022 will mark the consolidation of those programmes through which we act in advance at the health level, avoiding work accidents and situations of illness, as well as undertaking concrete actions to promote and maintain a higher level of well-being and quality of life for employees:

- Estrela [Star]: This programme aims to create a healthier work environment, focused on productivity and quality, with a lower rate of absences, greater motivation and satisfaction. In

this context, around 1,400 employees with absences from work were monitored by the social service, and a significant percentage resulted in psychosocial support.

- **Vitória [Victory]:** The purpose is to adjust tasks and reallocate to new functions for employees with work restrictions, as well as to implement an evaluation model for cases of conditional aptitude. People with greater restrictions to the function they performed were evaluated as to their motivation and underwent an assessment process to be reallocated to new functions more suited to their circumstances. With this action an easing of the restrictions to the functions previously performed was achieved, allowing for an increase in their productivity and well-being.
- **Viver [To live]:** The programme aims to raise employees' awareness of health prevention and promotion through the monthly publication of content that encourages a healthier lifestyle and choices and the development of monthly health promotion initiatives in digital format, webinars and podcasts, which have been positively received.

The year 2022, especially the beginning, and similarly to the previous one, was dominated by the pandemic and, as such, CTT continued its prevention policy of mitigating COVID-19 spread in the workplace. A number of measures were implemented, such as the purchase and distribution of personal protective equipment, hand and surface disinfectants, the dissemination of information on individual preventive behaviours, reinforcement of cleaning, staggered timetables, and the limitation of space capacity. Gradually, throughout the year, with the decrease registered in terms of the number of COVID-19 cases, mitigation measures were readjusted and a return to normality was undertaken, in accordance with the guidelines issued by the Directorate General of Health.

As part of the Occupational Safety and Health activity, we note that 801 occupational accidents and incidents occurred in 2022, reflecting an increase of 1.5% compared to 2021, with the same trend in the number of days lost, totalling 22,801 days lost, of which 81% were attributed to male employees. Overall, the reasons that most contributed to the occurrence of accidents in the CTT Group were road accidents (33,8%), excessive effort and wrong movements (17%) and slipping/tripping (13%).

In this area of occupational accidents, there is a focus on the rigorous analysis of occupational accidents in order to identify corrective and preventive measures, as well as the proactive awareness of employees on these issues. To this end, information leaflets continued to be prepared and published on the main causes of occupational accidents, with a view to raising awareness of the preventive procedures to be adopted, as well as the dissemination of occupational accident indicators, crucial information for monitoring performance and defining strategic, operational and conduct actions in the medium and long term.

In 2022, the Social Security Professional Risk Protection Department recognised 39 occupational diseases, mainly musculoskeletal. In this context, we continued to inform and raise awareness among employees of the risks associated with their professional activity, as well as providing training on Occupational Safety and Health procedures and good practices to be adopted.

Accidents, injuries and occupational diseases at CTT⁵¹

Work accidents						
Group	No. of accidents	No. of injuries	No. of days lost (calendar) ⁵²	Average days lost	Frequency index ⁵³	Severity index ⁵⁴
Female	194	148	4,260	22	22.9	0.7
Male	607	486	18,541	31	39.7	1.5
Total	801	634	22,801	28	33.8	2.2

Occupational diseases			
Group	No.	Average days lost ⁵⁵	Severity index
Female	21	203	0.1
Male	18	1,030	0.2
Total	39	585	0.2

In terms of the Occupational Safety and Health activity, other axes of action also stand out:

- a. Prevention: Informative leaflets were prepared and published on the main causes of occupational accidents in order to make employees aware of the preventive procedures to adopt, as well as newsletters and internal informative communications on various topics such as handling and transporting containers, manual handling of loads, working postures and occupational gymnastics, or safety footwear. It also disclosed the labour accident indicators, among other crucial elements for monitoring performance, defining strategic and operational actions, as well as the medium and long term conduct of the organisation.
 - b. Training: The training content dedicated to Occupational Safety and Health, accessible on the e-learning platform, was continuously updated. Awareness-raising activities were also carried out in various workplaces in order to heighten awareness of the need to comply with safety regulations. It should be noted that in 2022 we had more than 14,200 participants corresponding to more than 19,920.5 hours of training in occupational safety and health.
- Technical evaluation of equipment and work organisation, including:
 - Wheelsets of operational internal containers;
 - Optical reading wrist equipment;
 - Safety footwear;
 - New chair designs;
 - New vehicles and motorcycles: Citroën AMI, SuperSoco VS 146 electric motorcycles and the Voltia XL vehicle (Type CTT F8/F10);
 - CTT Post Offices Layout;
 - Photovoltaic Project;
 - MARL Pallet Transport Platform;

⁵¹ The data does not include 321 Crédito, CORRE, NewSpring Services, and MedSpring.

⁵² The calculation is made using all calendar days, i.e. working days, holidays, and weekends.

⁵³ The Frequency Index is calculated as the ratio between the number of accidents that led to the presentation of medical leave and total hours worked. The calculated value was multiplied by a factor of 1,000,000 to allow for better readability.

⁵⁴ The Severity Index is calculated as the ratio between the number of days lost and total hours worked. The calculated value was multiplied by a factor of 1,000 to allow for better readability.

⁵⁵ Relation between total number of lost days and number of professional illness.

- Transport of dangerous materials;
- Illuminance study;
- CADI Project.

The Occupational Medicine company, contracted by CTT, assessed within the legal periodicity and whenever there was any change in an employee's state of health, or after returning from illness of more than 30 days and from a work-related accident, the respective aptitude for the function performed. If he/she had indicated that there were limitations to the work, the necessary adjustment in the tasks or the redeployment of the employee to new functions was guaranteed. Additionally, the Occupational Medicine provider made visits to workplaces for risk assessment purposes, as did the Occupational Safety and Health Technicians.

5695 periodic, occasional and admission exams were carried out, even though this activity was affected by the pandemic in the first months of the year. With regard to conditionally fit employees, a detailed study was carried out at a Postal Distribution Centre, accompanied by the Occupational Doctor, with the objective of presenting proposals for improvements in processes, equipment and work methodologies. It should be noted that Occupational Doctors visited various workplaces to assess conditions and functions.

In 2022, within the scope of risk monitoring and assessment actions, over 210 interventions were carried out at the workplaces of CTT and subsidiary companies to assess working conditions.

CTT Express, in Spain, guaranteed, through the resources of its own occupational risk prevention service, the coverage of issues related to safety at work, industrial hygiene and ergonomics and applied psychosociology. To complement this internal capacity, CTT Express contracted a service covering the same specialties and guaranteeing surveillance on health issues. Both services comply with those set out in Royal Decree (RD) 31/97, dedicated to the Prevention of Occupational Risks, as well as in RD 39/97, on prevention services. The scope of these two services is 100% of the work centres and all the jobs included therein. In 2022, there were 90 visits to centres in this area.

In Spain, all employees of subcontracted companies that perform tasks at the CTT Express centres are proved to be medically capable, and this aptitude is verified before the start of employment or initial training. Employees are also equipped with all personal protective equipment and are informed of the occupational hazards associated with their job. Finally, all subcontracted companies participate in a Business Activities Coordination to analyse whether the activity carried out at work centres produces risky situations.

About 10% of the people who provide services at CTT Express are not hired by the company, but their workstation and activity are controlled by the organisation and the posts have been subject to previous internal audits.

Employee participation

GRI 403-4

Employees also directly participated in the design and implementation of these policies. In 2022, general consultations were carried out covering all employees at CTT, S.A., CTT Contacto, CTT Espresso, Banco CTT and Payshop, as well as specific consultations whenever deemed necessary. The topics covered in these specific consultations were, among others, the acquisition of new equipment, the organisation of work, and the adaptation of personal protective equipment.

Employee representation structures held regular meetings with the companies of which they were part. In these meetings, possible non-conformities were identified in the field of Occupational Safety and

Health and were analysed with the intervention of the Occupational Safety and Health Technicians (OSHT), with a view to mitigating risks. In addition, regular risk assessments were carried out and frequent contacts were maintained between the OSHT and operational and building managers, which allowed the monitoring of risk factors and their mitigation.

Any specific risks resulting from business relations with operational impact, due to customer requirements, were analysed and evaluated, and the company implemented a set of solutions.

Social Service

GRI 403-8

Of note is the activity developed by the Social Service in terms of psychosocial support in the areas of mental health, addictions, senior citizens and social action at CTT and subsidiary companies. In 2022, more than 420 new cases were accompanied, in addition to the employees who have already benefitted from support, namely with intervention in situations of serious illness, economic need, social dysfunctions and labour issues.

Regarding the Social Works Regulation, which aims at the social protection of its beneficiaries in the scope of Health Care, Social Security Benefits and Social Action, at the end of 2022, 36,580 beneficiaries were managed, of which 18,672 were holders and the remaining family members. Around 42% of these Beneficiaries were in retirement or retired, and 679 Beneficiaries were under special termination. It should be noted that, at the level of subsidiary companies, the benefit of health insurance is also given to employees.

