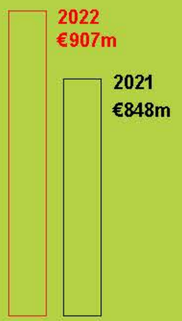
ctt Integrated Report **2022**

ctt

Deliver the future connecting people and companies in a sustainable way

Financial Indicators

Revenues



€907m
Total revenues in 2022

Guidance delivered
Recurring EBIT
€65m

Mail & Other	Banco CTT	Financial Services
€461m	**€126m**	**€61m**

Express & Parcels - €259m

Portugal	Spain	Mozambique
€132m	**€123m**	**€4m**

Operational Indicators

458m
Addressed mail volumes

602k
Banco CTT
No. of current accounts

508
Locky
24-hour lockers

+84%
Public Debt Certificates (Subscriptions)

Portugal
33m

Spain
39m

Express & Parcels volumes

Main Indicators

Community Indicators

12,506
CTT Employees

2,371
CTT Access points

41%
Gender parity in Management

1%
of Recurring EBIT invested in the community

Certification EFR
as Family-Responsible Company

Environment Indicators

55%
Mail and E&P offer with recycled materials

15%
Eco-friendly vehicles in the last mile

+110k
trees planted since 2014

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Introduction to CTT

Raúl Galamba de Oliveira
Chairman of the Board of Directors

Statement

1.1 Statement of the Chairman of the Board of Directors

GRI 2-1, 2-6, 2-9, 2-11, 2-12, 2-13, GRI 203-1

After two financial years marked by singular events of significant impact – pandemic, confinements, supply chain disruptions, regulatory changes – the return to a certain normalcy was expected in 2022. By year end, however, the situation could not be more far from that expectation. In just a few months, we witnessed the emergence of inflation on a global scale, the outbreak of war in Europe and new tensions in world trade. Tight monetary policies added a further risk of recession in an economy that had not yet recovered from the pandemic crisis of 2020.

As in previous years, CTT's business was seriously affected. A record number of infections across operational areas in January demonstrated that the challenges of the pandemic were not yet over. As of February, economic uncertainty and the acceleration of inflation negatively impacted confidence levels of companies and the purchasing power of families. In parallel, there was a global slowdown in e-commerce, with a direct impact on one of CTT Group's main growth drivers at an Iberian level, the Express & Parcels business area.

In this challenging context, CTT once again confirmed its ability to adapt and deliver results, with important successes across all businesses. In the first quarter, the Mail business inaugurated the period of the new 7-year concession agreement. The pricing formula for 2024-2027 was also negotiated with ANACOM and the General Directorate of the Consumer, under conditions that support the sustainability and predictability of the operation. In Express & Parcels, robust commercial focus enabled to achieve sales growth in a very slow market, taking advantage of the increased quality of service provided, especially during the peak season, a key aspect for retaining and attracting new customers.

There was broad commercial success across other businesses as well. Financial Services, in particular, achieved record levels of public debt placement, particularly from the second half of the year onwards, supported by the growing attractiveness of savings certificates. The competitiveness of CTT's distribution network was again confirmed by the renewal of the contract with IGCP for three years, now including new services and a new digital sales channel. Finally, Banco CTT continued its growth path, having achieved all commercial objectives, both in terms of attracting clients and in the distribution of credit and savings products to households.

In aggregate terms, and despite the unfavourable economic context, CTT expanded its business by approximately 7% compared to the previous year, confirming its growth orientation built on a diversified portfolio that combines mature businesses with others of high growth. From the point of view of profitability, it maintained a recurring EBIT margin of 7.1% (at the same level as the previous year), attesting to the resilience of its business model. An efficiency improvement programme launched in the second quarter also contributed to this result, with further gains expected in the coming years. Finally, on the sustainability front, CTT's good performance continued, with new commitments announced on the environmental and social fronts until 2030, with intermediate goals for 2025 in line with the best practices of the sector.

As in previous years, the Company maintained in 2022 a dynamic set of strategic development initiatives, which included investment in the capacity and innovation of the Group's operating and technology platforms, along with continued efforts to seek opportunities for internal optimisation. Mention should be made, on this front, the business development programmes underway on the new NewSpring (Business Services) and Locky (locker network) platforms, the development of new private client and B2B portals, the preparation of a platform for the specialised management of the Group's real estate, the partnership agreement entered into with Generali for the distribution of insurance in CTT post offices and Banco CTT, and also the reversal of the partnership with Sonae for the management of the Universo credit card, which will provide Banco CTT with a high strategic optionality in a new market context that is more favourable to the banking sector.

Throughout the year, the Board of Directors exercised its mandate in defining the Company's strategy, as well as monitoring and supervising the Company's business and risk management, particularly regarding the strategic development initiatives described above. For that, it also relied on the specialised Audit and Corporate Governance Committees, which fulfilled their duties with discipline and high standards. In the first half of the year significant focus was dedicated to the development of the "equity story", presented by the Executive Committee at the Capital Markets Day held in June, where the medium-term CTT strategy, financial ambitions and sustainability commitments were announced, which included, on the governance front, the drafting of a new Code of Ethics, currently in the process of implementation throughout the organisation.

With its strategic development framework for the coming years clearly defined, CTT's management focus is now clearly on execution: fulfilling the aspirations of growth and innovation that ensure the future of the Company, and delivering results in line with the expectations of all stakeholders (customers, employees, shareholders and society). To achieve this goal, CTT counts on the commitment and motivation of its people, and on the sense of confidence earned from achieving stretched targets in challenging contexts. It is thus worth concluding this message with a note of recognition to the Group's people, and to its leadership teams and Executive Committee, for all the efforts and achievements, which year after year effectively build CTT's future.

Raúl Galamba de Oliveira
Chairman of the Board of Directors

João Bento
Chief Executive Officer

Statement

1.2 Statement of the CEO

GRI 2-1, 2-6, 2-19, 2-22, GRI 201-1, 203-1, GRI 301-2, 305-5, GRI 413-1

The new year began with real normalization expectations in what seemed to be the aftermath of a challenging 2021 in which the COVID-19 pandemic would fade out soon. Reality proved to be radically different, and 2022 became, after all, rich in significant and unexpected external adversities on a global scale. The effects of the pandemic reignited – January registered the highest number of COVID-19 cases in CTT operations since the outbreak – and, despite its effective attenuation in the second half of the year, the impact on operations proved to be very strong.

This difficult start was compounded in February by the war in Ukraine, which caused severe disruption to the European economy, including a rapid rise in inflation, substantial uncertainty on the markets, reduced consumer confidence and additional disruption to international logistics chains.

CTT was one of the organizations in Portugal that reacted earliest to the effects of the war on the populations, having launched a campaign to collect, process and deliver donations in kind, which reached 40 tonnes and were transported using eight cargo trucks. Later, a stamp supporting Ukraine would be issued, with a brochure including a message of hope written by President Zelensky, the net profit of which was dedicated to the Ukrainian people and sent to an institution indicated by the Ukrainian Embassy in Portugal.

One of the indirect consequences of these events has been the global cooling of e-commerce throughout 2022. Portugal and Spain were no exception, with a significant contraction in the year's first half.

2022 has therefore begun in the context of major challenges of global scope, but this did not prevent the company from pursuing a route of profound transformation, preparing for a reality of ever-decreasing mail volumes. In fact, there was further growth both in revenues (+6.9%) and EBIT margin (+7.4%), and the company saw its capacity for transformation and reaction to very significant changes in the external context renewed. The year was characterized by a difficult performance in the first half as an immediate consequence of the abovementioned impacts, followed by a steady recovery until its end.

To illustrate this transformation and innovation capacity, one can mention the new rise, this time of one position, in the UPU postal development ranking. CTT ranks now 21st amongst postal operators worldwide, maintaining its "postal champion" status.

While completing three years of the current management team in place and at the final year of the present Board of Directors' term of office, it was considered appropriate, if not imperative, to share medium-term commitments with the market in a quantified manner, something the company had never done before. That was the framework for preparing and launching the Capital Markets Day (CMD) held in June.

Since it was impossible to anticipate that the CMD would occur in a context of more significant uncertainty than initially projected, given the outbreak of the conflict in Eastern Europe, the equity story was adapted to the new reality. It was then shared in a successful event where the business strategy, the ESG positioning, and the value creation ambition were all thoroughly presented.

Mail

One of the year's most significant developments was the entry into force of the new Universal Postal Service concession agreement, which formally came in place in February for a seven-year term, with 2022 forming a so-called transition period. The new agreement, made viable by the new Postal Law approved almost simultaneously with the negotiation process, laid down a significant price increase for 2022 for the first time in years– 6.8%.

It also determined that the prices of the universal postal service in the following two three-year periods would be set through a Pricing Convention in which ANACOM, the Consumer Directorate-General and, naturally, CTT, would take part. That negotiation process was initiated and concluded in 2022, with an outcome in line with CTT's expectations, by establishing a price formula that considers the actual decline in mail volumes and the actual inflation observed. It was a significant result, as it was a decisive element in ensuring the sustainability of the mail business in view of its inevitable and continued decline, given that the price remains the only source of funding for this public service.

The positive contribution of the price increase resulting from the new agreement partially mitigated the adverse effects of the sharp decline in international mail augmented by the end of the *de minimis* VAT exemption period for low-value items.

Business Solutions

CTT's Business Solutions area (the "other" in "mail and other" of our reporting) complements the wide range of mail services, providing customers with tools to promote their physical and digital businesses while making them more efficient. In 2022, CTT's offer was consolidated, major existing contracts were renewed, and relevant new ones were signed. One of the offers whose development stands out in '22 is the school wallet solution, which surpassed 200,000 registered users and is currently present in 70 municipalities. With these solutions, CTT continues to expand its relationship with clients and increase its business portfolio, traditionally initiated with mail services, with significant revenue growth in this business segment during the year.

E-commerce

The development of e-commerce is one of the most relevant feeders of transformation for CTT and for its Express & Parcels business. Despite the global cooling of activity in 2022, we believe this area will continue to be one of the primary growth levers of the Group, with important milestones achieved during the past year. Portugal saw significant year-on-year volume growth of peak season parcels, while the volumes in Spain became close to the previous year's figures. Such counter-cyclical market behaviour was due, among other factors, to an improvement in the quality of service in both geographies due to the continuous work of our operations teams. We believe this factor is fundamental to strengthening CTT's relationship with its clients and one of the factors that will contribute the most to consistently consolidating and expanding market share.

At the end of 2022, the new operating centre of San Fernando, in Madrid, began its operations. It will be the basis for Iberia's integrated customs clearance service, offering customers a more complete and efficient solution for managing extra-EU inbound parcels.

Still on the Express and Parcels front, the launch of Locky - CTT's locker network brand – is worth highlighting its fast expansion. It has grown above 500 installed units and over 1,000 contracted by the end of 2022. The Locky offer allows clients to receive their parcels flexibly and conveniently. It is an investment aiming at adding new functionalities and providing more services to our clients while increasing the efficiency of deliveries.

In line with the established strategy, the launch of landmark initiatives continued to strengthen the company's leadership position in e-commerce, fostering the development of this ecosystem. Amongst the new products launched, one should emphasize the new Payshop online gateway, the partnership with eBay to support the internationalization of our SMEs – easing the delivery of their products abroad – and the partnership with FNAC to foster the circular economy.

Several initiatives contributing to the sector's development were also carried out, such as the already recurring CTT E-commerce Day & Awards - the most relevant event of the industry in Portugal. This initiative strengthens CTT's positioning, and value in this business area, recognizes and highlights the most outstanding initiatives in the market and presents the most significant e-commerce figures in Portugal. The expansion to an Iberian scope is already in preparation. Also worthy of note are the training and awareness promotion actions carried out, namely on how to launch online businesses, aimed at supporting the development of the Portuguese business fabric and promoting entrepreneurship in the e-commerce sector.

Financial Services

One of the most significant consequences of the context changes observed in the world economy throughout the year was the end of a very long period of low inflation and interest rates. The latter positively impacted the attractiveness of savings solutions through public debt, particularly regarding Savings Certificates. The evolution of these macroeconomic trends allowed the retail network, as the year progressed, to place successive monthly record amounts of public debt in October, November, and December, reaching a figure of more than 8 billion euros for the year. Such success rendered even more important what may be considered one of the main milestones of the year – the renewal for a three-year term of the public debt distribution agreement with IGCP, the public debt agency – which has added new services, including the possibility of selling through CTT's digital channels.

The renewal will enable this activity to continue to have strong relevance in affirming CTT's retail network as a unique service platform in the country. It aligns with its recent strategic statement, positioning it as a convenient service platform for savings, insurance, and citizenship services.

To improve the in-store experience, the retail network also has several digitalization and self-service initiatives underway. In that sense, we have increased the number of 24-hour in-store lockers to more than 50 locations, have conceived a new locker through-the-window solution, and continued the development of new equipment and new self-service processes aimed at facilitating the interaction and user experience in the post offices, thus improving customer satisfaction and quality of service.

Banco CTT

The bank continued to consolidate its expansion path and demonstrated that it is an important growth driver for the Group. In 2022 it reached over 700 thousand clients, with a predominantly digital and progressively more frequent use of our channels, leveraged on the strength of CTT's trusted brand and an uncomplicated value proposition.

One of the year's main highlights was the announcement of the end of the Universo card partnership with Sonae Financial Services by the end of 2023 due to the latter's strategic shift. The agreement that regulated the termination of the process was closed in very favourable terms for the bank.

But the most significant aspect of the financial year for the bank's development was the agreement announced between CTT and the Generali Group to become partners in the bank through a capital increase that remarkably enhances its valuation. Alongside, life and non-life insurance distribution agreements were established through the Group's retail network – bank and non-bank stores and digital channels. This partnership allows for expanding the range of insurance products already offered to CTT clients in association with one of the leading European insurers, significantly boosting the increase of the insurance business.

Innovation

The year was eventful in terms of the launch of new systems with a structural impact on both the future of operations and the expansion of the Group's value proposition. Concerning the former, of note was the entry into the process of *Mobi*, the new app to support distribution in the express network, a fully Iberian project currently being expanded to the mail delivery network.

In terms of customer experience, the definition of the digital vision for companies and individuals was concluded, and a test version of the CTT SuperApp was launched. At the same time, the B2B SuperPortal went into operation, having already allowed the fully digital onboarding of a few hundred new customers.

On the retail network front, work began defining the vision and requirements for the new B2C customer management and service provision system of CTT post offices. This is vital since it will significantly strengthen our relationship with customers in the retail network as part of the network's new positioning as a services platform.

In addition to many other initiatives to foster innovation, which include the 1520 project of scouting the start-up ecosystem, the establishment of partnerships with various university groups, as well as internal and R&D, CTT participates in the innovation investment fund - TechTree - having invested in three start-ups in the areas of augmented reality, digital insurance and IoT. Furthermore, three *Recovery and Resilience Plan* projects were approved for funding in electric mobility and robotics operations.

Finally, the year saw the creation of a new area of engineering and maintenance, which brought together skills in the development of equipment, systems, and processes of a highly operational nature because of successful embryonic experiments in the development of, among others, various types of parcel lockers, self-service kiosks for shops, new models of postal and logistical containers and new modules for vending stamps or for depositing parcels.

People and Sustainability

CTT's medium and long-term strategy is based on commitments that have people and sustainability at their core. The Capital Markets Day offered the opportunity to set out in a structured, objective, and quantified manner CTT's mid-term ESG commitments, as well as their strategic insertion in the company's development plan, considerably raising the relevance of this topic for the healthy development of the company and the corresponding creation of value.

In 2022, as far as people are concerned, an interesting set of results should be noted, with emphasis on the certification as a Family-Responsible Company, on the overcoming of the goal of 40% women in middle and senior management positions (parity is the goal for 2025), on the launching of a new trainee programme focused on operations and retail (in addition to the usual transversal trainee programme). All these express a solid commitment to developing new talent within CTT.

Also noteworthy is the agreement reached with the CTT Expresso unions regarding salary increases, as well as the attribution, close to the end of the year, of an extraordinary support of €200 to employees with a base salary below €2,500, given the concern with the impact of sudden high inflation.

As far as environmental sustainability issues are concerned, which in CTT is mainly centred on carbon reduction, it is worth highlighting that the threshold of 500 ecological vehicles, primarily electric, has been exceeded, as well as the pioneering launch, in partnership with EDP Comercial, of about 40 "solar communities". The intention is that, by 2030, the entire internal vehicle fleet, including delivery vehicles, be green. An intermediate goal has also been set to 50% of the fleet already in these conditions by 2025.

Regarding progress in circular economy matters, we note the improvement in the incorporation of recycled materials in our products and the partnership with "To be Green" for the transformation of masks and plastics into new products for everyday use, as well as the development of a recycling initiative, where old and damaged CTT mail trays are incorporated in the production of new units.

2023

It will not be possible to bring CTT's transformation to the point to which we aspire without a significant cultural evolution that, while preserving and developing the most valuable traits of our secular condition, can also promote a culture of conquest, entrepreneurship, results and focus on quality and the client. With this reality and the future we aspire to in mind, a task was undertaken to review and rebuild a set of strategic concepts that are crucial to the company's culture; this resulted in a new *purpose*, a renewed *vision* and the corresponding *mission* statements - all founded on a renewed and very solid set of company *values* –, which should guide everything we do on a daily basis and in our medium and long-term strategy.

Thus, our purpose is "deliver the future, connecting people and companies in a sustainable way" and is based on five fundamental values: *Proximity, Trust, Sustainability, Commitment and Customer Focus.*

Along the same lines of behavioural alignment, a new Code of Ethics was drawn up and put into practice. It is intended to be a foundational element of the company's culture and behaviour for all those who relate to us.

Regarding the promotion of a greater focus and sharing of objectives, a strategic alignment routine using an OKRs - Objectives and Key Results - methodology was launched. Six high-level strategic objectives were defined, for which key results are being created to monitor progress: 1) improve the experience and increase the commitment of employees; 2) be one of the preferred partners in Iberia for express and parcels; 3) be one of the preferred partners of the Portuguese people for financial services; 4) grow the logistics and corporate solutions business, developing an Iberian offer; 5) accelerate the decarbonization of the offer in Iberia; and 6) ensure the sustainability of the mail business. With these objectives in mind, and in conjunction with the strategy announced on Capital Markets Day for each business area, we believe the company has its path well mapped out and the conditions in place to achieve the defined goals.

I will end by returning to culture and people, as nothing will succeed without motivated people, which is why we are very committed to improving the employee experience, developing a culture of leadership, actively managing talent, and strengthening CTT as a great employer brand.

We have ambitious goals for 2023 and continue to transform CTT at great speed. We have the confidence that stems from continuously overcoming unexpected challenges and the demonstrated ability to change the company for the benefit of all stakeholders - customers, employees, shareholders, partners, and society at large.

This is only possible with everyone's contribution, commitment, and enthusiasm. We are committed to *delivering the future by connecting people and companies in a sustainable way,* and we are sure to succeed in that because we are

committed to deliver!

João Bento

Chief Executive Officer

1.3 Explanation of the nature of the Integrated Report

Scope and boundary

GRI 2-1, 2-2, 2-3, 2-4, 2-6, GRI 3-1, 3-2

CTT publishes its integrated report for the fifth time. This report contains CTT's financial and non-financial information, complying with the individual and consolidated management reporting requirements, namely as stipulated in articles 65, 66, 66-A, 66-B, and 508 to 508-G of the Portuguese Companies Code, with the reporting on CTT's business and performance being directed at all stakeholders.

The integrated report contains information on the strategy, management and performance of the Group's main business units, from a perspective of sustainable value creation. The risks inherent to the activity are also analysed and the way CTT deals with ESG (environmental, social and governance) commitments and challenges is addressed, including the performance of the main sustainability dimensions. This is a new analysis structure, adopted this year, that frames the reporting on financial, social (internal and external), human and natural capital, which CTT thus continues to address, in accordance with the recommendations of the International Integrated Reporting Council. The non-financial reporting also includes information aimed at facilitating sustainable investment, complying with the requirements of the European Taxonomy (Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020).

Additionally, this report contains information about Corporate Governance, in aggregate form and integrated with the rest of the report, with a greater focus and incidence on chapter 5, which includes the information concerning the remuneration report provided for in Article 26-G of the Portuguese Securities Code (PSC). This report also includes CTT's Individual and Consolidated Financial Statements.

The 2022 Integrated Report communicates CTT's strategic vision and commitment to generate value, including information on issues that significantly affect CTT's ability to generate value in the short, medium and long term. This disclosure is in line with the description of the measures adopted to promote environmental protection and social integration, in concert with the creation of value.

This report discloses the results relative to the financial year ended on 31 December 2022, whenever possible, presenting aggregate information on CTT, S.A. and all its subsidiaries, jointly referred to as CTT.

During the reporting period, CTT incorporated three companies, one of which directly: CTT IMO Yield, S.A. These incorporations do not significantly change the scope of the reporting in relation to the previous year.

CTT – Correios de Portugal, S. A. is a public limited liability company listed on the stock exchange since 2013, with 100% of its capital dispersed among institutional and private shareholders. The Board of Directors was composed of fourteen executive and non-executive Directors as at 31 December 2022. The members of the corporate bodies were elected for the 2020-2022 three-year period at the General Meeting held on 29 April 2020.

Commitment

GRI 2-3, 2-5

CTT complies with the obligations established in article 508-G of the Portuguese Companies Code, as amended by Decree-Law No. 89/2017, of 28 July, disclosing in an integrated manner the management information and the non-financial information, which CTT publishes annually, relative to the environmental and social areas, the employees, gender equality, non-discrimination, respect for human rights, the fight against corruption and attempted bribery, as well as information on corporate governance.

This is CTT's eighteenth annual sustainability report and the fifth to include the financial, non-financial and corporate governance reports.

The reporting structure and contents comply with the Global Reporting Initiative (GRI) guidelines as a reference for the preparation of sustainability reports and respective protocols for the calculation of indicators. The verifying entity Ernst & Young Audit & Associados - SROC, SA. endorsed this compliance with the benchmark. Whenever a chapter or a section meet a GRI standard, this is indicated in the title of such chapter. In order to access the GRI Table with the location of each indicator, see Annex IV.

The report also complies with the objectives of the European green taxonomy, a regulation for the qualification of environmentally sustainable economic activities, as well as the recommendations of the Portuguese Securities Market Commission (CMVM) on sustainability.

With regards to its materiality, the report incorporates contributions obtained from a stakeholder survey conducted in compliance with the guidelines of the Standard AA1000SES, which enabled updating the mapping and identification of the relevant topics and critical stakeholders of the Company.

In 2022, as in previous years, based on the reporting model featured in CMVM Regulations and the recommendations of the Portuguese Corporate Governance Institute (IPCG) Code as amended, CTT continues to comply with a significant set of recommendations relative to corporate governance.

The essential principles for the definition of the contents of this report are transparency, relevance, comprehensiveness and completeness, in order to provide a convenient and objective presentation to the stakeholders that will use this document.

1.4 Key Figures

1.4.1 Economic and financial indicators

GRI 2-6, 201-1

€ thousand or %, except where otherwise indicated

	'21	'22	Δ 22/21
Revenues[1]	847,870	906,625	6.9%
Operating costs EBITDA[2]	729,771	777,335	6.5%
EBITDA[3]	118,099	129,290	9.5%
Depreciation & amortization[4]	58,006	64,777	11.7%
Recurring operating costs	787,778	842,112	6.9%
Recurring EBIT	60,093	64,512	7.4%
Specific items	(1,779)	8,385	»
Operating costs	785,998	850,498	8.2%
EBIT	61,872	56,127	(9.3%)
EBT	50,808	46,714	(8.1%)
Net profit before non-controlling interests	38,591	36,342	(5.8%)
Net profit for the period[5]	38,404	36,407	(5.2%)
Earnings per share (euro)[6]	0.26	0.25	(3.9%)
EBITDA margin	13.9%	14.3%	0.4 p.p.
Recurring EBIT margin	7.1%	7.1%	0.0 p.p.
EBIT margin	7.3%	6.2%	(1.1 p.p.)
Net profit margin	4.5%	4.0%	(0.5 p.p.)
Capex	36,147	36,995	2.3%
Operating cash flow	61,761	99,556	61.2%
Free Cash flow	45,334	67,400	48.7%
	'31.12.21	**'31.12.22**	**Δ 22/21**
Cash and cash equivalents	877,873	456,469	(48.0%)
Own cash	142,265	166,192	16.8%
Assets	3,585,199	4,057,488	13.2%
Equity	174,546	224,929	28.9%
Liabilities	3,410,653	3,832,559	12.4%
Share capital	75,000	72,675	(3.1%)
Number of shares	150,000,000	149,649,658	(0.2%)

[1] Excluding specific items.
[2] In 2021 and in 2020 (proforma), operating costs (EBITDA) include impairments and provisions; also, the impact of the leases covered by IFRS 16 is presented pursuant to this standard.
[3] Excluding depreciation & amortization and specific items.
[4] Depreciation & amortization were positively impacted in 2021 by the revision of the useful life of some assets.
[5] Attributable to equity holders.
[6] Considering the average number of ordinary shares that make up CTT's capital excluding the average number of own shares held by the Group as at 31 December 2022 (2,470,440), as per note 29 of the Financial Statements.

1.4.2 Operating Indicators

GRI 2-6, 2-7

	'21	'22	Δ 22/21
Mail			
Addressed mail volumes (million items)	484.6	457.6	-5.6%
Transactional mail	415.7	391.5	-5.8%
Editorial mail	29.0	27.6	-4.7%
Advertising mail	39.9	38.6	-3.4%
Unaddressed mail volumes (million items)	449.9	424.6	-5.6%
Express & Parcels			
Portugal (million items)	32.7	33.1	1.1%
Spain (million items)	41.1	39.2	-4.6%
Financial Services			
Payments (number of transactions; millions)	1.6	1.5	-5.7%
Savings and insurance (subscriptions; €m)	4,428.0	8,138.0	83.8%
Banco CTT			
Number of current accounts	573,201	602,165	5.1%
Customer deposits (€k)	2,122,817.1	2,283,287.8	7.6%
Payments (number of transactions; millions)	46.2	29.7	-35.8%
Mortgage loans book, net (€k)	594,823.3	658,610.5	10.7%
Auto loans book, net (€k)	648,814.9	760,274.0	17.2%
Credit cards book, net (€k)	292,098.5	353,815.6	21.1%
LTD (including 321 Crédito)	72.7 %	77.9 %	5.3 p.p.
Number of branches	212	212	0.0%
Cost of risk	1.1 %	1.5 %	0.4 p.p.
Staff			
Staff as at 31 December	12,608	12,506	-0.8%
FTE	12,882	12,679	-1.6%
Retail, Transport and Distribution Networks			
CTT access points	2,356	2,371	0.6%
Retail network (post offices)	570	569	-0.2%
Postal agencies	1,786	1,802	0.9%
Payshop agents	5,261	5,271	0.2%
Postal delivery offices	222	218	-1.8%
Postal delivery routes	4,396	4,288	-2.5%
Fleet (number of vehicles)	3,964	4,371	10.3%

1.4.3 ESG Indicators

GRI 203-1, 203-2, GRI 301-2, 302-1, 305-1, 305-2, 306-2, GRI 403-9, 405-1

During 2022, sustainability commitments (ESG) were defined and communicated for 2025 and 2030 and an action programme was developed for their implementation. The indicators below have been revised accordingly.

	'21	'22	Δ 22/21
Environmental performance (E)			
Total CO_2 emissions, *scopes* 1, 2 & 3 (kton.)[7]	88,870.4	88,707.6	-0.2%
Energy consumption (TJ)[8]	358,723.4	365,462.7	1.9%
Last-mile electrification[9]	7.6 %	15.3 %	7.7 p.p.
Recycling potential of the offer[10]	33.6 %	54.9 %	21.3 p.p.
Social performance (S)			
Women in management positions[11]	40.4 %	40.5 %	0,1 p.p.
Training (hours)	215,046	138,042	-35.8%
Employee turnover	18.5 %	18.5 %	0,0 p.p.
Number of labour accidents	789	801	1.5%
Investment in the community (compared to recurring EBIT)	0.9 %	1.0 %	0,1 p.p.
Purchases from local suppliers (Iberian)[12]	97.0 %[13]	92.7 %	-4,3 p.p.
Corporate volunteering (no. of days/person)	248	1,516	»
Governance performance (G)			
Frequency of reporting ESG issues to top management (number)[14]	2	2	0
Training on good conduct, harassment and corruption and money laundering policies (hours)	7,787	10,390	33.4%

[7] Update of 2021 data. Provisional 2022 figures. Including green energy.
[8] Update of 2021 data. Provisional 2022 figures. Including green energy.
[9] Includes only delivery vehicles in operation.
[10] Percentage of incorporation of recycled and/or reused materials in CTT's offer.
[11] Top and middle management (Board of Directors, Heads of Department and Division).
[12] Only includes the Portuguese-based operation. The 2021 data only includes Portuguese suppliers, which will also influence the variation figure.
[13] Only includes the Portuguese-based operation. The 2021 data only includes Portuguese suppliers, which will also influence the variation figure.
[14] Number of meetings with the Corporate Governance, Evaluation and Nominating Committee.

1.5 External Awards and Distinctions

Leadership Level A in the Carbon Disclosure Project 2022

CTT achieved the maximum Leadership level with an A score in the CDP – Carbon Disclosure Project rating of 2022. CTT was one of 15 national entities to be rated, being among the elite of only six that obtained an "A/A-" level rating. At international level, CTT is among the 12% of companies in the postal sector with this type of excellence classification.

Top performance in IPC's sustainability ranking

In the ranking attributed by the Sustainability Measurement and Management System (SMMS) of the International Post Corporation (IPC), CTT showed its top performance with a score of 73%. This score, which is the 5th best among the 21 postal operators that participated, brings us closer to the 90% target that CTT has set itself to reach by 2030.

New rise in the UPU Postal Development Index

Portugal, through CTT's performance, once again improved its Integrated Postal Development Index, according to data released by the Universal Postal Union (UPU). Portugal was ranked 21st out of 152 countries, ahead of several other European operators and one place higher than in 2021.

Winner of the Coups de Coeur award for the second time in history

On the sidelines of PostEurop's General Assembly, held in Dublin, CTT won the CSR Coups de Coeur 2022 award. The single-use anti-COVID-19 mask recycling project, an initiative carried out in partnership with To-Be-Green, was considered the best in the Environment category, which happened only for the second time in the history of this important sectoral award.

CTT Reusable ECO Packaging distinguished with an honourable mention in the National Sustainability Award

In April 2022, at the National Sustainability Awards ceremony, which took place in Cascais, the ECO Reusable packaging received an honourable mention. It was the second edition of this award, promoted by Jornal de Negócios, which distinguishes various initiatives, including those that stand out for their contribution to a more circular economy.

Nuno Vieira awarded as Best Investor Relations Officer

CTT Investor Relations Director, Nuno Vieira, won the Best Investor Relations Officer award in the IRG Awards, an initiative promoted by the firm Deloitte. These renowned awards have existed in Portugal for over 30 years and distinguish people and organisations that have contributed to making the capital market more efficient, transparent, socially responsible and useful to the national economy and society.

Euronext Lisbon Awards

CTT was distinguished as "Equity Champion - SME" in the Euronext Lisbon Awards. The award recognised for the second consecutive year CTT as the Portuguese company with market capitalisation below one billion euros that provided the highest return to its investors.

We are an "Innovative Company '22”

For the second consecutive time, COTEC awarded CTT the INNOVATOR Status. The distinction is associated to the high standards of financial solidity, economic performance, as well as the DNA of innovation, entrepreneurship and connection to the remaining business.

CTT continues to be a Trusted Brand of the Portuguese

In 2022, CTT was for the 15^{th} time distinguished as a Trusted Brand of the Portuguese, in the study carried out by the magazine Seleções Reader's Digest. The Company was once again the leader in the "Mail and Logistics Services" category, this time with 89% of the votes, compared to the 81% of votes received the previous year.

One of the brands with the highest relevance and emotional reputation

OnStrategy released a study in which it distinguishes the CTT Brand as a leader in terms of Reputation, in the Professional Services category. In the RepScore study, CTT received a score of 73.3 points, on a scale of 0-100.

An Attractive Company to Work For

CTT won first place in the Employer Brand Research 2022 study, as the most Attractive Employer in Portugal, in the Transport sector. The prize was awarded by the human resources consultancy firm Randstad.

CTT and NewSpring Services distinguished at the APCC Best Awards

CTT's Customer Support lines were once again distinguished by the Portuguese Association of Contact Centres (APCC) with two APCC Best Awards. The CTT Line for Companies was awarded the Silver classification, while the CTT Line received the Bronze classification. NewSpring Services, a CTT subsidiary, was also distinguished within the scope of these awards with the Gold classification awarded to the Multicare service and Silver to Fidelidade (last year it had already received the Bronze distinction).

CTT and NewSpring Services also awarded during the Global Contact Centre Conference

CTT contact centre in partnership with its subsidiary Newspring Services won two of the seven categories of the Call Centre Trophies, organised by Abilways Portugal and Call Centre Magazine. CTT won the awards in the "Quality in customer service (51 to 150 positions)" category and in "Quality of customer service in a foreign language".

Recognition by Portal da Queixa (Complaints Portal)

321 Crédito received an important recognition for its work - the seal Marca Recomendada 2022 (Recommended Brand 2022) awarded by Portal da Queixa

Banco CTT wins the Five Stars award again

For the second consecutive year, Banco CTT was considered "Five Stars" by the Portuguese, in the category "Banking - Customer Service", according to a survey by Five Stars Consulting Portugal which reported a 74.4% satisfaction rate. This score compared positively with the performance of five other banking institutions, with Banco CTT standing out in the Satisfaction, Recommendation, Brand Trust and Innovation criteria.

CTT once again nominated to the Excellence in Road Safety Awards

CTT was once again nominated for the Excellence in Road Safety Awards, of the European Road Safety Charter, including a very restricted group of companies. This nomination once more distinguishes the most recent developments known as the company's Road Safety Programme, which had already won this award in 2017.

Portuguese Academy of History awards CTT the Collar of Honour of Meritorious Entity

This award intended to give due recognition to the partnership that CTT has maintained with the Academy for several years. With CTT's support, this organisation annually rewards scientific works of excellence in the area of History, both to national and foreign specialists.

GRI 2-1, 2-9

Corporate bodies and Committees[a]

Board of Directors

CHAIRMAN

Raúl Catarino Galamba de Oliveira

MEMBERS

João Afonso Ramalho Sopas Pereira Bento (CEO)
Guy Patrick Guimarães de Goyri Pacheco (CFO)
António Pedro Ferreira Vaz da Silva
João Carlos Ventura Sousa
João Miguel Gaspar da Silva
Maria Luísa C. F. L. de Castro Anacoreta Correia
Steven Duncan Wood
Duarte Palma Leal Champalimaud
Isabel Maria Pereira Aníbal Vaz
Jürgen Schröder
Margarida Maria Correia de Barros Couto
María del Carmen Gil Marín
Susanne Ruoff

Board of the General Meeting

CHAIRMAN

Pedro Miguel Duarte Rebelo de Sousa

VICE-CHAIRWOMAN

Teresa Sapiro Anselmo Vaz Ferreira Soares

Remuneration Committee

CHAIRMAN

Fernando Paulo de Abreu Neves de Almeida

MEMBERS

Manuel Carlos de Melo Champalimaud
Christopher James Torino

[a] As at the date of approval of this Integrated Report.

Audit Committee

CHAIRWOMAN
Maria Luísa C. F. L. de Castro Anacoreta Correia

MEMBERS
Steven Duncan Wood
María del Carmen Gil Marín

Executive Committee

CHAIRMAN
João Afonso Ramalho Sopas Pereira Bento (CEO)

MEMBERS
Guy Patrick Guimarães de Goyri Pacheco (CFO)
António Pedro Ferreira Vaz da SilvaJoão Carlos Ventura Sousa
João Miguel Gaspar da Silva

Corporate Governance, Evaluation and Nominating Committee

CHAIRMAN
Raúl Catarino Galamba de Oliveira

MEMBERS
Duarte Palma Leal Champalimaud
Isabel Maria Pereira Aníbal Vaz

Ethics Committee

CHAIRWOMAN
Margarida Maria Correia de Barros Couto

MEMBERS
Raul Catarino Galamba de Oliveira
Rui Pedro Dias Fonseca Silva

Statutory Auditor

Ernst & Young Audit & Associados – SROC, S.A., represented by Luís Pedro Magalhães Varela Mendes or by Rui Abel Serra Martins

ALTERNATE STATUTORY AUDITOR
João Carlos Miguel Alves

Executive committee

João Bento
CEO
Executive Director

Guy Pacheco
CFO
Executive Director

António Pedro Silva
Executive Director

João Sousa
Executive Director

João Gaspar da Silva
Executive Director

02

Strategic background

2. STRATEGIC BACKGROUND

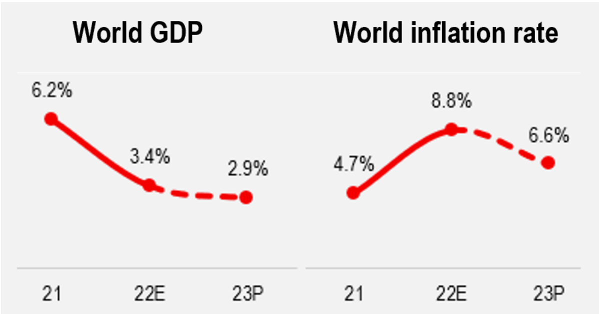
2.1 Economic, Sectoral and Regulatory Environment

GRI 2-6, 2-23, 2-26

2.1.1 Economic framework

International economy

Global economic activity slowed down more than expected in 2022, with inflation reaching multi-decade highs in most economic blocs, in some cases surpassing double digits. The rising cost of living, tougher financial conditions, the invasion of Ukraine by Russia and also some effects of COVID-19 (in particular the zero-COVID policy implemented in China), have hampered economic activity. According to the International Monetary Fund - IMF[15], world economic growth slowed from 6.2% in 2021 to 3.4% in 2022 and inflation increased from 4.7% in 2021 to 8.8% in 2022. The significant increase in inflationary pressures prompted a more rapid than anticipated normalisation of global monetary policy, creating tighter financing conditions worldwide.



Source: International Monetary Fund | January 2023

The Euro area economy was particularly affected by the conflict in Ukraine, both due to increased geopolitical uncertainty and the impact on energy commodity costs. For 2022, economic growth in the Euro area is anticipated to be 3.4%[16], down from 5.3% in 2021.

The consumer price index in the Euro area reached historic highs of 8.4% for the year 2022, with an increasing evolution throughout the year and reaching 10.6% in the month of October.

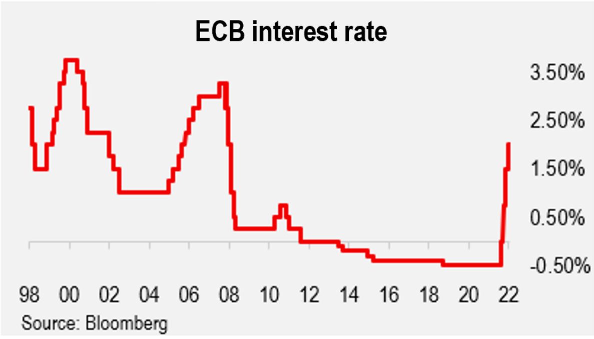
The labour market remained robust, continuing the downward trend and renewing historic lows.

The European Central Bank began to reverse the expansionary monetary policy of recent years in order to control inflation levels. In July, it raised the deposit interest rate from -0.5% to 0%, followed by strong increases in the remaining meetings of the year, reaching 2% in December. As for the asset purchase programme, in June it ended net purchases of around 20 billion euros per month and at the

[15] Source: IMF, World Economic Outlook – Update, January 2023.

[16] Source: ECB, Economic Bulletin, Issue 8, August 2022.

end of the year it announced that in early March 2023 it will reduce the asset purchase programme portfolio by around 15 billion euros per month until the end of the second quarter of 2023.



National economy

The Portuguese economy grew by 6.7%[17] in 2022, maintaining the post-pandemic recovery trend of 5.5% observed in 2021. It should be noted that from the second quarter of 2022 onwards, there was a slowdown in economic activity when compared to the previous year, conditioned by the geopolitical uncertainty resulting from the war in Ukraine and the increase in energy costs, which contributed to increased costs and prices and a deterioration in confidence.

Private consumption remained resilient, growing by 5.9%[18], supported by a scenario of full employment, public support measures and the use of savings accumulated during the pandemic, despite the context of high inflation and stagnation of real disposable income. Nominal private consumption increased by 12.8% in 2022, well above the change in disposable income of which increased by 6.4%, with the household savings rate declining to 4.4%, 8% below that recorded at the end of 2021, but still 7.5% above that recorded at the end of 2019. Exports also made a positive contribution to economic activity, increasing by 17.7%, with a strong recovery in the services component, particularly in tourism, which grew by almost 80%, close to pre-pandemic levels. Imports grew 11.1%.

Inflation surprised on the upside during 2022, reaching the highest value of the last 30 years, greatly influenced by the evolution of international prices of energy and food. The harmonised consumer price index reached 8.1% in the accumulated year 2022, a very impressive increase from 0.9% in 2021. Excluding energy goods, consumer prices grew by 6.7% in 2022 (0.4% in 2021).

The labour market remained vigorous, with employment growth of 2.3% in 2022. The unemployment rate reached a historically low 5.9%, at a time when the percentage of companies reporting recruitment difficulties is historically very high. The unemployment rate reached 5.9% in 2022, a figure close to full employment.

During 2022 the budget deficit has decreased and is below the euro area average, contributing to maintaining the downward path of public debt as a percentage of GDP.

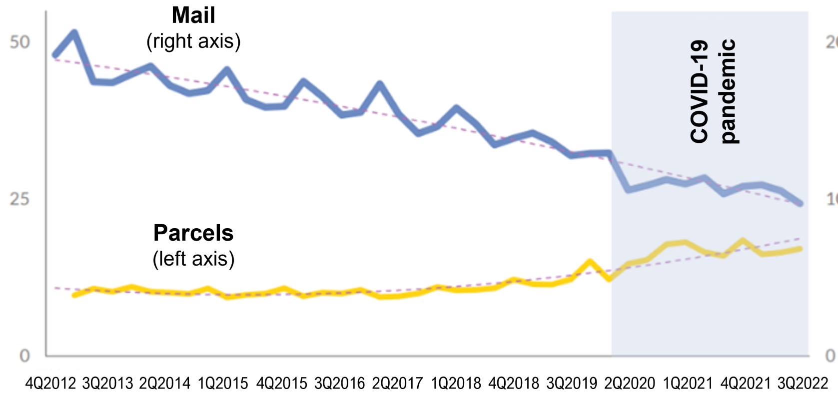
[17] Source: National Statistics Institute (INE), Quarterly National Accounts (Base 2016) – Rapid Estimate at 30 days, 4th quarter 2022 and year 2022.

[18] Source: Banco de Portugal, Economic Bulletin, December 2022.

2.1.2 Sectoral framework

Impacts of the pandemic

Quarterly evolution of mail and parcels volumes in Portugal[19]

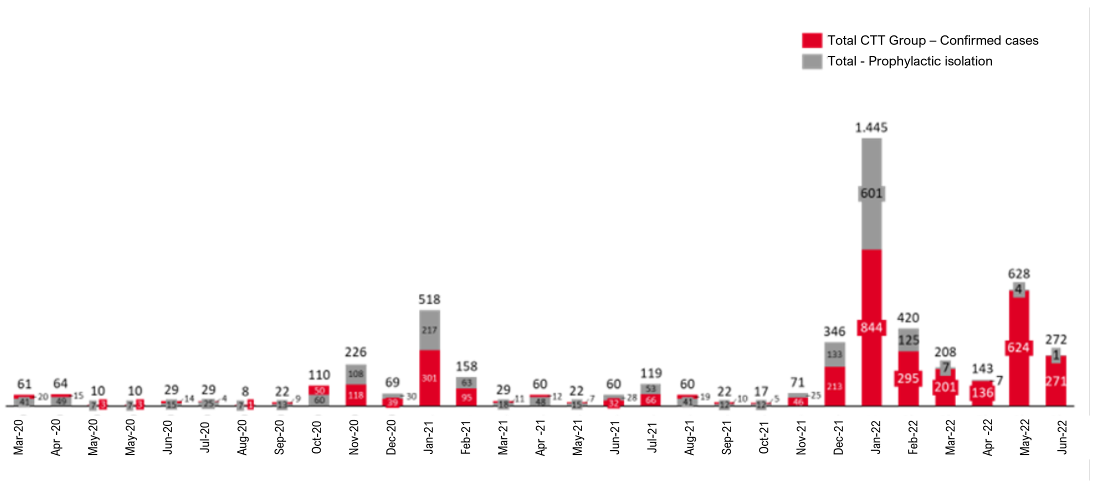


Unit: million items
Source: ANACOM

With regard to letter mail volumes in Portugal, for the first time since these indicators were collected by ANACOM (2005), the number of letter mail items fell below 100 million. On the other hand, parcel shipments continue to grow.

Although the impact of the pandemic on Portuguese society in 2022 was lower than in previous periods, mainly in terms of lockdown periods, the truth is that the existing cases of COVID continued to greatly impact CTT's operations. January 2022 was the month with the highest number of COVID-19 cases since the beginning of the pandemic, in terms of confirmed cases and prophylactic isolation, having a direct negative effect on CTT's operations.

Number of COVID-19 cases per month[20]



In terms of operational management, the pandemic entailed several challenges for the postal activity that imposed increased pressure on costs (e.g. additional security measures, overtime work in

[19] Postal Services Report - 2022.
[20] Source: Internal data

operational areas, allowances, high absenteeism rates, readjustment of operational models, among others).

New universal postal service concession agreement

On 23 December 2021, the Council of Ministers communicated the approval on that date of the decree amending the legal framework applicable to the provision of postal services in Portugal. The corresponding decree was promulgated on 05.02.2022 and the Decree-Law no. 22-A/2022 was published on 7 February 2022. The new concession agreement entered thus into force for a duration of seven years – until 31 December 2028.

The approved framework improves the decision-making mechanisms and provides clear criteria to guarantee the provision of the universal postal service (USO) under sustainable economic conditions, promoting a better balance between the continuity of the postal service provision and the reinforcement of the Company's capacity to face the challenges of digital transition, pursuing the consistent implementation of its transformation process.

The seven-year Agreement is based on three main levers: the pricing mechanism, the quality of service required and network density criteria.

The Concession Agreement stipulates that in 2022 – the transition period – the prices of the services included in the universal postal service offer shall respect a maximum annual average variation of 6.80%, which considers the decline in mail volumes observed in the first nine months of 2021 and the variation of the Consumer Price Index for the Transport expense category, as communicated by the National Statistics Institute for the month of October 2021. The proposal was sent to ANACOM on 28 February 2022 and the new prices were in force as from 7 March. The special prices of the postal services included in the universal postal service offer applicable to bulk mail senders were also updated on 7 March 2022, following the information sent to ANACOM on 28 February.

On 27 July 2022, a Convention was signed between the sector regulator (ANACOM), the Directorate-General for the Consumer (DGC) and the universal service provider (CTT), defining the criteria to be applied to the pricing of postal services included in the basket of the universal postal service for the three-year period 2023-2025, in accordance with the provisions of article 14(4) of Law no. 17/2012 of 26 April (Postal Law), as amended by Decree-Law no. 22-A/2022 of 7 February, which has been notified to the Government.

Business units

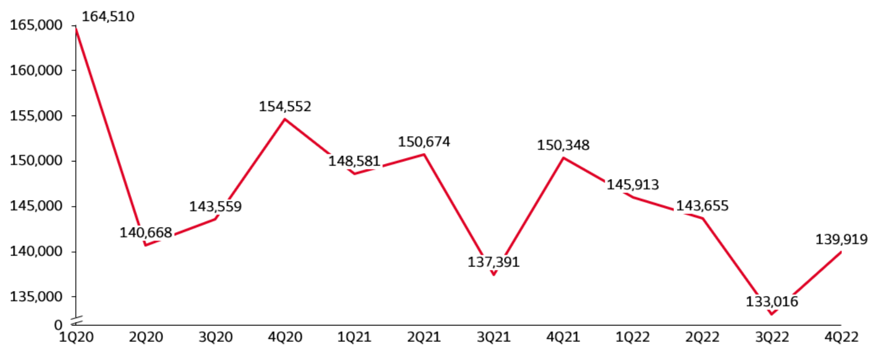
GRI 2-6

Mail

Portugal

Mail volumes in Portugal continue to experience a significant contraction as a result of the digitalisation process of companies and the current diversity of means of communication.

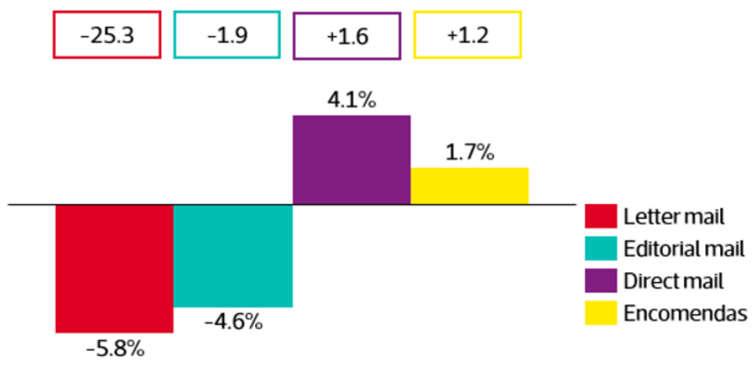
Evolution of Mail volumes in Portugal



Unit: thousands of postal items
Source: ANACOM

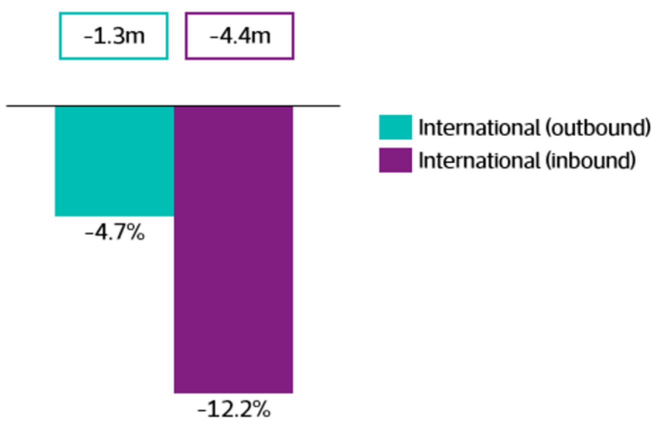
Over the last year, the decline in mail (-5.8%, -25.3m) and the increase in direct mail (+4.1%, +1.6m) and parcels (+1.7%, +1.2m) stand out. CTT posted declines of 5.7% in letter mail and 3.4% in direct mail.

Change in overall Mail volumes 2021-2022



Unit: million items, %
Source: ANACOM

Evolution of mail volumes by destination in Portugal 2021-2022

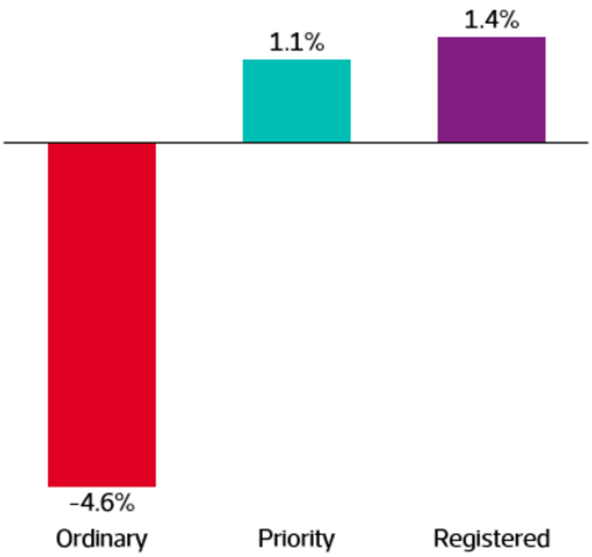


Unit: million items, %
Source: ANACOM

Outbound international mail volumes decreased by 4.7% in 2022 and inbound international mail volumes registered a sharp decline of 12.2% corresponding to a reduction of 4.4 million items.

In CTT, there was a year-on-year decrease of 15.4% in Outbound international mail, as well as a 28.3% decline in inbound international mail.

Evolution of addressed Mail volumes in CTT in 2021-2022



Variation in %
Source: ANACOM

As shown in the graph below, the EBIT margin of the Mail business has maintained its downward trend. Declining demand, strong pressure from rising costs in Europe, rising inflation and labour shortages have pushed down the sector's margin, with most postal operators investing in efficiency improvement initiatives.

Evolution of the Mail division EBIT margin in IPC members and CTT

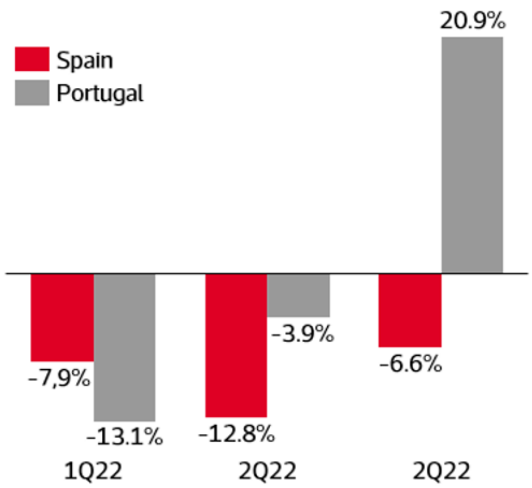
Unit: %
Source: IPC *Global Monitor Executive Report Q3*

Express & Parcels

E-commerce sales experienced unprecedented growth during the pandemic. However, with the lifting of restrictions and the reopening of physical shops, the e-commerce sector has started to adjust to pre-pandemic levels. The macroeconomic context also contributed to a slowdown in e-commerce, with increased economic instability and reduced consumer confidence and the rising inflation rate.

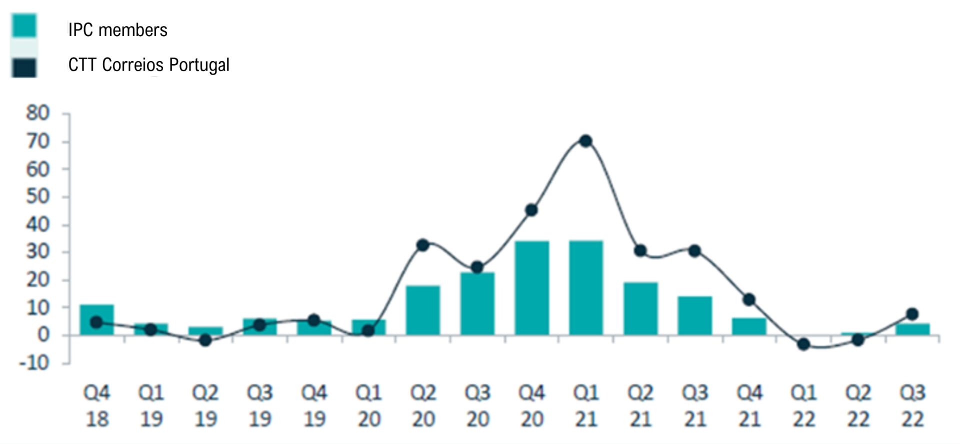
The slowdown in e-commerce growth is observed both in Portugal and in Spain as well as in the entire European Union. In Portugal and Spain, the markets where CTT's Express & Parcels operates, there was a decline in the first quarters of the year, with a recovery in the third quarter, in Portugal only.

Change in e-commerce sales in 2021 versus 2021[21]



Unit: %
Source: Eurostat

Year-on-year change in Express & Parcels revenues



Source: IPC *Global Monitor Executive Report* Q3

[21] Source: Eurostat, E-commerce sales.

E-commerce

Throughout the customer journey, the digital devices used are becoming increasingly important, from the research phase to the conclusion of the purchase. The shopping habits of the Portuguese have changed and today more than half of the Portuguese already shop online frequently, and demonstrate a greater involvement with new technologies. In particular, women seem to adhere more to online shopping, reversing the trend of previous studies, representing around 52% of total online purchases.

In 2022, the Portuguese consumer spent an average of €55.0 per purchase, and their annual amount spent on online products was €1,065, which represents a 5% decrease compared to 2021[22].

Profile of the Portuguese ebuyer

€55.0
(€54.5 in 2021)
Average purchase price

19.4/year
(20.6 in 2021)
Number of purchases in products

€1,065
(€1,123 in 2021)
eCom spending (in products)

4.5
(4.6 in 2021)
Average number of products per purchase

43.8%
(44.3% in 2021)
Weight of <500g products

73.0%
(73.3% in 2021)
Purchase frequency of less than one month

Cross-border online shopping in Portugal continues to be very relevant, representing about 45% (IMR study), with a slight decrease compared to 2021, one of the highest in Europe. The main origin of international e-commerce purchases continues to be Spain and China, with China decreasing its weight.

The Express & Parcels business unit, one of the main growth levers in recent years, was therefore impacted not only by the slowdown in e-commerce but also by the increase in the inflation rate.

Financial markets

The year 2022 was marked by sharp depreciation in the financial markets, with the world stock market measured in Euros recording the largest annual decline since the 2008 crisis. The global bond market also registered its worst year since the beginning of the series in 1990, with a depreciation of 13.3%[23].

The parallel downward trend in the equity and bond markets, which is unusual, reflects the uncertainty felt throughout the year, with geopolitical tensions reducing the appetite for risk and the significant increase in inflation forcing the various world central banks to raise interest rates, causing the various asset classes to revalue.

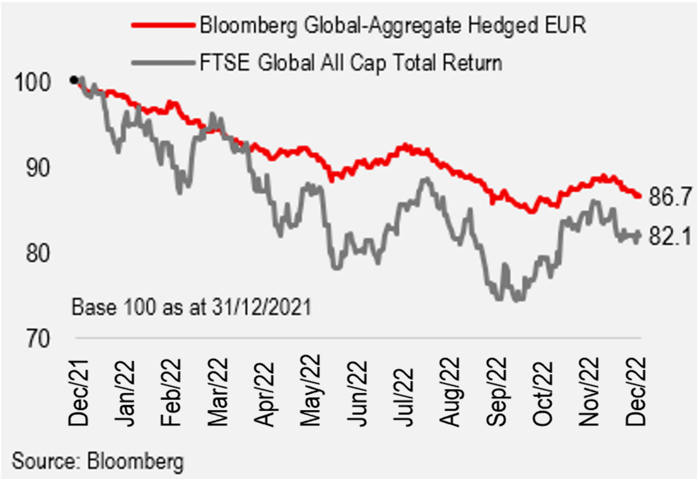
[22] Source: IPC Global Monitor Executive Report Q3.

[23] Source: Bloomberg.

With regard to raw materials, the effects of the War in Ukraine brought increased volatility in price, but also in expectations of stocks available for delivery.

The equity market, when measured by the FTSE Global All Cap Total Return Index, which encompasses developed and emerging markets, depreciated by 17.9% in 2022. Within the equity market, the technology sector was the one that registered the greatest devaluations. The European banking sector depreciated only 4.6%, supported by the prospects that the increase in interest rates will improve its future results.

FTSE Global All Cap Total Return Index



The increase in the 10-year interest rate in Germany was very significant. After closing 2021 at -0.18%, at the end of 2022 it was at 2.57%, the biggest annual rise since at least 1990. Also in the United States, the 10-year Treasury rose from 1.51% to 3.87%, the biggest increase since at least the 1970s.

The rise in interest rates on long-term issues reflects the significant change in the outlook for monetary policy throughout 2022 in order to combat inflation. At the end of 2021 the outlook was that the price increases already being felt would be transitory, but over the course of 2022 that outlook did not materialise. At the end of 2021, the estimate in the forwards market of the ECB deposit interest rate at the end of 2022 was -0.39%; in fact, the rate at the end of the year was 2%. A similar situation occurred with regard to the change in the Federal Reserve's outlook.

The credit spread of Portuguese sovereign debt against German sovereign debt widened, with an average value of 97 bps in 2022, which compares with the average spread of 60 points during 2021. The credit spreads of Spain and Italy's sovereign debt also widened, with average values of 103 and 192 bps during 2022 (versus 67 and 109 in the previous year).

Corporate credit spreads also recorded volatile behaviour. The iTraxx Europe Senior 5-year Markit CDS index reached 79 bps at the end of the year compared with 48 at the end of 2021. In September it reached a peak of 138 bps, the same figure as that recorded at the peak of the pandemic in 2020.

The evolution of commodity prices throughout 2022 was highly volatile. The price of Brent barrels maintained the upward trajectory of 2021, having peaked in March at USD 128 per barrel as a consequence of the war. In Europe in particular, the price of natural gas behaved erratically, with the TTF future contract for delivery in the following month reaching the amount of 311€/MWh, which unimaginable in the past (in 2019 the average price was 14€/MWh), reflecting the logistical challenges of European gas delivery, at a time when the supply of the important Nordstream pipeline with natural gas of Russian origin is still closed.

On the foreign exchange market, the Dollar appreciated when compared to the main world currencies. Against the Dollar, the Euro depreciated 5.9% in 2022, having even broken the psychological barrier of parity at the end of the summer. However, when compared with the 19 currencies of the Euro area's main trading partners it remained practically unchanged (+0.4%).

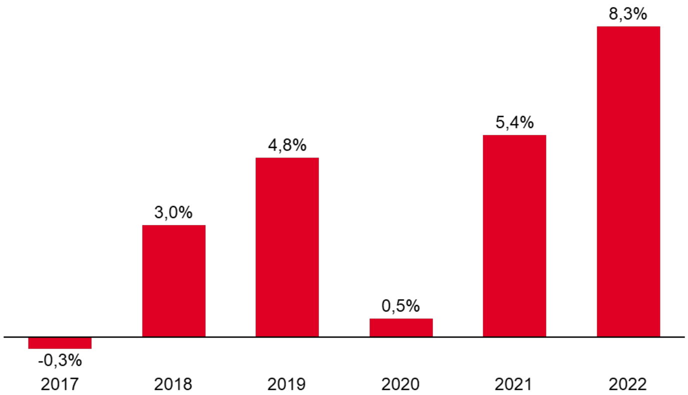
Portuguese banking system

An analysis of the data for the first 9 months of 2022 of the Portuguese banking system released by Banco de Portugal[24] evidences an aggregate balance sheet structure with an increase in total assets of 3.8% (compared to 2021) to 429 billion euros. Customer deposits remained at high values reaching €320 billion, €15 billion more than at the end of 2021. The loan-to-deposit ratio continued its downward trend and fell to 79% in September 2021.

Asset quality maintained its trend of improvement started in 2016, with the ratio of non-performing loans (NPL) reaching 3.2% and 1.8% net of impairment.

The profitability of the system in the first 9 months of 2022 maintained the improving trend, with the return on assets reaching 0.66% and the return on equity standing at 8.3%. The increase in profitability was due to the decrease in credit impairments, with the cost of risk reaching 0.16% and the increase in net interest income to 1.5%. The cost-to-income ratio also maintained its downward trend, reaching 49.9% at the end of the period.

Return on Equity



Source: IPC Global Monitor Executive Report Q3

As regards solvency, the total capital ratio of the system reached 17.1% and the core capital ratio stood at 14.6%, compared to 18.0% and 15.5% respectively at the end of 2021.

2.1.3 Regulatory Framework

Postal sector

On 23 December 2021, the Council of Ministers communicated the approval on that date of the decree amending the legal framework applicable to the provision of postal services in Portugal. The corresponding decree was promulgated on 05.02.2022 and the Decree-Law no. 22-A/2022 was published on 07.02.2022. The **new concession agreement** entered thus into force and will have a duration of approximately seven years - until 31 December 2028.

[24] Source: Banco de Portugal, Portuguese Banking System: Recent Developments – 3rd quarter 2022.

This framework improves the decision-making mechanisms and provides clear criteria to guarantee the provision of the USO under sustainable economic conditions, promoting a better balance between the continuity of the postal service provision and the reinforcement of the Company's capacity to face the challenges of digital transition, pursuing the consistent implementation of its transformation process.

For reasons of general interest, only the following activities and services have remained reserved to the concessionaire: sitting of letter boxes on the public highway intended for the deposit of postal items, issue and sale of postage stamps bearing the word Portugal and the registered mail service used in court or administrative proceedings.

Pursuant to the new Concession Agreement and Decree-Law no. 22-A/2022 published on 7 February 2022, the first year of the agreement is the transition period, hence, the **prices of the services included in the universal postal service offer** shall respect a maximum annual average variation of 6.80%, which considers the decline in mail volumes observed in the first nine months of 2021 and the variation of the Consumer Price Index for the Transport expense category, as communicated by the National Statistics Institute for the month of October 2021. The **special prices of the postal services** included in the universal postal service offer applicable to bulk mail senders were also updated on 7 March 2022. These updates correspond to an average annual price variation of 5.84% for the year 2022.

While some impacts of the COVID-19 pandemic persisted in 2022, CTT continued to periodically report the status of the **postal network** to the Government, as a counterparty in the agreement, and to ANACOM, the regulatory authority responsible for overseeing the provision of the universal postal service, until 21 February 2022 in the wake of the end of the state of calamity and beginning of the state of alert that was in force until 30 September 2022.

By deliberations of 6 May 2022 and 6 July 2022, ANACOM granted CTT's requests regarding the deduction of the records of mail items in all national flows directly affected by the COVID-19 pandemic in the 2nd half of 2021, for the purposes of calculating the Quality of Service Indicators (QSI) of the year 2021, and in the months of January and February 2022, for the purposes of calculating the QSI of the year 2022.

On 28 June 2022, CTT was notified of ANACOM's decision which granted CTT's application for deferring the date for the entry into force of ANACOM's decision of 29 April 2021 on the delivery of postal items at premises other than the domicile.

On 27 July 2022, a Convention was signed between the sector regulator (ANACOM), the Directorate-General for the Consumer (DGC) and the universal service provider (CTT), defining the **criteria to be applied to the pricing of postal services** included in the basket of the universal postal service for the three-year period 2023-2025, in accordance with the provisions of article 14(4) of Law no. 17/2012 of 26 April (Postal Law), as amended by Decree-Law no. 22-A/2022 of 7 February, which has been notified to the Government.

The scope of the Convention thus covers the services of letter mail, parcels, and newspapers and periodicals which are part of the universal postal service offer, including registered mail services used in legal or administrative proceedings, and not applying to special prices of postal services included in the universal service offer applicable to bulk mail senders (subject to the specific regime provided for in article 14-A of the Postal Law).

The main features of the pricing of the services covered by the Convention are as follows:

- The maintenance of a maximum annual variation of the prices of the basket of services covered by the Convention, which will be ascertained as per the following formula:
  CPI - ∆Volumes * (1 - VC) - E + K.

The referred maximum annual price variation thus takes into consideration historical figures relative to the inflation rate (CPI) in the last 12 months, the variation in volumes (∆Volumes) excluding an indicator of the weight of variable costs (VC) in total costs associated to the universal postal service (value defined at 16% for each year) and an efficiency factor (E) associated to CTT's activity within the USO (value defined at 0.5 percentage points for each year). In the event of significant contextual changes related to the conditions for the provision of the universal postal service, the application of an additional factor (K) is foreseen, the value of which shall be determined by agreement, upon proposal of any of the parties that integrate the Convention.

- The definition for each price of a maximum annual variation of 15% and a maximum overall variation of 30% for the period from 2023 to 2025.
- The setting of a maximum annual variation of 4 cents for the price of ordinary domestic mail up to 20 grams, used by the occasional segment.
- The continued application of the principle of uniform tariffs, with the application of a single price throughout the territory, to domestic letter mail items up to 50 grams sent by users in the occasional segment and in registered mail items of the service of judicial and other postal notifications weighing up to 50 grams.
- The provision by CTT, free of charge, in the national and international service, of mail dispatches for the blind and partially sighted, with the exception of airmail surcharges, if any.

As communicated to the market on 26 January 2023, an update of the price of the basket of letter mail, editorial mail and parcels services covered by the Universal Postal Service Price Convention, corresponding to an average annual price variation of 6.58%, took effect as from 1 March 2023. The overall average annual variation in prices, also reflecting the effect of updating special bulk mail prices, will be 6.24%.

Financial sector

The importance and growth of banking compliance in recent years is evident, since remaining in compliance is, more than a good governance practice, a way to stand out in the market, to safeguard your reputation with stakeholders and customers, but also to shield the Group's assets, projecting more sustainable growth and generating positive effects for the Group, for the interests of customers, as well as in preserving the stability of the financial structure as a whole.

The year 2022 was characterised by a challenging legislative environment that seeks to reinforce the transparency of the financial system, the stability of the markets and the solidity of the institutions, bringing about some relevant national and international changes that are worth highlighting.

National Legislation

COVID-19 Pandemic – Alleviate the Measures

Thanks to the progressive control of the COVID-19 pandemic throughout 2022, it was possible to alleviate several measures taken within its scope, some of them directly impacting Banco CTT Group's activity, namely in opening and maintaining accounts. In this regard, we highlight Decree-Law no. 119-A/2021 of 22 December and Decree-Law no. 90/2022 of 30 December, which together extended the validity of several identification documents until 31 December 2023, as well as Regulatory Decree no. 4/2022 of 30 September and Law no. 18/2022 of 25 August, which introduced changes to the legal regime for the entry, stay, exit and expulsion of foreign nationals from national territory, with a view to implementing the Mobility Agreement between CPLP Member States.

In turn, Decree-Law No. 66-A/2022 of 30 September repealed several diplomas approved within the scope of the COVID-19 pandemic, with effect from 1 October 2022, having ceased the state of alert, as well as most of the work-related measures associated with it, with COVID-19 being treated similarly to most other diseases, as did Council of Ministers Resolution No. 96/2022, of 24 of October regarding its Resolutions approved within the scope of the COVID-19 pandemic.

Measures to support Families

In the context of measures to support families, still resulting from the inevitable contingencies left by the pandemic, naturally aggravated by the conflict in Ukraine, we highlight Law no. 19/2022 of 21 October, which, among other matters, establishes an exceptional framework until 31 December 2023, for redemption of savings plans, without tax penalty, up to the monthly limit of the value of the Social Support Index and determines the non-seizability of support to families.

Also noteworthy is the publication of Decree-Law 80-A/2022 of 25 November, which implements measures to mitigate the effects of the increase in the reference indexing factors of credit contracts for the acquisition or construction of permanent home ownership until 31 December 2023. These measures include the temporary suspension of the enforceability of the early repayment commission and the duty of institutions to investigate and propose to customers who show a deterioration of their financial capacity the appropriate measures to mitigate the impact of this deterioration, and may also propose the extension of the repayment period of the credit contract with an option to resume the contracted period before this extension.

International harmonisation

Seeking to harmonise the requirements applicable to certain products and services and giving voice to Directive (EU) 2019/882, Decree-Law No. 82/2022 was published on 6 December. Its central objective is to provide that appropriate measures are taken to ensure that persons with disabilities have access, on an equal basis with others, to the physical environment, transport, information and communications, including information and communications technologies and systems, and other facilities and services open or provided to the public, both in urban and rural areas, making products (namely payment terminals and ATMs) and services (namely consumer banking services) more accessible for the benefit of businesses, persons with disabilities and persons with functional limitations.

Banking operations

In banking operations, of particular importance is the publication and entry into force of the long-awaited Law 23-A/2022 of 9 December, which transposes Directive (EU) 2019/878 on access to banking activity and prudential supervision (known as CRD V) and Directive (EU) 2019/879 on the recovery and resolution of credit institutions and investment firms (known as BRRD II), amending the General Regime of Credit Institutions and Financial Companies (RGICSF), the Portuguese Securities Code (CVM) and related legislation. This legislation incorporates relevant changes in the banking sector.

The approval of the State Budget for 2023, through Law no. 24-D/2022 of 30 December, includes the innovative creation of a new tax regime for crypto-active assets, with an impact on both individual investors and institutions; the provision for the voluntary reduction of withholding taxes for holders of mortgage loans; and the concession and simplified renewal of residence permits. These are matters that, once again, evolve in line with reality, echoing the current economic circumstances.

Banco de Portugal and EBA - European Central Bank

Banking operations

It should be noted that, within the scope of its macro-prudential and regulatory policy, Banco de Portugal has promoted the use of digital mechanisms, an example of which is the Circular Letter no.

2022/24 on the use of BPnet in the communications exchanged within the scope of the supervision of entities providing credit intermediation and consultancy services on credit agreements.

In the current geopolitical and economic climate, where cybersecurity assumes daily an increased importance for any organisational structure based on digital interaction, Circular Letter no. 2022/4 should be highlighted, as regards the recommendations it issues on cybersecurity and operational resilience, with a view to ensuring adequate management of operational risks by financial institutions in terms of cybersecurity. The need for all supervised institutions to have sound internal governance structures and adequate processes for monitoring the risks to which they are or may be exposed, including cyber risks, is reinforced, and a set of requirements that institutions must adopt to ensure operational resilience is listed.

Reviewing the regulatory framework applicable to money laundering and terrorist financing and after public consultation, Banco de Portugal set out in its Notice No. 1/2022 of 6 June (revoking and replacing Notice No 2/2018 of 26 September and Instruction No. 2/2021 of 26 February and regulating Law No. 83/2017 of 18 August and Law No. 97/2017 of 23 August) the aspects necessary to ensure compliance with the preventive duties on money laundering and terrorist financing. No. 83/2017 of 18 August and Law No. 97/2017 of 23 August), the necessary aspects to ensure compliance with the preventive duties against money laundering and terrorist financing, within the scope of the activity of financial entities subject to supervision by Banco de Portugal.

In the wake of preventing money laundering and terrorist financing, it is important to highlight the EBA/GL/2022/05 Guidelines of 14 June, applicable from 1 December 2022, on policies and procedures in relation to compliance management and the role and responsibilities of the AML/CFT Compliance Officer under Article 8 and Chapter VI of Directive (EU) 2015/849.

In 2022 there were also a significant number of 12 public consultations triggered by the sector regulator, Banco de Portugal, in a clear demonstration of its involvement and interest in Portuguese banking regulation. These included the following, which were closely followed: Public Consultation No. 1/2022 (Notice on the prevention of money laundering and terrorist financing); Public Consultation No. 5/2022 (Draft Instruction on the Regulatory Framework applicable to Payment Institutions and Electronic Money Institutions); Public Consultation No. 6/2022 (Draft Instruction on the Communication of Information on Credit Agreements); and Public Consultation No. 7/2022 (Draft Notice on Prevention of Money Laundering and Terrorist Financing, applicable to entities carrying out activities with virtual assets).

Insurance and Pension Funds Supervisory Authority (ASF)

Insurance activity

The Insurance and Pension Funds Supervisory Authority (ASF) issued Regulatory Standard No. 6/2022-R on 7 June regarding ICT security and governance and outsourcing to cloud computing service providers.

2.2 Strategic lines

GRI 2-2, 2-6, GRI 203-1, 203-2

We connect people and companies, committed to deliver!

Financial Capital	Human Capital	Intellectual Capital	Social Capital	Natural Capital
Efficiency in management & focus on results Business diversification, enhancing the unique networks and channels (distribution, retail, sales force) Optimization of the capital employed	Recognition of the +12,000 employees Development of employee's skills and talent management Health, safety, diversity and inclusion programs	Trusted & proximity brand Sector know-how & experience Innovation strategy Portfolio digitalization	Foster participatory citizenship and investment in social projects, in partnership with local institutions Promote corporate volunteering	Last-mile decarbonization and leadership in carbon management Quality, Environment & Safety policies, Energy & Carbon Management, and Procurement Policies

For companies — To be the preferred business partner, promoting e-commerce and simplifying its physical and digital presence

Mission — ctt

For people — To be the closest way for physical communication and core financial services

B2B / **B2C**

Strategy by Business Unit

Mail	Business & commerce services	Parcels & e-commerce solutions	Financial Services & Retail	Banco CTT
Our legacy business and main **cash generator** leveraging a new **USO contract**	The **integrated one-stop-shop Iberian** player offering **business solutions**	The Group's first **growth driver** with a truly Iberian positioning	Crucial **profitability driver** and **one-stop-shop** for customer service needs	Fast growing **consumer finance** bank exploring & expanding **core retail franchise**, predominantly digital

act **FASTER, BETTER and GREENER**

Leveraging CTT's strategic assets

- Unique Iberian sales force, underpinned by universal access to B2B customers and an exceptional retail network
- Strong and trusted brand for both people and businesses
- Unique last-mile distribution network, increasingly integrated at Iberian level

Sustainability (ESG):

CTT has the vision of being at the forefront of environmental commitment, taking care of the people and local community

~100% Green vehicles in internal last-mile fleet by 2030, 50% by 2025

75% of procurement purchases to local players by 2025

Net zero in CO_2 emissions by 2030

Gender parity in the top and mid-management by 2025

50% Mid-management employees' incentives linked with ESG goals by 2025

CTT's strategy continues to be focused on the Company's transformation, associated with the challenging context of decline in the Mail business and within an even more challenging environment in 2022, with greater economic instability, strong inflationary pressure on its costs and a slowdown in one of its growth levers, e-commerce.

CTT maintains its mission for businesses and people, whereby it wants to continue to be a reference partner for businesses, a catalyst for e-commerce and a communications facilitator, as well as a leader in the combination of physical and digital presence for the entire business fabric. For people, CTT wants to leverage on its strong value of proximity and trust, both through the strength of its brand and its presence in the territory, through its retail and operational networks, and to be a trusted physical communication link and financial services provider.

In the execution of our strategy and in line with our mission, in 2022 several initiatives were implemented that contribute to the sustainability of the CTT Group at various levels.

Economic sustainability:

In 2022, CTT worked on a number of initiatives with an impact on the business, starting with its capital markets day, where the CTT strategy and financial goals until 2025 were disclosed. In addition, a series of initiatives were carried out, such as: opening of a new sorting centre in Spain with customs clearance operations; launch of the Locky brand, CTT lockers network, reaching more than 500 installed lockers and more than 1,000 installed and contracted lockers; Record placement of public debt, highly leveraged by the current situation of rising interest rates that resulted in greater demand for savings certificates, which increased their placement; launch of the new CTT App, in the continuous quest to develop a customer experience of excellence, in line with other digital launches; consolidation of the Payshop school wallet, present in more than 70 municipalities and with more than 200 thousand accounts created; entry of Generali in Banco CTT's share capital through a share capital increase and an agreement for the distribution of life and non-life insurance through the CTT retail network, allowing for the expansion of the range of insurance products; rise of one position in the Universal Postal Union's (UPU) Integrated Postal Development Index, where Portugal occupies 21st position among 172 countries and is in the group of "postal champions".

Social sustainability:

In 2022, CTT also defined its social and environmental sustainability goals for 2025 and 2030. On the social side, CTT plans to source 75% of its purchases from local players thus boosting the Iberian economy and supporting local communities. Regarding measures with a positive social impact, CTT aims to support different initiatives, namely by investing from 0.8% of Recurring EBIT to 1% in social initiatives by 2025 (e.g. the Support Culture initiative, EPIS). In order for CTT's own employees to collaborate towards increasing social responsibility, the group has set a commitment, to be complied with by 2025, to ensure that employees can spend up to 3 days per year in volunteering and social programmes that have a positive impact on local communities.

Regarding volunteering, 421 volunteers participated in the CTT volunteering programme (around 1,870 hours), through specific and ongoing actions to support underprivileged local communities and/or environmental preservation and biodiversity conservation. Amongst the various actions, which ranged from nature intervention to blood donations, we highlight the support to the logistics of the "Let's Help the People of Ukraine" campaign, in which 40 tonnes of goods donated by the Portuguese population were moved and forwarded to the Ukrainian embassy in Warsaw. Free mail and parcels from Ukraine were distributed, as well as the donation of €50k from the sale of the stamp.

Through the "A Tree for the Forest" initiative, in partnership with Quercus, around 110,000 trees have already been planted, with the active participation of hundreds of people. With the sale of the initiative's kits in its post offices and the participation of its volunteers in the planting of trees, CTT reinforces its policy of supporting biodiversity and fighting climate change.

At Christmas, Solidarity Father Christmas was present: about 1.500 letters were sent by disadvantaged children and CTT promoted the collection from donors and delivery to these children of all the toys sponsored by our customers and handed over at our post offices.

As for People, CTT aims to be a reference employer in terms of health and safety, promoting employee well-being and ensuring a good performance in road safety. CTT was distinguished by Randstad as the Most Attractive Company to Work For in the Transport area. The intention is to implement a totally new occupational health approach focused on health prevention and rehabilitation. Regarding the greater participation of women in management, CTT is committed to achieving gender parity in middle and top management, including the Executive Committee. CTT has to date over 40% women in top and middle leadership positions with the ambition of achieving parity by 2030. In 2022, CTT was certified as a Family Responsible Company by the Spanish foundation MásFamília and signed the Portuguese Charter for Diversity.

The "Victory" programme focuses on adapting to the specific needs of employees with disabilities by changing their working environment, and the objective has been set to develop a recruitment plan to recruit 50 employees over the next 3 years. One of the ways to improve on-the-job experience is to have access to innovative workspaces and to have a well-established career plan, supported by training strategies.

Environmental sustainability:

CTT has a strong position in ESG dimensions, in particular with regard to its environmental performance. A result of this drive is that 100% of the electricity consumed by CTT comes from renewable sources, with 100% of the buildings having green energy. It should also be noted that the group has reduced emissions by 20% since 2013. We have received awards relating to environmental sustainability, namely PostEurop's CSR Coups de Coeur 2022 award, in the Environmental category, with the COVID-19 mask recycling project, and an honourable mention awarded to CTT Eco Reusable Packaging in 2022 by the National Sustainability Award (circular economy category).

The group envisages, until 2030, some environmental initiatives around three main areas, defining certain commitments: decarbonisation, green products and services, and circular economy:

- Decarbonisation by 2030: Transition from combustion to electric vehicles in last-mile delivery, reaching 100% by 2030 and 50% by 2025. Negotiate with our partners to ensure that CTT's outsourced fleet uses 45% green vehicles by 2030;

- Green products and services: Expand "green mail" (carbon neutral products and recycled packaging) and green deliveries by 100% to all marketing, mail and E&P deliveries by 2030;

- Circular economy: Increase engagement with eco-friendly packaging suppliers to achieve 80% recycled and/or reusable packaging by 2025 and 100% by 2030. And lastly, promote responsible consumption and awareness initiatives in society.

In 2022, a series of initiatives were carried out in the area of environmental sustainability:

- Increase to 3.5 million Green Mail items sold, in the first six months of the year alone.

- CTT offsets the footprint of these items in terms of direct emissions by supporting carbon offsetting initiatives. In addition, 55% of the mail, express and parcels offer incorporates recycled materials.

- In the path of decarbonisation that CTT has been treading, five own 100% electric sorting centres have already been opened in Portugal, i.e., where deliveries are fully guaranteed by vehicles that do not emit greenhouse gases. Moreover, CTT's alternative fleet of almost 670 vehicles, the largest in the logistics sector in Portugal, has seen an increase of 93% in the number of electric vehicles and 126% in the kilometres travelled by this type of vehicle.

- As regards CTT's physical facilities, CTT and EDP have created "solar neighbourhoods" (around 40 panel installations) that generate electricity in a renewable manner for their needs and provide solar energy to the local community grid, generating a direct return on this investment. CTT presents world leading performances in the CDP - Carbon Disclosure Project indexes (Leadership A level) and in IPC's SMMS (5th place in the sector).

- The circular economy is another path that has been taken. This year, the CTT Reusable ECO packaging was distinguished by the National Sustainability Award, with Näz, Sanjo and Decathlon being the first to use this product. In another project, CTT was distinguished by PostEurop's Coups de Coeur Award, which honoured the initiative to reconvert discarded sanitary masks into new materials. In partnership with the Portuguese start-up TO-BE-Green, the recycling of the masks resulted in decorative objects, such as Christmas ornaments, which were then sold at our post offices. Still regarding the circular economy, damaged and unusable CTT trays for transporting mail and parcels are incorporated into the production of new operational units; at this moment, CTT operates with 13 thousand units of trays produced with recycled material.

2.3 Risk Management

2.3.1 Description of the risk management process

GRI 2-16, 2-25

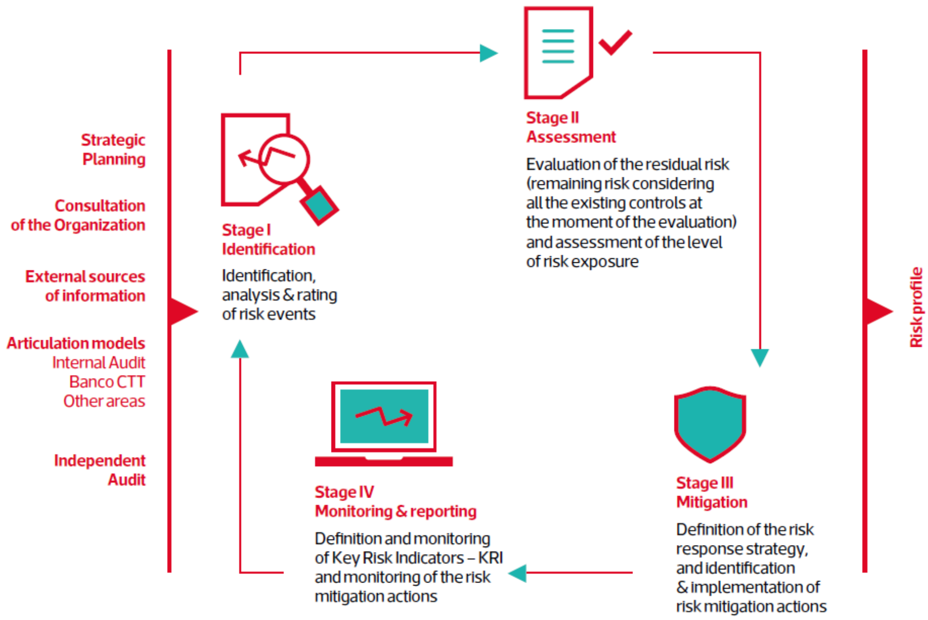
The risks arising from the activity of CTT and its subsidiaries are managed pursuant to the manner described in the **Regulations of the Risk Management System** approved by the Board of Directors. This document, in addition to establishing guiding standards, principles and procedures for Risk Management, defines duties, responsibilities and governance model, ensuring the implementation of a framework supporting the decision making process, taking into consideration the risks to which CTT is exposed.

Under the banking activity, Banco CTT has an independent risk management system, based on a set of concepts, principles, rules and on an organisational model applicable and adjusted to the specificities and to the regulatory framework of its activity. However, a model has been established for articulation between the areas responsible for the Risk Management of CTT and Banco CTT, to ensure an alignment relative to the main interdependent risks.

The **Risk Profile** is viewed as the main output of the process, reflecting the vision of a given moment on events that, should they occur, could adversely affect the achievement of the strategic objectives, compromising CTT's sustainability. The review and continuous updating of the Risk Profile is, therefore, fundamental, and is based on a dynamic process consisting of four sequential and interrelated phases, fed by a series of inputs, as illustrated in the figure below:

Risk management

Integrated Risk Management System



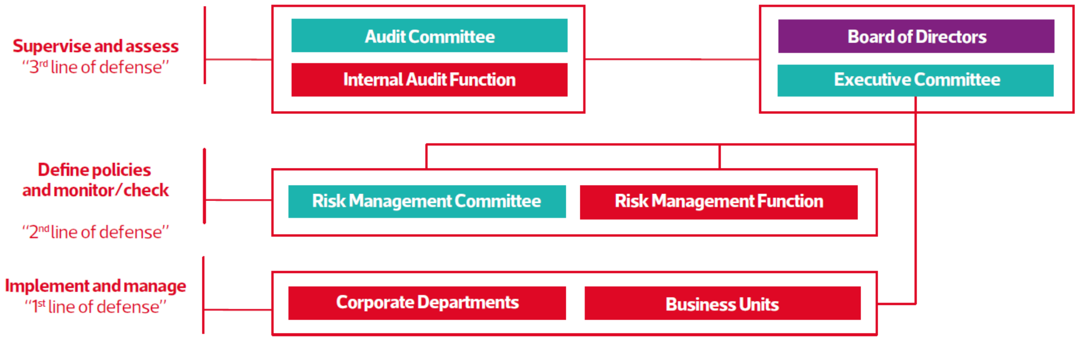
The risks identified during Stage I are assessed in Stage II according to qualitative and quantitative criteria in terms of probability of occurrence, impact and speed of materialization of the effect, pursuant to the guidelines established in the Regulations of the Risk Management System.

The **level of exposure to risk** arises from the combination of its probability and impact. During Stage III, if the level of exposure to a particular risk is higher than the stipulated appetite, corrective or mitigating actions are defined and implemented, aimed at reducing the exposure, by lowering the probability and/or impact. The **risk appetite** thus translates into the maximum level of exposure that CTT consciously assumes and is willing to accept in pursuing its strategy considering its business principles, policies and procedures as well as the fact that they operate in tightly regulated markets. The risk appetite is reviewed annually.

The evolution of CTT's main risks (those with higher level of exposure) is monitored in Stage IV through **Key Risk Indicators (KRI)**. The KRI operate as a barometer of CTT's current level of exposure to risks, warning of possible changes of the probability of occurrence and/or impact of the risk event, thus allowing timely action in order to reduce the level of exposure to comfort values within the defined risk appetite.

Governance Model

At CTT, risk management and control are undertaken by the entire organisational structure, involving top management down to the more operational levels, through a model of “3 lines of defense” based on good practices of Audit and Internal Control:



The **Board of Directors** approves CTT's main risk policies and guidelines, defining its profile and objectives on risk-taking matters and creating systems for their control. It carries out the annual assessment of the effectiveness of the Risk Management system, with a view to ensuring that the risks incurred are consistent with the defined objectives.

The **Audit Committee** supervises and appraises the Risk Management policies and system and may propose measures to the Executive Committee aimed at improving their functioning. It also monitors and appraises the profile and objectives on matters of risk-taking, the levels of exposure to risk and the mitigation measures in this context.

The **Executive Committee** approves CTT's risk profile and levels of exposure to risk, as well as the models, processes and procedures for risk management, in addition to the proposed mitigation initiatives, ensuring their implementation and considering the terms and objectives defined and approved by the Board of Directors.