Road Safety

GRI 403-7

In 2022, there was a stabilisation in the number of road accidents with material consequences, that is, those that did not involve injuries to employees. The recording of 1266 such accidents, slightly lower than in 2021, comes in line with the general trend that has been in place since 2019, when there was a sharp decrease compared to the period between 2016 and 2018.

It should be noted that the Azores and Madeira Regions regret reporting an increase in the number of accidents, a specific reality that will require dedicated monitoring in 2023. This increase was offset by an appreciable decrease in transport in the North and Centre, which explains the stabilisation and even slight reduction of the indicator.

There was also an increase in the accident rate per million kilometres and a corresponding worsening of occupational accidents, with more accidents and days lost, although the days lost per accident remain the same.

In relation to training, the number of actions was maintained but the number of registrations also decreased, which may have been due to a new form of registration, temporarily created but used during most of the year and which, due to computer constraints, implied a more manual and time-consuming process. This decrease may therefore be explained not by a lower inflow of actions but by a failure in their registration.

Another important milestone in 2022 was the finalisation and approval of the 2022-30 Road Safety Plan. Its implementation is a central goal for 2023, as it is the roadmap that will lead CTT to achieve, namely, the goal of reducing accident rates by half, included in the Road Safety Decade, decreed in 2021 by the World Health Organisation and to which CTT naturally adhered.

2023 will also be the year in which the first initiatives to come out of the Portuguese presidency of the UPU Road Safety Experts Group will be implemented. The design of a training course, a mentoring programme and a webinar, created around the CTT example, are some of these initiatives, as well as the launch of the 1st Road Safety Award, to be delivered within the scope of the inaugural conference on the topic to be organised within the UPU.

In terms of awards received in this area, as mentioned above, the nomination for the European Road Safety Charter Award should be mentioned. Despite the fact that this is just a nomination, the integration into such a restricted shortlist of companies is already a remarkable achievement, especially considering that the CTT road safety programme, in its original version, had already received this award five years earlier, and the advances achieved in the meantime are now being recognised.

4.5.7 Diversity, Inclusion and Equal Opportunities

GRI 401-3, 403-6, 405-1, 406-1

Main indicators

In terms of balanced representation between women and men in management and supervisory bodies, the CTT Board of Directors continues to comply with the proportion set out in Law 62/2017, comprising 35.7% of women. This information is also included in the CTT Equality Plans.

In terms of gender leadership in top and middle management, women represented 40 in 2022 (+0.1% compared to the previous year). With regard to the weight of first line female management, this rose 4.2 p.p. to 16.7% and the second line leadership remained practically the same, with a slight reduction of 0.4 p.p. to 47.2%. The current data is shown in the table below:

	Board of Directors	1 st line Managers	2 nd line Managers	Total
Female	5	8	85	98
Male	9	40	95	144

Regarding generational diversity, generations X and Y (30 to 49 years old) are predominant, showing an increase in 2022 compared to the previous year, representing 51.4% of the total population.

In terms of the diversification of nationalities and the integration of workers with special needs, there was an increase in the number of foreign employees, whose representation was 1.84% in 2022, and the number of people with special or specific needs also increased, which stood at 2.44%.

Featured initiatives

“CTT’s objective is that equal opportunities, inclusion, diversity, reconciliation and gender equality are an integral part of its DNA. Bringing together people with diverse profiles, knowledge, and curricular areas, with different cultures, genders and ages enriches the organisation, stimulates creativity and innovation, contributes to the strengthening of human potential and to greater quality in decision-making processes, enhancing the creation of value for stakeholders.”

The above statement was included in the internal and external recruitment announcements, making CTT’s commitment to these topics public. Diversity, Inclusion and Equal Opportunities are priorities on the company’s agenda and, to promote a more equitable organisation, a proactive approach was adopted, with action plans and specific measures.

The measures, information and recommendations related to the end of the pandemic context were appropriate to the level of risk and continued to be promoted, mitigating the main risks, with the aim of also guaranteeing the safety of both frontline and teleworking employees.

An internal regulation was created on 'Telework, Part-time Work and the New Work Organisation Model', defining the terms of action and containing a section dedicated to the equal rights and duties of employees in telework regime. It is explicit that teleworking employees have the same rights and duties as others with the same category or with an identical function. This equality concerns, among others, training, evaluation and career progression, limits on working time, rest periods, including paid holidays, occupational safety and health protection, compensation for accidents at work and occupational illnesses, and access to information for employees' representative structures.

The CTT Equality Plan 2023 was prepared, submitted, and published internally and externally in the 2nd semester of 2022, in accordance with the guidelines and deadlines established by CITE. The 2023 'Plan' was prepared in a more exhaustive and didactic way, emphasising the importance of its framework and adding not only the measures to be implemented, but also measures from previous years and of continuity, reflecting the dynamics necessary for the constant updating and adaptation to reality. The calculation of the data for the 'Plan' was made in the CITE platform and, this year, it also counted on the inputs of a questionnaire made jointly with the Global Compact Network, through the accelerator programme that supports companies in defining ambitious targets for the representation and leadership of women in top management (Target Gender Equality). The measures fall within the following dimensions:

- Company Strategy, Mission, Vision and Values;
- Equality in access to employment;
- Equality in working conditions;
- Parental protection;
- Reconciling professional life with family and personal life.

CTT, recognised and certified as an efr by the Más Família Foundation, has integrated the pillars of conciliation in its agenda, developing actions that translate into measures and benefits for employees and their families, such as: continued dissemination of efr measures and respective encouragement of their use; investment in actions to improve workplaces; implementation of new work models that allow for greater conciliation; investment in specific training focused on conciliation, equality and diversity issues; participation in internal competitions, with prizes for family enjoyment; invitations to initiatives and online practical classes for the protection of good health and well-being; enlargement of the SOU CTT partnership programme with various entities, where special values are agreed upon for employees in various areas, with special focus on health, sports and family.

Regarding the commitments assumed with external entities, the Diversity Charter of the Portuguese Association for Diversity and Inclusion was signed, in which the signatory entities assume Diversity as an ethical imperative, translating into a basic and guiding principle of their internal and external action, forming part of their values and institutional identity. The Commitment to Inclusion of the Inclusive Community Forum (ICF) was also renewed. The Commitment to Inclusion is the first step in the Journey to Inclusion created by ICF to help companies make their commitment to go the extra mile in recruiting employees with disabilities a reality. Companies that sign the Commitment to Inclusion declare their interest in promoting the employability of people with disabilities in the company they represent and undertake to do so. CTT also joined the Pact for More and Better Jobs for Youth, an initiative promoted by the José Neves Foundation.

Following the signing of the Pact Against Violence, CTT has been reinforcing its action plan in this area and working on and implementing practices to Prevent and Combat Violence Against Women and Domestic Violence, through the dissemination of materials to raise awareness, both internally and externally, and to alert people to the issue. In 2022, the company disclosed contents alluding to the International Day for the Elimination of Violence against Women: sending of an e-newsletter with images, video and awareness-raising information to all CTT employees; creation of a post on the

Instagram page and sharing of a video on the Youtube page about the International Day for the Elimination of Violence against Women.

As founding members of the Organisations for Equality Forum – iGen, in 2013, CTT renewed their subscription to the Membership Agreement in August 2022. The participation of CTT in iGen focused on the departure of the two working groups to which it previously belonged and joining Working Group 2, dedicated specifically to ‘Gender Equality Measures’. After a latency period, and already under new leadership, the work of this group resumed in the last weeks of 2022, with meetings dedicated to the topic scheduled for early 2023.

4.6 Community engagement

GRI 203-2, GRI 413-1

In the Capital Markets Day, CTT set out, for the first time, a specific investment target in the community, determined as a percentage of recurring EBIT allocated to donations from social solidarity institutions, NGOs, or cultural institutions. The target set was 1%, to be achieved by 2025.

Highlights



Volunteering

291 volunteers committed a total of 1517 hours of voluntary work in ten different programmes, which ranged from mentoring EPIS students to beach clean-ups, among many others.

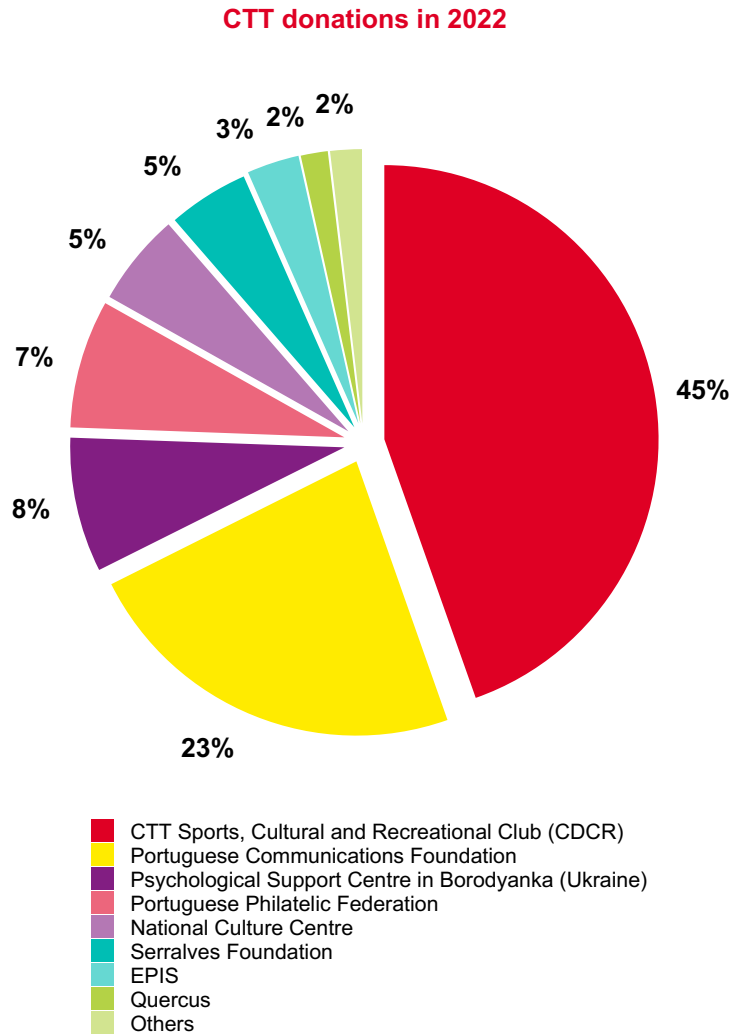


EPIS Social scholarships

Five female students of professional computer science courses were supported by CTT with scholarships. This contribution aims to increase the number of women trained in this area.

4.6.1 Support to the community

In 2022, CTT allocated €627,770.45 to donations, representing 0.97% of recurring EBIT. These donations were distributed to 15 organisations according to the following proportions:



In addition to the establishment of this goal, CTT pursued, in 2022, a path towards a policy of impact on the community that is more strategic, more informed and demanding, with dynamics that are more participative and therefore, more impactful. The objective is to allocate resources in a less case-by-case manner, in response to requests for support that frequently reach CTT, introducing elements of analysis of the impact that these initiatives may have on the concrete lives of the people who form the surrounding community and introducing processes to integrate the inputs of these communities into this CTT policy.

Support for culture

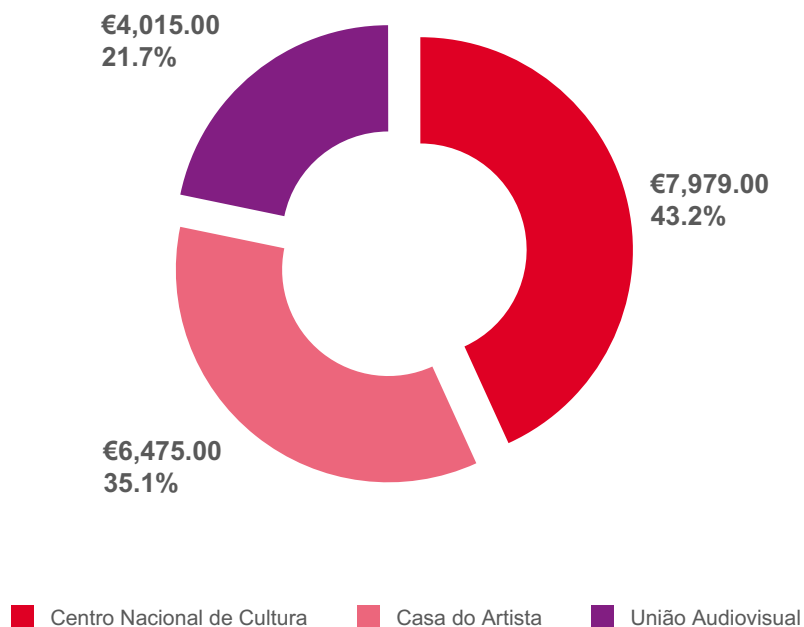
An example of this movement was the ‘Apoio à Cultura’ [Support for Culture] campaign, which was reinvented so as to involve customers and the community in general in the choice of the entity to which to allocate the support. As in 2021, the sale of each philatelic book corresponded to a donation, by CTT, of five euros to organisations in the world of culture but, unlike the previous year, it was decided to distribute this support to three institutions: the National Culture Centre (CNC), which repeated its 2021 participation; Casa do Artista (House of the Artist), whose work in accompanying retired artists is of

recognised merit; and the Audiovisual Union, an organisation expressly dedicated to supporting professionals who work backstage, that is, sound and lighting operators, stage set-up, etc.

Donations were not divided in a linear manner. Instead, for the first time, CTT decided to give a voice to its customers and the population in general, by providing a voting mechanism that allowed to allocate a part of the donation in a differentiated manner. As such, of the five euros donation for each book sold, each organisation received one euro, with the remaining two euros distributed according to the percentage of votes received.

Once again, the campaign was a success, backed by the ambassadors: actors Luís Aleluia and José Raposo, for Casa do Artista, singer and author Pedro Abrunhosa, who represented the Audiovisual Union, and Prof. Guilherme d'Oliveira Martins, for CNC. The latter organisation ended up showing greater dedication to promoting this voting mechanism, seeing this effort rewarded by the donation amounts achieved. Until 31 December 2022, the amounts collected were 18 469 euros, resulting from the sale of 3694 books. This value was distributed among the charities as shown in the graph below.

Donations made by CTT in the “Support for Culture” campaign



A Tree for the Forest

The CTT flag campaign continues to be ‘Uma Árvore Pela Floresta’ [A Tree for the Forest], a partnership with Quercus that has completed nine editions. This project consists of the sale of cardboard kits representing a species of a native Portuguese tree, which are on sale at CTT post offices as well as online, with free shipping. CTT’s and Quercus’ commitment is that each sale corresponds to the plantation of a tree, also of an autochthonous species (although not necessarily of the species represented in that year’s kit), in a Protected Area, National Forest or on land that has recently been affected by a forest fire. The species chosen to represent the Portuguese forest in this edition was the Bay Tree.

Since the beginning of the project, we have planted more than 110 thousand trees in various parts of Mainland Portugal and, in one case, on Madeira Island. In 2021, 6,676 units were sold and the first

registered initiative, in 2022, was the action of planting the corresponding trees. The planting took place in Machada National Forest, in the municipality of Barreiro, with dozens of volunteers planting the trees, among which CTT People, including its CEO, students from local schools, firemen and the military staff from the military barracks nearby.

For the launch of the 9th edition, which took place on 29 July, the organisation returned to the Machada National Forest. This decision aimed to reinforce the notion that new trees, once planted, are not forgotten and Quercus ensures their frequent monitoring and the replacement of trees that have failed to thrive.

This year, two new first-time ambassadors joined the two ambassadors who were already the faces of the campaign, in this case, the television presenter, Joana Teles and the actress and activist, Sandra Córias. The musician Paulo Furtado, better known for The Legendary Tigerman, lent his voice to the QR Code that accompanies the kit, succinctly explaining the dynamics of the project. The other new ambassador who volunteered to divulge the project was chef António Alexandre, who, for his part, accepted the challenge to present truly Portuguese recipes that include bay leaf, the leaf of the tree chosen for this edition. The challenge was more than overcome, with the chef even submitting a recipe for a dessert with bay leaves, also duly presented on CTT's social networks.

EPIS

Another measure of direct support to the community was CTT's participation in the 8th edition of EPIS – Entrepreneurs for Social Integration programme, which once again provided volunteer support to students from lower Secondary Education who were experiencing difficulties and were even at risk of dropping out of school.

The 2021-22 academic year edition supported 16 students from three schools, two in the municipality of Amadora and one in Seixal. This support was based on two vectors: a mentoring programme and a tutoring programme. The mentoring programme included CTT senior and middle management, including the Executive Committee and some first-line directors of the company, who were willing to accompany a student individually. The purpose of this accompaniment was to establish an 'older brother' relationship, which would allow information to be passed on and, above all, the experiences that led these cadres to find formulas for success and stability. The transmission of these examples is based on the methodology, which once again showed a high success rate, with 88% of students successfully completing the academic year.

The second programme is that of tutoring, given by other, typically younger, CTT staff. CTT trainees who, as part of their programme, have to dedicate four hours every two weeks to a volunteer initiative, have EPIS as one of the options and, year after year, it turns out to be one of the most popular options.