The **Risk Management Committee** supports the Executive Committee in the process of preparation and approval of Risk Management strategies and policies, monitoring their implementation.

The **Risk Management Function**, performed by the Risk Management division of the Audit, Compliance & Risk department, is responsible for the centralized coordination of the CTT Risk Management System and the planning and implementation of risk management programmes supported by the Company's Regulation of the Risk Management System.

The **Internal Audit Function**, performed by the Internal Audit division of the Audit, Compliance & Risk department, assesses the quality and efficacy of the Risk Management system, and identifies and characterizes risk events under the audit activities carried out.

All the remaining **Corporate Departments** and **Business Units** put in place the approved Risk Management policies and procedures and propose mitigation actions for the main risks identified.

2.3.2 Identification of risks and CTT response

GRI 2-23, 2-29, GRI 201-2, 203-1, 203-2, GRI 403-2, 413-2

Given their importance in 2022, we highlight in the following table the evolution over the year of the main strategic and operational risks faced by CTT:

Business affected	Risk and CTT response
	Cyber incidents **Class:** Business interruption risk Cybercrime is one of the most serious economic and national security challenges facing governments around the world. Given the ever-increasing dependence on information technologies in CTT's business lines, the security and protection of information is, therefore, a topic of enormous relevance. Of particular concern is the growth in the volume and degree of sophistication of cyberattacks. In this domain, CTT has continued its focus on reinforcing technological security controls, adopting policies and procedures with a view to minimising exposure to risk, carrying out training campaigns for its employees on good telework practices and raising awareness of cybercrime as well as organisational involvement, namely through the Information Security Forum where the level of exposure to risk is monitored as well as all initiatives of a strategic and tactical nature underway in this area.
	ESG performance (Environmental, Social and Governance) **Class:** Sustainability risk ESG (environmental, social and governance) performance is increasingly an essential factor for the sustainable development and success of companies today. CTT assumes a solid position in each of the ESG dimensions, as this is one of the fundamental pillars of the current process of internal transformation. In terms of ambition, CTT is committed to achieving carbon neutrality by 2030, to continuing to promote a positive social impact on local communities, to being one of the reference employers in Portugal, which fosters diversity and inclusion and improves the experience of its employees, and to introducing specific incentives linked to ESG targets to 50% of top management and middle management by 2025.
	Global recession **Class:** Demand risk Expectations of a quick and complete economic recovery after the pandemic crisis were shaken at the beginning of the year with the outbreak of the conflict in Ukraine, which intensified inflationary pressures (that were already being felt) with a particular impact on the price of energy goods. The economic environment thus remained volatile and challenging throughout the year, both in terms of demand and in terms of inflation. If, on the one hand, the fall in the real household income ends to affect consumption with potential impacts on the demand for CTT goods and services, on the other hand, the increase in operating costs resulting from inflation will have to be reflected in the price of these goods and services, also leading, ultimately, to a retraction in demand. In the event of a recession scenario materializing, CTT has several tools and strategies at its disposal that aim to guarantee the necessary flexibility to manage the respective impacts.

Business affected	Risk and CTT response
	**Regulatory changes** **Class:** Regulation risk As the provider of the Universal Postal Service, CTT operates in a regulated environment and is subject to a significant number of legal and regulatory requirements, and changes thereto may determine a significant reduction in the margin associated with its products and services within the scope of the Universal Postal Service and the consequent adverse effect to its results. In February, a legal diploma was published that introduced changes to the legal framework for the provision of the Universal Postal Service, namely in terms of price formation criteria and the guiding principles for setting quality of service indicators. At the same time, a new concession contract was signed which designates CTT as the Universal Postal Service provider until 31 December 2028. CTT is convinced that the present framework will guarantee the provision of the Universal Postal Service under sustainable economic conditions, promoting a greater balance between the continuity of the provision of the postal service and the reinforcement of the Company's capacity to face the challenges of the digital transition.
	**Health and safety** **Class**: Human capital risk The occurrence of accidents at work constitutes a significant risk in such a vast universe of workers as that of CTT. Operating one of the largest fleets in Portugal, CTT is particularly exposed to the risk of road accidents. On the other hand, the pandemic impacted on the workers' access to health care and brought to light the problem of mental health enhanced by the interruption of normal work routines and conditions. CTT is aware of these and other problems and is committed to ensuring its employees safety conditions in all aspects of their work, with a view to preventing accidents and consequent injuries, as well as promoting a healthy working environment.
	**New work models and talent management** **Class:** Human capital risk The pandemic accelerated an already perceptible trend towards the development of new work models and the organisation of human resources that are more flexible than traditional ones. In a context where the demand for qualified talent with specific skills is far greater than the existing offer on the market, it is essential to adopt the work model that is most suited to each reality and act to retain the necessary skills, reinforcing motivation, team cohesion and organisational culture. In this sense, in 2022, CTT approved its new Work Organization Policy, which combines a more flexible way of working – teleworking – with the possibility of part-time work. From the perspective of talent management, CTT continued to develop actions to attract and recruit new knowledge and skills in the market, as well as actions to retain and develop existing technical staff and managers.
	**Mail volume plummet** **Class**: Demand risk The intensification of the digitalization phenomenon and the substitution of physical mail by other forms of digital communication, and more recently the effects of the pandemic, have led to a continuous decline in postal volumes over the last decade. In order to offset this systematic pressure on revenues where mail still has a significant weight (although this dependence has been consistently decreasing in recent years), CTT has been developing a very significant work of transforming its business portfolio. In addition to the implementation of new solutions, initiatives are also under way to better understand the customer, encourage omnichannel and increase sources of revenue. At the same time, efforts are being made to modernize and invest in operations, focused, above all, on the intelligent management of network capacity and the optimization of processes through "lean" projects in the operational area that supports the activity.

Business affected	Risk and CTT response
	**Disruptions in supply chains** **Class**: Business continuity risk Over the past three years, global supply chains have been pushed to their limits, revealing the weaknesses of complex systems that can affect any company anywhere in the world. With demand levels returning to pre-pandemic levels, supply chains were once again under enormous pressure, a fact made worse by the outbreak of the conflict in Ukraine as well as by the way the pandemic was managed in China, initially with an aggressive policy of zero-Covid followed (after the lifting of restrictions) by a new wave of infections, which in both cases generated serious constraints in the production and shipment of the most varied products to the rest of the world. This situation has occasionally led to shortages of certain raw materials and consequent price increases in the markets. CTT has remained very attentive to this situation, seeking whenever possible to diversify suppliers and managing the 'stock' levels of the most critical materials in a more conservative manner.
	**Epidemics** **Class**: Business continuity risk The COVID-19 pandemic has demonstrated that phenomena of this nature have the capacity to cause high economic and social damage, while at the same time inducing the emergence of new risks and increased exposure to existing risks. Although the pandemic situation evolved very favourably throughout 2022, there were some operational constraints during the first months of the year as a result of the restrictions imposed and, essentially, the high level of absenteeism among employees. Nevertheless, CTT never failed to provide services to its customers, always with a minimum level of disruption. Taking advantage of all the experience gained over this period in managing operations in a pandemic context, CTT has been reviewing and reinforcing its business continuity policies with the aim of increasing its resilience in future occurrences.
	**Natural disasters** **Class**: Business continuity risk The year 2022 was the second hottest year ever recorded in Europe and the fifth globally. In Portugal, several monthly temperature records were broken, placing the country in a situation of extreme drought and forcing the imposition of restrictions on water use in some areas of the country. Towards the end of the year, it was heavy rain that caused flooding, resulting in heavy economic losses. This increase in the frequency and severity of extreme weather phenomena is a clear sign of climate change and is a concern of societies on a global scale due to its potentially devastating effects and the resulting direct and indirect economic losses. CTT has established communication channels with the authorities, namely with Civil Protection, in order to ensure the protection of its premises and workers in the event of these incidents. Additionally, CTT adopts adequate and balanced risk management and transfer strategies associated to damages (human and material) caused by extreme weather phenomena

03

CTT Business Units

3. CTT BUSINESS UNITS

3.1 Mail

GRI 2-6, GRI 201-1

In 2022, the **revenues of Mail & Other** amounted to €460.9m in 2022, which corresponded to a growth of €16.5m (+3.7% y.o.y) compared to 2021.

The growth registered in this business unit was boosted by the **business solutions** segment (+€38.2m). This reflected (i) the full integration of company NewSpring Services, a company specialising in BPO and Contact Centre, in CTT's offer (as referred to above) and (ii) the growth of the business solutions base, largely explained by the revenue related to a laptop sale project that started in the last quarter of 2021 and still generated revenues in 1Q22 (+€16.3m).

In 2022, **transactional mail revenues** reached €341.7m, representing a decline of €19.6m (-5.4% y.o.y) compared to 2021, penalised mainly by the sharp decline in the revenues of **international inbound mail** (-€12.6m; -40.9% y.o.y) due to the end of the VAT exemption in low-value extra-EU purchases ("*de minimis*") as from 1 July 2021. This decline had a special impact in the first three quarters of the year, with a recovery in 4Q22. Furthermore, the decrease in transactional mail revenues is also explained by the revenue decline registered in **ordinary mail** (-€4.5m; -3.3% y.o.y) and in **international outbound mail** (-€3.1m; -6.8% y.o.y), this latter partly penalised by the impact of the legislative elections in 4Q21 and 1Q22. Excluding this impact, the revenues from international outbound mail in 2022 would have decreased by €0.7m (-1.8% y.o.y). Additionally, transactional mail revenues would have decreased €17.2m (-4.8% y.o.y). On another note, in 2022, transactional mail benefited from the growth in revenues of **registered mail** (+€2.4m; +1.9% y.o.y) and **priority mail** (+€0.1m; +0.9% y.o.y) and was penalised by the decline in green mail (-€1.7m; -16.4% y.o.y).

The remaining business lines posted decrease in revenues: **editorial mail** (-€0.6m; -4.8% y.o.y), **advertising mail** (-€1.5m; -8.1% y.o.y), **parcels of the universal service** (-€0.2m; -2.7% y.o.y), **philately** (-€0.9m; -15.8% y.o.y) and **other mail products and services** (-€0.1m; -3.1% y.o.y).

In 2022, **business solutions** recorded revenues of €67.3m, an increase of €38.2m compared to 2021 (including the effect of changing consolidation perimeter amounting to €14.2m), with emphasis on: (i) the growth of **Business Process Services**; (ii) the growth of the **document management** business, which attracted new customers; (iii) the growth in the business associated with the solution of management of administrative offences and administrative proceedings, as new municipalities have joined it; (iv) the implementation of the new **e-Carta** hybrid mail platform, which allows small and medium-sized companies to digitalise their mail processes; and (v) the growth of **digital components** with the provision of services for sending documents (invoices) with Qualified Electronic Signature as per Decree-Law no. 28/2019, of 15 February, with CTT currently producing and sending several million digitally signed documents per month.

The average price change of the universal postal service[25] in 2022 was +5.84% y.o.y.

[25] Including letter mail, editorial mail and parcels of the Universal Postal Service, excluding international inbound mail.

Mail volumes

In 2022, **addressed mail volumes** declined by 5.6% compared to 2021.

Mail Volumes

Million items

	2021	2022	∆	4Q21	4Q22	∆
Transactional mail	415.7	391.5	-5.8%	102.2	92.6	-9.5%
Advertising mail	39.9	38.6	-3.4%	13.0	10.4	-20.6%
Editorial mail	29.0	27.6	-4.7%	7.5	7.2	-4.4%
Addressed mail	**484.6**	**457.6**	**-5.6%**	**122.8**	**110.1**	**-10.3%**
Unaddressed mail	**449.9**	**424.6**	**-5.6%**	**116.7**	**109.7**	**-6.0%**

In 2022, **transactional mail** volumes decreased by 5.8% y.o.y, mainly due to the declines in **ordinary mail** (-4.6% y.o.y), an intrinsic trend in the postal sector primarily due to the digital transformation of communications, as well as in **international inbound mail** (-28.3% y.o.y) and **international outbound mail** (-15.4% y.o.y). Excluding the impact of legislative elections in 4Q21 and 1Q22, the declines registered in 2022 in transactional mail and international outbound mail volumes would have been 5.7% y.o.y and 13.2% y.o.y, respectively.

It should be noted that the downward trend in **international inbound mail** observed since 2H21 continued in 2022 due to the entry into force as of 1 July 2021 of the abolition of the VAT exemption on postal items below €22 ("*de minimis*"), leading to the need for customs clearance of all items of extra-EU origin, which resulted in an increase in customs transit times due to a complex and one-by-one process, which, ultimately, led to the migration of this type of flows to express networks.

In the opposite direction, **registered mail** volumes grew (+1.4% y.o.y) in 2022, driven by the dynamics of contractual customers, especially the government and Utilities & Telcos sectors, as did **priority mail** (+1.1% y.o.y).

In 2022, **addressed advertising mail** volumes decreased by 3.4% y.o.y. and **unaddressed advertising mail** decreased by 5.6% y.o.y.

In 2022, CTT continued to develop (i) the CTT Ads Creativity solution, in partnership with the Milford agency, for the strategic and creative development of communication campaigns, and (ii) the "CTT Ads Success Stories" campaign, with the aim of boosting the advertising offer for clients with online businesses, to promote trial of advertising solutions.

Accessibility

GRI 2-6, 2-25, GRI 203-1, 203-2, GRI 413-2

As a Universal Postal Service provider, CTT's activity is of an intrinsically social nature. By definition, all residents in Portugal are potential customers, whether active or passive (receivers of letter mail).

With 65,971 customers per day being served at CTT post offices, and an average of 4,362 per access point, accessibility is one of the Company’s hallmarks. The Company provides the largest contact network at a national level, operating as a structuring and determinant element for social cohesion of the national territory.

At the end of 2022, the network of contact with the public consisted of 2,371 access points in operation, comprising 569 CTT post offices and 1,802 postal agencies, as well as 4,288 postman delivery rounds, ensuring the availability and accessibility of attendance and delivery services, establishing itself as a convenience and multi-service platform.

Supplementing this, the network also had 1,507 points of sale of stamps, 83 automatic stamp vending machines and 14 automatic vending machines of mail products. The network of letter boxes and mailboxes was composed of 10,735 items of equipment, located at 9,624 geographic points at a national level. Apart from these, there were also 5,271 Payshop agents.

The dimensioning of the postal network was determined by two critical factors: the capacity to generate business and the obligations to provide the aforesaid public service of universal character. This universal service implies that CTT is an operator committed to providing service throughout the entire country, in a permanent form, in the most far-flung and hidden corners, without exceptions and at the same price. This reality generates conflicting goals between the maintenance of the Company's economic sustainability and its social responsibility action towards the surrounding community, with the inherent costs. In this context and when necessary, CTT has established solutions with local partners, preferably Parish Councils, in this way keeping the relations of proximity and trust that CTT has upheld with the customers and population, and assuring the quality of service.

Any alteration and impact on the community of possible changes in the operating model are analysed internally, based on information collected on site by internal and external agents, so as to assure the satisfaction of the population. In this sense, another new post office was opened in 2022, in the Oeiras Parque Shopping Centre.

As established in the Concession Agreement, postal network density goals were defined for the three-year period 2018/2020, considering factors such as the distance to be travelled by customers in order to reach the closest access point, weighted by the urban or rural nature of the geographic areas, as well as the citizens' accessibility to the various mail services and the opening hours when they can use them. Full compliance with the objectives defined reinforces the Company's intention to maintain a network offering proximity and convenience to its customers and the population in general.

These objectives were maintained in 2021, due to the extension of the Concession Agreement that was to remain in force until 2020. In 2022, the same objectives apply, to which is added the requirement to maintain one post office per municipality and will be maintained until new ones are defined, under the procedure provided for in the new Concession Agreement, in force since 8 February 2022.

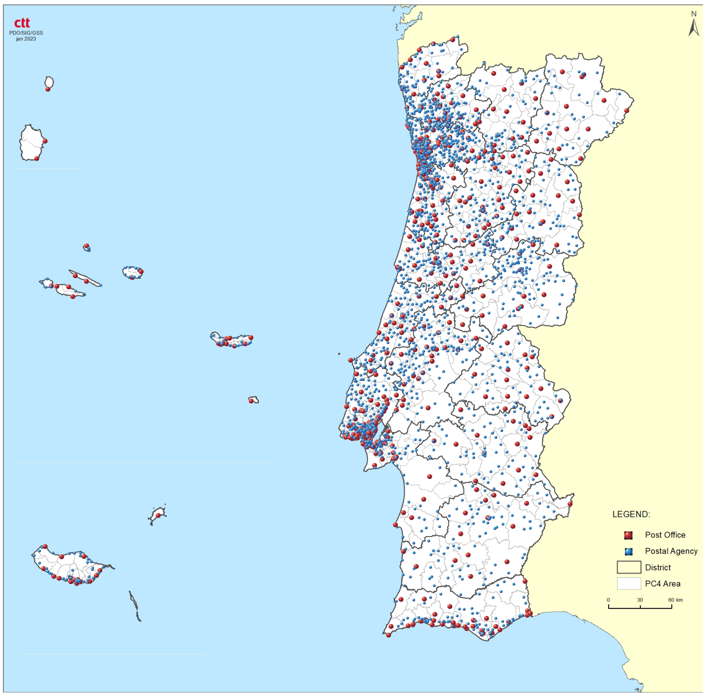
In European terms and based on the available data, which are shown in the table below, CTT continues to demonstrate a good level of penetration of the postal services, with a postal coverage above the EU average.

Density and postal coverage[26]

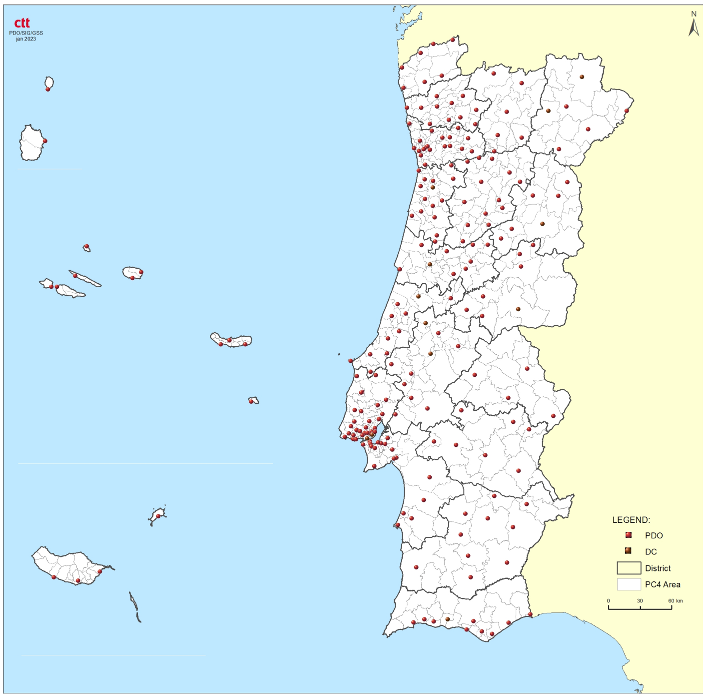
	Inhabitants per postal establishment					Km^2 per postal establishment				
	2018	**2019**	**2020**	**2021**	**2022**	**2018**	**2019**	**2020**	**2021**	**2022**
EU average	4,989	5,030	4,967	5,081	n.d.	43	43	46	48	n.d.
Portugal	4,314	4,346	4,354	4,392	4,364	39	39	39	39	39

[26] Source: Universal Postal Union. Considering fixed postal establishments. European Averages data, not available in CTT Integrated Report 2021, were meanwhile disclosed. Portuguese data were slightly updated.

Retail network of post offices and postal agencies



Network of postal delivery offices



As a result of the auditing and inspection actions, 138 CTT post offices, 79 CTT access points and 63 postal distribution offices were audited, representing respectively 24%, 21% and 28% of the eligible universe. In the development of investigation actions, 25 were carried out for "Appropriation, temporary use of goods or cash from CTT or clients". For "Theft/tampering of postal items", 4 cases were investigated.

The Company continued to pursue modernisation and renovation work to improve accessibility by disabled people. The types of accesses which have been constructed include interior or exterior access ramps, lift platforms, removable ramps, ramping in public areas close to the entrance of the post office, alteration of façades with door opening with side elevation, among others. Currently, around 95% of all the post offices currently have improved conditions of accessibility.

In 2022, the construction of access ramps for people with reduced mobility was not completed, and the contract works to create an access ramp in the CTT Picoas post office is dependent on authorisation from the Lisbon Municipal Council.

Supervision

As for CTT, the National Authority for Communications (ANACOM) is responsible for the regulation and supervision of the postal sector. CTT's activity, as a provider of the universal postal service, is subject to two types of audits on an annual basis.

- Audit of the annual values of quality of service indicators and of CTT's complaints and information requests system, to verify the reliability of results and adequacy of methodologies for determining service quality levels, as well as the complaints management system and requests for information. Following the audits for the years 2016 and 2017, concluded in 2018, ANACOM defined adjustments in the scope of the measurement system for the quality of service indicators, implemented on 1 July 2019. The results of the audit process relative to 2018, 2019 and 2020 are awaited.
- Audit of CTT's cost accounting system, to check the conformity of the system and the obtained results, as well as compliance with national and international rules, standards and good practices. The statement issued by ANACOM on 25 October 2022, on the audit to the results of the analytical accounting system for 2019, indicates that the results were produced in accordance with the applicable legal and regulatory provisions.

Eco portfolio

GRI 2-29, GRI 302-5, 305-5, 306-2

CTT has found that its customers progressively and consistently use more mail products that incorporate environmental protection features, demonstrating the customers' growing awareness of these arguments. Since their launch in 2010, the total sales of the range of CTT eco products represent a revenue of approximately €154m, to a large extent driven by the visibility of their environmental and carbon attributes.

Among last year's results, the eco range of Green Mail recorded close to 7.9 million items sold, corresponding to a slight 3% decline in relation to the previous year and representing a stabilisation of the market.

This fully ecological offer is committed to convenience combined with environmental protection, with the respective footprint in terms of direct emissions being compensated annually, without additional costs for customers. On average, 51 grams of CO_2 are emitted for each "green mail" item delivered by CTT, arising from the Company's direct activity.

The projects to offset unavoidable direct emissions are selected by the public through CTT's website, and involve support for initiatives that promote positive impacts in terms of the protection of biodiversity and the development of the local communities where they are located. The projects with the most votes from the public in 2022 were the national project "Conservation of river organisms", to preserve some of the most endangered freshwater fish species in our country, promote actions to reproduce these species and conservation measures of their habitat to then return them to the natural environment, and the project "Reforestation in Amazonia" in Brazil, which promotes forest protection and prevention of unplanned and illegal deforestation of native Amazonian forest, promoting sustainable forest management.

The range of eco direct marketing services provides a distinctive symbol for the campaigns which stand out positively due to their environmental performance, through compliance with various ecological criteria. This measure sought to project the use of the mail channel with ecological merit, through the use of ecological raw materials, responsible production processes and appropriate end-of-life cycle management. In 2022, the eco range maintained its relative weight (42%) in the domestic volume of Direct Mail, involving around 16.4 million items.

Philately

GRI 2-6

During 2022, CTT's Philately issued 23 stamp issues of the Republic, 29 Postal Stationery, 3 thematic books and 2 annual stamp books.

During the year, there was a reduction in impulse buying in CTT post offices and a decrease in the number of stamp collectors, and therefore the limitations to potential revenues were maintained due to these constraints. Revenues accumulated during the period amounted to €4.5m, a negative evolution of 15.8% compared to the previous year.

From 1962 to 2022, CTT – Correios de Portugal was awarded 41 major philatelic design awards, to which must be added another 10 prizes for the graphic quality and contents of our books. With 51 of these distinctions granted, mostly by independent international juries, CTT's Philately is considered the most award-winning in Europe and one of the most awarded in the world. In 2022, it once again stood out for its innovation and art with the launch of the stamp issue "20 Years of the Euro" printed using four different printing techniques.

Commemorative philatelic issues of 2022	
• Portuguese Faces at the UN • Portuguese Numismatics (3rd group) • 100 Years of the First South Atlantic Air Crossing • Figures from Portuguese History and Culture • 175 Years of the Grémio Literário • 250th Anniversary of the Pombaline Reform of the University of Coimbra • Europa – Stories and Myths • Blessed Charles – Emperor of Austria I Madeira • The Romeiros of São Miguel, Azores – 500 Years since the Earthquake in Vila Franca do Campo • Antique Cities of the Mediterranean – EuroMed • 200 Years of Brazilian Independence – Joint issue Brazil-Portugal • End of the First Circumnavigation Voyage 1519-1522: 500 Years • 20 Years of the Euro • The First Portuguese Constitution of 1822: 200 Years • Solidarity with the Ukrainian People • The Importance of Vaccination • Supervisory Authority for Insurance and Pension Funds (ASF) - 40 Years • Archbishops of Braga (5th group)	***National and International Events***
• Hunting in Portugal (2nd group) • The Seahorses from Ria Formosa • Epic Fishing Campaigns	***Environment and Sustainability***
• Numismatics Self-adhesive stamps (3rd group)	***Self-adhesive***

Special stamp issue
• Fantastic Beasts

Book editions
• Catalogue 200 CTT Editions: 1983-2021 • Family Life at the Table 1914-1945 • Epic Fishing Campaigns • Hunting in Portugal - Sustainability and Gastronomy • My Stamp Album 2022 • Portugal in Stamps 2022

More information on the plan of philatelic issues of CTT at:
https://www.ctt.pt/particulares/filatelia/plano-emissoes/

3.2 Express & Parcels

GRI 2-6, GRI 201-1

Express & Parcels revenues amounted to €259.0m in 2022, a year-on-year increase of €3.3m (+1.3%).

In 2022, **revenues in Portugal** recorded €132.2m, a year-on-year decrease of €3.0m (-2.2% y.o.y), and volumes totalled 33.1 million items, a growth of 1.1% vis-à-vis 2021. It should be noted that 1Q22 was impacted by a difficult year-on-year comparison, as 1Q21 was a quarter marked by the effect of the restrictions associated with the COVID-19 pandemic, particularly the second lockdown, which strongly boosted the e-commerce activity.

CEP revenues amounted to €118.9m in 2022, corresponding to +0.4% y.o.y. The annual comparison shows a steady recovery trend quarter after quarter and it should be noted that in 4Q22 revenues grew 8.7% y.o.y, maintaining the CEP activity a growth trajectory in terms of volumes per working day (+15.3% y.o.y). This growth was boosted by a very strong peak season, underpinned essentially by e-commerce (B2C) customers, particularly large global marketplaces and national and international e-sellers.

The **logistics** product line, which is a pillar of the development of the vertical integration strategy with CEP, recorded revenues of €3.4m in 2022, a growth of 8.9% y.o.y. based on attracting new customers and on the logistical operation of supplying computers and peripherals to Portuguese schools.

Revenues of the **cargo** product line amounted to €4.9m in 2022 (-40.2% y.o.y), a reduction related to the change in the operating strategy, which aimed at repositioning this product line within positive margin levels. This implied the exit of some customers as well as the withdrawal from some activity sectors without operating synergies.

The **banking documents delivery** product line recorded revenues of €4.3m (-3.4% y.o.y). Although still under pressure in a context of continued reduction of the capillarity of banking networks, as well as of lower collection/delivery frequency, it is worth noting that this product line registered a 5.3% growth in 4Q22 when compared to 4Q21.

In the end of 2021, CTT entered into a partnership with Zongteng Group and created the Open Lockers joint-venture to manage and develop the **24-hour Lockers** business in the Iberian Peninsula.

Aiming at installing a vast network of lockers in Portugal, in 2022 CTT continued to roll out its 24-hour Locker strategy to both the general public and private premises (both residential and corporate), as well as the Click&Collect product. These lockers allow clients to pick up their parcels with maximum convenience, 24 hours a day, every day of the week (24/7). As at the end of December 2022, CTT's parcel locker network comprised 508 24-hour Lockers in various locations around the country, namely in hospitals, intermodal transport platforms, shopping centres, university campuses, physical retail networks, parking lots, gas stations or, in the case of private lockers, in condominiums and in office/ business areas.

Revenues in Spain stood at €122.9m in 2022 (+4.8% y.o.y). The contribution margin[27] grew by 28.0% y.o.y, driven by the increase in the average unitary prices. As a result, CTT Express reached break even in 2022 with a positive recurring EBIT in the individual accounts.

The inflationary context, the energy crisis and the contraction of consumption in the last months of 2022 have impacted the volume growth profile in Spain. In effect, the Express and Parcel activity in Spain is

[27] Revenues less direct operating costs (excluding overheads, essentially buildings and fleet).

specially exposed to e-commerce (B2C) and, in particular, to large global marketplaces. CTT Express has been implemented a new commercial model and enlarging its commercial offer to be able to grow in new market segments, namely in national e-sellers and in B2B clients, aiming at underpinning its growth trajectory.

CTT Express closed the peak season with record numbers in terms of efficiency in the first delivery attempt, as a result of planning, process standardisation and the investment made with the entry into operation of new, automated facilities. The stability of the service and the response to the customers' needs made it possible to strengthen the confidence of existing customers and attract new ones.

Revenues in Mozambique in 2022 stood at €3.9m (+20.5% y.o.y). Growth was driven by a partnership with a freight forwarder in Africa.

Eco portfolio

GRI 2-29, GRI 302-5, 305-5, 306-2

In 2022, CTT launched a new offer, the Ciclo CTT service, in partnership with Loop and FNAC, that allows retailers to set up and test a circular economy operation. The objective is to promote the sale of reconditioned products from its customers, thus contributing to reducing the carbon footprint and promoting the reuse of items while maintaining their value and usefulness.

Already in 2021, CTT developed the Eco Reusable Packaging, for parcel delivery with an expected resilience capacity of up to 50 shipments, allowing the reduction of waste associated to single-use packaging solutions. By returning the packaging, buyers are contributing to more sustainable distribution.

The Green Deliveries offer also aroused the curiosity of CTT customers in 2021. This offer is available for business customers and enables all deliveries in the contracted places, currently in Lisbon and Porto, to be made exclusively with electric vehicles. This service fosters an improvement in the quality of the air in urban centres, as these vehicles do not imply emissions of pollutant particles. Since its launch in mid-2020, over 180 thousand items have been delivered, representing a revenue of approximately €250k.

It should be noted that CTT also acquires 100% of the electricity it consumes through renewable sources, which positively affects the carbon footprint associated with this offer.

In 2022, CTT acquired carbon credits, financing two projects. One of these projects is national, on “Wildlife recovery”, and seeks to restore the wildlife biodiversity of Portuguese forests and make them more resilient to the effects of the climate change forecast for our country. The other one, in Brazil, promotes the prevention of unplanned and illegal deforestation of the native forest in an area inside the Amazon Biome and supporting the local community in the management of its forestry resources.

In Spain, the Spanish branch of CTT Expresso – Serviços Postais e Logística, S.A. (better known as CTT Express) launched new packaging formats that incorporate recycled plastic and are recyclable. This packaging possesses the Blue Angel stamp, a German certification that testifies to the endorsement of good ecological practices applied to the manufacture and functioning of a product or service.

3.3 Banco CTT

GRI 2-6

Banco CTT **revenues** reached €126.0m in 2022, an increase of €27.1m (+27.4% y.o.y) over 2021.

Revenue growth was due to the positive performance of **net interest income**, which totaled €74.4m in 2022, €18.6m above 2021 (+33.3% y.o.y).

The **Cartão Universo** consumer credit portfolio generated revenues of €21.6m in 2022, with a balance sheet volume, net of impairments, of €353.8m in December 2022, a growth of €61.7m (+21.1%) compared to December 2021.

The significant change in the overall macroeconomic and financial environment justified the need for Banco CTT and Universo, IME, S.A. to revisit the terms underlying the Agreement in the area of financial services they had signed on 1 April 2021. In this context, on 20 December 2022 the parties communicated to the market that they had agreed the terms for the termination of the Agreement with a view to ending the partnership by 31 December 2023. Hence, Banco CTT recorded a termination indemnity of €1.9m in December 2022. With the implementation of this agreement, Banco CTT will gain optionality in its strategic development and will release liquidity and capital that will reinforce its profitable development and growth.

Interest from **consumer credit** reached €45.4m in 2022, up €7.6m (+20.2% y.o.y) compared to 2021 and **auto loans** reached a loan portfolio net of impairments of €760.3m (+17.2% vs. December 2021). Auto loans production stood at €262.4m (+22.7% y.o.y).

Interest from **mortgage loans** recorded a year-on-year increase of 46.6%, a year-on-year growth of €1.8m. The 4Q22 was the most impacted, with a growth in interest of +167.7% compared to 4Q21, when Euribor rates were negative. In fact, reference rates for mortgage loans rose sharply in 2022, as a result of the increase in key interest rates set by the European Central Bank (ECB), due to the increase in inflation in the Euro area.

The mortgage loan portfolio net of impairments totalled €658.6m (+10.7% vs. December 2021). Mortgage loan production amounted to €145.6m, a year-on-year growth of 9.4% (+€12.5m).

Commissions received in this business unit reached €45.5m, a year-on-year growth of €6.2m (+15.6% y.o.y). Worthy of note are the positive contributions of (i) commissions from **accounts and cards**, which amounted to €12.7m (+€2.0m; +19.1% y.o.y), (ii) **savings products** (off-balance sheet), which totalled €4.5m (+€0.9m; +24.2% y.o.y) as a result of a net volume off-balance sheet of €891.7m, 25.8% above December 2021, (iii) **insurance** amounting to €3.2m (+€0.8m; +35.1% y.o.y), (iv) **consumer credit** (off-balance sheet) with an amount of €2.7m (+€0.9m; +53.5% y.o.y), and (v) **payments**, which totalled €18.5m (+€1.0m; +5.8% y.o.y).

Banco CTT's good commercial performance continued to allow for growth in **customer deposits** to €2,283.3m (+7.6% vs. December 2021) and in the **number of accounts** to 602k (29k more than in December 2021).

The **loan-to-deposit ratio** reached 77.9% as at the end of December 2022.

The **cost of risk** (consolidated and accumulated as at December 2022) stood at 1.5%, an increase of 0.4 p.p. compared to 2021, inherent to the growth in the customer loan portfolio and the macroeconomic environment.

Eco portfolio

GRI 2-29, GRI 301-3, 306-2

In 2022, Banco CTT's commitment to sustainability was reinforced with the launch of the Sustainable Mortgage Loans, thus continuing to expand the offer of sustainable financial products. Through a campaign that favours the purchase of energy-efficient houses with special conditions in the mortgage, the goal is to save nature while reducing the instalments and the house's energy bill.

The offer of savings and investment solutions also includes the Banco CTT Sustainable Investment product, in partnership with Zurich insurance company. This is an insurance product linked to an investment fund for companies and institutions that carry out their activity by incorporating sustainable development principles and goals in line with the United Nations 2030 Agenda.

Furthermore, Banco CTT's adhesion as a pioneer member of the *Movimento Merece* (Merits Movement) reaped its first fruits, with the recycling of approximately 31 thousand bank cards, equivalent to 190 kg of plastic. According to the dynamics of the project, the planting of 600 trees was guaranteed, which is equivalent to an estimated saving of 15 tons of CO_2.

The association with the Eco-Schools Programme of the European Blue Flag Association was also maintained to support the BIO Vegetable Gardens project, contributing to the creation of vegetable gardens at 14 national schools. The objective is that these vegetable gardens should be used to create awareness and educate the school and local communities on the topic of sustainability, in particular by encouraging the students to create and maintain school vegetable gardens, cultivated in a biological manner, deepening knowledge related to biological agricultural practices and healthy and sustainable eating habits.

Also noteworthy is the renewal of Banco CTT's participation in the *Movimento Merece*, which promotes the collection and valuation of expired bank card waste, also converting this collection into a considerable number of trees planted, in partnership with Quercus.

3.4 Financial Services

GRI 2-6, GRI 201-1

Financial Services & Retail **revenues** amounted to €60.7m in 2022, a year-on-year increase of €11.8m (+24.2% y.o.y). There was a positive evolution in revenues throughout 2022, as a result of the higher attractiveness of public debt certificates, especially Savings Certificates, against an interest rate backdrop more in favour of this savings product. Therefore, the evolution of revenues of Financial Services & Retail was as follows: 1Q22: -1.7% y.o.y (equivalent to -€0.2m); 2Q22: +6.3% y.o.y (+€0.7m); 3Q22: +29.1% y.o.y (+€3.5m), and 4Q22: +59,0% y.o.y (+€7.9m).

Financial services (excluding other revenues) obtained revenues of €41.9m, a year-on-year increase of €10.8m (+34.8% y.o.y), broken down as follows:

- **Public debt certificates** (Savings Certificates and Treasury Certificates Savings Growth) posted revenues of €33.5m in 2022, up €10.8m (+47.5% y.o.y) compared to 2021.

  Subscriptions of these certificates amounted to €8,138.0m in 2022, an average of €32.7m/day versus €17.6m/day in 2021. The 2H22 saw an increase in this type of savings with subscriptions 186.8% above 2H21 and an average of €71.5m/day in 4Q22, representing a growth of €57.3m/day versus 4Q21 (+402.8%). As referred to above, this growth was supported mainly by Savings Certificates, as their attractiveness has been increasing since the beginning of the year due to a new interest rate conjuncture that places public debt as a more interesting investment alternative.

- Subscriptions of **non-banking financial products**, in the area of non-life insurance and health plans, reached €46.2m in 2022. CTT, in articulation with its business partners, intends to promote commercially this business line of activity, having the expectation of improving its growth profile in future quarters.

- **Money orders** recorded revenues of €6.0m in 2022, up by €0.5m (+9.5% y.o.y) compared to 2021. The additional issues of social benefits, created under the current macroeconomic framework, have contributed to mitigate the structural decline associated with the substitution of this means of payment.

Retail products and services (excluding other revenues) reached €18.0m in revenues in 2022, a year-on-year increase of €0.5m (+2.7% y.o.y).

During 2022, CTT carried out a process of maturing and analysing the retail network strategy which is to be carried out during 2023. In this context, CTT has set out the ambition to reposition its retail network as a service platform, including: (i) the distribution of mail and express and parcels products and services; (ii) the distribution of public debt; (iii) the marketing of insurance products, and (iv) the provision of convenience services for citizens. In order to improve customer service and its experience, a strategy of digital channels and self-services is also being developed, focusing on the search for complementarity between physical and digital and between in-store and self-service.

3.5 Future Perspectives

GRI 2-6, GRI 203-1

2022 was a year in which we continued to walk the transformation path that we had set ourselves in all of CTT's business areas: (1) **Express & Parcels** continued to position itself to be an active part in promoting an increase in e-commerce penetration, both in Portugal and in Spain, in order to take advantage of changing consumer habits and thus obtain significant growth, underpinned by the growth of the Portuguese and Spanish markets and by the solid market share gains in Spain; (2) in **Mail & Other**, the decline of international inbound mail revenues was more than offset by the growth registered in business solutions in the wake of the acquisition and consolidation of NewSpring Services and focused commercial stance in the marketing of outsourcing services and other projects and contracts thus enlarging CTT's share of wallet in its mail clients; (3) **Banco CTT** continued to record notable growth in auto loans, mortgage loans and on- and off-balance sheet savings. 2022 was also characterized by continued strong focus on productivity and efficiency of logistics operations, including mail and express & parcels, with CTT launching relevant initiatives to reduce unitary costs while improving the quality of the services provided; (4) **Financial Services & Retail** went through a record year in the placement of public debt using CTT's branches and launched new insurance and savings solutions together with a broader retail offering anchored on services to citizens. As a result of this transformation, CTT has a differentiated and truly Iberian value proposition, and its Spanish operation is already the largest contributor to express and parcels volumes. CTT aims at continuing the transformation of its business and the optimisation of its operations.

As part of its strategic reflection, CTT reviewed, with the participation of all its stakeholders, its strategic concepts of **Purpose**, **Mission** and **Vision**, having also redefined the CTT values. CTT's **Purpose**, which illustrates the reason for its existence and its essence as a company, is "Deliver the future, connecting people and companies in a sustainable way".

The **Vision**, which converts the purpose into aspirations and enunciates the medium-long term ambition, and the **Mission**, which expresses in a more tangible way how to achieve the vision, were defined for the two main business segments of CTT:

- For People, the vision is "To be the brand people trust in shipping and in financial and insurance services" and the mission is "To simplify people's lives in physical communication, savings, credit and insurance";
- For Companies, the vision is "To be the reference partner for companies, developing e-commerce and simplifying its physical and digital presence" and the mission is "To constantly innovate, offering logistics solutions and support services, with quality, focused on customer needs".

In this context, the main pillars of the Company’s strategy for 2023 are: (1) CTT will be focused on expanding its integrated Iberian footprint to enable grabbing the full potential of e-commerce convergence in Portugal and Spain; (2) CTT will continue to carry out transformation initiatives, namely through inroads in business and logistics services, to drive revenue sustainability by reducing dependence on traditional mail services; (3) CTT will continue to launch new services and products to increase the appeal of CTT’s retail offering, and (4) CTT will continue to foster Banco CTT’s growth, which is underpinned by balance sheet optionality and potential equity and industry partnerships.

Moreover, the new universal service framework with a more balanced and sustainable concession agreement should allow for a structural improvement in the profitability of mail services. CTT will also continue to focus its efforts on rolling out more initiatives to further improve efficiency and profitability of its operations, which are already visible, aiming at compensating pressure on mail revenues.

The Company will be watchful and will analyse inorganic expansion opportunities that may exist, namely in the logistics and fulfilment segments.

CTT will focus on minimising the impact of relevant and persistent macro and industry risks, including geopolitical uncertainty, inflation, cost of energy and raw materials, COVID-19 and *de minimis* impact on mail revenues as well as of those severe risks that are affecting the functioning of logistics chains, namely those originated in Asia.

For 2023, the guidance is as follows:

- Mail volumes are expected to decline mid-single-digit;
- In Portugal, CEP volumes are expected to grow by low-to-mid single-digit with improved revenue per item, while in Spain, double-digit volume growth should be resumed;
- Financial Services are expected to register a robust growth;
- Banco CTT RoTE is expected to improve further.

On a consolidated basis, revenues should grow by mid-single digit while recurring **EBIT in FY23 is expected to grow at least 10%**.

The risk outlook is the following: (1) high geopolitical uncertainty, and (2) macro risks continue to be relevant and persistent, namely inflation, cost of energy and raw materials.

CTT aims to implement a remuneration policy that is attractive, constituting an adequate source of income for its shareholders, and that, simultaneously, continues to enable the Company's financial capacity to maintain strategic flexibility to meet the goals of investment in business growth and to continue to position CTT as a reference in logistics and e-commerce in Portugal and Spain. This remuneration policy includes an ordinary **dividend** component, which is intended to have a greater recurrence, and a share repurchase component, which will be more casuistic and applicable according to market conditions. Against this backdrop, on 16 March 2023, CTT announced the intention of its

Board of Directors to propose to the 2023 AGM the payment of a dividend of 12.5 cents of euro per share. This proposal represents a dividend yield of approximately 4.1% and a payout ratio of approximately 47.7%. The proposal is subject to a number of conditions, namely market conditions, CTT's financial situation and assets, as well as legal and regularly applicable terms and conditions. Simultaneously, CTT also announced the intention of its Board of Directors to propose to the 2023 AGM, within the scope of the **share buyback programme** initiated in 2022, the cancellation of 1.43 million own shares acquired.

04

Performance and ESG Commitments

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	
ACCELERATE THE DECARBONISATION OF THE CTT OFFER IN IBERIA Achieve a net-zero carbon balance by 2030	7 **ENSURE ACCESS TO RELIABLE, SUSTAINABLE AND MODERN SOURCES OF ENERGY FOR ALL**	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	12 **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	✓
	13 **TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS**	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	-
		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 2ºC) target: 30% reduction of CO_2 emissions of scopes 1, 2 and 3, compared to 2013	2013-2025	-15.9%	✓
		SBT (well-below 2ºC) 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 8th 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 1st 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)
		Publish and implement the CTT Equality Plan	Annual	Accomplished
		Analyse the wage gap	2021-2023	Preliminary analysis carried out
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
		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
		Invest 1% of recurring EBIT in social impact projects	2025	Investment of 0.97% of Recurring EBIT in community impact programmes in 2022
		Maintain CTT capillarity for 100% of municipalities and rural areas with at least one CTT post office	Annual	Accomplished
		Contract 75% of services to local suppliers (in the Iberian Peninsula)	2025	92.7%

ESG strategic goals	Sustainable Development Goals	CTT goals	Time frame	Accomplished in 2022	
CREATE A GOVERNANCE MODEL OF REFERENCE Ensure the involvement of CTT people in the Company's culture and strategic goals	8 **PROMOTE INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL**	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 1.5º 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 5th 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	
CREATE A GOVERNANCE MODEL OF REFERENCE Ensure the involvement of CTT people in the Company's culture and strategic goals	 **PROMOTE PEACEFUL AND INCLUSIVE SOCIETIES FOR SUSTAINABLE DEVELOPMENT, PROVIDE ACCESS TO JUSTICE FOR ALL AND BUILD EFFECTIVE, ACCOUNTABLE AND INCLUSIVE INSTITUTIONS AT ALL LEVELS**	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 Expresso, 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	22nd 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.

4.2 Economic and financial performance

Revenues

GRI 3-3, GRI 201-1

CTT's **consolidated revenues** amounted to €906.6m in 2022, an increase of €58.8m (+6.9%) compared to 2021 that reflects the growth in all business units, as follows: (i) Banco CTT (+€27.1m; +27.4% y.o.y); (ii) Financial Services & Retail (+€11.8m; +24.2% y.o.y); (iii) Express & Parcels (+€3.3m; +1.3% y.o.y); and Mail & Other (+€16.5m; +3.7% y.o.y), including the effect of the consolidation of NewSpring Services as from 30 August 2021, which represented €14.2m.

Revenues

€ million

	2021	2022	Δ	Δ%	4Q21	4Q22	Δ	Δ%
Revenues	**847.9**	**906.6**	**58.7**	**6.9 %**	**234.9**	**243.8**	**20.9**	**8.9 %**
Mail & Other	444.4	460.9	16.5	3.7 %	125.5	115.4	1.9	1.5 %
Express & Parcels	255.7	259.0	3.3	1.3 %	69.3	71.2	1.9	2.7 %
Banco CTT	98.9	126.0	27.1	27.4 %	26.8	36.0	9.2	34.3 %
Financial Services & Retail	48.9	60.7	11.8	24.1 %	13.3	21.2	7.9	59.4 %

Operating Costs

Operating costs totalled €850.5m in 2022, a year-on-year growth of €64.5m (+8.2% y.o.y) over 2021.

Operating Costs

€ million

	2021	2022	Δ	Δ%	4Q21	4Q22	Δ	Δ%
Staff costs	346.9	351.8	5.0	1.4 %	87.6	88.3	0.7	0.8 %
ES&S	327.4	337.9	10.5	3.2 %	92.3	88.8	-3.5	-3.8%
Impairments & provisions	11.4	26.3	14.9	130.4 %	2.6	8.9	6.3	»
Other costs	44.1	61.3	17.2	38.9 %	17.3	15.3	-2.0	-11.4%
Operating costs (EBITDA)[29]	**729.8**	**777.3**	**47.6**	**6.5 %**	**199.8**	**201.4**	**1.6**	**0.8 %**
Depreciation & amortisation	58.0	64.8	6.8	11.7%	14.8	16.7	1.9	12.9%
Specific items	-1.8	8.4	10.2	»	4.0	12.6	8.6	»
Corporate restructuring costs and strategic projects	12.7	9.2	-3.5	(27.3)%	2.9	3.9	1.0	36.2%
Other non-recurring revenues and costs	-14.5	-0.9	13.6	94.1 %	1.2	8.8	7.6	»
Operating costs	**786.0**	**850.5**	**64.5**	**8.2%**	**218.6**	**230.7**	**12.1**	**5.5%**

Staff costs increased by €5.0m (+1.4% y.o.y) in 2022, essentially in the Mail & Other business unit (+€3.4m y.o.y), due to the acquisition of NewSpring Services (+€9.4m). Excluding the change in the consolidation perimeter, these costs would have declined by €4.5m (-1.3%), as a result of the measures taken to increase productivity and the focus on operating efficiency.

External supplies & services costs increased by €10.5m (+3.2% y.o.y) compared to 2021, both due to the inorganic effect of the acquisition of NewSpring Services (+€4.5m y.o.y), and to business growth, with emphasis on temporary work (+€2.1m y.o.y). The current economic environment, due to price

[29] From 2021 onwards, operating costs (EBITDA) include impairments and provisions; also, the impact of the leases covered by IFRS 16 is presented pursuant to this standard.

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

€ million

	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%**

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

€ million

	31.12.2021	31.12.2022	∆	∆%
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

€ million

	31.12.2021	31.12.2022	∆	∆%
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

€ million

	31.12.2021	31.12.2022	∆	∆%
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

€ million

	31.12.2021	31.12.2022	∆	∆%
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

€ thousand

	2021	2022	∆%
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%**

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 Expresso. 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 StartUProgram

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 StartUProgram 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 Citröen 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 Cóias 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.umaarvorepelafloresta.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 CO2emissions. 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 CO_2 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 Expresso (Spain)	**X**
CTT Expresso	**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:

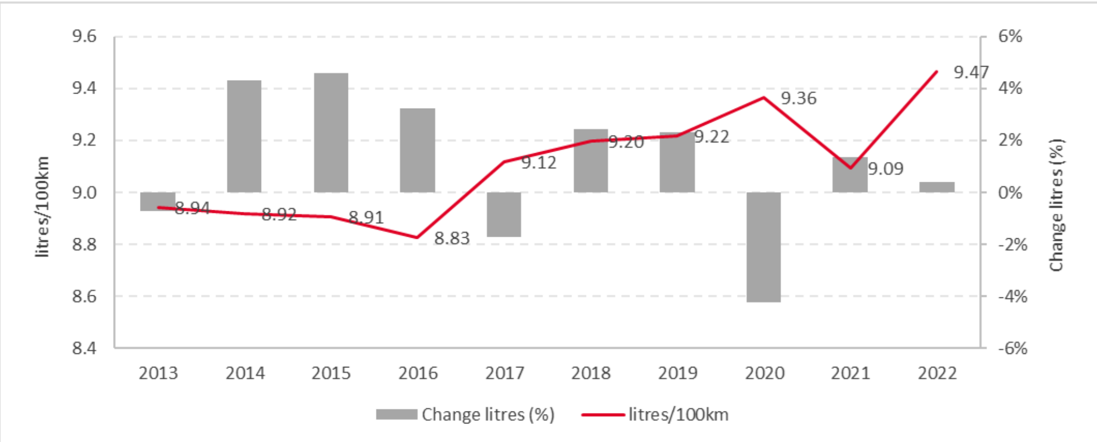
- Organic growth of CTT Express' activity, with the opening of new centres and the relocation of several centres to larger premises;
- Inorganic growth with the integration of NewSpring Services' activity;
- Greater activity in the production and logistics centres in the North (CPLN) and South (CPLS);
- 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 Expresso 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 m^3 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%

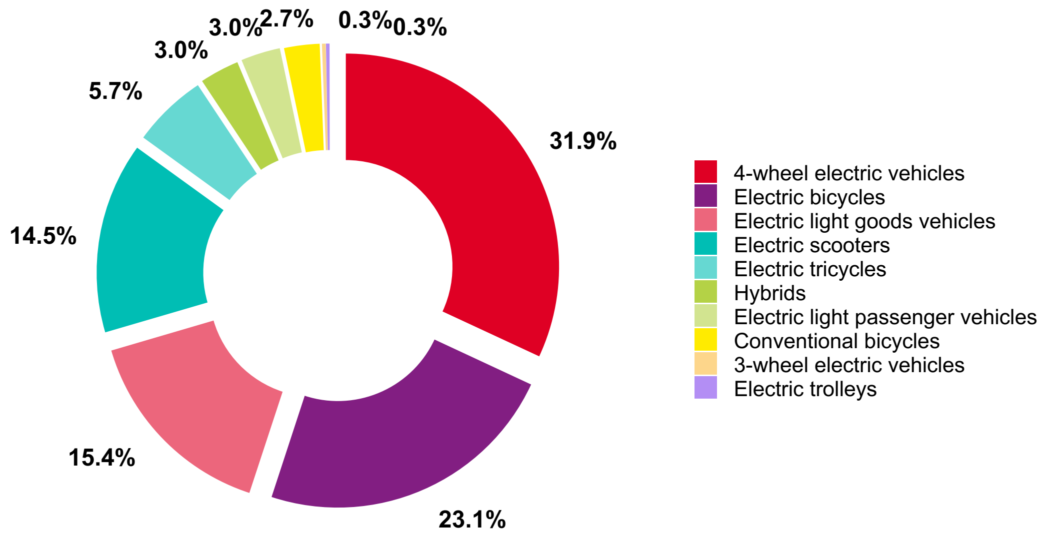
CTT's total activity covered 66.0 million km travelled by its own fleet (3.0% less than in 2021), plus 133.9 million km travelled by the outsourced road fleet (3.7% less than in 2021), and 2.0 million km travelled by postal delivery employees on walking delivery routes.

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 m^3 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% (gep/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 CO_2 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 target[34]	**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 CO_2 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 CO_2e)[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_2O	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 CO_2 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 CO_2[37]	'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 CO_2 per item delivered, with the distance travelled in 2022 decreasing by 6.8% compared to 2021.

Regarding the operation of CTT Expresso, 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 Expresso'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 CO_2) 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 CO_2, 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 1.5ºC" 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 1.5ºC. 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 rakings 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 consumed[41] 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 destination[42]

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 2022[44], 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 Expresso 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 Expresso'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 Expresso, 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 Expresso Company Agreement and to the Wage Review Agreement of the CTT Expresso 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 theDepartment.

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 Expresso, 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

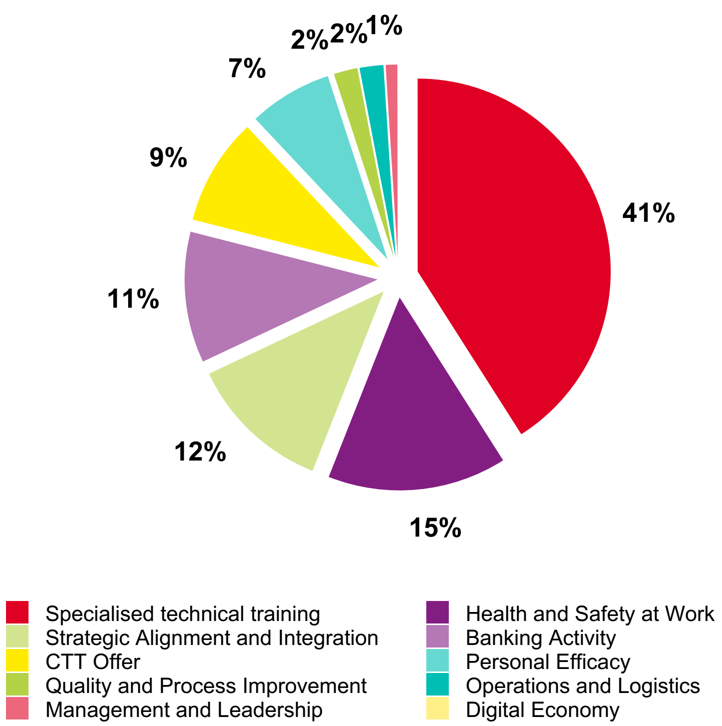
[50] This does not include CTT Express (Spain), CORRE (Mozambique), 321 Crédito, NewSpring Services and MedSpring.

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 CTT[51]

Group	No. of accidents	No. of injuries	No. of days lost (calendar)[52]	Average days lost	Frequency index[53]	Severity index[54]
	Work accidents					
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**

Group	No.	Average days lost[55]	Severity index
	Occupational diseases		
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 Expresso, 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	1st line Managers	2nd 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.

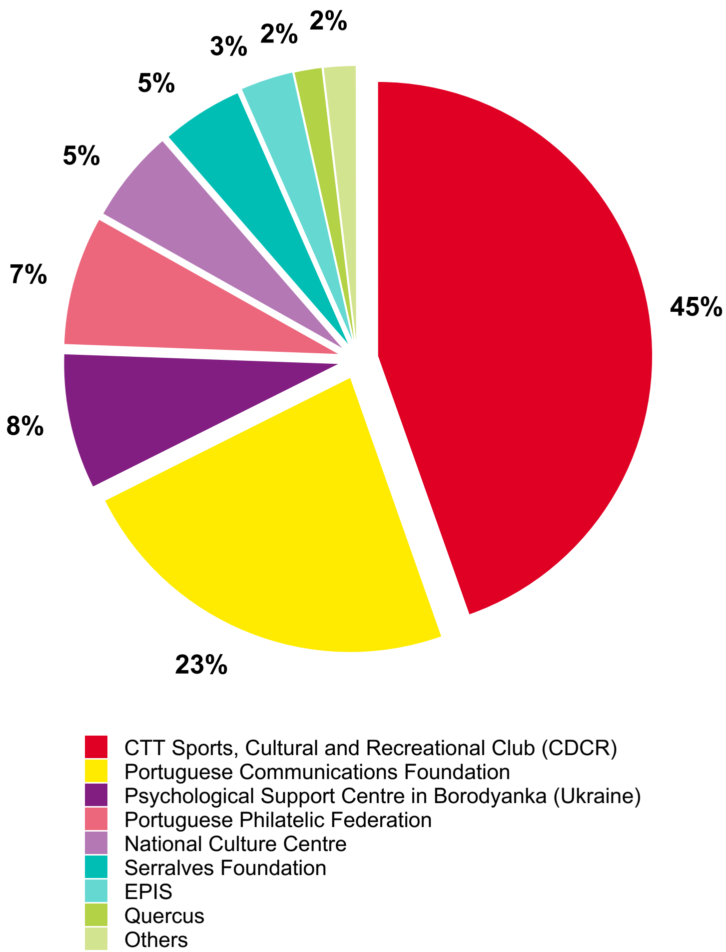
EPIS Social scholarships

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:

CTT donations in 2022



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.

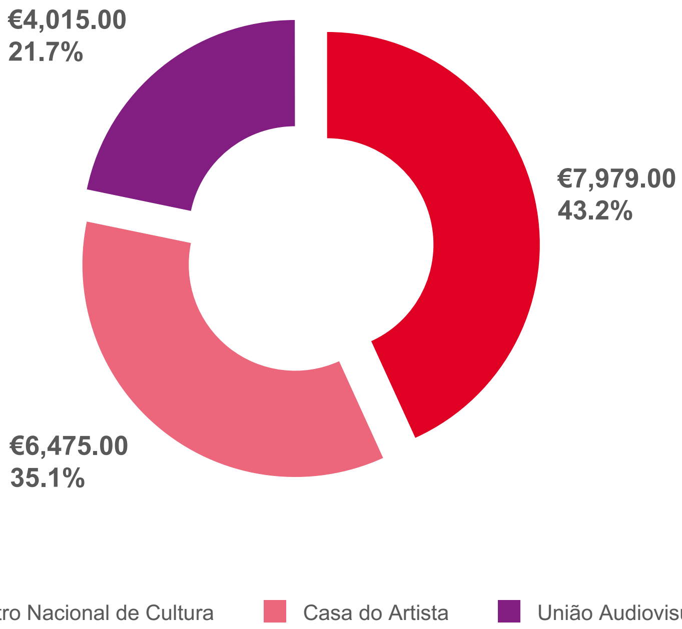
Support for culture

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 bellow.

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 Cóias. 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 CO_2.

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 countries[58]. 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 where 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 Sgnificant Harm”)**							
Economic Activities	#	*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	Minimum safeguards Y/N	Aligned proportion %
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 Sgnificant 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 safeguards 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 Sgnificant 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%**														**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.

Integrated Report **2022**

05

Corporate governance

5. CORPORATE GOVERNANCE

5.1 Best Practices

5.1.1 Highlights

The year 2022 was marked by major adversities - the resurgence of the COVID-19 pandemic that was thought to be under control and the war in Ukraine that was accompanied by a structural decline in e-commerce.

In this context, a new concession agreement and the negotiation of the new universal postal service pricing formula in line with CTT's position were launched. In June, the Capital Markets Day was held whereby the quantified medium-term commitments and the short and medium-term ESG objectives were presented.

The terms of the partnership with Tranquilidade/Generali were agreed for the entry of this entity in Banco CTT's share capital and for the distribution of insurance in the Banco CTT network as well as in the CTT network, thus boosting this business area. Banco CTT agreed the termination of its partnership with Sonae in the context of the Universo card and CTT renewed the public debt distribution contract with IGCP, the Portuguese Public Debt Management Institute.

The Locky brand was launched and 500 new lockers were installed. Three projects were launched under the RRP and through the TechTree Fund three start-ups were invested in (Kit-AR, Sensifinity and Habit Insurtech) in areas in which CTT operates.

5.1.2 Stakeholder relations and materiality analysis

GRI 2-29, GRI 3-3

CTT is committed to maintain various forms and means of engagement with its stakeholders which translate into regular actions of consultation and dialogue, as well as the monitoring of stakeholder needs and satisfaction. Examples of this type of engagement are found in the request to complete questionnaires, as well as CTT’s written response to requests for information from different institutional and other investors, research analysts, and the public in general.

On 23 June 2022, CTT organised a Capital Markets Day, open to investors and analysts, where the management team reviewed the continued transformation strategy anchored on business and commerce services, presenting the new strategy and the ESG and financial targets for the 2022-25 period. Internal meetings were also held with customers, market analysts and investors and shareholders, CTT received visits, held and attended conferences, working groups and panels, and informative newsletters were produced. Timely disclosures have been issued on material information and on qualifying holdings related to transactions and acquisitions, in addition to periodic reporting exercises and other types of external and internal communication undertaken by the Company in its current activity.

The stakeholder hearing enabled updating the engagement strategy and the identification of critical stakeholders that could thus benefit from enhanced communication and involvement.

The communication channels, the most common approaches and some of the measures implemented during this year to meet stakeholder expectations are listed below. CTT aims to establish effective, permanent and transparent dialogue with its stakeholders by strengthening all the forms and channels of hearing and engagement.

Table 1 – List of stakeholders and forms of engagement

GRI 2-29, GRI 3-3, GRI 207-3

Stakeholders	Expectations and needs	Forms of communication with stakeholders and their consultation	Measures adopted
Shareholders and investors	Provision of clear, transparent and timely information that enables knowing the Company's evolution and its economic, financial and governance reality Management alignment with shareholder guidelines Guarantee the commitment to ensure the long-term sustainability of the Company Guarantee the creation of value, through the alignment of the interests of the various stakeholders	Quarterly, half-yearly and annual reporting presented in a rigorous, reliable and consistent manner through presentations, press releases and annual and interim reports disclosed to the market and the general public on CTT and CMVM's websites Participation in conferences, roadshows, meetings and conference calls with investors and research analyst Organisation of the CTT Capital Markets Day 2022 where the management team reviewed the Company's continued transformation strategy and ESG objectives for 2022-2025 Clarification of shareholders and other investors through the telephone line and electronic mailbox provided for that purpose	Social and environmental initiatives and investments Ongoing communication with research analysts, seeking to increase the number of analysts who cover CTT Maintaining and deepening engagement with stakeholders through participation in conferences, roadshows, meetings, conference calls and webcasts for the dissemination of results and communication of management guidance on the Company's business strategy Participation in corporate ratings on environment and sustainability

Stakeholders	Expectations and needs	Forms of communication with stakeholders and their consultation	Measures adopted
Customers	Improvement of responsiveness and involvement with the customer - customer care Need to improve self-care tools, in order to simplify the problem-solving process Increase of service detail, such as parcel tracking, delivery events, transport links Improvement of customer communication More effective incident management process Need for better management of customer expectations, complying with procedures and programmed/ communicated events Reliability and trust Satisfaction Security of mail items (liability) Security of banking operations Geographic coverage and accessibility Responsibility and environmental image Closer and more frequent relationships (newsletters, portals, focus groups, satisfaction surveys, etc.)	Listening channels related to quality of service SMS/e-mail Social media NPS Information campaigns Personalised and permanent communication Advertising and accessibility of information Call centre /hotlines Regular surveys on delivery and customer services Decentralized meetings of the Management Board with customers School sessions and book signing at CTT post offices Campaigns to support the community and the environment, such as: "XXS-XXL" (with Banco CTT), "Solidary Father Christmas", "Support for Culture", "Let's Support the People of Ukraine" and "A Tree for the Forest"	Improved customer satisfaction Launch and reformulation of new customized business solutions 212 Banco CTT branches Environmentally more responsible operating model (fleet and buildings) Studies on the adequacy of the offer of products and services Consolidation of the eco-friendly portfolio (products and services)
Media	Access to reliable and relevant information Communication to the market	Media Advisory (direct contact with media) Press releases Press conferences Media reports	Disclosure of information on services, projects, results and other aspects of corporate life

Stakeholders	Expectations and needs	Forms of communication with stakeholders and their consultation	Measures adopted
Community	Compliance with Public Service obligations Proximity/presence on the ground Stimulation of the local economy Capacity of communication/ dialogue with local partners Accessibility to services Good corporate citizenship, in social and environmental terms	Direct/personalized information CTT website Presence in local and national press and social networks Direct contact with the postman and customer service personnel Philatelic issues and book publishing, among other items. Topics: culture, history, national and international events, protection of biodiversity Other CTT products with an ESG component, such as Green Mail or Green Deliveries (made with electrical distribution) and reusable CTT Eco-packages	Sale of Pirilampo Mágico (Magic Firefly), "A Tree for the Forest" kits, stamp issue Rising Sun" to support Ukraine's reconstruction Campaign to Support Culture, with 5 euros from the sale of each philatelic book to be donated to institutions in the sector 10 participations in voluntary, one-off and ongoing actions, despite the pandemic context limiting face-to-face actions Renovation of CTT post offices premises Initiatives with a call for public participation, such as the selection of carbon offsetting projects or "A Tree for the Forest" and "Solidarity Father Christmas" Targeted measures to improve energy efficiency in electricity and fuels, including enhancing sustainable mobility Optimisation of resource consumption Increase of the waste recovery rate Initiatives to protect biodiversity and raise environmental awareness
Competitors	Participation in initiatives of common interest Sector benchmarking Give access to the postal network	Participation in forums Participation in benchmarking exercises Representation in bodies of the postal sector	Compliance with market rules Intervention in joint projects, in the context of sectoral bodies Implementation of measures that ensure access to the network on transparent and non-discriminatory terms
Suppliers	Equal opportunities and transparency (clear rules) Compliance with payment deadlines Increased volume of new supplies Tightening of relations Registration of suppliers for the different purchasing categories Supplier qualification Supplier evaluation	Supplier portal - ctt.pt/grupo-ctt/a-empresa/fornecedores Regular evaluation meetings to draw up action plans Information and communication of company projects Sustainable procurement policy – contractual clauses Regular communication on non-compliance in supplies – opportunity for improvement Electronic platform	High standards in social, human rights and environmental requirements Eco-friendly Procurement Policy – compliance with objectives Participation in the development of new products/services and improvement of existing ones Invitation of suppliers to meetings for presentation of products/services provided Implementation of an electronic platform

Stakeholders	Expectations and needs	Forms of communication with stakeholders and their consultation	Measures adopted
Other Legal Authorities	Maintaining accessibility to the postal network (post offices and postal agencies) Maintaining cooperative relations with all local entities Audits Clarification meetings Legislative compliance	Good Company practices Company Strategy Ethics and transparency Regular reporting	Regular provision of information Compliance with legal and contractual requirements Protocol with the National Association of Parishes
Workers' Unions/ Committee	Proximity in the relationship with the organisations representing the workers aiming at their involvement Feedback and proposals for approaches on labour issues Management of collective bargaining Respect for their opinions/ positions Transparent negotiation Consultation on matters of corporate responsibility Participation in collective bargaining and contracting processes Compliance with Public Service Obligations Maintenance of social support measures to employees and their families	Monthly and/or extraordinary meetings with senior management Written internal communication (magazine, electronic formats, letters, intranet) Meetings with Union Organisations and Associations Representing Functional Groups, whenever needed Relevant management communication	Signing and entry into force of the Wage Review Agreement of the CTT Company Agreement Agreement for the Accession of a Trade Union Association to the CTT Expresso Agreement and to the Wage Review Agreement of the CTT Expresso Agreement 2022
Regulators	Quality of service of the Universal Postal Service Prices of the Universal Postal Service Criteria for density of the postal network and minimum service offers Compliance with competition rules Establishment of a relationship of greater proximity and dialogue to improve the effectiveness of regulation	Information on services Participation in hearings and/ or public consultations of draft decisions Regular report of indicators Regular response to requests for information and clarification	Procedure for collecting and organizing information to comply with reporting obligations Compliance with universal service obligations in terms of quality, prices and network coverage Maintenance of an analytical accounting system and calculation of the net cost of universal service (CLSU) Monitoring of the application of EU and national principles and rules on market competition: procedures for verifying conformity of business practices Response to Regulators' requests for information

Stakeholders	Expectations and needs	Forms of communication with stakeholders and their consultation	Measures adopted
Employees	Stability (employment security, wage, social protection) Adequate remunerations Opportunities for career development and professional progression Good working conditions Merit-based performance reward Participative management Maintenance of social support measures Equal opportunities and management of diversity Better work-family balance Retirement conditions	Information in due time Personalized communication through the leadership/ dialogue chain Team meetings Written internal communication (magazine, thematic newsletters, electronic formats, SMS, letters, intranet) Training Forums Systems for suggestions Surveys Internal satisfaction surveys in CTT., Banco CTT and 321 Crédito	Widespread disclosure of work-related information Hygiene & Safety Programme continuity Assessment of working conditions Modernization and renovation of infrastructure and equipment Training on safe/defensive/ ecological driving Participation in the INOV+ programme Forum Organisations for Gender Equality Adherence to public commitments for Equality and Diversity Trainee programmes Integration of trainees in voluntary work projects Certification as a family-responsible company In the corporate areas, implementation of new work models with the possibility of remote work Line dedicated to "Tou CTT" workers Team of social assistants, support to active and retired workers

Memberships and significant participation

GRI 2-28

In the context of the company's sustainability strategy, on 31 December 2022, CTT was a member of and carried out activities jointly with BCSD Portugal – Business Council for Sustainable Development, APQ – Portuguese Association for Quality and APCE - Portuguese Association for Corporate Communication. CTT was also a member of APDC – Portuguese Association for the Development of Communications, of APAN – Portuguese Advertisers Association, of COTEC – Business Association for Innovation, of APEL – Portuguese Publishers and Booksellers Association, of IPAI – Portuguese Institute of Internal Auditing and of IPCG – Portuguese Institute of Corporate Governance. Also of note is the participation in the Portuguese-Spanish Chamber of Commerce and Industry and the BRP – Business Roundtable Portugal, among others. The latter represented 42 of the largest Portuguese business groups with the purpose of accelerating the country's economic and social growth to ensure a fairer, more prosperous and more sustainable Portugal.

In international terms, as founding members of the Universal Postal Union (UPU), CTT was present in this and a number of other affiliated organisations, such as PostEurop – Association of European Postal

Operators, where it chaired the Innovation Forum, UPAEP – Postal Union of the Americas, Spain and Portugal, Euromed – Mediterranean Postal Union and AICEP – International Association of Portuguese Speaking Communications, whose board it has chaired since 2009.

CTT also fully adhered to the United Nations 'Global Compact' and subscribed to its 10 Principles. In Annex IV – GRI Index, a correspondence is made between these indicators and the principles of the 'Global Compact' observed by the implementation of measures that respond to these indicators.

UPU

The Plenary Meetings of the Postal Operations Council (COP) of the UPU were held on 12 and 13 May and 21 October in Berne, Switzerland, in which CTT participated remotely. Although Portugal is not part of that Council, as an observer, CTT continued to follow the work of the COP Committees and some Groups considered a priority for the company, namely those related to Remuneration, Road Safety and the Opening of the UPU.

POSTEUROP

In 2022, CTT participated in person in PostEurop's Plenary Assembly and in the 'Business Forum' that took place on 5 and 6 October in the Irish city of Dublin. It was at this meeting that the Coups de Coeur Prize was awarded in the Environment category.

CTT also maintained their participation in several Working Group meetings and, since 2007, have continued to chair the Innovation Forum of that organisation and are Deputy Chair of the Environment Group.

UPAEP

The Advisory and Executive Council was held from 28 November to 1 December 2022 in Montevideo (Uruguay), in which CTT participated in a deferred manner, through the digital platform.

IPC

As of May 2020, CTT, through its Chief Executive Officer, João Bento, joined the board of that organisation for a three-year mandate, also representing the Southern Alpine Group.

On 24 May 2022, CTT attended in person the General Shareholders' Meeting and board meeting that took place in Vienna, Austria. On 18 November, they also participated in person at the Board Meeting held in Miami, Florida, in the United States of America.

AICEP

Among other activities, CTT developed the PDRH, a specific training and development cooperation programme aimed at the technical staff of AICEP postal members, with the objective of improving and sustainably developing the human resources of the member countries' Postal Services. This training programme, which was meanwhile extended to trainees from Latin America and CTT staff, has enabled the participation of 538 trainees from 27 countries over 14 years. In 2022, this course was delivered in digital format, with 111 trainees enrolled from ten countries and 65 nominal diplomas were delivered to participants who met the attendance requirements.

EuroMed

CTT participated remotely in the 15th General Assembly and Conference, which took place on 6 December in Luxor, Egypt (in hybrid form).

Materiality Analysis

GRI 2-29, GRI 3-1

The materiality analysis reflects contributions that result from the last stakeholder consultation exercise, carried out in accordance with the guidelines of AA1000SES - Stakeholder Engagement Standard. The analysis enabled identifying the relevant topics and critical stakeholders for the Company and a mapping exercise that led to the definition of the strategy of engagement with these stakeholders, that has been systematically applied.

The most recent stakeholder consultation exercise started in 2019 and extended over various months, with longer time frames due to the changes in conditions to conduct the study caused by the pandemic. This study was expected to identify new critical topics and enable the appropriate positioning of CTT in light of the needs and perceptions of the stakeholders.

Mapping of the Stakeholders

Source: Stakeholder Engagement Exercise – Ernst & Young

The materiality matrix and material topics

GRI 2-29, GRI 3-1, 3-2, 3-3

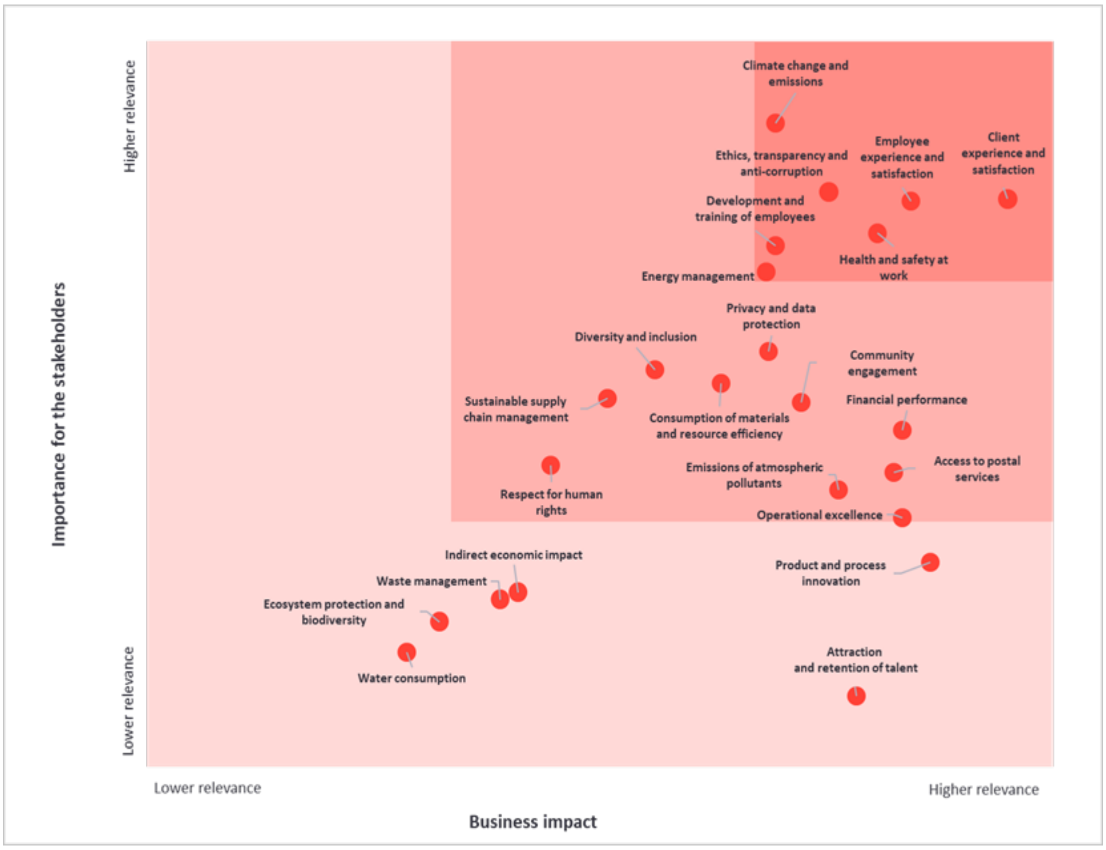
The stakeholder consultation exercise was based on a process of benchmarking the reference peers, so as to enable identifying a set of potentially relevant topics to underpin the process. In order to assess the impact of the topics for the business, several focus groups were held with members of the CTT Board of Directors and senior directors, aimed at obtaining their perception.

Through this exercise, 23 themes were identified whose relevance to stakeholders was subsequently evaluated through a set of strategic interviews and an online questionnaire. The following stakeholder groups were consulted at this stage: Investors and Shareholders, Employees and their Representative

Entities, Customers, Community Representatives, Suppliers, Partners, the Media and other public entities.

The topics were represented in a materiality matrix, grouped into three distinct levels of relevance: material topics, important topics and emerging topics. The prioritisation of themes took into account the relevance criteria indicated by the AA1000SES – Stakeholder Engagement Standard, as indicated above. Determined in partnership with the consultancy firm Ernst & Young, in a service provision contracted before the end of 2020, the final composition of the matrix resulted from crossing the perceptions and points of view of the stakeholders with the vision of the company's top management.

Materiality Matrix



Source: Stakeholder Engagement Exercise - Ernst & Young

Material topics	
21	Client experience and satisfaction
9	Employee experience and satisfaction
1	Greenhouse gas emissions and climate change
16	Ethics, transparency and anti-corruption
11	Development and training of employees
10	Health and safety at work
2	Energy management

Important topics	
22	Privacy and data protection
17	Financial performance
13	Community engagement
15	Accessibility of postal services
6	Consumption of materials and resource efficiency
8	Diversity and inclusion
20	Sustainable supply chain management
14	Respect for human rights
7	Emission of atmospheric pollutants
18	Operational excellence

Emerging topics	
19	Product and process innovation
23	Indirect economic impacts
12	Attraction and retention of talent
4	Waste management
5	Ecosystem protection and biodiversity
3	Water consumption

In the questionnaire, in addition to the stakeholders assessing the importance of each of the topics for CTT, they were also invited to give their opinion on their vision of the company. Their perception of CTT's activity was analysed and the element that received most recognition, both from employees and external stakeholders, was the reputation of the CTT brand as a symbol of credibility.

A particular issue for which it appears necessary to communicate more effectively outside the Company is that of the environmentally responsible products (the so-called ‘green’ products). This question was the one that showed the greatest deviation between internal and external perceptions, with stakeholders who come from outside showing a greater lack of knowledge about the company's offer in this field.

The results of this materiality analysis and the level of criticality attributed to the various topics continue to guide the actions of CTT and are in line with the process of renewing our ESG commitments. Furthermore, CTT continues to present data on the least critical issues, since they are still relevant to the above-mentioned commitments, accountability, alignment with the SDGs, and to their own involvement with stakeholders. Some examples of these topics are the circular economy, biodiversity, and equal opportunities.

5.1.3 Corporate ethics and corruption

GRI 2-13, 2-23, 2-25, 2-26, GRI 205-1, GRI 406-1

CTT - Correios de Portugal, S.A. and the companies in a control or group relationship guide and have always guided the exercise of their activities by the respect for the principles of legality, good faith, responsibility, transparency, loyalty, integrity, professionalism and confidentiality, whether in the relationship with shareholders, regulatory and supervisory entities, customers, suppliers, service providers, media, public and private entities, the general public, or in the internal relationships between employees.

Convinced that only by applying ethical principles is it possible to generate and maintain the trust of all stakeholders, CTT, faced with the will and need to raise its level of demand in this time of change and important transformation, took another step in the affirmation of a posture of integrity. Accordingly, it approved a new Code of Ethics, which is currently being implemented, and which consolidates the elements that characterise the ethical culture, explaining the fundamental values of the CTT Group. It also transmits an integrated vision of CTT's positioning in matters that transversally impact governance and management practices, as well as consolidates a matrix of values and actions aimed at guiding CTT Group employees in the way they relate to each other and to other stakeholders.

In order to ensure the application of these principles, CTT appointed entities and developed prevention and control mechanisms, as listed below.

Ethics Committee

The mission of the Ethics Committee is to monitor, in an independent and impartial manner, the application and compliance with the provisions of the CTT and Subsidiaries Code of Conduct (in the future the new CTT Group Code of Ethics) and the Code of Good Conduct for the Prevention and Combat of Harassment at Work. For that, this committee receives reports of breaches of these Codes through the Ethics Channel available on CTT's website and ensures the existence of internal communication mechanisms and that they comply with the legal standards, as regards confidentiality in the treatment of information and the guarantee of non-retaliation against whistleblowers.

In the Corporate Governance Report (see subchapter 5.2) and on the CTT website, more detailed information on the responsibilities of the Ethics Committee is provided, including its composition and the activity carried out in 2022, in which the review of the CTT and Subsidiaries Code of Conduct, which culminated in the approval of a new Code of Ethics that is under implementation and will replace the CTT and Subsidiaries Code of Conduct currently in force, deserves to be highlighted.

During 2022, the Ethics Committee received two communications related to non-compliance with the rules of conduct and anti-harassment that were assessed and decided upon. Both were filed as they did not fall within the scope of ethics or conduct.

CTT and Subsidiaries' Code of Conduct

The purpose of this document is to promote the fulfilment of CTT's Vision, Mission and Values, as well as the observance of a conduct of total transparency and social and environmental responsibility, bearing in mind the specificities of the business areas in which CTT and its subsidiaries operate. It covers the members of the corporate bodies and all employees of CTT and its subsidiaries, and is also a reference for the public and suppliers, service providers and partners of CTT and its subsidiaries in their relationship with them, under the terms contracted in each case.

Code of Good Conduct for the Prevention and Combat of Harassment at Work

This code establishes, for CTT and for the companies that are, at any given moment, in a controlling or group relationship with CTT, principles of action and concrete rules that are considered appropriate to prevent and combat harassment in the workplace of this business universe, to be complied with by all persons who work for CTT, including members of the corporate bodies and holders of management and supervisory positions, in their relationship with managers, colleagues and subordinates.

In addition to these mechanisms, CTT has a Code of Conduct for Senior Officers and Insiders, a Code of Conduct for the Prevention of Corruption and Related Infringements and a Regulation on Whistleblowing Procedures.

Code of Conduct for the Prevention of Corruption and Related Infringements

This Code, approved by CTT in 2022, is an extremely important instrument that represents an internal and external commitment to the highest values in the prevention of corruption and related infractions, setting out the principles of action through rules that aim to prevent, detect and sanction the practice of acts of corruption and related infringements carried out against or through any of the companies of the CTT Group.

Regulation on the Procedures regarding the Reporting of Irregularities

The purpose of this regulation, which was amended in 2022, is to define the procedures for the reception, retention and treatment of communications of the practice of irregularities received by CTT on matters of accounting, auditing, internal accounting controls, risk control, insider trading, fraud or corruption, banking and financial crime, money laundering and financing of terrorism, public procurement, consumer protection, protection of privacy and personal data and other matters provided for in article 2(1) of Law no. 93/2021, of 20 December, which are communicated by any Whistleblower.

The Codes and Regulations identified above and in force at any given moment are public and available for consultation by all stakeholders on the CTT website.

5.1.4 Data security practices and confidentiality of personal information

Protection of personal data

GRI 2-27, GRI 3-3, GRI 418-1

CTT is committed to ensuring the security and privacy of the personal data of all its stakeholders, namely, customers, employees, suppliers, service providers and business partners. Thus, its actions are guided by strict respect for the privacy of the different categories of data subjects, as set out in its Code of Conduct and Privacy Policies.

CTT has a Central Governance Model as regards the protection of personal data, having appointed a single Data Protection Officer (DPO) for the Group's companies. The DPO is, in the case of Banco CTT, assisted by a DPO Manager, who acts as a local agent for privacy issues, bridging the gap between the DPO and the rest of the organisation. In the various business and support areas of the CTT Group companies, the Model also includes Privacy Pivots who act as contacts on this issue, acting as experts within the scope of their areas.

The DPO, in close cooperation with the Information Security and Legal departments, plays a central role in the management of privacy at CTT, advising and supervising the various topics within its scope and liaising with the DPO Manager and Privacy Pivots in order to have the necessary visibility to pursue its activities. The DPO and his support structure also guide internal awareness and training actions on this topic.

In the cases of 321 Crédito, Instituição Financeira de Crédito S.A. and NewSpring Services, S.A., CTT maintained the existing DPOs when these companies were acquired, taking into account the particularities of these operations and the in-depth knowledge they had of the internal procedures as well as of the history of those entities.

The governance structure of the DPOs of the companies that integrate CTT is subject to frequent assessment, and CTT is committed to ensuring, as efficiently as possible, compliance with the provisions of the GDPR and the protection of the personal data processed.

In this sense, CTT has also defined a set of methodologies and procedures across the Group in order to ensure data protection in all new projects, products and services, assessing and monitoring how these may impact the private sphere of data subjects, namely through risk and impact assessments and ensuring Privacy by Design.

Additionally, the processes for exercising and responding to the exercise of data subjects' rights, registration of processing activities, assessment of subcontractors and response to privacy incidents are defined.

In addition to implementing technical measures in line with the best practices in order to provide personal data processed with adequate security conditions in view of the risks, CTT considers that raising employees' awareness and sensitivity to privacy is a critical component to ensure the protection of personal data. For this reason, the Training Plan of the CTT Group now includes mandatory training actions on this matter.

CTT seeks to ensure transparency with regard to the processing of personal data. In this sense, it provides information on the processing of personal data not only in the privacy policies of employees and customers that it discloses but also in the terms and conditions of the services it provides and in the websites and applications it makes available. This documentation also provides the contact details of the DPO, as well as the necessary information for data subjects to exercise their rights, request additional information or clarifications and lodge complaints regarding the processing of their personal data.

Cybersecurity at CTT

GRI 2-25, GRI 3-3

The challenge of leading organisations in combating threats has never been greater. But, on the other hand, there has never been so much response capacity.

A cyber-attack puts not only CTT Group's data at risk, but also the personal data of employees and customers. Information such as address, telephone number, bank account number are stored in applications and are as vulnerable as the organisation's commercial data. Thus, respect for security standards is in everyone's interest.

With the increased dependence of institutions on information technology systems for their daily operations, it becomes increasingly important to have a global vision of the risks to which an entity is exposed by the use of that technology, and to mitigate them proactively, so that the spectrum of threats is reduced to a minimum level of acceptable risk. The CTT Group is no exception, so much so that it began to look at cybersecurity in a different way, which came as a result of:

- Changing context - increasing activity of criminal groups in Portuguese cyberspace;
- Protection of brands - incidents can be catastrophic, causing their depreciation and subsequent loss of clients;
- Protection of information - reduced competitiveness against the competition;
- Protection of assets - impact on company production with high losses;
- Compliance - total or partial non-compliance that can result in heavy fines;
- Market - the lack of preparation to meet expected requirements (failure in time-to-market);
- Audits - demonstration of capacities.

In that context, CTT has established the following priorities:

- Reduce risk exposure with financial and reputation benefits
- Improve the security posture with proactive and intelligent monitoring
- Train the Operations and Security teams
- Leverage a Security Operations Center and a DevSecOps experience
- Improve regulatory compliance response and management
- Improve the security process, operations and automation
- Educate employees

For that purpose, the company implemented:

- A vision for the CTT Group - a central body, reporting to the Executive Committee, responsible for the development and implementation of the Cybersecurity strategy, common to Group companies;
- A reference framework - for establishing the functions and processes in information security management;
- A security policy for CTT - a set of minimum requirements to be complied with by the CTT Group, establishing higher sectoral requirements as applicable, for example:
  - Printing and Finishing: ISO/IEC27001:2013 certification
  - Banco CTT: regulatory obligations imposed by Banco de Portugal
- Providing IT with sufficient specialised resources - ensuring the technical management of information security, by continuous and proactive operation of information security tools:
  - *Identity and access management*: managing and protecting the organisation's identities, monitoring unusual behaviour;
  - *Threat protection*: Fighting attacks with integrated and automated security, for Hybrid Identity, endpoints (PC/Mac), e-mail, OneDrive, Sharepoint, Teams and SaaS;
  - *Information protection*: Classifying and protecting confidential data wherever it lives and travels. Monitoring confidential data flows in and out of the organisation;
  - *Security Posture Management*: Protecting on-premise and cross-cloud resources by proactively monitoring in real time.
- In the context of collaboration, workers and remote working:
  - Automatic information classification and protection;
  - Detection of information exfiltration from corporate applications;
  - Monitoring and protection of information downloaded on managed and unmanaged devices;
  - Awareness campaigns for phishing and malware threats, with auditing, risk measurement, awareness raising, simulations and production of training content;
  - Regulatory scoring and mitigation recommendations for regulatory controls, with mitigation capability.

For CTT, the way to maintain system security is to invest both in the technological area and in making employees aware of the importance of information security. The best technology against cyber attacks will not be of much use if it is not integrated with CTT Group's processes and there is no concern from the employees in keeping the organisation safe.

Cybersecurity, the security of information assets, equipment or even physical safety and hygiene in the workplace is a task and a commitment of everyone in CTT.