During the school year, three meetings were held involving the groups of volunteers and students. The first meeting, still during the final phase of the Covid-19 restrictions, was held online. However, past these restrictions, the second meeting took the group to spend an afternoon at the Oceanarium, on a guided tour that began with a workshop on marine plasticology. The third meeting, to conclude the year, brought students to visit the CPS-S, in Cabo Ruivo.

In line with the effort to measure and report specific data that focuses on the direct impact on communities, some tangible data was calculated and presented by the EPIS team. An analysis of this data shows that, combining the two programmes and the three schools, 25 volunteers took part, dedicating a total of 403 hours, more than quadrupling the number of hours allocated in the previous edition. In the tables below, we can find some of this data.

Variation of grades in Portuguese, English and Mathematics of EPIS students

Municipality	Indicator of success	Start of the school year	End of the school year	△ Initial - final grades (p.p.)
Amadora	Positive grades in Portuguese and English (%)	0.0	100.0	100.0
	Positive grades in Mathematics (%)	25.0	25.0	0.0
Seixal	Positive grades in Portuguese and English (%)	N.a.	N.a.	N.a.
	Positive grades in Mathematics (%)	0.0	50.0	50.0

The subjects of Portuguese and Mathematics, as well as foreign languages, are those which students reported to have most difficulties in and, although we can see a stabilisation in the Mathematics grades, in Amadora, it should be highlighted that this value represents an increase in relation to that verified in the previous edition, which was only 13%. All students improved their grades in Portuguese and English. In at least one of them, everyone had a negative grade at the beginning of the year, and by the end of the year they were all successful.

The main indicators of the success of the initiative, of course, is the pass rate for the following year and the average student grades.

Average grades and pass rate to the next year for EPIS Programme students

Municipality	Indicator of success	2020-2021	2021-2022	△ 2020-2021 - 2021-2022 (p.p.)
Amadora	Final grade average (1-5)	3.1	3.2	0.1
	Pass rate to the next year (%)	100.0	100.0	0.0
Seixal	Final grade average (1-5)	3.0	3.2	0.2
	Pass rate to the next year (%)	100.0	67.0	-33.0

Unfortunately, unlike the 2020-2021 school year, in which the success rate was 100%, we have to record the case of two students who did not pass, setting the total success rate at 88%. The increase in the number of schools and students covered naturally increases the probability of failure and, in the case of Seixal school, it should be noted that one of these has now been readmitted to the programme for the 2022-2023 academic year.

EPIS Social Scholarships

Another new perspective introduced in the social impact policy involves the topics approached, in an internal and external approach, namely through contacts with peers in forums on the subject, CTT decided to approach the gender equality issue in an innovative way.

One of the areas that most contributes to this inequality is Information Technology (IT) which, being a saturated labour market and where qualified resources are not abundant, the average salary ends up being higher. If we add to this the fact that it is a very male-dominated area, in which most companies (and CTT is no exception) report rates of 80%-90% men, we are faced with a factor that contributes to the bias in remuneration favouring men.

EPIS, besides the mentoring and tutoring programmes described above, promotes the attribution of what they call 'Social Scholarships', that is, monetary support to students from socially disadvantaged backgrounds. In 2022, CTT decided to create its EPIS Social Scholarships programme using it as an instrument to reinforce the presence of women in computing and IT. As such, it was established that five scholarships will be given to female students who have entered technical-professional education, in a

course related to IT areas, after successfully concluding lower secondary education. These scholarships amounted to 500 euros per year (which includes a small management fee for EPIS itself) for three years and CTT received dozens of applications from young students. In a joint analysis with EPIS, five winners were selected who, starting in 2023, will receive the scholarships. Furthermore, CTT decided to take the additional step of creating a mentoring programme similar to the one already mentioned, counting on the availability of our IT department to accompany each of these students.

War in Ukraine

At the international level, 2022 was indelibly marked by the War in Ukraine. CTT joined many other solidarity initiatives carried out by companies and civil society organisations, as early as 24 February, when the conflict broke out. The solidarity campaign 'Ajuda ao povo da Ucrânia' [Help the people of Ukraine] was available to CTT customers, between 2 and 8 March, in all CTT post offices, from north to south of the country, including the Autonomous Regions and anyone could come to our post offices and leave a package with their goods. Together with the Embassy of Ukraine in Warsaw, in neighbouring Poland, CTT received an indication of the type of items most useful to the population and thus made a specific appeal for the donation of:

- Clothing, including winter shoes and children's clothing
- Food (only non-perishable products)
- Hygiene items
- Medications and first aid items

CTT then used its transport logistics to concentrate and dispatch them to their final destination. 40 tonnes of donated goods were sent to Ukraine on 240 pallets of materials. The packages themselves were used to carry messages of solidarity, many adorned with children's drawings, and it is worth highlighting how some groups, such as health professionals and firefighters, showed their full solidarity with the situation of their Ukrainian counterparts, sending specialised materials for their noble tasks, accompanied by messages of encouragement.

It was with the invaluable contribution of 44 CTT volunteers that it was possible to load the eight trucks and the plane that brought the donations to Poland. These volunteers dedicated themselves without hesitation to the heavy lifting of the logistics of preparing these shipments, contributing a total of 176 hours of their time, spread over several days.

Also noteworthy is the participation of several business partners in a solidarity network that included TAP, Transportes Bernardo Marques, Transportes Pascoal and Transportes Figueiredo e Figueiredo, as well as Galp, which provided fuel for land transport completely free of charge.

Solidarity stamp

CTT gave a donation of 50 thousand euros, the result of sales of a philatelic issue called 'Sol Nascente' [Rising Sun], issued on 27 September and dedicated to the war in Ukraine. This amount was used for the reconstruction of a Psychological Support Centre for War Trauma in Borodyanka. This centre, which will create 40 direct jobs, will serve a total population of 10 thousand people.

Pai Natal Solidário [Solidarity Father Christmas]

The holiday season, in December, was once again marked by the Pai Natal Solidário (PNS) initiative. Now in its 13th edition, the campaign again consisted of the availability, on the website painatalsolidario.pt, of letters written to Father Christmas by a group of children up to 12 years old, accompanied by 48 Public Social Solidarity Institutions. Through this website, and completely

anonymously for all parties, any CTT customer could sponsor a letter or at least part of it, buying one or more of the presents requested and delivering them to a CTT store. From then on, CTT was responsible for the logistics of processing and delivering these gifts to the children, maintaining the illusion that Father Christmas had delivered them himself. Below is the data related to the 2022 PNS campaign.

Letters received	Non-sponsored letters	Sponsored letters	Gifts sent ⁵⁶
1,780	196	89.0	1,744

We would like to point out that for the authors of the letters that were not sponsored, there were souvenirs from CTT, pedagogical material that ensured that no child was left without a present at Christmas.

‘Pergunta a um Ecólogo’ [Ask an Ecologist]

To mark the 5 years of Ecology Day celebrations in Portugal, on 14 September, at the Pavilion of Knowledge, the ‘Pergunta a um Ecólogo’ initiative, of the responsibility of the Portuguese Ecological Society (SPECO), was announced.

This initiative, to take place during the 2022-2023 academic year and aimed, in this launch year, at lower secondary school students, intends to restore the most appropriate form of communication to themes with the importance and depth of Ecology: the letter. The aim is to get students from various classes spread throughout the country to get together in groups and ask a question on an ecological topic, with the care that a scientific enquiry requires and the impetus that a letter deserves.

The letters will be delivered to ecologists, scientists associated with SPECO, who will give their answer in a reasoned manner.

CTT’s participation will begin by providing writing material, as well as envelopes and stamps that, with the support of the Philately area, will be chosen from the countless philatelic issues that we have dedicated, over the years, to environmental and ecological issues. Furthermore, in 2023, CTT will have the opportunity to disseminate information material and even go to schools to explain the advantages of the type of communication that it has been providing in Portugal for over 500 years.

Pirilampo Mágico [Magic Firefly]

In 2022, as it has done non-stop since 2006, CTT promoted the sale of the Pirilampo Mágico (Magic Firefly), both in its network of post offices and in its online shop. This partnership with Fenacerci entails the use of CTT’s sales channels at no associated cost to the beneficiary organisations or commission retained for the sales made. Thus, as it has been happening over the past 17 years, the value of the contributions made by Portuguese people who buy Magic Fireflies goes entirely to CERCI.

Sales of Pirilampo Mágico at CTT, in 2022

Channel	Units sold	Amount delivered to CERCI
Post offices	10,709	€21,418.00
CTT online shop	714	€1,428.00
Total	11,423	€22,846.00

⁵⁶ In some cases, the children asked for, and received, more than one gift. On some occasions there were cases when the same letter was sponsored, practically simultaneously, by more than one person and, in these cases, all the presents were eventually delivered.

It should be noted that sales on CTT's digital channel began in 2022, providing CTT customers with a new way of participating in the initiative. In its very first year, despite the shipping costs that add to the two euro cost of each firefly, this channel represented more than 6.6% of sales.

4.6.2 Volunteering

The CTT volunteer policy has a long tradition and, in 2022, was also strategically considered by the company's leadership, with the definition of a target, to be reached by 2025, of 3 days of volunteering provided by each employee by 2025.

With the gradual return to normality after the Covid-19 pandemic, many of the initiatives suspended during the previous two years were able to take place again. In addition to the EPIS Programme, the campaign to collect donations for Ukraine and the tree-planting action, as part of the 'A Tree for the Forest' programme, mentioned above, the initiatives that stood out the most were those of contact with nature.

The action with the highest number of participants throughout the year was teambuilding, organised in the north by the Small Businesses Commercial Department, which brought together an impressive 207 participants, including employees and their families. The cleaning of the beaches of Algés, Oeiras and Canidelo, in Vila Nova de Gaia, organised at the beginning of the year, together with the Liga para a Proteção da Natureza [League for Nature Protection], also brought together more than 40 people. There was also one invasive species cleaning action in the protected landscape of Arriba Fóssil in Costa da Caparica organised by the Institute for Nature Conservation and Forests, in which nine people participated.

Another action that, despite an initial cancellation due to restrictions to direct contact, took place again and was well attended was the donation of blood, organised with the Portuguese Institute of Blood and Transplantation. Considering the rigour of the screening process, the number of donors stood at 29. Still on the same subject, the voluntary participation of CTT in the 'Festa do Coração' [Heart Festival], organised by the Portuguese Cardiology Foundation, should be highlighted.

The partnership with Quercus was not limited to the One Tree for the Forest campaign. In 2022, the CTT volunteer group again had the opportunity to visit a wild animal rehabilitation centre – and collaborate on some of the tasks necessary to maintain it. This time, the initiative took participants to CRASSA, the centre located in Santo André, on the Vicentina Coast.

As the end of the year approached, two now customary actions were carried out at CTT. The first was the Fundraising Campaign for the Portuguese League Against Cancer, held in several business premises, from Lisbon, to Porto (Maia and Perafita) and Taveiro, but also passing through Madeira and the Azores, and took place between 28 October and 1 November.

Finally, CTT's CDCR (Sports, Culture and Recreational Club) and offered tickets for the Christmas Circus and CTT helped the National Association of Families for the Integration of Disabled People – AFID in the task of taking some of its users to attend the show.

Overall, this group of people, including employees and family members, contributed 1,870 hours of volunteer service. In terms of CTT employees, this number stood at 1,516 hour.

Data on CTT Volunteering in 2022

Name of the action	Partner	No. of CTT volunteers	No. of CTT volunteering hours	No. of family members	No. of participants
Mentoring programme	EPIS	24	677	0	24
Help to the Ukrainian people	Emb. of Ukraine in Warsaw	44	176	0	44
Beach clean-up	LPN	16	48	26	42
Blood donation	IPST	43	18	0	43
Visit to CRASSA	Quercus	8	64	8	16
Heart Party	Port. Inst. Cardiology	3	23	0	3
Fundraising	LPCC	30	240	0	30
Beach clean-up teambuilding	—	117	234	90	207
Invasive species clean-up	ICNF	5	35	4	9
Christmas circus	AFID and CDCR	1	2	2	3
Total		291	1,517	130	421

4.6.3 Integrating the culture of subsidiaries

Banco CTT

GRI 205-1, 417-2, 417-3

In 2022, Banco CTT was responsible for the development of new solidarity initiatives, such as the campaign 'XXS-XXL, Small in Size, Big in Heart', which aimed to collect hats and booties at 58 participating CTT post offices. The objective was to alert to the reality of premature births and to help provide Neonatal Intensive Care Units throughout the country with the necessary and appropriate comfort material for these babies. This campaign started on 17 November, World Prematurity Day, and has been extended until the end of January 2023.

Movimento Merece

The partnership with the Merece programme was continued and in this way it was possible to continue to give a sustainable end to the cards used by Banco CTT customers. This measure aimed to continue promoting the collection and recycling of cancelled debit cards, through an RSVP envelope, made available when the card is renewed, at no cost to customers. The cards are then transformed into urban furniture and, additionally, for each kilogram of cards collected a tree was planted, also in this case in partnership with Quercus.

One bank card leaves a carbon footprint of 150 g. With this fact in mind, in 2022 we continued our partnership with *Movimento Merece* (Merits Movement), which allows expired bank cards to be sent free of charge for subsequent recycling of this waste with very specific characteristics. This recovery leads to its transformation into a material used in urban furniture, with a similar appearance to wood and, in addition, for each kilo, a tree is planted, in an initiative that, in 2022, is now ensured in a partnership with Quercus, running in parallel with A Tree for the Forest.

In 2022, with the contribution of our customers, we will have collected around 31,000 cards and guaranteed the planting of 600 trees, compensating the environment with 15,000 kg of CO₂.

Corruption risk assessment and possible cases of non-compliance

All of Banco CTT operations are submitted to risk assessment. Clients and transactions carried out are subject to analysis, according to the risk they may represent in terms of the use of the bank for money laundering or financing of terrorism (including the crime of corruption). Also the relevant relationships with financial and non-financial counterparties are subject to a due diligence process, which aims to avoid doing business with entities that present money laundering risks or may represent reputational risks, as they are involved in financial crimes or associated with corruption practices.

Banco CTT has a policy of Anti-Money Laundering and Terrorist Financing and a set of processes and procedures that aim to ensure legal requirements and mitigate the risks of using the bank for these purposes. Annually a team of external auditors evaluates the processes and procedures and conducts effectiveness tests. No significant risks related to corruption were identified in the assessments carried out.

In relation to possible non-compliance with laws and/or voluntary codes concerning information and labelling of products and services, Banco CTT found five cases. There were also 2 cases of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, with Specific Instructions of the Bank of Portugal concerning communication of the Five Stars 2022 Award - customer service and the Sustainable Mortgage Loans Campaign. In both cases, the regulator's determinations were duly noted and changes were introduced in the campaigns, and Banco CTT is not responsible for any other action.

NewSpring

Regarding NewSpring, which entered its first full calendar year as a CTT subsidiary, some of the actions already undertaken previously were maintained, of which stands out the donation, in October 2022, of mini speakers to the institutions indicated below:

- Nossa Sra. Perpétuo Socorro, Veiros (Alentejo): 40 speakers
- Calhariz Parish Social Centre Nursery, Benfica (Lisbon): 20 speakers
- São Domingos de Benfica Parish Council (Lisbon): 539 speakers
- Kelém em Desenvolvimento Association (Cape Verde): 40 speakers

59 food baskets were also delivered to Caritas Lisboa and a blood donation action was carried out at the Portuguese Institute of Oncology, which took place between 12 and 15 September 2022. A donation of 100 euros was awarded to the Portuguese Victim Support Association.

With regard to animal solidarity, the donation of food goods to the Fucinhos e Bigodes Institution, in Lisbon, and to Cantinho dos Animais, in Évora, is noteworthy. Both are non-profit Zoophile Associations for the Protection of Abandoned Animals and the Environment, and this support is part of an already rich tradition at NewSpring.

Finally, it is worth mentioning the production of a charity calendar, whose sales were donated to the National Association of Firefighters.

CORRE

CTT's Mozambican operation, through its participation in CORRE, also contributed to the group's social responsibility policy, through the award of a donation of €1,506.48 to Casa do Gaiato in Mozambique.

4.6.4 Relationship with customers and satisfaction

GRI 2-6, 2-29, GRI 3-3, GRI 413-2

CTT is oriented towards the market in general and the business segment in particular, offering products under the CTT brand that reflect the increasingly diversified set of its competencies, namely mail, business solutions, parcels and express, financial and banking services, printing and finishing, etc. This is a listing of the main products and services offered by CTT:

- Addressed mail
 - Transactional mail (ordinary, priority, green, registered and international), editorial and advertising, parcels of the Universal Service
 - Business solutions (business process outsourcing solutions, call centres,...)
 - Philately
- Express & Parcels
 - Portugal
 - Spain
 - Mozambique
- Financial Services & Retail
 - Postal money orders
 - Tax payments
 - Savings (public debit certificates - Savings certificates and Treasury Certificates Savings Growth)
 - Non-banking financial products (property insurance and health plan)
 - Retail products and services
- Banco CTT
 - Current and term deposits
 - Savings products
 - Credit (home, auto, personal)
 - Insurance (life, auto, home and health)
 - Payments

Each individual or business client, in their different types, is guaranteed regular, dedicated, face-to-face and specialised attention, allowing a global and integrated offer of services and products aimed at creating value and strengthening each act of business.

Retail customers

As at 31 December 2022, CTT had 569 post offices, distributed throughout the mainland and Autonomous Regions. In addition, as can be seen in greater detail in the chapter on Accessibility, customers had 2371 contact points, including 1802 CTT points, 5,271 Payshop agents, in addition to the 508 lockers already in operation. At the same date, 212 Banco CTT post offices throughout the country provide banking services to the population, offering a differentiated offer.