5.2 Corporate Governance Report[59]

TABLE OF CONTENTS

[59] References to points and Parts in this subchapter 5.2 of chapter 5 (Part I – Information on shareholder structure, organisation and corporate governance, Points 1 to 92 and Part II – Assessment of Corporate Governance) should be considered within subchapter 5.2 itself, unless expressly stated otherwise.

Part I – Information on shareholder structure, organisation and corporate governance

5.2.1 SHAREHOLDER STRUCTURE

5.2.1.1 Capital Structure

1. Capital Structure (share capital, number of shares, distribution of capital among shareholders, etc.), including an indication of shares not admitted to trading, different classes of shares, rights and duties of same and the capital percentage that each class represents (Art. 29-H(1)(a))

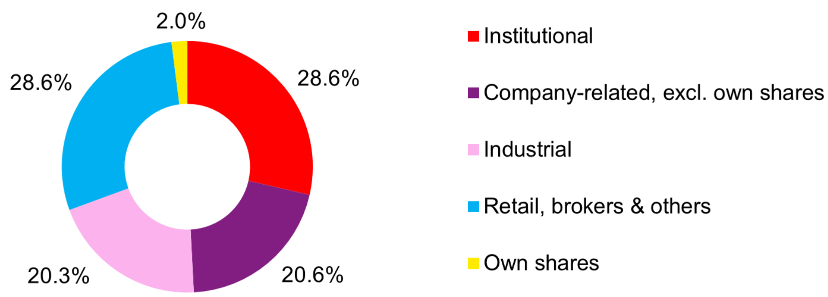
CTT's share capital is €72,675,000.00, fully paid-up and underwritten, being represented by 150,000,000 ordinary (there are no different categories), registered, book-entry shares with nominal value of €0.50 each, listed for trading on the regulated market managed by Euronext Lisbon - Sociedade Gestora de Mercados Regulamentados, S.A. ("Euronext Lisbon").

Characterisation of the capital structure

At the end of 2022, a study was conducted aimed at characterising CTT's capital structure. This study identified CTT's shareholder base and its main conclusions are presented in the graphs below.

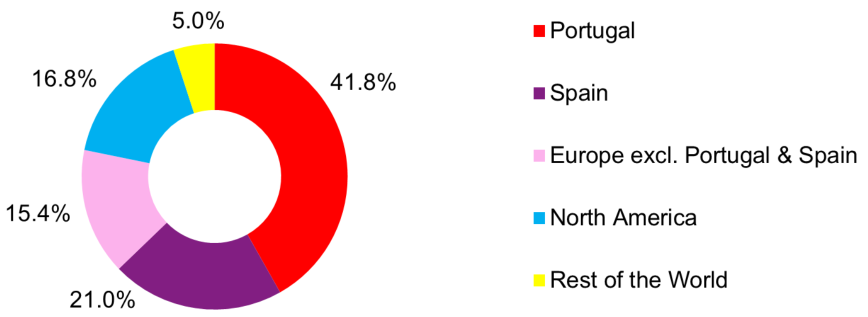
Hence, in terms of the profile of CTT's shareholders, it was found that the largest part is institutional shareholders, which include equity portfolio managers, pension funds, banking & insurance, among others and hold circa 29% of the Company's capital, roughly the same percentage as retail & other investors. Two company-related shareholders held approximately 21% and a little lower percentage was held by industrial shareholders, while 2% of the share capital were CTT treasury shares, as can be seen in the following graph:

CAPITAL STRUCTURE BY INVESTOR PROFILE



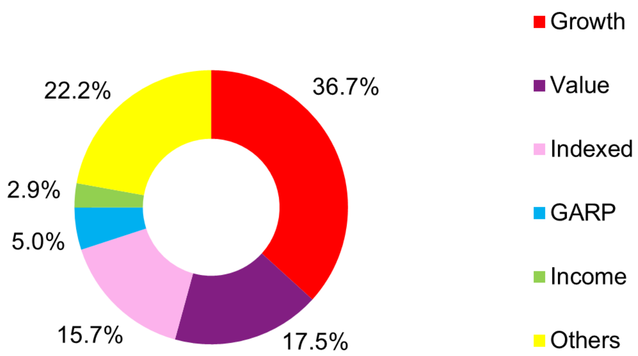
With regard to **geographical breakdown**, according to the same survey, CTT's **shareholder base** was mainly located in **Portugal** (nearly 42%), followed by **Spain** with 21%, and the remaining **European** countries (including the United Kingdom) with over 15%. In **North America** were almost 17% of the company's shareholders while 5% were dispersed by the rest of the world. This geographical breakdown is illustrated in the following graph:

GEOGRAPHICAL BREAKDOWN



The study also included an analysis of CTT's shareholder composition by **investment strategy**. According to this analysis, at the end of 2022, institutional investors with a **Growth** investment strategy represented approximately 37% of the Company's institutional investment, while those with a **Value** type of investment strategy represented 17.5%, followed by **Indexed** (passive) investors which represented almost 16%. Investors with a **GARP** (Growth at A Reasonable Price) strategy corresponded to 5% and those with an **Income** investment strategy were close to 3% of the institutional investment in CTT. Over 22% was held by institutional investors with other types of investment strategies, as illustrated graphically below:

INSTITUTIONAL SHARES BY INVESTMENT STRATEGY



Finally, the study demonstrated that, at the end of 2022, the 10 largest shareholders of CTT held circa 56% of the Company's capital, a similar percentage as at the end of 2021, while the 25 largest held a total of more than 69% (at the end of 2021, this percentage was 67.5%).

2. Restrictions on the transfer of shares, such as clauses on consent for disposal, or limits on the ownership of shares (Art. 29-H(1)(b))

CTT shares are **not subject to any limitations** (whether statutory or legal) regarding their transfer or ownership, in compliance with Recommendation II.2 of the IPCG Governance Code ("IPCG Code ").

Although CTT's shares are freely transferable, their acquisition implies, as of the commercial registration date of Banco CTT (a credit institution fully owned by CTT), **compliance with the legal requirements on direct or indirect qualified shareholdings** established in the Legal Framework of

Credit Institutions and Financial Companies laid down in Decree-Law No. 298/92, of 31 December, in its current version.

In particular, and pursuant to article 102 of this Legal Framework, anyone intending to hold a qualified holding in CTT and indirectly in Banco CTT (i.e. direct or indirect holding equal to or higher than 10% of the share capital or voting rights or that, for any reason, enables exerting significant influence on the management) should previously inform Bank of Portugal ("BoP") on their project for the purpose of its non-opposition thereto. In turn, acts or facts that give rise to the acquisition of a shareholding of at least 5% of the capital or voting rights of CTT and indirectly in Banco CTT, should be communicated to BoP, within 15 days as of its occurrence, pursuant to article 104 of said Legal Framework.

3. Number of own shares, the percentage of share capital that it represents and corresponding percentage of voting rights that corresponded to own shares (Art. 29-H(1)(a))

As at 31 December 2021, CTT held 1,500,001 own shares. corresponding to 1% of the share capital and voting rights, acquired for the purposes of implementing the Options Plan referred to in point 74 below.

On 18 March 2022, CTT started the acquisition of own shares in the context of the share buy-back programme of the Company ("Buy-back Programme") approved by resolution of the Board of Directors of 16 March 2022, pursuant to the terms and limitations set forth in the resolution adopted under item 5 of the Agenda of the General Shareholders' Meeting of CTT held on 21 April 2021.

Subsequently, following a decision of CTT's Board of Directors of 27 July 2022, the extension of the Buy-Back Programme was approved.

In the context of said Buy-back Programme, and as the financial intermediary in charge of the execution of said program, JB Capital Markets, S.V., S.A.U. acquired 6,084,999 shares representing CTT's share capital, in Euronext Lisbon regulated market, in the period from 18 March to 8 September 2022 (inclusive), (for further details, see Annex II of this Report).

As a result of the transactions indicated above, as at 8 September 2022, CTT held an aggregated total of 7,585,000 own shares, with a nominal value of €0.50 per share, representing 5.06% of its share capital.

As the sole purpose of the Buy-back Programme of March 2022 was to reduce CTT's share capital through the cancellation of own shares acquired under the programme, and since the 2022 Annual General Meeting of CTT approved the cancellation of up to 4,650,000 (four million six hundred and fifty thousand) own shares corresponding to 3.1% of CTT's share capital, on 7 November 2022 the share capital reduction in the amount of €2,325,000 through the cancellation of 4,650,000 shares held by the Company, representing 3.1% of the Company's share capital, was registered before the Commercial Registry Office. CTT's share capital became then €72,675,000, represented by 145,350,000 shares with the nominal value of €0.50 per share.

The proposal for the approval of the capital reduction for cancellation of 1,435,000 own shares, corresponding to the remaining 1,434,999 acquired under the Buy-back Programme plus 1 more own share previously held by CTT, shall be submitted to the next General Meeting.

Hence, as at 31 December 2022, and on the present date, **CTT held, and holds, 2,935,000 own shares, with the nominal value of €0.50 each, corresponding to 2.02% of its share capital**, with all the inherent rights being suspended by force of the provisions of article 324(1)(a) of the Portuguese Companies Code ("PCC"), with the exception of the right to receive new shares in the event of a capital increase by incorporation of reserves.

4. Important agreements to which the company is a party and that come into effect, are amended or terminated in cases such as a change in the control of the company after a takeover bid, and the respective effects, except where due to their nature, the disclosure thereof would be seriously detrimental to the company; this exception does not apply where the company is specifically required to disclose said information pursuant to other legal requirements (Art. 29-H (1)(j))

As at 31 December 2022, and on the present date, the following contracts of strategic relevance to CTT were and are in force, with clauses related to change of control:

- The **tripartite contract concluded between CTT, Banco CTT** and **BNP Paribas Personal Finance, S.A.** on 23 June 2021 for selling **Cetelem credit products** at CTT Retail Network and website, provides for the possibility of unilateral termination by any of the parties, under certain circumstances, in the event of a change of shareholder control;
- The **two tripartite contracts between CTT, Banco CTT** and **Fidelidade – Companhia de Seguros, S.A.** for the brokerage of this entity's Life and Non-life insurance (the scope of which was extended to Banco CTT on 22 July 2016) **concluded** on 16 July 2013 and 2 September 2020, respectively, sets forth the possibility of termination by any of the parties in the event of change of the counterpart's shareholder structure, as well as the possibility of unilateral termination by Fidelidade if CTT should lose control of Banco CTT;
- The contract concluded on 20 September 2018 with **Western Union Payment Services Network EU/EEA Limited ("Western Union")** and **Western Union Payment Services Ireland Limited ("WUPSIL")** for the provision of fund transfer services, which establishes the possibility of unilateral termination of the contract by Western Union in the event of a change of CTT's shareholder control.
- The three **contracts concluded on 18 November 2015 between CTT and Banco CTT** (institution entirely held by CTT and which exercises its activity through personal attendance in CTT's Retail Network), which regulate the **provision of means inherent to the Retail Network and CTT/Banco CTT partnership relative to the CTT Channel, the employer plurality regime adopted in the context of employment contracts with employees of the Retail Network and the provision of services between the parties (the latter was revoked and replaced with another contract in 2022)**, establishing the possibility, by initiative of any of the parties, of a renegotiation of the respective bargaining/financial balance, in good faith and based on normal market conditions, in case of the end of the controlling or group relationship or an event leading to CTT being controlled by a competitor of Banco CTT.

The aforesaid clauses constitute **normal market conditions in this type of contract for selling/ delivering financial products and partnerships** (especially for protection of the parties in the case of acquisition of control of the counterpart by competitors) **and neither seek nor are able to hamper the free transferability of CTT shares.**

On the other hand, the Company is **not a party of any other significant agreements which enter into force, are amended or cease (nor the respective effects) in the event of CTT's change of control following a takeover bid.**

No measures have been adopted, nor is CTT a party in any significant agreements that determine the requirement of payments or the undertaking of costs by the Company in the case of transition of control or change of composition of the governing body and which appear capable of hindering the free transferability of CTT shares and the free appraisal by the shareholders of the performance of the members of the management body of CTT.

5. A system that is subject to the renewal or withdrawal of countermeasures, particularly those that provide for a restriction on the number of votes capable of being held or

exercised by only one shareholder individually or together with other shareholders

The Articles of Association set no limits to the number of votes that may be held or exercised by a single Shareholder, individually or jointly with other Shareholders.

6. Shareholders' agreements that the company is aware of and that may result in restrictions on the transfer of securities or voting rights (Art. 29-H(1)(g))

The Company is **not aware of any shareholder agreements** regarding CTT, namely on matters of transfer of securities or voting rights.

5.2.1.2 Shareholdings and bonds held

7. Details of the natural or legal persons who, directly or indirectly, are holders of qualifying holdings (Art. 29-H(1)(c) & (d) and Art. 16), with details of the percentage of capital and votes attributed and the source and causes of the attribution

As at 31 December 2022, **based on the communications to the Company** made up to this date, the structure of the qualified holdings in CTT, calculated under the terms of article 20 of the Portuguese Securities Code ("PSC"), was as follows (notwithstanding changes disclosed to the market up to the date hereof and also identified in the table below):

Shareholders		Number of Shares	% Share Capital	% Voting Rights
Global Portfolio Investments, S.L. (1)		21,787,696	14.990%	14.990%
Indumenta Pueri, S.L. (1)	**Total**	**21,787,696**	**14.990%**	**14.990%**
Manuel Champalimaud, SGPS, S.A. (2)		19,261,815	13.252%	13.252%
Manuel Carlos de Melo Champalimaud		500,185	0.344%	0.344%
Manuel Carlos de Melo Champalimaud (2)	**Total**	**19,762,000**	**13.596%**	**13.596%**
GreenWood Builders Fund I, LP (3)		10,025,000	6.897%	6.897%
GreenWood Investors LLC (3)	**Total**	**10,025,000**	**6.897%**	**6.897%**
Green Frog Investments Inc	**Total**	**7,730,000**	**5.318%**	**5.318%**
Norges Bank	**Total**	**3,105,287**	**2.136%**	**2.136%**
Bestinver Gestión S.A. SGIIC (4)	**Total**	**3,024,366**	**2.081%**	**2.081%**
CTT, S.A. (own shares) (5)	**Total**	**2,935,000**	**2.019%**	**2.019%**
Remaining shareholders	**Total**	**76,980,651**	**52.962%**	**52.962%**
TOTAL		145,350,000	100.000%	100.000%

(1) Global Portfolio Investments, S.L. is controlled by Indumenta Pueri, S.L.

(2) Includes 19,246,815 shares directly held by Manuel Champalimaud SGPS, S.A. and 15,000 shares held by Duarte Palma Leal Champalimaud, Member of its Board of Directors and Non-Executive Director of CTT. Qualified shareholding directly and indirectly attributable to Manuel Carlos de Melo Champalimaud

(3) GreenWood Investors, LLC, of which Steven Duncan Wood, Non-Executive Director of CTT, is Managing Member, exercises the voting rights not in its own name but on behalf of GreenWood Builders Fund I, LP as its management company. The full chain of controlled undertakings through which the voting rights are held includes GreenWood Investors, LLC and GreenWood Performance Investors, LLC.

(4) Bestinver Gestión S.A. SGIIC is a Spanish fund management company. As such, it exercises the voting rights attached to the shares property of the investment institutions it manages and represents. Additionally, Bestinver Gestión, S.A. SGIIC has been granted a power of attorney to exercise the voting rights attached to the shares under the property of the pension funds managed by Bestinver Pensiones EGFP, S.A.

8. A list of the number of shares and bonds held by members of the management and supervisory boards. [NOTE: the information should be provided so that art. 447(5) of the PCC is complied with]

The tables below show the number of shares held by the members of the managing and supervisory bodies who exercised functions in 2022, and still do as at the present date, and who are persons discharging managerial responsibilities according to Regulation (EU) No 596/2014, of 16 April ("Regulation EU"), as per communications made to the Company, as well as their closely related parties, including all their acquisitions, encumbrances or transfers of ownership, as follows:

Board of Directors[a]	Number of shares as at 31.12.2021	Date	Acquisition	Encumbrance	Disposal	Price (€)	Number of shares as at 31.12.2022
Raul Catarino Galamba de Oliveira	30,000				---		30,000
João Afonso Ramalho Sopas Pereira Bento	31,500	---	---	---	---	---	31,500
António Pedro Ferreira Vaz da Silva	7,000	---	---	---	---	---	7,000
Guy Patrick Guimarães de Goyri Pacheco	8,000	---	---	---	---	---	8,000
João Carlos Ventura Sousa	2,851	---	---	---	---	---	2,851
João Miguel Gaspar da Silva	11,435	---	---	---	---	---	11,435
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	0	---	---	---	---	---	0
Steven Duncan Wood	0	---	---	---	---	---	0
Duarte Palma Leal Champalimaud	15,000	---	---	---	---	---	15,000
Isabel Maria Pereira Aníbal Vaz	—	---	---	---	---	---	—
Jürgen Schröder	—	---	---	---	---	---	—
Margarida Maria Correia de Barros Couto	—	---	---	---	---	---	—
María del Carmen Gil Marín	—	---	---	---	---	---	—
Susanne Ruoff	1,200			---	---		1,200

(a) Includes the members of the Executive Committee and the Audit Committee.

Closely Related Parties	Number of shares as at 31.12.2021	Date	Acquisition	Encumbrance	Disposal	Price (€)	Number of shares as at 31.12.2022
Manuel Champalimaud SGPS, S.A. [a]	19,246,815	—	—	—	—	—	19,246,815
GreenWood Builders Fund I, LP [b]	10,025,000	—	—	—	—	—	10,025,000

(a) Entity closely related to Duarte Palma Leal Champalimaud, in which the Non-Executive Director of CTT is Member of the Board of Directors (see note (1) of the table in point 7. above for detail on the number of shares held).

(b) Entity closely related to Steven Duncan Wood, Non-Executive Director and Member of the Audit Committee of CTT and Managing Member of GreenWood Investors, LLC, management company of the GreenWood Builders Fund I, LP.

Statutory Auditor	Number of shares as at 31.12.2021	Date	Acquisition	Encumbrance	Disposal	Price (€)	Number of shares as at 31.12.2022
Ernst & Young Audit & Associados – SROC, S.A.	0	—	—	—	—	—	0
Luís Pedro Magalhães Varela Mendes	0	—	—	—	—	—	0
Rui Abel Serra Martins	0	—	—	—	—	—	0
João Carlos Miguel Alves [a]	0	—	—	—	—	—	0

(a) Alternate Statutory Auditor.

9. Special powers of the Board of Directors, especially as regards resolutions on the capital increase (Art. 29-H(1)(i)) with an indication as to the allocation date, time period within which said powers may be carried out, the upper ceiling for the capital increase, the amount already issued pursuant to the allocation of powers and mode of implementing the powers assigned

The powers attributed to the Board of Directors of CTT are described in point 21 of Part I below. Statutorily, **there are no provisions attributing special powers to the Board of Directors regarding capital increases**, since this is a matter of the exclusive competence of the General Meeting.

10. Information on any significant business relationships between the holders of qualifying holdings and the company

The significant commercial relations maintained between the Company and its holders of qualifying holdings during the 2022 financial year correspond to **transactions with related parties** identified in point 92 of Part I below.

5.2.2 CORPORATE BODIES AND COMMITTEES

GRI 405-1

5.2.2.1 General Meeting

a) Composition of the Presiding Board of the General Meeting

11. Details and position of the members of the Presiding Board of the General Meeting and respective term of office (beginning and end)

Under the terms of article 10 of the Articles of Association of CTT, the Board of the General Meeting is composed of **a Chairman and a Vice-Chairman,** elected every 3 years at the General Meeting.

As at 31 December 2022 and currently, the composition of the Board of the General Meeting was, and is, as follows:

Members	Position	Term of office
Pedro Miguel Duarte Rebelo de Sousa	Chairman	2020/2022
Teresa Sapiro Anselmo Vaz Ferreira Soares	Vice-Chairwoman	2020/2022

Pursuant to that same statutory provision, the members of the Board of the General Meeting are assisted by the Secretary of the Company, duties performed in 2022 and currently by Maria da Graça Farinha de Carvalho.

b) Exercise of voting rights

12. Any restrictions on the right to vote, such as restrictions on voting rights subject to holding a number of percentage of shares, deadlines for exercising voting rights, or systems whereby the financial rights attaching to securities are separated from the holding of securities (article 29-H(1)(f))

CTT's Articles of Association **do not provide for any limitations in terms of voting rights** or any systems detaching voting rights from ownership rights, so CTT considers, under **Recommendation II.1.** of the IPCG Code, the **sub-recommendation II.1.(1)** as complied with and **sub-recommendation II.1.(2)** as not applicable.

Pursuant to articles 7 and 8 of the Articles of Association, the right to vote at the General Meeting is given to shareholders who, on the **record date,** corresponding to 0 hours (GMT) of the 5th trading day prior to the General Meeting, hold at least **1 share**. Under these same provisions, the right to vote can be exercised by representation, correspondence or electronic means and can cover all the matters presented in the call notice. The exercise of the right to vote by any of these methods should be carried out under the terms and within the stipulated periods and through the mechanisms established in detail in the call notice in order to encourage shareholder participation.

In 2022, the General Meeting took place in an hybrid form, allowing shareholders to participate in person or by telematic means (through a remote visualisation and communication system), and to vote in advance by correspondence (e-mail or registered mail) or by electronic means, as well as in person or by electronic means during the General Meeting.

13. Maximum percentage of voting rights that may be exercised by a single Shareholder or by Shareholders related to the former in any of the ways set out in article 20(1) of the Portuguese Securities Code

CTT's Articles of Association **do not contain any limitation on percentage of voting rights** that may be exercised by a single shareholder or by shareholders related to the former in any of the ways set out in article 20(1) of the PSC.

14. Shareholder resolutions for which the Articles of Association require a qualified majority, in addition to those stipulated by law

CTT's Articles of Association **do not provide for qualified majorities** in order to pass resolutions beyond those prescribed by law.

5.2.2.2 Management and Supervision

a) Composition

15. Details of corporate governance model adopted

GRI 2-1, 2-9, 2-10

The Company has endorsed an **Anglo-Saxon type of governance model** since 2014.

The corporate bodies include the General Meeting, the Board of Directors, which is responsible for the Company's management, the Audit Committee and the Statutory Auditor, the last two being responsible for its supervision.

System of Checks and Balances

- In this regard, the **General Meeting** has powers to: (i) elect the members of the governing bodies (including the members of the Board of the General Meeting, the Board of Directors and the Audit Committee as well as the Statutory Auditor, this last body upon proposal of the Audit Committee), (ii) assess the annual report of the Board of Directors and the opinion of the Audit Committee, (iii) determine the allocation of profits and (iv) pass resolutions amending the Articles of Association.
- Under its management duties, the **Board of Directors** has delegated day-to-day management powers to the Executive Committee (see description in point 21 of Part I below), whose action is supervised by the non-executive Directors, namely by the Corporate Governance, Evaluation and Nominating Committee which is composed of three non-executive Directors who are in the majority independent (in performing the duties referred to in the same point).
- The **Audit Committee** (composed of non-executive directors who are in the majority independent), together with the **Statutory Auditor,** perform the duties of supervision that arise from the applicable legal and regulatory provisions, and is responsible namely for supervising the preparation and disclosure of financial information, promoting and monitoring the independence of the Statutory Auditor and the Company's internal audit, and for supervising the efficacy of the internal control systems, including risk management, compliance and internal audit (see description in point 38 of Part I below).
- Furthermore, the **Remuneration Committee** (composed of members who are in the majority independent in relation to the management and elected by the General Meeting) is responsible for establishing the remunerations of the corporate bodies (see description in point 66 of Part I below).

This governance model has enabled the consolidation of CTT's governance structure and practices, in line with the best national and international practices, promoting the effective performance of duties and coordination of the corporate bodies, the proper operation of a system of checks and balances and the accountability of its management to its shareholders and other stakeholders.

16. Articles of association rules on the procedural requirements governing the appointment and replacement of members of the Board of Directors, the Executive Board and the General and Supervisory Board, where applicable. (Article 29-H(1)(h))

Pursuant to articles 9 and 12 of the Articles of Association, the election of the Board of Directors is entrusted to the General Meeting, including its Chairman and Vice-Chairman, by a majority of the votes cast by the shareholders present or represented (or by the most voted proposal in the event of several proposals), and one of the members of the Board of Directors can be elected from among persons proposed in lists submitted by groups of shareholders, provided that none of these groups holds shares representing more than 20% and less than 10% of the share capital.

PCC provisions regarding the replacement of members of the Board of Directors are applicable in the absence of such provisions in the Articles of Association. Under the terms of article 16 of the Articles of Association, it is provided for that the absence of a Director at more than 2 meetings of this body, whether consecutive or interspersed, without a reason accepted by the Board of Directors, shall be deemed definitively absent and shall be replaced pursuant to the PCC.

No other procedural and substantive requirements are defined in the Company's Articles of Association for the purpose of appointment or replacement of members of the Board of Directors.

The criteria and requirements regarding the profile of new members of the corporate bodies are described in point 19 of Part I below.

17. Composition of the Board of Directors, the Executive Board and the General and Supervisory Board, where applicable, with articles of association's minimum and maximum number of members, duration of term of office, number of effective members, date when first appointed and end of the term of office of each member

GRI 2-9, GRI 405-1

Pursuant to article 12 of the Articles of Association, the Board of Directors is composed of 5 to 15 members, for a 3-year renewable term of office under the applicable law.

As at 31 December 2022 and currently, the Board of Directors was, and is, composed of the following 14 Directors:

Members	Board of Directors	Executive Committee	Audit Committee	Independence (1)	Date of 1st Appointment (2)
Raul Catarino Galamba de Oliveira	Chairman			Yes	29/04/2020
João Afonso Ramalho Sopas Pereira Bento	Member	Chairman			20/04/2017
Guy Patrick Guimarães de Goyri Pacheco	Member	Member			19/12/2017
António Pedro Ferreira Vaz da Silva	Member	Member			20/04/2017
João Carlos Ventura Sousa	Member	Member			18/09/2019
João Miguel Gaspar da Silva	Member	Member			06/01/2020
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	Member		Chairman	Yes	20/04/2017
Steven Duncan Wood	Member		Member		23/04/2019
Duarte Palma Leal Champalimaud	Member				19/06/2019
Isabel Maria Pereira Aníbal Vaz	Member			Yes	29/04/2020
Jürgen Schröder	Member			Yes	29/04/2020
Margarida Maria Correia de Barros Couto	Member				29/04/2020
María del Carmen Gil Marín	Member		Member	Yes	29/04/2020
Susanne Ruoff	Member			Yes	29/04/2020

(1) The assessment of independence was conducted in accordance with the criteria defined in point 18.1 of Annex I of CMVM Regulation No. 4/2013, and the provisions of Recommendation III.4. of the IPCG Code and in Article 414(5) of the PCC for Non-Executive Directors who are members of the Audit Committee.

(2) The date of the first appointment to a management body at CTT is presented here.

18. Distinction to be drawn between executive and non-executive directors and, as regards non-executive members, details of members that may be considered independent, or, where applicable, details of independent members of the General and Supervisory Board

GRI 2-11

As at **31 December 2022**, the Board of Directors was composed of **5 executive members and 9 non-executive members, including 6 independent members, among whom the Chairman of the Board of Directors**, indicated in the table of point 17 of Part I above.

Forty-three percent of the total number of members of the Board of Directors and 67% of its non-executive members, in office as at 31 December 2022, are deemed independent, pursuant to the criteria defined in point 18.1 of Annex I of CMVM Regulation No. 4/2013, and with respect to the members of the Audit Committee, pursuant to article 414(5) of the PCC (and pursuant to international criteria and practices).

In order to assess the independence of the members of the Board of Directors and of its non-executive members, the criteria referred to in **Recommendations III.4 and III.5 of the IPCG Code** were also considered.

The Company believes that it has a sufficient number of non-executive and independent members to efficiently perform the functions entrusted to them, appropriate to its size and the complexity of the risks inherent to its activity, taking into account, namely, the diversity of academic skills, career and professional experience of each of those members, thus enabling the Board of Directors to carry out its duties efficiently and safeguarding the interests of all stakeholders in their different aspects. Furthermore, the number of executive and non-executive members and, among these, the number of independent members, as identified in the table in point 17 of Part I above, also allows for an effective supervision and evaluation of the executive performance, which the Company considers to be suited and balanced to its interests, and therefore it is considered that **Recommendations III.2., III.3. and III.4. of the IPCG Code** are broadly complied with.

With a view to ensuring coordination and effectiveness in the performance of duties by the Non-Executive Directors, the Company has adopted, in addition to the mechanisms aimed at making the Executive Committee's supervision effective (see point 21.2 of Part I below), the following procedures:

The Non-Executive Directors (including the members of the Audit Committee) may request:

a. From the Chairman of the Board of Directors or from the Chairman of the Executive Committee the provision of the necessary or convenient information to carry out their tasks, competences and duties, in particular, information relative to the competences delegated to the Executive Committee and its performance, the implementation of the budget, annual and multi-annual plans and the state of the management. This information should be provided in an appropriate and timely manner;

b. The presence at meetings of said bodies/committees of members of the corporate bodies, senior staff or other employees of the CTT Group, in articulation with the Executive Committee.

19. Professional qualifications and other relevant curricular information of each member of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable

GRI 2-10, 2-17, GRI 405-1

Under its Diversity and Inclusion Policy, available for consultation on the CTT website (www.ctt.pt), CTT has defined the general principles by which its action should be guided on issues related to diversity and inclusion of its human resources, including with respect to the composition of its corporate bodies.

CTT also has internal policies of diversity and selection, aimed at ensuring the implementation of transparent selection processes of the Company's Directors, based on which the following are established:

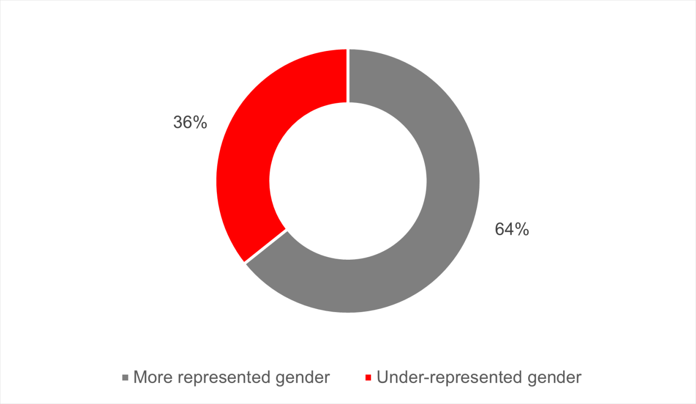
- Guidelines on the quantitative and qualitative composition of the Board of Directors and a Matrix of Skills; and
- Recommendations concerning the election of the members of the corporate bodies, which are based on the knowledge, experience, dedication, requirements on independence and incompatibilities, and merit of the candidates recommended for election or re-election.

As demonstrated in the Corporate Governance, Evaluation and Nominating Committee recommendations and Terms of Reference disclosed to the shareholders in March 2023 and available for consultation on the CTT website (www.ctt.pt), for the electoral processes of the members of the corporate bodies for the 2023/2025 term of office, CTT's Diversity Policy seeks to foster an appropriate diversity within its management and supervisory bodies, namely with regard to:

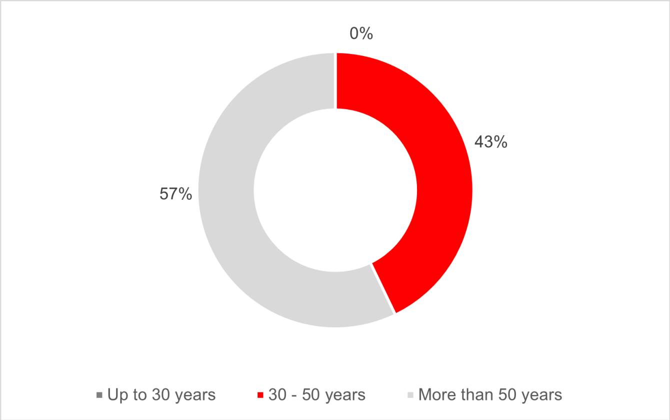
- Diversity of skills, knowledge, experience and gender as a crucial factor for the successful performance of these duties;
- A suitable balance of ages and cultural background (arising, for example, from nationality and role in civil society, etc.);
- Representation in these bodies of a diverse range of knowledge and academic experience - Leadership, Strategy and Management; Finance and Risk; Accounting and Audit; Sector/Industry (mail, express & parcels, financial services, banking); Legal and Regulations; Human Resources; Marketing/Commercial and Communication; Information and Technology Systems; Corporate Governance, Social Responsibility and Ethics - given the challenges CTT is faced with.

The graphs below reflect the result of the above mentioned actions, as per Annex I of this Report which presents the *curricula* of the members of the Board of Directors of CTT, highlighting the following level of **diversity of this body in terms of gender, age, independence and professional background** as at 31 December 2022:

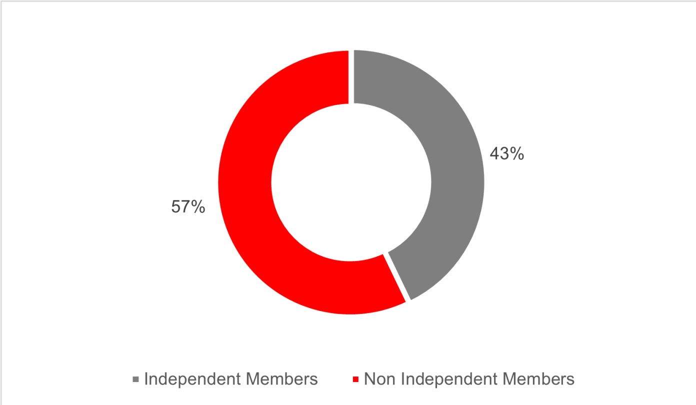
Gender:
36% of Directors of the under-represented gender



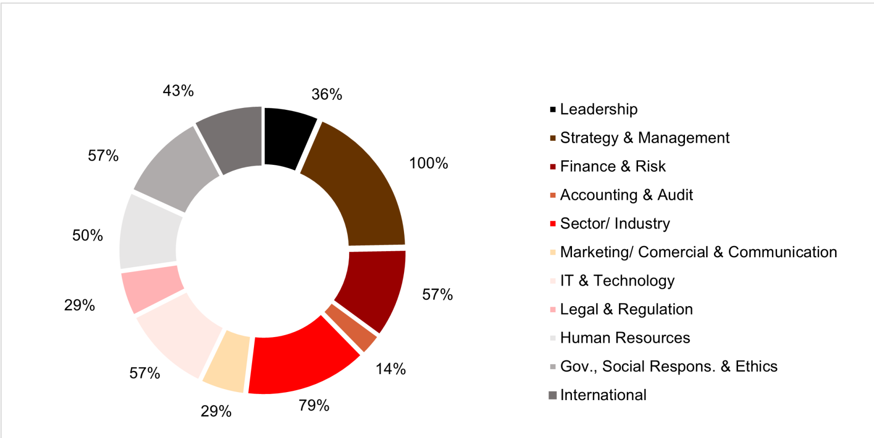
Age:
Average age of 53 years



Independence:
43% of independent Directors,
corresponding to 67% of the Non-Executive Directors



Professional background:
Balance of skills and relevant experience



20. Customary and meaningful family, professional or business relationships of members of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, with shareholders that are assigned qualifying holdings that are greater than 2% of the voting rights

The **Non-Executive Director** Duarte Palma Leal Champalimaud is the son of Manuel Carlos de Melo Champalimaud, to whom the qualified shareholding held in CTT by the company Manuel Champalimaud SGPS, S.A. is attributable. Additionally, he is a Member of the Board of Directors and Chairman of the Strategy and Investment Committee of the Manuel Champalimaud Group.

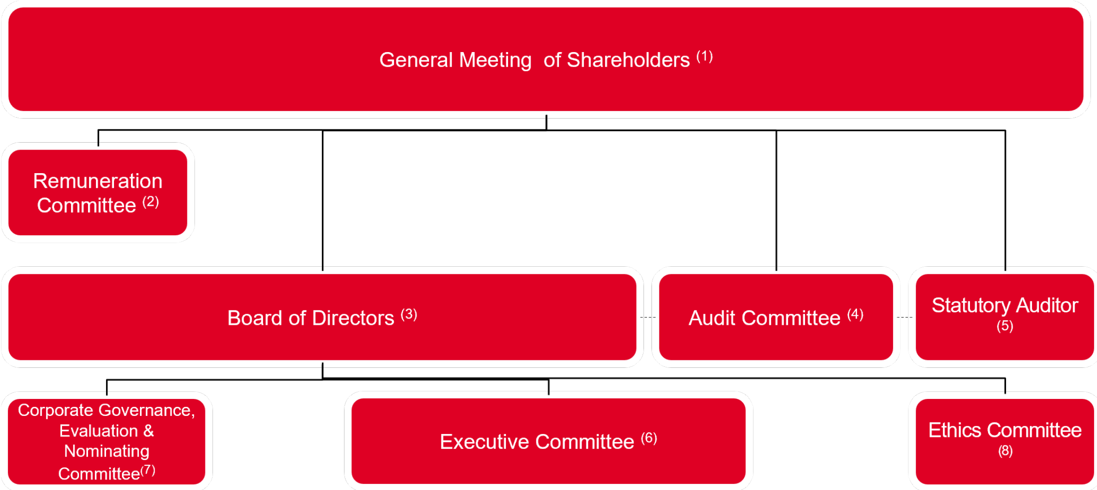
The **Non-Executive Director** Steven Duncan Wood is the founder and Managing Member of GreenWood Investors LLC, the management company of GreenWood Builders Fund I, LP, qualified shareholder of CTT.

The shareholder structure may be consulted at “Group CTT”, “Investors”, “Shareholder Structure” on the CTT website (www.ctt.pt).

As at 31 December 2022 or the present date, save as stated in the previous paragraphs, CTT received no notice of any other regular significant family, professional or commercial relationships between Board members and Shareholders with more than 2% of voting rights in CTT (until 29 January 2022) or 5% as from 30 January 2022, date of the entry into force of Law No. 99-A/2021 of 31 December, which suppressed from article 16 of the PSC regarding reporting duties on qualified holdings the 2% minimum threshold, which then became 5%.

21. Organisational charts or flowcharts concerning the allocation of powers between the various corporate boards, committees and/or departments within the company, including information on delegating powers, particularly as regards the delegation of the company's daily management

As at 31 December 2022 and the present date, the powers of CTT's corporate bodies and committees were and are divided as follows, as further detailed in the points of Part I indicated below:



[1] See in particular the powers of the General Meeting described in point 15 above.

[2] See in particular the powers of the Remuneration Committee and its articulation with the Corporate Governance, Evaluation and Nominating Committee described in points 15, 21.4 and 66 of this subchapter.

[3] See in particular the powers of the Board of Directors described in point 21.1 of this subchapter.

[4] See in particular the powers of the Audit Committee described in points 15, 37 and 38 of this subchapter.

[5] See in particular the powers of the Statutory Auditor described in points 15 and 38 of this subchapter.

[6] See in particular the powers delegated by the Board of Directors to the Executive Committee, as well as the committees supporting the Executive Committee, under the terms described in points 15, 21.2 and 21.3 of this subchapter.

[7] See in particular the powers of the Corporate Governance, Evaluation and Nominating Committee and its articulation with the Remuneration Committee described in points 15, 21.4 and 66 of this subchapter.

[8] *See* in particular the duties of the Ethics Committee, described in point 21.5 of this subchapter, as a committee supporting the Audit Committee and the Board of Directors.

The composition of the corporate bodies and internal committees may be consulted on CTT's website (www.ctt.pt).

21.1 Board of Directors

GRI 2-9, 2-12

The Board of Directors is the corporate body responsible for the Company's management and representation, under the legal and statutory terms, being entrusted to practice all acts and operations relative to the corporate object that are outside the competence attributed to other bodies of the

Company, under the terms defined in article 13 of the Articles of Association and in article 5 of its Regulations.

Main powers of the Board of Directors GRI 2-13, 2-14

- Stipulate the strategic guidelines and risk profile of the CTT Group;
- Approve the objectives and main management and risk policies and the general aspects of the business structure of the CTT Group;
- Ensure the effectiveness of the internal control, risk management and internal audit systems of the CTT Group, annually assessing their compliance and approving the necessary adjustments;
- Approve the annual and multi-annual activity, strategic, investment and/or financial plans and the annual budgets of the CTT Group, as well as any amendments that prove necessary;
- Pass resolutions on relocations of registered offices and share capital increases or reductions, mergers, demergers and transformations and amendments to the Articles of Association to be submitted to the Company's General Meeting;
- Approve the annual, half-yearly and quarterly reports and accounts;
- Pass resolutions on the provision of bonds and personal or asset guarantees, as provided by law;
- Define, with the prior binding opinion of the Audit Committee, the procedure for approval, disclosure and verification of transactions with related parties and the conflicts of interest policy of the CTT Group;
- Establish the policies on selection and diversity and the standards of conduct enforced in the CTT Group;
- Present notices to convene the General Meetings of the Company;
- Co-opt Directors of the Company;
- Appoint the Company Secretary and his/her alternate;
- Annually assess the overall performance of the Board of Directors, its internal committees and members;
- Prepare the annual report on remuneration of the members of the management and supervisory bodies, or chapter in the annual report on corporate governance that replaces it, to be submitted annually for consideration by the General Meeting and to be disclosed on the Company's website.

Role of the Independent Chairman of the Board of Directors GRI 2-11

- Represent the Board of Directors in and out of court;
- Coordinate the activity of this body, allocating matters to Directors, when advisable for management purposes, and calling and chairing the respective meetings;
- Exercise the casting vote in the context of the Board of Directors' resolutions;
- Oversee the correct implementation of the Board of Directors' resolutions;
- Promote communication between the Company and all its stakeholders;
- Follow-up and consult the Executive Committee on the performance of the competences delegated thereto;
- Contribute to the effective performance of duties and powers by non-executive Directors and the internal committees of the Board of Directors, ensuring that their work is coordinated and that the necessary mechanisms are in place for them to receive, in a timely fashion, the appropriate information for them to make independent and informed decisions;
- Coordinate the assessment of the Board of Directors' performance with respect to compliance with the strategic guidelines and risk profile, the plans, budgets and internal control, risk management and internal audit systems of the CTT Group, and the overall performance of the Board of Directors, its internal committees and members.

21.2 Executive Committee

GRI 2-9, 2-12

The Executive Committee discharges the powers delegated to it by the Board of Directors, as set out under article 13 of the Articles of Association and article 6 of the Regulations of the Board of Directors.

Matters of relevance for the strategic lines, general policies and structure of the CTT Group, as well as those that should be considered strategic due to their amount, risk or special characteristics, are excluded from the aforesaid delegation of competences.

Matters reserved to the Board of Directors, excluded from the current management delegated to the Executive Committee

- Acquisitions of shareholdings (i) in countries where the Group is not present, (ii) in new business units for the Group, or (iii) of value per operation greater than €20m;
- Investments by the Group not included in the annual budget whose value per operation exceeds €10m and divestments by the Group of value per operation greater than €10m;
- Disposals or encumbrances of shares (i) that result in the Group's exiting a certain country or area of business , or (ii) whose value per operation is greater than €20m;
- Taking on debt, in the form of financing or the issue of securities, in a value per operation greater than €150m or whose maturity exceeds 5 years;
- Any other business or operation that entails liabilities or obligations greater than €50m, per transaction or act, for the Group;
- The matters indicated as main powers in point 21.1 above, except for powers related to the provision of bonds and personal or asset-backed guarantees under the legal terms.

Role of the Chairman of the Executive Committee

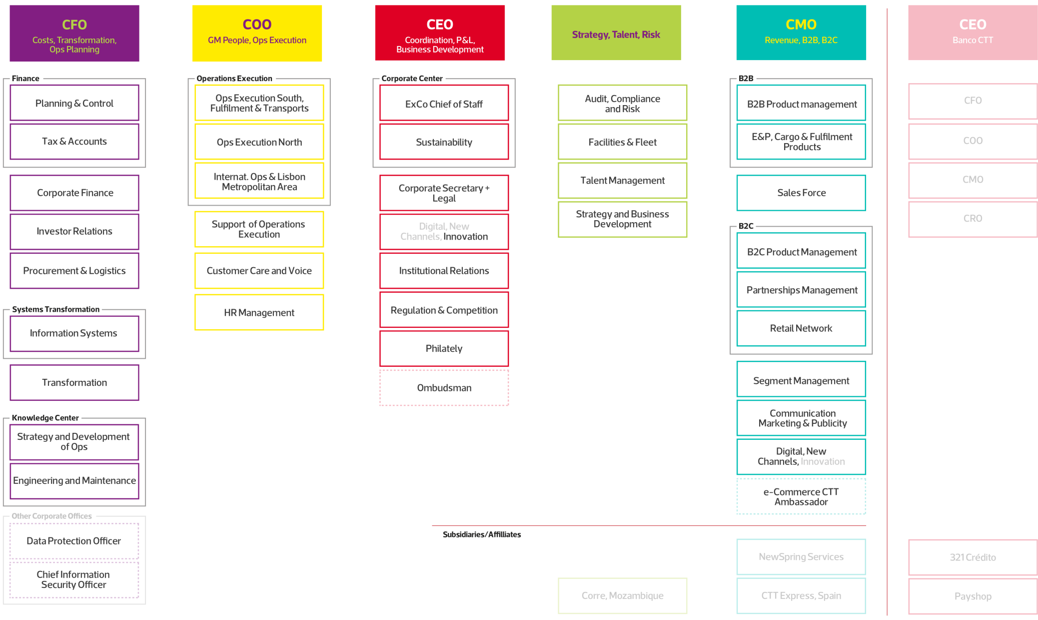
- Ensure that all information on the Executive Committee's activity and resolutions is provided to the other members of the Board;
- Ensure compliance with the limits to the delegation of power and the Company's strategy and proposing to the Board of Directors a list of the management issues that should be specifically entrusted to each Executive Committee's member;
- Coordinate the Executive Committee's activities, chairing its meetings, overseeing execution of resolutions and distributing among its members the preparation or monitoring of the issues to be analysed or decided by the Executive Committee;
- Exercise the casting vote in the context of the Executive Committee's resolutions.

Under the Board of Directors and Executive Committee Regulations, the Company adopts the following mechanisms to better oversee the Executive Committee:

- At the Board of Directors' meetings, the Chairman of the Executive Committee presents the summarized information deemed relevant on the activities carried out by the Company since the last meeting;
- The Executive Committee is also obliged to provide the members of the Board of Directors and all other members of the corporate bodies and committees with any additional or supplementary clarifications and information that are requested on the performance of their attributions, duties and competences, in due time and appropriately;
- Non–executive members of the Board of Directors shall actively take part in the decisions deemed strategic for the Company due to their amount or risk, as well as in the definition of the main management and risk policies, and in the general aspects of the Group CTT business structure by means of regular Board of Directors' meetings, and shall request the members of the Executive Committee to provide them with clarifications and hold specific meetings, including with the heads of the business units involved.

Under its delegated competences, the Executive Committee can entrust one or more of its members to deal with certain matters and sub-delegate to one or more of its members the exercise of some of its delegated powers.

On the present date, and since February this year, the powers of the Executive Committee are allocated to its members as follows:



21.3 Executive Committee support Committees

GRI 2-9, 2-13

The Executive Committee's support Committees as at 31 December 2022, and on the present date, were, and are, as follows:

MANAGEMENT SUPPORT COMMITTEES AND THEIR GOALS	
Risk Management Committee	
Composed of the members of the Executive Committee and of Head of Audit Compliance and Risk, who is responsible for the risk management area. The Committee is chaired by the Director in charge of Audit Compliance and Risk, which integrates risk management, and is coordinated by the Head of Audit Compliance and Risk. Other Heads of Department may participate whenever invited.	Strengthen organisational engagement around the topic of risk, aggregating the different visions and sensitivities of the areas involved and promoting the integration of risk management in business processes, described in further detail in subchapter 2.3.1. Description of the risk management process, chapter 2.3. Risk Management, of this Report, as referred to in paragraph 52 of Part I below.
Credit Committee	

MANAGEMENT SUPPORT COMMITTEES AND THEIR GOALS	
Composed of the Heads of Accounting and Taxes, Audit Compliance and Risk, Sales Force Departments (Government, Middle Enterprises, Large Enterprises South, Large Enterprises North, Small Enterprises), Management of the Retail Network and Segment Management. The Committee is chaired by the Head of Accounting and Taxes, except when the Director in charge of the Financial area is present, in which case he/she takes the chair. The members of the Executive Committee and other Heads of Department participate whenever invited.	Define and submit to the Executive Committee the Customer credit policies. Appraise and review the risk levels and credit limits. Decide on granting/reviewing/ suspending credit prior to the formalization of the respective contracts. Assess proposals to conclude payment agreements, when the amounts in question are relevant. Monitor and evaluate the results of the implementation of customer credit policy and identification of measures to achieve the defined goals.
Sustainability Committee GRI 2-14	
Composed of the Chairman of the Board of Directors, a Non-Executive Director with experience in the sustainability area, the CEO, the CFO, and the heads of the Investor Relations and Sustainability and Sustainability departments. The Committee is chaired by the Chairman of the Executive Committee and coordinated by the Head of Sustainability. Other	Strengthen the CTT organisation's engagement in the diverse aspects of sustainability, as a pillar of economic, social and environmental development.
Innovation Committee	
Composed of the executive Directors, the heads of Digital, New Channels and Innovation, B2C Product Management, Segment Management, Management of Express, Cargo & Logistics Products, B2B Product Management, Strategy and Development of Operations and Engineering and Maintenance. The Committee is chaired by the Chairman of the Executive Committee and coordinated by the Head of Digital, New Channels and Innovation. Other Heads of Department may participate when invited by any of	Support the definitions of the main lines of CTT's innovation strategy and ensure CTT's continued involvement in the overall progression of the components of the program named +INOVAÇÃO by CTT and the main trends of innovation in its various dimensions (technological, economic, cultural, social, organizational, etc.).

21.4 Corporate Governance, Evaluation and Nominating Committee

The Corporate Governance, Evaluation and Nominating Committee is responsible for the following main competences established in the Regulations of the Board of Directors and in its Internal Regulations:

Corporate governance structure and practices, and ethics

- Assist the Board of Directors in the definition and assessment of CTT's governance model, principles and practices;
- Collaborate in preparing the annual corporate governance report of the Company;
- Oversee the definition and monitoring of the ethics and conduct standards within the Group;
- Draft recommendations to the Board of Directors concerning corporate governance requirements and good practices, conflicts of interest, incompatibilities, independence and specialization;
- Prepare a report on the operation and effectiveness of the governance model, principles and practices of the Company, as well as on the Company's level of compliance with the applicable requirements;
- Assess the corporate image of CTT among the shareholders, investors, financial analysts, the market in general and supervisory authorities, monitor the activity of the Company’s competent services;
- Support and monitor the Board's definition of the Company’s social responsibility and sustainability policies and strategies.

Performance assessment and remunerations GRI 2-19, 2-20

- Propose or issue an annual opinion to the Remuneration Committee on the remuneration policy and remuneration principles for members of the management and supervisory bodies, to be submitted by the Remuneration Committee to the General Meeting, at least every four years and whenever a material change occurs in the remuneration policy in force or when its proposal has not been approved by the General Meeting;
- Support the Board of Directors in preparing the report on remuneration of the members of the management and supervisory bodies;
- Monitor and support the annual assessment of the Board of Directors' overall performance, as well as of the Board's internal committees and of the Executive Committee's members, taking into account, in particular, compliance with the Company's strategic plan, the budget and risk management;
- Propose to the Remuneration Committee the result of the qualitative assessment of executive Directors' performance in the context of the overall assessment model for the purpose of stipulating the variable remuneration to be defined by that Committee;
- Propose or issue an opinion to the Board of Directors and the Remuneration Committee, as applicable, on share assignment plans, stock options, or stock options based on Company share price variations.

Nominations

- Draft and update recommendations ("terms of reference") on qualifications, knowledge and experience (including proposals for a selection and diversity policy to be approved by the Board of Directors, considering both the individual profile and diversity requirements for each position, including gender) in carrying out corporate duties for selecting members for CTT's management and supervisory bodies, after hearing the Chairman and, in the case of executive Directors, the CEO;
- Monitor, support and make recommendations within the scope of the processes of selection and appointment of members of the management and supervisory bodies of CTT and its subsidiaries (including in situations of filling vacant positions), after hearing the Chairman and, in the case of executive members, the CEO (in particular to promote transparent selection processes that include effective mechanisms for identifying potential candidates, and that those with the greatest merit, best suited to the requirements of the position and that promote, within the organisation, adequate diversity, including of gender, are chosen for proposal);
- Monitor the processes of selecting the group's top managers and corporate bodies' members of other companies that CTT is entitled to appoint;
- Monitor the drafting, together with the Executive Committee, of succession plans regarding the internal structures and bodies of the Company;
- Propose to the Board of Directors the termination of office of Executive Committee's members, following an assessment and consultation with the CEO;
- Issue opinions relative to the performance, by members of the Executive Committee, of executive duties in companies which are not part of the Group.

21.5 Ethics Committee

GRI 2-23, 2-26

The mission of the Ethics Committee is to monitor and supervise all the matters related to the application of the Code of Conduct of CTT and Subsidiaries and the Code of Good Conduct to Prevent and Fight Harassment at the Workplace, in the context of the Internal Regulation, as well as the legislative changes related to these matters and always in articulation with the corporate bodies, committees and structures of the Group.

This Committee is responsible for:

Group's Code of Conduct

- Promoting the disclosure, application and compliance with the Group's Code of Conduct, for this purpose defining plans and channels of communication for all hierarchical levels, as well as preventive training actions for their dissemination and compliance, supporting the Board of Directors, the Executive Committee and the Corporate Governance, Evaluation and Nominating Committee in performing their duties.

Code of Good Conduct to Prevent and Fight Harassment at the Workplace

- Promoting disclosure, implementation and compliance with the Code of Good Conduct to Prevent and Fight Harassment at the Workplace by all those who work in CTT Group, including the members of the corporate bodies, top and middle managers in their relationship with superiors, fellow workers and subordinates.

PREVENTION OF CONFLICTS OF INTEREST

Pursuant to the Regulations of the Board of Directors and corporate committees, as well as the Regulation on Assessment and Control of Transactions with Related Parties and Prevention of Conflict of Interests, which can be consulted on **CTT website** (www.ctt.pt), the Company adopts mechanisms to prevent the existence of conflicts of interest between the members and the Company, under the following terms:

Mechanisms to prevent the existence of conflicts of interest GRI 2-15

- Members of the management and supervisory bodies and of their corporate committees shall inform the corresponding body/committee (through the respective Chairman, if the conflict does not concern said Chairman, and through the Company Secretary) of any situations or facts that may constitute or generate a conflict of interest for the member in question (either directly or indirectly), promptly after becoming aware of the facts or situation in question.
- If any member of the corporate bodies or committees is prevented from passing a resolution on the matter under consideration at the meeting due to a potential conflict of interest, he/she must declare him/herself impeded from participating and abstain from participating and interfering in the respective discussion and voting, under the terms detailed in the respective internal regulations and without prejudice to the respective duties to provide information on the situations in question.
- The impediment must be recorded in the minutes of the meeting of the body or committee concerned.
- Within the scope of preventing situations of conflict of interest, the Audit Committee has, among others, the following duties: (i) submit recommendations to the Board of Directors regarding measures to prevent and identify conflicts of interest; and (ii) make reference in its annual activity report to the adequacy of the Regulation on Assessment and Control of Transactions with Related Parties and Prevention of Conflicts of Interest to the purposes of prevention and resolution of conflicts of interest.
- To enable the prevention and detection of situations of conflict of interest, the managers and directors of CTT subsidiaries shall also inform the Company Secretary and the Audit Committee of: (i) the identification of their close relatives; (ii) the identification of the entities, regardless of whether their registered office is in Portugal or abroad, controlled by them or by their close relatives; (iii) other persons or entities that may be considered as Interposed Persons under the terms and for the purposes of articles 397 and 423-H of the PCC; and (iii) the management and/or supervisory positions held in other entities, regardless of whether their registered office is in Portugal or abroad.

b) <u>Functioning</u>

22. Availability and place where rules on the functioning of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, may be viewed

The full text of the Board of Directors' and Executive Committee's internal Regulations are available on **CTT website** (www.ctt.pt).

23. The number of meetings held and the attendance report for each member of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable

The Board of Directors held **14 meetings in 2022** (see **CTT website** (www.ctt.pt) with the following attendance by its members:

Members	Percentage attendance [1]	Attendance	Representation	Absences
Raul Catarino Galamba de Oliveira	100%	14	0	0
João Afonso Ramalho Sopas Pereira Bento	100%	14	0	0
Guy Patrick Guimarães de Goyri Pacheco	100%	14	0	0
António Pedro Ferreira Vaz da Silva	100%	14	0	0
João Carlos Ventura Sousa	100%	14	0	0
João Miguel Gaspar da Silva	100%	14	0	0
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	100%	14	0	0
Steven Duncan Wood	100%	14	0	0
Duarte Palma Leal Champalimaud	93%	13	1	0
Isabel Maria Pereira Aníbal Vaz	100%	14	0	0
Jürgen Schröder	93%	13	1	0
Margarida Maria Correia de Barros Couto	100%	14	0	0
María del Carmen Gil Marín	93%	13	0	1
Susanne Ruoff	86%	12	2	0

(1) Percentage in relation to attendance.

Minutes of the meetings of the Board of Directors are drawn up and signed by all members attending the meetings.

24. Indication of the governing bodies which are competent to carry out the assessment of the performance of the executive directors

GRI 2-18

Pursuant to article 9 of CTT's Articles of Association, the **Remuneration Committee** is responsible for stipulating remuneration of corporate body members and, consequently, defining the management body's remuneration policy and principles and the overall assessment model for the variable remuneration of the executive Directors, under the terms described in points 66 and following of Part I below.

In turn, pursuant to its Regulation, the **Corporate Governance, Evaluation and Nominating Committee** is responsible for supporting the Remuneration Committee and the Board of Directors in the annual assessment process of the overall performance of the management body and of its internal committees and their members (in the case of the members of the Executive Committee, after hearing its Chairman, as described in point 21 of Part I above and in points 70 and 71 of Part I below.

25. Predetermined criteria for assessing the performance of the executive Directors

For this issue points 66 and following of Part I below present details on the remuneration policy and principles for the management body, including a description of the criteria, objectives and limits of the variable remuneration of the executive Directors, with particular emphasis to **point 71 of Part I below which details the applicable performance evaluation criteria.**

26. The availability of each member of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, and details of the positions held at the same time in other companies within and outside the group, and other relevant activities undertaken by members of these boards throughout the financial year

Offices held simultaneously in other companies, in and outside the Group, and other activities carried out by the Company's Directors are detailed in Annex I of this Report.

The performance of executive duties by the executive Directors in entities that were not part of the CTT Group is subject to the issue of an opinion by the Corporate Governance, Evaluation and Nominating Committee, pursuant to the Regulations of this Committee (see point 27 of Part I below).

As supplementary information, we highlight that:

- The full availability of the executive Directors in performing their duties in 2022, which can be confirmed by their 100% attendance of the 14 meetings of the Board of Directors and 98% attendance at the 50 meetings of the Executive Committee and by their performance of executive duties exclusively within the Group;
- The Non-Executive Directors also demonstrated a high degree of availability in 2022, as shown by their 97% average attendance of the 14 meetings of the Board of Directors, 17 meetings of the Audit Committee and 8 meetings of the Corporate Governance, Evaluation and Nominating Committee.

c) Committees within the management or supervisory body and delegated directors

27. Details of the committees created within the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, and the place where the rules on the functioning thereof is available

See point 21 of Part I above on the committees created within the Board of Directors. Concerning the Audit Committee, please also see point 38 of Part I below. The aforesaid committees have adopted internal regulations whose full texts are available on **CTT website** (www.ctt.pt).

28. Composition of the Executive Board and/or details of the Board Delegate/s, where applicable

As of 31 December 2022, and on today's date, the Executive Committee was, and is, composed of **5 members**, as follows:

Members	Position
João Afonso Ramalho Sopas Pereira Bento	Chairman
Guy Patrick Guimarães de Goyri Pacheco	Member
António Pedro Ferreira Vaz da Silva	Member
João Carlos Ventura Sousa	Member
João Miguel Gaspar da Silva	Member

29. Powers of each committee created and overview of the activities carried out in the exercise of those powers

See point 21 of Part I above on the powers of the committees created within the Board of Directors and of the Executive Committee.

29.1 Executive Committee

During 2021, the Executive Committee held **50 meetings** (see **CTT website** (www.ctt.pt)) having passed resolutions on various matters within its powers, namely the following:

- Signature of the new concession agreement for the provision of universal postal service between the Government and CTT, with a duration of seven years (until 31 December 2028, including a first period of transition - during 2022 - followed by two three-year periods) .

- Permanent monitoring of the arbitration proceedings against the Portuguese Government, as grantor of the concession, for the purpose of claiming (a) a compensation for the financial impact of the COVID-19 pandemic, which constitutes a situation of a change of circumstances of the concession agreement then in force and (b) a declaration of the invalidity of the unilateral extension of the concession agreement in 2021 under terms and conditions not accepted by CTT and the respective compensation.
- Signature of the Universal Postal Service Pricing Convention for the 2023/2025 period. The Convention covers the same services that were, in the previous legislative framework, the subject of ANACOM's decisions on universal service pricing criteria, thus covering mail, parcels and newspapers and periodicals services that are part of the universal service offer, including registered mail services used in legal or administrative proceedings, and does not apply to special prices for postal services for senders of bulk mail items (subject to the specific regime provided for in article 14-A of Law 17/2012 of 16 April 2012 ("Postal Law"), currently in force).

- Strategic partnership between CTT Group and Generali Seguros, S.A., which includes (i) long-term agreements for the distribution, by CTT and Banco CTT of life and non-life insurance products of Tranquilidade/Generali Seguros, with an exclusivity period renewable every 5 years, and (ii) the subscription by Tranquilidade/Generali Seguros of a reserved share capital increase of €25 million in Banco CTT in exchange for a stake of approximately 8.71%. The transaction is subject to suspensive conditions, including approvals from banking and insurance regulatory authorities, and is expected to be completed before the end of 2023.
- In the context of the restructuring of the CTT Group, the company HCCM Outsourcing Investment, S.A. was merged into CTT Soluções Empresariais, S.A. and three new companies were incorporated within the CTT Group - Medspring S.A., CTT IMO Yield, S.A. and CTT Services, S.A. - with a view to diversifying the business areas.

- Relocation of the head office and central services to premises more suited to the new reality, resulting from the need to respond to the challenges imposed in recent years, namely by the pandemic, in which new approaches and work organisation models were implemented, resulting in a reduction in the space occupation rate.
- Weekly monitoring of the quality of service levels of the Mail and Express business units.

Minutes of the meetings of the Executive Board are drawn up and signed by all members attending the meetings.

29.2 Corporate Governance, Evaluation and Nominating Committee

As of 31 December 2022 and on the present date, the Corporate Governance, Evaluation and Nomination Committee was, and is, composed of **3 Non-Executive Directors, most of whom are independent:**

Members	Position
Raul Catarino Galamba de Oliveira	Chairman
Isabel Maria Pereira Aníbal Vaz	Member
Duarte Palma Leal Champalimaud	Member

This Committee held **8 meetings** in **2022,** (see **CTT website** (www.ctt.pt)), with the following attendance by its members:

Members [1]	Percentage attendance [2]	Attendance	Representation	Absences
Raul Catarino Galamba de Oliveira (Chairman)	100%	8	0	0
Isabel Maria Pereira Aníbal Vaz	100%	8	0	0
Duarte Palma Leal Champalimaud	100%	8	0	0

[1] Percentage in relation to attendance.

During this year, the Committee carried out the following main activities:

- Monitoring and support in the processes of annual assessment of the performance of the Board of Directors, qualitative assessment of the members of the Executive Committee regarding the 2021 financial year and definition of the 2022 assessment process of the different corporate bodies, except for the Audit Committee;
- Appraisal of the templates for assessment of independence and the absence of incompatibilities by the members of the CTT corporate bodies;
- Preparation of the annual Report on appraisal of the operation and efficacy of the Company's corporate governance model, principles and practices and the annual assessment of the overall performance of the Board of Directors;
- Monitoring of the human resources management policies, in particular the projects carried out within the People & Culture Transformation Programme;
- Appraisal of the initiatives developed by CTT under its sustainability and social responsibility policies;
- Monitoring and support to the Ethics Committee in the process to review the Code of Conduct of CTT and Subsidiaries.

Minutes of the Corporate Governance, Evaluation and Nominating Committee meetings are drawn up and signed by all members attending the meetings.

29.3 Ethics Committee

At 31 December 2022, the Ethics Committee was composed of 4 members and on this date, it is composed as follows:

Members [1]	Position
Margarida Maria Correia de Barros Couto	Chair
Raul Catarino Galamba de Oliveira	Member
Rui Pedro Dias Fonseca Silva [2]	Member

[1] Marisa Luz Bento Garrido Marques Oliveira, who integrated this Committee as Head of People & Culture, ceased her functions on 20 February 2023.

[2] As Head of Audit, Compliance & Risk, former Department of Audit & Quality.

During 2022, this Committee held 2 meetings (see CTT's website (www.ctt.pt)). Additionally, the Chairman of the Committee held a large number of informal meetings with the Corporate Governance, Evaluation and Nominating Committee and with CTT's directors with the purpose of supporting the drafting and defining the implementation process of the new Code of Ethics.

Throughout 2022, the Ethics Committee promoted the review of the CTT and Subsidiaries Code of Conduct and the approval of the new Code of Ethics of the CTT Group, and also monitored all matters related to compliance with the CTT and Subsidiaries Code of Conduct in force and the Code of Good Conduct to Prevent and Combat Harassment at Work.

Minutes of the meetings of the Ethics Committee are drawn up and signed by all members attending the meetings.

5.2.2.3 Oversight

a) Composition

30. Details of the Supervisory Body representing the model adopted

The supervision of the Company's activity is entrusted to the **Audit Committee and Statutory Auditor.** For further details on this topic, see point 15 of Part I above.

31. Composition of the Supervisory Board, the Audit Committee, the General and Supervisory Board or the Financial Matters Committee, where applicable, with the articles of association's minimum and maximum number of members, duration of term of office, number of effective members, date of first appointment and date of end of the term of office for each member and reference may be made to the section of the report where said information already appears pursuant to paragraph 17

Pursuant to article 19 of CTT's Articles of Association, the Audit Committee is composed of 3 Directors, one of whom is its Chairman. All are elected at the General Meeting (for a renewable term of office of 3 years), together with all the other directors, where the proposed lists for the composition of the Board of Directors should detail the members that are intended to be part of the Audit Committee and indicate its Chairman.

As at 31 December 2022 and on the present date, the Audit Committee was, and is, composed of the following **non-executive Directors, who meet the applicable requirements on incompatibilities, independence and expertise,** and possess the academic qualifications that are legally required and appropriate to the performance of their duties and with at least 1 of its members having knowledge of accounting, in compliance with article 423-B of the PCC, article 3 of Law no. 148/2015, of 9 September, currently in force, and article 19 of the Articles of Association:

Members	Position	Date of 1st appointment (1)	Independence (2)
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	Chair	20/04/2017	Yes
Steven Duncan Wood	Member	29/04/2020	No
María del Carmen Gil Marín	Member	29/04/2020	Yes

(1) The date of the first appointment to a supervisory body at CTT is presented here.
(2) The assessment of independence was conducted in accordance with the provisions in 414(5) of the PCC.

Thus, the supervisory body of the Company has a number of non-executive and mostly independent members of the supervisory body that largely complies with sub-recommendation III.2.(2) of the IPCG Code, which is considered appropriate to its size and the complexity of the risks inherent to its activity, as well as sufficient to ensure the efficient performance of the duties entrusted to them, particularly in view of the profile of the members of said supervisory body, namely their seniority, academic skills and recognized professional experience as detailed in point 33 below.

32. Details of the members of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, which are considered to be independent pursuant to Article 414(5) CSC and reference to the section of the report where said information already appears pursuant to paragraph 18

See point 31 of Part I above.

33. Professional qualifications of each member of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, and other important curricular information, and reference to the section of the report where said information already appears pursuant to paragraph 21

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As noted in point 19 above of this chapter, CTT has an **internal diversity policy** approved by the Board of Directors, pursuant to which individual criteria and attributes are defined, namely competence, independence, integrity, availability and experience relative to the profile that the Board of Directors' members, including the Audit Committee members, should have and which, pursuant to the legal and regulatory terms, are mandatory requirements for the appropriate performance of these duties.

The table below presents a summary of the academic and professional qualifications and other curricular elements that were considered pertinent in the application of the individual criteria and attributes established in the Diversity Policy in relation to each one of CTT's Audit Committee members:

Members	Position	Academic Qualifications	Professional experience
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	Chairwoman	1991: Degree in Management, Universidade Católica Portuguesa(UCP) 1999: Master in Economics, Universidade do Porto 2002: Statutory Auditor, Ordem dos Revisores Oficiais de Contas (OROC) 2009: PhD in Management, ISCTE-Instituto Universitário de Lisboa	She has over 25 years of academic experience, namely as a Professor of Accounting and Tax and Director of the Master's Degree course in Auditing and Taxation at Faculdade de Economia e Gestão of UCP, and Scientific Coordinator of the Católica Porto Business School of UCP. She also has over 10 years of experience of functions in supervisory bodies of large (listed and non-listed) companies in Portugal, where she performs specifically duties as Non-Executive Member of the Board of Directors and Member of the Audit Committee of Impresa, SGPS, S.A., since 2008 and Chairwoman of the Fiscal Board of Sogrape, SGPS, S.A. From 2017 to 2021 she was Chairwoman of the Fiscal Board of Centro Hospitalar Universitário de S. João, EPE. In August 2021, she was elected as Non-Executive Member of the Board of Directors and Member of the Audit Committee of Banco Português de Fomento, S.A. In May 2022 she was appointed Non-Executive Member of the Board of Directors of Sierra IG - Gestão de Fundos, SGOIC, S.A., a company that in accordance with the merger project registered in November 2022 will be incorporated in the company SierraGest - Gestão de Fundos, SGOIC, S.A. (previously named SFS - Gestão de Fundos, SGOIC, S.A. and Sonaegest - Sociedade Gestora de Fundos de Investimento, S.A.), in which she performs duties as Non-Executive Member of the Board of Directors since 2016. As a Statutory Auditor, she was member of the Management Board of Ordem dos Revisores Oficiais de Contas (Statutory Auditors Bar (OROC)) - between 2012 and 2018 she was Chairwoman of the Fiscal Board of this Bar - and represented this entity at the General Council and the Executive Committee of Comissão de Normalização Contabilística (Commission of Accounting Standards). Since 2021 she has been an invited member of the Executive Committee at the Commission of Accounting Standards. Since 2011 she has been Tax Arbitrator at CAAD (Portuguese Administrative Arbitration Centre) and Member of the Scientific Council of Associação Fiscal Portuguesa (Portuguese Tax Association).

Members	Position	Academic Qualifications	Professional experience
Steven Duncan Wood	Member	2005: BA in Economics, Political Economy and International Relations, Tulane University, USA	He is a Chartered Financial Analyst, having started his professional career in the special situations team at Kellogg Capital Group. Later, he worked as an Investment Banking Analyst for RBC Capital Markets in the Syndicated and Leveraged Finance group, where he deepened his knowledge of special investment strategies (deep value investment|). He also worked as Analyst at Carr Securities between 2009 and 2013. The experience acquired in these areas led him to create GreenWood Investors. Since 2016, he has served on the Investment Advisory Board of Cortland Associates, a St. Louis-based investment management firm, in the United States of America. In 2017, he founded Builders Institute, Inc. a non-profit educational organization dedicated to long-term value creation, transparent corporate strategies and conscious capitalist principles. He currently performs management duties at several GreenWood companies founded by him.
María del Carmen Gil Marín	Member	1996: Higher Degree in Electrotechnical Engineering, Universidad Pontificia Comillas (ICAI), Spain (National Award) 1999: Academic cycle of the PhD in Environment and Alternative Energies, UNED, Spain 1999: MBA Programme, INSEAD, France (Dean's List) 2019: The Women's Leadership Forum, Harvard Business School, USA 2019: Corporate Governance The Leadership of Boards, Nova School of Business & Economics Executive Education 2019: Santander-UCLA W50, UCLA Anderson School of Management, USA 2020: Cyber Security and Executive Strategy, Stanford University, USA 2021: Enrolled in the International Directors Programme (IDP), INSEAD, France	She started her professional career in 1996 as a Consultant at The Boston Consulting Group, Madrid office, having participated in several strategic projects related to sectors such as electricity, telecommunications, oil & gas and retail. Between 1999 and 2000 she was Professor of Industrial Marketing for the Industrial Engineering and Management degree at Universidad Pontificia Comillas (ICAI) in Madrid, and in 1999 she was also an Associate at Lehman Brothers, an Investment Bank in London and New York, where she was involved in acquisitions and IPO operations in different economic sectors. She started in 2001 her professional career at Novabase Group where she currently performs duties as member of the Board of Directors of Novabase, SGPS, S.A. (she was executive member (COO, CIO and CISO) of the Board from 2018 to 2020), Chairwoman of the Board of Directors of Novabase Capital, Sociedade de Capital de Risco, S.A. (she was executive member of the Board from 2001 to 2021), and member of the Board of Directors of Celfocus - Soluções Informáticas para Telecomunicações, S.A.. Since December 2021, she also carries out duties as independent non-executive member of the Board of Directors of Caixa Geral de Depósitos, S.A. and integrates the Audit Committee and the Nomination, Evaluation and Remuneration Committee of this company.

Most of the members of the Audit Committee are independent, according to the annual statements submitted to CTT. On this issue, refer to point 31 of Part I above as well as Annex I of this Report presenting the curricula of the members of the supervisory board of CTT with further details on the professional qualifications and other relevant curricular elements of each of these members.

b) **Functioning**

34. Availability and place where the rules on the functioning of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, may be viewed, and reference to the section of the report where said information already appears pursuant to paragraph 22

The full text of the internal regulations of the Audit Committee can be consulted on CTT website (www.ctt.pt).

35. The number of meetings held and the attendance report for each member of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, and reference to the section of the report where said information already appears pursuant to paragraph 23

The Audit Committee held **17 meetings in 2022,** (see **CTT website** (www.ctt.pt)) with the following attendance by its members:

Members	Percentage attendance [(1)]	Attendance	Representation	Absences
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia (Chair)[(2)]	100%	17	0	0
Steven Duncan Wood[(3)]	94%	16	0	1
María del Carmen Gil Marín[(3)]	94%	16	0	1

(1) Percentage in relation to attendance.

Minutes of the meetings of the Audit Committee are drawn up and signed by all members attending the meetings.

36. The availability of each member of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, indicating the positions held simultaneously in other companies inside and outside the group, and other relevant activities undertaken by members of these bodies throughout the financial year, and reference to the section of the report where such information already appears pursuant to paragraph 26

Positions held simultaneously in other companies, within and outside the CTT Group, and other activities carried out by the Company's Audit Committee's members are detailed in the *curricula* provided for consultation in Annex I of this Report. On this matter, also see points 26 and 33 of Part I above.

c) Powers and duties

37. A description of the procedures and criteria applicable to the supervisory body for the purposes of hiring additional services from the external auditor

When engaging non-audit services, CTT, Banco CTT and 321 Crédito, as entities of public interest held entirely by CTT, observe the rules in the respective Regulations on the Provision of Services by the Statutory Auditor, according to which **CTT's Audit Committee, Banco CTT's Audit Committee and the Supervisory Board of 321 Crédito** are responsible for assessing the requests for engaging the Statutory Auditor for non-audit services by CTT, by its parent company or by the entities under its control (as applicable), with its engagement being subject to the **prior authorization** of these bodies, except for the services required by law from the Statutory Auditor of the Company.

The referenced oversight bodies take into account therein, mainly the following aspects:

- Whether the services are prohibited and whether the provision of the services will affect the Statutory Auditor's independence;
- Whether the engagement of this service from the Statutory Auditor does not exceed the maximum limits of fees legally applicable to non-audit services, whenever such limits exist;
- The Statutory Auditor's experience and knowledge of the Company.

38. Other duties of the supervisory body and, where appropriate, the Financial Matters Committee

The **Audit Committee,** as a supervisory body, has the following main powers established by law, the Company's Articles of Association and its Regulations:

Oversight of financial information quality and integrity

- Assess whether the accounting policies and procedures and valuation criteria are consistent with generally accepted accounting principles and whether they are suitable to the correct presentation and valuation of the Company's assets, liabilities and results;
- Supervise compliance with and correct application of accounting principles and standards;
- Issue an opinion on the annual management report, including the non-financial statement, the accounts for the year and the proposals presented by the Company's management;
- Oversee the preparation and disclosure of financial information;
- Certify whether the Company's annual corporate governance report includes all the items referred to in article 29-H of the PSC.

Supervision of the internal control system, including internal audit, compliance and risk management

- Supervise the effectiveness and adequacy of the internal audit and compliance systems, by annually assessing these systems and proposing, to the Executive Committee, measures aimed at improving their functioning as proven necessary;
- Annually assess the internal controls relative to (i) the process of preparation and disclosure of financial information, (ii) accounting and audit matters, and (iii) matters on prevention of money laundering and terrorist financing;
- Issue an opinion on the work plans and resources of the Company's Audit, Compliance & Risk Department, including the Compliance services and assess their objectivity and independence;

- Receive reports from the Audit, Compliance & Risk Department, including the compliance services, at least when matters related to financial reporting, the identification or resolution of conflicts of interest and the detection of possible irregularities are at stake;
- Monitor, in coordination with the Board of Directors and the Executive Committee, issues related to internal audit and appraise the reports of the Audit, Compliance & Risk Department, including the Compliance services of the Company;
- Define and implement, together with the Board of Directors, and oversee the procedures for handling irregularities;
- Assess, in articulation with the Board of Directors and the Executive Committee, the risk policy and the strategic lines of the Company, (i) issuing an opinion on the work plan and resources allocated to the management and risk function and periodically monitoring its work, appraising the content of its reports and requesting from this function the information considered relevant, including with respect to risk management procedures related to financial reporting, the detection of irregularities and the resolution and identification of conflicts of interest; (ii) monitoring and issuing an opinion on the strategic lines and the profile and objectives/limits on matters of risk-taking, the measures of mitigation, the monitoring procedures and integrated risk assessment methodologies, prior to the final approval of this body; and (iii) promoting an annual assessment of the degree of compliance and performance of the risk management policy and system, and the creation of periodic controls to assess whether the risks effectively incurred by the Company are consistent with the risk profile and objectives/limits assumed on risk-taking matters;
- Issue a prior and binding opinion, directed at the Board of Directors, on the internal procedure on approval of significant transactions with related parties and the CTT Group policy on conflicts of interest ;
- Issue an opinion on transactions with members of the Board of Directors and transactions with related parties deemed significant (because they were not carried out within the scope of the current activity or under market conditions or due to their amount), under the established legal and regulatory terms and the procedure referred to in the previous paragraph;
- Assess every six months all transactions with related parties not requiring its prior opinion and that are submitted to it for subsequent appraisal by the Executive Committee;
- Monitor and supervise the mechanisms implemented for purposes of approval, control and disclosure of transactions with related parties.

Oversight of the statutory auditor

- Select the Statutory Auditor, after appraisal of qualifications and independence for the performance of duties, and proposing to the General Meeting its nomination and issuing an opinion to the Executive Committee on the terms of the contract for provision of services in conformity with the terms detailed in the specific procedure that has been approved on the topic by the Audit Committee;
- Annually assess the work conducted by the Statutory Auditor and its adequacy to perform the duties, and proposing its dismissal to the General Meeting and termination of the contract for provision of services of the Statutory Auditor to the Board of Directors, when on the grounds of fair cause;
- Verify, monitor, oversee and assess the Statutory Auditor’s independence as prescribed by law and assess the annual confirmation of its independence vis-à-vis the Company (including the Statutory Auditor’s own independence and that of his/her partners and other senior officers/managers, as prescribed by law);
- Verify the adequacy of and give prior consent, in a substantiated manner, to the Statutory Auditor’s providing non-audit services to CTT and to the entities under its direct or indirect control, as well as assess the Statutory Auditor’s annual statement therein related, in conformity with the terms detailed in the specific procedure that has been approved on the topic by the Audit Committee;
- Discuss threats to its independence with the Statutory Auditor and the safeguards implemented to mitigate them;
- Propose the Statutory Auditor’s remuneration to the competent bodies;
- Permanently monitor the activity and contractual ties with the Statutory Auditor, in particular as regards financial information and the effectiveness of internal control mechanisms, namely by (i) procuring the latter is endowed with the conditions necessary to carry out its activity, (ii) being the Statutory Auditor’s main liaison within the Company, and (iii) receiving all its reports (never after any other body or committee), and being aware of the

exchange of correspondence with the Statutory Auditor relative to the Company and the companies in controlling or group relations with the Company;

- Monitor and oversee the annual individual and consolidated statutory audit, namely its execution, and assess the content of the annual statutory audit reports and audit reports with the Statutory Auditor, namely as regards any possible reservations presented thereby, in order to make recommendations to the Board of Directors and Executive Committee;
- Assess the Statutory Auditor's additional report, which namely sets out the results/issues deemed fundamental to the statutory audit that has been carried out (including debating with the Statutory Auditor those fundamental results/issues);
- Include, in the Audit Committee's annual report on its activities, information about the results of the legal review of accounts and the way that it contributed to the integrity of the process of preparation and disclosure of financial information, as well as the role of the Audit Committee in the process;
- Monitor the situation of the work involved in the legal review of accounts least on a quarterly basis in order to supervise the integrity and quality of the quarterly and half-yearly financial information.

In turn, the **Statutory Auditor** is responsible for examining the Company's accounts, pursuant to the law and Regulations on the Provision of Services by the Statutory Auditor referred to above.

The official review of accounts and audit duties performed by the Statutory Auditor, which include, among others, the verification that the corporate bodies' remuneration policies and systems approved by the Remuneration Committee, as well as the verification of all the data required by law in the remuneration report are applied, the effectiveness and operation of internal control mechanisms and reporting of any deficiencies to the Audit Committee of CTT, are conducted by the entity referred to in points 39 and following of Part I below.

5.2.2.4 Statutory auditor

39. Details of the statutory auditor and the partner that represents same

At the Annual General Meeting held on 29 April 2020, Ernst & Young Audit & Associados – SROC, S.A. ("EY"), (statutory audit firm registered with the Portuguese Institute of Chartered Accountants ("OROC") under no. 178 and with the CMVM under no. 20161480), represented by Luís Pedro Magalhães Varela Mendes (statutory auditor registered with the OROC under no. 1841 and with the CMVM under no. 20170024) or by Rui Abel Serra Martins (statutory auditor registered with the OROC under no. 1119 and with the CMVM under no. 20160731) as effective statutory auditor and João Carlos Miguel Alves (statutory auditor registered with the OROC under no. 896 and with the CMVM under no. 20160515) as alternate statutory auditor, was elected as the Company's Statutory Auditor for the 2021/2023 term of office, effective as from 1 January 2021.

40. State the number of years that the statutory auditor consecutively carries out duties with the company and/or group

On 1 January 2021, EY began its duties as statutory auditor for the 2021/2023 term of office for which it was elected on 29 April 2020.

41. Description of other services that the statutory auditor provides to the company

See points 46 and 47 below on the services rendered by the Statutory Auditor to the Company in 2022.

5.2.2.5 External Auditor

42. Details of the external auditor appointed in accordance with Article 8 and the partner that represents same in carrying out these duties, and the respective registration number at the CMVM

Since 1 January 2021**,** EY, **registered with the CMVM under no. 20161480** and represented by the partner Luís Pedro Magalhães Varela Mendes or by the partner Rui Abel Serra Martins, carries out the duties of CTT's Auditor.

43. State the number of years that the external auditor and respective partner that represents same in carrying out these duties consecutively carries out duties with the company and/ or group

EY has been the Statutory Auditor since 1 January 2021, represented by Luís Pedro Magalhães Varela Mendes or Rui Abel Serra Martins.

44. Rotation policy and schedule of the external auditor and the respective partner that represents said auditor in carrying out such duties

The rotation policy and schedule of the Statutory Auditor at CTT are defined in the Regulation on the Provision of Services by the Statutory Auditor, which lays down the maximum and minimum time limits legally established for the performance of statutory audit duties by the Statutory Auditor and by the partner responsible for the guidance or direct execution of the statutory audit.

At CTT the selection of the Statutory Auditor complies with the applicable legal framework, which is set out in the Statutes of the Portuguese Institute of Statutory Auditors approved by Law 140/2015, of 7 September, and the Legal Framework of Audit Supervision approved by Law 148/2015, of 9 September, both as amended, and in article 16 of Regulation (EU) No 537/2014. It is preceded by the application of the criteria and of the entire selection process established in the Regulation on the Provision of Services by the Statutory Auditor, namely: (i) Experience of the Statutory Auditor/Statutory Audit firm and of the team assigned to the provision of the Audit Services, in particular given the size of the Company and the different business areas of the CTT Group; (ii) Quality and completeness of the proposal presented; (iii) Guarantees of good standing, independence and absence of conflict of interest; (iv) Capacity to execute the proposal presented; and (v) Commercial conditions.

45. Details of the Board responsible for assessing the external auditor and the regular intervals when said assessment is carried out

See point 38 of Part I above on the **Audit Committee'**s powers as regards the Statutory Auditor **annual assessment**. In exercising its powers, the Audit Committee verified the Statutory Auditor's independence and positively assessed its work during the 2022 financial year.

46. Details of services, other than auditing, carried out by the external auditor for the company and/or companies in a control relationship and an indication of the internal procedures for approving the recruitment of such services and a statement on the reasons for said recruitment

In 2022, EY carried out for CTT and the companies in a control relationship with CTT the following non-audit services (considering for this purpose the understanding expressed by CMVM on the “Frequently-asked questions about the entry into force of the new Statutes of the Portuguese Institute of Statutory Auditors and the Legal System on Audit Supervision (in force since 2015)”), hereinafter "**Non-Audit Services rendered in 2022**":

- Limited review of the half-yearly interim financial statements of CTT and Banco CTT;
- Procedural review and quality assurance services on the sustainability information of CTT;
- Services to assess the adequacy and the effectiveness of the internal control systems related to the prevention of money laundering and terrorist financing of CTT, Banco CTT, 321 Crédito and Payshop (Portugal), and with respect to the issue and payment of CTT postal money orders;
- Services relative to the adequacy of the process regarding the impairment quantification of Banco CTT and 321 Crédito’s credit; and
- Procedural review and quality assurance service related to information on the projects of CTT and CTT Expresso's Recovery and Resilience Plan.

The **Regulations on the Provision of Services by the Statutory Auditor** includes procedures for the engagement of non-audit services by CTT or the entities under its control, subjecting them to the prior authorization of the CTT’s Audit Committee, the Audit Committee of Banco CTT and the Supervisory Board of 321 Crédito (as public interest entities wholly owned by CTT), except for those resulting from a legal obligation of the Company’s Statutory Auditor, as indicated in point 37 of Part I above.

Accordingly, the authorization for engaging EY for these non-audit services engaged was based in particular on the analysis and confirmation that the services in question are not included in the list of prohibited services and do not constitute a threat to the independence and objectivity of EY in the context of statutory auditing work, and do not generate any personal interest situation.

As seen from the analysis of the information in the table presented in point 47 below, the non-audit services engaged in 2022, represent 61.4% of the total amount of the services hired from the Statutory Auditor in the same period, of which 49.3% concern non-audit services not required by law.

47. Details of the annual remuneration paid by the company and/ or legal entities in a control or group relationship to the auditor and other natural or legal persons pertaining to the same network and the percentage breakdown relating to the following services (For the purposes of this information, the network concept results from the European Commission Recommendation No. C (2002) 1873 of 16 May)

The table below, based on the qualification resulting from CMVM's understanding mentioned in point 46 of Part I above, shows the amounts corresponding to the fees of EY and the entities of its network/ group, relative to 2022:

	Engaged Services [1]		Accounted Services [2]		Paid Services [1]	
	Amount (€)	%	Amount (€)	%	Amount (€)	%
By the Company	72,570	22.4%	373,725	33.6%	330,317	35.3%
Amount of Statutory Audit	22,755	7.0%	244,801	22.0%	244,094	26.1%
Amount of Quality Assurance Services	31,365	9.7%	98,642	8.9%	72,386	7.7%
Amount of Tax Consultancy Services	0	0.0%	0	0.0%	0	0.0%
Amount of Non-audit services	18,450	5.7%	30,281	2.7%	13,838	1.5%
Other Companies within CTT Group	251,843	77.6%	738,377	66.4%	604,891	64.7%
Amount of Statutory Audit	102,398	31.6%	494,425	44.5%	414,116	44.3%
Amount of Quality Assurance Services	49,815	15.4%	80,227	7.2%	117,158	12.5%
Amount of Tax Consultancy Services	0	0.0%	0	0.0%	0	0.0%
Amount of Non-audit services	99,630	30.7%	163,725	14.7%	73,617	7.9%
TOTAL	**324,413**	**100.0%**	**1,112,102**	**100.0%**	**935,207**	**100.0%**
Total Audit Services	**125,153**	**38.6%**	**739,226**	**66.5%**	**658,210**	**70.4%**
Total Non-Audit Services [3]	**199,260**	**61.4%**	**372,876**	**33.5%**	**276,998**	**29.6%**
Required by law or equivalent	*39,360*	*12.1%*	*122,658*	*11.0%*	*170,171*	*18.2%*
Not required by law or equivalent	*159,900*	*49.3%*	*250,218*	*22.5%*	*106,827*	*11.4%*

[1] Multi-annual contracts including VAT at the applicable legal rate in force entered into and paid for during the financial year.
[2] Includes invoiced amounts and specialized amounts of the financial year.
[3] See point 46 of this chapter above.

5.2.3 INTERNAL ORGANISATION

5.2.3.1 Articles of Association

48. The rules governing amendment to the articles of association (Article 29-H(1)(h))

The General Meeting is responsible for passing resolutions on any amendment to the Articles of Association. CTT's Articles of Association do not contain special provisions for the amendment thereof. The general rules provided for in the PCC apply thereto.

5.2.3.2 Reporting irregularities (whistleblowing)

49. Reporting means and policy on the reporting of irregularities in the company

Pursuant to the Regulation on the Procedures for the Communication of Irregularities, in its version revised and approved in 2022, which sets out the internal procedures for the reception, retention and handling of irregularity communications, in line with best practices in this area, CTT's **Audit Committee** is responsible for receiving irregularity communications presented by the whistleblowers, including the members of any corporate body, employees, equity holders, service providers, contractors, subcontractors and suppliers and other Stakeholders, in order to ensure the necessary independence of these procedures.

RECEPTION	• Irregularity communications must be addressed, in writing, to CTT's Audit Committee, through any of the following mechanisms and must include the information stated in the Regulation on the Whistleblowing System: Email: irregularidades@ctt.pt Address: Remessa Livre 8335, Loja de Cabo Ruivo, 1804-001 Lisbon • Once an irregularity communication has been received and recorded, the Audit Committee carries out the necessary actions to verify the existence of sufficient grounds for an investigation.
INVESTIGATION	• The investigation process is conducted by the Audit Committee, using the services of the Audit, Compliance & Risk Department or other CTT employees or, if necessary, engaging external means (auditors or experts) to support the investigation.
DECISION	• The Audit Committee is responsible for the final decision on whether to close the report or to adopt or submit a report and opinion on the most appropriate measures to be taken by the competent body of the CTT Group to put an end to the irregularity(ies) reported, under the terms of the referenced Regulation on the Procedures for the Communication of Irregularities. • The Audit Committee's resolutions under these procedures are subject to the general safeguards regarding conflicts of interest set out in its Internal Regulation and which are relevant should a reported irregularity entail one of its members. According to this Regulation, members of this body cannot vote or participate in resolutions on matters in which they have a conflicting interest.

Within these procedures and as detailed in the referenced Regulation, the following **rights and guarantees** are granted to anyone presenting a complaint, in particular**:**

- Processing of the information reported under the rules for reporting irregularities, solely for the purposes provided for in the Regulation;
- Confidential, secure handling and safeguarding of the records and the information;
- Right of access, rectification of inaccurate, incomplete or equivocal data and erasure of data communicated, as well as the rights to object, restriction of processing or portability of personal data;
- CTT sets out the commitment not to dismiss, threaten, suspend, repress, harass, withhold or suspend payments of salaries and/or benefits or take any retaliatory measure against anyone who legally reports an irregularity or provides any information or assistance in the investigation of the irregularities reported.

The full text of the Regulation on Irregularities' Reporting Procedures is available on the CTT website (www.ctt.pt).

During 2022, no occurrence of any irregularity was communicated to the Audit Committee.

5.2.3.3 Internal control and risk management

50. Individuals, boards or committees responsible for the internal audit and/or implementation of the internal control systems

GRI 2-13, 2-14

Aligned with the best practices, the Board of Directors is the corporate body responsible for establishing and maintaining an internal control system comprising strategies, policies, processes, systems and procedures, minimising the risks inherent in the Company's activity, fostering a control culture throughout the organisation, ensuring the efficient and sustainable conduct of business and operations, protection of resources and assets, and compliance with applicable policies, plans, procedures and regulations, namely by:

a. Processes for the monitoring and continuous improvement, based on the assessment and mitigation of critical risks, ensured by Internal Audit (Operational Risks) and Risk Management (Strategic Risks), in close coordination with the corporate and business units;

b. Internal information and reporting mechanisms, allowing the organisation's performance to be monitored, observed and improved at all levels;

c. Processes for identifying and responding to risks in order to pursue the Company's strategic objectives, as defined by this body.

The Audit Committee, as CTT's supervisory body, is responsible for supervising the effectiveness of the risk management, internal audit and internal control systems, expressing its opinion on the work plans and resources allocated to the functions of risk management, compliance and internal audit, and receiving reports made by the respective departments, particularly when matters relating to the rendering of accounts are concerned.

CTT has an Audit, Compliance & Risk Department, which reports hierarchically to the Executive Committee and functionally to the Audit Committee, aimed at promoting and carrying out actions for an appropriate risk management of the CTT Group through the performance of its work in several areas, namely those concerning auditing, compliance and risk management.

The internal audit function is ensured by the Audit division, and provides internal audit services within the CTT Group in order to guarantee the assessment of the internal control system, as well as compliance with legal obligations and/or those determined by supervisory entities or regulators, in observance of internationally recognised and accepted internal audit principles. The Audit department regularly informs and alerts the Audit Committee, through its reports and participation in meetings, about any relevant facts, identifying opportunities for improvement, promoting their implementation and ensuring the respective follow-up cycle.

The compliance function, performed by the Compliance division, ensures compliance with legal and regulatory obligations within the scope of the prevention of money laundering and terrorist financing with regard to financial operations.

The risk management function, carried out by the Risk Management division, ensures the execution, in a centralised and independent manner, of the risk management policies and system of the CTT Group, the planning and implementation of risk management programmes supported in the CTT Risk Management System Regulation.

51. Details, even including organizational structure, of hierarchical and/or functional dependency in relation to other boards or committees of the company

The organisation and governance structure of internal control and risk management is based on the three lines of defence model, represented in the organisational chart on subchapter 2.3.1 Description of the risk management process of chapter 2.3 Risk Management..

52. Other functional areas responsible for risk control

See subchapter 2.3.1 Description of the risk management process of chapter 2.3 Risk Management.

53. Details and description of the major economic, financial and legal risks to which the company is exposed in pursuing its business activity

See subchapter 2.3.2 Identification of risks (risk matrix) and CTT response of chapter 2.3 Risk Management.

54. Description of the procedure for identification, assessment, monitoring, control and risk management

See subchapter 2.3.1 Description of the risk management process of chapter 2.3 Risk Management.

55. Core details on the internal control and risk management systems implemented in the company regarding the procedure for reporting financial information (Art. 29-H(1)(l))

CTT prepares its financial statements in accordance with International Financial Reporting Standards - IAS/IFRS, as adopted by the European Union, having defined a set of policies and procedures, namely the consolidation of accounts, to support the application of those standards. The internal control environment on which is based the set of policies and procedures leading to the preparation of financial statements was established in order to ensure the reliability, accuracy, timeliness, consistency and integrity of the information disclosed. The process of preparing the information is based on execution and validation processes characteristic of an adequate control environment, with a view to ensuring that operations are carried out according to a predefined authorisation system based on the segregation of functions and sequential validation mechanisms.

The preparation of the financial statements is based on duly identified processes and procedures and rules leading to the consolidation of accounts contained in the Consolidation Manual and on the consistency of duly defined accounting policies. Consolidated income statements are prepared monthly, with a view to adequate management control.

The risks involving the preparation of financial reporting are thus mitigated through the segregation of responsibilities and the implementation of controls that involve, namely, limiting access to the systems.

In addition, the Company has implemented a computer platform to monitor its inside information, including financial information and information on persons with access to such information - Insider Manager -, and a Code of Conduct for Senior Officers and Insiders, which establishes general rules on the treatment of inside information and transactions of shares, or other financial instruments related thereto, issued by CTT, carried out by persons discharging managing responsibilities and insiders, as well as the information duties incumbent upon the persons discharging managing responsibilities, thus responding to the requirements arising from the EU Regulation on this matter.

The documents that disclose financial information to the market are prepared by the **Investor Relations Department**, based on the financial statements and management information provided by the **Accounting & Taxes Department** and the **Planning & Control Department**.

The **Audit, Compliance & Risk Department**, in its capacity as Internal Auditor, contributes to the reliability and efficiency of the process of preparation of financial information by identifying and testing the effectiveness of appropriate controls to the defined procedures.

The **Statutory Auditor**, within the scope of the review of the accounting system and internal control to an extent as deemed necessary to issue an opinion on the financial statements, makes recommendations which are analysed, discussed and implemented always with the aim of improving the process of preparation and disclosure of financial information.

The **Audit Committee** supervises the process of preparing and disclosing financial information. In this context, the Audit Committee holds meetings, at least quarterly, to monitor the process with the CFO of CTT and its subsidiaries, with the Statutory Auditor and with the heads of Accounting and Planning & Control, also meeting with the heads of other Departments whenever deemed necessary. The Audit Committee is the main recipient of the documents issued by the Statutory Auditor.

The financial information is disclosed to the market only after its approval by the Board of Directors.

I. INVESTOR SUPPORT

56. Department responsible for investor assistance, composition, functions, the information made available by said department and contact details

See chapter 10. Investor Support.

57. Market Liaison Officer

See chapter 10. Investor Support.

58. Data on the extent and deadline for replying to the requests for information received throughout the year or pending from preceding years

See chapter 10. Investor Support.

5.2.3.4 Website

GRI 2-3

59. Address(es)

See chapter 11. Website.

60. Place where information on the firm, public company status, headquarters and other details referred to in Article 171 of the Commercial Companies Code is available

See chapter 11. Website.

61. Place where the articles of association and regulations on the functioning of the boards and/or committees are available

See chapter 11. Website.

62. Place where information is available on the names of the members of governing bodies, the market relations representative, the investor relations office or equivalent structure, their respective duties and contact details

See chapter 11. Website.

63. Place where the documents are available and relate to financial accounts reporting, which should be accessible for at least five years and the half-yearly calendar on company events that is published at the beginning of every six months, including, inter alia, general meetings, disclosure of annual,

half-yearly and where applicable, quarterly financial statements

See chapter 11. Website.

64. Place where the notice convening the general meeting and all the preparatory and subsequent information related thereto is disclosed

See chapter 11. Website.

65. Place where the historical archive on the resolutions passed at the company's General Meetings, share capital and voting results relating to the preceding three years are available

See chapter 11. Website.

5.2.4 REMUNERATION

GRI 2-19, 2-20

5.2.4.1 Power to establish

66. Details of the powers for establishing the remuneration of corporate boards, members of the executive committee or chief executive and directors of the company

Setting the remuneration of corporate bodies, members of the Executive Committee and Company senior officers - given that CTT's Board of Directors only qualifies as "officers of the Company", the members of CTT's management and supervisory bodies - is the responsibility of the **Remuneration Committee**, appointed for such purpose by the General Meeting pursuant to article 9 of the Articles of Association and in compliance with **Recommendation V.2.2. of the IPCG Code**.

According to article 26-B of the Portuguese Securities Code, as amended, the Remuneration Committee must submit a **remuneration policy proposal to the General Meeting for approval,** at least every four years and whenever a relevant change occurs in the remuneration policy in force.

As further detailed in point 21.4 above*,* the **Corporate Governance, Evaluation and Nominating Committee** has consultation powers on performance assessment and remuneration matters and supports the Remuneration Committee in stipulating remuneration.

The attribution of these advisory competences is in line with best practices (namely of the financial sector) in that the body which defines the remuneration should be supported by a committee within the Board of Directors, which contributes with its independence, knowledge and experience to the definition of a remuneration policy suited to the particularities of the sector and the Company, especially with detailed knowledge on its strategic and risk profile.

5.2.4.2 Remuneration Committee

67. Composition of the remuneration committee, including details of individuals or legal persons recruited to provide services to said committee and a statement on the independence of each member and advisor

As at 31 December 2022 and currently, the composition of the Remuneration Committee was, and is, as follows:

Members	Position	Date of 1st appointment (1)
Fernando Paulo de Abreu Neves de Almeida	Chairman	29/04/2020
Manuel Carlos de Melo Champalimaud	Member	28/04/2016
Christopher James Torino	Member	29/04/2020

(1) The date of the first appointment to a corporate body at CTT is presented here.

The Remuneration Committee is **composed of three members, elected at the Annual General Meeting of 29 April 2020, the majority of whom are independent members vis-à-vis the management of CTT** taking into account the independence criteria of (i) not being part of any corporate body of the Company nor of any company within a control or group relationship with CTT and /or (ii) not having any family relationship (i.e., through his spouse, relatives and/or kin in a direct line up to the third degree inclusive) with any Board member. Only the Member Manuel Champalimaud is not independent vis-à-vis CTT's management as he is a direct relative of the Non-Executive Director Duarte Champalimaud.

The presence on the Remuneration Committee of a non-independent Member does not determine the loss of independence of this Committee vis-à-vis CTT's management, which is why it is considered that **Recommendation V.2.1. of the IPCG Code** is complied with, and the following should be taken into account:

- The Committee is composed of a majority of independent members, including its Chairman;
- The reason for Manuel Champalimaud's non-independence vis-à-vis CTT's management is a family relationship with a director, in a universe of 14 directors, who does not perform executive functions;
- His presence represents, in fact, an added value given his vast experience in company management and knowledge of the sector and industry in which CTT operates, given his investment in CTT (Manuel Champalimaud SGPS, S.A. is an holder of a qualified shareholding in CTT, and the shareholding held by this company in CTT is indirectly attributable to Manuel Champalimaud).

As part of the Remuneration Committee's activity developed throughout the year 2022, and in order to provide information or clarifications to shareholders who so wished, the Chairman of the Remuneration Committee attended the Annual General Meeting held on 21 April 2022, and therefore **Recommendation V.2.4.** of the IPCG Code is deemed to have been complied with.

In 2022, CTT's Remuneration Committee requested that the Company hire Mercer to provide specialised services as a consultant in the areas of remuneration and human resources. In the context of the hiring process requested from the Company, the Remuneration Committee took into account Mercer's long-standing experience in defining remuneration policies, its positioning in the market as leading consultant in theses matters, as well as the rigour with which, over the years, it has always provided the services it has been requested to provide.

Within this scope, the Remuneration Committee has the power to decide freely on the contracting, by the Company, of any consultancy services that may prove necessary or convenient for the carrying out of its activity.

Considering that in 2022 Mercer provided other services to the Company, in order to ensure the necessary conditions of independence in the provision of services by Mercer to the Remuneration Committee, procedures (Chinese walls) were adopted to guarantee the necessary objectivity, exemption and impartiality of the consultants who worked with the Remuneration Committee, namely through the segregation of the teams responsible for the different services provided. For this reason, **Recommendations V.2.5. and V.2.6. of the IPCG Code** are considered to be complied with.

68. Knowledge and experience in remuneration policy issues by members of the Remuneration Committee

The *curricula vitae* of the members of the Remuneration Committee elected on 29 April 2020 are presented in Annex I of this Report. As shown therein, all the members of this Committee have **appropriate knowledge** to analyse and decide on the matters within their power, in view of their training and extensive professional experience, namely via:

- Their experience in the areas of remuneration policy, performance evaluation systems and human resources, particularly in academic, human resources consultancy aspects and the performance of functions in remuneration committees (including in companies of considerable size and with shares listed on the stock exchange);
- Their performance of executive and non-executive administrative positions in various sectors, in Portugal and abroad, in companies of considerable size and with shares listed on the stock exchange, as well the holding of positions in the area of investments;
- Abilities and experience in general in areas of corporate governance, finance and risk.

5.2.4.3 Remuneration structure

GRI 2-19, 2-20

69. Description of the remuneration policy of the Board of Directors and Supervisory Boards as set out in Article 2 of Law No. 28/2009 of 19 June

The remuneration policy applicable to the members of the management and supervisory bodies in the 2020/2022 term of office was approved by the Annual General Meeting held on 21 April 2021.

According to this policy, the remuneration of the **executive Directors** includes a **fixed component and a variable component, as explained below**.

The **fixed component** stipulated in the remuneration policy was defined taking into account, in particular, the following criteria:

- The sustainability of CTT's performance;
- The nature and complexity of the duties (which is why the remuneration of the CEO, CFO and other executive Directors is differentiated), with special emphasis on the skills required and the responsibilities inherent to these duties;
- Market conditions; and

- The balancing of remuneration conditions for employees and members of the corporate bodies, with a reduction in the annual base remuneration ("ABR") by 15% for the CEO and 10% for the other members of the Executive Board when compared to the policy approved for the 2017/2019 term of office.

This component includes the ABR paid 14 times per year and the annual meals allowance (which can be reviewed annually by the Remuneration Committee), as well as the benefits detailed in points 75 and 76 below.

In turn, the **variable remuneration ("VR")** of the executive Directors is composed of:

- An **annual component ("Annual Variable Remuneration" or "AVR")**, conditional on the predefined quantifiable financial and non-financial objectives being achieved in each annual evaluation period and paid in cash, according to the rules and subject to the conditions described in points 71 and 72 below; and
- A **long-term component ("Long-Term Variable Remuneration" or "LTVR")**, through participation in a CTT share options plan ("Options Plan"), in accordance with the rules and subject to the conditions described in points 71, 72 and 74 below.

In accordance with the remuneration policy, the **non-executive Directors exclusively earn an annual fixed remuneration,** paid 14 times a year.

The amount of the non-executive Directors' fixed remuneration was defined cumulatively considering the following criteria: the recent remuneration practice of the Company; the level of commitment in terms of time and dedication (with a differentiated additional remuneration being attributed to the non-executive Directors who are members of committees); and the level of complexity and responsibility of each position determining a valuation of the performance of duties in the Audit Committee (in view of the duties of this supervisory body) and of the Corporate Governance, Evaluation and Nominating Committee and the positions of chairing committees and within the Board of Directors (in particular the role of Chairman described in 21.1 above, whether in the leadership of the Board or before the Company's stakeholders with a dispersed capital structure).

In this context, the remuneration policy for the term of office underway is based on the following pillars and principles in line with **best governance practices:**

Remuneration mix	• Exclusively fixed remuneration for non-executive Directors (including members of the Audit Committee); • Balance between ABR and VR for executive Directors; • Combination of VR, including both cash and stock options components, with physical (75%) and financial settlement (25%).
Performance measures	• Combination of financial and non-financial goals; • Performance measures that consider the Company's strategy and are oriented towards the pursuit of the Company's long-term sustainability and the sustainable development of its businesses (including the environmental sustainability plan); • Consideration of the interests of the various stakeholders of the Company, in particular the interests of the employees (promoting measures towards a better balance of the remuneration conditions of the employees and members of the corporate bodies) and the interests of the shareholders (contributing to the creation of value for the shareholders).
Alignment of interests	• Definition of a minimum performance level to achieve the VR; • Definition of the maximum performance level from which there is no additional payment of variable remuneration (cap of AVR and number of stock option attributed within the Options Plan as LTVR);] • Deferral and withholding mechanisms of the VR; • Adjustment mechanisms to determine the reduction or reversal of the attribution and/or payment of variable remuneration (malus/claw-back provisions); • Absence of dilution effect since the LTVR is based on a stock option plan of CTT shares to be acquired based on an authorization to acquire and dispose of own shares (subject to shareholder approval); • Prohibition on the executive Directors entering into agreements or other instruments, either with the Company or with third parties that have the effect of mitigating the risk inherent to the variability of VR.
Transparency	• Remuneration Committee composed of three members, mostly independent in relation to CTT's management, assisted by specialized consultants and by a specialized internal Board of Directors' committee; • Alignment with the strategic goals of the Company; • Overall remuneration set by CTT's Remuneration Committee, in the event of the performance of duties in companies in a controlling or group relationship with CTT; • Presence of the Chairman or, in his absence, another member of the Remuneration Committee, at the Annual General Meeting and in any others, if the agenda includes an issue related to the remuneration of members of the Company's bodies and committees, or if this presence has been requested by the shareholders.

These principles and structural elements of the remuneration policy of the members of the management and supervisory bodies of CTT are detailed in the following points of this subchapter 5.2. and are also included in the **remuneration policy approved at the Annual General Meeting** held on 21 April 2021, based on the proposal presented by the Remuneration Committee which received a favourable opinion of the Corporate Governance, Evaluation and Nominating Committee, under the terms and for the purposes of articles 26-A and following of the Portuguese Securities Code, as amended.

The remuneration policy includes disclosure of the information required under Article 26-C of the PSC and also information on the rules in force on matters of termination of duties.

70. Information on how remuneration is structured so as to enable the aligning of the interests of the members of the board of directors with the company's long-term interests and how it is based on the performance assessment and how it discourages excessive risk taking

GRI 2-20

70.1 Setting limits of the annual base remuneration, the AVR and the LTVR, and discouraging excessive risk taking, and balance of remuneration components

The **amount of fixed remuneration** is defined according to the criteria indicated in point 69 above, focused on the sustainability of CTT's performance and alignment with the interests of its stakeholders and taking into account market practices and a remuneration differentiation according to the dedication and degree of complexity and responsibility of the duties held. This component should discourage excessive risk taking.

CTT's **non-executive Directors** receive exclusively fixed remuneration.

In turn, the **AVR of the executive Directors** is subject to maximum caps defined in the remuneration policy, namely by reference to the ABR and takes into account allocation rules that consider short and long-term objectives, as well as discouraging excessive risk-taking, as follows:

- The target **AVR for the financial year of 2022** is 55% of the ABR for each executive Director. Therefore, in a scenario in which 100% of the annual variable remuneration goals are attained, each executive Director will be entitled to AVR in cash of the value of 55% of his/her ABR. If the goals attained surpass this target, the maximum AVR each executive Director may receive is 85% of his/her ABR.
- The **weight of the non-financial performance evaluation criteria** that, for the purposes of the performance evaluation in 2022, take the form of quantifiable key performance indicators with a weight of 30% focused on strategic and sustainability objectives, as described in point 71 below;
- If the minimum limits of accomplishment described in point 71 below are not achieved, there is no entitlement to AVR. If an AVR is to be awarded, it is subject to a **cap** (85% of his/her ABR) and the **payment of 50% is deferred,** as provided for in the remuneration policy, which also contributes to balancing the pursuit of sustained performance and discouraging excessive risk-taking.

If the target AVR objectives are attained, the **annual fixed remuneration component will represent on average 65% and the AVR will represent on average 35% of the total annual remuneration (not considering any potential LTVR)** for the executive Directors as a whole.

The **LTVR model for executive Directors** through participation in the Options Plan, subject to its conditions, promotes an alignment of interests with the Company's performance and provides the following incentives to pursue sustainable performance without excessive risk–taking, as described in points 72 and 74 below:

- The **Options Plan sets out the number of options allocated** that may be exercised by each executive Director, as well as the exercise price with **different tranches,** which are distinguished only by their distinct exercise price or strike price (establishing five differentiated strike prices, with an identical number of options attached to each strike price, in a gradual logic);
- The Options Plan also provides for mechanisms for **deferring the exercise of options** (the exercise date is 1 January 2023 considering the end of the three-year term of office 2020/2022) and **retaining** part of the shares to be delivered (throughout the period from the exercise date and the fifth trading day immediately following the end of the month after the date of approval of the accounts for 2024 at the annual general meeting to be held in 2025, or as at 31 May 2025 whichever occurs later);
- The Options Plan also sets out **adjustment mechanisms** to discourage conducts that may jeopardize the Company's sustainability.

Finally, and pursuant to article 23 of the Articles of Association, the variable remuneration of the executive Directors may consist of a percentage of the consolidated profits. In this case, the overall percentage of profits allocated to the variable remuneration cannot exceed, in each year, the amount corresponding to 5% of the consolidated profit for the year.

70.2 Performance assessment criteria and resulting alignment of interests

The award and amount of the **AVR are conditional on compliance in each evaluation period (calendar year) with quantifiable goals measured using short and long-term performance evaluation criteria,** described in point 71 below, and its **payment in cash is deferred** by 50% and is also subject to the performance of the Company and individual performance. This component will thus vary according to:

- The degree of achievement of a series of goals established according to financial and non-financial performance evaluation criteria, focused either on the implementation of **CTT's long-term strategic objectives** or on the **promotion of best ESG** (Environmental, Social and Governance) **practices**;
- The balance between **financial and non-financial evaluation criteria,** bearing in mind that: **(i)** if the minimum limits of the financial criteria are not met, no AVR will be attributed; and that **(ii)** the non-financial criteria are reinforced to the extent that that will correspond to a quantifiable key performance indicator weighing 10% (Net Promoter score) and to 4 additional quantifiable targets (related to sustainability, strategic performance, operating and commercial, and environmental objectives) defined for each Board member according to the respective attributions, with an overall weight of 20%;
- The payment of the AVR in cash is divided in 2 tranches, with the **payment of 50% of the AVR deferred proportionally** over the deferral period of 3 years and subject to the positive performance and sustainable financial situation of the Company and the positive performance of each Executive Director as mentioned below.

In turn, the **LTVR for the 2020/2022 term of office in the form of participation in Options Plan** also depends on the Company's performance and aims to align interests with this performance in the long-term, to the extent that, as described in points 72 and 74 below:

- The Options Plan sets out the **number of options** allocated that may be exercised by the CEO, the CFO and the remaining executive Directors and their exercise price or strike price;
- The number of shares to be received depends on the **Strike Price and the Share Price**, (calculated according to the arithmetic average price, weighted by trading volume, of the Company's shares traded on the Euronext Lisbon regulated market in the sessions held in the 45 days prior to the exercise date, i.e. 1 January 2023);
- The LTVR attributed under the Options Plan is subject to the **positive evolution of the Share Price and the positive performance of the Company** and to **eligibility conditions** related to the non-verification of the situations that give rise to the application of the adjustment mechanisms mentioned below and material breaches of the terms of the Options Plan;
- The Options Plan also provides for mechanisms for **deferring** the exercise of options and **retaining** shares which result from the combination of two aspects: (i) the date of the exercise of all options (1 January 2023 considering the end of the three-year term of office 2020/2022); and (ii) a retention period of part of the shares allocated (throughout the period from the exercise date and the fifth trading day immediately following the end of the month after the date of approval of the accounts for 2024 at the annual general meeting to be held in 2025, or as at 31 May 2025 whichever occurs later).

Moreover, in terms of the remuneration policy, the executive Directors cannot conclude **contracts or other instruments, either with the Company or with third parties, whose effect is mitigating the risk inherent to the variability of the variable remuneration**.

Thus, via these performance assessment criteria, achievement goals and conditions of attribution and payment or delivery of each remuneration component, as described in points 71, 72 and 74 below, the aim is to establish a **remuneration mix that promotes the alignment of the interests of the**

members of the management body with the interests of CTT and its long-term performance, as follows:

- The **fixed component** serves as a reference for the allocation of AVR, is subject to limits, and can be reviewed annually by the Remuneration Committee thus providing an adequate balance between these two components;
- The **AVR** depends on the assessment of gradual financial and non-financial performance criteria with an assessment period that matches the financial year, and the **LTVR** depends on the CTT Share Price evolution as well as the Company's performance beyond the end of the term of office;
- The **AVR** and **LTVR** are subject to eligibility conditions and adjustment mechanisms, as well as the positive performance of the Company, aimed at encouraging the pursuit of long-term performance;
- The **AVR** and **LTVR** are also subject to mechanisms of deferral by deferring for 3 years of the payment of 50% of the AVR and the deferral of the exercise of the options granted until 1 January 2023 (considering the end of the three-year term of office 2020/2022) and retention of part of the shares awarded (throughout the period from the exercise date and the fifth trade day immediately following the end of the month after the date of approval of the accounts for 2023 and 2024 at the annual general meetings to be held in 2024 and 2025, respectively, or as at 31 May 2024 and 2025, whichever occurs later).

Therefore, the remuneration policy for the current term of office **fully complies with the Recommendations V.2.7. to V.2.10 of the IPCG Code**.

71. Reference, where applicable, to there being a variable remuneration component and information on any impact of the performance appraisal on this component

The performance assessment criteria, which are set out in the remuneration policy and on which the attribution of AVR and LTVR depends are presented below, showing **full compliance with the Recommendation V.2.7 of the IPCG Code** in the sense that the variable component of the remuneration of executive Directors reflects the sustained performance of the Company.

71.1. Criteria for performance assessment of the AVR for 2022 set out in the remuneration policy

The amount of the **AVR** to be earned by the executive Directors with reference to performance in 2022 is **70% of the assessment of the following criteria and quantitative goals of a financial nature and 30% of the assessment of the following quantifiable criteria of a non-financial nature, with the following weights in the attribution and calculation of the AVR** (established by the Remuneration Committee based on the business plan and budget of the CTT Group and on the benchmarking carried out):

- Free Cash Flow per Share (30%): quantifiable financial performance criterion related to the business capacity to generate cash flows; excluded from the calculation of this criterion are amounts related to Financial Services and Banco CTT clients' deposits and loans;
- Recurring Consolidated EBIT (20%): quantifiable financial performance criterion related to the business operational performance;
- Earnings per Share (10%): quantifiable financial performance criterion related to the the capacity to pay out dividends per share;
- Revenues (10%): quantifiable financial performance criterion related to income generated from sales and services;
- Net Promoter Score (10%): quantifiable non-financial performance criterion related to customer experience and capacity to grow the business.
- Four Additional Non-Financial Targets (20%): 4 quantifiable non-financial performance criteria, each with a weighting of 5%, to be applied to each or all Executive Directors, for each financial year or for the three-year period, by the Remuneration Committee (following a proposal by the Board of Directors and the opinion of

the Corporate Governance, Evaluation and Nominating Committee) and aimed at promoting the long-term performance and interests of the Company's stakeholders through performance criteria/objectives aligned with the business plan and budget of CTT Group for the period in question and related to **(i)** objectives regarding the sustainability of the growth of the Company's business segments, **(ii)** operational or commercial performance objectives of CTT's activity, **(iii)** objectives related to the implementation of strategic projects for CTT, **(iv)** environmental goals related to CTT's activity and **(v)** to the extent possible, the attributions of each executive Director.

- The Remuneration Committee defined the key performance indicators for the four additional non-financial criteria for each of the executive directors for the purposes of performance evaluation and attribution of AVR, by reference to performance during the 2021 financial year, as detailed below.

- The key performance indicators mentioned above for the purposes of performance evaluation and attribution of AVR, by reference to performance in 2022, to be assessed in 2023, were also defined by the Remuneration Committee, materially in line with those established for 2021, but taking into consideration the specificities of the year in question.

The awarding of AVR is also dependent on the observance of a weighted average achievement of the objectives of the above mentioned financial performance evaluation criteria above 80%.

When this condition is met, the recorded performance in each financial year in terms of the referred financial and non-financial criteria and objectives is remunerated by weighing them 70% and 30%, respectively, **in a graduated way, according to the degree of accomplishment**, in particular:

- If the recorded performance meets the set goal in less than 80%, no AVR will be awarded for that target;
- If the recorded performance is between 80% and 130% of the set goal, an amount between 35% and 85% of the ABR of each executive Director is payable;
- If the recorded performance meets the set goal by more than 130%, and amount corresponding to 85% of the ABR of each executive Director is payable.

As part of the assessment carried out in 2022 in relation to the performance verified in the 2021 financial year, the AVR performance assessment criteria were applied as follows:

Financial criteria (1)	Weight	Level of achievement				
Free cash flow per share	30%	128.7%				
Recurring Consolidated EBIT	20%	133.4%				
Earnings per Share	10%	140.6%				
Revenues	10%	101.5%				
	70%	128% (2)				
Non-financial criteria (3)	**Weight**	**Level of achievement of each of the executive directors**				
Net Promotor Score (4)	10%					
Growth sustainability (5)	5%					
Operational/commercial performance (5)	5%	Minimum 83% and maximum 100%	Minimum 80% and maximum 103%	Minimum 100% and maximum 100%	Minimum 83% and maximum 120%	Minimum 100% and maximum 127%
Strategic projects (5)	5%					
ESG and transformation (5)	5%					
	30%	92% (2)	93% (2)	100% (2)	101% (2)	106% (2)
	100%					

(1) Criteria applied to all Executive Directors, each of the criteria being measured by reference to objectives defined according to the Company's budget. It gave rise to the attribution of 83% of the ABR, considering the above-mentioned intervals.

(2) Weighted level of achievement.

(3) For the purpose of the assessment of these criteria, a set of key performance indicators were taken into account: (a) within the scope of the powers of the Corporate Governance, Evaluation and Nominating Committee, its level of achievement was assessed by the latter, based on factual information on the level of achievement and collection of contributions from the CEO in relation to the

other executive Directors; (b) the assessment carried out by the non-executive Directors was also taken into account, in accordance with the assessment model defined by that Committee for the 2021 financial year. These criteria led to the attribution of the following ABR percentage to each of the executive Directors, in increasing order of achievement: 47%, 48%, 55%, 56% and 61%.

(4) Quantifiable non-financial performance criterion related to customer experience and capacity for business growth, assessed on the basis of tools for collecting customer feedback and "touch-points" directly in customer management processes.

(5) Key performance indicators for 2021 related to: concession agreement; real estate portfolio management/optimisation; retail network and shop performance; Express & Parcels in Portugal and Spain; quality of service; productivity and efficiency of the distribution networks; strategic projects to transform operations; PUDO and Lockers network in Portugal; business development of corporate solutions; transformation of people and culture and management of labour relations; transformation of information systems; and development of the ESG with a focus on the carbon footprint.

71.2. Criteria for performance assessment of the LTVR for the 2020/2022 term of office, under the option plan contained in the remuneration policy

The LTVR model for the current term of office (2020/2022) is based on the **participation in the Options Plan**, whose award, exercise and delivery rules are indicated in point 74 below and which is set out in the remuneration policy approved at the General Meeting of Shareholders of 21 April 2021, and includes the acquisition and disposal of own shares of the Company as described in points 72 and 74 below.

72. The deferred payment of the remuneration's variable component and specify the relevant deferral period

According to the remuneration policy, the **payment of the AVR** that may eventually be awarded, under the terms described in points 69 and following above, takes place in cash and in **two tranches**, i.e:

- The payment of 50% of the AVR occurs in the month following the date of approval by the General Meeting of the accounts relating to the financial year corresponding to the assessment period; and
- The payment of **the remaining 50% of the AVR is deferred proportionately over a period of 3 years** counting from said date of approval of accounts and is **subject to the positive performance and sustainable financial situation of the Company and the positive performance of each executive Director**, including the non-verification of the situations that give rise to the application of the adjustment mechanisms mentioned below.

In turn, the Option Plan also establishes a deferral period of the exercise of the options and a **retention period of the shares awarded as LTVR,** as follows:

- The automatic **exercise date** of all options is 1 January 2023, given the end of the three-year term of office 2020/2022;
- If stock options are granted based on stock market performance and the Company's positive performance is verified, the options will be subject to settlement over the deferral/retention period;
- **50% of the LTVR** is settled on the fifth trading day immediately following the date of the annual general meeting of the Company approving the accounts for the 2022 financial year to be held in 2023, subject to verification of positive performance with respect to each of the 2021 and 2022 financial years, half by way of financial settlement in cash (i.e. 25% of the options on a pro rata basis with respect to each of its 5 tranches) and the other half (i.e. 25% of the options also on a pro rata basis with respect to each of its 5 tranches) by way of physical settlement through the delivery of CTT shares;
- The **remaining 50% of the LTVR** (i.e. 50% of the options equally on a pro rata basis with respect to each of its 5 tranches) are settled through the delivery of CTT shares (physical settlement), in 2 tranches of 1/2 of the shares retained, respectively: **(i)** on the fifth trading day immediately following the end of the month after the date of approval of the accounts relating to financial year 2023 at the annual general meeting of the Company to be held in 2024, or on 31 May 2024 (whichever date occurs later) and subject to the positive performance of the Company in each of the financial years 2021 to 2023; and **(ii)** on the fifth trading day immediately following the end of the month after the date of approval of the accounts for the financial year 2024 at the annual general meeting of the Company to be held in 2025, or on 31 May 2025 (whichever date occurs later) and subject to the positive performance of the Company in each of the financial years 2021 to 2024, respectively for each tranche.

In addition, the award of the AVR and the exercise and settlement of the options relating to the LTVR are conditional (as a condition of eligibility) on **the executive Director remaining with the Company,** as follows:

- If the executive Director leaves the Company for any reason, with the exception of dismissal for cause or another situation that gives rise to the application of an adjustment mechanism (as described below), after the assessment period but before payment of the **AVR**, it will be paid in full to the extent corresponding to that period;
- The payment of the **AVR** in respect of an assessment period in which there is termination of duties will not be due, nor will the settlement of the **LTVR** under the above mentioned Options Plan be due in the event of early termination of duties, as its exercise and settlement require the conclusion of the term of office for which the executive Director was appointed (continued performance), except in situations of termination by mutual agreement, retirement, death, disability or other case of early termination of the term of office for reasons not attributable to the Director (namely in case of change of control of the Company), in which case the Remuneration Committee shall define a *pro rata* attribution of the AVR and the *pro rata* cancellation of the LTVR granted under the Options Plan;
- The taking up of duties during the current term of office by new executive Directors gives rise to AVR on a *pro rata* basis determined by the Remuneration Committee, and to LTVR taking into account the period of office held during the term of office.

The AVR and LTVR are also subject to the following adjustment mechanisms, in accordance with the remuneration policy for the 2020/2022 term of office:

- The **reduction of the VR** whose attribution and/or payment/settlement does not yet constitute an established right (malus provision) through **retention and/or return of the VR** whose payment/settlement already constitutes an established right (clawback provision), as a supplementary mechanism to the reduction;
- Applicable to part or the whole of the **VR (attributable, attributed and/or paid)**;
- When the following **situations** occur: the Director, in the exercise of his/her duties, participated directly and decisively or was responsible for an action that resulted in significant losses; serious or fraudulent non-compliance with the code of conduct or internal regulations with significant negative impact, or situations that justify just cause for dismissal; and/or false statements and/or materially relevant errors or omissions in the financial statements to which an objective conduct of the Director has decisively contributed.

Thus, the Remuneration Committee (after hearing the Corporate Governance, Evaluation and Nominating Committee) assesses annually whether there is room for application of said adjustment mechanisms (conditions for eligibility of VR), as a result of which the following situations, as applicable, may occur:

- No **AVR** will be attributed or paid to the Director concerned in relation to the relevant assessment period and the attribution of options to the Director in question as **LTVR** is reversed (through the cancellation of the options whose exercise is conditioned to the non-verification of the referred situations);
- The **AVR** already attributed and/or paid to the Director in question to be reversed, in whole or in part, under which terms the right to the payment of the AVR amounts already attributed is subject to the non-verification during the deferral period of the referred situations and that the amounts paid as AVR shall be subject to this adjustment mechanism from the date of approval by the General Meeting of the accounts relating to the financial year corresponding to the assessment period until the next annual meeting of the Remuneration Committee called to deliberate on the application of these mechanisms;
- The **LTVR** already attributed to the Director in question is reversed, and the exercise of the options and their settlement (in cash or through the delivery of shares) subject to the non-verification of situations that give rise to the application of adjustment mechanisms or situations of material non-compliance with the Options Plan, in which terms, should such situations occur until the meetings of the Remuneration Committee called to decide on its application (to be held as of the exercise and before the settlement of the LTVR or the end of each retention period pursuant to the plan), there may be no payment of the amount due as financial settlement of the LTVR or the delivery of the retained shares, or they may have to be returned by the Director, under the terms set forth in the Options Plan.

These rules thus seek to align the interests of the management team in a long-term perspective with the interests of the Company, the Shareholders and all other stakeholders, whose pursuit, in view of the particularities of the Company and sector, also **fully complies with Recommendations V.2.7 to V.2.9 of the IPCG Code**.

73. The criteria whereon the allocation of variable remuneration on shares is based, and also on maintaining company shares that the executive directors have had access to, on the possible share contracts, including hedging or risk transfer contracts, the corresponding limit and its relation to the total annual remuneration value

Not applicable. See point 71 above.

74. The criteria whereon the allocation of variable remuneration on options is based and details of the deferral period and the exercise price

The LTVR model for the 2020/2022 term of office is based on the participation of the executive Directors in the Options Plan, which is set out in the remuneration policy approved by the Annual General Meeting of 21 April 2021 and based on the proposal of the Remuneration Committee (subject to a favourable opinion by the Corporate Governance, Evaluation and Nominating Committee). In order to implement the referred Options Plan and following the approval of the proposal for the acquisition and sale of own shares submitted by the Board of Directors to the General Meeting of Shareholders held on 21 April 2021, the Company acquired own shares as described in **point 3 above**.

The Options Plan mentioned above provides for the following main rules applicable to the allocation and exercise of the options and the financial settlement, and delivery and retention of the shares within the LTVR:

- The Options Plan regulates the allocation to its participants (the executive Directors of CTT that adhere to the plan) of **options which confer the right to allocate shares representing CTT's share capital**, subject to certain conditions applicable to the exercise and settlement of the options (options of a non-transferable nature even between participants, except in the case of succession by death);
- The Options Plan sets out the **number of options granted** to be exercised by each executive Director, differentiating between the nature and complexity of the duties in question (among CEO, CFO and other executive Directors) according to the table below, the date of attribution corresponding to the date of the referred plan's approval at the General Meeting;
- The Options Plan sets five tranches of options that differ only by their different exercise price or strike price, as shown in the table below:

Tranche	Number of Options per participant			Exercise Price or Strike Price
	CEO	CFO	Other Executive Directors	
1	700,000	400,000	300,000	EUR 3.00
2	700,000	400,000	300,000	EUR 5.00
3	700,000	400,000	300,000	EUR 7.50
4	700,000	400,000	300,000	EUR 10.00
5	700,000	400,000	300,000	EUR 12.50

- The **exercise date** of all the options is 1 January 2023, given the end of the **3-year term of office 2020/2022** (relevant date for purposes of calculating the number of allocated shares, since the exercise of the options is automatic);
- The **number of CTT shares eventually to be awarded to the participants** (via physical or financial settlement pursuant to the terms of the Options Plan), following the automatic exercise of the options on the

exercise date as foreseen on the Options Plan, depends the **Exercise Price** (Strike Price) and the **Share Price** (i.e., the average price, weighted by the trading volume, of the Company's shares traded on the Euronext Lisbon regulated market in the sessions carried out in the 45 days prior to the exercise date, i.e., on 1 January 2023) and results from the application of the following formula (rounded down):

No. of Shares = No. of Options Exercised x [(Share Price - Exercise Price (Strike Price)) / Share Price)]

Thus, subject to the eligibility conditions and the retention mechanism referred to in this point 74 and in point 72, each participant is entitled to receive the total number of CTT shares resulting from the sum of the number of shares due for each tranche, calculated according to the referred formula.

- The Share and Strike Prices will only be altered, by decision of the Remuneration Committee, in the event of financial transactions carried out by the Company during the term of the Options Plan that are likely to significantly affect the value of the shares, to the extent necessary to neutralize the effect of these transactions and preserve the economic value of the options (such as a reduction or increase in share capital, stock splits, distribution of shareholder remuneration, mergers or other corporate restructuring). When dividends are to be paid or assets distributed to shareholders, the Share Price and the Strike Price will be subject to adjustment without the need for a prior resolution of the Remuneration Committee, under the terms set forth in item 5.4. of the Options Plan;
- The Options Plan provides for the **financial settlement of 25% of the options** (net cash settlement) and the **physical settlement of 75% of the options** (net share settlement), without prejudice to, exceptionally and in a scenario where the number of own shares held by CTT is not sufficient, determining that the Remuneration Committee establishes a compensation mechanism through the allocation of a cash amount and financial settlement of the options whose physical settlement is not possible;
- In the event that shares are granted depending on stock market performance and the Company's positive performance as defined in the plan, the options will be subject to settlement over the deferral/retention period;
- **50% of the LTVR** is settled on the fifth trading day immediately following the date of the annual general meeting of the Company approving the accounts for the 2022 financial year to be held in 2023, subject to verification of positive performance with respect to each of the 2021 and 2022 financial years, half by way of financial settlement in cash (i.e. 25% of the options on a pro rata basis with respect to each of its 5 tranches) and the other half (i.e. 25% of the options also on a pro rata basis with respect to each of its 5 tranches) by way of physical settlement through the delivery of CTT shares;
- The **remaining 50% of the LTVR** (i.e. 50% of the options equally on a *pro rata* basis with respect to each of its 5 tranches) are settled through the delivery of CTT shares (physical settlement), in 2 tranches of 1/2 of the shares retained, respectively: **(i)** on the fifth trading day immediately following the end of the month after the date of approval of the accounts relating to financial year 2023 at an annual general meeting of the Company to be held in 2024, or on 31 May 2024 (whichever date occurs later) and subject to the positive performance of the Company in each of the financial years 2021 to 2023; and **(ii)** on the fifth trading day immediately following the end of the month after the date of approval of the accounts for the financial year 2024 at an annual general meeting of the Company to be held in 2025, or on 31 May 2025 (whichever date occurs later) and subject to the positive performance of the Company in each of the financial years 2021 to 2024, respectively for each tranche.
- The Options Plan thus provides for **deferral and retention** mechanisms that, combined, ensure compliance with the **Recommendation V.2.9. of the IPCG Code**: **(i)** the automatic exercise date of all options (i.e., 1 January 2023 in order to consider the 3-year term of office 2020/2022) which determines the calculation of the number of shares acquired under the Options Plan; **(ii)** the settlement of 50% of the options after the date of the annual general meeting of the Company approving the accounts for the 2022 financial year to be held in 2023; **(iii)** the aforementioned retention period until 2025 during which the participant does not acquire ownership or the social or economic rights attached to 50% of the shares awarded until the end of each retention period; and **(iv)** the conditions to which the award and settlement of the LTVR are subject in connection with the stock market performance as well as the positive performance of the Company;
- The exercise of the options and their settlement are also subject to the **eligibility conditions** referred to in point 72 above (i.e., remaining in office during the term of office by rule, absence of situations of material non-compliance with the Options Plan, and no situations giving rise to the application of the adjustment mechanisms);

- This Options Plan will not have a diluting effect on shareholders, since it is intended that the shares eventually to be delivered under the Options Plan are **own shares** acquired by the Company, as per **point 3 above** under the authorization of the General Shareholders' Meeting to acquire and dispose of own shares.

75. Main parameters and grounds of any annual bonus scheme and any other non-cash benefits

The Company has not adopted any system of annual bonuses or other non-cash benefits, without prejudice to that referred in the following paragraph.

Supplementing the provisions in point 76 below, the executive Directors earn the following **non-cash supplementary benefits, of a fixed nature**: entitlement to use a vehicle (including fuel and tolls), life and personal accident insurance (including during travel) and access to the health benefit system (IOS – Instituto de Obras Sociais) under the same terms as the Company employees.

76. Key characteristics of the supplementary pensions or early retirement schemes for directors and state date when said schemes were approved at the general meeting, on an individual basis

The Company's remuneration policy applied in 2022 does not consider the attribution of supplementary pensions or the attribution of any compensation in the event of the early retirement of its Directors, without prejudice to the matter referred to in the following paragraph.

The ABR of the executive Directors includes an amount defined by the Remuneration Committee intended for allocation to a defined contribution pension plan or retirement saving plan (or other retirement saving instruments), specifically chosen by each executive Director (amounting to 10% of the annual base remuneration).

5.2.4.4 Disclosure of remuneration

GRI 2-19, 2-20

77. Details on the amount relating to the annual remuneration paid as a whole and individually to members of the company's board of directors, including fixed and variable remuneration and as regards the latter, reference to the different components that gave rise to same

The tables below indicate the gross remuneration paid in 2022 by the Company to the **members of the Board of Directors and the Audit Committee (as fixed remuneration and, in the case of executive Directors, as fixed remuneration and AVR)**:

Member	Position	Amounts				
		Fixed Remuneration (1)	AVR 2020 (2)	AVR 2021 (3)	%(5)	Total
João Afonso Ramalho Sopas Pereira Bento	Chief Executive Officer (CEO)	563,234.46 €	0.00	194,820.00 €	25.70 %	758,054.46 €
Guy Patrick Guimarães de Goyri Pacheco	Executive Director (CFO)	427,934.52 €	0.00	144,351.00 €	25.22 %	572,285.52 €
António Pedro Ferreira Vaz da Silva	Executive Director	398,234.54 €	0.00	130,500.00 €	24.68 %	528,734.54 €
João Carlos Ventura Sousa	Executive Director	398,234.54 €	0.00	134,820.00 €	25.29 %	533,054.54 €
João Miguel Gaspar da Silva	Executive Director	398,234.54 €	0.00	129,960.00 €	24.60 %	528,194.54 €
Total remuneration of the Executive Committee		2,185,872.60 € €	—	734,451.00 €	25.15 %	€ 2,920,323.60

Member	Position	Amount
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	Non-executive Director and Chairwoman of the Audit Committee	89,999.98 €
Steven Duncan Wood(6)	Non-executive Director and Member of the Audit Committee	0.00 €
María del Carmen Gil Marín	Non-executive Director and Member of the Audit Committee	74,999.96 €
Total remuneration of the Audit Committee		164,999.94 €
Raul Catarino Galamba de Oliveira	Chairman of the Board of Directors and Chairman and Member of Committees other than the Audit Committee	350,000.00 €
Duarte Palma Leal Champalimaud	Non-executive Director and Member of a Committee other than the Audit Committee	65,000.04 €
Isabel Maria Pereira Aníbal Vaz	Non-executive Director and Member of a Committee other than the Audit Committee	65,000.04 €
Jürgen Schröder	Non-executive Director	49,999.88 €
Margarida Maria Correia de Barros Couto	Non-executive Director and Chairwoman of a Committee other than the Audit Committee	75,000.00 €
Susanne Ruoff	Non-executive Director	49,999.88 €
Total remuneration of the non-executive Directors who are not members of the Audit Committee		654,999.84 €
Total remuneration of the non-executive Directors		819,999.78 €
Total remuneration of the Board of Directors including the Audit Committee members		3,740,323.38 €

(1) Amount of the fixed remuneration of the executive Directors. This amount includes: ((i) the annual base remuneration ("ABR"), (ii) the annual meals allowance (€9.01 per business day of each month, 12 times a year), and (iii) the fixed amount paid annually allocated to the retirement savings plan corresponding to 10% of the ABR.

(2) In the assessment made for the performance in the 2020 financial year, the assumptions for attributing AVR to the executive Directors were not met, so no amount was paid on this basis.

(3) In the assessment made in 2022 regarding the performance in the 2021 financial year, the assumptions for attributing AVR to the executive Directors were met, as further detailed in point 71.1 above, and the amounts indicated in the table above were paid in 2022, in accordance with the stipulations of the remuneration policy in force, corresponding to 50% of the amount attributed as AVR, with payment of the second tranche deferred proportionally over three years from approval of the accounts and subject to positive performance and non-verification of adjustment mechanisms, and as better detailed in section 72 above.

(4) Weight of the ABR in the total remuneration paid to the director.

(5) Weight of the AVR in the total remuneration paid to the director.

(6) He waived the payment of remuneration for the 2020/2022 term of office.

In turn, under the Options Plan and as LTVR for the term of office, the following options on CTT shares are granted to the executive Directors who adhered to the Options Plan, the date of attribution being the date of the Options Plan's approval at the General Meeting of Shareholders and exercise date being 1 January 2023 as detailed in point 74 above):

Tranche	Number of options per participant		
	João Afonso Ramalho Sopas Pereira Bento	Guy Patrick Guimarães de Goyri Pacheco	António Pedro Ferreira Vaz da Silva João Carlos Ventura Sousa João Miguel Gaspar da Silva
1	**700,000**	**400,000**	**300,000**
2	**700,000**	**400,000**	**300,000**
3	**700,000**	**400,000**	**300,000**
4	**700,000**	**400,000**	**300,000**
5	**700,000**	**400,000**	**300,000**

Taking into account the end of the three-year term of office 2020/2022, the Remuneration Committee, in accordance with the Options Plan (namely regarding the verification of the conditions for the attribution of LTVR referred to in points 72 and 74) has determined the number of shares to be attributed to each participant as LTVR (the attribution and settlement of which are subject to the rules set out in the Options Plan, described in point 74 above and summarised below).

For this purpose, the Share Price was calculated, which corresponds to the arithmetic average of the prices, weighted by the respective volumes, of CTT shares traded in the Euronext Lisbon regulated market, in the stock market sessions that took place in the 45 trading days prior to the exercise date (i.e., 1 January 2023). The value of € 3.168647 (rounded to the sixth decimal place) was set as the value of the share for the purposes of the final calculation of the shares to be attributed.

In accordance with point 5.4.1 of the Options Plan, the Strike Prices shown in the table above were adjusted to the distribution of dividends during 2021 and 2022, in accordance with the following formula:

Adjusted Strike Price = Previous Strike Price - shareholder remuneration per Company share x (1 - % of treasury shares of the Company)

Assuming the percentage of treasury shares reported on 8 November 2022 and disclosed to the market on the same date, the adjusted Strike Prices corresponding to each tranche were updated in accordance with the table below:

Tranche	Number of Options per participant			Exercise Price or Strike Price (rounded to the 6th decimal place)
	CEO	CFO	Other executive Directors	
1	**700,000**	**400,000**	**300,000**	**EUR 2.799139**
2	**700,000**	**400,000**	**300,000**	**EUR 4.799139**
3	**700,000**	**400,000**	**300,000**	**EUR 7.799139**
4	**700,000**	**400,000**	**300,000**	**EUR 9.799139**
5	**700,000**	**400,000**	**300,000**	**EUR 12.299139**

In accordance with the conditions of the Options Plan, and taking the Share Price of €3.168647 mentioned above as a reference, only the Exercise Price (Strike Price) of the first tranche was taken into account, since the Share Price did not reach the Exercise Price (Strike Price) of the second tranche. Thus, the following formula was applied to determine the number of shares:

(Share Price – Strike Price) / Share Price = (3.168647 - 2.799139) / 3.168647 = 0.116614

Considering the above, each option was entitled to the attribution of 0.116614 shares which, multiplied by the number of options attributed to each participant, rounded up to the nearest whole number, gave rise to the attribution of the following number of shares to each participant by way of LTVR (settlement of which is subject to the conditions set out in the Options Plan, described in point 74 above and summarised below):

Participant	CEO	CFO	Other executive Directors	Total
Shares	81,629	46,645	104,949[1]	233,226

[1] Total number of shares for the remaining three executive Directors.

As the Options Plan provides for the **financial settlement of 25% of the shares awarded** (net cash settlement) and the **physical settlement of 75% of these shares** (net share settlement), **50% of the shares awarded as LTVR** will be settled on the fifth trading day immediately following the date of the Company's Annual General Meeting that will approve the accounts for the 2022 financial year, which will be held, according to the financial calendar published on the Company's website, on 20 April 2023, half by way of financial settlement in cash and the other half by way of physical settlement through the delivery of CTT shares to the participants. In both cases, this is subject to confirmation of the Company's positive performance in each of the 2021 and 2022 financial years and of the eligibility conditions (i.e., remaining in office during the term of office, absence of situations of material non-compliance with the Options Plan and non-occurrence of situations giving rise to the application of the adjustment mechanisms), to be determined by the Remuneration Committee at the annual meeting referred to in the Options Plan, after hearing the Corporate Governance, Evaluation and Nominating Committee.

The remaining **50% of the shares awarded as LTVR** shall be settled by delivery of CTT shares (physical settlement), in 2 tranches of 1/2 of the shares retained, respectively: **(i)** on the fifth trading day immediately following the end of the month after the date of approval of the accounts relating to financial year 2023 at the Annual General Meeting of the Company to be held in 2024, or on 31 May 2024 (whichever date occurs later) and subject to the positive performance of the Company in each of the financial years 2021 to 2023; and **(ii)** on the fifth trading day immediately following the end of the month after the date of approval of the accounts for the financial year 2024 at the annual general meeting of the Company to be held in 2025, or on 31 May 2025 (whichever date occurs later) and subject to the positive performance of the Company in each of the financial years 2021 to 2024, respectively for each tranche.

The Company's accounts reflect the liabilities for net cash settlement and net share settlement of the shares attributed to the participants under the terms mentioned above, and the Company has the number of own shares needed for net share settlement when the attribution takes place.

In 2022, there was no deviation from the application of or derogation from the remuneration policy applicable to members of the management and supervisory bodies.

As described throughout this section 5 of the Report, the **remuneration policy for the 2020/2022 term of office is aimed at promoting** continuous alignment with best practice in ESG matters, taking specifically into account:

- The **economic and financial situation of the Company** and its structure and size;
- The promotion of the alignment of management interests with CTT's current strategic goals and with the pursuit of the Company's **long-term sustainability** and the sustainable development of its businesses, including in terms of environmental sustainability;
- Consideration for the management of the interests of the Company's various **stakeholders**, in particular the interests of employees (promoting measures towards a better balance of remuneration conditions for employees and members of the corporate bodies) and the interests of shareholders (contributing to the creation of value for shareholders).

In this context, information is presented below on the **evolution of the remuneration of CTT's corporate bodies and employees and the Company's performance from 2017 to 2022,** a period marked by the COVID-19 pandemic crisis.

The comparative table below shows the annual percentage variation in the remuneration of the members of the Board of Directors and Audit Committee of the Company currently in office, in the period between 2017 and 2022:

Members	Date of 1st Appoint-ment (1)	Position (2)	Remuneration									
			2022 vs 2021		2021 vs 2020		2020 vs 2019		2019 vs 2018		2018 vs 2017	
			FIXED(3)	AVR(4)	FIXED(3)	AVR(5)	FIXED(3)	AVR(5)	FIXED(3)	AVR(4)	FIXED(3)	AVR(4)
Raul Catarino Galamba de Oliveira (6)(7)	29/04/2020	Chairman of the Board of Directors	0%	n.a.	48.76% (6)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
João Afonso Ramalho Sopas Pereira Bento (8)	20/04/2017	Chairman of the Executive Committee (CEO)	0%	—%	3.93%	—%	61.8% (8)	—%	506.44% (8)	—%	21.49%	n.a.
Guy Patrick Guimarães de Goyri Pacheco (9)	19/12/2017	Executive Director	0%	—%	1.8%	—%	-4.33%	—%	5.61%	—%	n.a.(9)	n.a.
António Pedro Ferreira Vaz da Silva	20/04/2017	Executive Director	0%	—%	1.8%	—%	-4.32%	—%	8.80%	—%	21.64%	—%
João Carlos Ventura Sousa (10)	18/09/2019	Executive Director	-9%	—%	11.2%	—%	4.00%	—%	n.a.	n.a.	n.a.	n.a.
João Miguel Gaspar da Silva	06/01/2020	Executive Director	0%	—%	3.0%	—%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	20/04/2017	Non-executive Director and Chair of the Audit Committee	0%	—%	5.2%	n.a.	2.79%	n.a.	8.82%	n.a.	21.81%	n.a.
Steven Duncan Wood (11)	23/04/2019	Non-executive Director and member of the Audit Committee	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Duarte Palma Leal Champalimaud (12)	19/06/2019	Non-Executive Director	0%	n.a.	5.2%	n.a.	5.00%	n.a.	n.a.	n.a.	n.a.	n.a.
Isabel Maria Pereira Aníbal Vaz (7)	29/04/2020	Non-Executive Director	0%	n.a.	48.8%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Jürgen Schröder (7)	29/04/2020	Non-Executive Director	0%	n.a.	48.76%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Margarida Maria Correia de Barros Couto (7)	29/04/2020	Non-Executive Director	0%	n.a.	88.1%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
María del Carmen Gil Marín (7)	29/04/2020	Non-Executive Director and member of the Audit Committee	0%	n.a.	48.80%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Susanne Ruoff (7)	29/04/2020	Non-Executive Director	0%	n.a.	48.80%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

(1) The date of the first appointment to a corporate body at CTT is presented here.

(2) Current position in CTT.

(3) Fixed remuneration includes annual base remuneration, the amount of the annual meal allowance and the fixed amount paid annually allocated to the retirement savings plan. The variable remuneration only considers AVR, as there was no LTVR in that period.

(4) The executive Directors waived their annual variable remuneration for 2017 and 2018, and for this reason and regardless of the result of the assessment conducted relative to those financial years, no AVR was paid in 2018 and 2019.

(5) The result of the assessment carried out in respect of the 2019 financial year led to the attribution of an AVR to the executive directors, the payment of which was made in 2021. The result of the assessment for the 2020 financial year did not result in the awarding of an AVR to the executive directors, so no comparison percentage is presented for 2019 vs 2020 and 2020 vs 2021 in terms of AVR.

(6) The annual base remuneration includes the 15% waiver in 2020 and 2021.

(7) The annual change between 2020 and 2021 reflects the calculation in relation to remuneration earned in 2020 as from the date of appointment.

(8) From 23/04/2017 to 22/05/2019 he performed the duties of non-executive Director in CTT, having been appointed Chief Executive Officer by resolution of the Board of Directors of 13/05/2019, effective as of 22/05/2019. The annual percentage variation between 2018 and 2019 reflects the calculation in relation to the remuneration earned as a non-executive member and subsequently as Chief Executive Officer.

(9) Considering that the Director only took office on 19/12/2017, the remuneration earned between that day and 31/12/2017 was not considered for the purposes of calculating the annual variation between 2017 and 2018.

(10) Co-opted by resolution of the Board of Directors dated 03/09/2019 effective as of 18/09/2019. The annual variation between 2019 and 2020 reflects the calculation with respect to the remuneration earned in 2019 as of the effective date of his co-option.
(11) Director with no remuneration.
(12) Co-opted by resolution of the Board of Directors dated 19/06/2019. The annual variation between 2019 and 2020 reflects the calculation with respect to the remuneration earned in 2019 as of the effective date of his co-option.

The table below shows the annual percentage variation of the following economic and financial indicators of CTT (on a consolidated basis) between 2017 and 2022:

Performance indicators	2022 vs 2021	2021 vs 2020	2020 vs 2019	2019 vs 2018	2018 vs 2017
Revenues	0.069%	0.138%	0.007%	0.046%	0.004%
Operating costs(1)	0.065%	0.137%	0.025%	0.034%	0.016%
Net profit for the year attributable to shareholders of CTT	-0.052%	1.304%	-0.429%	0.358%	-0.280%

(1) Excluding depreciation / amortisation, and specific items in 2021 vs 2020 and 2022 vs 2021. In the previous years Operating Costs excluded depreciation / amortisation, impairments and provisions, the impact of IFRS 16 and specific items.

In turn, the table below shows the annual variation between 2017 and 2022 of the average remuneration of full-time employees of the CTT Group, excluding members of the management and supervisory bodies, by professional category:

Employees(1)	2022 vs 2021(2)	2021 vs 2020(3)	2020 vs 2019(3)	2019 vs 2018(3)	2018 vs 2017(3)
Senior and middle management	0.8%	-1.3%	-3.6%	0.6%	0.4%
Counter service	1.1%	0.4%	-0.4%	0.4%	1.5%
Delivery	2.2%	2.7%	-0.5%	1.6%	0.8%
Other	2.7%	-0.6%	2.7%	1.5%	-0.4%
Overall	**1.8%**	**1.6%**	**—%**	**0.7%**	**0.2%**

(1) For comparison purposes, the following criteria were taken into account: (a) number of employees according to headcount reported at year-end, excluding the members of the managing and supervisory bodies, and (b) base remuneration.
(2) The employees of the CTT Group companies Correio Expresso de Moçambique, S.A. (CORRE), Newspring and Medspring are not included, while the employees of the company Open Lockers have been included.
(3) The employees of the CTT Group companies Correio Expresso de Moçambique, S.A. (CORRE), HCCM Outsourcing Investment, S.A. and Newspring Services, S.A. are not included
In the comparison 2017 vs 2018 and 2018 vs 2019, the employees of the of the CTT Group companies 321 Crédito - Instituição Financeira de Crédito, S.A., CTT Expresso - Serviços Postais e Logística, S.A. - Sucursal en España and Correio Expresso de Moçambique, S.A. (CORRE) are not included.

78. Any amounts paid, for any reason whatsoever, by other companies in a control or group relationship, or are subject to a common control

During 2022, the companies in a controlling or group relationship with the Company **did not pay the members of the Board of Directors any remunerations** or amounts for any reason.

79. Remuneration paid in the form of profit sharing and/or bonus payments and the reasons for said bonuses or profit sharing being awarded

In 2022, no amounts were paid to the members of CTT's Board of Directors in the form of profit-sharing or bonuses.

80. Compensation paid or owed to former executive directors concerning contract termination during the financial year

The remuneration policy provides that in the event of termination of duties of the members of the Board of Directors, the **legally established compensatory rules** shall apply.

Reference is also made in this regard to points 72 above and 83 below, where the **consequences of early termination of duties with regard to the AVR and the LTVR** and the legal rules on compensation are detailed.

81. Details of the annual remuneration paid, as a whole and individually, to the members of the company's supervisory board for the purposes of Law No. 28/2009 of 19 June

See point 77 of Part I above with respect to the members of the Audit Committee.

82. Details of the remuneration in said year of the Chairman of the Presiding Board to the General Meeting

During the 2022 financial year, the remunerations of the Chairman and the Vice-Chairman of the Board of the Shareholders' General Meeting were ten thousand euros and four thousand euros, respectively.

5.2.4.5 Agreements with remuneration implications

83. The envisaged contractual restraints for compensation payable for the unfair dismissal of directors and the relevance thereof to the remunerations' variable component

The members of CTT's corporate bodies **have not entered into any remuneration or compensation agreements with the Company.**

According to **the remuneration policy** in force, in the event of termination of office of the members of the Board of Directors, the **legally established compensatory rules** shall apply.

- The compensation by law to members of the Board of Directors (including executive Directors), in the event of their dismissal without just cause, corresponds to the indemnity for damages suffered thereby, as prescribed by law and may not exceed the remuneration that the Board member would presumably receive until the end of the period for which he/she was elected.

Thus, considering the absence of individual agreements in this area and the terms of the remuneration policy in the event of a dismissal that does not arise from a serious breach of duty nor from the inability to carry out duties normally, but that is nonetheless due to inadequate performance, the Company will only be obliged to pay compensation as prescribed by law.

In turn, according to the remuneration policy for the term of office underway and the Options Plan provided for therein (which is subject to adherence by the participants), the early termination of duties determines the following **consequences in relation to the allocation and payment of the VR** to the executive Directors:

- If an executive Director leaves for any motive, with the exception of dismissal on fair grounds or any other situation which leads to the application of an adjustment mechanism (as described above), after the assessment period, but before the payment of the **AVR**, its entire payment will take place to the extent corresponding to that period;
- The payment of the **AVR** relative to an assessment period in which termination of duties occurs shall not be due, nor the settlement of the **LTVR** under the above mentioned Options Plan be due in the event of early

termination of duties, since its exercise and settlement require the conclusion of the term of office for which the executive Director was appointed (continued performance), except in situations of termination by mutual agreement, retirement, death, disability or other case of early termination of the term of office due to a cause not attributable to the Director (namely in case of change of control of the Company), in which case the Remuneration Committee shall define a *pro rata* attribution of the AVR and the *pro rata* cancellation of the LTVR awarded by virtue of the Options Plan.

In view of the **consequences of the early termination of duties described above,** the Company is considering complying with **Recommendation V.2.3. of the IPCG Code,** since the maximum amount of compensation to be paid as a result of such termination will result from the application by the Remuneration Committee (with the support of the Corporate Governance, Evaluation and Nominating Committee) of the above-mentioned legal criteria and other criteria established in the above-mentioned internal regulations for the situations handled therein.

84. Reference to the existence and description, with details of the sums involved, of agreements between the company and members of the board of directors and managers, pursuant to Article 29-R(3) of the Securities Code that envisages compensation in the event of resignation or unfair dismissal or termination of employment following a takeover bid (Article 29-H(1)(k))

On this issue, it should be noted that CTT's Board of Directors considers that the Company's directors, within the meaning of the EU Regulation, correspond only to the members of the management and supervisory bodies of CTT.

Accordingly, during 2022, **there were no agreements between the Company and the members of the Board of Directors or the Audit Committee** which provided for compensation in the event of resignation, dismissal without just cause or termination of employment following a change of control in the Company, without prejudice to the provisions in points 72 and 83 above.

5.2.4.6 Share-Allocation and/or Stock Option Plans

85. Details of the plan and the number of persons included therein

As better defined in points 69, 71 and 74 above, according to the remuneration policy, the LTVR is based on the executive Directors' participation in the Option Plan.

86. Characteristics of the plan (allocation conditions, non-transfer of share clauses, criteria on share-pricing and the exercising option price, the period during which the options may be exercised, the characteristics of the shares or options to be allocated, the existence of incentives to purchase and/or exercise options)

Point 74 above describes the characteristics of CTT's Option Plan, which is incorporated in the remuneration policy, including the respective conditions of attribution, clauses on the inalienability of shares, criteria relative to the option exercise price, the period during which the options may be exercised, the characteristics of the shares or options to be assigned the existence of incentives to acquire shares and/or exercise options.

87. Stock option plans for the company employees and staff

With a view to strengthening the alignment of the remuneration conditions of employees and members of the corporate bodies, as well as promoting the alignment of the interests of the different stakeholders with the Company's performance, thus encouraging the pursuit of sustainable growth, and in line with the options plan approved for executive directors under the remuneration policy approved by the General Shareholders' Meeting on 21 April 2021, as detailed in items 72 and 74 above, the Executive Committee approved, in May 2021, a Long-Term Incentive Programme - Options Plan was approved by the Executive Committee, aimed at the most senior Directors of the company, directly dependent on the Executive Committee of CTT or the Board of Directors of the subsidiary companies, as well as the Directors or Managers of the CTT Expresso in Spain (“Options Plan for Directors”).

In accordance with the Options Plan for Directors, its participants (Directors) who adhered to it are granted **options that confer the right to acquire shares representing CTT's share capital**, subject to the following rules applicable to the attribution and the exercise and financial settlement of the options and delivery and retention of the shares (options of a non-transferable nature even between participants, except in the case of succession by death).

- In accordance with the Options Plan for Directors, each participant will be entitled to receive **five distinct option tranches**, each with a distinct **Exercise Price (Strike Price)** and depending on the **number of options** assigned by the Executive Committee, as per the table below:

Tranche	Total number of options to be granted to all the participants	Exercise Price (Strike Price)
1	1,200,000	€3.00
2	1,200,000	€5.00
3	1,200,000	€7.50
4	1,200,000	€10.00
5	1,200,000	€12.50

- All the option tranches comprise a single tranche for exercise purposes and are considered to be granted to the participants on the date of the Shareholders' General Meeting, which took place on 21 April 2021. The options attributed after that date shall be made proportionally to the time of exercise of the functions, taking into account the duration of the Options Plan for Directors.

- The automatic **exercise date** of all options is 1 January 2023.

- After exercise, the options awarded under the Options Plan for Directors confer the right to be granted shares via **physical settlement** by means of calculation to be made as follows:

  No. of Shares = No. of Options exercised x [(Share Price - Exercise Price (Strike Price) / Share Price] where:

  - the **Exercise Price (Strike Price)** corresponds to that indicated in the table above;

  - the **Share Price** corresponds to the arithmetic average of the prices, weighted by the respective trading volumes, of the transactions of Company's shares traded on the Euronext Lisbon regulated market in the Stock market sessions held during the 45 days prior to the exercise date, that is, on 1 January, 2023.

- In the event that shares are granted depending on the stock market performance and the Company’s positive performance, from the attribution date to the exercise date and during the retention period, the options will be subject to settlement over the deferral/retention period.

- With regard to **50% of the options** (on a pro rata basis with respect to each tranche of options) granted under the Options Plan for Directors, the number of shares corresponding to the result of the sum of the physical settlement will be transferred to each participant, subject to the **positive performance** of the Company in each of the financial years 2020, 2021 and 2022, on the fifth trading day immediately following the date of approval of the 2022 accounts by the Annual General Meeting of the Company to be held in 2023, and its holder will then be entitled to freely trade them.

- The remaining **50% of the options** (on a pro rata basis with respect to each tranche of options) the number of shares corresponding to the result of the sum of the physical settlement shall be subject to a **Retention Period** by the Company and will be released, respectively:

    - (i) on the fifth trading day immediately following the end of the month after the date of approval of the accounts relating to financial year 2023 at an annual general meeting of the Company to be held in 2024, or on 31 May 2024 (whichever date occurs later) and subject to the positive performance of the Company in each of the financial years 2021 to 2023; and

    - (ii) on the fifth trading day immediately following the end of the month after the date of approval of the accounts for the financial year 2024 at an annual general meeting of the Company to be held in 2025, or on 31 May 2025 (whichever date occurs later) and subject to the positive performance of the Company in each of the financial years 2021 to 2024, respectively for each tranche.

- The **Share Price and the Strike Price** can only be altered by decision of the Executive Committee, in the event of financial transactions carried out by the Company during the term of the Options Plan for Directors that are likely to significantly affect the value of the shares and to the extent necessary to neutralize the effect of these transactions and preserve the economic value of the options (such as a reduction or increase in share capital, stock splits, distribution of shareholder remuneration, mergers or other corporate restructuring).When dividends are to be paid or assets distributed to shareholders, the Share Price and the Strike Price shall be adjusted.

- The exercise of options is subject to **eligibility conditions**, particularly the achievement of objectives or performance targets by the Company, since the **attribution of shares on the exercise date** is subject to the evolution of the market price of the shares and the attribution of shares on the exercise date and the respective payment/delivery and release at the end of each retention period subject to a positive performance by the Company, from the attribution date until the exercise date and during the retention period.

- The exercise of options may be cancelled in the event of termination of the participant's employment contract or equivalent by his own initiative, or by the employer's initiative based on just cause for dismissal, or in the event of non-compliance by the participant with any substantial provision of the terms and conditions of the Options Plan for Directors that triggers an **Adjustment Mechanism**.

- The Options Plan for Directors shall remain in force until such time as the Executive Committee resolves on its termination or substitution (without prejudice to rights legitimately acquired thereunder) or until full compliance with the obligations arising therefrom.

- Similarly to the options plan approved for the executive directors under the remuneration policy in force for the 2020/2022 term of office, this Options Plan for Directors will not have a dilutive effect on shareholders, since the shares that may be delivered under the plan will be **own shares** acquired by the Company, as per **point 3 above**, under the authorisation of the General Meeting of Shareholders for the acquisition and sale of own shares.

- For calculation of the number of shares to be attributed to the Directors under the Options Plan for Directors, the following shall apply: (i) the adjusted Strike Price mentioned in item 77 above and (ii) the Share Price indicated in the aforementioned point 77 above.

- A total of 1,200,000 options were envisaged for the participants in the Options Plan for Directors, which, considering that each option gives the right to 0.116614 shares, implies the attribution of 139,937 shares to be distributed among all the participants in the Options Plan for Directors, in accordance with the number of options attributed to each participant.

- The Company's accounts reflect the liabilities for the net share settlement of the shares attributed to the participants in the Options Plan for Directors, under the terms referred to above, and the Company has the number of own shares needed for the net share settlement of those shares when the attribution takes place.

88. Control mechanisms provided for in any employee-share ownership scheme in as much as voting rights are not directly exercised by those employees (Article 29-H(1)(e))

There were no systems of participation of the workers in the capital in force at CTT during 2022 and there are none currently in force.

5.2.5 TRANSACTIONS WITH RELATED PARTIES

5.2.5.1 Control mechanisms and procedures

89. Mechanisms implemented by the Company for the purpose of controlling transactions with related parties

Since 2014, the Company has been implementing procedures aimed at ensuring strict compliance with the legal and accounting rules and current best practices concerning transactions with related parties and the pursuit of CTT's interests in this regard, in particular through the **Regulation on Assessment and Control of Transactions with Related Parties and Prevention of Conflicts of Interest ("Regulation")**.

The **Regulation on Assessment and Control of Transactions with Related Parties and Prevention of Conflicts of Interest** in force at CTT is published on CTT's website, at www.ctt.pt ("Group CTT"/"About Us"/"Corporate Governance"/"Articles of Association and Regulations").

Under the Regulation, the following are considered "Related Parties":

- Any Shareholder with at least 2% of CTT's share capital, whether directly or indirectly, pursuant to article 20 of the Portuguese Securities Code;
- Members of CTT's management and supervisory bodies and any officers who, although not members of these corporate bodies are so classified under the referenced Regulation;
- Members of the management bodies of CTT subsidiaries;
- Any third-party entity that is related to any of the persons identified in the previous three points through relevant business or personal interest;
- Subsidiaries, associated companies and jointly controlled entities (joint ventures) of CTT.

According to that Regulation, "Transactions with Related Parties" (i.e. all legal transactions or acts resulting in a transfer of resources, services or obligations, regardless of whether a price is charged, between, on the one hand, CTT and/or subsidiaries and, on the other hand, a related party) shall adhere to the following principles:

- They must always be formalized in writing, specifying their terms and conditions;
- They shall be carried out (i) in accordance with the legislation in force, in particular in full respect of the interests of the Company and its subsidiaries, as applicable (ii) ensuring the fair/ equitable and reasonable character of the transaction from the point of view of the Company and shareholders who are not related parties (including minority shareholders) and (iii) within the current activity and under market conditions, as defined in the regulation, unless it is demonstrated that the transaction that does not comply with these requirements is suitable for the interests of the Company and subsidiary companies and the fair/ equitable and reasonable character mentioned above, and cumulatively the transaction is approved by the Board of Directors, with prior opinion of the Audit Committee;
- The following should be clearly and accurately disclosed (i) relevant transactions, i.e, whose value is equal to or exceeds 2.5% of CTT's consolidated assets according to the latest audited financial information approved by CTT's corporate bodies (calculated in relation to a single transaction or to the set of transactions carried out during any 12-month period or during the same financial year with the same related party), and that, cumulatively, have not been carried out within the scope of the current activity and/or under market conditions,

(ii) and most Transactions with Related Parties, in the notes to the Company's financial statements, with sufficient details to identify the "Related Party" and the essential conditions related to the transactions;

- Loans and guarantees to "Related Parties" are expressly prohibited, except to subsidiaries, associated companies or jointly controlled entities (joint ventures);
- “Significant Transactions”, i.e., of an amount greater than €1,000,000 relating to a single business or to a series of business transactions carried out during any 12-month period or during the same financial year with the same related party, and those intended to be carried out outside the scope of the current activity and/or outside market conditions, must be subject to a "prior opinion" by the supervisory body, unless they are exempt transactions under the terms of the Regulation (i.e. transactions entered into between CTT and a subsidiary that is in a controlling relationship with CTT and in which no related party has interests and transactions proposed to all CTT shareholders under the same terms, where the equal treatment of all shareholders and the protection of CTT's interests are ensured);
- Similarly, transactions to be carried out by CTT Directors and/or subsidiaries (directly or through an intermediary) with the company and/or subsidiaries shall be subject to a "prior favourable opinion" by the supervisory body and are subject to prior authorization from the Board of Directors, except when they are included in the actual trade of the company in question and no special advantage is granted to the director directly or through an intermediary;
- All "Transactions with Related Parties" not subject to a "prior opinion" from the Audit Committee are subject to subsequent appreciation by this body.

See point 91 of Part I below on the prior and subsequent mechanisms for the Audit Committee to control transactions with related parties.

90. Details of transactions that were subject to control in the referred year

In 2022, there were no transactions with related parties subject to prior control by the Company's supervisory body under the procedures described in the Regulation on Assessment and Control of Transactions with Related Parties and Prevention of Conflicts of Interest mentioned in points 89 and 91 of Part I of this chapter.

In addition, transactions were subject to subsequent **control by the aforementioned body,** almost all of which correspond to to services provided within the scope of the day-to-day activities of the Company and its subsidiaries.

For further details on Transactions with Related Parties, see Note 53 - Related Parties to the consolidated and individual financial statements in chapter 7 of this Report.

91. Procedures and criteria applicable to the supervisory body when same provides preliminary assessment of the business deals to be carried out between the company and the holders of qualifying holdings

According to the Regulation for Assessment and Control of Transactions with Related Parties and Prevention of Conflicts of Interest, the following are submitted by the Executive Committee to the **prior opinion of the Audit Committee**:

- “Significant Transactions", i.e., transactions of an amount exceeding €1,000,000 related to a single transaction or to a set of transactions carried out during any 12-month period or during the same financial year with the same related party, and those intended to be carried out outside the scope of the current activity and/or outside market conditions, unless they are exempted transactions under the Regulation (i.e. transactions entered into between CTT and a subsidiary that is in a control relationship with CTT and in which no related party has an interest and transactions proposed to all CTT shareholders under the same terms, where the equal treatment of all shareholders and the protection of CTT's interests are ensured); and

- Transactions to be entered into between, on the one hand, members of the management bodies of CTT and/or subsidiaries (directly or through an intermediary) and, on the other hand, CTT and/or subsidiaries, pursuant to and for the purposes of the provisions of articles 397 and 423-H of the PCC, except when they are included in the actual trade of the company in question and no special advantage is granted to the director directly or through an intermediary.

In this context, the Audit Committee analyses, in particular, the terms, the conditions, the objective and opportunity of the transaction, the interest of the related party, any limitations that could be imposed on CTT as a result of the transaction, the pre-contractual procedures implemented, the mechanisms adopted to resolve or prevent potential conflicts of interest and demonstration that the operation will be carried out within the scope of the Company's current activity or under normal market conditions.

All other “Transactions with Related Parties” are communicated to the Audit Committee for subsequent appraisal, namely in the context of the annual activity report, by the last day of July or February, according to whether the transaction occurred in the 1st or 2nd semester of the year.

5.2.5.2 Data on business deals

92. Place where the financial statements including information on business dealings with related parties are available, in accordance with IAS 24

The relevant transactions with related parties are described in Note 53 to the consolidated and individual financial statements in chapter 7 of this Report and were carried out within the scope of the Company's current activity and under normal market conditions.

Part II – CORPORATE GOVERNANCE ASSESSMENT

1. Identification of the adopted Corporate Governance Code

In conformity with the provisions of article 2(1) of CMVM Regulation No. 4/2013, CTT has adopted the Corporate Governance Code of the Portuguese Institute of Corporate Governance ("IPCG Code") of 2018, revised in 2020, which can be consulted at **www.cgov.pt**.

2. Analysis of compliance with the adopted corporate governance code

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 - Corporate Governance
I. General Provisions			
General principle	Corporate Governance should promote and enhance the performance of companies, as well as of the capital markets, and strengthen the trust of investors, employees and the general public in the quality and transparency of management and supervision, as well as in the sustained development of the companies.		
I.1. Company's relationship with investors and disclosure			
Principle	Companies, in particular its directors, should treat shareholders and other investors equitably, namely by ensuring mechanisms and procedures are in place for the suitable management and disclosure of information.		
I.1.1.	The Company should establish mechanisms to ensure, in a suitable and rigorous form, the production, management and timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the markets in general.	Adopted	18, 21, 38, 55, 56 to 63 (see chapters 10. Investor Support and 11. Website)
I.2. Diversity in the composition and functioning of the company's governing bodies			
Principle 1.2.A.	Companies ensure diversity in the composition of their governing bodies, and the adoption of requirements based on individual merit, in the appointment procedures that are exclusively within the powers of the shareholders.		
Principle 1.2.B.	Companies should be provided with clear and transparent decision structures and ensure a maximum effectiveness of the functioning of their governing bodies and commissions.		
Principle 1.2.C.	Companies ensure that the functioning of their bodies and committees is duly recorded, namely in minutes, to allow an understanding not only of the meaning of the decisions taken, but also of their grounds and the opinions expressed by their members.		
I.2.1.	Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable for the roles to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with particular attention to gender diversity, which may contribute to a better performance of the governing body and to the balance of its composition.	Adopted	16, 18, 19, 26 and 33

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 - Corporate Governance
I.2.2.	The company's managing and supervisory boards, as well as their committees, should have internal regulations — namely regulating the performance of their duties, their Chairmanship, periodicity of meetings, their functioning and the duties of their members —, disclosed in full on the Company's website. Minutes of the meetings of each of these bodies should be drawn out. I.2.2.(1) The Board of Directors should have internal regulations - namely regulating the performance of their duties, their chairmanship, periodicity of meetings, their functioning and the duties of their members -, disclosed in full on the Company's website. I.2.2.(2) Idem with regard to the supervisory body. I.2.2(3) Idem with regard to the internal committees. I.2.2.(4) Minutes of all meetings of the management body should be drawn out. I.2.2.(5) Idem with regard to the supervisory body. I.2.2(6) Idem with regard to internal committees.	I.2.2.(1) Adopted I.2.2.(2) Adopted I.2.2.(3) Adopted I.2.2.(4) Adopted I.2.2.(5) Adopted I.2.2.(6) Adopted	21, 22, 23, 27, 29, 34, 35 and chapter 11. Website
I.2.3.	The composition and the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website. I.2.3.(1) The composition and the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website. I.2.3.(2) The number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website.	I.2.3.(1) Adopted I.2.3.(2) Adopted	21, 23, 26, 29, 35 and 61 (for point 61, see chapter 11. Website)
I.2.4.	A policy for the communication of irregularities (whistleblowing) should be adopted that guarantees the suitable means of communication and treatment of those irregularities with the safeguarding the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality is requested.	Adopted	49
I.3. Relationships between the company bodies GRI 2-13, 2-26			
Principle	Members of the company's boards, especially directors, should create, considering the duties of each of the boards, the appropriate conditions to ensure balanced and efficient measures to allow for the different governing bodies of the company to act in a harmonious and coordinated way, in possession of the suitable amount of information in order to carry out their respective duties.		
I.3.1.	The bylaws, or other equivalent means adopted by the company should establish mechanisms that, within the limits of applicable laws, permanently ensure the members of the managing and supervisory boards are provided with access to all the information and company's collaborators, in order to appraise the performance, current situation and perspectives for further developments of the company, namely including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the managing board, without impairing the access to any other documents or people that may be requested for information.	Adopted	18 and 21

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 - Corporate Governance
I.3.2.	Each of the company's boards and committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the bylaws, of each of the remaining boards and committees.	Adopted	18 and 21
I.4. Conflicts of interest GRI 2-15			
Principle	The existence of current or potential conflicts of interest between members of the company's bodies or committees and the company, should be prevented. The non-interference of the member in conflict in the decision process should be guaranteed.		
I.4.1.	The members of the managing and supervisory boards and the internal committees are bounded, by internal regulation or equivalent, to inform the respective board or committee whenever there are facts that may constitute or give rise to a conflict between their interests and the company's interest.	Adopted	21
I.4.2.	Procedures should be adopted to guarantee that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request.	Adopted	21
I.5. Related party transactions			
Principle	Due to the potential risks that they may hold, transactions with related parties should be justified by the interest of the company and carried out under market conditions, subject to principles of transparency and adequate supervision.		
I.5.1.	The managing body should disclose, in the corporate governance report or by other means publicly available, the internal procedure for verifying transactions with related parties.	Adopted	89 and 91
I.5.2.	The managing body should report to the supervisory body the results of the internal procedure for verifying transactions with related parties, including transactions under analysis, at least every six months.	n.a.	91
II. Shareholders and general meetings GRI 2-12			
Principle II.A.	As an instrument for the efficient functioning of the company and the fulfilment of the corporate purpose of the company, the suitable involvement of the shareholders in matters of corporate governance is a positive factor for the company's governance.		
Principle II.B.	The company should stimulate the personal participation of shareholders in general meetings, which is a space for communication by the shareholders with the company's boards and committees and also for reflection about the company itself.		
Principle II.C.	The company should implement adequate means for participation and remote voting by shareholders in meetings.		
II.1.	The company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote. II.1.(1) The company should not set an excessively high number of shares to confer voting rights, II.1.(2) and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote.	II.1.(1) Adopted II.1.(2) n.a.	12
II.2.	The company should not adopt mechanisms that make decision making by its shareholders (resolutions) more difficult, specifically, by setting a quorum higher than that established by law.	Adopted	14

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 - Corporate Governance
II.3.	The company should implement adequate means for the remote participation by shareholders in the general meeting, which should be proportionate to its size.	Adopted	12
II.4.	The company should also implement adequate means for the exercise of remote voting, including by correspondence and electronic means.	Adopted	12
II.5.	The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution — without increased quorum in comparison to the legally established — and in that resolution, all votes cast will be counted without observation of the imposed limits.	n.a.	5 and 13
II.6.	The company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body.	Adopted	4
III. Non-executive management, monitoring and supervision			
Principle III.A.	The members of corporate bodies who possess non-executive management duties or monitoring and supervisory duties should, in an effective and judicious manner, carry out monitoring duties and incentivize executive management for the full accomplishment of the corporate purpose, and such performance should be complemented by committees for areas that are central to corporate governance.		
Principle III.B.	The composition of the supervisory body and the non-executive directors should provide the company with a balanced and suitable diversity of skills, knowledge, and professional experience.		
Principle III.C.	The supervisory body should carry out a permanent oversight of the company's managing body, also in a preventive perspective, following the company's activity and, in particular, the decisions of fundamental importance.		
III.1.	Without prejudice to the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator (lead independent director), from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1.	n.a.	17, 18 and 21

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 - Corporate Governance
III.2.	The number of non-executive members in the management body, as well as the number of the members of the supervisory body and the number of the members of the committee for financial matters should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed. The formation of such suitability judgment should be included in the corporate governance report. III.2.(1) The number of non-executive members in the management body should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed. The formation of such suitability judgment should be included in the corporate governance report. III.2.(2) Idem with regard to the supervisory body. III.2.(3) Idem with regard to the number of committee members for financial matters.	III.2.(1) Adopted III.2.(2) Adopted III.2.(3) n.a.	17, 18 and 31
III.3.	In any case, the number of non-executive directors should be higher than the number of executive directors.	Adopted	17 and 18
III.4.	Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to: i. Having carried out functions in any of the company's bodies for more than twelve years, either on a consecutive or non- consecutive basis; ii. Having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years; iii. Having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person; iv. Having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties; v. Having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings; vi. Having been a qualified holder or representative of a shareholder of qualifying holding.	Adopted(1)	17, 18, 19, 20 and 78

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 - Corporate Governance
III.5.	The provisions of paragraph (i) of recommendation III.4 do not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company's bodies and the new appointment, a period of 3 years has elapsed (cooling-off period).	n.a.	17 and 18
III.6.	The supervisory body, in observance of the powers conferred to it by law, should assess and give its opinion on the strategic lines and the risk policy prior to its final approval by the management body. III.6.(1) The supervisory body, in observance of the powers conferred to it by law, should assess and give its opinion on the strategic lines and the risk policy prior to its final approval by the management body. III.6.(2) Idem with regard to the risk policy.	III.6.(1) Adopted III.6.(2) Adopted	38
III.7.	Companies should have specialized committees, separately or cumulatively, on matters related to corporate governance, appointments and performance assessment. In the event that the remuneration committee provided for in article 399 of the Commercial Companies Code has been created and should this not be prohibited by law, this recommendation may be fulfilled by conferring competence on such committee in the aforementioned matters. III.7.(1) Companies should have a committee specialized in matters of corporate governance. III.7.(2) Idem with regard to matters of appointments. III.7.(3) Idem with regard to the matter of performance assessment.	III.7.(1) Adopted III.7.(2) Adopted III.7.(3) Adopted	21 and 29
IV. Executive management			
Principle IV.A.	As way of increasing the efficiency and the quality of the managing body's performance and the suitable flow of information in the board, the daily management of the company should be carried out by directors with qualifications, powers and experience suitable for the role. The executive board is responsible for the management of the company, pursuing the company's objectives and aiming to contribute towards the company's sustainable development.		
Principle IV.B.	In determining the number of executive directors, it should be taken into account, besides the costs and the desirable agility in the functioning of the executive board, the size of the company, the complexity of its activity, and its geographical spread.		
IV.1.	The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors applicable to their performance of executive functions in entities outside of the group.	Adopted	26

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 - Corporate Governance
IV.2.	The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards: (i) the definition of the strategy and main policies of the company; (ii) the organisation and coordination of the business structure; (iii) matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics. IV.2.(1)The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards: (i) the definition of the strategy and main policies of the company; IV.2.(2) (ii) the organization and coordination of the business structure; IV.2.(3) (iii) matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.	IV.2.(1) Adopted IV.2.(2) Adopted IV.2.(3) Adopted	21
IV.3.	In the annual report, the managing body explains in what terms the strategy and main policies defined seek to ensure the long-term success of the company and which the main contributions are resulting therein for the community at large.	Adopted	Chapter 2.2 Strategic lines
V. Evaluation of performance, remuneration and appointment			
V.1. Annual evaluation of performance GRI 2-18			
Principle	The company should promote the assessment of performance of the executive body and of its members individually, and also the assessment of the overall performance of the managing body and its specialized committees.		
V.1.1.	The managing body should annually evaluate its performance as well as the performance of its committees and executive directors, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees. V.1.1.(1) The managing body should annually evaluate its performance, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees. IV.1.1.(2) Idem with regard to the managing body's committees. V.1.1.(3) Idem with regard to the performance of the executive directors.	V.1.1.(1) Adopted V.1.1.(2) Adopted V.1.1.(3) Adopted	21, 24, 29, 66, 70 and 71
V.2. Remuneration			
Principle V.2.A.	The remuneration policy of the members of the managing and supervisory boards should allow the company to attract qualified professionals at an economically justifiable cost in relation to its financial situation, induce the alignment of the member's interests with those of the company's shareholders — taking into account the wealth effectively created by the company, its financial situation and the market's — and constitute a factor of development of a culture of professionalization, promotion of merit and transparency within the company.		
Principle V.2.B.	Directors should receive compensation: i) that suitably remunerates the responsibility taken, the availability and competence placed at the service of the company; ii) that guarantees a performance aligned with the long-term interests of the shareholders and promotes the sustainable performance of the company; and iii) that rewards performance.		