In terms of Mail, the process of dematerialisation of products and processes was continued through the creation of portals for customers that aim to ensure the production of mail without unnecessary travel and without the need to previously produce printed forms. The new app also played a role in this.

At the level of the B2C Segment Management Department, various actions were carried out aimed at guaranteeing the close and trusting relationship that has been maintained with customers, the population in general and the local communities. Throughout 2022, under the scope of the Outdoor Retail campaign, CTT promoted numerous autograph sessions from the north to the south of the country held in CTT post offices, but also in other local spaces such as hotels or libraries, as well as school sessions taking children's and educational books to classrooms.

The retail offer was also boosted through the organisation of several Book Fairs (Lisbon, Coimbra and Lajes do Pico), bringing the CTT brand, based on philatelic books and the collection of exclusive books to our customers.

In order to guarantee the use of recycled materials in the shipping packages, the product 'Caixa para 1 Garrafa' [Box for a Bottle] was replaced by a new version, composed of 100% recycled cardboard, in place of the polystyrene foam previously used as a protective material.

As part of Advertising Mail, CTT offers an ECO offer aimed at motivating customers to use sustainable materials, called 'Mérito Ecológico' [Ecological Merit]. With this product, customers who started to comply with environmental standards, use sustainable resources and ship recyclable materials also started to benefit from a cheaper price.

In terms of Financial Services, the launch of the CTT Health Plan, in partnership with Future Healthcare, stands out from a social point of view. It is a commercial product, not exclusive to CTT, as the same solution is marketed by Vodafone and EDP. However, it is a product that has filled a gap in the National Health Service, allowing access to a private network at a low cost, giving people from lower social classes the opportunity to receive health care.

Business customers

In the year of return to normality, where social, economic and ecological concerns gained increasing relevance, CTT continued to invest in expanding its business offer to meet these new challenges.

To this end, business partnerships were established with a high social relevance in various areas. Partnerships with:

- Municipalities, department stores, petrol stations and other easily accessible locations for the installation of Locky lockers, expanding the network to over 500 lockers available from the North to the South of the country;
- LOOP, within the scope of the circular economy, which brought together the valences of the two entities by integrating end-2-end software, logistics and shipping, offering retailers the possibility to set up and test a circular economy operation;
- FNAC and LOOP, in the take-back of refurbished devices across the country;
- eBay's e-Marketplace, which helped Portuguese companies internationalise their business easily and quickly;
- Hospital da Luz, to schedule exams and appointments or conduct teleconsultations available at three of our post offices, reinforcing the proximity of healthcare to the population with less mobility and with less digital literacy;

- Carris, National Highway Safety and Social Security Authority, with the provision of clarification of doubts and information through contact centre activities, guaranteed by CTT;
- Edubox, Inovar Mais, through Payshop, with the creation of the Prepaid School Card for Municipalities that allowed the entire educational community to start using, in a simple and immediate way, the school card in the payment of services provided by schools (cafeteria, bar, stationery, reprography and vending) avoiding the circulation of money inside school premises;
- Again with Carris, with the extension of the possibility to recharge passes at no extra cost in the Payshop Agent network with this service. This partnership made it possible to expand the number of locations available for recharging to an additional 300 locations throughout the city of Lisbon;
- Everything About E-commerce, in the concluding of two courses on the topic 'How to launch your online business', with the objective of helping to digitally design the most varied businesses, from those that already exist, to new ones that are still in the start-up or ideation phase.

Customer support

GRI 2-27, GRI 413-2, 418-1

The year 2022 was a year of stabilisation with regard to customer support channels. With the creation of the Social Network Management Model, it was possible to provide the functionality of self-care through chatbots to support customers on Facebook, WhatsApp and the Customs Clearance Portal, always with the possibility of contacting an assistant if the information provided does not meet the customer's needs. On the CTT website, a chatbot with various topics was also made available for self-care help. In the CTT Private Line (Particulares), a voice bot was introduced in the 'Track items' option, which allows the status of a dispatch to be known and, if the customer needs more information, it offers the possibility of being forwarded to Customer Support. Once again, we simplified communication processes and reinforced our position in terms of innovation and proximity to our customers. Internal processes have also been improved to provide better customer support and closer to their needs.

Following the defined strategy, 84% of the contacts were treated by a human assistant and 16% were resolved through the virtual assistant (self-care tools). Compared to 2021, there was a 15% decrease in sorting via human assistant and a corresponding 15% increase in sorting via virtual assistant.

Thus, a total of 2,865,998 contacts were received through the Customer Support channels and handled by an assistant, representing a 13% decrease in global terms compared to the previous year. On the voice channel, we received 1,940,568 calls representing 68% of the total number of contacts received and a decrease of 17% compared to the previous year. With regard to the written channel, we received 596,052 representing 21% of total contacts received, corresponding to a decrease of 34% compared to 2021. Through social networks we received a total of 327,356 contacts, representing 11% of the total contacts received.

In relation to the Average Response Time, there was an increase of 4.2 days in relation to the objective defined at national level. In the international scope, the defined objective was met, having occurred a decrease of 7.7 days of Average Response Time.

Average Response Time to claims relating to the Universal Service in 2022

	Scope	Target 2022 (days)	Accomplishment 2022 (dias)	Target 2023 (days)
Av.R. Time	National	15	19	15
	International	56	48	45

There were 57,359 universal postal service cases related to losses and delays in delivery (35% more than the previous year). Even so, of these, only 4,206 cases resulted in non-conformities (3.4% less than in 2021), since many of the situations initially described by customers as losses were simply deliveries made to third parties, without the customer being immediately aware of this. In no case was there a non-conformity due to violation of privacy or loss of customers' personal data.

CTT provides public, updated and transparent information, on its website, on the characteristics of products and services, as well as their aggregate performance in terms of quality of service. They are a powerful platform for convenience and multi-services with a postal, financial and banking vocation.

Customer satisfaction

As regards the quality of service, 82.8% of customers who completed the satisfaction questionnaire considered CTT's overall quality to be good or very good, raising to 93.0% the percentage of customers satisfied with the overall quality of service, showing a positive evolution compared to 2021 of more than 0.3 percentage points.

About queuing time, 78.4% expressed a positive opinion, which also compares positively with 76.9% registered in the previous year. Regarding distribution, the overall satisfaction level stood at 76.7% (-3.8 percentage points compared to 2021 and in line with 2020 data), rising to 78.3% with regard to priority mail delivery times (-0.5 percentage points) and 66.3% over ordinary mail delivery times (-1.4 percentage points).

Banco CTT surveyed its clients, with 77% of clients declaring themselves satisfied.

Claims

GRI 417-2, 418-1

Complaint processes are a unique and privileged form of continuous improvement of internal processes as well as in the detection of anomalies in the use of products and services in the CTT universe. Customer Support is responsible for disseminating the voice of the customer throughout the organisation, seeking new solutions to increase customer satisfaction.

In 2022, 376,148 claims were filed in the Mail and Express business units, showing a decrease of 8% compared to 2021. This decrease in claims was mainly due to the improvement of internal processes with the introduction of new tools that allowed an increase in the resolution capacity in the first line of contact.

In the Mail business area, 123,979 cases of customer complaints about services and commercialised products were registered in the claims processing support application, a decrease of 13% compared with the previous year. The main reasons for claims relate to the non-delivery and loss of items.

With regard to the Express business area, 107,558 claims were registered, representing a decrease of 60%. The reasons with the greatest impact on Express claims are perceived delays in delivery and lost items.

With regard to compensation, during 2022, 15,601 were processed in the Mail business area in the amount of €629,687, representing a decrease of 9% compared to the previous year. The compensations of the international service accounted for 67% of the total value. The most common causes of compensation are the loss of the item and lack of response from the destination postal operator.

In relation to the Express business area, 30,589 claims amounting to €1,631,480 were processed, an increase of 5% compared to 2021. The most common causes of compensation are loss and damage to items.

Claims

	'21	'22	Δ '21/'22
Claims received ⁵⁷	410,713	376,148	-8%

In 2022, CTT maintained the APCC – Portuguese Contact Centre Association – Quality Seal for CTT operations. The APCC Quality Seal, instituted in 2010, highlights the best Contact Centre services operating in Portugal and aims to encourage companies in the sector to exercise good management practices in their Contact Centres, thus contributing to improving the image and credibility of the sector and promoting its self-regulation.