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 - Corporate Governance
V.2.1.	The company should create a remuneration committee, the composition of which should ensure its independence from the management, which may be the remuneration committee appointed under the terms of article 399 of the Commercial Companies Code.	Adopted	15, 21, 24, 66 and 67
V.2.2.	The remuneration should be set by the remuneration committee or the general meeting, on a proposal from that committee.	Adopted	15, 21, 24, 66 and 67
V.2.3.	For each term of office, the remuneration committee or the general meeting, on a proposal from that committee, should also approve the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office. The said situation as well as the amounts should be disclosed in the corporate governance report or in the remuneration report.	Adopted	83
V.2.4.	In order to provide information or clarifications to shareholders, the chair or, in case of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees or, if such presence has been requested by the shareholders.	Adopted	67 and 69
V.2.5.	Within the company's budgetary limitations, the remuneration committee should be able to freely decide on the hiring, by the company, of necessary or convenient consulting services to carry out the committee's duties.	Adopted	67
V.2.6.	The remuneration committee should ensure that the services are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express authorization of the committee.	Adopted	67
V.2.7.	Taking into account the alignment of interests between the company and the executive directors, a part of their remuneration should be of a variable nature, reflecting the sustained performance of the company and not stimulating the assumption of excessive risks.	Adopted	69, 70, 71 and 72
V.2.8.	A significant part of the variable component should be partially deferred in time, for a period of no less than three years, being necessarily connected to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.	Adopted	70 and 72
V.2.9.	When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the starting of the exercise period should be deferred in time for a period of no less than three years.	Adopted	69, 70, 71, 72, 74, 85 and 86
V.2.10.	The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value.	Adopted	69 and 70
V.3. Appointments			
Principle	Regardless of the manner of appointment, the profile, the knowledge and the curriculum of the members of the company's governing bodies, and of the executive staff, should be suited to the functions carried out.		

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 - Corporate Governance
V.3.1.	The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company's governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the curriculum vitae to the duties to be carried out.	Adopted	19, 21 and 29
V.3.2.	The overview and support to the appointment of members of senior management should be attributed to a nomination committee unless this is not justified by the company's size.	n.a.(2)	21, 29 and 66
V.3.3.	This nominating committee includes a majority of non–executive, independent members.	n.a. (2)	21, 29 and 66
V.3.4.	The nominating committee should make its terms of reference available and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organization, a suitable diversity, including gender diversity.	n.a. (2)	21, 29 and 66
VI. INTERNAL CONTROL GRI 2-12			
Principle	Based on its mid and long-term strategies, the company should establish a system of risk management and control, and of internal audit, which allow for the anticipation and minimization of risks inherent to the company's activity.		
VI.1.	The managing body should debate and approve the company's strategic plan and risk policy, which should include the establishment of limits on risk-taking. VI.1.(1) The managing body shall debate and approve the strategic plan. VI.1.(2) The managing body shall debate and approve the company's risk policy, which includes the establishment of limits on risk-taking.	VI.1.(1) Adopted VI.1.(2) Adopted	21, 50, 52 and 54 (see for points 52 and 54 subchapter 2.3.1 Description of the Risk Management Process, chapter 2.3 Risk Management)
VI.2.	The supervisory board should be internally organized, implementing mechanisms and procedures of periodic control that seek to guarantee that risks which are effectively incurred by the company are consistent with the company's objectives, as set by the managing body.	Adopted	38
VI.3.	The internal control systems, comprising the functions of risk management, compliance, and internal audit, should be structured in terms adequate to the size of the company and the complexity of the inherent risks to its activity. The supervisory body should evaluate them and, within its competence to supervise the effectiveness of this system, propose adjustments where they are deemed to be necessary.	Adopted	38, chapter 2.3 Risk Management
VI.4.	The supervisory body should provide its view on the work plans and resources allocated to the services of the internal control system, including the risk management, compliance and internal audit functions, and may propose the adjustments deemed to be necessary.	Adopted	38
VI.5.	The supervisory body should be the recipient of the reports prepared by the internal control services, including the risk management functions, compliance and internal audit, at least regarding matters related to the approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities.	Adopted	38

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 - Corporate Governance
VI.6.	Based on its risk policy, the company should establish a risk management function, identifying (i) the main risks it is subject to in carrying out its activity; (ii) the probability of occurrence of those risks and their respective impact; (iii) the devices and measures to adopt towards their mitigation; and (iv) the monitoring procedures, aiming at their follow-up. VI.6.(1) Based on its risk policy, the company should establish a risk management function, identifying (i) the main risks it is subject to in carrying out its activity, VI.6.(2) (ii) the probability of occurrence of those risks and their respective impact, VI.6.(3) (iii) the devices and measures to adopt towards their mitigation and VI.6.(4) (iv) the monitoring procedures, aiming at their follow-up.	VI.6.(1) Adopted VI.6.(2) Adopted VI.6.(3) Adopted VI.6.(4) Adopted	50 to 55 (see for points 52 to 54 subchapter 2.3.1 Description of the Risk Management Process of chapter 2.3 Identification of risks (risk matrix) and CTT response, chapter 2.3 Risk Management)
VI.7.	The company should establish procedures for the supervision, periodic evaluation, and adjustment of the internal control system, including an annual evaluation of the level of internal compliance and the performance of that system, as well as the perspectives for amendments of the risk structure previously defined.	Adopted	21, 38, 50, 52 and 54 (see for points 52 and 54 subchapter 2.3.1 Description of the Risk Management Process, chapter 2.3 Risk Management)
VII. FINANCIAL INFORMATION			
VII.1 Financial Information			
Principle VII.A.	The supervisory body should, with independence and in a diligent manner, ensure that the managing body complies with its duties when choosing appropriate accounting policies and standards for the company, and when establishing suitable systems of financial reporting, risk management, internal control, and internal audit.		
Principle VII.B.	The supervisory body should promote an adequate coordination between the internal audit and the statutory audit of accounts.		
VII.1.1.	The supervisory body's internal regulation should impose the obligation to supervise the suitability of the preparation process and the disclosure of financial information by the managing body, including suitable accounting policies, estimates, judgments, relevant disclosure and its consistent application between financial years, in a duly documented and communicated form.	Adopted	38
VII.2 Statutory audit of accounts and supervision			
Principle	The supervisory body should establish and monitor clear and transparent formal procedures on the relationship of the company with the statutory auditor and on the supervision of compliance, by the auditor, with rules regarding independence imposed by law and professional regulations.		
VII.2.1.	By internal regulations, the supervisory body should define, according to the applicable legal regime, the monitoring procedures aimed at ensuring the independence of the statutory audit.	Adopted	37 and 38

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 - Corporate Governance
VII.2.2.	The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports, having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company. VII.2.2.(1) The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports, VII.2.2.(2) having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company.	VII.2.2.(1) Adopted VII.2.2.(2) Adopted	38
VII.2.3.	The supervisory body should annually assess the work conducted by the statutory auditor, their independence and their suitability in carrying out their functions, and propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause.	Adopted	38 and 45

Comply or Explain

[(1)] **Recommendation III.4**

*"Each company should include a number of non-executive directors that corresponds to **no less than one third**, but always plural, who satisfy the legal **requirements of independence**. For the purposes of this recommendation, an independent person is one who is not **associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision**, namely due to:*

i. *having carried out functions in any of the company's bodies for more than twelve years, either on a consecutive or non–consecutive basis;*
ii. *having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years;*
iii. *having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person;*
iv. *having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties;*
v. *having lived in a non–marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings;*
vi. *having been a qualified holder or representative of a shareholder of qualifying holding."*

Although there is no total coincidence of criteria for assessing the independence of non–executive members of the Board of Directors, between, on the one hand, CMVM Regulation No. 4/2013 (Point 18.1 of Annex I to said Regulation) which, in the case of the members of the Board of Directors who are also members of the Audit Committee, refers to the Portuguese Companies Code, and, on the other hand, the IPCG Code which generally refers to independence requirements without express reference to the regime of the Portuguese Companies Code as regards the members of the Audit Committee, **the Company fully complies with Recommendation III.4. of IPCG Code** to the extent that, in accordance with the criteria defined for the purposes of this Recommendation, 43% of all its Directors are independent. The percentage rises to 67% when measured solely in terms of its non-executive Directors.

(2) **Recommendations V.3.2. and V.3.4.**

According to the Note on Interpretation of the IPCG Corporate Governance Code 2018 (Amended in 2020) - Note no. 3, it was considered that Recommendations V.3.2. and V.3.4. **are not applicable to CTT, as these recommendations refer to the nominating committee whose function is to monitor and support the appointments of senior management and CTT does not qualify as Senior Management**, within the meaning of EU Regulation, **any person other than members of the management and supervisory bodies, and the appointment of these members is monitored and supported by the Corporate Governance, Evaluation and Nominating Committee** (see adoption of sub-recommendation III.7.(2) of the IPCG Code above).

5.3 Non-financial Information (CMVM)

Description	GRI Indicators (see Annex IV)	Chapter of the Report
PART I - Information on the policies adopted		
A - INTRODUCTION		
Description of the Company's general policy regarding sustainability issues, including any eventual alterations to the previously approved policy.	2-2, 2-22, 2-23, 3-1, 3-3	1.3 Explanation of the Nature of the Integrated Report - Scope and Boundary 2.2 Strategic Lines 4.1 ESG Commitments and Sustainable Development Goals
Description of the methodology and reasons for its adoption in non-financial information reporting, as well as any alterations in respect to previous years and the corresponding reasons.	2-29, 3-3, 203-1	5.1.2 Stakeholder relations and materiality analysis 4.7 Taxonomy
B - CORPORATE MODEL		
General description of the business model and organisation form of the Company/Group, indicating the main business areas and markets in which it operates (if possible, using organisational charts, graphs or functional tables).	2-6	3. CTT Business Units
C – MAIN RISK FACTORS		
Identification of the main risks associated with report topics, resulting from the Company's activities, products, services or trade relations, including supply chains and subcontracting, if applicable and whenever possible.	205-1	2.3 Risk Management Annex IV - GRI Index
Indication of how these risks are identified and managed by the Company.	2-25	2.3 Risk Management
Description of the internal allocation of competences, including corporate bodies, commissions, committees and departments responsible for risk identification and management/monitoring.	2-13, 2-14	Corporate Governance Report - 2.21 Board of Directors
Express indication of all new risks identified by the Company, compared with previous years, and of risks that no longer exist.	205-1	2.3.2 Identification of risks and CTT response Annex IV - GRI Index

Description	GRI Indicators (see Annex IV)	Chapter of the Report
Indication and brief description of the main opportunities identified by the Company within the scope of the reported topics.	2-6, 2-23	1.2 Statement of the CEO 2.1 Economic, sectoral and regulatory framework 3.5 Future Perspectives
D – POLICIES IMPLEMENTED		
Description of the Company's policies regarding: i. the environment; ii. social issues; iii. the employees, gender equality and non-discrimination; iv. human rights; and v. fight against corruption and attempted bribery, including due diligence, as well as the results of their adoption, including the associated key non-financial indicators and the respective comparison with the previous year.	2-6, 2-22, 2-23	4 Performance and ESG Commitments 4.1 ESG Commitments and Sustainable Development Goals
I. - ENVIRONMENTAL POLICIES		
1. Description of the Company's strategic goals and main actions to be undertaken such as to ensure their achievement.	3-3	4.4 Decarbonisation towards Net Zero 4.4.1 Environmental management policy and systems
2. Description of the key performance indicators defined.	301, 302, 303, 304,305, 306, 308	4.4.1 Environmental management policy and systems
3. Indication, compared with the previous year, of the degree of achievement of the goals set, regarding the following aspects:		
i. **Sustainable use of resources**: consumption of water, other raw materials and energy; measures adopted to improve resource use efficiency; measures adopted in order to increase energy efficiency and promote the use of renewable energy.	301, 302, 303	4.4 Decarbonisation towards Net Zero 4.4.3 Energy 4.4.5 Consumption, waste and circular economy and biodiversity
ii. **Pollution and climate change**: Indication of the following: greenhouse gas emissions; emission of pollutants; penalties incurred; and measures adopted to prevent, reduce or mitigate the effects of the aforementioned emissions.	302	4.4 Decarbonisation towards Net Zero 4.4.3 Energy
iii. **Circular economy and waste management**: prevention measures, recycling, reuse or other ways to transform or eliminate waste.	306	4.4 Decarbonisation towards Net Zero 4.4.5 Consumption, waste and circular economy and biodiversity
iv. **Biodiversity protection**: impact of activities or operations on protected areas and measures adopted in order to protect or restore biodiversity.	304	4.4 Decarbonisation towards Net Zero 4.4.5 Consumption, waste and circular economy and biodiversity

Description	GRI Indicators (see Annex IV)	Chapter of the Report
II – SOCIAL AND TAX POLICIES		
1. Description of the Company's strategic goals and main actions to be undertaken such as to ensure their achievement.	201-4, 207, 413	4.6 Community Engagement 7. Consolidated and Individual Financial Statements - 52. Income tax for the period
2. Description of the key performance indicators defined.	413	4.6 Community Engagement
3. Indication, compared with the previous year, of the degree of achievement of the goals set, regarding the following aspects:		
i. **Company commitment to the community**: impact of the Company's activities on local employment and development; impact of the Company's activities on local populations and the territory; relationships and communication with community representatives; partnerships or sponsorships.	413	4.1 ESG Commitments and Sustainable Development Goals 4.6.1 Support to the community
ii. **Subcontracting and suppliers**: inclusion of social, gender equality and environmental issues in the procurement policy; consideration of social responsibility, environmental responsibility and governance issues in relations with suppliers and subcontractors; control and audit systems and the respective results. Whenever possible, include a reference to the fact that the policies adopted by the Company's suppliers are aligned with those established by the Company.	204, 205-1, 308, 414	4.6 Community engagement 4.6.4 Relationship with customers and satisfaction
iii. **Consumers**: measures aimed at ensuring consumer health and safety; complaint reception systems and complaints processing and resolution, namely the number of complaints received and the number of pending complaints, as well as the number of cases decided in favour of the complainant, satisfaction surveys and indication of the person responsible for complaints.	2-6, 413	4.6 Community engagement 4.6.4 Relationship with customers and satisfaction
iv. **Responsible investment**: if applicable, information on the responsible investment the Company sought to attract, including the issuing/acquisition of green bonds or SDG-linked bonds.	203-1	4.7 Taxonomy
v. **Stakeholders**: information pertaining to eventual stakeholder consultation processes.	2-29, 3-1	5.1.2 Stakeholder relations and materiality analysis
vi. **Tax information**: information on measures or actions with a fiscal impact, including eventual subsidies or any type of subvention or other capital advantage granted by the State.	207	7. Consolidated and Individual Financial Statements - 52. Income tax for the period
III – EMPLOYEES, GENDER EQUALITY AND NON-DISCRIMINATION		
1. Description of the Company's strategic goals and main actions to be undertaken such as to ensure their achievement.	2-7, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410	4.1 ESG Commitments and Sustainable Development Goals 4.5 People engagement
2. Description of the key performance indicators defined.	401, 403, 404, 405, 406, 407	4.5 People engagement

Description	GRI Indicators (see Annex IV)	Chapter of the Report
3. Indication, compared with the previous year, of the degree of achievement of the goals set, regarding the following aspects:		
i. **Employment:** total number and distribution of employees by gender, age group, country of origin and professional category; distribution of types of contract (e.g. employment contract, service providers, temporary employees, etc.), by gender and age group; average contract duration; percentage of the workforce receiving the Portuguese minimum wage, irrespective of type of contract; remuneration of equal positions and middle management at the company, by gender; average remuneration of directors and managers, including variable remuneration, subsidies, compensation, long-term saving plans and any other payments, by gender; number of employees with disabilities (including a description of how the Company is ensuring or preparing itself to ensure compliance with Law no. 4/2019, of 10 January, concerning disability employment quotas).	2-7, 2-19, 2-20, 401, 403, 404, 405	4.5 People engagement Annex III – ESG Indicators – Table 1: Employees
ii. **Work organization:** organisation of working hours, including measures aimed at separating work from personal life.	401-2	4.5.6 Good health and well-being management 4.5.7 Diversity, inclusion and equal opportunities
iii. **Health and safety:** occupational health and safety and number of work-related accidents.	403	4.5.6 Good health and well-being management
iv. **Social relationships**: organisation of social dialogue, including employee information and negotiation procedures, namely the number of interactions with trade unions and/or employee committees, if applicable; new agreements entered into or existing agreements reviewed; number of legal actions brought to Court and complaints to the Labour Authority; percentage of total employees covered by collective bargaining agreements, by country; evaluation of collective bargaining agreements, namely regarding occupation health and safety.	407	4.5.4 Assessment, talent management and employee experience Annex IV - GRI Index
v. **Training**: training policies adopted and type of training (e.g. if the Company provides its employees with training on company performance evaluation, non-financial topics (e.g. privacy protection/GDPR, anti-money laundering, Human Rights in the value chain, etc.); the ratio between training hours and the number of employees.	404, 410-1	4.5.5 Training
vi. **Equality**: measures/policies adopted to promote equal treatment and opportunities between genders; equality plans; number of employment contracts terminated, by gender; protocols against sexual and gender-based harassment; integration and universal accessibility policies for persons with disabilities; policies against all types of discrimination; and, if applicable, diversity management.	401-1, 401-3, 405	4.5.7 Diversity, inclusion and equal opportunities
IV – HUMAN RIGHTS		
1. Description of the Company's strategic goals and main actions to be undertaken such as to ensure their achievement.	405, 406, 407, 408, 409, 410	4.1 ESG Commitments and Sustainable Development Goals Annex IV – GRI Index

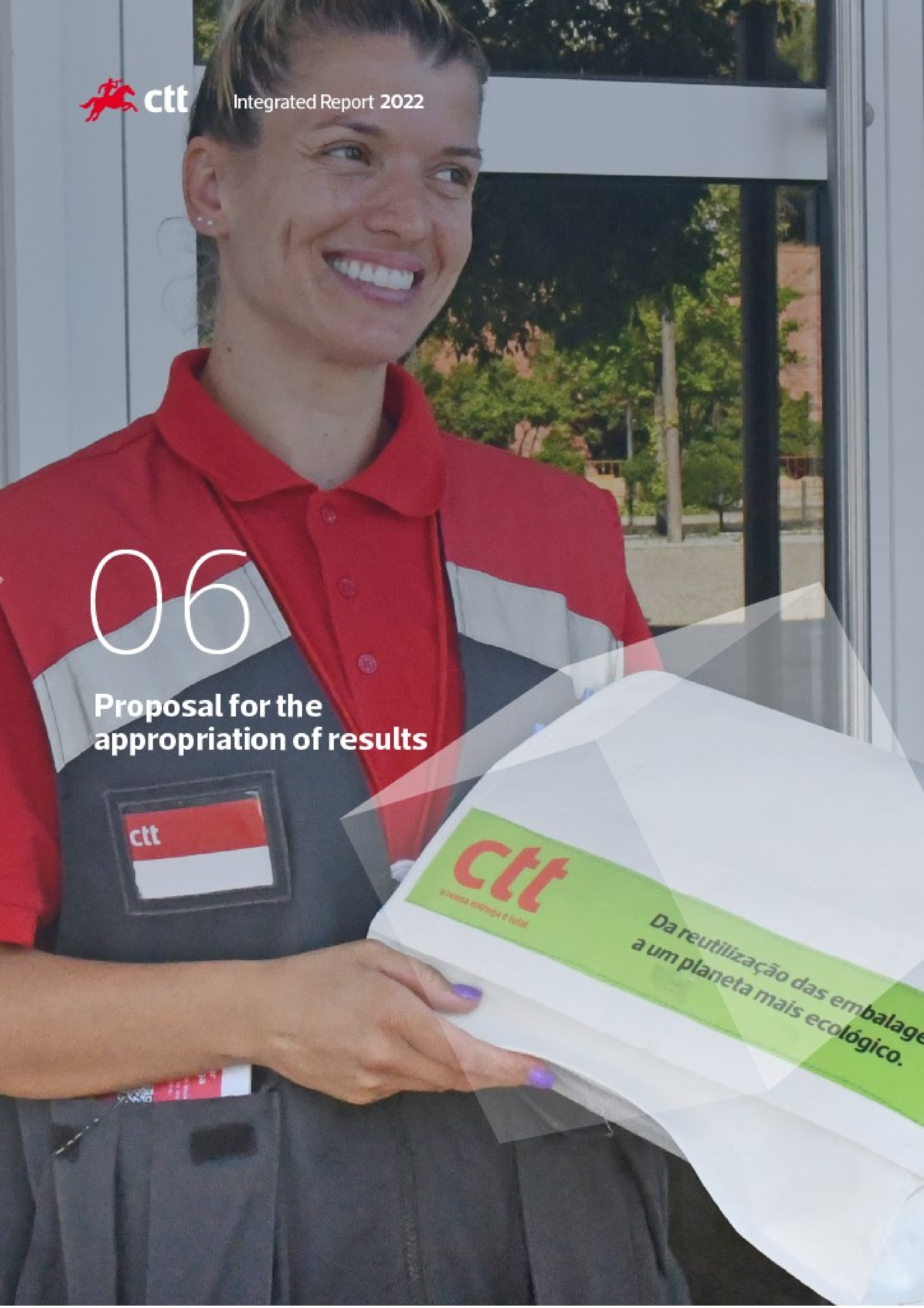
Description	GRI Indicators (see Annex IV)	Chapter of the Report
2. Description of the key performance indicators defined.	405, 406, 407, 408, 409, 410	Annex III – ESG Indicators – Table 1: Employees Annex IV – GRI Index
3. Indication, compared with the previous year, of the degree of achievement of the goals set, regarding the following aspects:		
i. **Due diligence procedures** followed in connection with human rights, particularly regarding contracting of suppliers and service providers.	408-1, 414	Annex IV – GRI Index
ii. **Measures aimed at preventing the risk** of violation of human rights and, if applicable, measures aimed at corrective eventual violations; elimination of employment discrimination (in cases not mentioned above); elimination of forced and/or compulsory labour; effective abolition of child labour.	408-1, 414	2.3.1 Description of the risk management process 5.1.3 Corporate ethics
iii. **Legal actions** resulting from violation of human rights.	416, 417	Annex IV – GRI Index

V – FIGHT AGAINST CORRUPTION AND ATTEMPTED BRIBERY		
1. **Fight against corruption**: measures and instruments adopted to fight corruption and bribery; policies implemented to dissuade employees and suppliers from engaging in such practices; information on the *compliance system*, including responsible persons, if applicable; eventual legal actions related to corruption or bribery involving the Company, its directors or employees; measures adopted in connection with public procurement, if relevant.	205-1	5.1.3 Corporate ethics Annex IV – GRI Index
2. **Prevention of money laundering (for issuers subject to this regime)**: anti-money laundering measures; indication of the number of cases reported annually.	205-2	5.1.3 Corporate ethics 4.5.5 Training
3. **Codes of ethics:** indication of an eventual code of ethic that the Company has adopted or implemented; indication of the respective implementation mechanisms and monitoring of compliance therewith, if applicable.	205-2	5.1.3 Corporate Ethics
4. **Management of conflicts of interest:** measures aimed at managing and monitoring conflicts of interest, namely the requirement for submission of declarations of interests, incompatibilities and impediments by management and employees.	2-15, 205-2	5.2 Corporate Governance Report - 21.5 Ethics Committee - Mechanisms to prevent the existence of conflicts of interest

Part II – Information on the standards / guidelines followed

1. Identification of the standards / guidelines followed for reporting non-financial information		
Identification of the standards/guidelines followed for reporting non-financial information, including the respective options, as well as any other principles followed by the Company, if applicable.	2-2, 2-3	1.3 Explanation of the Nature of the Integrated Report - Scope and boundary 4.1 ESG Commitments and Sustainable Development Goals

Description	GRI Indicators (see Annex IV)	Chapter of the Report
Should the Company refer to the Sustainable Development Goals (SDG) set by the United Nations as part of the 2030 Agenda for Sustainable Development, the goals that the Company will seek to achieve should be included, as well as the measures adopted each year in order to fulfil the targets set for each SDG. In other words, the actions, projects or investments specifically defined for the purpose of achieving the SDGs in question should be identified.	2-22, 2-23	4.1 ESG Commitments and Sustainable Development Goals
2. Identification of the scope and methodology used in the calculation of indicators		
Description of the calculation scope and methodology (including the calculation formula) for all indicators defined, as well as reporting limitations. Whenever possible, a table should be produced including the indicators defined and the corresponding principles or goals, referring to detailed information on each indicator (e.g. the respective page(s) of the non-financial information report, the annual report, any other document(s) and/or the Company's website).	2-5 Principles and calculations adopted in accordance with the GRI Standards (2021) for the preparation of sustainability information, with independent external verification, attributed by Ernst & Young Audit & Associados - SROC, SA.	1.3 Explanation of the Nature of the Integrated Report - Scope and boundary
3. Justification when no policies are adopted		
Should the Company decide not adopt any policies regarding one or more items, an adequate justification should be included in the non-financial information report.	—	Not applicable
4. Other information		
Additional elements or information not included in the previous points, deemed relevant for the understanding, contextualization and justification of the importance of all non-financial information reported, namely concerning sustainability issues and responsibilities of the national or international organizations of which CTT is a member/part, as well as local or global sustainability commitments voluntarily undertaken by the Company.	—	Not applicable



06

Proposal for the appropriation of results

6. PROPOSAL FOR THE APPROPRIATION OF RESULTS

Under the terms of article 23 of the Articles of Association of CTT - Correios de Portugal, S.A. ("CTT" or "Company"), the annual net profit, duly approved, will be appropriated as follows:

a. a minimum of 5% will be transferred to the legal reserve, until the required amount is reached;

b. a percentage will be distributed to the shareholders as dividends and as decided by the General Meeting;

c. the remaining amount will be appropriated as deliberated by the General Meeting in the interest of the Company.

Under the terms of article 295(1) of the Portuguese Companies Code ("PCC"), a minimum of 5% is intended for the constitution of the legal reserve and, if necessary, its reintegration until this reserve reaches 20% of the share capital. As the share capital is €72,675,000.00, 20% is calculated at €14,535,000.00.

Considering that the legal reserve on 31 December 2022 was €15,000,000.00, the amount of the legal reserve is above the global minimum required by the Articles of Association and the PCC.

Pursuant to article 294(1) of the PCC, save for a bylaw provision or a resolution passed with a majority of 3/4 of the votes corresponding to the share capital in a General Meeting called for that purpose, half of the financial year's distributable profits must be distributed to shareholders, as set out by law. CTT's Articles of Association contain no provision contrary to the referenced legal provision.

Distributable profits are the financial year's net profit after the constitution or increase of the legal reserve and after negative retained earnings have been covered, if applicable. As of 31 December 2022, the legal reserve is fully constituted and retained earnings are positive. For the financial year ended 31 December 2022, net profit for the year in the individual accounts amounted to €37,307,258.00.

Given the accounting rules in force, an amount of €3,305,521.00 is already reflected in the stated net profit regarding profit sharing with CTT employees and executive Board members.

Accordingly, and in compliance with the provisions applicable under the law and the Articles of Association, the Board of Directors proposes that:

a. The net profit for the 2022 financial year, totaling € 37,307,258.00, as per the individual financial statements, is allocated as follows:

Dividends*……………………………………………………………€ 17,801,875.00

(€0.125 per share)

Retained Earnings ....…………………………..............…..….€ 19,505,383.00

b. A maximum amount of €3,305,521.00 (already considered in the individual financial statements) is allocated to CTT employees and executive Board members as profit sharing.

* Excludes own shares held by the company (currently 2,935,000 own shares); in case the amount of own shares is changed at the payment date, the total amount of the dividends is adjusted, preserving the value of € 0.125 per share.

Lisbon, 16 March 2023

The Board of Directors

07

Consolidated and individual financial statements

7. CONSOLIDATED AND INDIVIDUAL FINANCIAL STATEMENTS

GRI 201-1

CTT-CORREIOS DE PORTUGAL, S.A.
CONSOLIDATED AND INDIVIDUAL STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 AND 31 DECEMBER 2022 (Euros)

		Group		Company	
		31.12.2021	31.12.2022	31.12.2021	31.12.2022
ASSETS					
Non-current assets					
Tangible fixed assets	5	296,287,578	303,205,780	223,537,166	211,273,202
Investment properties	7	6,327,424	6,183,979	6,327,424	6,183,979
Intangible assets	6	63,507,247	69,408,609	28,252,438	33,238,829
Goodwill	9	81,471,314	80,256,739	—	—
Investments in subsidiary companies	10	—	—	271,702,900	295,250,006
Investments in associated companies	11	481	481	—	—
Investments in joint ventures	12	17,992	—	—	—
Other investments	13	311,684	961,394	6,394	6,394
Group Companies	53	—	—	52,530,000	50,430,000
Accounts receivable	19	—	—	587,308	617,421
Financial assets at fair value through profit or loss	15	2,261,947	26,219,905	—	—
Debt securities at fair value through other comprehensive income	14	4,906,841	—	—	—
Debt securities at amortized cost	14	294,986,658	409,388,745	—	—
Other non-current assets	24	1,772,136	1,177,648	1,144,290	463,657
Credit to banking clients	20	1,125,984,322	1,287,676,223	—	—
Other banking financial assets	16	5,237,710	961,446	—	—
Deferred tax assets	52	87,255,087	67,823,608	83,416,006	62,844,558
Total non-current assets		**1,970,328,421**	**2,253,264,557**	**667,503,928**	**660,308,046**
Current assets					
Inventories	18	6,872,274	8,040,976	6,445,041	6,963,458
Accounts receivable	19	160,930,050	147,130,876	112,775,176	98,063,438
Credit to banking clients	20	415,924,171	489,888,789	—	—
Group Companies	53	—	—	7,437,805	305,671
Income taxes receivable	38	8,268	1,102,700	—	2,244,123
Prepayments	21	8,725,934	9,011,875	4,764,138	4,346,353
Financial assets at fair value through profit or loss	15	24,999,138	26,478,525	—	—
Debt securities at fair value through other comprehensive income	14	1,188,069	—	—	—
Debt securities at amortized cost	14	39,173,861	128,391,899	—	—
Other current assets	24	68,848,382	76,482,423	47,365,141	33,100,526
Other banking financial assets	16	9,721,536	461,226,081	—	—
Cash and cash equivalents	23	877,872,696	456,469,298	189,794,106	330,100,458
		1,614,264,379	1,804,223,442	368,581,407	475,124,026
Non-current assets held for sale	22	605,798	200	—	—
Total current assets		**1,614,870,177**	**1,804,223,642**	**368,581,407**	**475,124,026**
Total assets		**3,585,198,598**	**4,057,488,199**	**1,036,085,335**	**1,135,432,072**
EQUITY AND LIABILITIES					
Equity					
Share capital	26	75,000,000	72,675,000	75,000,000	72,675,000
Own shares	27	(6,404,963)	(10,826,390)	(6,404,963)	(10,826,390)
Reserves	27	67,078,351	53,844,057	67,051,605	53,844,057
Retained earnings	27	43,904,074	64,647,067	43,926,574	64,452,619
Other changes in equity	27	(43,998,612)	6,857,207	(43,942,681)	6,379,500
Net profit		38,404,113	36,406,519	37,680,272	37,307,258
Equity attributable to equity holders		173,982,963	223,603,460	173,310,807	223,832,044
Non-controlling interests	30	563,106	1,326,016	—	—
Total equity		**174,546,069**	**224,929,476**	**173,310,807**	**223,832,044**
Liabilities					
Non-current liabilities					
Accounts payable	34	—	—	309,007	309,007
Medium and long term debt	31	149,336,438	136,197,923	112,714,883	85,259,168
Employee benefits	32	260,805,742	185,257,617	258,892,489	183,936,635
Provisions	33	14,679,520	12,632,267	10,469,392	5,716,377
Debt securities issued at amortized cost	35	277,760,616	445,226,206	—	—
Prepayments	21	272,087	260,886	272,088	260,885
Deferred tax liabilities	52	2,427,513	9,847,476	2,342,255	2,150,912
Total non-current liabilities		**705,281,916**	**789,422,375**	**385,000,114**	**277,632,984**
Current liabilities					
Accounts payable	34	350,304,332	525,211,751	312,508,476	483,771,541
Banking clients' deposits and other loans	36	2,121,511,345	2,245,329,918	—	—
Group Companies	53	—	—	23,551,847	13,244,406
Employee benefits	32	21,090,144	22,091,681	21,062,563	22,064,174
Income taxes payable	38	11,611,897	—	9,705,744	—
Short term debt	31	51,783,012	59,756,744	34,942,393	42,948,290
Financial liabilities at fair value through profit or loss	15	—	26,344,517	—	—
Debt securities issued at amortized cost	35	35,137	351,654	—	—
Prepayments	21	3,452,240	3,678,140	2,520,645	3,071,642
Other current liabilities	37	118,594,781	114,161,276	73,482,746	68,866,991
Other banking financial liabilities	16	26,987,725	46,210,667	—	—
Total current liabilities		**2,705,370,613**	**3,043,136,348**	**477,774,414**	**633,967,044**
Total liabilities		**3,410,652,529**	**3,832,558,723**	**862,774,528**	**911,600,028**
Total equity and liabilities		**3,585,198,598**	**4,057,488,199**	**1,036,085,335**	**1,135,432,072**

The attached notes are an integral part of these financial statements.

CTT-CORREIOS DE PORTUGAL, S.A.

CONSOLIDATED AND INDIVIDUAL INCOME STATEMENT FOR THE TWELVE MONTH PERIODS ENDED 31 DECEMBER 2021 AND 31 DECEMBER 2022

Euros

		Group				Company			
	NOTES	Twelve months ended		Three months ended		Twelve months ended		Three months ended	
		31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022
Sales and services rendered	4/41	757,727,347	788,581,734	209,241,453	209,276,291	475,056,506	466,029,627	124,330,222	123,644,627
Financial margin	42	55,776,365	74,357,391	15,329,231	20,857,337		—	—	—
Other operating income	43	34,366,502	43,685,870	10,413,590	13,700,924	51,729,627	52,980,104	13,831,497	14,634,458
		847,870,214	906,624,995	234,984,274	243,834,552	526,786,133	519,009,731	138,161,719	138,279,085
Cost of sales	18	(26,214,696)	(46,905,936)	(12,345,420)	(11,358,795)	(19,955,770)	(18,434,842)	(6,479,027)	(5,714,808)
External supplies and services	44	(330,550,693)	(343,216,032)	(92,715,390)	(92,099,588)	(133,173,920)	(136,950,803)	(37,457,769)	(35,846,440)
Staff costs	45	(358,012,815)	(358,237,092)	(90,330,540)	(92,104,291)	(298,137,445)	(286,335,789)	(74,006,304)	(72,919,915)
Impairment of accounts receivable, net	46	(2,614,663)	(3,892,122)	(915,923)	(1,101,068)	(1,115,625)	(1,237,446)	(227,952)	(528,634)
Impairment of non-depreciable assets	12	(2,193,233)	—	(2,193,233)	—	(2,193,233)	—	(2,193,233)	—
Impairment of other financial banking assets	46	(14,050,228)	(24,772,102)	(4,283,833)	(7,607,607)	—	—	—	—
Provisions, net	33	3,886,116	448,929	2,589,065	(2,147,921)	3,039,668	3,063,907	1,782,974	(213,857)
Depreciation/amortization and impairment of investments, net	47	(58,006,442)	(68,413,148)	(14,792,627)	(20,339,956)	(39,516,410)	(44,433,236)	(9,771,655)	(13,663,996)
Net gains/(losses) of assets and liabilities at fair value through profit or loss	15/48	1,101,005	11,110,025	1,101,005	(1,161,505)	—	—	—	—
Net gains/(losses) of other financial assets at fair value through other comprehensive income	48	—	(1,486)	—	(1,486)	—	—	—	—
Gains / (losses) on derecognition of financial assets and liabilities at amortized cost	48	17,776,526	—	—	—	—	—	—	—
Other operating costs	49	(18,075,662)	(20,187,292)	(4,762,991)	(5,095,301)	(9,648,982)	(10,604,283)	(2,798,222)	(2,879,088)
Gains/losses on disposal/ remeasurement of assets	50	956,539	3,568,276	50,661	2,292,192	987,331	3,700,990	30,290	2,279,037
		(785,998,246)	(850,497,980)	(218,599,226)	(230,725,326)	(499,714,386)	(491,231,503)	(131,120,898)	(129,487,701)
		61,871,968	**56,127,015**	**16,385,048**	**13,109,226**	**27,071,746**	**27,778,228**	**7,040,821**	**8,791,385**
Interest expenses	51	(8,532,413)	(9,256,346)	(2,145,911)	(2,324,492)	(7,167,982)	(7,456,104)	(1,790,091)	(1,810,926)
Interest income	51	25,394	30,127	10,301	16,213	852,226	1,337,480	263,582	523,630
Gains/losses in subsidiary, associated companies and joint ventures	10/11/12	(2,557,449)	(186,962)	(878,612)	10,860	22,068,979	18,791,995	6,509,158	2,784,731
		(11,064,468)	(9,413,181)	(3,014,222)	(2,297,419)	15,753,223	12,673,372	4,982,649	1,497,435
Earnings before taxes		**50,807,500**	**46,713,834**	**13,370,827**	**10,811,807**	**42,824,969**	**40,451,600**	**12,023,472**	**10,288,820**
Income tax for the period	52	(12,216,197)	(10,371,649)	(1,217,133)	(2,751,515)	(5,144,697)	(3,144,342)	(890,126)	(2,193,381)
Net profit for the period		**38,591,303**	**36,342,185**	**12,153,694**	**8,060,292**	**37,680,272**	**37,307,258**	**11,133,346**	**8,095,439**
Net profit for the period attributable to:									
Equity holders		38,404,113	36,406,519	12,095,451	8,100,659	—	—	—	—
Non-controlling interests	30	187,190	(64,334)	58,243	(40,367)	—	—	—	—
Earnings per share:	29	**0.26**	**0.25**	**0.08**	**0.06**	**0.25**	**0.25**	**0.07**	**0.06**

The attached notes are an integral part of these financial statements.

CTT-CORREIOS DE PORTUGAL, S.A.

CONSOLIDATED AND INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME FOR THE TWELVE MONTH PERIODS ENDED 31 DECEMBER 2021 AND 31 DECEMBER 2022

Euros

		Group				Company			
	NOTES	Twelve months ended		Three months ended		Twelve months ended		Three months ended	
		31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022
Net profit for the period		**38,591,303**	**36,342,185**	**12,153,694**	**8,060,292**	**37,680,272**	**37,307,258**	**11,133,346**	**8,095,439**
Adjustments from application of the equity method (non re-classifiable adjustment to profit and loss)	27	22,345	(4,678)	3,095	(76,091)	55,224	502,214	73,557	95,660
Changes to fair value reserves	27	(56,584)	(26,746)	(19,001)	2,406	—	—	—	—
Employee benefits (non re-classifiable adjustment to profit and loss)	27/32	4,999,158	70,558,124	4,999,158	23,282,407	4,878,001	69,891,919	4,878,001	23,117,981
Deferred tax/Employee benefits (non re-classifiable adjustment to profit and loss)	27/52	(1,397,534)	(19,702,304)	(1,397,534)	(6,468,115)	(1,365,840)	(19,569,738)	(1,365,840)	(6,473,035)
Other changes in equity	27/30	52,242	827,244	37,095	(27,189)	—	—	—	—
Other comprehensive income for the period after taxes		**3,619,627**	**51,651,640**	**3,622,813**	**16,713,418**	**3,567,385**	**50,824,395**	**3,585,718**	**16,740,606**
Comprehensive income for the period		**42,210,929**	**87,993,824**	**15,776,507**	**24,773,710**	**41,247,657**	**88,131,653**	**14,719,064**	**24,836,045**
Attributable to non-controlling interests		239,432	762,910	95,337	(67,556)				
Attributable to shareholders of CTT		41,971,497	87,230,914	15,681,170	24,841,266				

The attached notes are an integral part of these financial statements.

CTT-CORREIOS DE PORTUGAL, S.A.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2021 AND 31 DECEMBER 2022

Euros

	NOTES	Share capital	Own Shares	Reserves	Other changes in equity	Retained earnings	Net profit for the year	Non-controlling interests	Total
Balance on 31 December 2020		**75,000,000**	**(8)**	**65,919,935**	**(47,600,236)**	**39,962,419**	**16,669,309**	**323,675**	**150,275,094**
Appropriation of net profit for the year of 2020		—	—	—	—	16,669,309	(16,669,309)	—	—
Dividends	28	—	—	—	—	(12,750,000)	—	—	(12,750,000)
Acquisition of own shares	27		(6,404,954)	—	—	—	—	—	(6,404,954)
Share plan	27	—	—	1,215,000	—	—	—	—	1,215,000
		—	**(6,404,954)**	**1,215,000**	**—**	**3,919,309**	**(16,669,309)**	**—**	**(17,939,954)**
Other movements	27/30	—	—	—	—	—	—	52,242	52,242
Actuarial gains/losses - Health Care, net from deferred taxes	27	—	—	—	3,601,623	—	—	—	3,601,623
Changes to fair value reserves	27	—	—	(56,584)	—	—	—	—	(56,584)
Adjustments from the application of the equity method	27	—	—	—	—	22,345	—	—	22,345
Net profit for the period		—	—	—	—	—	38,404,113	187,190	38,591,303
Comprehensive income for the period		**—**	**—**	**(56,584)**	**3,601,623**	**22,345**	**38,404,113**	**239,432**	**42,210,929**
Balance on 31 December 2021		**75,000,000**	**(6,404,963)**	**67,078,351**	**(43,998,612)**	**43,904,074**	**38,404,113**	**563,106**	**174,546,069**
Appropriation of net profit for the year of 2021	26/27	(2,325,000)	17,152,548	(14,827,548)	—	—	—	—	—
Share capital decrease		—	—	—	—	38,404,113	(38,404,113)	—	—
Dividends	28	—	—	—	—	(17,656,441)	—	—	(17,656,441)
Acquisition of own shares	27	—	(21,573,976)	—	—	—	—	—	(21,573,976)
Share plan	27	—	—	1,620,000	—	—	—	—	1,620,000
		(2,325,000)	**(4,421,428)**	**(13,207,548)**	**—**	**20,747,671**	**(38,404,113)**	**—**	**(37,610,417)**
Other movements	27/30	—	—	—	—	—	—	827,244	827,244
Actuarial gains/losses - Health Care, net from deferred taxes	27	—	—	—	50,855,819	—	—	—	50,855,819
Changes to fair value reserves	27	—	—	(26,746)	—	—	—	—	(26,746)
Adjustments from the application of the equity method	27	—	—	—	—	(4,678)	—	—	(4,678)
Net profit for the period		—	—	—	—	—	36,406,519	(64,334)	36,342,185
Comprehensive income for the period		**—**	**—**	**(26,746)**	**50,855,819**	**(4,678)**	**36,406,519**	**762,910**	**87,993,824**
Balance on 31 December 2022		**72,675,000**	**(10,826,390)**	**53,844,057**	**6,857,207**	**64,647,067**	**36,406,519**	**1,326,016**	**224,929,476**

The attached notes are an integral part of these financial statements.

CTT-CORREIOS DE PORTUGAL, S.A.

INDIVIDUAL STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2021 AND 31 DECEMBER 2022

Euros

	NOTES	Share capital	Own Shares	Reserves	Other changes in equity	Retained earnings	Net profit for the year	Total
Balance on 31 December 2020		**75,000,000**	**(8)**	**65,836,605**	**(47,454,842)**	**39,900,355**	**16,720,995**	**150,003,105**
Appropriation of net profit for the year of 2020		—	—	—	—	16,720,995	(16,720,995)	—
Dividends	28	—	—	—	—	(12,750,000)	—	(12,750,000)
Acquisition of own shares	27	—	(6,404,954)	—	—	—	—	(6,404,954)
Share plan	27	—	—	1,215,000	—	—	—	1,215,000
		—	**(6,404,954)**	**1,215,000**	**—**	**3,970,995**	**(16,720,995)**	**(17,939,954)**
Actuarial gains/losses - Health Care, net from deferred taxes	27	—	—	—	3,512,161	—	—	3,512,161
Adjustments from the application of the equity method	27	—	—	—	—	55,224	—	55,224
Restated net profit for the period		—	—	—	—	—	37,680,272	37,680,272
Restated comprehensive income for the period		**—**	**—**	**—**	**3,512,161**	**55,224**	**37,680,272**	**41,247,657**
Balance on 31 December 2021		**75,000,000**	**(6,404,963)**	**67,051,605**	**(43,942,681)**	**43,926,574**	**37,680,272**	**173,310,807**
Appropriation of net profit for the year of 2021		—	—	—	—	37,680,272	(37,680,272)	—
Share Capital decrease	26/27	(2,325,000)	17,152,548	(14,827,548)	—	—	—	—
Dividends	28	—	—	—	—	(17,656,441)		(17,656,441)
Acquisition of own shares	27	—	(21,573,976)	—	—	—	—	(21,573,976)
Share plan	27	—	—	1,620,000	—	—	—	1,620,000
		(2,325,000)	**(4,421,428)**	**(13,207,548)**	**—**	**20,023,831**	**(37,680,272)**	**(37,610,417)**
Actuarial gains/losses - Health Care, net from deferred taxes	27	—	—	—	50,322,181			50,322,181
Adjustments from the application of the equity method	27	—	—	—		502,214		502,214
Net profit for the period		—	—	—			37,307,258	37,307,258
Comprehensive income for the period		**—**	**—**	**—**	**50,322,181**	**502,214**	**37,307,258**	**88,131,653**
Balance on 31 December 2022		**72,675,000**	**(10,826,390)**	**53,844,057**	**6,379,500**	**64,452,619**	**37,307,258**	**223,832,043**

The attached notes are an integral part of these financial statements.

CTT-CORREIOS DE PORTUGAL, S.A.
CONSOLIDATED AND INDIVIDUAL CASH FLOW STATEMENT FOR THE TWELVE MONTH PERIODS ENDED 31 DECEMBER 2021 AND 31 DECEMBER 2022
Euro

	NOTES	Group		Company	
		31.12.2021	31.12.2022	31.12.2021	31.12.2022
Cash flow from operating activities					
Collections from customers		740,511,910	822,216,311	494,878,809	506,671,718
Payments to suppliers		(383,512,671)	(442,640,303)	(162,322,601)	(165,685,663)
Payments to employees		(325,606,922)	(333,526,412)	(268,424,363)	(264,486,791)
Banking customer deposits		433,108,515	123,738,597	—	—
Credit to bank clients		(448,171,549)	(242,912,761)	—	—
Cash flow generated by operations		**16,329,283**	**(73,124,568)**	**64,131,845**	**76,499,264**
Payments/receivables of income taxes		(3,620,588)	(16,360,094)	99,398	(13,290,780)
Other receivables/payments		40,599,751	249,493,640	(45,828,328)	166,974,469
Cash flow from operating activities (1)		**53,308,446**	**160,008,978**	**18,402,915**	**230,182,953**
Cash flow from Investing activities					
Receivables resulting from:					
Tangible fixed assets		2,172,110	233,440	2,172,110	6,873,440
Investment properties		—	181,100	—	181,100
Non-current assets held for sale		—	—	—	—
Financial investments		—	292	—	25,502
Investment in securities at fair value through other comprehensive income	14	13,242,636	7,193,951	—	—
Investment in securities at amortized cost	14	429,477,883	452,081,491	—	—
Other banking financial assets	16	26,895,000	8,625,000	—	—
Interest income		38,198	147,988	11,633	56,478
Dividends		—	—	—	1,150,000
Loans granted	53	—	—	3,400,000	6,542,000
Payments resulting from:					
Tangible fixed assets		(16,778,472)	(16,059,208)	(8,550,467)	(8,524,682)
Intangible assets		(14,342,965)	(17,821,957)	(5,986,334)	(8,563,602)
Financial investments	8	(15,662,872)	(650,000)	(14,065,028)	(7,200,000)
Investment in securities at fair value through other comprehensive income	14	—	(1,146,911)	—	—
Investment in securities at amortized cost	14	(262,409,425)	(661,922,859)	—	—
Investment in securities at fair value through profit or loss	15	(24,999,973)	—	—	—
Demand deposits at Bank of Portugal		(4,142,200)	(3,248,100)	—	—
Central Bank Investments		—	(450,200,000)		
Other banking financial assets	16	(1,750,000)	(4,800,000)	—	—
Loans granted	53	—	—	(23,300,000)	(2,442,000)
Cash flow from investing activities (2)		**131,739,920**	**(687,385,773)**	**(46,318,086)**	**(11,901,764)**
Cash flow from financing activities					
Receivables resulting from:					
Loans obtained	31	100,261,411	104,856,928	—	—
Capital realizations and other equity instruments		34,000	867,000	—	—
Other credit institutions' deposits		—	1,084,308	—	—
Debt Securities issued	16	251,500,000	201,500,000	—	—
Payments resulting from:					
Loans repaid	31	(110,777,850)	(120,618,233)	(8,447,942)	(15,364,146)
Other credit institutions' deposits		—	(1,084,308)	—	—
Interest expenses		(283,653)	(433,312)	(189,159)	(246,678)
Confirming	31	(2,938,473)	—	—	—
Lease liabilities	31	(30,343,081)	(33,708,341)	(22,604,891)	(23,150,398)
Acquisition of own shares		(6,404,954)	(21,573,976)	(6,404,954)	(21,573,976)
Debt Securities issued	16	(20,130,815)	(32,015,401)	—	—
Dividends	28	(12,750,000)	(17,656,441)	(12,750,000)	(17,656,441)
Cash flow from financing activities (3)		**168,166,585**	**81,218,224**	**(50,396,946)**	**(77,991,639)**
Net change in cash and cash equivalents (1+2+3)		353,214,950	(446,158,571)	(78,312,116)	140,289,550
Changes in the consolidation perimeter		4,915,814	—	—	—
Cash and equivalents at the beginning of the period		498,826,782	856,957,546	—	189,818,607
Cash and cash equivalents at the end of the period	23	856,957,546	410,798,975	189,818,607	330,108,157
Cash and cash equivalents at the end of the period		**856,957,546**	**410,798,975**	**189,818,607**	**330,108,157**
Sight deposits at Bank of Portugal		19,937,800	23,185,900	—	—
Outstanding checks of Banco CTT / Checks clearing of Banco CTT		1,002,263	22,492,340	—	—
Impairment of slight and term deposits		(24,913)	(7,917)	(24,501)	(7,699)
Cash and cash equivalents (Balance sheet)		**877,872,696**	**456,469,298**	**189,794,106**	**330,100,458**

The attached notes are an integral part of these financial statements.

CTT – CORREIOS DE PORTUGAL, S.A.

Notes to the consolidated and individual financial statements
(Amounts expressed in Euros)

TABLE OF CONTENTS

1. Introduction

1.1 CTT – Correios de Portugal, S.A. (parent company)

GRI 2-1

CTT – Correios de Portugal, S.A. ("CTT" or "Company"), with head office at Avenida dos Combatentes, 43, 14º floor, 1643-001 in Lisbon, had its origin in the "Administração Geral dos Correios Telégrafos e Telefones" government department and its legal form is the result of successive re-organisations carried out by the Portuguese state business sector in the communications area.

Decree-Law no. 49.368, of 10 November 1969 founded the state-owned company CTT - Correios e Telecomunicações de Portugal, E. P., which started operating on 1 January 1970. By Decree-Law no. 87/92, of 14 May, CTT – Correios e Telecomunicações de Portugal, E. P., was transformed into a legal entity governed by private law, with the status of a state-owned public limited company. Finally, with the foundation of the former Telecom Portugal, S.A. by spin-off from Correios e Telecomunicações de Portugal, S.A. under Decree-Law no. 277/92, of 15 December, the Company's name was changed to the current CTT – Correios de Portugal, S.A..

On 31 January 2013 the Portuguese State through the Order 2468/12 – SETF, of 28 December, determined the transfer of the investment owned by the Portuguese State in CTT to Parpública – Participações Públicas, SGPS, S.A.

At the General Meeting held on 30 October 2013, the registered capital of CTT was reduced to 75,000,000 Euros, being from that date onward represented by 150,000,000 shares, as a result of a stock split which was accomplished through the reduction of the nominal value from 4.99 Euros to 0.50 Euros.

During the financial year ended 31 December 2013, CTT's capital was opened to the private sector. Supported by Decree-Law no. 129/2013, of 6 September and the Resolution of the Council of Ministers ("RCM") no. 62-A/2013, of 10 October, the RCM no. 62-B/2013, of 10 October and RCM no. 72-B/2013, of 14 November, the first phase of privatization of the capital of CTT took place on 5 December 2013. From this date, 63.64% of the shares of CTT (95.5 million shares) were owned by the private sector, of which 14% (21 million shares) were sold in a Public Offering and 49.64% (74.5 million shares) by Institutional Direct Selling. On 31 December 2013 the Portuguese State, through Parpública - Participações Públicas, SGPS, S.A. held 36.36% of the shares of CTT, 30.00% by holding and 6.36% by allocation.

On 5 September 2014, the second phase of the privatization of CTT took place. The shares held by Parpública - Participações Públicas, SGPS, S.A., which on that date represented 31.503% of CTT's capital, were subject to a private offering of Shares ("Equity Offering") via an accelerated book building process. The Equity Offering was addressed exclusively to institutional investors.

At the meeting of the Company's Board of Directors held on 16 March 2022, it was unanimously decided to approve the implementation of a Buy-back programme for the Company's own shares, including the related terms and conditions, with the sole purpose of reducing the Company's share capital through the cancellation of shares acquired under the aforementioned programme, subject to prior approval by the General Meeting.

At the General Meeting held on 21 April 2022, was approved the maximum number of shares to be acquired under the Buy-back Programme.

Subsequently, on 7 November 2022, the Company's share capital reduction in the amount of 2,325,000 euros, through the cancellation of 4,650,000 shares representing 3.1% of the share capital, was registered in the Commercial Register Office, with the Company's share capital to be composed of 145,350,000 shares with the nominal value of 0.50 Euros each.

The shares of CTT are listed on Euronext Lisbon.

The financial statements attached herewith are expressed in Euros, as this is the functional currency of the **Group** and the **Company**.

These financial statements were approved by the Board of Directors and authorized for issue on 16 March 2023.

1.2 Business

GRI 2-1, 2-6, GRI 207-4

The main activity of CTT and its subsidiaries ("Group CTT" or "Group"): CTT - Expresso – Serviços Postais e Logística, S.A. and its branch in Spain, Payshop Portugal, S.A., CTT Contacto, S.A., Corre – Correio Expresso de Moçambique, S.A., Banco CTT, S.A., 321 Crédito – Instituição Financeira de Crédito, S.A., CTT Soluções Empresariais S.A., Fundo de Inovação TechTree, NewSpring Services, S.A., CTT IMO - Sociedade Imobiliária, S.A., Open Lockers, S.A., MedSpring, S.A., CTT IMO Yield, S.A. and CTT Services, S.A. is to ensure the provision of universal postal services, to render postal services and financial services.

During 2015, within the scope of its financial services, CTT Group extended the scope of its activity with the establishment of Banco CTT, S.A., whose main activity is performing banking activities, including all the accessory, connected and similar operations compatible with the banking activity and allowed by law.

In 2020, within the scope of the activities provided in business solutions, the group expanded the scope of its activity to provide business consulting and support for business management and administration, namely, in the areas of human resources, sustainability, administrative management, information technologies, advertising and communication.

In 2021, with the entry into the consolidation perimeter of the entities HCCM - Outsourcing Investment (merged by incorporation into CTT Soluções Empresariais as at to 1 January 2022) and NewSpring Services, the Group once again expanded the scope of its activity to provide technical back-office services, advice, support and logistical support for technological activities and processing and document production; provision of services and Know-how to companies in the area of new technologies and provision of services in the area of technical and commercial support.

Also in 2021, with the establishment of the company CTT IMO - Sociedade Imobiliária, S.A., the Group expanded the scope of its activity to the purchase, exchange, sale and lease of real estate, and the resale of those acquired for this purpose, the promotion and the real estate management, as well as the administration of own real estate.

With the establishment of the company Open Lockers, S.A., the Group extended again the scope of its activity to the management, purchase, sale, production, installation, storage and maintenance of electronic or automatic lockers or other equipment for the storage, storage and collection of goods and/ or the possibility for the respective return, namely in the context of electronic commerce or traditional commerce.

The CTT Group also provides complementary services, such as the marketing of goods or provision of services on its own account or on behalf of third parties, provided that they are related with the normal operations of the public postal network, namely, the provision of information services, and the provision of public interest or general interest services.

The postal service is provided by CTT under the Concession Agreement of the Universal Postal Service celebrated into on 6 January 2022 between the Portuguese Government and CTT, as well as Decree-Law no. 22-A/2022 published on 7 February 2022, which changed the legal framework applicable to the provision of postal services in Portugal that was laid down by Law no. 17/2012, of 26 April (Postal Law). This Agreement will remain in force until 31 December 2028.

In addition to the services under concession, CTT may provide other postal services, as well as carry out other activities, namely those allowing for the profitability of the universal service network, directly or by incorporating or holding stakes in companies or through other forms of cooperation between companies. Within these activities the provision of services of public interest or of general interest under conditions to be agreed with the Government stands out.

The amendments introduced by Directive 2008/6/EC of 20 February 2008 of the European Parliament and of the Council to the regulatory framework that governs the provision of postal services, in 2012 were transposed into the national legal order by Law no. 17/2012, of 26 April ("Postal Law"), which revoked Law No. 102/99, of 26 July, and is still force with the amendments introduced in the meantime by Decree-Law No. 160/2013, of 19 November and by Law No. 16/2014, of 4 April, by Decree-Law no. 49/2021, of 14 June, and by Decree-Law no. 22-A/2022 published on 7 February 2022. The Postal Law establishes the legal framework for the provision of postal services in full competition in the national territory, as well as international services with origin or destination in the national territory.

Thus, since 2012, the postal market in Portugal has been fully open to competition. For reasons of general interest, the following activities and services remained reserved: sitting of letter boxes on the public highway intended for the deposit of postal items, issue and sale of postage stamps bearing the word "Portugal" and the registered mail service used in court or administrative proceedings.

Therefore, the scope of the universal postal service thus includes the following services, of national and international scope:

- A postal service for letter mail (excluding direct mail), books, catalogues, newspapers and other periodicals up to 2 kg;
- A postal service for postal parcels up to 10 kg, as well as delivery in the country of parcels received from other Member States of the European Union weighing up to 20kg; and
- A delivery service for registered items and a service for insured items.

The concession agreement signed between the Portuguese Government and CTT covers:

- The universal postal service as defined above;
- The reserved services: (i) the right to place letter boxes on public highways for the acceptance of postal items, (ii) the issue and sale of postage stamps bearing the word "Portugal" and (iii) the service of registered mail used in court or administrative proceedings;
- The provision of special payment orders which allows the transfer of funds electronically and physically, at national and international level, designated by postal money order service, on an exclusive basis; and
- The Electronic Mailbox Service, on a non-exclusive basis.

On 23 December 2021, the Council of Ministers communicated the approval, on that date, of the decree that changed the legal framework applicable to the provision of postal services in Portugal. This decree was promulgated on 5 February 2022 and the Decree-Law no. 22-A/2022 published on 7 February 2022. The new Concession Agreement entered in force on 8 February 2022and will have a duration of approximately seven years - until 31 December 2028. The main amendments of the new legal framework arising from the law and the new concession agreement are as follows:

1. With regard to pricing:

- Pursuant to the law, pricing criteria will be defined by agreement between CTT, ANACOM and the Consumer Directorate-General for periods of three years or, if no agreement is reached, by the Government. This definition shall take into consideration the sustainability and the economic and financial viability of the universal postal service (USO) provision, and shall also consider the variation in volumes, the change in relevant costs, the quality of the service provided and the incentive to an efficient provision of the universal service;

- For the year 2022, which was the transition period, the agreement stipulates that the prices to be implemented by CTT shall respect a maximum annual average variation of 6.80%, which considers the decline in volumes observed in the first nine months of 2021 and the variation of the Consumer Price Index for the Transport expense category, as communicated by the National Statistics Institute for the month of October 2021.

2. With regard to quality of service indicators and performance targets:

- Quality criteria shall be approved by the Government upon ANACOM's proposal, also for three-year periods, following a set of clear guidelines: ensure high levels of quality of service in line with current best practices in the European Union and the relative importance of the postal services covered by the USO, and taking into account the average standards of the European Union countries, applicable for each indicator;
- Quality indicators and performance targets defined by ANACOM on 29.04.2021 shall apply until the definition of new indicators and performance targets; as long as the current indicators remain in force, specifically in 2022, should there be any penalties, these will be translated into investment obligations that result in improvements for the benefit of the service provision and end users;
- In the event of non-compliance with the new quality indicators, the penalty to be applied by the Government will translate into investment obligations or price revisions, in accordance with the principles of proportionality, adequacy, non-discrimination and transparency.

3. Density of the postal network:

- The procedure to define the objectives of postal network density and minimum service offers is maintained, which foresees a decision by ANACOM upon CTT's proposal;
- The current criteria for the definition of objectives remain in force, with the additional obligation of ensuring the existence of a post office in each municipality. This situation already occurs, following the reopening of post offices in municipality seats voluntarily concluded by the Company.

This framework improves the decision-making mechanisms and provides clear criteria to guarantee the provision of the USO under sustainable economic conditions, promoting a better balance between the continuity of the postal service provision and the reinforcement of the Company's capacity to face the challenges of digital transition, pursuing the consistent implementation of its transformation process. For reasons of general interest, only the following activities and services have remained reserved to the concessionaire: sitting of letter boxes on the public highway intended for the deposit of postal items, issue and sale of postage stamps bearing the word Portugal and the registered mail service used in court or administrative proceedings.

2. Significant accounting policies

The significant accounting policies adopted by the **Group** and the **Company** in the preparation of the consolidated and individual financial statements are those mentioned hereinafter.

2.1 Basis of presentation

The consolidated and individual financial statements were prepared under the assumption of going concern and are prepared under the historical cost convention, except for the assets and liabilities accounted at fair value, and in accordance with the International Financial Reporting Standards, as adopted by the European Union as at 31 December 2022.

These standards include the IFRS issued by the International Accounting Standards Board ("IASB"), the IAS issued by the International Accounting Standards Committee ("IASC") and the respective interpretations – IFRIC and SIC, issued, respectively, by the International Financial Reporting Interpretation Committee ("IFRIC") and by the Standing Interpretation Committee ("SIC"). Hereinafter, these standards and interpretations are generally referred to as "IFRS".

In addition to the standards that became effective as of 1 January 2021, described in Note 2.1.1, and which are set out in the accounting policies adopted in the preparation of the consolidated and individual financial statements as at 31 December 2022 and described in Note 2.2 through Note 2.32, there are additional issued standards and interpretations, described in Note 2.1.2, which did not become mandatory in the year starting on 1 January 2021.

2.1.1 New standards or amendments adopted by the Group and the Company

The standards and amendments recently issued, already effective and adopted by the **Group** and the **Company** in the preparation of these financial statements, are as follows:

- **Amendments to IFRS 3 – References to the Conceptual Framework for Financial Reporting** - This amendment updates the references to the Conceptual Framework in the wording of IFRS 3, and no changes have been made to the accounting requirements for business combinations. The accounting treatment to be adopted in relation to liabilities and contingent liabilities under IAS 37 and IFRIC 21, incurred separately versus those included in a business combination, is also clarified. The change is prospectively applicable.

- **Amendments to IAS 16 – Income obtained before entry into operation** - Clarifies the accounting treatment given to the consideration obtained with the sale of products that result from the production in the test phase of tangible fixed assets, prohibiting their deduction from the acquisition cost of the assets. The entity recognizes the income obtained from the sale of such products and the costs of their production in profit or loss.

- **Amendments to IAS 37 – Onerous contracts – costs of complying with a contract** - This amendment specifies that in the assessment of whether or not a contract is onerous, only expenses directly related to the performance of the contract can be considered, such as incremental costs related to direct labour and materials and the allocation of other directly related expenses such as the allocation of depreciation expenses of the tangible assets used to perform the contract. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly charged to the counterparty in accordance with the contract. This amendment shall apply to contracts which, at the beginning of the first annual reporting period to which the amendment is applied, still include unfulfilled contractual obligations, without the need to restate the comparative.

- **Amendments to IFRS 1 - Subsidiary as a first-time adopter of IFRS (included in the annual improvements related to the 2018-2020 cycle)** - This amendment clarifies that, when a subsidiary chooses to measure its assets and liabilities at the amounts included in the consolidated financial statements of the parent company (assuming no adjustment has occurred in the consolidation process), the measurement of accumulated translation differences can be made at the amounts that would be recorded in the consolidated financial statements, based on the parent company's transition date to IFRS.

- **Amendments to IFRS 9 – Derecognition of financial liabilities – Fees to be included in the '10 percent' variation test (included in the annual improvements for the 2018-2020 cycle)** - This improvement clarifies which fees an entity must include when evaluating whether the terms of a financial liability are materially different from the terms of the original financial liability. This improvement clarifies that in the scope of derecognition tests carried out on renegotiated liabilities, only commissions paid or received between the debtor and creditor should be included, including commissions paid or received by the debtor or creditor on behalf of the other.

- **Amendments to IAS 41 – Taxation and measurement of fair value (included in the annual improvements related to the 2018-2020 cycle)** - This amendment eliminates the requirement set out in paragraph 22 of IAS 41, to exclude cash flows related to income tax in the fair value measurement of biological assets, ensuring consistency with the principles of IFRS 13.

- **Amendments to IFRS 16 - Leases - Concessions related to COVID-19 at the level of rents beyond 30 June 2021 -** On 28 May 2020, the amendment to IFRS 16 named 'Concessions related to COVID-19 was issued, having introduced the following practical expedient: A lessee may choose not to assess whether a COVID-19 pandemic related lease grant is a lease modification.

  Lessees who choose to apply this expedient, account for the change to rent payments resulting from a COVID-19 pandemic related concession in the same way as they account for a change that is not a lease modification in accordance with IFRS 16.

  Initially, the practical expedient applied to payments originally due by 30 June 2021, however, due to the extention of the pandemic impact, on 31 March 2021 it has been extended to payments originally due by 30 June 2022. The change applies to annual reporting periods beginning on or after 1 April 2021.

  The practical expedient can be applied as long as the following criteria are met:
    - the change in lease payments results in a revised lease consideration that is substantially equal to, or less than, the consideration immediately preceding the change;
    - any reduction in lease payments only affects payments due on or through 30 June 2022; and
    - there are no significant changes to other terms and conditions of the lease.

The **Group** and the **Company** did not register significant changes with the adoption of these standards and interpretations.

2.1.2 New standards, amendments and interpretations issued, but without effective application to the years starting on 1 January 2023 or not early adopted

2.1.2.1 The Group and the Company decided to opt for not having an early application of the following standards and/or interpretations endorsed by the EU:

- **IFRS 17 - Insurance Contracts -** IFRS 17 applies to all insurance contracts (i.e., life, non-life, direct insurance and reinsurance), regardless of the type of entities that issue them, as well as some guarantees and some financial instruments with discretionary participation features. In general terms, IFRS 17 provides an accounting model for insurance contracts that is more useful and more consistent for issuers. In contrast to the requirements of IFRS 4, which are based on previously adopted local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

  These changes shall be applied prospectively for annual periods beginning on or after 1 January 2023, with earlier application permitted.

- **Amendments to IFRS 17 – Insurance contracts – Initial application of IFRS 17 and IFRS 9 – Comparative information** - This amendment to IFRS 17 refers to the presentation of comparative information on financial assets in the initial application of IFRS 17.

  The amendment adds a transition option that allows an entity to apply an "overlay" in the classification of a financial asset in the comparative period(s) presented in the initial application of IFRS 17. The "overlay" allows all financial assets, including those held in connection with non-contract activities within the scope of IFRS 17, to be classified on an instrument-by-instrument basis in the comparative period(s) in line with how the entity expects these assets to be classified in the initial application of IFRS 9.

  These changes shall be applied prospectively for annual periods beginning on or after 1 January 2023, with earlier application permitted.

- **Amendments to IAS 1 – Disclosure of Accounting Policies** - These amendments are intended to assist the entity in the disclosure of 'material' accounting policies, previously designated as 'significant' policies. However, due to the inexistence of this concept in the IFRS standards, it was decided to substitute the concept "materiality", a concept already known by the users of the financial statements. When assessing the materiality of accounting policies, the entity must consider not only the size of transactions but also other events or conditions and their nature.

  These changes shall be applied prospectively for annual periods beginning on or after 1 January 2023, with earlier application permitted.

- **Amendments to IAS 8 – Definition of accounting estimates** - The amendment clarifies the distinction between changes in accounting estimates, changes in accounting policy and the correction of errors. Additionally, it clarifies how an entity uses measurement techniques and inputs to develop accounting estimates.

  These changes shall be applied prospectively for annual periods beginning on or after 1 January 2023, with earlier application permitted.

- **Amendments to IAS 12** – Deferred tax relating to assets and liabilities arising from a single transaction.

  The amendment clarifies that payments that settle a liability are tax deductible, however it is a matter of professional judgment whether such deductions are attributable to the liability that is recognized in the financial statements or to the related asset. This is important in determining whether there are temporary differences in the initial recognition of the asset or liability.

  Thus, the initial recognition exception is not applicable to transactions that gave rise to equal taxable and deductible temporary differences. It is only applicable if the recognition of an active lease and a passive lease gives rise to taxable and deductible temporary differences that are not equal.

  These changes shall be applied prospectively for annual periods beginning on or after 1 January 2023, with earlier application permitted.

The **Group** and the **Company** did not apply any of these standards in advance to the financial statements in the twelve-month period ended 31 December 2022. No significant impacts on the financial statements resulting from their adoption are estimated.

2.1.2.2 Standards, amendments and interpretations issued that are not yet effective for the Group and the Company:

- **Amendments to IAS 1 – Presentation of financial statements – Classification of current and non-current liabilities** - This amendment seeks to clarify the classification of liabilities as current or non-current balances depending on the rights that an entity has to defer its payment, at the end of each reporting period.

  The classification of liabilities is not affected by the entity's expectations (the assessment should determine whether a right exists, but should not consider whether or not the entity will exercise such a right), or by events occurring after the reporting date, such as a default of a “covenant”.

  However, if the right to defer settlement for at least twelve months is subject to the fulfillment of certain conditions after the balance sheet date, these criteria do not affect the right to defer settlement for the purpose of classifying a liability as current or non-current. .

  This amendment also includes a new definition of “settlement” of a liability and is applicable retrospectively.

- **Amendments to IFRS 16 - Lease liabilities in sale and leaseback transactions** - This amendment specifies the requirements related to the subsequent measurement of lease liabilities, related to sale and leaseback transactions ("sale & leaseback") that qualify as a "sale" of in accordance with the principles of IFRS 15, with a focus on variable lease payments that do not depend on an index or a rate.

  In subsequent measurement, seller-lessees shall determine “lease payments” and “revised lease payments”.

  In subsequently measuring lease liabilities, seller-lessees shall determine the “lease payments” and “revised lease payments” in such a way as not to recognize any gain or loss relating to the retained right of use. Application of these requirements does not preclude the seller-lessee from recognizing, in the income statement, any gain or loss related to the partial or total “sale”, as required by paragraph 46(a) of IFRS 16.

This amendment applies retrospectively.

These standards have not yet been adopted (“endorsed”) by the European Union and, as such, were not applied by the **Group** and the **Company** in the twelve-month period ended 31 December 2022. No significant impacts are estimated on the financial statements arising from the its adoption.

2.2 Consolidation principles

The consolidated financial statements comprise financial statements of the **Company** and its subsidiaries.

Investments in companies in which the **Group** holds the control (“subsidiaries”), in other words, where the **Group** is exposed, or has rights, to variable returns from its involvement with the relevant activities of the investee and has the ability to affect those returns through its power over the investee activities, were consolidated in these financial statements by the full consolidation method. The companies consolidated by the full consolidation method are shown in Note 8.

Equity and net profit for the period corresponding to third-party participation in subsidiaries are reflected separately in the consolidated financial position statement and consolidated income statement and comprehensive income statement in the caption Non-controlling interests. The gains and losses attributable to non-controlling interests are allocated to them.

The **Group** applies the purchase method to account for the acquisition of subsidiaries. The acquisition cost is measured at the fair value of the assets delivered, the equity instruments issued and the liabilities incurred or assumed on the acquisition date.

The assets and liabilities of each **Group** company are initially measured at fair value as of the date of acquisition, as established in IFRS 3. Any excess of cost over the fair value of the net assets and liabilities acquired is recognized as goodwill. If the difference between the cost and the fair value of the assets and liabilities acquired is negative, it is recorded as income of the year.

Transaction costs directly attributable to business combinations are immediately recognized in profit and loss.

Non-controlling interests include the third parties’ portion of the fair value of the identifiable assets and liabilities as of the date of acquisition of the subsidiaries.

Subsidiaries are consolidated using the full method from the date on which control is transferred to the **Group**. In the acquisition of additional shares of capital in companies already controlled by the **Group**, the difference between the percentage of capital acquired and the respective acquisition value is recorded directly in equity under the caption Retained earnings. When, on the date of acquisition of control, the **Group** already holds a previously acquired shareholding, the fair value of that shareholding contributes to the determination of goodwill or negative goodwill.

In the case of disposals of shares resulting in the loss of control over a subsidiary, any remaining shareholding is revalued at market value on the date of sale and the gain or loss resulting from this revaluation is recorded in the income statement, as well as the gain or loss loss resulting from such disposal. Subsequent transactions involving the sale or acquisition of shares to non-controlling interests, which do not imply a change in control, do not result in the recognition of gains, losses or goodwill, and any difference between the transaction value and the book value of the transacted participation is recognized in the Equity, in Other Equity instruments.

The results of subsidiaries acquired or sold during the year are included in the consolidated income statement from the date of acquisition up to the date of disposal.

Whenever necessary, adjustments are made to the financial statements of the subsidiaries to be in accordance with the **Group**'s accounting policies. Transactions (including unrealized gains and losses on sales between **Group** companies), balances and dividends distributed between **Group** companies are eliminated in the consolidation process.

The investments in associated companies and joint ventures are booked in the financial statements using the equity method (note 2.10).

2.3 Segment reporting

The **Group** presents the operational segments based on internal management information.

In accordance with IFRS 8, an operating segment is a **Group** component:
- (i) that engages in business activities from which it may earn revenues and incur expenses;
- (ii) whose operating results are reviewed regularly by the entity's chief operating decision maker in order to make decisions about resources to be allocated to the segment and assess its performance; and
- (iii) for which discrete financial information is available.

The **Group** did not apply the aggregation criteria provided for in paragraph 12 of IFRS 8.

2.4 Transactions and balances in foreign currency

Transactions in foreign currency (a currency different from the **Group** and the **Company** functional currency) are recorded at the exchange rates in force on the transaction date. At each reporting date, the carrying values of the monetary items in foreign currency are updated at the exchange rates on that date. The carrying values of non-monetary items recorded at historical cost in foreign currency are not updated.

Favorable and unfavorable currency translation differences arising from the use of different exchange rates in force on the transaction dates and those in force on the recovery, payment or reporting dates are recognized in the profit or loss for the year.

The elements included in the Statement of Financial Position of each **Group** entity included in the consolidation perimeter (note 8) are measured using the currency of the economic environment in which the entity operates (functional currency). The **Group**'s assets and liabilities expressed in a currency other than the Group's presentation currency (Euro) are translated using the exchange rates at the end of the period, and the average exchange rate in the case of the translation of results.

The following exchange rates were used in the translation of the balances and financial statements in foreign currency:

	2021		2022	
	Close	Average	Close	Average
Mozambican Metical (MZN) [1]	71.58000	76.35417	67.45000	66.38000
United States Dollar (USD) [1]	1.13260	1.18156	1.06660	1.04998
Special Drawing Right (SDR) [2]	1.23748	1.23720	1.25291	1.25651

[1] Source: Bank of Portugal
[2] Source: Deutsche Bundesbank Bank

2.5 Tangible fixed assets

Tangible fixed assets are recorded at their acquisition or production cost, minus accumulated depreciation and impairment losses, where applicable. The acquisition cost includes: (i) the purchase price of the asset, (ii) the expenses directly attributable to the purchase, and (iii) the estimated costs of dismantlement or removal of the asset and restoration of the location (Notes 2.22 and 33).

The depreciation of tangible assets, minus their residual estimated value, is calculated in accordance with the straight-line method, from the month when the assets are available for use, over their useful lives, which are determined according to their expected economic utility. The depreciation rates that are applied correspond, on average, to the following estimated useful lives for the different categories of assets:

	Years of useful life
Buildings and other constructions	10 – 50
Basic equipment	4 – 10
Transport equipment	4 – 7
Tools and utensils	4
Office equipment	3 – 10
Other property, plant and equipment	5 – 10

Lands are not depreciated.

Depreciation terminates when the assets are re-classified as held for sale.

Tangible fixed assets in progress correspond to tangible fixed assets that are still under construction/ production and are recorded at acquisition or production cost. These assets are depreciated from the month when they fulfil the necessary conditions to be used for their intended purpose.

The costs related to maintenance and repair of current nature are recorded as costs in the period these are incurred. Major repairs which lead to increased benefits or increased in expected useful lives are recorded as tangible fixed assets and depreciated at the rates corresponding to their expected useful life. Any replaced component is identified and written off.

The gain or loss arising from the disposal of tangible fixed assets is defined by the difference between the sale proceeds and the carrying amount of the assets and is recorded in the consolidated income statement under the heading Gains/losses on disposal/remeasurement of assets.

2.6 Intangible assets

Intangible assets are registered at acquisition cost, less accumulated amortization and impairment losses, when applicable. Intangible assets are only recognized when it is probable that they will result in future economic benefits for the **Group** and the **Company**, and they can be measured reliably.

Intangible assets are essentially composed of expenses related to patents, software (whenever this is separable from the hardware and associated to projects where the generation of future economic benefits is quantifiable), licenses and other user rights. Also included the expenses related to the development of R&D projects whenever the intention and technical capacity to complete this development is demonstrated, for the purpose of the projects being available for marketing or use. Research costs incurred in the search of new technical or scientific knowledge or aimed at the search of alternative solutions, are recognized through profit or loss when incurred.

Intangible assets are amortized through the straight-line method, from the month when they are available for use, during their expected useful life, which varies between 3 and 20 years:

	Years of useful life
Development projects	3 – 6
Industrial property	3 – 20
Customer contracts	5
Software	3 – 10

The exceptions to the assets related to industrial property and other rights, which are amortized over the period of time during which their exclusive use takes place and intangible assets with indefinite useful life, which are not amortized, but, rather, are subject to impairment tests on an annual basis and whenever there is indication that they might be impaired.

Gains or losses arising from the disposal of intangible assets, are determined by the difference between the sales proceeds and the respective carrying value on the date of the disposal, are recorded in the consolidated income statement under the heading Gains/losses on disposal/remeasurement of assets.

2.7 Investment properties

Investment properties are properties (land or buildings) held by the **Group** and the **Company** to obtain rentals or for capital appreciation or both, rather than for:

a) use in the production or supply of goods or services or for administrative purposes, or
b) sale in the ordinary course of business.

Investment properties comprise mainly properties that the **Group** and the **Company** did not affect to the rendering of services and holds to earn rentals or for capital appreciation.

An Investment property is initially measured at its acquisition or production cost, including any transaction costs which are directly attributable to it. After their initial recognition, investment properties are measured at cost less any accumulated depreciation and accumulated impairment losses, when applicable.

The depreciation rates considered are between 10 and 50 years.

The **Group** and the **Company** ensure that an annual assessment of assets qualified as investment properties is carried out in order to determine any impairment and to disclose their fair value.

Costs incurred in relation to investment properties, namely with maintenance, repairs, insurance and property taxes are recognized as costs for the period in which they are incurred. Improvements which are expected to generate additional future economic benefits are capitalized.

2.8 Impairment of tangible fixed assets, intangible assets and rights of use, except goodwill

The **Group** and the **Company** carry out impairment assessments of its tangible, intangible assets and rights of use, whenever any event or situation occurs, which may indicate that the amount by which the asset is recorded might not be recovered. In case of the existence of such evidence, the recoverable amount of the asset is determined in order to measure the extent of the impairment loss. When it is not possible to determinate the recoverable amount of an individual asset, then the recoverable amount of the cash generating unit to which this asset belongs is estimated.

The recoverable amount of the asset or cash generating unit is the highest value between (i) its fair value minus the costs of selling it and (ii) its value in use. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The value in use arises from the future estimated discounted cash flows of the assets during their estimated useful life. The discount rate used in the discounted cash flows reflects the current market assessments of the time value of money and the specific risk of the asset.

Whenever the carrying amount of the asset or cash generating unit is higher than its recoverable amount, an impairment loss is recognized. The impairment loss is recorded in the Consolidated and individual income statement.

The reversal of impairment losses recognized in prior years is recorded whenever there is evidence that the recognized impairment losses no longer exist or have decreased, being recognized in the Consolidated and individual income statement. However, the reversal of the impairment loss is made up to the amount that would have been recognized (net of amortization or depreciation) if the impairment loss had not been recorded in the previous years.

2.9 Goodwill

Goodwill represents the excess of the acquisition cost compared with the fair value of the identifiable assets, liabilities and contingent liabilities of each entity that is acquired and included by the full consolidation method, or subsidiary, on the respective acquisition date, in accordance with IFRS 3 (Revised) – Business Combinations.

Goodwill is not amortized, but subject to impairment tests. In the assessment of the goodwill impairment, this value is allocated to the cash generating unit or units it refers to. The value in use is determined by discounting the estimated future cash flows of the cash generating unit. The recoverable amount of the cash generating units to which the goodwill refers is determined based on the assets' value in use and is calculated using valuation methodologies which are supported by discounted cash flow techniques, considering the market conditions, the time value and business risks. The discount rate used for discounting cash flows corresponds to the WACC before taxes ("Weighted Average Cost of Capital") estimated according to the rates and capital structures of the entities sector. The impairment tests are carried out on each reporting date, or earlier if impairment risk indicators were identified.

Impairment losses related to Goodwill are not reversible.

In the sale or loss of control of a cash generating unit, the corresponding goodwill is included in the determination of the capital gain or loss.

2.10 Concentration of corporate activities

Subsidiary and Associated companies

Investments in subsidiary and associated companies are recorded in the consolidated and individual statement of financial position by the equity method (Note 10 and 11), respectively.

A subsidiary company is an entity over which the **Group** and/or the **Company** exercises control. Control is presumed to exist when the **Group** and / or the **Company** is exposed or has the right to variable returns arising from its involvement in the subsidiary relevant activities and has the ability to influence those returns due to its power over the subsidiary regardless of the percentage over its equity.

On the other hand, an associated company is an entity over which the **Group** and/or the **Company** has significant influence, through participation in decisions concerning its financial and operating policies, but where the **Group** or the **Company** does not have control or joint control, which in general happens whenever the investment is between 20% and 50% of the voting rights.

In accordance with the equity method, the investments are initially recorded at their cost and subsequently adjusted by the value corresponding to the investment in the net profit or loss of the subsidiary and associated companies against "Gain/losses in subsidiary, associated companies and joint ventures", and by other changes in equity in Other comprehensive income" and by the received dividends.

Additionally, investments in subsidiary and associated companies may also be adjusted through the recognition of impairment losses. Whenever there are indications that the assets may be impaired, an assessment is carried out and the existing impairment losses are recorded in the income statement.

The excess of the acquisition cost over the fair value of the identifiable assets and liabilities of each subsidiary and/or associated company at the date of acquisition is recognized as goodwill and presented as part of the financial investment in the caption Investments in subsidiaries and/or associates. If the difference between cost and fair value of the assets and liabilities acquired is negative, it is recognized in the income statement under "Gain/losses in subsidiary, associated companies and joint ventures", after confirmation of the fair value.

Whenever the losses in subsidiary and/or associated companies exceed the investment made in these entities, the investment carrying value is reduced to zero and the recognition of future losses will be discontinued, except in what concerns the part in which the **Group** and/or the **Company** incurs in any legal or constructive obligation of assuming all these losses on behalf of the subsidiary and/or associated company, in which case a provision is recorded (note 2.22).

With the exception of goodwill impairment, if the impairment losses recorded in previous years are no longer applicable, these are reversed.

The dividends received from subsidiary and associated companies are recorded as a decrease in the carrying value of "Investments in subsidiary companies" and "Investments in associated companies", respectively.

Unrealized gains and losses on transactions with subsidiary and associated companies are eliminated in proportion to the **Group**'s interest in the subsidiary and/or associated companies, recorded against the investment in the same entity. Unrealized losses are also eliminated but only up to the point that the losses do not reflect that the transferred asset is impaired.

Joint Ventures

Investments in joint ventures are recorded in the balance sheet by the equity method. The classification of the investments in joint ventures is determined based on the existence of a contractual agreement, which demonstrates and rules the joint control. In accordance with the equity method, the investments are initially recorded at their cost and subsequently adjusted by the value corresponding to the investment in the net profit or loss of the joint ventures against "Gain/losses in subsidiary, associated companies and joint ventures", by other changes in equity in "Other comprehensive income" and by the received dividends.

Additionally, investments in joint ventures may also be adjusted through the recognition of impairment losses. Whenever there are indications that the assets may be impaired, an assessment is carried out and the existing impairment losses are recorded as costs in the consolidated income statement, impairment losses shown to exist.

When the share of losses attributed to the **Group** is equivalent to or exceeds the value of the financial interest in jointly controlled companies, the **Group** recognizes additional losses if it has assumed obligations, or if it has made payments for the benefit of the jointly controlled entities.

Unrealized gains and losses on transactions with joint ventures are eliminated in proportion to the **Group**'s interest in the entities, recorded against the investment in the same entity. Unrealized losses are also eliminated but only up to the point that the losses do not reflect that the transferred asset is impaired.

In the case of business combinations between entities under common control, the **Group** and the **Company** apply the Book Value Method or Predecessor Accounting Method, and no goodwill is recognized.

A business combination between entities under common control is a combination in which the acquired companies or businesses are ultimately controlled by the same entity(ies), both before and after the merger.

By applying the Book-Value Method, the acquiring entity must recognize the assets acquired and the liabilities and contingent liabilities assumed at the respective cost, not needing carry out any measurement at fair value, nor is there any recognition of goodwill (or negative goodwill) or any impact in profit or loss in the individual financial statements of both entities.

2.11 Financial assets

Classification, initial recognition and subsequent measurement

At initial recognition, financial assets are classified into one of the following categories:

i) Financial assets at amortized cost;
ii) Financial assets at fair value through other comprehensive income; or
iii) Financial assets at fair value through profit or loss.

The classification is made taking into consideration the following aspects:

i) the **Group**'s business model for financial asset management; and
ii) the characteristics of the contractual cash flows of the financial asset.

Business Model Evaluation

The **Group** carries out an evaluation of the business model in which the financial instrument is held at the portfolio level, since this approach reflects the best way assets are managed and how the information is made available to management bodies. The information considered in this evaluation included:

- the policies and objectives established for the portfolio and the practical operationality of these policies, including how the management strategy focuses on receiving contractual interest or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the **Group**'s management bodies;
- assessing the risks that affect the performance of the business model (and the financial assets held under this business model) and how these risks are managed;
- the frequency, volume and frequency of sales in previous periods, the reasons for such sales and expectations about future sales. However, sales information should not be considered in isolation but as part of an overall assessment of how the **Group** establishes financial asset management objectives and how cash flows are obtained;
  and
- Evaluation if the contractual cash flows correspond only to the receipt of principal and interest (SPPI - Solely Payments of Principal and Interest).