The CTT Contact Centres was awarded the silver medal for the CTT Business Line and bronze for the CTT Line at the APCC Best Awards 2022 International Conference, in the Distribution and Logistics category. These awards take on special relevance in the current pandemic context in which we live, where the Contact Centre has become an important means of contact between customers and CTT

4.6.5 Communication with suppliers

GRI 2-6, GRI 203-2, 204-1, GRI 414-1, 414-2

The business base was conducted by the Procurement area, and adjudicated in 2022, is made up of 92.7% Iberian suppliers or with representation in Portugal and Spain and 7.3% suppliers from other countries⁵⁸. The supplier group with the highest percentage of value awarded is 'Engineering and Research and Technology-Based Services' with 24.8% of the value awarded, followed by 'Editorial, Design, Graphic and Fine Arts Services' with 21.7%, and 'Information Technology, Broadcasting and Telecommunications' with 23%. The remaining represented 30.5%.

An important milestone in the relationship with suppliers was the creation of a page dedicated to this critical stakeholder on the CTT website, in ctt.pt/grupo-ctt/a-empresa/fornecedores. On this page, the supplier, whether current or potential, can request the introduction of an account in the Ariba system, now having access to the entire purchasing flow, as well as to all documents related to purchases from the CTT Group, namely CTT's sustainable procurement policy. Based on this information, each company can decide whether or not it wants to be a CTT supplier.

The procedure to select new suppliers involves the observance of environmental criteria and, at the level of the CTT, S.A. company, of the 427 suppliers contracted, 419 pre-contractual procedures were carried out with these criteria, corresponding to 98.1% of the total. For what concerns social criteria, CTT are fully committed to its policy of guaranteeing the scrupulous compliance with labor and human rights standards by its suppliers.

For CTT Express (Spain), the relationship with its value chain is central. Currently, its main activity, parcel transport, is completely subcontracted and the company does not have its own fleet. As such, 100% of the fleet that transports the goods overnight to the distribution centres and that takes the orders to the final destination is outsourced. The number of transport providers on routes between logistics centres is 112, 81 of which are fixed and 31 are sporadic. The last-mile distribution network has 597 suppliers, with the amounts associated with this subcontract reaching 130,485,271 euros.

Regarding 321 Crédito, it should be noted that 2022 was an important year of activity at the supply chain level and 65 new relationships were registered in this area.

⁵⁷ Includes Universal Service and Non-Universal Service claims. Excludes data of CORRE and Banco CTT.

⁵⁸ This figure only takes the Portuguese-based operation into account and excludes CTT Express

4.7 Taxonomy

GRI 203-1

Regulation (EU) 2020/852 of the European Parliament and of the Council, of 18 June 2020, establishes a framework to facilitate sustainable investment (hereinafter referred to as “Taxonomy” or “Regulation”). The purpose of this Regulation is to establish a standardized, mandatory classification system for determining whether an economic activity qualifies as environmentally sustainable in the European Union.

The Taxonomy is a green list of environmentally sustainable economic activities in the EU. The Statistical Classification of Economic Activities in the European Community (NACE) is used, supplemented by the creation of new categories, whenever the former is not sufficiently precise.

In 2021, the EU published a catalogue of sustainable activities concerning two environmental objectives:

- Climate change mitigation; and
- Climate change adaptation.

To determine whether a given activity is eligible, it must be verified whether it is listed in Annexes I and II to the Commission Delegated Regulation (EU) 2021/2139, as only these activities are eligible for the purposes of the Taxonomy.

Eligible activities for the purpose of the Taxonomy can also be identified according to the primary objective whose achievement is sought:

- Contributing substantially to climate change mitigation (Annex I to the Commission Delegated Regulation (EU) 2021/2139; Article 10 of Regulation (EU) 2020/852 of the European Parliament and of the Council, of 18 June 2020); or
- Contributing substantially to climate change adaptation (Annex II to the Commission Delegated Regulation (EU) 2021/2139; Article 11 of Regulation (EU) 2020/852 of the European Parliament and of the Council, of 18 June 2020).

It is sufficient for an activity to be included in any of these categories to be eligible, although it may also be included in both categories.

An economic activity is qualified as environmentally sustainable, and hence aligned with the Taxonomy, where it:

- Contributed substantially to one or more of the environmental objectives established in the Taxonomy;
- Does not significantly harm (DSDH) any of the remaining environmental objectives;

- Is carried out in compliance with the minimum safeguards; and
- Complies with technical screening criteria that have been established for said activity.

Eligible activities

The analysis of the CTT eligible activities performed in 2021 was revised, based on the information presented in the mapping table of industry classification systems published by the European Union and compiled within the scope of the “Platform on Sustainable Finance”. As a result, in 2022, the activities identified by CTT in the previous exercise were maintained and activity 6.10 (“Sea and coastal freight transport, vessels for port operations and auxiliary activities”) was added.

Activities

- 6.4. Operation of personal mobility devices, cycle logistics
- 6.5. Transport by motorbikes, passenger cars and light commercial vehicles
- 6.6. Freight transport services by road
- 6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities
- 7.7 Acquisition and ownership of buildings

The activities of CTT included in the eligible categories correspond primarily to mail, express and parcels activities and to the leasing of buildings and equipment classified as investment property.

At this stage, emphasis is placed on industries with a larger carbon footprint and on green energy. Therefore, part of the activities undertaken by CTT, namely those pertaining to the Bank & Payments and the Financial Services & Retail segments are not yet included in Annexes I and II to the Delegated Regulation, thus being ineligible.

	Mail & Other	Express & Parcels	Financial Services & Retail	Bank & Payments	Total
Eligible activities	332,885,534	248,089,342	0	0	580,974,875
Non-eligible activities	128,034,189	10,924,833	60,712,653	125,978,446	325,650,120
Total	460,919,723	259,014,175	60,712,653	125,978,446	906,624,995

It should also be noted that the way of determining the revenues related to eligible activities has also been reviewed, taking into account the benchmark analysis carried out on the disclosure of CTT peers.

Thus, the weight of transportation and distribution expenses in total expenses of the activities of mail, express and parcels as a proxy for the determination of eligible activities was no longer considered. In the current year, the revenues of the segments of mail, express and parcels were originally segregated by the various activities, excluding activities not related to the activities of transport and distribution of goods and related to the properties and equipment classified as investment property.

The non-eligible activities of the mail segment and others correspond essentially to the activities of business solutions, revenue from services performed through air transport (not yet considered in the taxonomy) and other sales and services provided in stores, with emphasis on philately revenues.

In addition, although the deliveries on foot are not directly considered in the list of eligible activities in Annexes I and II of the Regulation, the amount of the services for the respective deliveries was included in the amount of the eligible turnover of activity 6.4.

The non-eligible activities of the express and parcels segment correspond to logistics activities and other related services that do not include transportation services.

Proportion of eligible activities

The consolidated values for the eligible activities present as follows:

	Total	Eligible activities		Non-Eligible activities	
		Value (€)	%	Value (€)	%
Turnover	906,624,995	580,974,875	64%	325,650,120	36%
CAPEX	40,887,725	11,231,479	27%	29,656,246	73%
OPEX	14,659,460	6,262,954	43%	8,396,506	57%

As defined in the Taxonomy, the values reported were calculated based on CTT's consolidated accounts.

The values shown in the first column of the previous table (ratio denominator for eligible activities) were calculated as follows:

- **Turnover (906,624,995 €):** Consolidated value of services rendered, sales and other operating income, calculated based on the consolidated financial statements of 31 December 2022;

- **CAPEX (40,887,725 €):** Sum of acquisitions of tangible assets, intangible assets and investment property in 2022, that total 36,994,893€, and the new vehicles lease contracts booked as right of use (3,892,932 €), as disclosed in notes 5, 6 and 7 of CTT's consolidated financial statements.
- **OPEX (14,659,460 €):** Corresponds to the following expenses, calculated based on the consolidated financial statements of 31 December 2022:
 - Non-capital Research & Development costs;
 - Building and other facility renovation/maintenance costs;
 - Maintenance and repair costs;
 - Short-term lease and other non-capital lease costs; and
 - Other expenses directly related to the maintenance of tangible assets or investment property.

Proportion of aligned activities

CTT activities identified as aligned only contribute significantly to the objective of climate change mitigation, with the exception of activity 7.7 - Acquisition and ownership of buildings that contributes to the objective of adaptation to climate change. The criteria of not significant harm ("DNSH") were also evaluated for the remaining objectives as the compliance with minimum safeguards.

The CAPEX of the year can be directly allocated to each activity. However, the revenue and OPEX associated with the transport activities cannot be directly allocated to a single activity, as a single delivery can be carried out by combining several means of transport. Therefore, the revenue and OPEX were allocated to each of the activities based on the relative weight of the costs of each transport activity. To avoid double counting, the revenue, CAPEX, and OPEX values have been allocated to only one activity.

CAPEX values classified as aligned correspond essentially to investments in electric fleet, locker systems installation, installation of vehicles electrical chargers, replacement of HVAC systems, LED installation systems and software that allows route optimization and the reduction of greenhouse gas emissions. The CAPEX allocation analysis between eligible, eligible aligned and non-eligible activities was performed on an individual basis. However, the eligible CAPEX associated with activity 6.5 - Transport by motorbikes, passenger cars and light commercial vehicles has been segregated between eligible values aligned and not aligned based of the proportion of revenue alignment ratio.