For the purposes of this assessment, "Principal" is defined as the fair value of the financial asset at initial recognition. "Interest" is defined as the consideration for the time value of money, the credit risk associated with the amount owed over a given period of time and for other risks and costs associated with the activity (e.g., liquidity risk and administrative costs), and as a profit margin.

In the evaluation of the financial instruments in which contractual cash flows refer exclusively to the receipt of principal and interest, the **Group** considered the original contractual terms of the instrument. This evaluation included the analysis of the existence of situations where contractual terms could modify the periodicity and amount of cash flows so that they do not fulfil the SPPI condition. In the evaluation process, the **Group** took into consideration:

- contingent events that may modify the periodicity and amount of cash flows;
- characteristics that result in leverage;
- prepayment and extension of maturity clauses;
- clauses that may limit the **Group**'s right to claim cash flows in relation to specific assets (e.g., contracts with clauses that prevent access to assets in default cases); and
- characteristics that may modify the compensation for the time value of money.

In addition, an advance payment is consistent with SPPI criteria, if:

- the financial asset is acquired or originated with a premium or discount in relation to the contractual nominal value;
- prepayment represents substantially the nominal amount of the contract plus accrued but unpaid contractual interest (may include reasonable compensation for prepayment); and
- the fair value of the prepayment is insignificant at the initial recognition.

Reclassification between categories of financial instruments

If the **Group** changes its financial asset management business model, which is expected to occur not frequently and exceptionally, it reclassifies all the affected financial assets in accordance with the requirements set forth in IFRS 9 - "Financial instruments". The reclassification is applied prospectively from the date it becomes effective. Pursuant to IFRS 9 - "Financial instruments", reclassifications of equity instruments for which the option to valuation at fair value has been included by the counterpart of other comprehensive income or to financial assets and liabilities classified at fair value in the fair value option are not allowed.

2.11.1 Financial assets at amortized cost

Classification

A financial asset is classified in the category "Financial assets at amortized cost" if it meets all of the following conditions:

- the financial asset is held in a business model whose main objective is the holding of assets to collect its contractual cash flows; and
- their contractual cash flows occur on specific dates and correspond only to payments of principal and interest on the outstanding amount (SPPI).

The "Financial assets at amortized cost" category includes investments in credit institutions, credit to clients, debt securities managed based on a business model whose purpose is to receive their contractual cash flows (government and corporate bonds) and accounts receivable.

Initial recognition and subsequent measurement

Investments in credit institutions and credit to clients are recognized at the date the funds are made available to the counterparty (settlement date). Debt securities are recognized on the trade date, that is, on the date the **Group** commits itself to acquire them.

Financial assets at amortized cost are initially recognized at fair value, plus transaction costs, and subsequently measured at amortized cost. In addition, they are subject, from their initial recognition to the measurement of impairment losses for expected credit losses, which are recorded against the caption "Impairment of other financial banking assets".

Interest on financial assets at amortized cost is recognized under the caption "Financial margin", based on the effective interest rate method and in accordance with the criteria described in note 2.23.

The gains or losses generated at the time of their derecognition are recorded under the caption "Gains/(losses) on derecognition of financial assets and liabilities at amortized cost", under the caption "Impairment of other banking financial assets" and "Impairment of accounts receivable, net" in the case of accounts receivable.

2.11.2 Financial assets at fair value through other comprehensive income

Classification

A financial asset is classified in the category "Financial assets at fair value through other comprehensive income" if it meets all of the following conditions:

i) the financial asset is held in a business model in which the purpose is to collect its contractual cash flows and the sale of this financial asset; and
ii) their contractual cash flows occur on specific dates and correspond only to payments of principal and interest on the outstanding amount (SPPI).

In addition, in the initial recognition of an equity instrument that is not held for trading, nor a contingent consideration recognized by a purchaser in a business combination to which IFRS 3 applies, the **Group** may irrevocably choose to classify it in the category Financial assets at fair value through other comprehensive income (FVOCI). This option is exercised on a case-by-case basis, investment for investment and is only available for financial instruments that comply with the definition of equity instruments set forth in IAS 32, not applicable to financial instruments at fair value through other comprehensive income and may be used for financial instruments whose classification as an equity instrument in the sphere of the issuer is made under the exceptions provided for in paragraphs 16A to 16D of IAS 32.

Initial recognition and subsequent measurement

Debt instruments at fair value through other comprehensive income are initially recognized at fair value, plus transaction costs, and are subsequently measured at fair value. Changes in the fair value of these financial assets are recorded against other comprehensive income and, at the time of their disposal, the respective gains or losses accumulated in other comprehensive income are reclassified to a specific line item of income designated "Net gains/(losses) of other financial assets at fair value through other comprehensive income".

Debt instruments at fair value through other comprehensive income are also subject, from their initial recognition to the measurement of impairment losses for expected credit losses. Impairment losses are recognized in the income statement under the item “Financial Margin”, in consideration of other comprehensive income, and do not reduce the carrying amount of the financial asset in the balance sheet.

Interest, premiums or discounts of financial assets at fair value through other comprehensive income are recognized under "Interest and similar income calculated through the effective rate" based on the effective interest rate method and in accordance with the criteria described in note 2.23.

Equity instruments at fair value through other comprehensive income are initially recognized at fair value plus transaction costs and subsequently measured at fair value. The changes in the fair value of these financial assets are recorded by counterpart of other comprehensive income. Dividends are recognized in income when the right to receive them is attributed.

Impairment is not recognized for equity instruments at fair value through other comprehensive income, and the respective accumulated gains or losses are recorded in changes in fair value transferred to retained earnings at the time of their derecognition.

2.11.3 Financial assets at fair value through profit and loss

A financial asset is classified in the category "Financial assets at fair value through profit and loss" if the business model defined by the **Group** for its management or the characteristics of its contractual cash flows does not meet the conditions described above to be measured at amortized cost (2.11.1) or at fair value through other comprehensive income (FVOCI) (2.11.2).

Financial assets held for trading or management and whose performance is assessed on a fair value basis are measured at fair value through profit and loss because they are neither held for the collection of contractual cash flows nor the sale of these financial assets.

In addition, the **Group** may irrevocably designate a financial asset at fair value through profit or loss that meets the criteria to be measured at amortized cost or at FVOCI at the time of its initial recognition if this eliminates or significantly reduces measurement or recognition inconsistency (accounting mismatch), that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different basis.

2.11.4 Derecognition of financial assets

i) The **Group** derecognizes a financial asset when, and only when:
- contractual rights to cash flows arising from the financial asset expire; or
- transfers the financial asset as defined in points ii) and iii) below and the transfer meets the conditions for derecognition in accordance with point iv).

ii) The **Group** transfers a financial asset if, and only if, one of the following occurs:
- transfer the contractual rights to receive the cash flows resulting from the financial asset; or
- retain the contractual rights to receive the cash flows arising from the financial asset but assume a contractual obligation to pay the cash flows to one or more recipients in an agreement that satisfies the conditions set out in point (iii).

iii) When the **Group** retains the contractual rights to receive cash flows from a financial asset (the 'original asset') but assumes a contractual obligation to pay those cash flows to one or more entities (the 'final recipients'), the **Group** treats the transaction as a transfer of a financial asset if, and only if, all three conditions are satisfied:
- the **Group** has no obligation to pay amounts to final recipients unless it receives equivalent amounts resulting from the original asset. The short-term advances by the entity with the right to full recovery of the amount borrowed plus interest at market rates do not violate this condition;
- the **Group** is prohibited by the terms of the transfer agreement from selling or pledging the original asset other than as a guarantee to final recipients for the obligation to pay them cash flows; and
- the **Group** has an obligation to remit any cash flow it receives on behalf of the final recipients without significant delays. In addition, you are not entitled to reinvest these cash flows, except in the case of investments in cash or cash equivalents (as defined in IAS 7 Cash Flow Statements) during the short liquidation period between the date of receipt and the date of delivery required of final recipients, and interest received as a result of such investments is passed on to final recipients.

iv) When the **Group** transfers a financial asset (see item ii above), it must assess to what extent it retains the risks and benefits arising from the ownership of that asset. In this case:
   - if the **Group** transfers substantially all the risks and benefits arising from the ownership of the financial asset, it derecognizes the financial asset and separately recognizes as assets or liabilities any rights and obligations created or retained with the transfer;
   - if the **Group** retains substantially all the risks and rewards of ownership of the financial asset, it continues to recognize the financial asset.
   - if the **Group** does not transfer or substantially retain all risks and rewards of ownership of the financial asset, it must determine whether it has retained control of the financial asset. In this case:
     - if the **Group** has not retained control, it must derecognize the financial asset and recognize separately as assets or liabilities any rights and obligations created or retained with the transfer; and
     - if the **Group** has retained control, it must continue to recognize the financial asset to the extent of its continued involvement in the financial asset.

v) The transfer of risks and benefits referred to in the previous point is assessed by comparing the **Group's** exposure, before and after the transfer, to the variability of the amounts and times of occurrence of the net cash flows resulting from the transferred asset.

vi) The question whether the **Group** retained the control or not (see item iv above) of the transferred asset depends on the ability of the transferee to sell the asset. If the transferee has the practical capacity to sell the asset in its entirety to an unrelated third party and is able to exercise that capacity unilaterally and without the need to impose additional restrictions on the transfer, the entity is deemed not to have retained control. In all other cases, the entity shall be deemed to have retained control.

2.11.5 Loans written off

The **Group** recognizes a credit written off when it does not have reasonable expectations to recover an asset in whole or in part. This recognition occurs after all the recovery actions developed by the **Group** prove to be fruitless. Credits written-off from assets are recorded in off-balance sheet accounts.

2.11.6 Modification of financial assets

If the conditions of a financial asset are modified, the **Group** assesses whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, the contractual rights to the cash flows of the original financial asset are considered to have expired and the principles described in note 2.11.4 Derecognition of financial assets.

If the modification of a financial asset measured at amortized cost or FVOCI does not result in the derecognition of the financial asset, then the **Group** first recalculates the gross book value of the financial asset by applying the original effective interest rate of the asset and recognizes the resulting adjustment as gain or loss of the modification in the profit or loss statement. For variable rate financial assets, the original effective interest rate used to calculate the gain or loss of the modification is adjusted to reflect current market conditions at the time of the modification. Any costs or fees incurred, and fees received as part of the modification adjust the gross book value of the modified financial asset and are amortized over the remaining term of the modified financial asset.

2.12 Equity

As instrument is classified as an equity instrument when there is no contractual obligation for its settlement to be carried out through the delivery of cash or another financial asset, regardless of its legal form, showing a residual interest in the assets of an entity after deducting all its liabilities.

Transaction costs directly attributable to the issue of equity instruments are recognized against equity as a deduction to the value of the issue. Amounts paid or received due to sales or acquisitions of equity instruments are recorded in equity, net of transaction costs.

Costs related to an issue of equity which has not been completed are recognized as costs.

Distributions to holders of equity instruments are debited directly from the equity as dividends when declared.

Own shares are recorded at their acquisition value, as a reduction in equity, under the caption “Own shares” and the gains or losses inherent to their disposal are recorded in “Other reserves”.

When any subsidiary company acquires shares in the parent company (own shares) the payment, which includes directly attributable incremental expenses, is deducted from equity attributable to equity holders of the parent company until the shares are cancelled, reissued or disposed of.

When such shares are subsequently sold or reissued, any receipt, net of directly attributable transaction expenses and taxes, is reflected in the equity of the equity holders of the company, in other reserves.

The extinction of own shares is reflected in the financial statements as a reduction in share capital and in the caption Own shares, at nominal and acquisition value, respectively, with the difference between the two amounts recorded in Other reserves.

2.13 Financial liabilities

An instrument is classified as a financial liability when it contains a contractual obligation to transfer cash or another financial asset, independently from its legal form.

Debt
Loans are recorded as liabilities at the carrying value received, net of issuance expenses, corresponding to the respective fair value on that date. They are subsequently measured at amortized cost, with the corresponding financial costs calculated based on the effective interest rate and stated through the income statement according to the accrual basis assumption, with the due and unpaid amounts as at the reporting date being classified under the item of “Debt” (Note 31).

The effective interest rate is the rate that discounts future payments over the expected life of the financial instrument to the net carrying amount of the financial liability.

Accounts payable
Accounts payable classified as current liabilities are registered at their nominal value, which is substantially equivalent to their fair value.

Accounts payable classified as non-current liabilities, for which there is no contractual obligation to pay interest, are initially measured at their net present value and subsequently measured at their respective amortized cost, determined in accordance with the effective interest rate method.

Accounts payable (balances of suppliers and other creditors) are liabilities related to the acquisition of goods or services, in the normal course of its business. If their payment falls due within one year or less, then they are classified as current liabilities. Otherwise, they are classified as non-current liabilities.

Confirming

The **Group** contracts confirming operations with financial institutions, which are classified as reverse factoring agreements. Within the scope of these protocols, some suppliers freely enter into agreements with these financial institutions that allow them to anticipate the receivable of covered credits. When the economic substance of financial liabilities does not change, the **Group** maintains the accounting classification of those credits under the caption “Accounts payable” until their due date under the normal terms of the supply contract entered into between the **Group** and the supplier, which occurs whenever:

i. the maturity period corresponds to a period usually practised in the industry in which the **Group** operates. This fact is verified because there are no changes in payment terms for terms outside the range that is normally applicable to other suppliers that have not adhered to the aforementioned program,

ii. The **Group** does not support additional charges with the advance payment operation, compared to the alternative payment on normal maturity.

When the nature of the operations does not meet the requirements defined above, the group reclassifies the liability to “Debt”.

Supplier confirming operations are classified as “Cash flow from operating activities” in the statement of cash flows, when they meet the criteria defined above.

Derivative financial instruments

Derivative financial instruments are recorded at fair value on the date on which the Group negotiates the contracts and are subsequently measured at fair value. Fair value is obtained through quoted market prices in active markets, including recent market transactions, and valuation models, namely: discounted cash flow models and option valuation models. Derivatives are considered as assets when their fair value is positive and as liabilities when their fair value is negative. Revaluation results are recognized in “Results from assets and liabilities at fair value through profit or loss”.

Certain derivatives embedded in other financial instruments, such as indexing the performance of debt instruments to the value of shares or share indices, are bifurcated and treated as separate derivatives, when their risk and economic characteristics are not clearly related to those of the contract. host and this is not measured at fair value with changes recognized in profit or loss. These embedded derivatives are measured at fair value, with subsequent changes recognized in the income statement.

Derivatives are also recorded in off-balance sheet accounts at their theoretical value (notional value).

Non- derivatives banking financial liabilities

The non-derivatives banking financial liabilities include mainly deposits from costumers. These financial liabilities are recognized (i) initially at their fair value less the transaction costs and (ii) subsequently at amortized cost, based on the effective interest rate method.

The **Group** derecognize financial liabilities when they are cancelled, extinguished or expired.

2.14 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.15 Share-based payments

The benefits granted to the executive members of the Board of Directors and CTT's top management under the long-term remuneration plans are recorded in accordance with the requirements of IFRS 2 – Share-based payments.

In accordance with IFRS 2, the benefits granted to be paid on the basis of own shares (equity instruments), are recognised at fair value at the date of allocation.

Since it is not possible to estimate reliably the fair value of the services received from employees, their value is measured by reference to the fair value of equity instruments.

The fair value determined at the date of allocation of the benefit is recognised as a linear cost over the period in which it is acquired by the beneficiaries as a result of their services, with the corresponding increase in equity.

When settlement is made in cash, the value of these liabilities is determined at the time of assignment and subsequently updated, at the end of each reporting period, depending on the number of shares or stock options assigned and their fair value at the date of reporting. The liability is recorded in "Staff costs" and "Other liabilities", in a straight-line manner between the date of attribution and the maturity date, in proportion to the time elapsed between those dates.

2.16 Securitization operations

The Group has four consumer credit securitization operations in progress (Ulisses Finance No.1, Chaves Funding No.8, Ulisses Finance No.2 and Ulisses Finance No.3) and one finance lease securitization operation (Fénix 1), in which it was the originator of the securitized assets. Regarding the Ulisses Finance No.1, Chaves Funding No.8, Ulisses Finance No.2 and Ulisses Finance No.3 operations, the **Group** maintained control over the assets and liabilities to the extent that it acquired their residual tranches. These entities are consolidated in the Group's financial statements in accordance with accounting policy 2.2.

Additionally, the **Group** is the sole investor in the Next Funding No.1 securitization operation, whose underlying asset is the credit card balances originated by the Universo credit card issued by Sonae Financial Services. This entity is consolidated in the Group's financial statements in accordance with accounting policy 2.2.

2.17 Impairment of financial assets

<u>Impairment losses</u>

The **Group** determines the expected credit losses of each operation as a result of the deterioration of credit risk since its initial recognition. For this purpose, operations are classified in one of the following three stages:

- Stage 1: operations in which there is no significant increase in credit risk since its initial recognition are classified in this stage. Impairment losses associated with operations classified at this stage correspond to the expected credit losses that result from a default event that may occur within 12 months after the reporting date (credit losses expected to 12 months).

- Stage 2: operations in which there has been a significant increase in credit risk since its initial recognition, but which are not impaired, are classified in this stage. Impairment losses associated with operations classified at this stage correspond to the expected credit losses resulting from default events that may occur over the expected residual life of the operations (expected lifetime losses).
- Stage 3: operations in an impairment situation are classified in this stage. Impairment losses associated with operations classified at this stage correspond to expected lifetime losses. Credit operations purchased or originated in impairment situation (Purchased or Originated Credit-Impaired – POCI) are also classified in stage 3.

Forward looking information

For models based on historical data, namely those applicable to Auto Credit, the use of a Forward-Looking component based on macroeconomic variables with historical series and projections of suitable organisms that are considered relevant for the purposes of estimating default probabilities is expected. In this case, the Gross Domestic Product, the Unemployment Rate and the Harmonized Index of Consumer Prices were selected.

At the reference date, and as a result of the last revision of the Model, this component was not being applied since there were no explanatory and intuitive statistical relationships between these variables and the behavior of the historical data used.

Also for the credit card portfolio, whose model is also based on historical data, there is a forward looking methodology that is also based on economic variables (collected from the Economic Bulletins of Banco de Portugal with projections), namely the unemployment, Harmonized Index of Consumer Prices, Private consumption, Exports of goods and services and GDP at market prices. Performing several tests with several combinations, a set of statistical results is obtained that evaluate the correlation of the variables with the Default Probabilities. Up to the reference date, the results were neither relevant nor statistically robust enough for the inclusion of the component in the model.

Lastly, in the case of home loans, for which historical data on defaults are virtually non-existent, it proved impossible to apply a statistically based forward-looking component, which is why it was decided to apply special conservatism in the latest revisions of parameters based on benchmarks.

Significant increase in credit risk (SICR)

Banking activity

Significant increase in credit risk (SICR) is determined according to a set of mostly quantitative but also qualitative criteria, in order to detect significant increases in the Probability of Default (PD), complemented by another type of information in which it stands out the behavior of customers to entities of the financial system. However, regardless of the observation of a significant increase in credit risk in an exposure, it is classified in Stage 2 when one of the following conditions is met:

- Credit with late payment over 30 days (backstop); or
- Credit with qualitative triggers subject to risk, namely those contained in Banco de Portugal Circular Letter No. 02/2014 / DSP.

Non-banking activity

A significant increase in credit risk occurs if there is an objective evidence that the financial asset is impaired, by the existence of observable data, such as the following loss events: significant financial difficulty of the debtor; restructuring of an amount due to the **Group** in terms that it would not consider otherwise; a breach of contract, such as a default or delay in interest or principal payments; if it becoming probable that the borrower will enter bankruptcy, among others factors.

Definition of financial assets in default and in impairment

Customers who meet at least one of the following criteria are considered in default:

- Existence of installments of principal or interest overdue for more than 90 days;
- Debtors in bankruptcy, insolvency or liquidation;
- Claims in litigation;
- Cross-default credits;
- Credits restructured due to financial difficulties;
- Credits in quarantine default;
- Claims for which there is a suspicion of fraud or confirmed fraud; and;
- Credits with amounts written-off from assets.

Estimates of expected credit losses - Individual analysis

Clients who meet one of the following conditions are the subject of an individual analysis:

- CTT Bank's private clients with exposures above 500,000 Euros,
- Exposures to credit institutions, sovereign entities, central banks or companies through debt securities in stages 2 or 3;
- Clients from 321 Crédito with a factoring product;
- Clients with an equipment leasing product, whose active operations have an exposure greater than 70,000 Euros;
- Clients with a real statement leasing product whose active operations have an exposure greater than 75,000 Euros or whose LTV ratio is greater than 50% or nonexistent.

Estimates of expected credit losses - Collective analysis

Transactions that are not subject to an individual impairment analysis are grouped taking into account their risk characteristics and subject to a collective impairment analysis. The **Group**'s credit portfolio is divided by internal risk grades and according to the following segments:

Financial assets

Retail Offer	**Mortgage Loans**	Consists of the Bank's mortgage lending offer which has a residential real estate property as collateral, regardless of the degree of completion of its construction
	Overdrafts	Includes the Bank's overdraft offer and credit overrunning
	Car Credit	Includes 321 Crédito's used car loan with reservation of ownership
	Credit Cards	Includes the "Universo" Credit Card offer
Sovereign debt		Eurozone public debt securities and exposures obtained through the credit assignment contract
Corporate		Deposits and investments in other credit institutions, other financing granted to other credit institutions and corporate debt securities
Other		Several legacy portfolios of 321 Credit in run-off phase

The expected credit losses are estimates of credit losses that are determined as follows:

- financial assets with no signs of impairment at the reporting date: the present value of the difference between the contractual cash flows and the cash flows that the **Group** expects to receive;
- financial assets with impairment at the reporting date: the difference between the gross accounting value and the current value of the estimated cash flows;

- unused credit commitments: the present value of the difference between the resulting contractual cash flows if the commitment is made and the cash flows that the **Group** expects to receive;

The main inputs used to measure expected credit losses on a collective basis include the following variables:

- Probability of Default (hereinafter referred to as “Probability of Default” or “PD”);
- Loss Given Default (hereinafter referred to as “Loss Given Default” or “LGD”); and
- Exposure at Default (hereinafter referred to as “Exposure at Default” or EAD).

These parameters are obtained through internal models, and other relevant historical data, taking into account already existing regulatory models adapted according to the requirements of IFRS 9.

PDs are calculated based on historical data, when available, or benchmarks, in the remaining cases. If there is a change in the degree of risk of the counterparty or exposure, the estimate of the associated PD also varies. The PDs are calculated considering the contractual maturities of exposures.

The **Group** collects performance and default indicators on its credit risk exposures with analysis by type of customers and products.

The LGD is the magnitude of the loss that is expected to occur if the exposure defaults. The **Group** estimates LGD parameters based on benchmarks and, in the segments where it exists, based on history. In the case of contracts secured by real estate, the LTV (loan-to-value) ratios are a highly relevant parameter in determining the LGD.

The EAD represents the expected exposure if the exposure and / or customer defaults. The **Group** derives EAD values from the counterparty's current exposure and potential changes to its current value as a result of contractual conditions. For commitments, the value of the EAD considers both the amount of credit used and the expectation of future potential value that may be used according to the contract.

As described above, with the exception of financial assets that consider a 12-month PD as they do not present a significant increase in credit risk, the **Group** calculates the amount of expected credit losses taking into account the risk of default during the maximum maturity period contract, even if, for the purposes of risk management, it is considered to be a longer period. The maximum contractual period shall be considered as the period up to the date on which the **Group** has the right to demand payment or terminate the commitment or guarantee.

For financial assets "Deposits in other credit institutions", "Investments in other credit institutions" and "Investments in securities", impairments are calculated by allocating:

i) a probability of default derived from the external rating of the issuer or counterparty, respectively; and
ii) a Loss Given Default (LGD) defined by the **Group**, based on data from Moody's rating agency, and depending on whether it is a Corporate or Sovereign entity.

<u>Estimated expected credit losses - Receivables under IFRS 15</u>
For receivables under IFRS 15, the **Group** and the **Company** apply a simplified impairment model, applying the practical expedient foreseen in IFRS 9, whereby several matrices were applied for the expected loss calculation based on the experience of actual historical losses over the period considered to be statistically significant (2 years), estimating loss rates by company and / or customer typology for the entire asset period, and not only for 12 months. The expected credit losses also incorporate a Forward-Looking component based on macroeconomic variables with historical series and suitable organisms’ projections that are considered relevant for the purposes of default probabilities estimation, in this case the Gross Domestic Product.

The **Company** and the **Group** applied several matrices to calculate the expected losses of amounts receivable under IFRS 15, segmenting the expected losses calculation according to the company and the type of customer, considering the following different matrices:

- CTT customers - general customers;
- CTT customers - foreign operators;
- CTT Contacto customers;
- CTT Expresso customers - three different head offices based on the segmentation of general customers; and
- CTT Expresso customers - foreign operators.

The historical losses incurred are reviewed in order to reflect the differences between the expected economic conditions and those of the historical period used.

The expected losses are updated whenever there is a significant change in the credit risk in the company, changes in the type of customers or changes in the business or macroeconomic environment.

2.18 Inventories

Goods and raw materials, subsidiary materials and consumables are valued at the lowest cost between the acquisition cost and net realizable value, using the weighted average cost as the costing method.

The acquisition cost includes the invoice price and transport and insurance costs.

Net realizable value corresponds to the normal selling price less costs to complete production and costs to sell.

Whenever cost exceeds net realizable value, the difference is recorded in the operating costs caption “Cost of sales”.

2.19 Non-current assets held for sale and discontinued operations

Non-currents assets are classified as held for sale, if the respective carrying value is expected to be realized through their sale rather than through continued use. It is considered that this situation occurs only when: (i) the sale is highly probable and the asset is available for immediate sale in its present condition, (ii) there is a commitment to sell, and (iii) the sale is expected to be completed within a 12-month period.

Non-current assets, which are classified as held for sale, are measured at the lowest between the carrying value before this classification and fair value minus costs to sell. Whenever the fair value is less than the carrying value, the difference is recognized in the item Depreciation / amortization and impairment of investments, net in the Income statement.

Non-current assets held for sale are presented in a separate caption in the consolidated statement of financial position.

Non-current assets held for sale are not depreciated or amortized.

In the scope of the banking activity and in the course of the current activity of granting credit, the **Group** runs the risk of not being able to have all of its credit reimbursed. In the case of loans with collateral, the **Group** proceeds to execute these assets in donation / adjudication to settle the credit granted.

Pursuant to the provisions of the General Regime of Credit Institutions and Financial Companies (RGICSF), banks are prevented, unless authorized by Banco de Portugal, from acquiring properties that are not essential for their installation and operation or for the pursuit of their corporate purpose (paragraph 1 of article 112 of the RGICSF), however, being able to acquire properties by reimbursement of their own credit, and the resulting situations must be regularized within a period of 2 years which, if there is a reason, may be extended by Banco de Portugal, in conditions that it determines (article114º of the RGICSF).

These assets are recorded, at their initial recognition, at the lower of their fair value less expected costs of sale and the balance sheet value of the credit granted under recovery (credit falling due in the case of finance lease contracts). Subsequently, these assets are measured at the lower of the initial recognition value and the fair value less costs to sell and are not depreciated.

Whenever the fair value, net of sales and maintenance costs (including haircuts defined in the discount table contained in Annex II of Circular Letter No. 2018/00000062) is found to be lower than the amount for which it is recognized in the **Group**'s consolidated statement of financial position, an impairment loss is recorded in the amount of the decrease in value ascertained. Impairment losses are recorded against profit or loss of the year. If the fair value net of selling costs, after the recognition of impairments, indicates a gain, the **Group** may reflect that gain up to the maximum amount of impairment that has been recorded on that asset.

Periodic property appraisals are carried out by independent appraisers specialized in this type of services.

Earnings from discontinued operations are presented on a specific line, in the income statement, after Income tax and before Net profit for the year.

Whenever the **Group** and the **Company** are committed to a plan to sell a subsidiary, which involves the loss of control over it, all the assets and liabilities of that subsidiary are classified as held for sale, provided they meet the above requirements, even if, after the sale, the **Group** and the **Company** still keep a residual interest in the subsidiary.

2.20 Distribution of dividends

The distribution of dividends, when approved by the shareholders at the Annual General Meeting of the **Company**, is recognized as a liability.

2.21 Employee benefits

GRI 201-3

The **Group** and the **Company** adopt the accounting policy for the recognition of its responsibilities for the payment of post-retirement healthcare and other benefits, the criteria set out in IAS 19, namely using the Projected unit credit method (Note 32).

In order to obtain an estimate of the value of the liabilities (Present value of the defined benefit obligation) and the cost to be recognized in each period, an annual actuarial study is prepared by an independent entity under the assumptions considered appropriate and reasonable. The present value of the defined benefit obligation is recorded as a liability under Employee benefits.

Actuarial gains and losses resulting from experience adjustments and changes in actuarial assumptions for post-employment benefits are recorded in other comprehensive income in the period in which they occur. Actuarial gains and losses resulting from experience adjustments and changes in actuarial assumptions for other long-term benefits are recorded in the "Staff costs" caption.

The **Company** and the **Group** recognize in the "Staff Costs" caption the costs of current and past services. The net interest on the liability is recognized as a financial result in the caption "Interest expenses".

Liabilities for Past Services are recognized immediately in the income statement.

Post-employment benefits – healthcare

- IOS Plan

Workers who are integrated in "Caixa Geral de Aposentações" ("CGA", General Retirement Pension Fund) and workers who are beneficiaries of the Portuguese state pension scheme (recruited as permanent staff of the Company after 19 May 1992 and up to 31 December 2009) are entitled to the healthcare benefits established in the CTT Social Works Regulation. These benefits are extended to all permanent workers of the company, whether they are still working, or are pensioners, or in a situation of pre-retirement or retirement.

Workers hired by the company after 31 December 2009, are only entitled to the benefits provided for in the state pension scheme while they remain bound to the Company by an individual employment contract, having no rights when they become pensioners, or in a situation of pre-retirement or retirement.

Healthcare benefits include contributions to the cost of medication, medical and surgical and nursing services, as well as auxiliary diagnostic means and hospital services, as defined in the CTT Social Works Regulation.

The financing of the post-retirement healthcare plan is ensured mostly by the Company and by the beneficiaries' co-payment upon the use of certain services, and the remaining costs are covered by the fees paid by the beneficiaries.

The maintenance of the post-employment healthcare plan benefits requires that the beneficiaries (retirees and pensioners) pay a fee corresponding to 2.25% of their respective pension. Resulting from the amendment to the Healthcare Plan, the fee was unified, and the same fee is paid for each family member enrolled. In certain special situations, an exemption from the payment of the fee may be granted, either for the beneficiaries or for family members.

The healthcare plan is regulated by CTT's Regulation of the Social Works and the management is ensured by Social and Health Management of the People and Culture Department of CTT, which in turn, hired Médis – Companhia Portuguesa de Seguros de Saúde, S.A. (Médis - Portuguese healthcare insurance company) to provide healthcare services. The contract with Médis has been in force since 1 January 2015.

The future liabilities with post-employment benefits arising from the past services of the **Group**'s employees are reflected in the **Group**'s financial statements through the recognition of a specific liability, with no plan or funding arrangement having been constituted to cover these responsibilities, being its financing made through the **Group**'s regular activity.

- Insurance policy

Following the Human Resources Optimization Program, initiated in 2016, the Company assured the workers, as part of the incentive package, the maintenance of a Healthcare Plan through a health insurance with identical coverage and co-payments, as laid down in the Regulation of the Social Works (ROS), in accordance with the following criteria:

- Workers aged 50 and over: maintenance of healthcare benefits for themselves and their family members enrolled according to ROS, through a health insurance policy, with payment of quotas in the same amount as they were paying (2.25% of their income), or higher if the future payments (if they will exist) will be higher, with mandatory delivery of income proof;

- Workers under the age of 50: maintenance of healthcare benefits according to ROS, through a health insurance policy, for a period of two years, exempt from the payment of the quota, after which they will not benefit from any healthcare solution supported by the Company.

At present, the management of this plan is carried out by Médis - Companhia Portuguesa de Seguros de Saúde, S.A..

- Post-Retirement Medical Care– SAMS

The company 321 Crédito, S.A. is responsible for paying medical care benefits to all its employees in a situation of retirement, as well as for survival pensioniers.

The provision of this medical care is ensured by the Social Medical Assistance Service (SAMS) whose post-retirement charges, for the member, are defined in clause 92 of the ACT of the banking sector published in Labor and Employment Bulletin ("BTE") nº 38 of 2017 of October 15.

For the liability calculation, the values of Annex III in the ACT are considered, which takes into consideration the growth rate of the salary table. For the length of service rendered, the seniority date in the group was considered.

On each reporting date, the company keeps a liability recorded based on an actuarial study prepared by a specialized and independent entity that quantifies the responsibilities for the payment of medical care charges as mentioned above.

The present value of the defined benefit obligation and the cost of current services and past services are measured using the projected unit credit method.

As at 31 December 2022, there were 149 active beneficiaries and 2 pensioners, benefiting from this type of health care.

Post-employment benefits – Pension Plan

The company CTT Expresso - Serviços Postais e Logística, S.A. pays to a closed group of employees of Transporta – Transportes Porta a Porta, S.A. (which was merged into CTT Expresso during the year 2019) in retirement situation, a supplementary retirement pension over the amounts paid by the Social Security.

At each reporting date, the **Group** maintains a liability based on an actuarial study prepared by a specialized and independent entity that quantifies the liabilities for the payment of supplementary pensions to employees of the company at the time it was acquired from the Portuguese State.

The present value of the defined benefit obligation and the cost of current services and past services are measured using the projected unit credit method.

As at 31 December 2022, there were 16 beneficiaries receiving this type of Complementary Pension Benefit.

Other long-term benefits

The **Group** and the **Company** also assumed, towards certain groups of workers, a series of constructive and contractual obligations, namely:

- Suspension of contracts, redeployment, pre-retirement contracts, and release from employment

The liability for the payment of salaries to employees in the above-mentioned situations or equivalent, is fully recognized in the income statement at the time they move into these conditions.

- Telephone subscription fee

CTT has assumed the obligation of the life-long payment, to a closed group of retired workers and surviving spouses (4,006 beneficiaries as at 31 December 2021 and 3,529 beneficiaries as at 31 December 2022) to those who benefited from it as at 01/06/2004, of the telephone rental charges, to a monthly amount of 15.30 Euros. During the year ended 31 December 2013, the Board of Directors of CTT, decided to modify the economic benefit. Thus, from 1 January 2014, the cash payment was replaced by a benefit in kind.

- Pensions for work accidents

The liabilities related to the payment of pensions for work accidents is restricted to workers integrated in CGA.

According to the legislation in force concerning employees integrated in CGA, CTT is liable for the costs incurred with pensions that have been attributed for damages resulting from accidents at work, and which have resulted in permanent disability or death of the worker. The value of these pensions is updated pursuant to a legal diploma.

The liabilities incurred up to 31 December 2015 will continue to be borne by CTT. As of 1 January 2016, CTT contracted an insurance policy to cover these responsibilities, as is already the case for Social Security workers.

As at 31 December 2021 and 31 December 2022 there were 65 beneficiaries, respectively, receiving this type of pension.

- Monthly life annuity (SMV)

This is an annuity provided for in the family benefits legal system set out in Decree-Law no. 133-B/97, of 30 May, as amended by the Declaration of Rectification no. 15-F/97, of 30 September, amended by Decree-Law no. 248/99, of 2 July, no. 341/99 of 25 August, no. 250/2001, of 21 September, and no. 176/2003, of 2 August.

Beneficiaries are workers, still working or retired, who have descendants over 24 years old, with physical, organic, sensorial, motor or mental disabilities, who are in a situation that prevents them from normally providing for their subsistence through the exercise of professional activity. In the case of beneficiaries integrated in the CGA, the cost of the monthly life annuity is the responsibility of CTT.

However, the SMV has been replaced by the Social Provision for Inclusion (which is intended to support persons with disabilities with the costs due to disability), established by Decree-Law no. 126-A/2017, of 6 October and anticipates that by 31 December 2023, it will cease to exist and, therefore, be paid by CTT.

The Social Provision for Inclusion is automatically allocated to the SMV beneficiaries covered by the Social Security system. However, as regards the workers who are beneficiaries of the convergent social protection regime, beneficiaries of the SMV, the Social Inclusion Benefit is not automatic, and the workers are required to request the respective conversion of the SMV, pursuant to article 52, paragraph 2 of Decree-Law no. 126-A/2017, of 6 October.

Accordingly, in order to inform the beneficiaries of these changes, the **Company** sent a letter to the CGA subscribing workers, former CGA retirees and attorneys-in-fact who have benefited from it, informing them that they should request, from the relevant Social Security services, the conversion of the SMV.

As at 31 December 2022 and 31 December 2021 there were 6 beneficiaries under these conditions, receiving a monthly amount of 177.64 Euros, 12 months a year until 2023, at most, date on which CTT will cease to pay this benefit. This amount is updated by an Implementing Order of the Ministry of Finance and the Ministry of Labour and Social Security.

- <u>End of Career Awards</u>

Under clause 69 of the ACT of the banking sector published in BTE nº 38 of 2017 of October 15th, 321 Crédito, S.A. undertook the commitment to, on the retirement date, due to disability or old age, grant the employee a premium in the amount equal to 1.5 times the effective monthly remuneration earned on that date. In the event of death on the job, a premium shall be paid in the amount equal to 1.5 times the effective monthly remuneration that the worker earned at the date of death.

For this purpose, the base salary, seniority and all extra components are considered. It is presumed that their salary growth will be higher than that of the salary table in order to consider possible progressions.

The seniority periods are calculated according to the value established in Annex II of the ACT, including the increase resulting from the number of years of service.

The liability was established based on an actuarial study prepared by a specialized and independent entity and measured using the projected credit unit method.

- <u>Death allowance resulting from an accident at work</u>

In the sphere of 321 Crédito, death arising from a work accident shall give rise to the payment of a capital sum – death allowance – as defined in Clause 72 of the collective bargaining agreement referred to above. For the liability related to allowances due to death arising from a work accident, the calculation uses the value established in Annex II of the collective bargaining agreement, considering the growth rate of the salary table and the probabilities of death due to a work accident.

The liability was established based on an actuarial study prepared by a specialized and independent entity and measured using the projected unit credit method.

- <u>Defined contribution plan – Open Pension Fund or Retirement Savings Plan</u>

Following the remuneration model of the Statutory Bodies defined by the Remuneration Committee, a fixed monthly amount was determined to be allocated to an Open Pension Fund or Retirement Savings Plan to be attributed to the executive members of the Board of Directors.

This contribution falls into the definition of a defined contribution plan. Under a defined contribution plan, fixed contributions are paid into a fund but there is no legal or constructive obligation to further payments being made if the fund does not have sufficient assets to pay all of the employees' entitlements to post-employment benefits. The obligation is therefore effectively limited to the amount agreed to be contributed to the fund and the actuarial and investment risk is effectively placed on the employee. For defined contribution plans, the amount recognized in the period is the contribution payable in exchange for services rendered by employees during the period. Contributions to a defined contribution plan which are not expected to be wholly settled within 12 months after the end of the annual reporting period in which the employee renders the related service are discounted to their present value.

2.22 Provisions and contingent liabilities

Provisions (Note 33) are recognized when, cumulatively: (i) there is a present obligation (legal or constructive) arising from a past event, (ii) it is probable that its payment will be demanded, and (iii) there is a reliable estimate of the value of this obligation.

The amount of the provisions corresponds to the present value of the obligation, with the financial updating being recorded as a financial cost under the heading Interest expenses (Note 51).

The provisions are reviewed on every reporting date and are adjusted in order to reflect the best estimate at that date.

Provision for financial investments

Whenever losses in the subsidiaries or associated companies exceed the investment made in these entities, the carrying value is reduced to zero and the recognition of future losses is discontinued, except in what concerns the part in which the **Group** or the **Company** incurs in any legal or constructive obligation to assume all these losses on behalf of the associated or subsidiary company, in which case a Provision is recorded for investments in associated companies.

Restructuring provisions

Restructuring provisions are made whenever a detailed formal restructuring plan has been approved by the **Group** and it has been launched or publicly disclosed, which identifies:

- The business or part of the business concerned;
- The main affected locations;
- The location, function and approximate number of employees who will be compensated for the cease of their services;
- The expenditures that will be undertaken;
- When the plan will be implemented; and
- It raised a valid expectation in those affected that it would carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The restructuring provision includes direct expenditures arising from the restructuring, which are those entailed by the restructuring, or not associated with the ongoing activities of the entity.

The restructuring provision does not include the costs of retraining or relocating continuing staff, marketing and investments in new systems and distribution networks and are recognized on the same basis as if they appeared independently of a restructuring in the period that they occur.

The expected gains on assets disposals are not taken into account in a restructuring provision measurement, even if the assets sale is seen as part of the restructuring.

Dismantling costs provisions

Provisions are made for dismantling costs, costs of removal of the asset and costs of restoration of the site of certain assets, when these assets are in use and it is possible to reliably estimate the respective obligation, or when there is a contractual commitment to restore the spaces rented by third parties. When the time value effect is material, the environmental liabilities that are not expected to be settled in the near future are measured at their present value.

Provisions for litigations in progress

A provision for litigation in progress is recorded when there is a reliable estimate of costs to be incurred due to legal actions brought by third parties, based on the evaluation of the probability of payment based on the opinion of the lawyers.

Provision for onerous contracts

A provision for onerous contracts is measured at the present cost whenever the unavoidable costs to satisfy the contract's obligations exceeds the expected financial benefits that will be received under the same.

Contingent assets and liabilities

Whenever any of the conditions for the recognition of provisions is not met, the events are disclosed as contingent liabilities (Note 33). Contingent liabilities are: (i) possible obligations which arise from past events and whose existence will only be confirmed by the occurrence, or not, of one or more future events that are uncertain and not fully under the **Company**'s control, or (ii) present obligations which arise from past events, but which are not recognized because it is not probable that an outflow of resources which incorporates economic benefits will be necessary to settle the obligation, or the value of the obligation cannot be measured with sufficient reliability. Contingent liabilities are disclosed unless the possibility of an outflow of resources is remote.

Contingent assets and liabilities are evaluated continuously to assure that the developments are reflected properly in the financial statements.

If it becomes probable that an outflow of future economic benefits will be demanded for an item previously treated as a contingent liability, a provision is recognized in the financial statements of the period when that change in probability occurs.

If it becomes virtually certain that an economic benefits inflow will occur, the asset and related revenue are recognized in the financial statements of the period when the change will probably occur.

The **Group** does not recognize contingent assets and liabilities.

2.23 Revenue

The revenue is measured by the amount that the entity expects to be entitled to receive under the contract entered into with the customer.

The revenue recognition model is based on five steps in order to determine when the revenue should be recognized and the amount:

1) Identify the contract with a customer;
2) Identify the performance obligations in the contract;
3) Determine the transaction price;
4) Allocate the transaction price; and
5) Recognize revenue.

The revenue is recognized only when the "performance obligation" is met and depends on whether the "performance obligations" are satisfied over the period or, on the contrary, the control of the goods or services is transferred to the customer at a given point in time. Revenue is measured at the fair value of the consideration received or receivable, net of VAT, rebates and discounts.

The revenue regarding the provision of postal services, namely the sales of philatelic and pre-paid products, is recognized only when the performance obligation is satisfied, i.e., only at the moment of the effective utilization of the products for mail delivery purposes. However, as some of these products have never been used by the clients, for example the philatelic products for stamps collection, CTT performed a customer survey in order to obtain information regarding the use pattern of these products and, in this way, assess the percentage of the products that are not expected to be used. In these situations, the revenue should be recognized at the time of the sale. In the remaining situations, the revenue is deferred in accordance with the referred standard of use.

The revenue from the rendering of express services is recognized only when the performance obligation is satisfied, i.e., only when the mail or parcel is delivered to the final customer, being the revenue deferred until that moment.

The revenue from the sale of merchandising products from postal business is recognized when the products are transferred to the buyer, which usually occurs at the time of the transaction, being at that time fulfilled the "performance obligation”.

The revenue from PO Boxes is recognized over the term of the contracts. By subscribing to the “PO Boxes” service, CTT customers can receive their mail at a PO box in a CTT store instead of receiving mail at their home or company headquarters. Customers pay a single annual fee for subscribing to the service, with no additional fee being paid depending on the amount of correspondence received. Thus, a single performance obligation was identified corresponding to the provision of the PO box over the period of 1 year, with revenue fully allocated to the only performance obligation identified and recognized linearly over the contract period (1 year).

The revenue and costs relative to international mail services, estimated based on surveys and indexes agreed with the corresponding postal operators, are recognized in temporary accounts in the month that the traffic occurs. The initial revenue amount is recognized in the caption “Sales and services rendered” and accounts receivable. Thus, a temporary account is an account receivable, whose amount is the best CTT’s estimate for the amount that will be invoiced by the corresponding postal operators. This temporary amount is subject to the confirmation of the counterparties, namely the volume/ weights carried and the process is managed by a compensation camera.

At the time of the final confirmation moment, the differences between the temporary amount from account receivables and the confirmed amount is recognized in the caption “Sales and services rendered” in the income statement. Historically, these differences are not significant.

The fees from collections made and from the sale of financial products are recognized on the date that the client is charged. Only the fee from collections charged by CTT is recognized as revenue, as CTT acts as an agent. The recognized revenue corresponds only to the commission charged by CTT, which acts as an agent. The amounts are settled by offsetting accounts. Regarding this, CTT deducts to the amount delivered to its customers for the collections made on customers behalf and for the financial products sales in CTT stores, the commissions amount owed in the scope of its agent performance.

The performance obligation underlying the recognition of revenue resulting from collections made by the issuer and the sale of financial products corresponds to financial intermediation in the sale / placement / redemption of financial products and collection of invoices on behalf of counterparties in intermediation contracts. The remuneration of these contracts is variable according to IFRS 15, as CTT is entitled to receive a fixed amount as a “bonus performance” when selling / placing / redeeming financial products or collecting invoices on behalf of counterparties in intermediation contracts, considering the goals/ targets defined in the contracts. This component is estimated according to the “most likely amount”, considering the intermediation amounts of the year.

Recognition of revenue in the “business solutions” line occurs when the performance obligation is satisfied, that is, on the effective date of the provision of the service to the customer. The contracts associated with each project are broken down by task (performance obligations), and the amount to be applied to each transaction is determined and the recognition made on the date on which it is satisfied.

In the case of product sales, revenue is recognized only when the product is delivered to the customer. Revenue from outsourcing projects is recognized as a single performance obligation on a straight-line basis over the period, with the exception of projects that vary depending on the service actually provided whose revenue is recognized at the time this provision occurs.

The main entities with "customer" contractual position and the frequency of the account offset are as follow:

Product/ Service	Partner/ Customer	Frequency/ account offset
Postal savings certificates/ treasury	IGCP	daily
Postal collection	All entities that request the colletion service to CTT, but essentially are the utilities companies and city councils	daily
Insurance/ RSP	Fidelidade, Mapfre and Metlife	daily
Western Union	Western Union	twice a week
Penalties	ANSR	daily
Collection titles	Unions	daily

The **Group** acts as an agent in these transactions to the extent that:

- Does not obtain control of the goods or services provided to end customers;
- It does not have any inventory risk (not applicable in this type of services);
- It is not identified by the end customer as the party responsible for fulfilling the performance obligations; and
- The price of the financial product is not defined by the **Group.**

Regarding the definition of prices for services provided within the scope of the Universal Postal Service concession for the year 2022, which acted as a transition period, the prices implemented by CTT presented a maximum annual average variation of 6.80%, which considers the drop in traffic observed in the first nine months of 2021 and the variation in the Consumer Price Index for the Transport expense class, as disclosed by INE for the month of October 2021.

As communicated to the market on 26 January 2023, the update of the basket prices of mail services, editorial mail and parcels covered by the Universal Service Price Agreement regime was established, which will take place from 1 March 2023, corresponding to an average annual price variation of 6.58%. The global average annual variation in prices, also reflecting the effect of updating special mail prices in volume, will be 6.24%.

The revenue from interest is recognized using the effective interest rate method, provided that it is probable that economic benefits will flow into the **Group** and the **Company**, and their amount can be measured reliably.

The **Group** and the **Company** register a portion of the interest received from deposits in other operating income, specifically interest from short-term deposits in the Financial Services segment. The **Group** and the **Company** consider the temporary investment of funds received and to be paid to third parties as one of the main operational objectives of its Financial Services segment. In the cash flow statement, this portion of interest is recognized as operating cash flow.

Within the scope of banking activity, the income from services, fees and commissions is recognized as follows:

- Fees and commissions that are earned in the execution of a significant act, are recognized as income when the significant act has been completed;
- Fees and commissions earned over the period in which the services are provided are recognized as income in the period that the services are provided; and

- Fees and commissions that are an integral part of the effective interest rate of a financial instrument are recorded through profit or loss using the effective interest rate method.

In the banking activity, interest income and expense for financial instruments measured at amortized cost and at fair value through other comprehensive income are recognized in Financial margin, through the effective interest rate method.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, for a shorter period, to the net carrying amount of the financial asset or financial liability. The effective interest rate is established in the initial recognition of financial assets or liabilities and is not subsequently reviewed.

For calculating the effective interest rate, it is estimated future cash flows considering all contractual terms of the financial instrument but without considering future impairment losses. The calculation includes all fees paid or received considered as included in the effective interest rate, transaction costs and all other premiums or discounts directly related to the transaction.

In the case of financial assets or groups of similar financial assets for which impairment losses have been recognized, interest recorded in interest and similar income is determined based on the interest rate used to measure the impairment loss.

The **Group** and the **Company** do not recognize interest for financial assets in arrears for more than 90 days.

The revenue recognition criteria associated to the provision of the insurance mediation service is presented in note 2.29.

2.24 Subsidies obtained

Subsidies are recognized when there is reasonable assurance that they will be received and that the **Group** and the **Company** will comply with the conditions required for their attribution.

Investment subsidies associated to the acquisition or production of tangible fixed assets are initially recognized in non-current liabilities and are subsequently allocated, on a systematic basis, as revenue for the period, consistent and proportional to the depreciation of the assets acquired through these subsidies.

Operating subsidies, namely those for employee training, are recognized in the income statement, within the periods necessary to match them with the expenses incurred, to the extent that these subsidies are not refundable.

2.25 Leases

The **Group** leases several buildings and vehicles. Lease contracts are usually negotiated for fixed periods, but extension options may exist, although in most contracts the renewal periods require the agreement of the lessor and lessee. Rental terms and conditions are negotiated on an individual basis.

The **Group** and the **Company** determine whether a contract is a lease or includes a lease on the contract's start date.

When it comes to a lease agreement, the **Group** and the **Company** account right-of-use (RoU) assets, which are recognized in the item of Tangible fixed assets with the corresponding lease liabilities, on the date when the control over the use of the asset leased is transferred to the **Group** or the **Company.**

The **Group** and the **Company** do not use the practical expedients permitted by IFRS 16 of not considering short-term leases (12 months or less) or leases of low-value underlying assets, and the respective payments are considered for the determination of the right-of-use assets.

The **Group** and the **Company** use the practical expedient allowed by IFRS 16 to not separate the lease and non-lease components.

Lease liabilities are initially measured at the present value of the lease payments that fall due after the lease comes into effect, discounted at the implied interest rate of the contract. When this rate cannot be determined, the **Group'**s incremental interest rate is used, corresponding to the interest rate that the lessee would have to pay to obtain an asset of similar value in an economic environment with comparable terms and conditions.

Lease payments included in the measurement of lease liabilities include: fixed payments, less lease incentives receivable; variable payments that depend on an index or rate; amounts expected to be paid by the lessee as guarantees of residual value; the exercise price of a call option if the lessee is reasonably certain to exercise that option; penalty payments to terminate the lease, if the lease term reflects the exercise of the termination option.

The lease liability is measured at amortized cost, using the effective interest method and is remeasured when there are changes to future payments resulting from the application of indexes or rates or if there are other changes such as the change in the lease term, change in expectation about exercising a purchase option, renewing the term or terminating the contract. In these cases, the **Group** and the **Company** recognize the amount of the remeasurement of the Lease Liability as an adjustment to the Assets under the Right- of-Use. When the Liabilities remeasured are greater or less than the Assets of the right of use, the difference is recognized in the income statement under “Gains/losses on disposal/ remeasurement of assets”.

For the lease term determination, the Group and the Company consider:

- the broader economics of the contract, and not only contractual termination payments, evaluating if either a party has an economic incentive not to terminate the lease such that it would incur a penalty on termination that is more than insignificant, the contract is considered enforceable beyond the date on which the contract can be terminated; and

- whether each of the parties has the right to terminate the lease without permission from the other party with no more than an insignificant penalty, a lease is no longer enforceable only when both parties have such a right. Consequently, if only one party has the right to terminate the lease without permission from the other party with no more than an insignificant penalty, the Group and the Company consider that the contract is enforceable beyond the date on which the contract can be terminated by that party.

The Rights-of-Use assets are presented in an isolated class, integrating the item of Tangible fixed assets, initially measured at the cost model, which comprises the initial value of the lease liability, adjusted for any payment made before the start date of the contract. lease, plus any initial costs incurred and an estimate for costs of dismantlement (when applicable), less any incentives received. The Right-to-Use asset is subsequently depreciated using the straight-line method in accordance with the lease term. The Right-of-Use is periodically adjusted by certain remeasurements to the Lease liabilities, namely by updating indexes or price renegotiations, and by impairment losses (if any).

Variable rents that do not depend on an index or rate are not included in the measurement of the Lease Liability or the Right-of-Use asset. Such payments are recognized as expenses in the period in which the event or condition giving rise to payments occurs.

When the **Group** or the **Company** transfers an asset to a third party, and simultaneously enters into a lease agreement for the same asset with that third party, the **Group** and the **Company** apply the requirements of IFRS 15 to determine whether the transfer qualifies as a sale of the asset.

If the transfer qualifies as a sale transaction, the **Group** and the **Company** will measure the Right-of-Use asset of the leaseback as a proportion of the previous net book value that relates to the Right-of-Use retained by the **Group** or **Company**, recording a gain or loss in proportion to the rights transferred to the third party.

If the fair value of the sale's retribution of the asset is not equivalent to its fair value, or if the lease payments do not correspond to market values, the **Group** or **Company** will make the following adjustments to measure the results of the sale at fair value: Any terms below the market will be recorded as prepayment of the lease; and any terms above market will be accounted as an additional financing provided by the third party to the **Group** or **Company.**

When the **Group** or **Company** subleases part of the Right-of-Use asset to another entity, it starts to act as lessee in relation to the main lessor and as sublease in relation to the sublease.

As a sublease, the **Group** and the **Company** determine at the lease start date, whether the lease qualifies as financial or operational, considering: i) as the underlying asset of the sublease contract, the Right-of-Use asset recognized in the main lease agreement ; and ii) as the discount interest rate, the interest rate implicit in the sublease or the incremental interest rate of the main lease.

When the sublease contract qualifies as a finance lease, the **Group** and the **Company** derecognize the Right-of-Use asset, and record a balance receivable from the sub-leaseholder, which is subsequently settled by recording accrued interest and repayments made by the sub-leaseholder.

2.26 Borrowing costs

Financial charges related to loans are recognized in net profit, when incurred. However, interest expenses are capitalized when loans are directly attributable to the acquisition or construction of an asset that requires a substantial period of time (over one year) to reach its intended use.

Financial charges on loans obtained are recorded as financial expenses in accordance with the effective interest rate method.

2.27 Taxes

Corporate income tax ("IRC")

Corporate income tax corresponds to the sum of current taxes and deferred taxes. Current taxes and deferred taxes are recorded under net income, unless they refer to items recorded directly in equity. In these cases, deferred taxes are also recorded under equity.

Current tax payable is based on the taxable income for the period of the **Group** companies included in the consolidation, calculated in accordance with the tax criteria prevailing at the financial reporting date. Taxable income differs from accounting income, since it excludes various costs and revenues which will only be deductible or taxable in other financial years. Taxable income also excludes costs and revenues which will never be deductible or taxable. The amount of current tax payable or receivable is the best estimate of the amount expected to be paid, reflecting the existence of uncertainty about the tax treatment of income taxes, if any, according to IFRIC 23 - Uncertainty about tax treatment of income tax. The estimate is made based on the most likely method, or, if the resolution can dictate ranges of values in question, use the expected value method.

Deferred taxes refer to temporary differences between the amounts of assets and liabilities for accounting purposes and the corresponding amounts for tax purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for deductible temporary differences. However, this recognition only takes place when there are reasonable expectations of sufficient future taxable profits to use these deferred tax assets, or when there are deferred tax liabilities whose reversal is expected in the same period that the deferred tax assets may be used. On each reporting date, a review is made of these deferred tax assets, which are adjusted according to expectations on their future use.

Deferred tax assets and liabilities are measured using the tax rates which are in force on the date of the reversal of the corresponding temporary differences, based on the taxation rates (and tax legislation) which are enacted, formally or substantially, on the reporting date, reflecting the existence of uncertainty about the tax treatment of income taxes.

CTT is covered by the special regime applicable to the taxation of groups of companies, which includes all companies in which CTT holds, directly or indirectly, at least 75% of the share capital and which are simultaneously resident in Portugal and taxed under IRC except, NewSpring Services, S.A., MedSpring, S.A. and Fundo TechTree. The remaining companies are taxed individually according to their respective taxable income at the applicable tax rates.

Until 2020 inclusive, Banco CTT and its subsidiaries, eligible to be part of the RETGS, receive from CTT the amount referring to the tax loss with which it contributes to the consolidated IRC of the CTT group and, in the same way, pay CTT the amount referring to the its positive contribution to the consolidated IRC of the CTT group. As of 2021, Banco CTT Group is considered to be a "tax sub-consolidated" within the regime in which CTT – Correios de Portugal, S.A. are the dominant society. In this way, the subsidiaries of Banco CTT carry out the IRC settlements to Banco CTT, and the this pays or receives the net amount calculated for Grupo Banco CTT to the aforementioned parent company. In the event that there are historical amounts receivable from CTT by the Bank, any IRC payments to CTT are settled through the use/reduction of the amount receivable, with effective payment only taking place after there are no historical amounts receivable. The accounts payable by the parent company are currently a remunerated debt to the subsidiary.

Value Added Tax ("VAT")

For purposes of VAT, the **Company** follows the normal monthly regime, in accordance with the provisions of paragraph 1(a) of article 41 of the Portuguese VAT Code, having various exempted operations in its activity that fall under the provisions of article 9 of the Portuguese VAT Code, as well as to other non-exempted operations which are subject to VAT, and for this reason, using the effective allocation method and the pro rata method. In a similar situation is also Banco CTT, which due to the nature of its operations, essentially financial operations, also uses the pro rata method for VAT purposes. The other **Group** companies, with fiscal residence in Portugal, also follow the normal monthly regime, in accordance with the provisions of paragraph 1(a) of article 41 of the Portuguese VAT Code, performing mostly non-exempted operations, thus being subject to VAT.

2.28 Accrual basis

The revenues and costs are recorded according to the accrual basis, and therefore, are recognized as they are generated, regardless of the time they are received or paid. Differences between the revenues and costs generated and the corresponding amounts invoiced are recorded in "Other current assets" or in "Other current liabilities". Prepaid revenues and costs paid in advance are recorded under the heading Prepayments, under liabilities and assets, respectively.

2.29 Provision of the insurance mediation service

CTT, S.A., Banco CTT, 321 Crédito, and MedSpring, S.A. are entities authorized by the Insurance and Pension Funds Supervisory Authority (“ASF”) to practice insurance mediation, in the category of Linked Insurance Mediator, according to the article 8, subparagraph a), subparagraph i), of Decree-Law no. 144/2006, of July 31, developing the activity of insurance mediation in the life and non-life lines.

Within the scope of insurance mediation services, the **Group** sells insurance contracts. As remuneration for insurance brokerage services, the **Group** receives insurance contract brokerage commissions, which are defined in agreements / protocols established with Insurance Companies.

Commissions received by insurance mediation services are recognized in accordance with the principle of accrual basis, so commissions whose receipt occurs at a different time in the period to which they refer are recorded as an amount receivable under an "Other current assets" caption.

2.30 Judgements and estimates

In the preparation of the consolidated and individual financial statements, judgements and estimates were used which affect the reported amounts of assets and liabilities, as well as the reported amounts of revenues and costs during the reporting period. The estimates and assumptions are determined based on the best existing knowledge and on the experience of past and/or current events considering certain assumptions relative to future events. However, situations might occur in subsequent periods which, due to not having been predictable on the date of approval of the financial statements, were not considered in these estimates. Changes to estimates which occur after the date of the financial statements will be corrected prospectively. For this reason and in view of the associated degree of uncertainty, the real outcome of the situations in question might differ from their corresponding estimates.

The main judgements and estimates made in the preparation of the financial statements arise in the following areas:

i) Tangible fixed and intangible assets / estimated useful lives (notes 5 and 6)

Depreciation/amortization is calculated on the acquisition cost using the straight-line method, from the month when the asset is available for use. The depreciation/amortization rates that are applied reflect the best knowledge on the estimated useful life of the assets. The residual values of the assets and their respective useful lives are reviewed and adjusted, when deemed necessary.

ii) Impairment of Goodwill and investment in subsidiaries, associated companies and joint ventures (notes 9, 10, 11 and 12)

Goodwill and Investments in subsidiaries, associated and joint ventures are tested at least once a year, with the purpose of verifying if they are impaired, in accordance with the policy referred to in Note 2.19. The calculation of the recoverable amounts of the cash generating units involves a judgment and substantially relies on the analysis of the Management related to the future developments of the respective subsidiary. The assessment underlying the calculations that have been made uses assumptions based on the available information, both concerning the business and macro-economic environment. The variations of these assumptions can influence the results and consequent recording of impairments.

iii) Impairment of accounts receivable (note 25)

The **Group** and the **Company** record expected credit losses of each operation as a result of the deterioration of the credit risk since its initial recognition. In case of expected losses in account receivables in the scope of IFRS 15 the **Group** and the **Company** applied the simplified method calculating expected credit losses until maturity for all account receivables based on past records of credit losses throughout the period considered statistically relevant, estimating the rate of expected losses by companies and customer typology.

iv) Financial instruments – IFRS 9

Classification and measurement (notes 14, 15, 20, 35 and 36)

The classification and measurement of financial assets depends on the results of the SPPI test (analysis of the characteristics of the contractual cash flows, to conclude on whether they correspond only to payments of principal and interest on the principal in debt) and the business model test.

The **Group** determine the business model taking into account the manner in which the groups of financial assets are managed as a whole to achieve a specific business goal. This assessment requires judgement, as the following aspects must be considered, among others: the way that asset performance is assessed; and the risks that affect the performance of the assets and how these risks are managed.

The **Group** monitors the financial assets measured at amortized cost and at fair value through other comprehensive income that are derecognized before their maturity, in order to understand the reasons underlying their divestment and to determine if they are consistent with the objective of the business model defined for these assets. This monitoring is inserted within the **Group'**s process of continuous assessment of the business model of the financial assets that remain in the portfolio, in order to determine whether it is appropriate, and if it not, whether there has been a change of the business model and consequently a prospective change of the classification of these financial assets.

Impairment losses in financial assets at amortized cost and debt instruments at fair value through other comprehensive income (note 25)

The determination of the impairment losses of financial instruments involves judgements and estimates relative to the following aspects, among others:
Significant increase of credit risk: Impairment losses correspond to the expected losses in case of default over a time horizon of 12 months for assets at stage 1, or estimated maturity if lower, and the expected losses considering the probability of occurrence of a default event any time up to the maturity date of the financial instrument for assets at stage 2 and 3. An asset is classified at stage 2 whenever there has not been a significant increase in its credit risk since its initial recognition. The **Group'**s assessment of the existence of a significant increase of credit risk considers qualitative and quantitative information, reasonable and sustainable.
Definition of group of assets with common credit risk features: When the expected loan losses are measured on a collective basis, the financial instruments are grouped together based on common risk features. This procedure is necessary to ensure that, in case there is a change of the credit risk features, the segmentation of the assets is reviewed. This review can give rise to the creation of new portfolios or to the transfer of the assets to existing portfolios, which better reflect their credit risk features.
Probability of default: The probability of default represents a determinant factor in the measurement of the expected loan losses. The probability of default corresponds to an estimate of the probability of default in a particular time period, calculated based on benchmarks or using market data.
Loss given default: Corresponds to an estimated loss in a default scenario. This is based on the difference between the contractual cash flows and those that the **Group** expects to receive, via cash flows generated by the business of the client or credit collateral. Loss given default is calculated based on, among other aspects, the different scenarios of recovery, historical information,

market information, the costs involved in the recovery process and the estimated valuation of the collateral associated to credit operations.

Fair value of derivative financial instruments (note 15)

Fair value is based on market quotations when available and, in their absence, is determined based on the use of prices from recent, similar transactions carried out under market conditions or based on valuation methodologies, based on cash flow techniques. discounted cash futures considering market conditions, the effect of time, the yield curve and volatility factors. These methodologies may require the use of assumptions or judgments in estimating fair value. Consequently, the use of different methodologies or different assumptions or judgments in the application of a given model could lead to results different from those reported.

v) Deferred taxes (note 52)

The recognition of deferred tax assets assumes the existence of future net profit and taxable income. The deferred tax assets and liabilities were determined based on the tax legislation currently in force, or on legislation that has already been published for future application. Amendments to tax legislation may influence the value of the deferred taxes.

vi) Employee benefits (note 32)

The determination of the liabilities related to the payment of post-employment benefits, namely with healthcare plans, requires the use of assumptions and estimates, including the use of actuarial projections, discount rates and other factors that could have an impact on the costs and liabilities associated to these benefits. Any changes in the assumptions used, which are described in Note 32, will have an impact in the carrying amount of the employees' benefits. CTT has a policy of periodically reviewing the major actuarial assumptions.

vii) Provisions (note 33)

The **Group** and the **Company** exercise considerable judgement in the measurement and recognition of provisions. Judgement is required in order to assess the probability of litigation having a successful outcome. Provisions are recorded when the current lawsuits are expected to lead to the outflow of funds, the loss is probable and may be estimated reasonably. Due to the uncertainties inherent to the process of assessment, actual losses might be different from those originally estimated in the provision. These estimates are subject to changes as new information becomes available. Reviews to the estimates of these losses might affect future results.

viii) Lease liabilities (note 31)

The lease liabilities amount calculation requires the determination of the lease enforceable period, considering the lease economic aspects, and not just the termination payments, namely the existence of economic incentive from either party not to terminate the lease . Any changes in the lease term will have an impact on the lease liabilities book value. CTT periodically review the lease terms.

Sources of estimation uncertainty:

The main sources of uncertainties in the estimates performed are detailed below:

i) Energy transition

Climate change and the energy transition already impact the Group's activities in several ways today and will continue to influence business transformation in the future. The Integrated Report provides an extensive discussion of the Group's approach to identifying, assessing and managing the risks and opportunities associated with climate change. The greater attention of the different stakeholders to issues related to climate change may affect the perception and image they have of the CTT **Group**, with a potential negative and/or positive impact on the Company's reputation and revenues, making it essential to address the challenges associated with the transition energy and digital transformation to respond to multiple external forces and make informed and duly considered decisions at all levels of the **Group**.

In this sense, the **Group** continues to advance in its commitment to lead the energy transition, having defined a strong decarbonization plan with a view to achieving a Net-Zero balance of carbon emissions by 2030. It is also fully committed to the development of a model of medium and long-term sustainable business, being one of the signatories of the 10 principles of the UNGC – United Nations Global Compact. In particular, the **Group** considered the risks related to climate change and prioritized the contribution to the pursuit of the Sustainable Development Goals established by the United Nations in the preparation of the consolidated financial statements on 31 December 2022, which adequately reflect the effect of these goals on the assets, liabilities, gains and losses, incorporating, if necessary, material and foreseeable impacts as required by the IFRS.

The Group has also carefully assessed whether climate change issues have affected the reasonable and supported assumptions used to estimate expected cash flows. Where necessary, the Group also took into account the longer-term impact of climate change.

ii) Economic Situation

The year 2022 was marked, above all, by the armed conflict in Ukraine, with economic and social consequences at a global level. The increase in inflation has been higher and more persistent than initially expected, which led the Governing Council of the European Central Bank (BCE) to initiate a process of monetary policy normalization. Increases in interest rates have been reflected in the cost of financing for companies and families, with the aim of containing inflationary pressures. In the Eurozone, the rise in inflation mostly reflects the rise in prices of energy and food goods, initially as a result of the recovery in global demand in the post-pandemic period and, subsequently, aggravated by the invasion of Ukraine. Data from Banco de Portugal indicate that the Portuguese economy grows 6.7% in 2022 in a context of post-pandemic recovery, however, the negative effects of Russian military aggression in Ukraine were accentuated throughout the year, implying a relative stabilization of activity from the second quarter. The projections of the Bank of Portugal for 2023 indicate a slowdown in the growth of the Portuguese economy to 1.5%.

Next year will therefore be a challenging and uncertain year, with the economy conditioned by high inflation, more adverse financial conditions and great geopolitical uncertainty, whose impacts on the group are not quantifiable at the time.

However, in order to face the current economic context, the **Group** has adopted some mechanisms that aim to mitigate the adverse impacts that arise therefrom, namely:

a. Diversification in terms of contracted suppliers;

b. Diversification in the Group's offer of goods and services;

c. Contractual protection of supply prices for some energy goods, namely fuel;

d. Control and efficiency initiatives in internal cost management,

e. In terms of banking activity, and in order to also meet the expectations of supervisors, the Group recorded additional impairments in relation to the models in force for calculating collective impairment (overlays) in loan portfolios, namely, aggravating the PD parameters in Stage 1.

f. As communicated to the market on 26 January 2023, an update of the price of the basket of letter mail, editorial mail and parcels services covered by the Universal Postal Service Price Convention, corresponding to an average annual price variation of 6.58%, took effect as from

1 March 2023. The overall average annual variation in prices, also reflecting the effect of updating special bulk mail prices, will be 6.24%.

2.31 Cash Flow Statement

The Cash Flow Statement is prepared according to the direct method, through which cash receipts and payments relative to operating, investment and financing activities are disclosed.

Operating activities cover receipts from customers, payments to suppliers, payments to staff and other related to operating activity, namely income tax.

Investment activities namely include acquisitions and disposals in participated companies, payments and receipts arising from the purchase and sale of assets, and receipts of interest and dividends. Financing activities include payments and receipts relative to loans received, financial lease contracts, interest paid and payments of dividends.

Cash and cash equivalents
Cash and cash equivalents include the amounts recorded in the statement of financial position with a maturity less than three months from the balance sheet date, which includes cash and cash equivalents at credit institutions. It also includes other short-term investments, of high liquidity, insignificant risk of amount changes and convertible into cash, and also mandatory sight deposits with Banco de Portugal in order to satisfy the minimum cash reserves legal requirements (nota 23).

2.32 Subsequent events

Events occurring after the closing date until the date of approval of the financial statements by the Board of Directors, and which provide additional information about conditions existing at the date of the financial reporting, are reflected in the financial statements. Events occurring after the closing date, which indicate conditions arising after the date of the financial reporting, are disclosed in the notes to the financial statements, if considered relevant.

3. Changes to accounting policies, Errors and Estimates

In the year ended 31 December 2022, no accounting policy changes and no prior year's material errors were recognized in the preparation of the financial statements. The accounting policies have been consistently applied in all the present periods and for all **Group** companies.

The underlying estimates and assumptions were determined based on the best knowledge of the on-going events and transactions, at the time the financial statements were approved, as well as on the experience of past and/or current events. However, situations might occur in subsequent periods which, due to not having been predictable on the date of approval of the financial statements, were not considered in these estimates. Changes to estimates which occur after the date of the financial statements will be corrected prospectively. For this reason and in view of the associated degree of uncertainty, the real outcome of the transactions in question might differ from their corresponding estimates.

4. Segment reporting

In accordance with IFRS 8, the **Group** discloses the segment financial reporting.

The Board of Directors regularly reviews segmental reports, using them to assess and communicate each segment performance, as well as to decide on how to allocate resources.

Since 2021, in the segment reporting, the calculation of EBITDA was simplified with the inclusion of impairments and provisions and with the leases impact covered by IFRS 16. Accordingly, the only difference between EBITDA and EBIT is depreciation and amortization and specific items.

The CTT business is organized in the following segments:

- **Mail** – CTT Contacto, S.A., CTT Soluções Empresariais, S.A., New Spring Services S.A., CTT IMO - Sociedade Imobiliaria, S.A., MedSpring, S.A., CTT IMO Yield, S.A., CTT Services, S.A. and CTT, S.A. excluding:
    - Business related to postal financial services and retail products - Financial Services & Retail; and
    - The business of payments related with collection of invoices and fines, Western Union transfers, integrated solutions and tolls – Bank.

- **Express & Parcels** – includes CTT Expresso S.A., CORRE S.A., Fundo Inovação Techtree and Open Lockers, S.A.;

- **Financial Services & Retail** - Postal Financial Services and the products and services' sales in the retail network of CTT, S.A.; and

- **Bank** – Banco CTT S.A., S.A., Payshop S.A., 321 Crédito S.A. and CTT's payment business (mentioned above).

The business segregation by segment is based on management information produced internally and presented to the chief operating decision maker.

The segments cover the three CTT business areas, as follows:

- Postal Market, covered by the Mail segment;
- Express and Parcels Market, covered by the Express & Parcels segment; and
- Financial Market, covered by the Financial Services and Bank segments.

The amounts reported in each business segment result from the aggregation of the subsidiaries and business units defined in each segment perimeter and the elimination of transactions between companies of the same segment.

The statement of financial position of each subsidiary and business unit is determined based on the amounts booked directly in the companies that compose the segment, including the elimination of balances between companies of the same segment, and excluding the allocation in the segments of the adjustments between segments.

The income statement for each business segment is based on the amounts booked directly in the companies' financial statements and related business units, adjusted by the elimination of transactions between companies of the same segment.

However, as CTT, S.A. has assets in more than one segment it was necessary to split its income and costs by the various operating segments. The Internal Services Rendered refer to services provided across the different CTT, S.A. business areas, and the income is calculated according to standard activities valued through internally set transfer prices. The Mail segment provides internal services essentially related to the retail network (included in the Mail segment). Additionally, the Financial Services Segment uses the Retail network to sell its products. The use of the Retail network by other segments, as Express & Parcels and CTT Bank is, equally, presented in the line "Internal Services Rendered".

Initially, CTT, S.A. operating costs are allocated to the different segments by charging the internal transactions for the services mentioned above. After this initial allocation, costs relating to corporate and support areas (CTT Central Structure) are allocated by nature to the Mail segment and others.

The consolidated income statement by nature and segment of 2021 and 2022 are as follows:

	31.12.2021				
Thousand Euros	**Mail**	**Express & Parcels**	**Financial Services & Retail**	**Bank**	**Total**
Revenues	**444,438**	**255,688**	**48,877**	**98,867**	**847,870**
Sales and services rendered	437,500	255,017	48,338	16,873	757,727
Sales	*15,006*	*215*	*14,264*	—	*29,485*
Services rendered	*422,494*	*254,802*	*34,074*	*16,873*	*728,243*
Financial Margin	—	—	—	55,776	55,776
Other operating income	6,938	671	540	26,218	34,366
Operating costs - EBITDA	**387,912**	**231,857**	**26,969**	**83,034**	**729,772**
Staff costs	290,134	29,927	1,041	25,756	346,859
External supplies and services	89,165	201,373	2,476	34,364	327,378
Other costs	20,292	1,554	13,408	8,866	44,120
Impairment and provisions	(1,831)	1,030	—	12,216	11,415
Internal services rendered	(9,847)	(2,027)	10,044	1,831	—
EBITDA	**56,526**	**23,830**	**21,909**	**15,834**	**118,099**
Depreciation/amortization and impairment of investments, net	38,826	11,410	100	7,670	58,006
EBIT recurring	**17,700**	**12,420**	**21,809**	**8,163**	**60,092**
Specific itens	13,672	876	1	(16,329)	(1,780)
Business restructurings	10,669	441	—	—	11,111
Strategic estudies and projects costs	1,063	124	—	413	1,600
Other non-recurring income and expenses	1,940	311	1	(16,741)	(14,490)
EBIT	**4,029**	**11,544**	**21,808**	**24,492**	**61,872**
Financial results					(11,065)
Interest expenses					*(8,532)*
Interest income					*25*
Gains/losses in subsidiary, associated companies and joint ventures					*(2,557)*
Earnings before taxes (EBT)					**50,808**
Income tax for the period					12,216
Net profit for the period					**38,591**
Non-controlling interests					187
Equity holders of parent Company					**38,404**

Thousand Euros	31.12.2022				
	Mail	Express & Parcels	Financial Services & Retail	Bank	Total
Revenues	**460,920**	**259,014**	**60,713**	**125,979**	**906,625**
Sales and services rendered	452,632	258,409	59,499	18,041	788,582
Sales	*35,375*	*23*	*14,252*	—	*49,650*
Services rendered	*417,258*	*258,386*	*45,247*	*18,041*	*738,932*
Financial Margin	—	—	—	74,357	74,357
Other operating income	8,288	605	1,214	33,580	43,686
Operating costs - EBITDA	**409,281**	**234,695**	**29,757**	**103,603**	**777,336**
Staff costs	293,488	29,756	1,017	27,582	351,843
External supplies and services	92,692	203,822	2,160	39,227	337,901
Other costs	36,636	1,847	13,433	9,370	61,286
Impairment and provisions	(2,460)	1,228	2,040	25,497	26,305
Internal services rendered	(11,075)	(1,958)	11,107	1,926	—
EBITDA	**51,639**	**24,319**	**30,955**	**22,376**	**129,290**
Depreciation/amortization and impairment of investments, net	40,943	15,795	109	7,931	64,777
EBIT recurring	**10,697**	**8,525**	**30,847**	**14,444**	**64,512**
Specific itens	14,199	3,113	10	(8,936)	8,385
Business restructurings	4,205	764	—	—	4,968
Strategic estudies and projects costs	3,787	144	—	345	4,275
Other non-recurring income and expenses	6,207	2,206	10	(9,281)	(858)
EBIT	**(3,502)**	**5,412**	**30,837**	**23,380**	**56,127**
Financial results					(9,413)
Interest expenses					*(9,256)*
Interest income					*30*
Gains/losses in subsidiary, associated companies and joint ventures					*(187)*
Earnings before taxes (EBT)					**46,714**
Income tax for the period					10,372
Net profit for the period					**36,342**
Non-controlling interests					(64)
Equity holders of parent Company					**36,407**

As at 31 December 2022, specific items amounted to a net loss of 8.4 million euros, which compares with a net gain of 1.8 million euros in 2021. In 2022, specific items are detailed according to the following categories: 1) corporate centre restructuring costs amounting to 5.0 million euros (as compared to 11.1 million euros in 2021), which includes primarily suspension agreements of employment contracts; 2) costs associated with strategic projects amounting to 4.3 million euros (as compared to 1.6 million euros in 2021), and 3) a non-recurring net gain amounting to (0.9) million euros (as compared to a gain of (14.5) million euros in 2021). This mainly includes (i) gains from the appreciation of contracted derivatives (9.7) million euros, which were partially offset by (ii) extraordinary compensation to the employees for coping with the macroeconomic context of inflation (2.4 million euros); (iii) the costs related to early exit from the former head office building (3.6 million euros); (iv) the provision increase for CTT Express to face the notification issued by the *Comisión Nacional de los Mercados y la Competencia* (1.9 million euros).

The valuation of the derivatives structure in the amount of 9.7 million euros, as mentioned above, results from the MTM (Mark to Market) of interest rate derivatives in the form of a Cap Agreement (associated with the securitization operations Ulisses 1 and Ulisses 2) and Interest Rate SWAP (associated with the Ulisses 3 securitization operation and an existing derivative at Banco CTT).

As at 31 December 2022, the revenue of “Mail”, “Express & Parcels” and “Bank” segments represented 51%, 29% and 14%, respectively, of the consolidated revenue. However, the external supplies and services costs allocated to those segments amounted to 27%, 60% and 12%, respectively, and the Staff costs amounted to 83%, 8% and 8%, respectively. The income statement captions for each segment have the underlying amounts booked directly in the companies' financial statements and related business units, adjusted by the elimination of transactions between companies of the same segment.

Therefore, the distribution of external supplies and services caption by each business areas results directly from the cost structure and resources effectively consumed by each entity of the related segment. For example, CTT Expresso has a cost structure with increased use of internal labour (Staff costs). The differences in the business of the several segments, namely, the subcontracting or use of internal labour, explain the difference between the weighting of each segment for the revenue and the services and external supplies and staff costs, namely in the Mail and Express & Parcels segments. Additionally, these differences are explained either by the expense's allocation mechanism related to corporate areas and supporting to the several segments through the internal services rendered previously mentioned.

The revenues are detailed as follows:

Thousand Euros	2021	2022
Mail	**444,438**	**460,920**
Transactional mail	361,244	341,650
Editorial mail	12,963	12,343
Parcels (USO)	7,903	7,690
Advertising mail	19,044	17,506
Philately	5,415	4,561
Business Solutions	29,023	67,258
Other	8,847	9,912
Express & Parcels	**255,688**	**259,014**
Portugal	135,139	132,185
Parcels	118,471	118,887
Cargo	8,177	4,889
Banking network	4,427	4,279
Logistics	3,153	3,433
Other	911	698
Spain	117,329	122,950
Mozambique	3,220	3,880
Financial Services & Retail	**48,877**	**60,713**
Savings & Insurance	23,931	34,152
Money orders	5,465	5,982
Payments	1,558	1,519
Retail	17,574	18,049
Other	350	1,011
Bank	**98,867**	**125,978**
Net interest income	55,776	74,357
Interest income (+)	57,948	80,960
Interest expense (-)	(2,171)	(6,602)
Fees & commissions income (+)	40,203	45,470
Credits	3,953	5,209
Savings & Insurance	5,963	7,660
Accounts and Cards	11,831	13,956
Payments	18,410	18,541
Other comissions received	46	105
Other	**2,888**	**6,151**
	847,870	**906,625**

The main changes in the **Group's** revenue compared with the previous year, are explained as follows:

- The 4% increase in the "Mail" segment was positively influenced in 2022 by the growth of the business solutions segment core business and for the acquisition of NewSpring Services on 30

August 2021, operating this entity as an integral part of the **Group**, during the 12 months of 2022. On the other hand, this segment was penalized by the sharp decrease in income from incoming international mail, impacted by the end of the VAT exemption that took place from 1 July 2021 on extra-community products of lower value (de minimis).

- The “Express & Parcels” segment saw an increase of 1% over the same period last year. It should be noted, that the first quarter of 2022 was impacted by a difficult comparison with the same period, since the first quarter of 2021 was marked by the effects of the restrictions of the COVID-19 pandemic, namely the second confinement, which strongly boosted the growth in e-commerce activity.

- The “Financial Services & Retail” segment saw an increase of 24%, benefiting, above all, in the second half of 2022, from the sharp increase in subscriptions to public debt securities compared to the first half of 2021, due to the fact that its attractiveness rising since the beginning of the year, as a result of a new environment of interest rates that improved the position of the public debt as an investment alternative.

- The “Bank” segment recorded a 27% increase in revenue. This growth was driven by growth in the auto loan portfolio, the consumer loan portfolio and interest received on home loans. Indeed, the reference rates for home loans experienced a strong growth in 2022, as a result of the rise in the key interest rates set by the European Central Bank (ECB), driven by the increase in inflation in the euro zone.

The revenue detail, related to sales and services rendered and financial margin, for the year ended 31 December 2021 and 31 December 2022, by the revenue’s sources identified in note 2.23 – Revenue, are detailed as follows:

	2021				
Nature	**Mail**	**Express & Parcels**	**Financial Services & Retail**	**Bank**	**Total**
Postal Services	408,677,229	—	—	—	408,677,229
Express services	—	255,016,463	—	—	255,016,463
Merchandising products sales	—	—	2,262,918	—	2,262,918
PO Boxes	—	—	1,700,741	—	1,700,741
International mail services (*)	28,822,897	—	—	—	28,822,897
Financial Services fees	—	—	44,373,771	72,649,693	117,023,464
"Sales and Services rendered" and "Financial Margin" total	**437,500,125**	**255,016,463**	**48,337,430**	**72,649,693**	**813,503,712**

(*) Inbound Mail

	2022				
Nature	**Mail**	**Express & Parcels**	**Financial Services & Retail**	**Bank**	**Total**
Postal Services	437,156,214	—	—	—	437,156,214
Express services	—	258,409,137	—	—	258,409,137
Merchandising products sales	—	—	1,864,982	—	1,864,982
PO Boxes	—	—	1,581,315	—	1,581,315
International mail services (*)	15,475,878	—	—	—	15,475,878
Financial Services fees	—	—	56,052,807	92,398,793	148,451,600
"Sales and Services rendered" and "Financial Margin" total	**452,632,091**	**258,409,137**	**59,499,105**	**92,398,793**	**862,939,125**

(*) Inbound Mail

The assets by segment are detailed as follows:

Assets (Euros)	31.12.2021 Mail	Express & Parcels	Financial Services & Retail	Bank	Non allocated assets	Total
Intangible assets	21,289,971	6,849,250	174,038	26,927,847	8,266,141	63,507,247
Tangible fixed assets	227,402,730	62,708,795	64,571	4,227,555	1,883,926	296,287,578
Investment properties	—	—	—	—	6,327,424	6,327,424
Goodwill	17,430,813	2,955,753	—	61,084,749	—	81,471,314
Deferred tax assets	—	—	—	—	87,255,087	87,255,087
Accounts receivable	—	—	—	—	160,930,050	160,930,050
Credit to bank clients	—	—	—	1,541,908,493	—	1,541,908,493
Financial assets at fair value through profit or loss	—	—	—	27,261,085	—	27,261,085
Debt securities at fair value through other comprehensive income	—	—	—	6,094,910	—	6,094,910
Debt securities at amortized cost				334,160,519		334,160,519
Other banking financial assets	—	—	—	14,959,246	—	14,959,246
Other assets	14,891,188	17,690,710	34,608,628	6,739,026	12,627,597	86,557,151
Cash and cash equivalents	—	15,590,602	—	662,721,068	199,561,026	877,872,696
Non-current assets held for sale	—	—	—	605,798	—	605,798
	281,014,703	**105,795,111**	**34,847,237**	**2,686,690,296**	**476,851,252**	**3,585,198,598**

Assets (Euros)	31.12.2022 Mail	Express & Parcels	Financial Services & Retail	Bank	Non allocated assets	Total
Intangible assets	29,226,579	7,734,013	364,038	25,708,809	6,375,169	69,408,609
Tangible fixed assets	213,252,192	81,844,891	36,878	5,452,949	2,618,871	303,205,780
Investment properties	—	—	—	—	6,183,979	6,183,979
Goodwill	16,216,237	2,955,753	—	61,084,749	—	80,256,739
Deferred tax assets	—	—	—	—	67,823,608	67,823,608
Accounts receivable	—	—	—	—	147,130,876	147,130,876
Credit to bank clients	—	—	—	1,777,565,012	—	1,777,565,012
Financial assets at fair value through profit or loss	—	—	—	52,698,430	—	52,698,430
Debt securities at amortized cost	—	—	—	537,780,644	—	537,780,644
Other banking financial assets	—	—	—	462,187,527	—	462,187,527
Other assets	10,775,826	25,379,275	11,326,793	35,289,719	14,005,884	96,777,497
Cash and cash equivalents	—	23,442,625	—	130,359,498	302,667,177	456,469,298
Non-current assets held for sale	—	—	—	200		200
	269,470,834	**141,356,557**	**11,727,709**	**3,088,127,536**	**546,805,564**	**4,057,488,199**

The non-current assets acquisitions by segment, are detailed as follows:

	2021					
	Mail	Express & Parcels	Financial Services & Retail	Bank	Non allocated assets	Total
Intagible assets	10,687,971	3,967,727	125,669	3,897,385	—	18,678,753
Tangible fixed assets	20,153,598	23,903,875	—	1,561,666	458,948	46,078,087
	30,841,569	**27,871,602**	**125,669**	**5,459,051**	**458,948**	**64,756,839**

	2022					
	Mail	Express & Parcels	Financial Services & Retail	Bank	Non allocated assets	Total
Intagible assets	11,016,193	4,214,186	174,180	4,893,872	—	20,298,431
Tangible fixed assets	29,934,224	29,880,486	—	3,276,571	—	63,091,280
	40,950,416	**34,094,672**	**174,180**	**8,170,444**	**—**	**83,389,712**

The detail of the underlying reasons to the non-allocation of the following assets to any segment, is as follows:

- "Intangible assets" (6,375,169 Euros): the unallocated amount is related to part of the intangible assets in progress, which are allocated to the underlying segment in the moment they become firm assets;
- "Tangible fixed assets" (2,618,871 Euros): This amount corresponds to part of the tangible fixed assets in progress and advances payments to suppliers, which are allocated to the respective segment at the time of the transfer to firm assets;
- "Investment properties" (6,183,979 Euros): These assets are not allocated to the operating activity, which is why they are not allocated to any segment;
- "Deferred tax assets" (67,823,608 Euros): These assets are mainly comprised of deferred tax assets associated with employee benefits, being those related to the CTT, S.A. Health Plan the most relevant amount, as detailed in note 52 - Income tax for the period. Bearing in mind that CTT, S.A. is allocated to different segments, as already mentioned, the allocation of these assets to the different segments does not seem possible to be carried out reliably;
- "Accounts receivables" (147,130,876 Euros): This amount cannot be allocated, due to the existence of multi-products customers, whose receivable amounts correspond to more than one segment;
- "Other assets" (14,005,884 Euros): This amount is mainly related to investments in associated companies and investments in joint ventures, that are not allocated to the operating activity, which is why they are not allocated to any segment, as well as some captions of prepayments and other current and non-current assets, mostly related to CTT S.A., which are allocated to different segments and this allocation is not possible to be carried out reliably;
- "Cash and cash equivalents (302,667,177 Euros): the unallocated amount is related, essentially, to the cash and cash equivalents of CTT S.A., as this company concentrates the business segments' Mail, Financial Services & Retail and Bank, and it is not possible to split the amounts of cash and bank deposits by each CTT's businesses.

Debt by segment is detailed as follows:

	31.12.2021				
	Mail	Express & Parcels	Financial Services & Retail	Bank	Total
Non-current debt	**114,127,927**	**33,250,570**	**34,807**	**1,923,133**	**149,336,438**
Bank loans	62,161,852	—	—	—	62,161,852
Lease liabilities	51,966,076	33,250,570	34,807	1,923,133	87,174,586
Current debt	**35,785,578**	**15,240,151**	**27,024**	**730,259**	**51,783,012**
Bank loans	14,436,742	7,732,258	—	—	22,169,000
Confirming	—	1,500,152	—	—	1,500,152
Lease liabilities	21,348,836	6,007,741	27,024	730,259	28,113,860
	149,913,506	**48,490,722**	**61,831**	**2,653,392**	**201,119,450**

	31.12.2022				
	Mail	Express & Parcels	Financial Services & Retail	Bank	Total
Non-current debt	**86,221,715**	**47,207,447**	**14,320**	**2,754,441**	**136,197,923**
Bank loans	40,706,101	—	—	—	40,706,101
Lease liabilities	45,515,614	47,207,447	14,320	2,754,441	95,491,822
Current debt	**43,016,079**	**15,550,912**	**18,221**	**1,171,532**	**59,756,744**
Bank loans	21,588,169	7,783,898	—	—	29,372,066
Lease liabilities	21,427,911	7,767,015	18,221	1,171,532	30,384,678
	129,237,794	**62,758,359**	**32,541**	**3,925,972**	**195,954,667**

The **Group** is domiciled in Portugal. The result of its Sales and services rendered by geographical segment is disclosed below:

Thousand Euros	2021	2022
Revenue - Portugal	576,756	602,999
Revenue - other countries	180,971	185,582
	757,727	788,582

The revenue rendered in other countries, includes the revenue from the Express & Parcels rendered in Spain by CTT Expresso branch in this country, in the amount of 118.875 thousand Euros.

5. Tangible fixed assets

During the years ended 31 December 2021 and 31 December 2022, the movements occurred in Tangible fixed assets, as well as the respective accumulated depreciation, regarding the **Group** were as follows:

Group	2021									
	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Office equipment	Other tangible fixed assets	Tangible fixed assets in progress	Advance payments to suppliers	Rights of use	Total
Tangible fixed assets										
Opening balance	35,479,827	339,115,881	168,452,024	3,602,903	70,641,110	26,092,908	6,019,646	1,237,818	231,178,507	881,820,624
Acquisitions	90,151	1,147,764	4,148,073	13,168	1,139,994	1,524,618	5,878,872	3,525,258	—	17,467,898
New contracts	—	—	—	—	—	—	—	—	28,610,189	28,610,189
Disposals	(222,547)	(7,914,602)	(7,094,964)	(21,041)	(1,742)	—	—	—	—	(15,254,896)
Transfers and write-offs	275,780	7,653,725	2,551,680	—	(126,872)	(311,937)	(8,287,534)	—	(6,528,059)	(4,773,218)
Remeasurements	—	—	—	—	—	—	—	—	1,179,139	1,179,139
Adjustments	—	4,652	158,587	8,868	9,590	5,727	1,918	—	(558,663)	(369,322)
Lease Term Remeasurements	—	—	—	—	—	—	—	—	600,570	600,570
Change in the consolidation perimeter	—	469,081	868,215	3,500	393,551	58,375	—	—	2,189,935	3,982,657
Closing balance	35,623,210	340,476,500	169,083,615	3,607,398	72,055,630	27,369,691	3,612,902	4,763,076	256,671,618	913,263,640
Accumulated depreciation										
Opening balance	3,723,758	227,546,379	138,324,288	3,395,091	64,977,312	20,231,064	—	—	128,613,895	586,811,787
Depreciation for the period	—	8,880,869	6,507,580	60,416	1,685,243	1,310,469	—	—	26,397,955	44,842,534
Disposals	(203,240)	(8,423,387)	(6,925,351)	(20,498)	(1,465)	—	—	—	—	(15,573,941)
Transfers and write-offs	42,108	1,588,052	7,155	—	(126,338)	(285,824)	—	—	(2,996,447)	(1,771,295)
Adjustments	—	1,640	79,391	4,395	7,848	5,347	—	—	—	98,621
Change in the consolidation perimeter	—	264,751	859,406	2,139	247,118	5,949	—	—	1,169,535	2,548,897
Closing balance	3,562,627	229,858,304	138,852,469	3,441,543	66,789,717	21,267,005	—	—	153,184,938	616,956,602
Accumulated impairment										
Opening balance	—	—	—	—	—	19,460	—	—	—	19,460
Closing balance	—	—	—	—	—	19,460	—	—	—	19,460
Net Tangible fixed assets	**32,060,584**	**110,618,196**	**30,231,146**	**165,855**	**5,265,913**	**6,083,227**	**3,612,902**	**4,763,076**	**103,486,680**	**296,287,578**

Group	2022									
	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Office equipment	Other tangible fixed assets	Tangible fixed assets in progress	Advance payments to suppliers	Rights of use	Total
Tangible fixed assets										
Opening balance	35,623,210	340,476,500	169,083,615	3,607,398	72,055,630	27,369,691	3,612,902	4,763,076	256,671,618	913,263,640
Acquisitions		510,894	4,542,226	175,677	2,448,334	1,112,055	6,899,239	1,008,038	—	16,696,462
New contracts	—	—	—	—	—	—	—	—	32,163,406	32,163,406
Disposals	(14,309)	(209,892)	(761,272)	—	(29,279)	—	—	—	—	(1,014,752)
Transfers and write-offs		2,475,616	8,272,318	(135,248)	(191,361)	(74,613)	(6,509,623)	(5,618,537)	(55,207,647)	(56,989,095)
Remeasurements	—	—	—	—	—	—	—	—	23,981,383	23,981,383
Adjustments	—	1,332	22,017	1,676	24,510	160,119	16,292	—	(4,192)	221,754
Closing balance	35,608,901	343,254,451	181,158,903	3,649,503	74,307,835	28,567,252	4,018,810	152,577	257,604,568	928,322,799
Accumulated depreciation										
Opening balance	3,562,627	229,858,304	138,852,469	3,441,543	66,789,717	21,267,005	—	—	153,184,938	616,956,602
Depreciation for the period	—	9,017,208	7,044,204	62,669	1,717,246	1,377,100	—	—	29,389,515	48,607,942
Disposals	(824)	(137,555)	(760,152)	—	(18,325)	—	—	—	—	(916,856)
Transfers and write-offs	—	(68,992)	(89,374)	—	(191,361)	(74,921)	—	—	(43,177,040)	(43,601,687)
Adjustments	—	526	65,316	1,429	2,300	1,547	—	—	347,773	418,891
Closing balance	3,561,803	238,669,491	145,112,462	3,505,640	68,299,578	22,570,731	—	—	139,745,187	621,464,892
Accumulated impairment										
Opening balance	—	—	—	—	—	19,460	—	—	—	19,460
Increases	—	218,840	—	—	—	(3,335)	—	—	3,417,162	3,632,667
Closing balance	—	218,840	—	—	—	16,125	—	—	3,417,162	3,652,127
Net Tangible fixed assets	**32,047,098**	**104,366,119**	**36,046,441**	**143,862**	**6,008,257**	**5,980,396**	**4,018,810**	**152,577**	**114,442,220**	**303,205,780**

The depreciation recorded in the **Group** amounting to 48,607,942 Euros (44,842,534 Euros on 31 December 2021), is booked under the heading Depreciation/amortization and impairment of investments, net (Note 47).

In the **Group**, in the period ended 31 December 2021, the caption "Changes in the consolidation perimeter" refers to the balances of the companies HCCM - Outsourcing Investment, S.A. and NewSpring Services, S.A. on the date of its acquisition, as explained in note 8.

During the years ended 31 December 2021 and 31 December 2022, the movements occurred in Tangible fixed assets, as well as the respective accumulated depreciation, regarding the **Company** were as follows:

	2021									
Company	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Office equipment	Other tangible fixed assets	Tangible fixed assets in progress	Advance payments to suppliers	Rights of use	Total
Tangible fixed assets										
Opening balance	33,655,473	321,463,288	134,501,607	2,526,483	62,025,725	24,140,900	4,003,831	281,057	182,364,844	764,963,208
Acquisitions	—	—	1,381,225	1,036	729,906	827,303	2,561,892	458,948	—	5,960,310
New contracts	—	—	—	—	—	—	—	—	14,633,447	14,633,447
Disposals	(1,394,521)	(11,430,523)	(7,015,266)	(20,111)	(1,742)	—	—	—	—	(19,862,162)
Transfers and write-offs	275,780	7,343,054	7,064		270,939	(280,529)	(5,419,275)		(3,925,941)	(1,728,909)
Remeasurement	—	—	—	—	—	—	—	—	973,235	973,235
Adjustments	—	—	—	—	—	—	—	—	(103,073)	(103,073)
Other movements	—	—	—	—	—	40,970	—	—	—	40,970
Closing balance	32,536,732	317,375,819	128,874,630	2,507,407	63,024,828	24,728,644	1,146,447	740,005	193,942,512	764,877,025
Accumulated depreciation										
Opening balance	3,723,758	217,491,329	113,179,793	2,479,172	57,465,905	18,887,182	—	—	108,445,665	521,672,803
Depreciation for the period		8,152,295	4,223,497	10,884	1,155,935	1,191,200			19,952,128	34,685,940
Disposals	(203,240)	(8,423,387)	(6,877,036)	(20,110)	(1,465)				—	(15,525,238)
Transfers and write-offs	42,108	1,623,764	7,064		270,939	(278,003)			(1,178,979)	486,894
Closing balance	3,562,627	218,844,001	110,533,318	2,469,945	58,891,314	19,800,379	—	—	127,218,814	541,320,399
Accumulated impairment										
Opening balance	—	—	—	—	—	19,460	—	—	—	19,460
Increases	—	—	—	—	—	—	—	—	—	—
Closing balance	—	—	—	—	—	19,460	—	—	—	19,460
Net Tangible fixed assets	**28,974,105**	**98,531,818**	**18,341,312**	**37,462**	**4,133,514**	**4,908,805**	**1,146,447**	**740,005**	**66,723,697**	**223,537,166**

Company	2022									
	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Office equipment	Other tangible fixed assets	Tangible fixed assets in progress	Advance payments to suppliers	Rights of use	Total
Tangible fixed assets										
Opening balance	32,536,732	317,375,819	128,874,630	2,507,407	63,024,828	24,728,644	1,146,447	740,005	193,942,512	764,877,025
Acquisitions	—	(46,648)	1,860,328	150,275	1,892,652	889,154	3,181,661		—	7,927,423
New contracts	—	—	—	—	—	—	—	—	8,224,815	8,224,815
Disposals	(14,309)	(159,112)	(665,449)	—	(1,348)	—	—	—	—	(840,219)
Transfers and write-offs		1,760,906	(459,952)	(135,248)	—	(808)	(1,760,906)	(688,337)	(51,293,236)	(52,577,582)
Remeasurements	—	—	—	—	—	—	—	—	21,473,018	21,473,018
Adjustments	—	—	—	—	—	156,488	—	—	—	156,488
Closing balance	32,522,423	318,930,965	129,609,557	2,522,434	64,916,132	25,773,478	2,567,203	51,668	172,347,109	749,240,967
Accumulated depreciation										
Opening balance	3,562,627	218,844,001	110,533,318	2,469,945	58,891,314	19,800,379	—	—	127,218,814	541,320,399
Depreciation for the period	—	7,853,086	3,955,756	11,108	1,131,765	1,203,809	—	—	20,433,241	34,588,766
Disposals	(824)	(94,527)	(664,721)	—	(1,134)		—	—	—	(761,205)
Transfers and write-offs	—	(79,155)	—	—	—	—	—	—	(41,100,888)	(41,180,043)
Adjustments	—	—	—	—	—	—	—	—	347,722	347,722
Closing balance	3,561,803	226,523,405	113,824,354	2,481,053	60,021,946	21,004,188	—	—	106,898,889	534,315,638
Accumulated impairment										
Opening balance	—	—	—	—	—	19,460	—	—	—	19,460
Other variations	—	218,840	—	—	—	(3,335)	—	—	3,417,162	3,632,667
Closing balance	—	218,840	—	—	—	16,125	—	—	3,417,162	3,652,127
Net Tangible fixed assets	**28,960,619**	**92,188,719**	**15,785,203**	**41,381**	**4,894,186**	**4,753,164**	**2,567,203**	**51,668**	**62,031,058**	**211,273,202**

The depreciation recorded in the **Company** amounting to 34,588,766 Euros (34,685,940 Euros on 31 December 2021), is booked under the heading Depreciation/amortization and impairment of investments, net (Note 47).

In the **Group** and the **Company,** as at 31 December 2022, Land and natural resources and Buildings and other constructions include 458,441 Euros (490,537 Euros as at 31 December 2021), related to land and property in co-ownership with the company MEO – Serviços de Comunicações e Multimédia, S.A..

According to the concession contract in force (Note 1) at the end of the concession, the assets included in the public and private domain of the State revert automatically, at no cost, to the conceding entity. As the postal network belongs exclusively to CTT, not being a public domain asset, only the assets that belong to the State revert to it, and as such, at the end of the concession CTT will continue to own its assets. The Board of Directors, supported by CTT's accounting records and the statement of Directorate General of Treasury and Finance ("Direção Geral do Tesouro e Finanças"), the entity responsible for the Information System of Public Buildings ("Sistema de Informação de Imóveis do Estado" – SIIE) concludes that CTT's assets do not include any public or private domain assets of the Portuguese State.

As under the concession contract, the grantor does not control any significant residual interest in CTT's postal network and CTT being free to dispose of, replace or encumber the assets that integrate the postal network, IFRIC 12 - Service Concession Agreements is not applicable to the universal postal service concession contract.

During the year ended 31 December 2022, the most significant movements in Tangible Fixed Assets were the following:

<u>Buildings and other constructions:</u>

The movements associated to acquisitions and transfers mostly relate to the capitalization of repairs in own and third parties' buildings of CTT and CTT Expresso.

Basic equipment:

The amount related to acquisitions mainly concerns: i) the acquisition of motorcycles in the amount of 196 thousand Euros ii) the acquisition of mobile phones in the amount of 370 thousand Euros by CTT iii) the upgrade of mail handling machines in the amount of 79 thousand Euros iv) acquisition of several postal equipment in the amount 260 thousand Euros by CTT Expresso v) acquisition of motorcycles and goods vehicles in the amount 844 thousand Euros by CORRE and, vi) acquisition of lockers in the amount of 1,237 thousand Euros by Open Lockers.

The amount relating to transfers mainly concerns the entry into operation of the CTT Expresso “sorters” in the amount of 8,354 thousand euros, as well as the machine for handling orders subject to customs clearance (“Tax Machine”) at CTT, in the amount of 688 thousand euros.

Office equipment:

The amount relating to acquisitions mainly concerns the acquisition of several microcomputer equipment in the amount of 1,165 thousand Euros, the acquisition of servers in the amount 574 thousand Euros and the acquisition of furniture in the amount 102 thousand Euros, at CTT, as well as the acquisition of several microcomputer equipment in the amount 158 thousand Euros and the acquisition of furniture in the amount of 56 thousand Euros at CTT Expresso.

Other tangible fixed assets:

The acquisitions caption essentially includes prevention and safety equipment in the amount of approximately 635 thousand Euros and the acquisition of air conditioning equipment for an approximate amount of 163 thousand Euros at CTT.

Tangible fixed assets in progress and advance payments to suppliers:

Under the caption of acquisitions of tangible fixed assets in progress and advances on account of investments, essentially, works in progress at CTT in the amount of 2,567 thousand euros and the sorters acquisition by CTT Expresso (Spain) in the amount of 1,215 thousand.

Rights of Use

The **Group** and **Company** recognized rights of use, detailed by type of asset, as follows:

Group	2021			
	Buildings	Vehicles	Other assets	Total
Tangible fixed assets				
Opening balance	198,020,167	31,683,313	1,475,027	231,178,507
New contracts	25,753,442	2,720,633	136,114	28,610,189
Transfers and write-offs	(5,941,969)	(586,090)	—	(6,528,059)
Remeasurements	1,779,709	—	—	1,779,709
Regularizations	(557,788)	(876)	—	(558,663)
Changes in the consolidation perimeter	2,096,605	93,330	—	2,189,935
Closing balance	221,150,166	33,910,310	1,611,141	256,671,618
Accumulated depreciation				
Opening balance	117,290,196	10,510,125	813,574	128,613,895
Depreciation for the period	19,348,499	6,835,484	213,973	26,397,955
Transfers and write-offs	(2,614,116)	(382,331)	—	(2,996,447)
Changes in the consolidation perimeter	1,117,563	51,971	—	1,169,535
Closing balance	135,142,142	17,015,249	1,027,547	153,184,938
Net Tangible fixed assets	**86,008,024**	**16,895,061**	**583,595**	**103,486,680**

Group	2022			
	Buildings	Vehicles	Other assets	Total
Tangible fixed assets				
Opening balance	221,150,166	33,910,310	1,611,141	256,671,618
New contracts	24,666,056	3,892,932	3,604,418	32,163,406
Transfers and write-offs	(55,627,031)	901,179	(481,795)	(55,207,647)
Remeasurements	23,900,634	80,749	—	23,981,383
Regularizations	(6,272)	2,080	—	(4,192)
Closing balance	214,083,554	38,787,250	4,733,764	257,604,568
Accumulated depreciation				
Opening balance	135,142,142	17,015,249	1,027,547	153,184,938
Depreciation for the period	21,125,315	7,383,869	880,331	29,389,515
Transfers and write-offs	(42,812,311)	(273,521)	(91,208)	(43,177,040)
Regularizations	268,566	79,207	—	347,773
Closing balance	113,723,712	24,204,805	1,816,670	139,745,187
Accumulated impairment				
Opening balance	—	—	—	—
Increases	3,417,162	—	—	3,417,162
Closing balance	**3,417,162**	**—**	**—**	**3,417,162**
Net Tangible fixed assets	**96,942,681**	**14,582,445**	**2,917,094**	**114,442,220**

The depreciation recorded, in the **Group,** in the amount of 29,389,515 Euros (26,397,955 Euros on 31 December 2021), is booked under the heading Depreciation/amortization and impairment of investments, net.

As at 31 December 2021, the amounts related to changes in the consolidation perimeter refer to the incorporation of New Spring Services and HCCM - Outsourcing Investment.

As at 31 December 2022, the caption “Transfers and write-offs” essentially books the adjustment of the right of use associated with the lease agreement of the former CTT headquarters building - Edifício Báltico, following the remeasurement of the underlying liability, carried out within the scope of the decision to change headquarters premises. During 2022, an amendment to the lease in force was identified which, embodied in a negotiation process in the pre-completion phase, which, because i) is not a separate lease; and ii) reducing the lease term, resulting in the adjustment of the right of use corresponding to a gross amount of 52,413 thousand euros and accumulated amortizations in the amount of 40,990 thousand euros, which together with the adjustment of the corresponding lease liability in the amount of 14,847 thousand euros, originated a gain of 3,424 thousand euros recognized under the caption “Gains/losses on sale/remeasurement of assets”. Additionally, on 31 December 2022, a new amendment to the aforementioned lease agreement was recorded due to a breach of agreed pre-contractual conditions which, once again, because i) it was not a separate lease; and ii) increasing the lease term, implied the remeasurement and recognition of the liability for the remaining term of the lease contract, in the amount of 14,231 thousand Euros, taking into account the discount rate in force on the date of this new amendment, as well as the corresponding right-of-use asset recognized under “Remeasurements” caption, in the same amount. With reference to 31 December 2022, an impairment loss was recognized for the aforementioned right of use, in the amount of 3,636 thousand Euros, which corresponds to the period in which there is an expectation that the right of use do not generate economic benefits for the Group because the building is vacant. Additionally, an amount of 4,282 thousand Euros was recognized under the caption “New Contracts”, relating to the lease agreement for the new CTT headquarters building – Green Park.

Company	2021			
	Buildings	Vehicles	Other assets	Total
Tangible fixed assets				
Opening balance	153,166,617	28,095,257	1,102,970	182,364,844
New contracts	12,755,684	1,877,763	—	14,633,447
Transfers and write-offs	(3,595,527)	(330,414)	—	(3,925,941)
Remeasurements	973,235	—	—	973,235
Adjustments	(103,073)	—	—	(103,073)
Closing balance	163,196,935	29,642,606	1,102,970	193,942,512
Accumulated depreciation				
Opening balance	98,648,880	9,295,832	500,953	108,445,665
Depreciation for the period	13,849,801	5,953,042	149,285	19,952,128
Transfers and write-offs	(1,038,989)	(139,989)	—	(1,178,979)
Closing balance	111,459,692	15,108,885	650,238	127,218,814
Net Tangible fixed assets	**51,737,243**	**14,533,722**	**452,732**	**66,723,697**

Company	2022			
	Buildings	Vehicles	Other assets	Total
Tangible fixed assets				
Opening balance	163,196,935	29,642,606	1,102,970	193,942,512
New contracts	4,649,910	3,246,160	328,746	8,224,815
Transfers and write-offs	(52,576,774)	1,283,538	—	(51,293,236)
Remeasurements	21,473,018	—	—	21,473,018
Closing balance	136,743,089	34,172,304	1,431,716	172,347,109
Accumulated depreciation				
Opening balance	111,459,692	15,108,885	650,238	127,218,814
Depreciation for the period	13,772,344	6,436,814	224,083	20,433,241
Transfers and write-offs	(41,100,888)	—	—	(41,100,888)
Regularizations	268,566	79,155	—	347,722
Closing balance	84,399,714	21,624,854	874,320	106,898,889
Accumulated impairment				
Opening balance	—	—	—	—
Increases	**3,417,162**	**—**	**—**	**3,417,162**
Closing balance	3,417,162	—	—	3,417,162
Net Tangible fixed assets	**48,926,213**	**12,547,450**	**557,395**	**62,031,058**

The depreciation recorded, in the **Company**, in the amount of 20,433,241 Euros (19,952,128 Euros on 31 December 2021), is booked under the caption “Depreciation/amortization and impairment of investments, net”.

The information on the liabilities associated with these leases as well as the interest expenses can be found disclosed on Debt (Note 31) and Interest expenses and income (Note 51), respectively.

In 2022, no interest on loans was capitalized, in the **Group** and in the **Company**, as no loans were directly identified attributable to the acquisition or construction of an asset that requires a substantial period of time (greater than one year) to reach its status of use.

The **Group** and the **Company** assessed the existence of impairment indicators of tangible and intangible assets allocated to each segment as of 31 December 2022.

The tangible and intangible assets impairment allocated to the cash-generating unit Mailtec, Transporta, Tourline and 321 Crédito was assessed together with the impairment tests on Goodwill and investments (Note 9).

Regarding the tangible and intangible assets associated with the mail business developed by CTT and the business developed by Banco CTT, the **Group** assessed the existence of signs of impairment, comparing the amount of non-current assets allocated to the respective businesses with the respective operating results, not indications of impairment were identified in the aforementioned segments.

The **Group** did not also identify any impairment indicators in tangible and intangible assets of the Express & Parcels business in CTT Expresso, whose ratio compared to the related operating profit improved in the current year.

According to the impairment tests performed and analysis of impairment signs, with the exception of the amount relating to the right to use the Baltic building mentioned above, no other events or circumstances were identified that indicate that the amount for which the **Group**'s and the **Company**'s tangible fixed assets are recorded may not be recovered.

Other informations

The real estate assets of CTT are comprised of two portfolios with different characteristics:

1. Yield Portfolio:

As disclosed in a notice to the market on 19 June 2022, CTT is in exclusive negotiations, with a third party, for the management of this portfolio, which essentially comprises (1) the properties associated with the retail network of CTT and (2) warehouses and logistics and distribution centers of CTT's operational network in Portugal. As a result of this negotiation, on 31 October 2022, the company CTT IMO Yield, S.A. was created, with the purpose of holding and managing this income portfolio (note 8).

The management of this Yield Portfolio aims at the exploitation, internally and with third parties, of properties that are part of CTT's current and future network and which currently do not have relevant real estate development opportunities.

2. Development Portfolio

Regarding to the Development Portfolio, this comprises, among others, properties that may become, in the near future, non-essential for CTT's logistics networks and which have a potential for real estate development and promotion in specific projects.

There are no tangible fixed assets with restricted ownership or any carrying value relative to any tangible fixed assets which have been given as a guarantee of liabilities.

The **Group** and the **Company** contractual commitments, related to Tangible fixed assets at 31 December 2022, amount to 1,184,621 Euros and 873,056 Euros, respectively.

6. Intangible assets

During the years ended 31 December 2021 and 31 December 2022, the movements which occurred in the main categories of the **Group** Intangible assets, as well as the respective accumulated amortization, were as follows:

Group	2021					
	Development projects	Computer Software	Industrial property	Other intangible assets	Intangible assets in progress	Total
Intangible assets						
Opening balance	4,380,552	133,716,151	17,275,736	444,739	9,208,639	165,025,816
Acquisitions	—	2,269,684	1,129,377	—	15,279,692	18,678,753
Disposals	—	(255,750)	—	—	—	(255,750)
Transfers and write-offs	—	12,620,694	(102,919)	—	(12,621,044)	(103,269)
Adjustments	—	—	85,168	—	—	85,168
Changes in the consolidation perimeter	—	—	432,868	1,053,154	—	1,486,022
Closing balance	4,380,552	148,350,779	18,820,229	1,497,893	11,867,286	184,916,739
Accumulated amortization						
Opening balance	4,378,267	90,676,717	11,509,131	444,739	—	107,008,855
Amortization for the period	1,272	11,694,901	1,366,535	—	—	13,062,708
Transfers and write-offs	—	(59)	(102,919)	—	—	(102,978)
Adjustments	—	—	45,958	—	—	45,958
Changes in the consolidation perimeter	—	—	281,178	1,053,154	—	1,334,332
Closing balance	4,379,539	102,371,559	13,099,884	1,497,893	—	121,348,875
Accumulated impairment						
Opening balance	—	—	—	—	—	—
Impairment losses for the period	—	—	—	—	60,617	60,617
Closing balance	—	—	—	—	60,617	60,617
Net intangible assets	**1,013**	**45,979,220**	**5,720,345**	**—**	**11,806,669**	**63,507,247**

Group	2022					
	Development projects	Computer Software	Industrial property	Other intangible assets	Intangible assets in progress	Total
Intangible assets						
Opening balance	4,380,552	148,350,779	18,820,229	1,497,893	11,867,286	184,916,739
Acquisitions	—	2,324,541	861,415	—	17,112,475	20,298,431
Transfers and write-offs	—	18,791,615	(114,634)	(1,053,154)	(19,594,954)	(1,971,127)
Adjustments	—	—	24,387	—	50,177	1,938,894
Other movements - PPA New Spring Services	—	—	—	1,864,330	—	1,864,330
Closing balance	4,380,552	169,466,935	19,591,397	2,309,070	9,434,984	207,047,267
Accumulated amortization						
Opening balance	4,379,539	102,371,559	13,099,884	1,497,893	—	121,348,875
Amortization for the period	1,013	14,211,222	1,572,482	481,118	—	16,265,834
Transfers and write-offs	—	(686,343)	(114,564)	(1,053,154)	—	(1,854,061)
Adjustments	—	—	13,682	—	—	13,682
Closing balance	4,380,552	115,896,437	14,571,483	925,857	—	135,774,330
Accumulated impairment						
Opening balance	—	—	—	—	60,617	60,617
Impairment losses for the period	—	—	—	—	(60,617)	(60,617)
Closing balance	—	—	—	—	—	—
Net intangible assets	**—**	**53,570,497**	**5,019,914**	**1,383,213**	**9,434,984**	**69,408,609**

The amortization in the **Group** for the year ended 31 December 2022, amounting to 16,265,834 Euros (13,062,708 Euros as at 31 December 2021) was recorded under Depreciation / amortization and impairment of investments, net (Note 47).

In the **Group**, in the period ended 31 December 2021, the caption “Changes in the consolidation perimeter” refers to the balances of the companies HCCM - Outsourcing Investment, S.A. and NewSpring Services, S.A. . on the date of its acquisition (note 8).

In the period ended 31 December 2022, the caption “Other movements - PPA NewSpring Services” refers to the customer contracts portfolio acquired as part of the NewSpring Services’ shares acquisition transaction, and determined within the PPA scope (note 8).

During the years ended 31 December 2021 and 31 December 2022, the movements which occurred in the main categories of the **Company** Intangible assets, as well as the respective accumulated amortization, were as follows:

Company	2021				
	Development projects	Computer Software	Industrial property	Intangible assets in progress	Total
Intangible assets					
Opening balance	3,717,326	74,827,542	8,662,441	4,144,364	91,351,674
Acquisitions	—	410,800	1,119,430	9,123,539	10,653,769
Transfers and write-offs	—	5,001,762	—	(5,001,762)	—
Closing balance	3,717,326	80,240,104	9,781,872	8,266,141	102,005,443
Accumulated amortization					
Opening balance	3,717,326	60,382,318	4,981,811	—	69,081,455
Amortization for the period	—	3,508,960	1,162,589	—	4,671,549
Closing balance	3,717,326	63,891,279	6,144,400	—	73,753,005
Net intangible assets	**—**	**16,348,825**	**3,637,472**	**8,266,141**	**28,252,438**

Company	2022				
	Development projects	Computer Software	Industrial property	Intangible assets in progress	Total
Intangible assets					
Opening balance	3,717,326	80,240,104	9,781,872	8,266,141	102,005,443
Acquisitions	—	234,823	802,270	10,090,592	11,127,685
Transfers and write-offs	—	11,981,563	—	(11,981,563)	—
Closing balance	3,717,326	92,456,490	10,584,142	6,375,169	113,133,128
Accumulated amortization					
Opening balance	3,717,326	63,891,279	6,144,400	—	73,753,005
Amortization for the period	—	4,881,679	1,259,615	—	6,141,294
Closing balance	3,717,326	68,772,958	7,404,015	—	79,894,299
Net intangible assets	**—**	**23,683,533**	**3,180,127**	**6,375,169**	**33,238,829**

The amortization in the **Company,** for the year ended 31 December 2022, amounting to 6,141,294 Euros (4,671,549 Euros as at 31 December 2021) was recorded under Depreciation / amortization and impairment of investments, net (Note 47).

The caption Industrial property in the **Group** includes the license of the trademark "Payshop International" of CTT Contacto, S.A., in the amount of 1,200,000 Euros. This license has an indefinite useful life, therefore it is not amortized, being subject to impairment tests on a minimum annual basis or when there are indications of impairment. See the main assumptions of the impairment test in note 9.

The transfers occurred in the year ended 31 December 2022 from Intangible assets in progress to Computer software refer to IT projects, which were completed during the year.

The amounts of 1,186,512 Euros and 2,270,912 Euros were capitalized in computer software or in Intangible assets in progress as at 31 December 2021 and 31 December 2022, respectively, related to **Company** staff costs incurred in the development of these projects.

During the year ended 31 December 2022, the most significant movements of the **Group** companies in Intangible assets were the following:

Computer software:

The acquisitions item essentially includes acquisitions by CTT Expresso of the "Minerva / web clients" software in the amount of 342 thousand euros, the CRM software in the amount of 120 thousand euros, the software "Nova Arquitetura" in the amount of 354 thousand Euros and the software "Portal de Fornecedores" (suppliers portal) in the amount of 185 thousand Euros, as well as the software "Accipiens" in the amount of 324 thousand Euros at 321 Crédito.

The amount of transfers essentially concerns the entry into operation of the CRM software (1,002 thousand euros), SAP Hana & Hybris (432 thousand euros), Collections Centralized Settlement (657 thousand euros), Deminimis (2,091 thousand euros) and Customer Area (1,788 thousand euros) thousands of euros).

Industrial property:

The acquisitions item essentially includes the acquisitions, by CTT, of "Storage and Backup" licenses worth 80 thousand Euros, CRM Oracle licenses worth 419 thousand Euros and "Desk Management" licenses worth 184 thousand Euros .

As at 31 December 2022 the **Group** and the **Company** Intangible assets in progress, relate to IT projects which are under development, of which the most relevant are:

	Group	Company
SAP RISE	699,742	699,742
ERP - SAP Success Factors	692,340	692,340
Super App CTT	587,650	587,650
Client Area B2B - Software	563,679	563,679
Lockers Tuga - Software	518,979	—
Client Area B2C - Software	474,944	474,944
New Ecosystem Operations - Software	464,265	—
OnBoarding Digital - software	415,749	415,749
Provider Portal - Software	385,600	—
New Mobile App for Field Force	276,451	276,451
Demiminis - Software	272,180	272,180
	5,351,577	**3,982,734**

The **Group** and the **Company** have not identified any relevant uncertainties regarding the conclusion of ongoing projects, nor about their recoverability. Even so, the recoverability of the values of intangible assets in progress was tested in the scope of impairment tests of the assets of the Cash Generating Unit to which they belong, with particularly emphasis on the assets related to the **Group's** businesses (Note 9).

As mentioned in note 5, according to the impairment tests performed and impairment indicators analysis, no events or circumstances were identified that indicate that the carrying amount of **Group**'s and **Company**'s intangible assets may not recovered.

Most of the projects are expected to be completed in 2023.

Regarding the economic period of 2022, the **Group** and the **Company** are still identifying and quantifying the expenses incurred, as disclosed in Note 52.

There are no Intangible assets with restricted ownership or any carrying value relative to any Intangible assets which have been given as a guarantee of liabilities.

In 2022, no interest on loans was capitalized, in the **Group** and in the **Company**, as no loans were directly identified attributable to the acquisition or construction of an asset that requires a substantial period of time (greater than one year) to reach its status of use.

Contractual commitments relative to the **Group** and the **Company,** at 31 December 2022, amount to 3,728,153 Euros and 484,401 Euros, respectively.

7. Investment properties

As at 31 December 2021 and 31 December 2022, the **Group** and the **Company** have the following assets classified as investment properties:

Group and Company	2021		
	Land and natural resources	Buildings and other constructions	Total
Investment properties			
Opening balance	3,192,033	13,282,551	16,474,584
Disposals	(26,832)	(126,599)	(153,431)
Transfers and write-offs	(275,780)	(1,925,784)	(2,201,564)
Closing balance	**2,889,422**	**11,230,168**	**14,119,589**
Accumulated depreciation			
Opening balance	202,509	8,745,858	8,948,368
Depreciation for the period	—	216,293	216,293
Disposals	(1,752)	(96,754)	(98,505)
Transfers and write-offs	(42,108)	(1,624,817)	(1,666,925)
Closing balance	**158,649**	**7,240,580**	**7,399,229**
Accumulated impairment			
Opening balance	—	450,308	450,308
Impairment for the period	—	(57,372)	(57,372)
Closing balance	—	392,936	392,936
Net Investment properties	**2,730,773**	**3,596,652**	**6,327,424**

Group and Company	2022		
	Land and natural resources	Buildings and other constructions	Total
Investment properties			
Opening balance	2,889,422	11,230,168	14,119,589
Disposals	(27,175)	(177,275)	(204,450)
Closing balance	**2,862,247**	**11,052,892**	**13,915,139**
Accumulated depreciation			
Opening balance	158,649	7,240,580	7,399,229
Depreciation for the period	—	210,263	210,263
Disposals	(3,081)	(128,433)	(131,513)
Closing balance	**155,569**	**7,322,410**	**7,477,979**
Accumulated impairment			
Opening balance	—	392,936	392,936
Impairment for the period	—	(139,754)	(139,754)
Closing balance	—	253,181	253,181
Net Investment properties	**2,706,679**	**3,477,300**	**6,183,979**

These assets are not allocated to the **Group** and the **Company** operating activities, being in the market available for lease.

The market value of these assets, which are classified as investment property, in accordance with the valuations obtained at the end of the fiscal year 2021 which were conducted by independent entities, amounts to 10,200,003 Euros (10,345,517 Euros as at 31 December 2021).

On 31 December 2021, the caption Transfers and Write-offs includes the amount of 2,201,564 Euros related to the transfer from Investment Properties, as well as the corresponding accumulated depreciations of 1,666,925 Euros of a group of properties that were again assigned to the operational activity of the **Group**.

Depreciation for the year ended on 31 December 2022, of 210,263 Euros (216,293 Euros on 31 December 2021) was recorded in the caption Depreciation/amortization and impairment of investments, net (Note 47).

As at 31 December 2022, the rents amount charged by the **Group** and **Company** for properties and equipment leases classified as investment properties was 38,135 Euros (2021: 32,367 Euros).

For the period ended 31 December 2021, impairment losses, amounting to (57,372) Euros, were recorded in the caption “Depreciation/amortization and impairment of investments, net” and are explained by the properties transferred to tangible fixed assets.

For the period ended 31 December 2022, impairment losses, amounting to (139,754) Euros, were booked in the caption “Depreciation/amortization and impairment of investments, net” and are explained by the valuations reported at the financial year-end whose amount for some properties was higher than the net value of impairment previously recorded.

8. Companies included in the consolidation

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Subsidiary companies

As at 31 December 2021 and 31 December 2022, the parent company, CTT - Correios de Portugal, S.A. and the following subsidiaries were included in the consolidation:

Company name	Place of business	Head office	2021			2022		
			Percentage of ownership			Percentage of ownership		
			Direct	Indirect	Total	Direct	Indirect	Total
Parent company:								
CTT - Correios de Portugal, S.A.	Portugal	Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon	—	—	—	—	—	—
Subsidiaries:								
CTT Expresso - Serviços Postais e Logística, S.A. ("CTT Expresso")	Portugal	Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon	100	—	100	100	—	100
Payshop Portugal, S.A. ("Payshop")	Portugal	Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon	—	100	100	—	100	100
CTT Contacto, S.A. ("CTT Con")	Portugal	Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon	100	—	100	100	—	100
CTT Soluções Empresariais, S.A. ("CTT Sol")	Portugal	Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon	100	—	100	100	—	100
Correio Expresso de Moçambique, S.A. ("CORRE")	Mozambique	Av. 24 de Julho, 24, nr 1097, 3.º Floor, Bairro da Polana Maputo - Mozambique	50	—	50	50	—	50
Banco CTT, S.A. ("BancoCTT")	Portugal	Building Atrium Saldanha 1 Floor 3 1050 -094 Lisbon	100	—	100	100	—	100
Fundo Inovação TechTree ("TechTree")	Portugal	Av Conselheiro Fernando de Sousa, 19 13º Esq 1070-072 Lisbon	60	40	100	60	40	100
321 Crédito - Instituição Financeira de Crédito, S.A. ("321 Crédito")	Portugal	Av. Duque d'Ávila, 46, 7º B 1050-083 Lisbon	—	100	100	—	100	100
HCCM - Outsourcing Investiment, S.A. ("HCCM")	Portugal	Av. D. João II Nr 13 1999-001 Lisbon	—	100	100	—	—	—
NewSpring Services, S.A. ("NSS")	Portugal	Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon	—	100	100	—	100	100
CTT IMO - Sociedade Imobiliária, S.A. ("CTTI")	Portugal	Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon	100	—	100	100	—	100
Open Lockers, S.A. ("Lock")	Portugal	Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon	26	41	66	—	66	66
Med Spring, S.A. ("Med")	Portugal	Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon	—	—	—	—	100	100
CTT Services, S.A. ("Serv")	Portugal	Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon	—	—	—	—	100	100
CTT Imo Yield, S.A. ("IMOY")	Portugal	Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon	—	—	—	100	—	100

In relation to the company CORRE, as the **Group** has the right to variable returns arising from its involvement and the ability to affect those returns, it is included in the consolidation.

On 25 January 2021, CTT - Correios de Portugal, S.A. subscribed a share capital increase in the subsidiary Banco CTT, S.A., with a cash contribution in the amount of 10,000,000 Euros and with the issue of 10,000,000 new shares with no par value, ordinary, nominative and with an issue value of 1 Euro each. Banco CTT, S.A.'s share capital amounting to 286,400,000 Euros increased to 296,400,000 Euros.

On 30 August 2021, the total share capital of NewSpring Services, S.A. (“NewSpring Services”) and its holding HCCM - Outsourcing Investment, S.A. (“HCCM – Outsourcing Investment”), companies operating in the Business Process Outsourcing (BPO) and Contact Center market were acquired for an amount of 10,701,086 Euros, which amount was fully satisfied by financial settlement on that date. See impact of acquisition on changes in consolidation perimeter below.

On 22 December 2021, the entity CTT IMO - Sociedade Imobiliária, S.A., was established with the purpose of the purchase, exchange, sale and lease of real estate, and resale of the acquired assets for this purpose.

On 30 December 2021, the company Open Lockers, S.A was established. This company resulted from a partnership agreement between CTT and YunExpress, the logistics business unit of the Chinese company Zongteng Group, which resulted in the creation of this partnership that aims to manage the business of a locker network for parcel pick-up in Portugal and Spain. CTT holds a 66% majority participation in the new company and YunExpress holds a 34% participation.

On 26 January 2022, CTT IMO was subject to a capital increase in the form of supplementary capital in the amount of 7,150,000 Euros.

On 9 March 2022, the entity MedSpring, S.A., owned by NewSpring Services, was established, whose corporate purpose is insurance mediation in the category of insurance agent.

As of 31 March 2022, CTT - Correios de Portugal, S.A. and CTT - Soluções Empresariais - S.A. proceeded with the sale of their investments in Open Lockers, S.A., of 25.5% and 15%, respectively, to CTT Expresso - Serviços Postais e Logística, S.A., which now concentrates the CTT Group's investments in the entity. Therefore, this operation did not result in a change in the equity interests held by the **Group**.

On 20 April 2022, CTT Expresso subscribed for a share capital increase in the subsidiary Open Lockers, through a contribution in kind, in the amount of 492,232 Euros. The capital increase was subscribed in proportion to the shareholding held by each of the shareholders, CTT Expresso and Yun Express, and with the issuance of 750,000 new shares with no par value, ordinary, nominative and with an issue value of 1 euro each .

On 27 June 2022, the company HCCM - Outsourcing Investiment, S.A. was subject to a merger by incorporation into the company CTT Soluções Empresariais, S.A., through the global transfer of the assets of the merged company to the acquiring company, and subsequent dissolution of the merged company. The present merger operation is part of the simplification process of the CTT Group’s corporate structure. The merger took effect on 1 January 2022.

On 30 June 2022, Open Lockers was subject to a capital increase in the form of supplementary capital in the amount of 396,000 Euros.

As part of a corporate reorganisation in the **Group**, on 8 July 2022 the Board of Directors of Banco CTT approved the sale of its subsidiary Payshop Portugal, and its terms, to CTT - Correios de Portugal, S.A., with its implementation is still dependent on the contract signature with the buyer and the non-opposition of the regulator, which is expected to occur within 1 year. Therefore, as at 31 December 2022, at the level of the individual and consolidated accounts of Banco CTT, Payshop's assets and liabilities are classified as discontinued assets and liabilities. This reclassification does not, however, have an impact on the consolidated accounts of the CTT **Group**.

On 29 July 2022, Open Lockers was subject to a capital increase in the form of supplementary capital in the amount of 792,000 Euros.

On 31 October 2022, CTT - Correios de Portugal, S.A. established the subsidiary CTT IMO Yield, S.A. The business purpose of this company is the leasing and management of real estate, as well as the purchase and sale of real estate. As disclosed in note 5, this company was incorporated with the purpose of owning and managing CTT's real estate yield portfolio and will essentially comprise (1) properties associated with CTT's retail network and (2) warehouses and logistics centres and delivery offices of CTT's operational network in Portugal.

On 30 November 2022, the company CTT Services, S.A., owned by CTT Soluções Empresariais, was established, whose corporate purpose is to provide backoffice technical services, advice, support and logistical support for technological activities and document processing and production, the provision of services and "Know-how" to companies in the area of new technologies, as well as the provision of services in the area of technical and commercial support, software development, information technology projects and consultancy for carrying out studies and IT advisory .

<u>Joint ventures</u>
As at 31 December 2021 and 31 December 2022, the **Group** held the following interests in joint ventures, registered through the equity method:

Company name	Place of business	Head office	2021			2022		
			Percentage of ownership			Percentage of ownership		
			Direct	Indirect	Total	Direct	Indirect	Total
NewPost, ACE	Portugal	Av. Fontes Pereira de Melo, 40 Lisboa	49	—	49	49	—	49
PTP & F, ACE	Portugal	Estrada Casal do Canas Amadora	51	—	51	51	—	51
Wolfspring, ACE	Portugal	Urbanização do Passil, nº100-A 2890-852 Alcochete	—	50	50	—	50	50
MKTPlace - Comércio Eletrónico, S.A ("MKTP")	Portugal	Rua Eng.º Ferreira Dias 924 Esc. 5 Porto	50	—	50	—	—	—

As of 31 December 2021, the entity Wolfspring ACE is part of the jointly controlled entities whose interests are held by the Group. The participation in this entity is held by New Spring Services (entity that integrated the consolidation perimeter in the said period) and results from a partnership with Reisswolf – Tratamento confidencial e reciclagem de dados e serviços, S.A. for the provision of services in the area of custody and file management.

The entity Mktplace - Comércio Eletrónico, S.A., a partnership with Sonae - SGPS, S.A., corresponds to an e-commerce platform that provides integrated services for the intermediation of commercial relations between sellers and consumers. Each shareholder, CTT and Sonae, as at 31 December 2021, owned 50% of the share capital of the referred entity.

On 13 January 2022, the investment in Mktplace - Comércio Eletrónico, S.A. was sold to Worten - Equipamentos para o Lar, S.A.. The sale of the investment in Dott, created as an e-commerce benefit with the purpose of promoting the digitization of companies and entry into e-commerce, arise in the context of strengthening the partnership between CTT and Worten in the area of e-commerce. As two logistics companies working to deepen their partnership at the Iberian level, in areas such as instant delivery, several distribution flows for e-commerce and business orders, including fulfilment for sellers on the Worten marketplace, in order to maximize the each businesses.

Associated companies

As at 31 December 2021 and 31 December 2022, the **Group** held the following interests in associated companies accounted for by the equity method:

Company name	Place of business	Head office	2021			2022		
			Percentage of ownership			Percentage of ownership		
			Direct	Indirect	Total	Direct	Indirect	Total
Mafelosa, SL [a]	Espanha	Castellon - Espanha	—	25	25	—	25	25
Urpacksur, SL [a]	Espanha	Málaga - Espanha	—	30	30	—	30	30

[a] Company held by CTT Expresso - Serviços Postais e Logística, S.A., branch in Spain (until 2018 was held by Tourline Mensajeria, SLU), which currently has no activity.

Structured entities

Additionally, considering the requirements of IFRS 10, the **Group's** consolidation perimeter includes the following structured entities:

Name	Constitution Year	Place of issue	Consolidation Method
Ulisses Finance No.1 (*)	2017	Portugal	Full
Ulisses Finance No.2 (*)	2021	Portugal	Full
Ulisses Finance No.3 (*)	2022	Portugal	Full
Chaves Funding No.8 (*)	2019	Portugal	Full
Next Funding No.1 (*)	2021	Portugal	Full

(*) Entities incorporated within the scope of securitization operations, recorded in the consolidated financial statements in accordance with the Group's continued involvement, determined based on the holding of residual interests (equity piece or excess spread) of the respective vehicles and to the extent that the Group holds substantially the risks and rewards associated with the underlying assets and has the ability to affect these same risks and rewards.

In the consolidated financial statements at 31 December 2021, the structured entity Next Funding No.1 was included for the first time. This entity resulted from a partnership between Banco CTT and Sonae Financial Services for the financing of the Universo card and the related management of credit risk exposure. The underlying assets of the Next Funding No.1 operation were consolidated and recognized in Banco CTT's consolidated accounts, considering that Banco CTT is i) responsible for all relevant activities inherent to the management of the underlying assets, ii) has exposure to variable income and iii) has the ability to affect its variable returns through the power to manage the relevant activities.

Also in 2021, the CTT Bank Group issued a new securitization operation (Ulisses Finance No. 2) related to the auto loan portfolio originated by 321 Crédito in the amount of 250 million Euros. Considering IFRS10, this operation became part of the **Group**'s consolidation perimeter.

On 1 June 2022, the **Group** issued a new securitization operation named Ulisses Finance nº 3, through its subsidiary 321 Crédito. This operation aimed to finance the growth of Banco CTT's activity, optimizing its capital and diversifying its sources of liquidity, through the securitization of 200 million euros of car loans. Considering the provisions of IFRS10, this operation became part of the **Group**'s consolidation perimeter.

The main impacts of the consolidation of these structured entities on the **Group'**s accounts are the following:

	31.12.2021	31.12.2022
Cash and cash equivalents	20,092,235	22,640,074
Financial assets at fair value through profit and loss (Derivatives) - (Note 15)	2,261,947	26,219,905
Financial assets at amortized cost - Credit to banking clients - Credit Cards (Note 20)	298,716,076	353,815,583
Financial assets at amortized cost (Credit to banking clients - Other receivables)	(35,386,724)	(40,672,436)
Financial assets at amortized cost (Debt securities)	(259,669,025)	(319,776,400)

Changes in the consolidation perimeter

During the period ended 31 December 2021, the structured entities Next Funding No.1 and Ulisses Finance No.2 were included in the consolidation perimeter.

During the period ended 31 December 2021, the consolidation perimeter changed following the acquisition of NewSpring Services and its holding HCCM - Outsourcing Investment. On 16 June 2021, CTT through its subsidiary CTT Soluções Empresariais, S.A. entered into a purchase agreement for the acquisition of the total share capital of these companies, operating in the Business Process Outsourcing (BPO) and Contact Center market.

The acquisition was carried out on 30 August 2021 (transaction closing date), for an initial fixed price of 7,000,000 Euros, subject to adjustments, based on the accounts prepared at the transaction close, related to the net financial debt and working capital of the acquired companies, with the acquisition price of 10,701,086 Euros. Additionally, earnouts were agreed depending on the company's activity over the 2 years following the closing date, based on the achievement of pre-defined objectives for NewSpring Services, including EBITDA targets.

The **Group**, in 2021, incurred in expenses related to the acquisition of NewSpring Services of 190.716 Euros related to the transaction, namely financial advice and legal costs. These expenses were recorded in the External Supplies and Services item.

Recognition and measurement of identifiable assets acquired and liabilities assumed according with IFRS:

The Goodwill recognition on the acquisition date of HCCM - Outsourcing Investment and NewSpring Services is as follows:

	Amount
Assets acquired (HCCM)	5,887,230
Liabilities acquired (HCCM)	50,992
Net assets acquired (HCCM)	**5,836,238**
Assets acquired (NSS)	9,875,561
Assets acquired (NSS)	6,995,252
Net assets acquired (NSS)	**2,880,309**
Net assets acquired (NSS) - CTT-SE Participation (*)	**139,292**
Fair Value Adjustments:	
Intangible Assets	1,864,330
Deferred Taxes Liabilities	(522,013)
Fair Value of the acquired assets (HCCM e NSS)	**7,317,847**
Contingent components	**4,500,000**
Acquisition Price	10,701,086
Goodwill	**7,883,238**

(*) Acquistion by CTT-SE of 4,84% of the share capital of NSS, with the remaining 95.16% belonging to HCCM.

The contingent components are related to the earnouts described above, and their fair value was determined based on the best estimate at the operation closing date, subject to revaluation at each reporting date. As at 31 December 2022, the contingent components, in the amount of 4,500,000 Euros, have been materialized, and no differences from the initial estimate was found.

The goodwill is mainly attributable to the NewSpring Services' human capital skills and the synergies expected to be obtained from the company's integration into the **Group**'s existing businesses. It should be noted that the calculated Goodwill, was fully allocated to the NewSpring Services Cash Generating Unit, since HCCM – Outsourcing investment had as its sole activity the shareholding management in this entity. In 2022, HCCM - Outsourcing Investment, S.A. was the subject of a merger by incorporation into the company CTT Soluções Empresariais, S.A..

The fair value measurement methods applied by the **Group** are detailed as follows:

- Intangible Assets: The intangible assets are related to the portfolio of customer contracts acquired as part of the NewSpring Services share acquisition transaction. These contracts were measured at fair value on the acquisition date in accordance with the requirements of IFRS 3 and IFRS 13. The fair value was estimated as the discounted value of expected future cash-flows of the acquired contracts, considering the term and their time value.

- Deferred tax liabilities: The estimated value for PPA purposes is related to the amount of deferred taxes resulting from differences between the fair value and the net book value of intangible assets related to customer contracts.

The assets acquired from HCCM – Outsourcing investment and NewSpring Services, as at 30 August 2021, was detailed as follows:

HCCM	Initial recognition
Non current assets	
Tangible fixed assets	54,118
Goodwill	2,171,673
Intangible assets	70
Investments in subsidiaries	2,736,914
Other investments	4,121
Non current assets	**4,966,896**
Current assets	
Income yax receivables	7,498
Other current assets	1,091
Prepayments	3,798
Cash and cash equivalents	907,947
Current assets	**920,334**
Assets acquired (HCCM)	**5,887,230**

NSS	Initial recognition
Non current assets	
Tangible fixed assets	1,337,688
Intangible assets	151,620
Investments in joint ventures	54,045
Other investments	221,726
Non current assets	**1,765,079**
Current assets	
Account receivables	2,487,856
Other current assets	1,488,112
Prepayments	126,647
Cash and cash equivalents	4,007,867
Current assets	**8,110,482**
Assets acquired (NSS)	**9,875,561**

The detail of accounts receivable from NewSpring Services, as at 30 August 2021, was detailed as follows:

	Initial Recognition
Accounts receivables - National	2,487,856
Doubtful debts	51,648
Accumulated Impairment Losses	(51,648)
Total	**2,487,856**

The net book value of accounts receivable on the acquisition date amounts to 2,487,856 Euros, with no differences in relation to their fair value within the scope of IFRS 3.

On 22 December 2021, the entity CTT IMO - Sociedade Imobiliária, SA was established and on 30 December 2021 the company Open Lockers, S.A was established, which results from a partnership agreement between the **Group** and YunExpress, in which the **Group** holds a 66% majority participation in the new company and YunExpress, a 34% participation.

In the period ended 31 December 2022, the entities MedSpring, S.A., CTT IMO Yield, S.A. e CTT Services, S.A. were established and the structured entity Ulisses Finance no.3 was created, having both integrated the consolidation perimeter. The company HCCM - Outsourcing Investment, S.A. was the subject of a merger by incorporation into the company CTT Soluções Empresariais, S.A., through the global transfer of the assets of the acquired company to the acquiring company, and subsequent extinction of the incorporated company, with reference to 1 January 2022.

9. Goodwill

As at 31 December 2021 and 31 December 2022, the **Group** Goodwill was made up as follows:

Group	Year of acquisition	2021	2022
Mailtec Comunicação, S.A.	2004	6,161,326	6,161,326
Payshop Portugal, S.A.	2004	406,101	406,101
321 Crédito - Instituição Financeira de Crédito, S.A.	2019	60,678,648	60,678,648
Transporta, S.A.	2017	2,955,753	2,955,753
New Spring Services S.A.	2021	11,269,486	10,054,911
		81,471,314	**80,256,739**

During the years ended 31 December 2021 and 31 December 2022, the movements in Goodwill were as follows:

Group	2021	2022
Opening balance	70,201,828	81,471,314
Acquisitions	9,097,814	—
Changes in the consolidation perimeter	2,171,673	—
PPA Movements	—	(1,342,317)
Other Movements	—	127,741
Closing balance	**81,471,314**	**80,256,739**

The acquisitions ocurred in the period ended 31 December 2021 concern the acquisition of the company NewSpring Services, and its holding company HCCM – Outsourcing Investment (entity subsequently merged by incorporation into CTT Soluções Empresariais, S.A., with reference to 1 January 2022), having booked a Goodwill in the inintial amount of 9,097,814 Euros (note 8). Changes in the consolidation perimeter, which occurred in the previous period, refer to the Goodwill recorded in the company HCCM-Outsourcing Investment in previous periods relating to NewSpring Services.

As at 31 December 2022, the caption “PPA Transactions” refers to the amounts determined within the scope of the PPA carried out in the acquisition of NewSpring Services shares (note 8), namely the measurement at fair value on the date of acquisition of the customers portofolio contracts of the entity, in the amount of 1,864,330 Euros. This amount was transferred to the caption Intangible Assets (Note 6), and which deducts the effect of deferred tax liability, in the amount of 522,013 Euros, transferred to the respective caption (Note 52).

As at 31 December 2022, the caption “Other movements” refers to the materialization of a contingent amount related to the purchase of NewSpring Services shares, paid to sellers, as stipulated in the share purchase and sale agreement.

Goodwill impairment assessment

The recoverable amount of Goodwill is assessed annually or whenever there is indication of a possible loss of value. The recoverable amount is determined based on the value in use of the assets, computed using calculation methodologies supported by discounted cash flow techniques, considering the market conditions, the time value and business risks.

During the current year, in order to determine the recoverable amount of its investments, the **Group** performed impairment tests as at 31 December 2021 and 31 December 2022 based on the following assumptions:

Company name	Activity	2021				
		Base for determining the recoverable amount	Explicit period for cash flows	Discount rate (WACC)	Discount rate (Cost of Equity)	Perpetutiy rate growth
Mailtec Comunicação, S.A.	Documental services	Equity Value/DCF	5 years	8.00%	—%	1.4%
Transporta - Transportes Porta a Porta, S.A.	Cargo and Logistics	Equity Value/DCF	5 years	8.20%	—%	1.4%
CTT Expresso, Sucursal em Espanha	Cargo and Logistics	Equity Value/DCF	5 years	8.20%	—%	1.4%
Payshop (Portugal), S.A.	Payment network management	Equity Value/DCF	5 years	7.60 %	—%	1.4%
321 Crédito - Instituição Financeira de Crédito, S.A.	Consumer Credit	Equity Value/DCF	9 years	— %	10.00%	1.5%
New Spring Services, S.A.	Back office technical services	Equity Value/DCF	5 years	8.00 %	—%	1.4%

Company name	Activity	2022				
		Base for determining the recoverable amount	Explicit period for cash flows	Discount rate (WACC)	Discount rate (Cost of Equity)	Perpetutiy rate growth
Mailtec Comunicação, S.A.	Documental services	Equity Value/DCF	5 years	9.50%	—%	2.0%
Transporta - Transportes Porta a Porta, S.A.	Cargo and Logistics	Equity Value/DCF	5 years	9.20%	—%	2.0%
Payshop (Portugal), S.A.	Payment network management	Equity Value/DCF	5 years	8.50%	—%	2.0%
321 Crédito - Instituição Financeira de Crédito, S.A.	Consumer Credit	Equity Value/DCF	9 years	—%	10.00%	1.5%
New Spring Services, S.A.	Back office technical services	Equity Value/DCF	5 years	9.50 %	—%	2.0%

The generalized increase in the discount rate (WACC) in the period ended 31 December 2022 resulted mainly of the increase in the indicative rates for "Risk Free Rate" and "Market Risk Premium", due to the adverse economic situation observed during the year 2022.

The cash flow projections were based on historical performance and on the 5-year business plans, approved by the Board of Directors, with the exception of 321 Crédito, given the recent acquisition of this entity in 2019, in accordance with the business plan cash flow stability will only be achieved over a longer period of time.

In the case of 321 Crédito, the cash flows were estimated based on projections of results and the evolution of activity based on the entity's business plan. This business plan covers a period until 2032, and considers, over this period, a compound annual growth rate of 4.4% of the assets. The assessment was based on the Dividend Discount Model methodology common in the banking sector. The logic of the methodology is that the investor observes two types of flows when evaluating the asset, binomial dividends/capital reinforcement and value of future dividends in perpetuity.

Based on this analysis and the perspectives of future evolution, it was concluded that there are no signs of impairment related to the goodwill allocated to this cash-generating unit.

The assets carrying amount assessed in the impairment tests includes, in addition to goodwill, the amounts of tangible and intangible assets allocated to the related cash-generating units with reference to 31 December 2022.

As a consequence of this impairment analysis, the **Group** concluded that as at 31 December 2022 there were no indications of impairment losses to be recognized.

As at 31 December 2021 and 31 December 2022, the impairment losses registered in the **Group** are as follows:

	2021			
	Year of acquisition	Initial amount of Goodwill	Accumulated impairment losses	Carrying amount
Tourline Express Mensajería, SLU	2005	20,671,985	20,671,985	—
Mailtec Comunicação, S.A.	2004	7,294,638	1,133,312	6,161,326
		27,966,623	**21,805,297**	**6,161,326**

	2022			
	Year of acquisition	Initial amount of Goodwill	Accumulated impairment losses	Carrying amount
Tourline Express Mensajería, SLU	2005	20,671,985	20,671,985	—
Mailtec Comunicação, S.A.	2004	7,294,638	1,133,312	6,161,326
		27,966,623	**21,805,297**	**6,161,326**

Sensitivity analyzes were performed on the results of the impairment tests, namely the following key assumptions: (i) reduction of 50 basis points in the growth rate in perpetuity and (ii) increase of 50 points in the different discount rates used.

In the case of 321 Crédito, sensitivity analyzes were carried out on the results of the impairment tests, namely the following key variables: (i) reduction/increase of 0.5% in the CET1 ratio target (ii) increase of 50 points in the different interest rates discount used.

The results of the sensitivity analyze carried out do not determine the existence of signs of impairment in Goodwill.

10. Investments in subsidiary companies

During the years ended 31 December 2021 and 31 December 2022, the movements occurred in the **Company** in Investments in subsidiary companies were as follows:

	2021			2022		
	Investments in subsidiary companies	Provisions for investments in subsidiary companies	Total	Investments in subsidiary companies	Provisions for investments in subsidiary companies	Total
Opening balance	235,531,801	—	235,531,801	271,702,900	—	271,702,900
Equity method	24,588,398	—	24,588,398	18,787,944	—	18,787,944
Equity Method Adjustements (intra-group)	1,976	—	1,976	4,050	—	4,050
Distribution of dividends	(750,000)	—	(750,000)	(480,017)	—	(480,017)
Share capital increase	12,000,000	—	12,000,000	—	—	—
Supplementary capital contributions	—	—	—	7,150,000	—	7,150,000
New Shares	275,500	—	275,500	50,000	—	50,000
Disposals	—	—	—	(25,500)		(25,500)
Other changes	55,224	—	55,224	(1,939,369)	—	(1,939,369)
Closing balance	**271,702,900**	**—**	**271,702,900**	**295,250,006**	**—**	**295,250,006**

On 31 December 2021, the caption “Share Capital increase” includes the capital increase of Banco CTT, S.A. which occurred on 25 January 2021, in the amount of 10,000,000 Euros and the participation units subscription of Fundo TechTree in the amount of 2,000,000 Euros at 29 December 2021. In this view, the **Company**'s interest in Fundo TechTree changed from 25% to 60%.

On 1 December 2021, a decision to distribute dividends in the amount of 750,000 Euros was taken by CTT Contacto.

As at 31 December 2021, the caption “New shares” includes the subscription of the share capital of the subsidiary CTT IMO, established in the current year, in the amount of 250,000 Euros and the subscription of the share capital of the subsidiary Open Lockers in the amount of 25,500 Euros.

On 30 April 2022, a decision was taken to distribute dividends by CTT Contacto, in the amount of 400,000 Euros. On 30 September 2022, a decision was taken to distribute dividends by CORRE, in the amount of 9,866,155 MZN (80,017 Euros).

The amount recorded under the caption “supplementary capital contribution”, at 31 December 2022 corresponds to a supplementary capital contribution provided to CTT IMO in the amount of 7,150,000 Euros.

As at 31 December 2022, the caption “New shares” includes the share capital subscription of the subsidiary CTT IMO Yield, S.A., established in the current year, in the amount of 50,000 Euros. The amount recognized in “disposals” corresponds to the derecognition of the investment in the entity “Open Lockers”, as a result of the sale of the investment to CTT Expresso, as explained in note 8.

The amount recorded under the caption “Other variations”, at 31 December 2022, essentially corresponds to variations in the equity captions of subsidiaries, in particular Banco CTT.

As at 31 December 2021 and 31 December 2022, the detail by **Company** of Investments in subsidiaries of the Company was as follows:

	2021							
Company	% held	Assets	Liabilities	Equity	Net profit	Goodwill (note 9)	Investments	Proportion of net profit
CTT Expresso,S.A.	100%	184,126,919	169,073,533	15,053,386	8,520,403	2,955,753	15,054,183	8,520,403
CTT Contacto, S.A.	100%	7,290,992	1,465,070	5,825,922	800,900	—	5,825,917	800,900
CORRE - Correio Expresso Moçambique, S.A.	50%	2,462,169	1,403,935	1,058,234	374,401	—	529,106	187,190
Banco CTT, S.A.	100%	2,393,023,938	2,155,866,804	237,157,134	15,424,262	—	237,162,515	15,424,262
FCR TECHTREE	60%	4,906,324	15,191	4,891,134	(136,766)	—	2,927,240	(72,760)
CTT Soluções Empresariais, S.A.	100%	24,250,673	23,392,984	857,689	225,266	—	857,689	(225,266)
CTT IMO - Sociedade Imobiliária, S.A.	100%	7,371,610	7,156,181	215,428	(34,572)	—	203,670	(46,330)
Open Lockers, S.A.	26%	100,000	—	100,000	—	—	25,500	—
Mailtec Comunicação S.A.	— %	—	—	—	—	6,161,326	—	—
						9,117,079	**262,585,820**	**24,588,398**

Company	2022							
	% held	Assets	Liabilities	Equity	Net profit	Goodwill (note 9)	Investments	Proportion of net profit
CTT Expresso,S.A.	100%	197,660,443	181,248,497	16,411,936	1,346,529	2,955,753	16,414,189	1,348,360
CTT Contacto, S.A.	100%	7,089,258	1,236,216	5,853,042	430,525	—	5,853,245	431,028
CORRE - Correio Expresso Moçambique, S.A.	50%	2,914,783	2,000,803	913,980	90,978	—	534,839	45,489
Banco CTT, S.A.	100%	2,635,039,112	2,382,779,513	252,259,600	14,655,944	—	253,166,742	15,557,704
FCR TECHTREE	60%	4,783,225	12,670	4,770,555	(120,654)	—	2,862,333	(72,392)
CTT Soluções Empresariais, S.A.	100%	20,173,737	17,803,669	2,370,068	1,512,379	—	2,370,068	1,512,379
CTT IMO - Sociedade Imobiliária, S.A.	100%	7,585,156	97,501	7,487,655	122,227	—	4,885,012	(27,074)
CTT Imo Yield, S.A.	100%	50,000	3,500	46,500	(3,500)	—	46,500	(3,500)
Mailtec Comunicação S.A.	— %	—	—	—	—	6,161,326	—	—
						9,117,079	**286,132,927**	**18,791,995**

The investments in subsidiaries amount is assessed whenever there are indications of an eventual amount loss. The recoverable amount is determined using methodologies based on discounted cash flow techniques, considering market conditions, time value and business risks.

For the years ended 31 December 2021 and 31 December 2022, the net income in subsidiary companies arising from the application of the equity method, and stated under Gains/losses in subsidiaries, associated companies and joint ventures in the Income statement were recognized against the following items on the balance sheet:

Company	2021	2022
Investment in subsidiaries		
CTT Expresso, S.A.	8,520,403	1,348,360
CTT Contacto, S.A.	800,900	431,028
CORRE - Correio Expresso Moçambique, S.A.	187,190	45,489
Banco CTT, S.A.	15,424,262	15,557,704
FCR TECHTREE	(72,760)	(72,392)
CTT Solucões Empresariais, S.A.	(225,266)	1,512,379
CTT IMO - Sociedade Imobiliária, S.A.	(46,330)	(27,074)
CTT IMO Yield, S.A.	—	(3,500)
	24,588,398	**18,791,995**

CTT Expresso, S.A. includes CTT Expresso Portugal and its branch in Spain (previously designated as Tourline). The Branch in Spain presented, in 2022, a net loss for the year of 4,131,376 Euros (2021: (3,057,664) Euros).

The companies 321 Crédito – Instituição Financeira de Crédito, S.A. and Payshop Portugal, S.A. are owned by CTT Bank, and the bank's financial investment amount includes the gains and losses of these companies.

The entities NewSpring Services, MedSpring, S.A. and CTT Services, S.A. are owned by CTT Soluções Empresariais. Open Lockers is 66% owned by CTT Expresso. Thus, the amount of the financial investment of CTT Soluções Empresariais and CTT Expresso includes the gains and losses of these companies.

11. Investments in associated companies

For the years ended 31 December 2021 and 31 December 2022, the **Group** and the **Company** investments in associated companies had the following movements:

	Group		Company	
	2021	2022	2021	2022
Gross carrying value				
Opening balance	481	481	—	—
Closing balance	**481**	**481**	**—**	**—**

As at 31 December 2021 and 31 December 2022, the detail by company of the **Group** and the **Company** investments in associated companies were as follows:

	Group		Company	
	2021	2022	2021	2022
Urpacksur, S.L.	481	481	—	
	481	**481**	**—**	**—**

	2021						
Group	% held	Assets	Liabilities	Equity	Net profit	Investments	Proportion of net profit
Mafelosa, SL [(a)] [(b)]	25%	n.d.	n.d.	n.d.	n.d.	—	n.d.
Urpacksur [(a)] [(b)]	30%	n.d.	n.d.	n.d.	n.d.	481	n.d.
						481	**—**

(a) Company held by CTT Expresso - Serviços Postais e Logística, S.A., branch in Spain (until 2018 held by Tourline Mensajeria, SLU).

(b) Companies without activity

	2022						
Group	% held	Assets	Liabilities	Equity	Net profit	Investments	Proportion of net profit
Mafelosa, SL [(a)] [(b)]	25%	n.d.	n.d.	n.d.	n.d.	—	n.d.
Urpacksur [(a)] [(b)]	30%	n.d.	n.d.	n.d.	n.d.	481	n.d.
						481	**—**

(a) Company held by CTT Expresso - Serviços Postais e Logística, S.A., branch in Spain (until 2018 held by Tourline Mensajeria, SLU).

(b) Companies without activity

12. Investments in joint ventures

As at 31 December 2021 and 31 December 2022, the detail of the **Group** and the **Company** investments in joint ventures were as follows:

Group and Company	2021								
	% held	Assets	Liabilities	Equity	Net profit	Investment	Impairment	Book Value	Proportion of net profit
MKTPlace - Comércio Electrónico, S.A.	50%	8,157,626	2,403,242	5,754,384	(4,096,254)	2,193,233	(2,193,233)	—	(2,521,396)
Wolfspring, ACE	50%	233,880	185,813	48,067	41,668	17,992	—	17,992	20,834
PTP & F, ACE	51%	—	—	—	—	—	—	—	—
NewPost, ACE	49%	—	—	—	—	—	—	—	—
						2,211,225	**(2,193,233)**	**17,992**	**(2,500,562)**

Group and Company	2022								
	% held	Assets	Liabilities	Equity	Net profit	Investment	Impairment	Provisions	Proportion of net profit
Wolfspring, ACE	50%	256,238	582,099	(325,861)	(373,929)	—	—	(168,972)	(186,964)
PTP & F, ACE	51 %	399,223	399,223	—	—	—	—	—	—
NewPost, ACE	49%	—	—	—	—	—	—	—	—
						—	**—**	**(168,972)**	**(186,964)**

As at 31 December 2021, an impairment was recognized for the investment in the entity MKT Place in the amount of 2,193,233 Euros, which represented 100% of the financial investment. Given the company's history of losses and the non-achievement of the previously approved business plan, the **Group** understood that the amount would not be recoverable. On 13 January 2022, the investment was sold to Worten - Equipamentos para o Lar, S.A., as detailed in note 8.

As at 31 December 2022, the equity of the joint venture entity Wolfspring, ACE was negative in the amount of 325,681 Euros. Accordingly, a provision was constituted in the proportion held by the Group (168,972 Euros).

13. Other investments

The amount of Other investments as at 31 December 2021 and 31 December 2022, in the **Group** and the **Company**, were as follows:

Entity	Head office	Group	
		2021	**2022**
IPC-International Post Corporation	Brussels - Belgium	6,157	6,157
Lisgarante - SGM, S.A.	Lisbon - Portugal	5,000	5,000
Garval - SGM, S.A.	Lisbon - Portugal	290	—
KIT-AR LIMITED	London - UK	300,000	300,000
Sensefinity, Lda	Lisbon - Portugal	—	150,000
Habitat Analytics, Inc.	Delaware - USA	—	500,000
CEPT	Copenhagen - Denmark	237	237
		311,684	**961,394**

Entity	Head office	Company	
		2021	2022
IPC-International Post Corporation	Brussels - Belgium	6,157	6,157
CEPT	Copenhagen - Denmark	237	237
		6,394	**6,394**

On 31 December 2022, in the **Group**, it shoud be noted the investments made by the TechTree investment fund, launched by CTT in previous years to support innovation activities in small and medium-sized companies and start-ups, namely in the entity Habit Analytics, Inc., a company that acts as a specialist broker in embedded insurance.

During the year, no impairment loss was recognized in these investments.

There are no market prices available for the mentioned investments and it is not possible to determine fair value in the period using comparable transactions. These instruments were not measured through discounted cash flows since these could not be reliably determined.

14. Debt securities

As at 31 December 2021 and 31 December 2022, the caption Debt securities, in the **Group**, showed the following composition:

	31.12.2021	31.12.2022
Non-current		
Financial assets at fair value through other comprehensive income [(1)]		
Government bonds	—	—
Bonds issued by other entities	4,906,841	—
	4,906,841	**—**
Financial assets at amortized cost		
Government bonds	295,098,611	409,510,672
Bonds issued by other entities	—	—
Impairment	(111,953)	(121,927)
	294,986,658	**409,388,745**
	299,893,499	**409,388,745**
Current		
Financial assets at fair value through other comprehensive income [(1)]		
Government bonds	849,374	—
Bonds issued by other entities	338,695	—
	1,188,069	**—**
Financial assets at amortized cost		
Government bonds	38,795,904	128,401,573
Bonds issued by other entities	386,509	—
Impairment	(8,552)	(9,674)
	39,173,861	**128,391,899**
	40,361,930	**128,391,899**
	340,255,429	**537,780,644**

[(1)] As at 31 December 2021 includes the amount 3,194 Euros related to Accumulated impairment losses.

As at 31 December 2022, the increase in debt securities essentially refers to investment in Portuguese, Spanish, Italian and French debt securities.

The financial assets in this portfolio are managed based on a business model whose purpose is to receive contractual cash flows.

The analysis of the Financial assets at fair Value through other comprehensive income and the Financial assets at amortized cost, by remaining maturity, as at 31 December 2021 and 31 December 2022 is detailed as follows:

	31.12.2021						
	Current			Non-current			
	Due within 3 months	Over 3 months and less than 1 year	Total	Over 1 year and less than 3 years	Over 3 years	Total	Total
Financial assets at fair value through other comprehensive income [1]							
Government bonds							
National	4,384	844,990	849,374	—	—	—	849,374
Bonds issued by other entities							
National	338,695	—	338,695	4,906,841	—	4,906,841	5,245,536
	343,079	**844,990**	**1,188,069**	**4,906,841**	**—**	**4,906,841**	**6,094,910**

[1] As at 31 December 2021 includes the amount of 3,194 Euros regarding Accumulated impairment losses.

As at 31 December 2022, the **Group** does not hold financial assets at fair value through other comprehensive income.

	31.12.2021						
	Current			Non-current			
	Due within 3 months	Over 3 months and less than 1 year	Total	Over 1 year and less than 3 years	Over 3 years	Total	Total
Financial assets at amortized cost							
Government bonds							
National	2,521,147	22,264,251	24,785,398	38,565,156	122,194,456	160,759,612	185,545,010
Foreign	1,013,181	12,997,325	14,010,506	11,098,271	123,240,728	134,338,999	148,349,505
Bonds issued by other entities							
National	386,509	—	386,509	—	—	—	386,509
	3,920,837	**35,261,576**	**39,182,413**	**49,663,427**	**245,435,184**	**295,098,611**	**334,281,023**

	31.12.2022						
	Current			Non-current			
	Due within 3 months	Over 3 months and less than 1 year	Total	Over 1 year and less than 3 years	Over 3 years	Total	Total
Financial assets at amortized cost							
Government bonds							
National	3,011,149	17,990,243	21,001,392	38,028,368	162,664,338	200,692,705	221,694,097
Foreign	1,461,711	105,938,471	107,400,181	10,027,009	198,790,957	208,817,967	316,218,148
	4,472,860	**123,928,714**	**128,401,573**	**48,055,377**	**361,455,295**	**409,510,672**	**537,912,245**

The impairment losses, for the period ended 31 December 2021 and 31 December 2022, are detailed as follows:

	2021					
	Opening balance	Increases	Reversals	Utilizations	Transfers	Closing balance
Non-current assets						
Financial assets at fair value through other comprehensive income	5,918	—	(5,019)	—	1,673	2,572
Financial assets at amortized cost	175,486	32,617	(89,741)	—	(6,410)	111,952
	181,404	32,617	(94,760)	—	(4,737)	114,524
Current assets						
Financial assets at fair value through other comprehensive income	3,511	—	(1,215)	—	(1,673)	623
Financial assets at amortized cost	6,505	2,492	(6,855)	—	6,410	8,552
	10,016	**2,492**	**(8,070)**	**—**	**4,737**	**9,175**
Financial assets at fair value through other comprehensive income	***9,429***	***—***	***(6,235)***	***—***	***—***	***3,194***
Financial assets at amortized cost	***181,991***	***35,109***	***(96,595)***	***—***	***—***	***120,505***
	191,420	**35,109**	**(102,830)**	**—**	**—**	**123,699**

	2022					
	Opening balance	Increases	Reversals	Utilizations	Transfers	Closing balance
Non-current assets						
Financial assets at fair value through other comprehensive income	2,572	—	(2,572)	—	—	—
Financial assets at amortized cost	111,953	39,065	(28,784)	—	(307)	121,927
	114,525	39,065	(31,356)	—	(307)	121,927
Current assets						
Financial assets at fair value through other comprehensive income	623	—	(623)	—	—	—
Financial assets at amortized cost	8,551	3,100	(2,284)	—	307	9,674
	9,174	**3,100**	**(2,907)**	**—**	**307**	**9,674**
Financial assets at fair value through other comprehensive income	***3,194***	***—***	***(3,194)***	***—***	***—***	***—***
Financial assets at amortized cost	***120,504***	***42,165***	***(31,068)***	***—***	***—***	***131,602***
	123,698	**42,165**	**(34,262)**	**—**	**—**	**131,602**

Regarding the movements in impairment losses of Financial assets at fair value through other comprehensive income by stages, in the periods ended on 31 December 2021 and 31 December 2022, they are detailed as follows:

	2021	2022
	Stage 1	Stage 1
Opening balance	**9,429**	**3,194**
Change in period:		
Increases due to origination and acquisition	—	—
Changes due to change in credit risk	(4,090)	—
Decrease due to derecognition repayments and disposals	(2,145)	(3,194)
Impairment - Financial assets at fair value through other comprehensive income	**3,194**	**—**

The reconciliation of accounting movements related to impairment losses is presented below:

	2021	2022
	Stage 1	Stage 1
Opening balance	**9,429**	**3,194**
Change in period:		
ECL income statement change for the period	(6,235)	(3,194)
Impairment - Financial assets at fair value through other comprehensive income	**3,194**	**—**

For the impairment losses of Financial assets at amortized cost, the movements by stages, in the periods ended on 31 December 2021 and 31 December 2022, they are detailed as follows:

	2021	2022
	Stage 1	Stage 1
Opening balance	**181,991**	**120,505**
Change in period:		
Increases due to origination and acquisition	35,109	26,972
Changes due to change in credit risk	(78,141)	(7,324)
Decrease due to derecognition repayments and disposals	(18,455)	(8,552)
Impairment - Financial assets at amortized cost	**120,505**	**131,602**

The reconciliation of accounting movements related to impairment losses is presented below:

	2021	2022
	Stage 1	Stage 1
Opening balance	**181,991**	**120,505**
Change in period:		
ECL income statement change for the period	(61,487)	11,097
Impairment - Financial assets at amortized cost	**120,505**	**131,602**

According to the accounting policy described in Note 2.11, the **Group** regularly assesses whether there is objective evidence of impairment in its financial asset portfolios at fair value through other comprehensive income and other financial assets at amortized cost, following the criteria described in Note 2.30.

15. Financial Assets and Liabilities at fair value through profit and loss

As at 31 December 2021 and 31 December 2022, in the **Group**, the captions "Financial Assets at fair value through profit and loss" and "Financial Liabilities at fair value through profit and loss" showed the following composition:

	31.12.2021	31.12.2022
Non current assets		
Derivatives	2,261,947	26,219,905
	2,261,947	**26,219,905**
Current Assets		
Shares - Real Estate Investment Fund	24,999,138	26,478,525
	24,999,138	**26,478,525**
	27,261,085	**52,698,430**
Current Liabilities		
Derivatives	—	26,344,517
	—	**26,344,517**
	—	**26,344,517**

The Derivatives caption represents the fair value of derivative financial instruments contracted in the context of the **Group**'s interest rate risk management and associated with ongoing securitization operations.. The change in the caption results from the MTM (Mark to Market) of interest rate derivatives in the form of Cap Agreement (associated with the Ulisses 1 and Ulisses 2 securitization operations) and Interest Rate SWAP (associated with the Ulisses 3 securitization operation and a derivative existing at Banco CTT).

The caption Real Estate Investment Funds in the amount of 26,478 thousand euros (31 December 2021: 24,999 Euros) refers to an investment in an open real estate investment fund domiciled in Portugal, representing 10.4% of the total investment units issued on 31 December 2022 (31 December 2021: 10.7%)

Associated with derivative contracts, Banco CTT has, as at 31 December 2022, a cash and cash equivalents account with another Financial Institution, with an amount of 26,040 thousand euros captive (margin call), being shown under the caption of “other current assets” (note 24).

The detail of the derivatives caption is presented as follows:

	31.12.2021			31.12.2022		
	Nocional	Fair Values		Nocional	Fair Values	
		Asset	Liability		Asset	Liability
Over-the-Count						
Interest rate contracts						
Interest Rate Swaps						
Purchase	—	—	—	200,000,000	12,658,056	—
Sale	—	—	—	200,000,000	—	12,810,255
Interest Rate Options						
Purchase	294,669,393	2,261,947	—	263,790,387	13,561,849	—
Sale	—	—	—	237,002,644	—	13,534,262
		2,261,947	**—**		**26,219,905**	**26,344,517**

The impact on results for the period of financial assets and liabilities at fair value through profit or loss is presented as follows:

	31.12.2021	31.12.2022
Profits from transactions with assets and liabilities at fair value through profit or loss		
Derivatives	1,101,840	22,744,056
Shares	—	1,479,387
	1,101,840	**24,223,443**
Losses from transactions with assets and liabilities at fair value through profit or loss		
Derivatives	—	(13,113,418)
Shares	(835)	—
	(835)	**(13,113,418)**
Results of Assets and Liabilities at Fair Value Through Profit or Losses	**1,101,005**	**11,110,025**

The impact on results for the period of financial assets and liabilities at fair value through profit or loss is presented in note 48.

16. Other banking financial assets and liabilities

As at 31 December 2021 and 31 December 2022, the **Group** headings Other banking financial assets and Other banking financial liabilities showed the following composition:

	31.12.2021	31.12.2022
Non-current assets		
Loans to credit institutions	5,239,419	961,720
Impairment	(1,709)	(274)
	5,237,710	**961,446**
Current assets		
Investments in central banks	—	450,250,022
Investments in credit institutions	2,350,000	4,700,523
Loans to credit institutions	6,185,069	4,277,698
Impairment	(2,197)	(1,394)
Other	2,988,970	3,805,177
Impairment	(1,800,306)	(1,805,945)
	9,721,536	**461,226,081**
	14,959,246	**462,187,527**
Current liabilities		
Other	26,987,725	46,210,667
	26,987,725	**46,210,667**
	26,987,725	**46,210,667**

Investments in credit institutions and Loans to credit institutions

Regarding the above-mentioned captions, the scheduling by maturity is as follows:

	31.12.2021	31.12.2022
Up to 3 months	2,337,172	455,572,501
From 3 to 12 months	6,197,897	3,655,742
From 1 to 3 years	5,239,419	961,721
	13,774,489	**460,189,963**

The heading "Investments at credit institutions" showed an annual average return of 1.314% in 2022 (2021: 1.191%).

The amount of 450,250,022 Euros recorded in applications with central banks corresponds to overnight deposits with the Bank of Portugal remunerated at a rate of 2.00%.

Impairment

The impairment losses, for the period ended 31 December 2021 and 31 December 2022, are detailed as follows:

	2021					
	Opening balance	Increases	Reversals	Utilizations	Transfers	Closing balance
Non-current assets						
Investments and loans in credit institutions	3,712	555	(10,964)	—	8,406	1,709
	3,712	**555**	**(10,964)**	**—**	**8,406**	**1,709**
Current assets						
Investments and loans in credit institutions	23,980	713	(14,090)	—	(8,406)	2,197
Other	3,238,971	30,268	(22,533)	(1,446,399)	—	1,800,307
	3,262,951	**30,981**	**(36,623)**	**(1,446,399)**	**(8,406)**	**1,802,504**
	3,266,663	**31,536**	**(47,587)**	**(1,446,399)**	**—**	**1,804,213**

	2022					
	Opening balance	Increases	Reversals	Utilizations	Transfers	Closing balance
Non-current assets						
Investments and loans in credit institutions	1,709	140	(508)	—	(1,067)	274
	1,709	**140**	**(508)**	**—**	**(1,067)**	**274**
Current assets						
Investments and loans in credit institutions	2,197	712	(2,581)	—	1,067	1,394
Other	1,800,306	52,283	(4,548)	(42,097)	—	1,805,945
	1,802,504	**52,995**	**(7,129)**	**(42,097)**	**1,067**	**1,807,339**
	1,804,213	**53,135**	**(7,637)**	**(42,097)**	**—**	**1,807,613**

Regarding the movements in impairment losses on investments and loans to credit institutions by stages, in the periods ended on 31 December 2021 and 31 December 2022, they are detailed as follows:

	2021	2022
	Stage 1	Stage 1
Opening balance	**27,692**	**3,906**
Change in period:		
Increases due to origination and acquisition	1,261	852
Changes due to change in credit risk	(1,067)	(892)
Decrease due to derecognition repayments and disposals	(23,980)	(2,197)
Impairment	**3,906**	**1,668**

The reconciliation of accounting movements related to impairment losses is presented below:

	2021	2022
	Stage 1	Stage 1
Opening balance	**27,692**	**3,906**
Change in period:		
ECL income statement change for the period	(23,786)	(2,237)
Impairment	**3,906**	**1,668**

The caption other current liabilities primarily record the banking operations' balances pending of financial settlement.

17. Financial risk management

The **Group** and the **Company** activities imply exposure to financial risks. Financial risk is defined as the probability of obtaining results that are different from those expected, whether positive or negative, thus changing the net worth of the **Group** in a material and unexpected way. Risk management focuses on the unpredictability of financial markets and seeks to mitigate the adverse effects arising from this unpredictability on the **Group** and the **Company'**s financial performance. Financial risks include credit risk, interest rate risk, exchange rate risk, liquidity risk, market risk, operational risk and capital risk.

Under the non-banking activity, financial risk management integrates the Risk Management System of the **Group** and the **Company** reporting directly to the Executive Committee. The Accounting and Tax department ensures the centralized management of financing operations, investment of surplus liquidity, exchange transactions as well as the counterparty risk management of the **Group** and the monitoring of the foreign currency exchange rate risk, according to the policies approved by the Executive Committee. Additionally, the Internal Audit and Quality department, together with the Accounting and Taxation department are responsible for the identification, assessment, proposal and implementation of mitigating measures of financial risks that the **Group** and the **Company** are exposed to.

Under the banking activity, Banco CTT has an independent risk management system, based on a set of concepts, principles, rules and on an organisational model applicable and adjusted to the specificities and to the regulatory framework of its activity.

Banco CTT's risk management and internal control policy aims to maintain an adequate relationship between its equity and the activity developed, as well as the corresponding risk profile assessment/ return per business line. It also aims to support the decision-making process, being able to enhance, both in the short and long term, the ability to manage the risks to which Banco CTT is exposed and allow clear communication of the ways in which the risks arising from the business must be managed in order to create the basis for a solid operating environment. In this context, monitoring and control of the main types of risks to which the Bank's activity is subject becomes relevant.

Credit risk

Credit risk essentially refers to the risk that a third party fails on its contractual obligations, resulting in financial losses to the **Group** and the **Company**. Thus, credit risk basically resides in the accounts receivable from customers and other debtors, related to its operating and treasury activities.

The credit risk management is based on a set of standards and guidelines, part of the CTT's **Group** Credit Regulation ("Regulamento de Crédito Grupo CTT") and comprises the processes of credit granting, monitoring and debt recovery.

Considering the guiding principles of the **Group** and the **Company** Risk Management, a methodology of credit risk assessment is defined which allows, a priori, and based on the information available at the time, to evaluate the Customer's capacity to comply with all its obligations on time and within the conditions established. Based on this evaluation, a credit limit is defined for the customer, whose progress is regularly monitored.

The credit risk in the accounts receivable is monitored on a regular basis by each business of the **Group** companies and monthly monitored by the Credit Committee with the purpose of limiting the credit granted to Customers, considering the respective profile and the ageing of receivable of each customer, ensuring the follow-up of the evolution of credit that has been granted and analyzing the recoverability of the receivables.

Under the non-banking activity, the deterioration of economic conditions or adversities which affect economies may lead to difficulty or incapacity of customers to pay their liabilities, with consequent negative effects on the net income of the **Group** companies. For this purpose, an effort has been made to reduce the average receivable term and amount of credit granted to clients.

Banking activity

Regarding the banking activity, credit risk reflects the degree of uncertainty of the expected returns, due to the inability either of the borrower, or of the counterpart of a contract, to comply with the respective obligations.

Since its main activity is the commercial banking business, with special emphasis on the retail segment, in a first phase, Banco CTT offers simple credit products – mortgage loans and bank overdraft facilities associated with a current account with domiciled salary/ pension and, through the acquisition of 321 Crédito, the offer of specialized credit at the point of sale.