The OPEX values classified as aligned correspond to the expenses with vehicles used in activities 6.4 and 6.5, namely, expenses with maintenance and conservation and expenses with short-term leases, namely related to the electric fleet. With the exception of expenses with vehicles that were considered to be 100% aligned, the expenses with eligible OPEX associated with activity 6.5 - Transport by motorbikes, passenger cars and light commercial vehicles was segregated between eligible values aligned and not aligned based of the proportion of revenue alignment ratio.

We present an overview of the alignment assessment carried out for each eligible activity:

Activity	Alignment assessment
6.4 – Operation of personal mobility devices, cycle logistics	The assets associated with this activity correspond essentially to bicycles, which meet the criteria of substantial contribution to climate change mitigation. In addition, compliance with the requirements of DNSH 4 (Transition to a circular economy) was verified, both in the sale and scrap of bicycles at the end of their useful life, as well as the requirements of DNSH 2 (Adaptation to climate change). The revenues made through on foot deliveries were also included in this activity, which were considered aligned. This activity was considered 100% aligned.
6.5 – Transport by motorbikes, passenger cars and light commercial vehicles	Only electric vehicles (classes N1 and L) meet the requirements for substantial contribution to climate change mitigation, as they do not have any CO2 emissions. The remaining vehicles do not meet the requirements for the substantial contribution and have been classified as non-aligned. Additionally, it was verified that electric vehicles still met the requirements of DNSH 2 and DNSH 4. However, not all vehicles meet the requirements of DNSH 5 (Pollution Prevention and Control) as the tyres of some of the vehicles of category N1 do not meet the requirements for the outer rolling noise of the highest class and/or the coefficient of rolling resistance. It was not possible to individualize the revenue from the use of each single vehicle, so the percentage of alignment was determined based on the weight of the number of vehicles that met the alignment criteria in the universe of vehicles related to this activity.
6.6 – Freight transport services by road	Only electric vehicles (classes N1 and L) meet the requirements for substantial contribution to climate change mitigation, as they do not have any CO2 emissions. The remaining vehicles do not meet the requirements for the substantial contribution and have been classified as non-aligned. However, such electric vehicles do not comply with DNSH 5 requirements, as vehicle tyres do not meet the requirements for the highest class rolling outward noise and/or the bearing resistance coefficient. In this way, this activity will be fully reported as not aligned.
6.10 – Sea and coastal freight water transport, vessels for port operations and auxiliary activities	This activity will be fully reported as non-aligned because the vessels used in the Group's activity do not meet the criteria for substantial contribution to climate change mitigation.
7.7 – Acquisition and ownership of buildings	The properties related to this activity meet the requirements for the substantial contribution to adaptation to climate change. Solutions have been implemented that substantially reduce the most important physical risks associated with climate relevant to this activity, including rising sea levels, hurricanes and winter storms (ice or snow fall). However, most properties assigned to this activity do not yet meet the criteria of DNSH 1 (Climate Change Mitigation), in particular, buildings prior to 31 December 2020, because they do not have at least a class C Certificate of Energy performance (CDE).

Minimum safeguards

In addition to the criteria of significant contribution and the criteria of DNSH, the Taxonomy establishes that an activity is considered aligned only if it is also developed in compliance with the minimum safeguards.

Minimum safeguards consist of procedures applied by companies to ensure alignment with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the International Labour Organisation Declaration on Fundamental Principles and Rights at Work and the International Charter of Human Rights.

The CTT are in compliance with the directives, guidance and principles, undertaking its activities in accordance with these minimum safeguards.

More information on the processes and practices implemented in the areas related to minimum safeguards can be found in chapter 5 of the Integrated Report.

Proportion of turnover of aligned activities in 2022

Euro	Substantial contribution criteria									DNSH criteria ("Does Not Significant Harm")					Minimum safeguards Y/N	Aligned proportion %	
	#	Turnover €	Proportion of turnover %	Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodivers. and ecosystem %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N			Biodivers. and ecosystem Y/N
Economic Activities																	
A. Eligible Activities																	
A.1 - Aligned activities																	
Operation of personal mobility devices, cycle logistics	6.4	€47,849,196	5.3%	100.0%							100.0%	NA	100.0%	NA	NA	Y	5.3%
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	€423,450,884	46.7%	14.2%							100.0%	NA	100.0%	91.0%	NA	Y	6.0%
Acquisition and ownership of buildings	7.7	€984,622	0.1%		100.0%					9.6%		NA	NA	NA	NA	Y	0.0%
Turnover of aligned activities (A.1)		€472,284,702	52.1%														11.3%
A.2 - Eligible but not aligned activities																	
Freight transport services by road	6.6	€105,616,225	11.6%														
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	6.10	€2,899,951	0.3%														
Turnover of eligible but not aligned activities (A.2)		€108,516,176	12.0%														
Total Turnover of Eligible Activities (A)		€580,800,878	64.1%														
B. Turnover of non-eligible activities		€325,824,117	35.9%														
Total (A+B)		€906,624,995	100.0%														

CTT aligned activities represent 11.31% of the total consolidated revenue, and 11.65% of the revenue from eligible activities.

Proportion of CAPEX of aligned activities in 2022

Euro				Substantial contribution criteria						DNSH criteria ("Does Not Significant Harm")							
Economic Activities	#	CAPEX €	Proportion of CAPEX %	Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodivers. and ecosystem %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodivers. and ecosystem Y/N	Minimum safeguard s Y/N	Aligned proportion %
A. Eligible Activities																	
A.1 - Aligned activities																	
Operation of personal mobility devices, cycle logistics	6.4	€320,033	0.8%	100.0%							Y	NA	Y	NA	NA	Y	0.8%
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	€6,465,117	15.8%	100.0%							Y	NA	Y	Y	NA	Y	15.8%
Installation, maintenance and repair of energy efficiency equipment	7.3	€527,651	1.3%	100.0%						Y		NA	NA	Y	NA	Y	1.3%
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	€245,953	0.6%	100.0%						Y		NA	NA	NA	NA	Y	0.6%
CAPEX of aligned activities (A.1)		€7,558,754	18.5%														18.5%
A.2 - Eligible but not aligned activities																	
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	€1,861,129	4.6%														
Freight transport services by road	6.6	€1,811,595	4.4%														
CAPEX of eligible but not aligned activities (A.2)		€3,672,724	9.0%														
Total CAPEX of Eligible Activities (A)		€11,231,478	27.5%														
B. CAPEX of non-eligible activities		€29,656,246	72.5%														
Total (A+B)		€40,887,724	100.0%														

The CAPEX of the aligned activities represents 18.49% of the total consolidated CAPEX, and 67.30% of the CAPEX of the eligible activities.

The CAPEX of non-eligible activities, which represents 72.53% of the total consolidated CAPEX, corresponds essentially to investments in the segments Bank and Payments and Financial Services and Retail, whose activities are not provided for in Annexes I and II of the Delegated Regulation and to investments in information systems and software that are not directly allocated to the transport activities and the acquisition and ownership of buildings.

Proportion of OPEX of aligned activities in 2022

Euro				Substantial contribution criteria						DNSH criteria ("Does Not Significant Harm")							
Economic Activities	#	OPEX €	Proportion of OPEX%	Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodivers. and ecosystem %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodivers. and ecosystem Y/N	Minimum safeguards Y/N	Aligned proportion %
A. Eligible Activities																	
A.1 - Aligned activities																	
Operation of personal mobility devices, cycle logistics	6.4	€111,448	0.8%	100.0%							Y	NA	Y	NA	NA	Y	0.8%
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	€1,384,425	9.4%	100.0%							Y	NA	Y	Y	NA	Y	9.4%
OPEX of aligned activities (A.1)		€1,495,873	10.2%														
A.2 - Eligible but not aligned activities																	
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	€1,274,921	8.7%														
Freight transport services by road	6.6	€3,492,160	23.8%														
OPEX of eligible but not aligned activities (A.2)		€4,767,081	32.5%														
Total OPEX of Eligible Activities (A)		€6,262,954	42.7%														
B. OPEX of non-eligible activities		€8,396,506	57.3%														
Total (A+B)		€14,659,460	100.0%														

The OPEX of the aligned activities represents 10.20% of the total OPEX, and 23.88% of the OPEX of the eligible activities.

The OPEX of non-eligible activities, which represents 57.28% of the total OPEX, corresponds essentially to the OPEX of the segments Bank and Payments, Financial Services and Retail, whose activities are not provided for in Annexes I and II of the Delegated Regulation and to expenses with conservation and repair and rental of buildings that are not directly allocated to the transport activities and the acquisition and ownership of buildings.