At Banco CTT, credit risk management includes the identification, measurement, assessment and monitoring of the different credit exposures, ensuring risk management throughout the successive phases of the life of the credit process.

The control and mitigation of credit risk are carried out through the early detection of signs of deterioration in the portfolio, namely through early warning systems and the pursuit of appropriate actions to prevent the risk of default, to regularize the effective default and to create conditions that maximize recovery results.

The **Group** considers that there is a concentration of risk when several counterparts are in a common geographic region, develop activities or have economic features that are similar which affect their capacity to comply with contractual obligations in the event of significant changes in macroeconomic conditions or other relevant changes for the activities carried out by the counterparts. Banco CTT has defined and implemented limits of concentration to mitigate this risk.

The analysis of risk concentration is essentially based on geographic concentration and concentration in the economic sector in which the counterparts operate.

The exposure subject to credit risk by country and risk class are detailed in this section, portraying the increased geographic diversification of the **Group'**s investments.

The activities developed by the counterparts show some level of concentration in investment in public debt products, namely in eurozone countries. However, this concentration is in accordance with the **Group'**s policy and is part of the liquidity risk management performed by the **Group**.

The quantification / measurement of credit risk is carried out on a monthly basis, through the assessment of the necessary impairment to cover credit to customers, resulting from the application of a collective and individual impairment model.

The monitoring of the **Group** credit risk profile, in particular with regard to the evolution of credit exposures and the monitoring of losses, is carried out on a regular basis by the Capital and Risk Committee, by the Audit Committee and the Board of Directors. Compliance with approved credit requirements and limits are also subject to review on a regular basis.

As at 31 December 2022, the exposures (net of impairment and including off-balance exposures) to this type of loan of credit stood at 658 628 thousand Euros (611,167 thousand Euros as at 31 December 2021).

The retail segment credit, more specifically in auto loans at point of sale, is of 763 725 thousand Euros of exposures (net of impairment and including off-balance exposures) compare with 653,782 thousand Euros of 2021.

The bank is currently exposed to credit risk in other areas of its business activity. These necessarily include direct exposure to credit risk associated to investments and deposits at other credit institutions (counterpart risk), to public debt securities issues by eurozone countries (Portugal, Italy, France and Spain), debt instruments of other issuers (credit institutions and companies), securitization operations and other portfolios of 321 Crédito that are essentially at a run-off stage.

In order to mitigate credit risk, the mortgage lending operations have associated collateral, namely mortgages.

Except in situations of default, the Bank, under its activity, does not have permission to sell or pledge this collateral. The fair value of this collateral is determined as at the date of the granting of the loan, with its value being checked periodically.

Auto loans' operations are made with reservation of ownership, and the value of the vehicle is assessed at the time of granting the credit.

The acceptance of collateral to secure credit operations requires the need to define and implement techniques to mitigate the risks to which this collateral is exposed. Thus, and as an approach to this matter, the **Group** has stipulated a series of procedures applicable to collateral (namely real estate properties), that hedge, among others, the volatility of the value of the collateral.

The gross value of the loans and respective fair value of the collateral, in which the collateral is limited to the value of the associated loan, are presented below:

	2021		2022	
	Loans and advances to customers	Fair value of the collateral	Loans and advances to customers	Fair value of the collateral
Mortgage loans	595,419,629	1,021,370,923	659,541,150	1,128,545,679
Auto loans	670,594,052	713,327,844	792,870,585	825,483,271
Credit Card	298,716,076	—	373,812,649	—
Other	8,269,127	23,764,487	6,076,794	48,212,742
	1,572,998,884	**1,758,463,254**	**1,832,301,179**	**2,002,241,692**

Impairment

The impairment losses for accounts receivable are calculated considering essentially: (i) the ageing of the accounts receivable; (ii) the risk profile of each client; and (iii) the financial situation of the client. The amounts of accounts receivable were adjusted for bank guarantees and advance deposits for the purpose of calculating expected losses.

In the case of customers in the Mail, Express and Parcels and Financial Services segments, the existence of a reduced probability that the customer will pay in full its credit obligations is essentially determined based on the following criteria:

- Overdue credits with high seniority;
- Clients in bankruptcy, insolvency or liquidation; and
- Credits in litigation.

Regarding banking clients, those who meet at least one of the following criteria are considered to be default:

- Existence of payments of capital or interest overdue for more than 90 days;
- Debtors in bankruptcy, insolvency or liquidation;
- Credits in litigation;
- Cross-default credits;
- Restructured credits due to financial difficulties;
- Default quarantined credits; and
- Credits for which there is a suspected fraud or confirmed fraud.

Significant increase in credit risk (SICR) is determined according to a set of mostly quantitative but also qualitative criteria, to detect significant increases in the Probability of Default (PD), complemented by another type of information in which it stands out the behavior of customers to entities of the financial system. However, regardless of the observation of a significant increase in credit risk in an exposure, it is classified in Stage 2 when one of the following conditions is met:

- Credit with late payment over 30 days (backstop);
- Credit with qualitative triggers subject to risk, namely those contained in Banco de Portugal Circular Letter No. 02/2014 / DSP.

The movement of impairment losses of accounts receivable is disclosed in Notes 25 and 46.

The impairment losses movements by financial instrument category, stage and movement type, are disclosed in each note, such as, Note 14 – Debt securities, Note 16 – Other banking financial assets and liabilities and Note 20 – Credit to banking clients.

As at 31 December 2022, the **Group** and the **Company** believe that impairment losses in accounts receivable are adequately estimated and recorded in the financial statements.

In addition, within the scope of treasury activities, the credit risk essentially results from the cash deposits investments made both by the **Group** and the **Company**. With the purpose of reducing that risk, the **Group** and the **Company** policy is to invest in short/medium-term periods negotiated with several financial institutions, all with a relatively high credit rating (considering the rating of the Portuguese Republic).

The **Group** and the **Company** credit risk quality, as at 31 December 2022, related to these types of assets (Cash and cash equivalents as stated in Note 23, excluding the cash value) whose counterparties are financial institutions are detailed as follows:

Rating [1]	2022	
	Group	Company
Aa3	5,083	5,010
A1	20,628,223	—
A2	243,265	236,290
A3	16,746,960	9,360,861
Baa2	225,442,941	144,246,356
Baa3	3,205,749	263,392
Ba2 [2]	163	163
Ba3	92,439,698	88,946,807
Ba3 [3]	28,011	—
B3	12,304	—
Others [4]	25,930,146	40,800,706
	384,682,541	**283,859,584**

(1) Rating assigned by Moody's.
(2) Conversion of BB rating by Standard & Poor's
(3) Conversion of BB rating by Finch.
(4) Others with no rating.

As at 31 December 2022, the **Group** and the **Company** caption Cash and cash equivalents included term deposits, net of impairments, of 126,769,299 Euros e 124,606,988 Euros, respectively (67,522,764 Euros and 66,286,478 Euros as at 31 December 2021) (Note 23).

Due to the activity developed by CTT, namely, the requirements related to the Financial Services segment business, CTT are required to work with the majority of the financial institutions operating in Portugal, so the bank deposit amounts are spread over a wide range of financial institutions, some of which presenting a lower rate than the Portuguese Republic (Baa3). The assigned rating to the instruments rated below the Portuguese Republic was considered in the determination of Probability of Default ("PD") used to calculate the Expected Credit Loss ("ELC") as required by IFRS 9.

The following table includes the maximum exposure to credit risk associated with financial assets held by the **Group** and the **Company**. These amounts include only financial assets subject to credit risk and do not reconcile with the consolidated and individual balance sheet:

	Group		Company	
	2021	2022	2021	2022
Non-current				
Financial assets at fair value through profit or loss	2,261,947	26,219,905	—	—
Debt securities at fair value through other comprehensive income	4,906,841	—	—	—
Debt securities at amortized cost	294,986,658	409,388,745	—	—
Accounts receivable	—	—	587,308	617,421
Other assets	1,772,136	1,177,648	1,144,290	463,657
Credit to bank clients	1,125,984,322	1,287,676,223	—	—
Other banking financial assets	5,237,710	961,446	—	—
Current				
Accounts receivable	160,930,050	147,130,876	112,775,176	98,063,438
Credit to bank clients	415,924,171	489,888,789	—	—
Financial assets at fair value through profit or loss	24,999,138	26,478,525	—	—
Debt securities at fair value through other comprehensive income	1,188,069	—	—	—
Debt securities at amortized cost	39,173,861	128,391,899	—	—
Other assets	21,014,450	10,202,255	16,121,401	7,142,008
Other banking financial assets	8,550,155	459,242,817	—	—
Cash and cash equivalents	781,934,608	384,682,541	122,205,014	283,859,584
	2,888,864,116	**3,371,441,669**	**252,833,190**	**390,146,108**

The main changes in financial assets subject to credit risk are explained as follows:

- The increase in financial assets at fair value results from the MTM (Mark to Market) of interest rate derivatives in the form of Cap Agreement (associated with the Ulisses 1 and Ulisses 2 securitization operations) and Interest Rate SWAP (associated to Ulisses 3 securitization and to a derivative existing in Banco CTT).

- The increase in debt securities at amortized cost, current and non-current, essentially concerns investment in Portuguese, Spanish, Italian and French debt securities.

- The increase seen in the caption "Other banking financial assets" is explained by investments in central banks, namely in overnight deposits with the Bank of Portugal, which did not occur in previous years; and,

- The decrease verified in the caption "Cash and cash equivalents" is explained in detail in note 23.

The following table presents information on credit risk exposures of the banking activity (net of impairment and including off-balance exposures), on 31 December 2021 and 31 December 2022:

	2021	2022
Central administrations or Central banks	927,783,694	1,026,811,351
Credit Instituitions	39,519,962	68,143,012
Companies	322,646,371	399,764,137
Retail Clients	627,392,979	324,204,383
Real estate secured loans	610,487,985	672,246,535
Loans in default	27,807,933	47,779,757
Claims in the form of CIU	24,999,138	31,962,328
Other elements	71,645,360	84,669,017
Risk items	**2,652,283,424**	**2,655,580,521**

As mentioned before, the analysis of risk concentration is essentially based on geographic concentration and concentration in the economic sector in which the counterparts operate, so the respective details are as follows:

	2021								
	Central Authorities or Central Banks	Credit institutions	Companies	Retail customers	Loans secured by immovable assets	Non-performin g loans	Claims in the form of CIU	Other Items	Total
Portugal	779,478,124	34,929,339	322,646,371	627,392,979	610,487,985	27,807,933	24,999,138	71,645,360	2,499,387,230
Spain	75,162,739	15	—	—	—	—	—	—	75,162,754
France	—	546	—	—	—	—	—	—	546
Italy	73,142,831	—	—	—	—	—	—	—	73,142,831
United Kingdom	—	4,590,063	—	—	—	—		—	4,590,063
Total	**927,783,694**	**39,519,962**	**322,646,371**	**627,392,979**	**610,487,985**	**27,807,933**	**24,999,138**	**71,645,360**	**2,652,283,424**

	2022								
	Central Authorities or Central Banks	Credit institutions	Companies	Retail customers	Loans secured by immovable assets	Non-performin g loans	Claims in the form of CIU	Other Items	Total
Portugal	710,593,852	46,440,801	399,764,137	324,204,383	672,246,535	47,779,757	31,962,328	84,669,017	2,317,660,811
Spain	106,438,288	42	—	—	—	—	—	—	106,438,330
France	99,895,961	18,789,730	—	—	—	—	—	—	118,685,692
Italy	109,883,250	—	—	—	—	—	—	—	109,883,250
United Kingdom	—	2,912,439	—	—	—	—	—	—	2,912,439
Total	**1,026,811,351**	**68,143,012**	**399,764,137**	**324,204,383**	**672,246,535**	**47,779,757**	**31,962,328**	**84,669,017**	**2,655,580,521**

The gross credit exposure and related impairment detail for banking activity, by stages (excluding off-balance exposures) is as follows:

		2021								
		Central Authorities or Central Banks	Credit institutions	Other securities	Credit Portfolio					Total
					Mortage Loans	Overdrafts	Car Credit	Credit Card	Others	
Stage 1	Gross Exposure	927,904,466	48,026,077	5,635,058	593,851,532	1,063,058	573,014,633	262,587,449	4,246,157	2,416,328,429
	Impairment Losses	(120,772)	(3,911)	(3,040)	(568,962)	(24,375)	(3,444,368)	(2,378,112)	(57,802)	(6,601,341)
	Net exposure	927,783,694	48,022,166	5,632,017	593,282,570	1,038,683	569,570,264	260,209,337	4,188,355	2,409,727,087
Stage 2	Gross Exposure	—	—	—	1,533,943	224,711	53,541,147	31,813,102	53,745	87,166,648
	Impairment Losses	—	—	—	(16,398)	(40,890)	(2,245,718)	(2,297,423)	(2,147)	(4,602,577)
	Net exposure	—	—	—	1,517,545	183,821	51,295,429	29,515,678	51,598	82,564,071
Stage 3	Gross Exposure	—	—	—	34,154	1,323,622	40,987,875	4,315,525	234,935	46,896,110
	Impairment Losses	—	—	—	(10,921)	(1,083,316)	(15,483,758)	(1,942,043)	(31,315)	(18,551,353)
	Net exposure	—	—	—	23,232	240,306	25,504,117	2,373,482	203,620	28,344,757
POCI (Stage 3)	Gross Exposure	—	—	—	—	—	3,050,397	—	1,122,899	4,173,296
	Impairment Losses	—	—	—	—	—	(850,249)	—	(612,592)	(1,462,841)
	Net exposure	—	—	—	—	—	2,200,148	—	510,307	2,710,455
Total	Gross Exposure	927,904,466	48,026,077	5,635,058	595,419,629	2,611,391	670,594,052	298,716,076	5,657,736	2,554,564,483
	Impairment Losses	(120,772)	(3,911)	(3,040)	(596,281)	(1,148,581)	(22,024,094)	(6,617,578)	(703,856)	(31,218,113)
	Net exposure	927,783,694	48,022,166	5,632,017	594,823,348	1,462,810	648,569,958	292,098,497	4,953,880	2,523,346,371

		2022							
		Central Authorities or Central Banks	Credit institutions	Credit Portfolio					Total
				Mortage Loans	Overdrafts	Car Credit	Credit Card	Others	
Stage 1	Gross Exposure	1,026,748,646	69,080,933	654,166,084	1,160,521	695,283,801	314,746,753	2,541,252	2,763,727,991
	Impairment Losses	(131,693)	(1,589)	(692,389)	(17,171)	(3,439,330)	(3,319,689)	(44,062)	(7,645,924)
	Net exposure	1,026,616,953	69,079,344	653,473,696	1,143,350	691,844,471	311,427,064	2,497,190	2,756,082,067
Stage 2	Gross Exposure	—	—	4,913,423	152,035	43,404,052	40,578,635	61,751	89,109,896
	Impairment Losses	—	—	(85,370)	(17,149)	(4,346,763)	(2,498,964)	(6,763)	(6,955,009)
	Net exposure	—	—	4,828,053	134,886	39,057,289	38,079,671	54,988	82,154,887
Stage 3	Gross Exposure	—	—	461,643	1,509,429	52,351,276	18,487,262	195,572	73,005,182
	Impairment Losses	—	—	(135,766)	(1,136,117)	(23,883,597)	(14,178,413)	(7,712)	(39,341,606)
	Net exposure	—	—	325,876	373,312	28,467,680	4,308,848	187,860	33,663,576
POCI (Stage 3)	Gross Exposure	—	—	—	—	1,831,455	—	456,234	2,287,689
	Impairment Losses	—	—	—	—	(926,887)	—	(23)	(926,910)
	Net exposure	—	—	—	—	904,568	—	456,211	1,360,779
Total	Gross Exposure	1,026,748,646	69,080,933	659,541,150	2,821,985	792,870,585	373,812,649	3,254,809	2,928,130,758
	Impairment Losses	(131,693)	(1,589)	(913,526)	(1,170,437)	(32,596,578)	(19,997,066)	(58,560)	(54,869,449)
	Net exposure	1,026,616,953	69,079,344	658,627,625	1,651,548	760,274,007	353,815,583	3,196,249	2,873,261,309

Banco CTT uses an impairment model that is based on IFRS 9 and the respective reference criteria of Bank of Portugal defined in Circular Letter nº 62 / 2018. In addition, the model considers the definitions and criteria that have been published by European Banking Authority (EBA).

The exposure to public debt, net of impairment, of eurozone countries is detailed as follows:

	2021			2022		
	Other financial assets at fair value through other comprehensive income	Other financial assets at amortized cost	Total	Other financial assets at fair value through other comprehensive income	Other financial assets at amortized cost	Total
Portugal	849,374	185,468,467	186,317,841	—	221,627,387	221,627,387
Spain	—	75,162,739	75,162,739	—	106,420,662	106,420,662
Italy	—	73,142,831	73,142,831	—	109,840,122	109,840,122
France	—	—	—	—	99,892,472	99,892,472
	849,374	**333,774,037**	**334,623,411**	**—**	**537,780,644**	**537,780,644**

Interest rate risk

Changes in interest rates have a direct impact on the financial results of the **Group** and the **Company**. The interest rate risk manifests itself in three forms: (i) through the remuneration obtained with the application of the surplus liquidity, (ii) by the amount of the charges with the bank loans obtained and (iii) with the determination, through the impact on the discount rate, the estimate of liabilities with benefits to employees.

In order to reduce the impact of interest rate risk, the **Group** and the **Company** monitor market trends on a regular and systematic basis, with a view to leveraging the term/rate ratio on the one hand and risk/yield on the other.

The **Group** and the **Company** generally negotiate their deposits at fixed rates, while loans are negotiated at variable rates.

The application of surpluses liquidity follows criteria of diversification of financial risks, both in terms of terms and institutions, which are regularly reviewed and updated.

In the **Group** the investment of surplus liquidity, on 31 December 2021 and 31 December 2022, generated interest income of 19,048 Euros and 30,127 Euros, respectively (Note 51). Additionally, interest income is recorded for financial services in the caption Other operating income, in the years of 2021 and 2022, amounting to 9,832 Euros and 51,832 Euros, respectively (Note 43).

In the **Company** the investment of surplus liquidity, on 31 December 2021 and 31 December 2022, generated interest income of 116 Euros and 13,316 Euros, respectively (Note 51). Additionally, interest income is recorded for financial services in the caption Other operating income, in the years of 2021 and 2022, amounting to 9,832 Euros and 51,832 Euros, respectively (Note 43).

Under the non-banking activity, if the interest rates had a variation of 0.25 b.p., during the year ended 31 December 2022, the effect in the interest would have been 418 thousand Euros in the **Group** and 822 thousand Euros in the **Company** (103 thousand Euros and 156 thousand Euros as at 31 December 2021, respectively).

In the scope of banking activity, Banco CTT manages the interest rate risk on a continuous basis and within the specific tolerance limits defined by its Board of Directors. In addition to the practice hitherto followed of structurally managing the interest rate risk of its Financial Position using natural hedging in the composition of the investment portfolio, as well as placing interest rate hedging derivatives in securitization vehicles aligned with market practice and investor expectations, in 2022, the Banco CTT Group contracted interest rate hedging derivatives outside the perimeter of securitisations.

In the banking activity, as at 31 December 2022, one of the main instruments in the monitoring of balance sheet interest rate risk is based on the Banco de Portugal Instruction 34/2018. This model groups variation-sensitive assets and liabilities into 19 fixed timeframes (maturity dates or date of first review of interest rates, when indexed), from which a potential impact on economic value is calculated.

Economic value is calculated by the sum of the net present value of the discounted cash flows. This discount is based on an interest rate curve not subject to any type of shock, in which, for discount purposes, the average periods of the timeframes are assumed. As presented in the table below, the two standard scenarios that correspond to a positive and negative shock of 200 basis points are applied to the baseline scenario.

As at 31 December 2021 and 31 December 2022, the distribution of assets, liabilities and off-balance sheet items sensitive to the interest rate, according to the 19 timeframes and respective impact on economic value, are as follows:

2021 *(amounts in thousand Euros)*

Timeframe	Assets	Liabilities	Off-balance Sheet	Net position	Economic Value Delta (+200 bps)	Economic Value Delta (-200 bps)
At sight	778,434	607,321	471,785	642,898	(36)	8
At sight – 1 month	114,383	350,265	16,063	(219,819)	195	(44)
1 – 3 months	128,357	84,526	487	44,318	(147)	33
3 – 6 months	192,350	104,017	1,931	90,264	(673)	146
6 – 9 months	198,284	86,491	1,699	113,492	(1,405)	397
9 – 12 months	233,016	87,244	2,398	148,170	(2,564)	737
1 – 1,5 years	97,752	90,360	1,853	9,245	(227)	83
1,5 – 2 years	107,562	90,367	—	17,195	(587)	248
2 – 3 years	166,907	169,113	—	(2,206)	106	(53)
3 – 4 years	140,622	142,835	—	(2,213)	147	(80)
4 – 5 years	397,348	119,030	—	278,318	(23,390)	13,200
5 – 6 years	80,540	95,652	—	(15,112)	1,527	(887)
6 – 7 years	63,407	81,611	—	(18,204)	2,133	(1,299)
7 – 8 years	51,813	62,512	—	(10,699)	1,413	(926)
8 – 9 years	41,403	51,844	—	(10,441)	1,521	(1,090)
9 – 10 years	8,756	42,215	—	(33,459)	5,297	(4,069)
10 – 15 years	92,529	201,536	—	(109,007)	21,195	(16,829)
15 – 20 years	3,848	—	—	3,848	(973)	588
> 20 years	2,509	—	—	2,509	(879)	250
	2,899,820	**2,466,939**	**496,216**	**929,097**	**2,653**	**(9,587)**

2022 *(amounts in thousand Euros)*

Timeframe	Assets	Liabilities	Off-balance Sheet	Net position	Economic Value Delta (+200 bps)	Economic Value Delta (-200 bps)
At sight	746,113	759,346	338,410	325,178	(18)	18
At sight – 1 month	117,603	335,600	(185,484)	(403,481)	348	(356)
1 – 3 months	149,619	82,808	8,304	75,116	(242)	247
3 – 6 months	317,599	128,822	15,181	203,958	(1,461)	1,501
6 – 9 months	228,863	88,106	13,314	154,071	(1,812)	1,870
9 – 12 months	568,686	81,443	13,662	500,904	(8,126)	8,427
1 – 1,5 years	114,835	121,496	19,747	13,086	(297)	311
1,5 – 2 years	91,955	119,699	17,748	(9,997)	311	(328)
2 – 3 years	172,516	197,452	31,061	6,126	(264)	282
3 – 4 years	143,415	158,458	25,380	10,337	(599)	654
4 – 5 years	135,995	131,357	19,878	24,516	(1,756)	1,954
5 – 6 years	112,210	108,724	14,987	18,473	(1,554)	1,762
6 – 7 years	87,405	90,470	10,885	7,820	(747)	864
7 – 8 years	71,042	74,760	7,210	3,492	(370)	436
8 – 9 years	58,693	61,782	4,537	1,449	(167)	201
9 – 10 years	57,616	50,203	1,653	9,066	(1,120)	1,373
10 – 15 years	100,393	273,018	118	(172,507)	24,852	(32,289)
15 – 20 years	4,867	—	170	5,037	(851)	1,219
> 20 years	14,014	—	100	14,114	(2,766)	4,592
	3,293,439	**2,863,544**	**356,861**	**786,758**	**3,361**	**(7,262)**

In view of the interest rate gaps observed, as at 31 December 2022, the impact on the economic value of instantaneous and parallel shifts of the interest rates by -200 basis points is (6,210) thousand Euros (2021: (9,524) thousand Euros).

The main assumptions used in 2021 in the Bank's analyses were the following:

a. For Demand Deposits: 25.21% on demand, 74.79% distributed non-linearly over 15 years, giving it a duration of 3.7 years;

b. Savings Accounts: 39.49% in cash, 60.51% distributed non-linearly over 15 years, giving them a duration of 2.9 years;

c. Introduction of an annual rate of prepayment of Housing Credit, of 8.59%, proportionally distributed by each time interval bucket;

In 2021, they were revised and the following changes were introduced:

a. For Demand Deposits: 26.04% on demand, 73.96% distributed non-linearly over 15 years, giving it a duration of 3.9 years;

b. Savings Accounts: 50.64% in cash, 49.36% distributed non-linearly over 15 years, giving them a duration of 2.6 years;

c. Introduction of an annual rate of prepayment of Housing Credit, of 1.27%, proportionally distributed by each time interval bucket;

Additionally, the impact on the 12-month financial margin of changes in market interest rates is calculated on a monthly basis. In this exercise, all assets, liabilities or off-balance sheet elements that generate or pay interest cash flows are considered. The calculation is based on repricing characteristics and maturities, considering behavioural models and interest rate transmission coefficients (betas). Considering, everything else constant and, a positive variation of market interest rates of 50 b.p. on 31 December 2022, the net interest income would have decreased by 264.5 thousand euros, while a negative rate variation of 50 b.p. would imply a decrease in the margin of 1,488.9 thousand euros. The lack of symmetry between the two impacts is explained by the specific circumstances of the market at the reference date, namely the fact that the remuneration of customer funds has not yet undergone significant changes and it is expected that subsequent increases will register high betas.

Foreign currency exchange rate risk

Under the non-banking activity, exchange rate risk is related to the existence of balances in currencies other than the Euro, in particular balances arising from transactions with foreign Postal Operators recorded in Special Drawing Rights (SDR) and the related changes on the fair value of the financial assets and liabilities, as a result of changes in foreign currency exchange rates.

The management of foreign exchange risk relies on the periodic monitoring of the degree of exposure to the exchange rate risk of assets and liabilities, with the reference of previously defined objectives based on the evolution of the international business activities.

As at 31 December 2021 and 31 December 2022, the net exposure (assets minus liabilities) of the **Group** amounted to (7,949,165) SDR ((9,836.933) Euros at the exchange rate €/SDR 1.23748), and (15,852,830) SDR ((19,862,170) Euros at the exchange rate €/SDR 1.25291), respectively.

As far as the **Company** is concerned, as at 31 December 2021 and 31 December 2022, the net exposure (assets minus liabilities) amounted to (8,210,242) SDR ((10,160,010 Euros at the exchange rate €/SDR 1.23748), and (15,852,830) SDR ((19,451,157) Euros at the exchange rate €/SDR 1.25291), respectively.

In the sensitivity analysis performed for the balances of accounts receivable and payable to foreign Postal Operators, on 31 December 2021 and 31 December 2022, assuming an increase / decrease of

10% in the exchange rate € / SDR, the **Group's** profit and losses would have been higher by (983,693) Euros and by (1,986,217) Euros, respectively. The impact on the **Company's** profit and losses would have been higher by (1,016,001) Euros and by (1,945,116) Euros, respectively.

In the scope of the banking activity, Banco CTT does not incur in foreign currency exchange rate risk, since it only operates in the Euro currency.

Liquidity risk

Liquidity risk may occur if the funding sources, such as cash balances, operating cash flows and cash flows from divestment operations, credit lines and cash flows obtained from financial operations, do not match the **Group's** financial needs, such as cash outflows for operating and financing activities and investments and shareholder remuneration. Based on the cash flow generated by operations and the available cash on hand, the **Group** and the **Company** believe that they have the capacity to meet their obligations.

The fact of the **Group's** current liabilities is higher than its current assets as of 31 December 2022 does not derive from an effective liquidity risk but, mostly, is the result of 321 Crédito and Banco CTT subsidiaries consolidation, which, in view of its activities financial nature, they naturally present a current liability higher than the current asset, with the liquidity risk assessment of these activities carried out using regulatory indicators defined by the supervisory authorities.

Their main contractual obligations are related to the financing obtained (essentially financial leases) and respective interest, the operating leases and other non-contingent financial commitments.

The following tables detail the expected contractual obligations and financial commitments as at 31 December 2021 and 31 December 2022 for the **Group** and the **Company** and do not reconcile with the balance sheet:

	2021			
Group	**Due within 1 year**	**Over 1 year and less than 5 years**	**Over 5 years**	**Total**
Financial liabilities				
Debts	54,529,293	128,741,586	28,808,052	212,078,932
Accounts payable	330,150,100	—	—	330,150,100
Banking client deposits and other loans	2,121,511,345			2,121,511,345
Other current liabilities	57,993,238			57,993,238
Other banking financial liabilities	35,137	277,760,616	—	277,795,753
Non-financial liabilities				
Non-contingent financial commitments (1)	4,471,199	—	—	4,471,199
	2,568,690,312	**406,502,202**	**28,808,052**	**3,004,000,567**

(1) The non-contingent financial commitments are essentially related to contracts signed with tangible fixed assets and intangible assets suppliers and a corresponding liability has not been recognized in the balance sheet (Notes 5 and 6).

Group	2022			
	Due within 1 year	Over 1 year and less than 5 years	Over 5 years	Total
Financial liabilities	63,110,244	104,767,260	41,692,362	209,569,866
Debts	491,966,724	—	—	491,966,724
Accounts payable	2,245,329,918			2,245,329,918
Banking client deposits and other loans	351,654	445,226,206	—	445,577,860
Other current liabilities	50,938,850			50,938,850
Other banking financial liabilities	—	—	—	—
Non-financial liabilities				
Non-contingent financial commitments [(1)]	4,912,774	—	—	4,912,774
	2,856,610,164	**549,993,466**	**41,692,362**	**3,448,295,992**

(1) The non-contingent financial commitments are essentially related to contracts signed with tangible fixed assets and intangible assets suppliers and a corresponding liability has not been recognized in the balance sheet (Notes 5 and 6).

Company	2021			
	Due within 1 year	Over 1 year and less than 5 years	Over 5 years	Total
Financial liabilities				
Debts	36,364,405	104,561,496	10,904,932	151,830,832
Accounts payable	298,238,356	309,007	—	298,547,363
Shareholders	—	—	—	—
Other current liabilities	25,635,898	—	—	25,635,898
Non-financial liabilities				
Non-contingent financial commitments [(1)]	361,219	—	—	361,219
	360,599,877	**104,870,503**	**10,904,932**	**476,375,312**

(1) The non-contingent financial commitments are essentially related to contracts signed with tangible fixed assets and intangible assets suppliers and a corresponding liability has not been recognized in the balance sheet (Notes 5 and 6).

Company	2022			
	Due within 1 year	Over 1 year and less than 5 years	Over 5 years	Total
Financial liabilities				
Debts	44,151,207	73,605,473	14,521,388	132,278,069
Accounts payable	458,593,234	309,007	—	458,902,241
Shareholders	12,412,010	—	—	12,412,010
Other current liabilities	20,586,137			20,586,137
Non-financial liabilities				
Non-contingent financial commitments [(1)]	1,357,457	—	—	1,357,457
	537,100,046	**73,914,480**	**14,521,388**	**625,535,914**

(1) The non-contingent financial commitments are essentially related to contracts signed with tangible fixed assets and intangible assets suppliers and a corresponding liability has not been recognized in the balance sheet (Notes 5 and 6).

Within the scope of banking activity, liquidity risk reflects the possibility of incurring significant losses arising from a deterioration in financing conditions (financing risk) and/or the sale of assets for values below market values (liquidity risk of market).

Overall, the liquidity risk management strategy is entrusted to the Board of Directors, which delegates it to the Executive Committee, and is carried out by the Treasury Department, based on constant vigilance of exposure indicators, being closely monitored by the Capital and Risk Committee.

The Capital and Risk Committee is responsible for controlling liquidity risk exposure, by analyzing liquidity positions and assessing their conformity with the applicable regulatory rules and limitations, as well as with the goals and guidelines defined by the **Group**.

The **Group's** liquidity risk is assessed through regulatory indicators defined by the supervision authorities, as well as through other internal metrics.

The Bank conducts liquidity stress tests aimed at identifying the main liquidity risk factors affecting its balance sheet and testing the Bank's resilience to liquidity crises.

As a liquidity contingency plan, the Bank has defined a series of measures that, when activated, will enable addressing and/or mitigating the effects of a liquidity crisis. These measures aim to respond to liquidity needs in stress scenarios.

Furthermore, the Bank conducts Internal Liquidity Adequacy Assessment Process (ILAAP) analyzes, thus complying with Banco de Portugal Instruction 2/2019 and the European Banking Authority (EBA) guidelines (EBL/GL/2016/10).

The Capital and Risk Committee that held 14 meetings in 2022, analyses the Bank's liquidity position, namely, the evolution of the balance sheet, the analysis of gaps and key activity indicators (liquidity and commercial gaps, deposit and credit rates). In brief, a comprehensive assessment is carried out of liquidity risk and its evolution, with special focus on current liquidity buffers and the generation/ maintenance of eligible assets.

At the level of the different assets, constant monitoring of the possibility of their transaction is maintained, duly framed by limits for operation in each market. Furthermore, under the periodic monitoring of the liquidity situation, the **Group** calculates the liquidity mismatch, Additional Liquidity Monitoring Metrics (ALMM), pursuant to the addenda issued in 2018 to Regulation (EU) 680/2014 of the Commission.

ALMM takes into account all the contracted outflows and inflows and uses a maturity ladder which enables confirming the existence or not of the **Group'**s liquidity mismatch, and also enables knowing its capacity to counterbalance any liquidity mismatch.

The liquidity mismatch is calculated for various timeframes, from overnight up to more than five years, taking into account the asset liability and off-balance sheet positions with expected and estimated financial flows that are scheduled according to the corresponding residual maturities or inflow/outflow date of the monetary flow.

As at 31 December 2022, the ALMM shows a positive liquidity mismatch (difference between contracted outflows and inflows) of 261 695 thousand Euros (128,810 thousand years at 31 December 2021).

Additionally, this positive liquidity mismatch is reinforced by the financial assets and reserves at the Central Bank of close to 1 463 855 thousand Euros (781,858 thousand years at 31 December 2021).

Market Risk

Market Risk broadly means any loss arising from an adverse change in the value of a financial instrument as a result of a variation in interest rates, exchange rates, share prices, prices of goods or real estate, volatility and credit spreads.

The Group does not have a Trading portfolio, and at the end of 2022 the entirety of its debt securities portfolio is accounted for as financial assets at amortized cost, with the main risk arising from their investments, the credit risk and not the market risk. Additionally, the Bank holds participation units for a total amount of 26,479 thousand euros in a real estate investment fund which is accounted for at fair value through profit or loss.

In order to limit possible negative impacts due to difficulties in a market, sector or issuer, the **Group** has defined a set of limits for the management of its own portfolio in order to ensure that the levels of risk incurred in the Group's portfolios are in line with pre-defined levels. - Defined risk tolerance. These limits are established at least annually and are regularly monitored by the Capital and Risk Committee, Audit Committee and Board of Directors.

Operational Risk

The **Group,** in view of the nature of its activity, is exposed to potential losses or reputational risk, as a result of human errors, failures of systems and/or processing, unexpected stoppage of activity or failures on the part of third parties in terms of supplies, provisions or execution of services.

The approach to operational risk management is underpinned by the end-to-end structure, ensuring the effective adequacy of the controls involving functional units that intervene in the process. The Group identifies and assesses the risks and controls of the processes, ensuring their compliance with the requirements and principles of the Internal Control System.

Capital risk

The **Group** and the **Company** manage their capital to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the **Group** and the **Company** may adjust the amount paid to shareholders in dividends, issue new debt or sell assets to reduce debt.

The balance of capital structure is monitored based on the adjusted solvency ratio, calculated as: Equity / Liabilities.

The solvency ratios at 31 December 2021 and 31 December 2022, were as follows:

	Group		Company	
	2021	2022	2021	2022
Equity	174,546,069	224,929,476	173,310,807	223,832,043
Liabilities	3,410,652,529	3,832,558,723	862,774,528	911,600,030
Amounts of third parties	218,392,487	362,607,756	218,392,900	362,607,764
Adjusted solvency ratio (1)	5.5%	6.5%	26.9%	40.8%

(1) Equity / (Liabilities - Amounts of third parties in Cash and cash quivalents)

Regarding Banco CTT, the definition of the strategy to be adopted in terms of capital management is the responsibility of the Board of Directors.

Banco CTT seeks to achieve high financial solidity by maintaining a total own funds ratio - the ratio between own capital and risk-weighted assets - comfortably above the legal minimum as set out in Directive 2013/36/EU and Regulation (EU) No. 575/2013 (CRR" - Capital Requirements Regulation), adopted on 26 June 2013 by the European Parliament and the Council.

The ICAAP (Internal Capital Adequacy Assessment Process) is an important process in the Group's risk management with the objective of identifying the necessary capital to adequately cover the risks that the Group incurs in the development of its current business strategy.

The Bank carries out this annual self-assessment exercise to determine the levels of capital adequacy in relation to its business model. This process, which is regulated by Bank of Portugal Instruction nº 3/2019 and the EBA guidelines, seeks to ensure that the risks to which institutions are exposed are correctly assessed and that the internal capital they have is adequate in relation to the respective risk profile.

The ICAAP is a tool that allows the Board of Directors to test the adequacy of the Bank's capitalization to the risks of its activity, the sustainability of the strategic budget plan in the medium term and the respective framework within the risk limits defined in its Risk Appetite Statement. The ICAAP guides the Group in the assessment and quantification of the main risks to which it may be exposed, thus also constituting an important management tool in decision-making regarding the levels of risk to be assumed and the activities to be undertaken.

The **Group** calculates its internal capital using regulatory models, thus its internal capital is composed of its regulatory own funds.

Capital ratios – Banco CTT

The main goal of capital management is ensuring compliance with the Bank's strategic goals as regards capital adequacy, thereby complying and enforcing compliance with the minimum capital requirements stipulated by the supervisory authorities.

In calculating capital requirements, Banco CTT used the standard method for credit risk and risk of the counterpart, used the basic indicator method for operational risk and used the standard method with the maturity-based approach to market risk.

Capital, calculated pursuant to Directive 2013/36/UE and Regulation (UE) no. 575/2013 of the European Parliament and of the Council and Bank of Portugal Notice 10/2017, include Common and additional Equity Tier 1 and Tier 2 capital. Tier 1 includes Common Equity Tier 1 (CET1) and additional Tier 1 capital.

The Bank's Common Equity Tier 1 includes: a) paid-up capital and retained earnings and reserves, b) regulatory deductions related to intangible assets and losses for the financial year underway and c) prudential filters. The Bank has no additional Tier 1 capital, nor Tier 2 capital.

The current legislation contemplates a transition period between the own funds' requirements according to national legislation and those calculated according to Community legislation in order to phase both the non-inclusion/exclusion of elements previously considered (phased-out) or the inclusion/deduction of new elements (phased-in). At the prudential framework level, institutions should report Common Equity Tier 1, tier 1 and total ratios of not less than 7%, 8.5% and 10.5%, respectively, including a 2.5% conservation buffer and a countercyclical buffer, in the case of the Bank, 0%

In order to promote the banking system capacity to perform this function adequately, and cumulatively with monetary policy measures, financial regulatory and supervisory authorities have introduced a wide range of measures. These measures went through the easing of a wide range requirements usually required to institutions. In the case of the banking system, the European Central Bank and the Bank of Portugal allowed the institutions directly supervised by them to operate temporarily with a level of own funds below the orientations and of the combined reserve of own funds, and with levels of liquidity lower than the liquidity coverage requirement.

During 2020, there were disclosed - by the national supervisor and the European Union - several measures of flexibilization of regulatory and supervisory requirements to relieve the contingency situation arising from the Covid-19 outbreak, through the reduction of regulatory capital requirements, including reserves of macroprudential capital.

Bank of Portugal Notice 10/2017 governs the transition period set out in the CRR as regards capital, namely regarding the deduction related to deferred taxes generated before 2014 and to the subordinated debt and non-eligible hybrid instruments, both of which are not applicable to Banco CTT.

With the introduction of IFRS 9 the Bank chose to recognize in stages the respective impacts of the static component in accordance with article 473-A of the CRR.

As at 31 December 2021 and 31 December 2022, the Bank had the following capital ratios, calculated pursuant to the transitory provisions set out in the CRR:

	2021		2022	
	CRR Phasing in	*CRR Fully Implemented*	*CRR Phasing in*	*CRR Fully Implemented*
OWN FUNDS				
Share Capital	**296,400,000**	**296,400,000**	**296,400,000**	**296,400,000**
Retained Earnings	**(73,953,847)**	**(73,953,847)**	**(59,348,171)**	**(59,348,171)**
Other Reserves	**(125,511)**	**(125,511)**	**347,757**	**347,757**
Prudential Filters	**20,651**	**20,651**	**—**	**—**
Fair value reserve [1]	26,746	26,746	—	—
Additional Valuation Adjustment (AVA) [2]	(6,095)	(6,095)	—	—
Deduction to the main Tier 1 elements	**(69,231,107)**	**(76,941,599)**	**(68,809,596)**	**(76,171,372)**
Intangible assets	(76,245,896)	(76,245,896)	(75,474,670)	(75,474,670)
IFRS 9 adoption	7,014,789	(695,703)	6,665,074	(696,703)
Items not deducted from Own Funds according to article 437 of CRR	**1,816,599**	**1,816,599**	**1,732,475**	**1,732,475**
Deferred tax assets	1,816,599	1,816,599	1,732,475	1,732,475
Common Equity Tier 1	**167,237,588**	**159,527,096**	**184,876,483**	**177,514,707**
Tier 1 Capital	**167,237,588**	**159,527,096**	**184,876,483**	**177,514,707**
Total Own Funds	**167,237,588**	**159,527,096**	**184,876,483**	**177,514,707**
RWA				
Credit Risk	917,327,393	917,327,393	1,000,303,421	1,000,303,421
Operational Risk	124,504,249	124,504,249	148,924,759	148,924,759
Market Risk	—	—	—	—
CVA	—	—	33,365,873	33,365,873
IFRS 9 Adjustments	—	(6,812,372)	—	(6,296,240)
	1,041,831,642	**1,035,019,270**	**1,182,594,053**	**1,176,297,813**
CAPITAL RATIOS				
Common Equity Tier 1	16.05%	15.41%	15.63%	15.09%
Tier 1 Ratio	16.05%	15.41%	15.63%	15.09%
Total Capital Ratio	16.05%	15.41%	15.63%	15.09%
REGULATORY MINIMUM RATIOS				
Common Equity Tier 1	7.00%	7.00%	7.00%	7.00%
Tier 1 Ratio	8.50%	8.50%	8.50%	8.50%
Total Capital Ratio	10.50%	10.50%	10.50%	10.50%

(1) Fair value reserve relating to gains or losses on financial assets valued at fair value.
(2) Additional value adjustments necessary to adjust assets and liabilities valued at fair value.

Use of External Rating Assessments:

Banco CTT uses the ECAI's ratings (External Credit Assessment Institutions), in particular, the ratings issued by Moody's, S&P, Fitch and DBRS, for credit institutions exposures with a residual maturity greater than 3 months and for company exposures. Regarding this, the **Group** uses the standard relationship published by EBA between ECAIs and credit quality degrees.
Regarding the risk weight calculation to be applied in RWA calculation, the credit assessments allocation of the issuer occurs as follows:

a) debt securities positions are rated specifically for these issues;
b) If there are no specific credit ratings for the issues, as mentioned in a), the credit ratings attributed to the issuers of the same are considered, if any;
c) credit exposures that are not represented by debt securities receive only, and when they exist, the issuers' credit ratings.

At the reference dates, the Bank presented the following exposures:

		2021			2022		
Ratings	Credit Quality Degree	Institutions, residual maturity > 3m	Companies	Sovereign	Institutions, residual maturity > 3m	Companies	Sovereign
AAA AA	1	—	—	—	—	—	—
A	2	11,424,488	5,632,045	75,176,074	5,239,419	—	206,334,463
BBB	3	2,350,000	—	259,567,814	4,700,523	—	331,577,782
BB	4	—	—	—	—	—	—
B	5	—	—	—	—	—	—
<B	6	—	—	—	—	—	—
Without rating	Without rating	—	5,245,536	—	450,250,022	149,953,645	—
		13,774,488	**10,877,581**	**334,743,888**	**460,189,964**	**149,953,645**	**537,912,245**

18. Inventories

As at 31 December 2021 and 31 December 2022, the **Group** and the **Company** Inventories are detailed as follows:

	2021					
	Group			Company		
	Gross amount	Impairment losses	Net amount	Gross amount	Impairment losses	Net amount
Merchandise	7,386,718	3,131,405	4,255,313	6,989,647	3,131,405	3,858,242
Raw, subsidiary and consumable materials	3,647,788	867,668	2,780,120	3,617,626	867,668	2,749,958
Advances on purchases	(163,158)	—	(163,158)	(163,158)	—	(163,158)
	10,871,348	**3,999,073**	**6,872,274**	**10,444,115**	**3,999,073**	**6,445,041**

	2022					
	Group			Company		
	Gross amount	Impairment losses	Net amount	Gross amount	Impairment losses	Net amount
Merchandise	7,644,305	2,747,401	4,896,905	6,604,998	2,747,401	3,857,597
Raw, subsidiary and consumable materials	4,314,685	922,314	3,392,372	4,276,475	922,314	3,354,162
Advances on purchases	(248,301)	—	(248,301)	(248,301)	—	(248,301)
	11,710,689	**3,669,714**	**8,040,976**	**10,633,172**	**3,669,715**	**6,963,458**

Cost of sales

During the years ended 31 December 2021 and 31 December 2022, the details of Cost of sales related to the **Group** and the **Company**, were as follows:

	2021					
	Group			Company		
	Merchandise	Raw, subsidiary and consumable materials	Total	Merchandise	Raw, subsidiary and consumable materials	Total
Opening balance	6,509,642	3,572,266	10,081,907	6,191,416	3,548,077	9,739,493
Purchases	23,212,650	3,233,052	26,445,702	16,904,067	3,197,669	20,101,736
Inventories offers	(1,584)	—	(1,584)	(1,584)	—	(1,584)
Adjustments	(44,303)	(31,779)	(76,082)	(44,082)	(31,779)	(75,860)
Impairment of inventories	679,290	119,968	799,258	679,290	119,968	799,258
Closing balance	(7,386,718)	(3,647,788)	(11,034,506)	(6,989,647)	(3,617,626)	(10,607,273)
Cost of sales	**22,968,976**	**3,245,720**	**26,214,696**	**16,739,461**	**3,216,309**	**19,955,770**

	2022					
	Group			Company		
	Merchandise	Raw, subsidiary and consumable materials	Total	Merchandise	Raw, subsidiary and consumable materials	Total
Opening balance	7,386,718	3,647,788	11,034,506	6,989,647	3,617,626	10,607,273
Purchases	42,857,773	5,196,627	48,054,400	13,769,103	5,163,919	18,933,022
Inventories offers	(34,505)	(44,213)	(78,718)	(34,505)	(44,213)	(78,718)
Adjustments	(14,442)	26,441	12,000	(14,442)	26,441	12,000
Impairment of inventories	(211,906)	54,645	(157,261)	(211,906)	54,645	(157,261)
Closing balance	(7,644,305)	(4,314,685)	(11,958,991)	(6,604,998)	(4,276,475)	(10,881,473)
Cost of sales	**42,339,333**	**4,566,603**	**46,905,936**	**13,892,899**	**4,541,943**	**18,434,842**

Impairment

During the years ended 31 December 2021 and 31 December 2022, the movements in the **Group** and the **Company** Accumulated impairment losses (Note 25) were as follows:

Group and Company	2021 Opening balance	Increases	Reversals	Utilizations	Closing balance
Merchandise	2,525,086	680,033	(743)	(72,971)	3,131,405
Raw, subsidiary and consumable materials	847,331	128,297	(8,329)	(99,631)	867,668
	3,372,417	**808,330**	**(9,072)**	**(172,602)**	**3,999,073**

Group and Company	2022 Opening balance	Increases	Reversals	Utilizations	Closing balance
Merchandise	3,131,405	—	(211,906)	(172,098)	2,747,401
Raw, subsidiary and consumable materials	867,668	54,645		—	922,314
	3,999,073	**54,645**	**(211,906)**	**(172,098)**	**3,669,714**

For the years ended 31 December 2021 and 31 December 2022, impairment losses of inventories were recorded in the **Group** and the **Company** net of reversals amounting to 799,258 Euros and 157,261 Euros, respectively, in the caption Cost of sales.

19. Accounts receivable

As at 31 December 2021 and 31 December 2022 the **Group** and the **Company** heading Accounts receivable showed the following composition:

	Group		Company	
	31.12.2021	**31.12.2022**	**31.12.2021**	**31.12.2022**
Non-current				
Group companies [(1)]	—	—	587,308	617,421
	—	**—**	**587,308**	**617,421**
Current				
Third parties	126,171,101	125,451,093	52,643,061	50,910,203
Postal operators	34,500,951	21,469,695	32,094,758	19,526,611
Group companies [(1)]	257,998	210,088	28,037,356	27,626,623
	160,930,050	**147,130,876**	**112,775,176**	**98,063,438**
	160,930,050	**147,130,876**	**113,362,484**	**98,680,859**

[(1)] Includes subsidiary, associated and joint-ventures companies.

As at 31 December 2021 and 31 December 2022, the ageing of accounts receivable is detailed as follows:

	2021					
	Group			Company		
Accounts receivable	Gross amount	Accumulated impairment losses	Net amount	Gross amount	Accumulated impairment losses	Net amount
Non-overdue	79,273,178	(44,046)	79,229,132	46,901,455	(21,543)	46,879,912
Overdue [1]:						
0-30 days	16,088,882	(8,744)	16,080,138	6,442,354	(1,576)	6,440,778
31-90 days	15,710,958	(5,626)	15,705,332	12,332,581	(1,759)	12,330,822
91-180 days	9,336,160	(259,477)	9,076,683	14,194,213	(16,940)	14,177,273
181-360 days	12,493,719	(1,200,134)	11,293,586	8,330,140	(255,123)	8,075,017
> 360 days	67,910,752	(38,365,572)	29,545,180	29,223,183	(3,764,502)	25,458,681
	200,813,650	**(39,883,599)**	**160,930,050**	**117,423,927**	**(4,061,443)**	**113,362,484**

(1) The amounts regarding the foreign operators, although being overdue over 360 days, are within the normal period for the presentation and regularisation of the accounts.

	2022					
	Group			Company		
Accounts receivable	Gross amount	Accumulated impairment losses	Net amount	Gross amount	Accumulated impairment losses	Net amount
Non-overdue	80,929,727	(62,922)	80,866,805	45,505,023	(17,936)	45,487,088
Overdue [1]:						
0-30 days	12,966,949	(41,899)	12,925,050	7,224,389	(47)	7,224,343
31-90 days	13,326,329	(42,621)	13,283,708	14,538,345	(608)	14,537,737
91-180 days	7,229,498	(39,395)	7,190,103	11,318,609	(5,510)	11,313,099
181-360 days	14,292,753	(1,137,324)	13,155,429	7,228,606	(224,585)	7,004,022
> 360 days	59,794,667	(40,084,887)	19,709,780	16,514,705	(3,400,135)	13,114,570
	188,539,923	**(41,409,047)**	**147,130,876**	**102,329,679**	**(3,648,820)**	**98,680,859**

(1) The amounts regarding the foreign operators, although being overdue over 360 days, are within the normal period for the presentation and regularisation of the accounts.

The net amount of the Accounts receivable balances overdue over 360 days is broken down as follows:

	Group		Company	
	31.12.2021	31.12.2022	31.12.2021	31.12.2022
Other accounts receivable	5,267,661	8,767,791	1,983,014	2,960,794
Foreign operators	24,277,519	10,941,989	23,475,667	10,153,776
Total	**29,545,180**	**19,709,780**	**25,458,681**	**13,114,570**
Foreign operators - payable (Note 34)	**24,311,914**	**22,526,001**	**24,060,455**	**22,526,001**

The caption Foreign Operators relates to receivables associated with the distribution of postal items in Portugal with origin in other countries.

These operations fall within the scope of the regulations of the Universal Postal Union (UPU) that establishes the closing of the accounts on an annual basis which therefore is only made after the year end and originates the significant overdue balance with more than 360 days with these customers. It should also be mentioned that the referred regulation establishes a period of up to 22 months for the presentation of the accounts and, therefore, the foreign operators' balances reflect the expected trend of this specific business.

The **Group** does not have an unconditional right to settle the Foreign Operators amounts by net values, deducting unilaterally the receivable amounts from the payable amounts, for which the balances are presented in assets and liabilities. However, under the UPU regulations, the accounts between Foreign Operators are cleared by netting accounts, so the credit risk is mitigated by the accounts payable balances related to these entities and by the advance payments on the net receivables of the year (Note 34).

The accounts receivable and payable from foreign postal operators' detail by ageing (reference year) with reference of 31 December 2021 were as follows:

Group	2021	2020	2019 and previous	Total
Nature				
Customers	2,415,630	9,976,921	22,108,400	34,500,951
Suppliers	(18,048,909)	(11,887,129)	(13,877,338)	(43,813,375)

The accounts receivable and payable from foreign postal operators' detail by ageing (reference year) with reference of 31 December 2022 were as follows:

Group	2022	2021	2020 and previous	Total
Nature				
Customers	6,654,552	(228,729)	15,043,872	21,469,695
Suppliers	(23,285,207)	(13,773,335)	(13,049,869)	(50,108,412)

The revenue recognition impact of significant financing component effect associated to the contractual performance obligations with Foreign Operators is not significant. The **Group** and the **Company** did not recognize any amount.

The balance of national customers includes receivables of public entities and other clients that are also suppliers which will be netted with accounts payable balances and customers with debt payment plans.

In the universe of national customers, the level of coverage of customer debts by bank guarantees and prior customer deposits maintained a downward trend, standing at 31 December 2022 for the **Group** at 0.9% (31 December 2021: 0.9%), and 1.4% in the **Company** (31 December 2021: 1.5%). It should be noted that the current legislation does not allow the use of this type of customer risk protection mechanisms in essential public service contracts, which include mail credit sales contracts.

	Group		Company	
	31.12.2021	31.12.2022	31.12.2021	31.12.2022
Advance deposits	1,032,034	976,870	702,934	660,771
Bank guarantees	48,753	26,500	48,753	26,500
Total	**1,080,787**	**1,003,370**	**751,687**	**687,271**

Impairment losses

During the years ended 31 December 2021 and 31 December 2022, the movement in the **Group** Accumulated impairment losses caption (Note 25) was as follows:

Group	2021					
	Opening balance	Increases	Reversals	Utilizations	Changes in the consolidation perimeter	Closing balance
Accounts receivable	39,633,843	4,209,818	(2,588,327)	(1,423,383)	51,648	39,883,599
	39,633,843	**4,209,818**	**(2,588,327)**	**(1,423,383)**	**51,648**	**39,883,599**

Group	2022					
	Opening balance	Increases	Reversals	Utilizations	Changes in the consolidation perimeter	Closing balance
Accounts receivable	39,883,599	3,835,005	(1,641,407)	(669,845)	1,695	41,409,047
	39,883,599	**3,835,005**	**(1,641,407)**	**(669,845)**	**1,695**	**41,409,047**

For the years ended 31 December 2021 and 31 December 2022, impairment losses of accounts receivable were recorded in the **Group** (net of reversals) amounting to 1,621,491 Euros and 2,193,598 Euros, respectively, in the caption Impairment of accounts receivable, net (Note 46).

As at 31 December 2021, the companies in the Express & Parcels segment have the greatest contribution to the evolution of accounts receivables impairments, with the increases resulting from the combination of the increase in their own activity and a more incisive management of debt, with the transfer of debt of some clients for litigation. The reversals result from the completion of some litigation proceedings in favour of the **Group** and the settlement of outstanding amounts (especially older debt) with the largest customers.

As at 31 December 2022, companies in the Express segment continue to be the ones that most contribute to the evolution of accounts receivables impairments, this greater contribution being justified by the growth dynamics of this segment, combined with the strict application of internal rules for credit control, which translates into the end of the process, and when there is no collection of the amounts owed, in the transfer of clients to litigation. Reversals are essentially justified by debt recovery, either through credit management or through the courts.

During the years ended 31 December 2021 and 31 December 2022, the movement in Accumulated impairment losses caption (Note 25) of the **Company** was as follows:

Company	2021				
	Opening balance	Increases	Reversals	Utilizations	Closing balance
Accounts receivable	4,427,512	521,584	(200,000)	(687,653)	4,061,443
	4,427,512	**521,584**	**(200,000)**	**(687,653)**	**4,061,443**

Company	2022				
	Opening balance	Increases	Reversals	Utilizations	Closing balance
Accounts receivable	4,061,443	984,939	(1,267,331)	(130,231)	3,648,820
	4,061,443	**984,939**	**(1,267,331)**	**(130,231)**	**3,648,820**

For the years ended 31 December 2021 and 31 December 2022, impairment losses of accounts receivable were recorded in the **Company** (net of reversals) amounting to 321,584 Euros and (282,392) Euros, respectively, in the caption Impairment of accounts receivable, net (Note 46).

20. Credit to banking clients

As at 31 December 2021 and 31 December 2022, the **Group** caption Credit to banking clients was detailed as follows:

	31.12.2021	31.12.2022
Performing loans	**1,560,653,792**	**1,808,576,514**
Mortgage Loans	595,419,629	659,528,828
Auto Loans	660,982,844	780,322,145
Credit Cards	297,943,534	364,276,261
Leasings	4,975,252	3,098,317
Overdrafts	1,332,534	1,350,964
Other credits	—	—
Overdue loans	**12,345,092**	**23,724,664**
Overdue loans - less than 90 days	1,165,016	1,407,206
Overdue loans - more than 90 days	11,180,076	22,317,458
	1,572,998,883	**1,832,301,179**
Credit risk impairment	**(31,090,390)**	**(54,736,167)**
	1,541,908,493	**1,777,565,012**

The maturity analysis of the Credit to bank clients as at 31 December 2021 and 31 December 2022 is detailed as follows:

31.12.2021	Current					Non-current			
	At sight	Due within 3 months	>3 months - < 1 year	Overdue Loans	Total	> 1 year - > 3 years	Over 3 years	Total	Total
Mortgage loans	—	4,529,387	13,058,049	—	17,587,436	35,360,412	542,471,779	577,832,191	595,419,626
Auto Loans	—	27,206,248	73,256,613	9,611,208	110,074,069	188,259,391	372,260,592	560,519,983	670,594,052
Credit Cards	—	297,943,534	—	772,542	298,716,076	—	—	—	298,716,076
Leasings	—	460,233	1,281,167	76,935	1,818,335	2,717,445	516,407	3,233,852	5,052,187
Overdraft	1,332,534	—	—	1,278,857	2,611,391	—	—	—	2,611,391
Other credits	—	—	—	605,550	605,550	—	—	—	605,550
	1,332,534	**330,139,402**	**87,595,829**	**12,345,092**	**431,412,857**	**226,337,248**	**915,248,778**	**1,141,586,026**	**1,572,998,883**

31.12.2022	Current					Non-current			
	At sight	Due within 3 months	>3 months - < 1 year	Overdue Loans	Total	> 1 year - > 3 years	Over 3 years	Total	Total
Mortgage loans	—	4,636,444	12,111,511	12,322	16,760,276	33,650,594	609,130,280	642,780,874	659,541,150
Auto Loans	—	31,350,940	83,953,302	12,548,440	127,852,682	218,528,051	446,489,852	665,017,903	792,870,584
Credit Cards	—	364,276,261	—	9,536,389	373,812,649	—	—	—	373,812,649
Leasings	—	343,726	802,179	156,492	1,302,398	1,277,212	675,199	1,952,411	3,254,809
Overdraft	1,350,964	—	—	1,471,022	2,821,986	—	—	—	2,821,986
	1,350,964	**400,607,371**	**96,866,992**	**23,724,664**	**522,549,991**	**253,455,856**	**1,056,295,331**	**1,309,751,188**	**1,832,301,179**

The Credit Cards caption represents a portfolio of credit cards acquired within the scope of the Universo Partnership with Universo, IME, S.A.. This portfolio was recognized in the Group's financial statements to the extent that the Group is a sole investor in the Next Funding No.1 securitization operation and, therefore, in compliance with the conditions set out in IFRS 10 - Consolidated Financial Statements, the securitization operation is consolidated.

On 31 December 2022, the **Group**, through its subsidiary Banco CTT, and Universo, IME, reviewed the terms of the Partnership Agreement in the area of financial services, communicated to the market on 1 December 2022. April 2021. In this context, Banco CTT and Universo agreed on the terms for the termination of the Agreement with a view to ending the partnership by December 2023. Notwithstanding this agreement, the conditions provided for in IFRS 10 for recognition of the credit card portfolio credit in the Group's financial statements continue to be verified on 31 December 2022. Under this agreement, Banco CTT will be entitled to compensation of 2,000 thousand euros, as disclosed in note 43.

The breakdown of this heading by type of rate is as follows:

	31.12.2021	31.12.2022
Fixed rate	926,351,787	1,147,499,141
Floating rate	646,647,096	684,802,038
	1,572,998,883	**1,832,301,179**
Credit risk impairment	(31,090,390)	(54,736,167)
	1,541,908,493	**1,777,565,012**

As at 31 December 2021 and 31 December 2022, the analysis of this caption by type of collateral, is presented as follows:

	2021				
	Performing Loans	Overdue Loans	Gross amount	Impairment	Net amount
Asset-backed Loans	600,433,555	1,510,327	601,943,882	(2,409,164)	599,534,718
Other guaranteed Loans	645,072,323	4,775,730	649,848,053	(17,150,161)	632,697,892
Unsecured Loans	315,147,914	6,059,034	321,206,948	(11,531,064)	309,675,884
	1,560,653,792	**12,345,092**	**1,572,998,883**	**(31,090,390)**	**1,541,908,493**

	2022				
	Performing Loans	Overdue Loans	Gross amount	Impairment	Net amount
Asset-backed Loans	662,647,627	146,757	662,794,383	(1,036,479)	661,757,905
Other guaranteed Loans	761,033,646	5,465,861	766,499,507	(25,917,657)	740,581,850
Unsecured Loans	384,895,241	18,112,047	403,007,288	(27,782,031)	375,225,257
	1,808,576,514	**23,724,664**	**1,832,301,179**	**(54,736,167)**	**1,777,565,012**

The credit type analysis of the caption, as at 31 December 2021 and 31 December 2022 is detailed as follows:

	2021				
	Performing Loans	Overdue Loans	Gross amount	Impairment	Net amount
Mortgage Loans	595,419,629	—	595,419,629	(596,281)	594,823,348
Auto Loans	660,982,844	9,611,208	670,594,052	(22,024,094)	648,569,958
Credit Cards	297,943,534	772,542	298,716,076	(6,617,578)	292,098,498
Leasings	4,975,252	76,935	5,052,186	(98,307)	4,953,880
Overdrafts	1,332,534	1,278,857	2,611,391	(1,148,581)	1,462,810
Other credits	—	605,550	605,550	(605,550)	—
	1,560,653,792	**12,345,091**	**1,572,998,883**	**(31,090,390)**	**1,541,908,493**

	2022				
	Performing Loans	Overdue Loans	Gross amount	Impairment	Net amount
Mortgage Loans	659,528,828	12,322	659,541,150	(913,526)	658,627,625
Auto Loans	780,322,145	12,548,440	792,870,585	(32,596,578)	760,274,007
Credit Cards	364,276,261	9,536,389	373,812,649	(19,997,066)	353,815,583
Leasings	3,098,317	156,492	3,254,809	(58,560)	3,196,249
Overdrafts	1,350,964	1,471,022	2,821,986	(1,170,437)	1,651,548
	1,808,576,514	**23,724,664**	**1,832,301,179**	**(54,736,167)**	**1,777,565,012**

The analysis of credit to bank clients as at 31 December 2021 and 31 December 2022, by sector of activity, is as follows:

	2021				
	Performing Loans	Overdue Loans	Gross amount	Impairment	Net amount
Companies	**56,009,899**	**1,584,427**	**57,594,325**	**(2,227,312)**	**55,367,014**
Agriculture, forestry and fishing	4,233,937	38,988	4,272,925	(131,975)	4,140,950
Mining and quarrying	694,899	211	695,109	(4,777)	690,333
Manufacturing	6,007,208	137,158	6,144,366	(173,610)	5,970,756
Water supply	123,735	—	123,735	(230)	123,506
Construction	9,894,287	300,665	10,194,952	(386,725)	9,808,227
Wholesale and retail trade	10,126,222	428,000	10,554,222	(530,948)	10,023,274
Transport and storage	4,168,460	87,594	4,256,054	(115,008)	4,141,046
Accommodation and food service activities	4,182,495	90,792	4,273,288	(146,261)	4,127,027
Information and communication	644,625	421	645,046	(4,991)	640,054
Financial and insurance activities	307,998	2,231	310,229	(3,766)	306,463
Real estate activities	1,706,577	2,052	1,708,628	(21,028)	1,687,600
Professional, scientific and technical activities	1,657,181	8,011	1,665,192	(45,590)	1,619,602
Administrative and support service activities	3,471,167	329,223	3,800,390	(379,908)	3,420,482
Education	721,135	575	721,711	(9,691)	712,019
Human health services and social work activities	1,305,341	14,931	1,320,271	(23,464)	1,296,808
Arts, entertainment and recreation	897,261	73,013	970,274	(65,933)	904,342
Other services	5,867,371	70,562	5,937,933	(183,407)	5,754,525
Individuals	**1,504,643,890**	**10,760,664**	**1,515,404,554**	**(28,863,077)**	**1,486,541,477**
Mortgage Loans	595,515,589	—	595,515,589	(598,198)	594,917,391
Consumer Loans	909,128,301	10,760,664	919,888,965	(28,264,879)	891,624,086
	1,560,653,792	**23,105,754**	**1,572,998,883**	**(31,090,390)**	**1,541,908,493**

	2022				
	Performing Loans	Overdue Loans	Gross amount	Impairment	Net amount
Companies	**73,517,445**	**1,432,171**	**74,949,616**	**(2,636,453)**	**72,313,163**
Agriculture, forestry and fishing	8,953,383	111,188	9,064,571	(284,460)	8,780,112
Mining and quarrying	1,275,893	2,431	1,278,324	(17,045)	1,261,279
Manufacturing	6,335,183	149,505	6,484,688	(209,049)	6,275,639
Water supply	76,074	—	76,074	(877)	75,198
Construction	12,763,802	393,388	13,157,190	(607,158)	12,550,031
Wholesale and retail trade	10,508,686	160,442	10,669,128	(312,582)	10,356,546
Transport and storage	7,191,249	189,058	7,380,307	(249,279)	7,131,028
Accommodation and food service activities	5,522,098	97,047	5,619,145	(234,925)	5,384,220
Information and communication	825,977	165	826,142	(4,572)	821,570
Financial and insurance activities	281,488	6,662	288,150	(16,097)	272,052
Real estate activities	1,882,180	3,234	1,885,414	(38,052)	1,847,362
Professional, scientific and technical activities	2,199,136	19,674	2,218,810	(71,056)	2,147,754
Administrative and support service activities	3,876,731	90,129	3,966,861	(186,372)	3,780,489
Public Administration, Defense and Social Security	95,618	—	95,618	(488)	95,130
Education	790,979	1,941	792,920	(13,857)	779,063
Human health services and social work activities	1,356,996	46,801	1,403,797	(33,217)	1,370,580
Arts, entertainment and recreation	1,196,427	93,056	1,289,483	(98,709)	1,190,774
Other services	8,385,545	67,450	8,452,994	(258,658)	8,194,336
Individuals	**1,735,059,070**	**22,292,494**	**1,757,351,563**	**(52,099,713)**	**1,705,251,851**
Mortgage Loans	659,618,068	12,322	659,630,390	(915,248)	658,715,142
Consumer Loans	1,075,441,002	22,280,172	1,097,721,173	(51,184,465)	1,046,536,709
	1,808,576,515	**23,724,665**	**1,832,301,179**	**(54,736,166)**	**1,777,565,012**

The total credit portfolio, split by stage according to IFRS 9, is analysed as follows:

	2021	2022
Stage 1	**1,428,289,210**	**1,660,385,770**
Gross amount	1,434,762,828	1,667,898,411
Impairment	(6,473,618)	(7,512,642)
Stage 2	**82,564,071**	**82,154,887**
Gross amount	87,166,648	89,109,896
Impairment	(4,602,577)	(6,955,009)
Stage 3	**31,055,213**	**35,024,355**
Gross amount	51,069,407	75,292,871
Impairment	(20,014,194)	(40,268,516)
	1,541,908,493	**1,777,565,012**

The caption credit to bank clients includes the effect of traditional securitization transactions, carried out through securitization vehicles, consolidated pursuant to IFRS 10 in accordance with accounting policy 2.2.

The caption credit to bank clients includes the following amounts related to finance leases contracts:

	2021	2022
Amount of future minimum payments	5,352,218	3,548,810
Interest not yet due	(376,966)	(450,493)
Present value	**4,975,252**	**3,098,317**

The amount of future minimum payments of lease contracts, by maturity terms, is analyzed as follows:

	2021	2022
Due within 1 year	2,106,914	1,580,023
Due between 1 to 5 years	2,727,068	1,632,323
Over 5 years	518,236	336,463
Amount of future minimum payments	**5,352,218**	**3,548,810**

The analysis of financial leases contracts, by type of client, is presented as follows:

	2021	2022
Individuals	**622,998**	**403,140**
Home	91,154	83,393
Others	531,844	319,747
Companies	**4,352,254**	**2,695,176**
Equipment	198,954	178,712
Real Estate	4,153,300	2,516,465
	4,975,252	**3,098,317**

Impairment losses

During the year ended 31 December 2021 and 31 December 2022, the movement in the **Group** under the Accumulated impairment losses caption (Note 25) was as follows:

	2021						
	Opening balance	Increases	Reversals	Utilizations	Transfers	Other adjustments	Closing balance
Non-current assets							
Credit to banking clients	11,245,242	14,707,276	(7,614,585)	(343,835)	(2,967,630)	575,237	15,601,705
	11,245,242	**14,707,276**	**(7,614,585)**	**(343,835)**	**(2,967,630)**	**575,237**	**15,601,705**
Current assets							
Credit to banking clients	5,419,841	14,600,735	(7,559,425)	(341,345)	2,797,807	571,071	15,488,685
	5,419,841	**14,600,735**	**(7,559,425)**	**(341,345)**	**2,797,807**	**571,071**	**15,488,685**
	16,665,083	**29,308,011**	**(15,174,010)**	**(685,180)**	**(169,822)**	**1,146,308**	**31,090,390**

	2022						
	Opening balance	Increases	Reversals	Utilizations	Transfers	Other adjustments	Closing balance
Non-current assets							
Credit to banking clients	15,601,705	17,177,617	(7,208,624)	(569,135)	(3,063,025)	136,426	22,074,965
	15,601,705	**17,177,617**	**(7,208,624)**	**(569,135)**	**(3,063,025)**	**136,426**	**22,074,965**
Current assets							
Credit to banking clients	15,488,685	25,415,289	(10,665,581)	(842,068)	3,063,025	201,852	32,661,202
	15,488,685	**25,415,289**	**(10,665,581)**	**(842,068)**	**3,063,025**	**201,852**	**32,661,202**
	31,090,390	**42,592,906**	**(17,874,205)**	**(1,411,203)**	**—**	**338,278**	**54,736,167**

For the years ended 31 December 2021 and 31 December 2022, impairment losses of Credit to banking clients were recorded in the **Group** (net of reversals) amounting to 14,134,001 Euros and 24,718,701 Euros, respectively in the caption Impairment of accounts receivable, net (Note 46).

Regarding the movements in impairment losses by stages, in the periods ended on 31 December 2021 and 31 December 2022, they are detailed as follows:

	2021			
	Stage 1	Stage 2	Stage 3	Total
Opening balance	**4,161,745**	**2,224,575**	**10,278,763**	**16,665,083**
Change in period:				
Increases due to origination and acquisition	3,754,079	2,937,210	2,506,799	9,198,088
Changes due to change in credit risk	(1,623,295)	(369,984)	8,187,354	6,194,075
Decrease due to derecognition repayments and disposals	(407,088)	(154,824)	(696,251)	(1,258,163)
Write-offs	—	—	(685,180)	(685,180)
Transfers to:				
Stage 1	1,011,657	(360,513)	(651,144)	—
Stage 2	(203,586)	1,686,749	(1,483,163)	—
Stage 3	(164,668)	(1,481,613)	1,646,281	—
Foreign exchange and other	(55,226)	120,976	910,736	976,486
Impairment	**6,473,618**	**4,602,577**	**20,014,195**	**31,090,390**
Of which: POCI (Purchase or Originated Credit Impaired)	—	—	*1,462,841*	*1,462,841*

Changes due to changes in exposure or risk parameters verified in the period ended 31 December 2021 are fundamentally due to the entry into force of the new definition of Default by EBA.

	2022			
	Stage 1	Stage 2	Stage 3	Total
Opening balance	**6,473,619**	**4,602,577**	**20,014,195**	**31,090,391**
Change in period:				
Increases due to origination and acquisition	2,038,514	1,487,610	2,647,941	6,174,065
Changes due to change in credit risk	(2,048,547)	2,295,799	19,878,455	20,125,706
Changes due to modifications without derecognition	—	—	—	—
Decrease due to derecognition repayments and disposals	(642,399)	(236,262)	(702,409)	(1,581,070)
Write-offs	(291)	—	(1,410,913)	(1,411,203)
Changes due to update in the institution's methodology for estimation	—	—	—	—
Transfers to:				
Stage 1	2,334,939	(1,211,886)	(1,123,053)	—
Stage 2	(457,083)	1,877,211	(1,420,128)	—
Stage 3	(197,724)	(1,808,474)	2,006,199	—
Foreign exchange and other	11,616	(51,566)	378,228	338,278
Impairment	**7,512,642**	**6,955,009**	**40,268,516**	**54,736,167**
Of which: POCI (Purchase or Originated Credit Impaired)	—	—	*926,910*	*926,910*

The reconciliation of accounting movements related to impairment losses is presented below:

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Opening balance	**4,161,745**	**2,224,575**	**10,278,763**	**16,665,083**
Change in period:				
ECL income statement change for the period	1,723,696	2,412,403	9,997,902	14,134,001
Stage transfers (net)	643,403	(155,377)	(488,026)	—
Write-offs	—	—	(685,180)	(685,180)
Foreign exchange and other	(55,226)	120,976	910,736	976,486
Impairment	**6,473,619**	**4,602,577**	**20,014,194**	**31,090,390**

	2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Opening balance	**6,473,619**	**4,602,577**	**20,014,195**	**31,090,391**
Change in period:				
ECL income statement change for the period	(652,433)	3,547,147	21,823,987	24,718,701
Stage transfers (net)	1,680,131	(1,143,149)	(536,982)	—
Utilizations during the period	—	—	—	—
Write-offs	(291)	—	(1,410,913)	(1,411,203)
Foreign exchange and other	11,616	(51,566)	378,228	338,278
Impairment	**7,512,642**	**6,955,009**	**40,268,516**	**54,736,167**

Sensitivity Analysis

Given the high uncertainty of macroeconomic projections and considering that deviations from the presented scenarios may have an impact on the value of estimated expected losses, sensitivity analyzes were carried out on the distribution of the portfolio by stage and the respective impact on impairment.

The **Group** considers that the most sensitive parameters assumed, as they are based on benchmarks, dependent on methodological options or because they are more susceptible to changes in the economic cycle, are the Probability of Default (PD) for most portfolios and the Loss Given Default (LGD) for the credit card case.

In this context, a sensitivity analysis was carried out to determine what would be the impairment of the global portfolio if those parameters suffered a relative deterioration of 10%, conclude that the increase in impairment would be 5,274 thousand euros, corresponding to about 9.6%.

21. Prepayments

As at 31 December 2021 and 31 December 2022, the Prepayments included in current assets and current and non-current liabilities of the **Group** and the **Company** showed the following composition:

	Group		Company	
	2021	2022	2021	2022
Prepaid Assets				
Current				
Rents payable	1,469,876	861,806	1,050,126	535,949
Meal allowances	1,402,305	1,360,349	1,402,305	1,360,349
Other	5,853,753	6,789,720	2,311,707	2,450,055
	8,725,934	**9,011,875**	**4,764,138**	**4,346,353**
Prepaid Liabilities				
Non-current				
Investment subsidy	272,087	260,886	272,088	260,885
	272,087	**260,886**	**272,088**	**260,885**
Current				
Investment subsidy	11,201	11,201	11,201	11,201
Contratual liabilities	1,360,862	1,165,324	968,728	877,484
Other	2,080,177	2,501,615	1,540,716	2,182,957
	3,452,240	**3,678,140**	**2,520,645**	**3,071,642**
	3,724,327	**3,939,027**	**2,792,733**	**3,332,527**

The change in the caption “Other prepayments assets” essentially results from the costs of setting up the Ulisses 2 and Ulisses 3 securitization operations.

The caption “Contractual liabilities” results from the application of IFRS 15 - Revenue from Contracts with Customers and stands for the amount already invoiced, but not yet recognized as revenue because the performance obligations have not yet been met as recommended by the standard.

The “Contractual liabilities” recognized by the **Group** essentially refer to amounts related to stamps and prepaid postage of priority mail in the amount of 877,484 Euros (968,728 Euros on 31 December 2021), whose revenue is expected to be recognized in January 2023 (estimate of 80% of the item's value) and the remaining during 2023, and to objects invoiced and not delivered on 31 December 2022 in the express segment, in the amount of 287,840 Euros (392,133 Euros as of 31 December 2021), whose revenue is recognized upon delivery in the following month.

The revenue recognized by the **Group** and **Company** in the period, included in the balance of Contractual liabilities at the beginning of the period amounted to 1,360,862 Euros and 968,728 Euros, respectively.

No “Assets resulting from contracts” associated with the application of IFRS 15 - Revenue from contracts with customers were recognized.

22. Non-current assets held for sale and Discontinued operations

As at 31 December 2021 and 31 December 2022, the amounts recorded under this caption, in the **Group,** are detailed as follows:

	31.12.2021	31.12.2022
Non-current assets held for sale		
Real estate	769,400	—
Equipment	838	838
	770,238	**838**
Impairment	(164,441)	(638)
	605,798	**200**

The variation in the caption "Non-current assets held for sale" is explained by the disposal of properties in the amount of 602 thousand euros, classified in the previous year as non-current assets held for sale, having been recognized under "Gains/losses on disposal/remeasurement of assets" the value of 134 thousand Euros as capital loss.

As determined in IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations the associated depreciations of the assets referred above have ceased in the moment of transfer to Non-Current Assets Held for Sale.

Impairment losses

During the years ended at 31 December 2021 and 31 December 2022, the movement in impairment losses in the Group recognized under the caption "Depreciation / amortization and impairment of investments (losses / reversals)" (Note 47) was as follows::

	2021			
	Opening balance	Increases	Reversals	Closing balance
Current assets				
Non-current assets held for sale	282,778	14,234	(132,572)	164,441
	282,778	**14,234**	**(132,572)**	**164,441**

	2022			
	Opening balance	Increases	Reversals	Closing balance
Current assets				
Non-current assets held for sale	164,441	8,236	(172,038)	638
	164,441	**8,236**	**(172,038)**	**638**

As at 31 December 2021 and 31 December 2022, there were no operations classified as discontinued operations.

23. Cash and cash equivalents

As at 31 December 2021 and 31 December 2022, cash and cash equivalents correspond to the value of cash, sight deposits, term deposits and cash investments on the monetary market, net of bank overdrafts and equivalent short-term bank financing, and is detailed as follows:

	Group		Company	
	31.12.2021	31.12.2022	31.12.2021	31.12.2022
Cash	95,963,001	71,794,674	67,613,593	46,248,572
Slight deposits	86,975,064	160,127,945	55,894,035	159,244,898
Demand deposits at Bank of Portugal	593,160,283	38,636,396	—	—
Deposits in other credit institutions	34,251,584	59,140,984	—	—
Term deposits	67,522,764	126,769,299	66,286,478	124,606,988
Cash and cash equivalents (Balance sheet)	**877,872,696**	**456,469,298**	**189,794,106**	**330,100,458**
Sight deposits at Bank of Portugal	(19,937,800)	(23,185,900)	—	—
Outstanding checks / Checks clearing	(1,002,263)	(22,492,340)	—	—
Impairment of slight and term deposits	24,913	7,917	24,501	7,699
Cash and cash equivalents (Cash flow statement)	**856,957,546**	**410,798,975**	**189,818,607**	**330,108,157**

The caption “Sight deposits at Bank of Portugal” includes mandatory deposits in order to meet the legal requirements to maintain a minimum cash reserve in accordance with the provisions of Regulation (EU) No. 1358/2011 of European Central Bank of 14 December 2011, which states that the minimum cash requirements kept as demand deposits at Bank of Portugal amounts to 1% of the average amount of deposits and other liabilities, over each reserve maintenance period. As at 31 de dezembro de 2022,, the daily average of the minimum mandatory availability for the period in force was 23,185,900 Euros.

Therefore, the item Demand deposits at Bank of Portugal includes, as at 31 de dezembro de 2022, a total amount of demand deposits of 38,636,396 Euros (31 December 2021: 593,160,283 Euros), of which 23,185,900 Euros (31 December 2021: 19,937,800 Euros) were allocated to the fulfilment of the above mentioned mandatory minimum cash requirements at Bank of Portugal. The decrease compared to the previous period concerns the setting up of overnight operations at the Bank of Portugal, which is recorded under the heading of other banking financial assets (Note 16).

As of the reserve counting period that began on 30 October 2019, the ECB introduced the tiering regime, which exempted part of the excess reserves deposited by credit institutions with the central bank from the negative remuneration then associated with the deposit facility rate. The tiering ceased to apply on 27 July 2022, following the European Central Bank Governing Council's decision to increase the deposit facility rate to a non-negative amount.

Within the scope of the tiering system, all credit institutions subject to the minimum reserve system have an excess reserve limit which is effectively remunerated at a rate of 0%. This limit is based on a multiple applied to the amount of the minimum reserves to be met, adopted by decision of the ECB Governing Council, and subject to change by it.

The tiering system came into effect with a multiple of six. At its meeting on 8 September 2022, the Governing Council decided to suspend this system, setting the multiplier to zero.

The caption “Outstanding checks/ Checks clearing” represents checks drawn by third parties on other credit institutions, which are in collection.

In 2022, the **Group'**s Cash-flows decrease 446,158,570 Euros. The main changes in the **Group'**s cash flow statement captions that contribute to the global change, are explained as follows:

- The caption "Banking customers deposits", from operating activities, amounts to 123,738,597 Euros (2021: 433,108,515 Euros). The decrease is mainly explained by a lower deposit taking compared to 2021.

- The caption "credit to banking clients" from operating activities amounts to (242,912,761) Euros (2021: (448,171,549) Euros). The decrease is explained by a lower volume of credit granted in 2022, explained, above all, by the start of Universo partnership in 2021, which resulted in a higher amount of credit in that period.

- The caption "Other receivables/payments" from operating activities amounts to 249,493,641 Euros, compared to 40,599,751 Euros in 2021, is mainly explained by the relevant increase in subscriptions of the product savings certificates, as explained in note 34.

- The caption "Receivables from other banking financial assets", from investment activities, presented an amount of 38,299,746,181 Euros (31 December 2021: 26,895,000 Euros), suffering a strong increase compared to the same period of the previous year. Likewise, the item "Payments of other bank financial assets" presented an amount of (38,746,121,181) Euros (31 December 2021: (1,750,000) Euros). The change compared to the same period of the two captions is essentially explained by the fact that Banco CTT, in September, started making overnight investments with the Bank of Portugal.

- The caption "investments in securities at amortized cost", from investment activities, amounts to (661,922,859) Euros (2021: (262,409,425) Euros). The variation is mainly explained by investment in Portuguese, Spanish, Italian and French debt securities.

In 2022, the **Company'** Cash-flows decrease 80,690,819 Euros. The main changes in the **Company'**s cash flow statement captions that contribute to the global change, are explained as follows:

- The caption "Other receivables/ Payments", from operational activity, mainly books the amounts paid as payment orders, vouchers issued in stores, subscription and settlement of saving/ treasury certificates and related payments to IGCP, tax collections, foreign postal operators' payments and receivables, among others. This caption recorded in 2022 the amount of 166,974,469 Euros (2021: (45,828,328) Euros), the change being mainly explained by the relevant increase in subscriptions to the product savings certificates, as explained in note 34.

- "Payments relating to loans granted" amounted to (2,442,000) Euros, compared to (22,600,000) Euros in 2021. The variation is mainly explained by the fact that CTT Express (Spain) and CTT Soluções Empresariais decreased the funding requests to the **Company**.

- The change in the caption "Acquisition of own shares", from financing activities, refers to the "Shares buyback program", explained in detail in note 27.

Impairment

In the period ended 31 December 2021 and 31 December 2022, the movement recorded under the caption "Impairment of sight and term deposits" (Note 25) related to the **Group** is detail as follows:

	2021				
Group	Opening balance	Increases	Reversals	Utilizations	Closing balance
Sight and term deposits	17,510	11,433	(4,028)	—	24,913
	17,510	**11,433**	**(4,028)**	**—**	**24,913**

	2022				
Group	Opening balance	Increases	Reversals	Utilizations	Closing balance
Sight and term deposits	24,913	1,715	(18,711)	—	7,917
	24,913	**1,715**	**(18,711)**	**—**	**7,917**

For the year ended 31 December 2021 and 31 December 2022 impairment losses (increases net of reversals) of sight and term deposits amounted to 7,405 Euros and (16,996) Euros, respectively, and were booked under the caption Impairment of accounts receivable, net (Note 46).

Regarding the **Company,** in the period ended 31 December 2021 and 31 December 2022, the movement recorded under the caption "Impairment of sight and term deposits" (Note 25) related to the **Company** is detail as follows:

	2021				
Company	Opening balance	Increases	Reversals	Utilizations	Closing balance
Sight and term deposits	16,813	11,354	(3,666)	—	24,501
	16,813	**11,354**	**(3,666)**	**—**	**24,501**

	2022				
Company	Opening balance	Increases	Reversals	Utilizations	Closing balance
Sight and term deposits	24,501	1,696	(18,499)	—	7,699
	24,501	**1,696**	**(18,499)**	**—**	**7,699**

For the year ended 31 December 2021 and 31 December 2022 impairment losses (increases net of reversals) of sight and term deposits amounted to 7,688 Euros and (16,803) Euros, respectively, and were booked under the heading Impairment of accounts receivable, net (Note 46).

24. Other non-current and current assets

As at 31 December 2021 and 31 December 2022, the headings Other non-current assets and Other current assets of the **Group** and the **Company** had the following composition:

	Group		Company	
	31.12.2021	**31.12.2022**	**31.12.2021**	**31.12.2022**
Non-current				
Advances to staff	368,245	1,944	368,245	1,944
Other receivables from staff	2,766,582	2,497,656	2,766,582	2,497,656
Labour compensation fund	932,450	1,143,305	449,467	561,897
Other non-current assets	453,869	441,590	309,007	309,007
Impairment	(2,749,010)	(2,906,847)	(2,749,010)	(2,906,847)
	1,772,136	**1,177,648**	**1,144,290**	**463,657**
Current				
Advances to suppliers	253,848	256,410	253,848	256,410
Advances to staff	3,688,664	4,122,243	3,570,781	4,007,526
Postal financial services	10,863,754	1,717,260	10,863,754	1,717,259
State and other public entities	12,662,205	5,362,367	420,738	—
Debtors by accrued revenues	10,549,374	8,713,153	5,775,111	5,505,466
Amounts collected on CTT behalf	542,134	567,598	203,865	170,665
Guaranteed	863,053	1,108,469	—	—
Advances to lawyers	46,909	42,716	—	—
Debtors by asset disposals	42,974	29,534	42,974	29,534
Payshop agents	275,015	262,156	—	—
Mobility allowances for Autonomous Regions	20,447,351	6,647,062	20,447,351	6,647,062
Office for media	1,149,984	540,679	1,149,984	540,679
Sundry debtors	214,934	200,143	214,934	200,143
Collections	1,691,204	15,029,996	399,236	10,418,895
Deposits	759,282	27,234,053	230,221	251,430
Customs	1,800,479	2,437,022	1,800,479	2,437,022
Non-core billing	1,860,245	1,193,245	1,415,038	735,345
Billing to partners	1,053,098	1,366,601	—	—
Other current assets	10,409,739	11,199,512	9,820,127	10,554,442
Impairment	(10,325,864)	(11,547,796)	(9,243,301)	(10,371,352)
	68,848,382	**76,482,423**	**47,365,141**	**33,100,526**

The amounts recorded under the caption “Postal financial services” refer to amounts receivable relating to redemptions of savings products, insurance sales and settlement of postal orders, with an average age of less than 180 days.

In 2022, with the implementation of a centralized collection settlement project, under which the settlement process for objects sent with the counter-reimbursement service began to be carried out centrally, the amounts associated with the settlement of objects previously recorded under this caption is now recorded under the heading “Collections”, which justifies the increase in that caption and the decrease in the heading “Postal Financial Services”.

Deposits

The increase in the caption ""Deposits” in the current year essentially concerns to a cash account with a Financial Institution, with a captive amount of 26,040 thousand euros (margin call) related to Banco CTT's derivative contracts.

Mobility allowances for Autonomous Regions

The Caption Mobility allowances for Autonomous Regions refers to the amounts paid to residents of the Autonomous Regions of Madeira and Azores on trips between the Mainland and the Autonomous Regions or between the Autonomous Regions, reimbursed by the Direção Geral do Tesouro e Finanças (Treasury and Finance General Department - "DGTF") within 2 months. The accumulated amount of the balance on 31 December 2021, resulted mostly from the delay in the publication of the legal provision that would authorize the payment of trips that benefited from this subsidy mechanism, in the Autonomous Region of Madeira. With the publication of this diploma in March 2022, this debt was settled with CTT, and the amount at the end of 2022 in line with the average levels of previous years

The caption "Other current assets" is mainly constituted for several debt balances of high age, for which were created the related impairment losses in previous years.

Debtors by accrued revenues

As at 31 December 2021 and 31 December 2022, the debtors by accrued revenues refer to amounts not invoiced namely regarding postal financial services, philatelic products, philatelic agents and other amounts, which present an average ageing lower than one year.

Impairment

For the years ended 31 December 2021 and 31 December 2022, the movement in the **Group** Accumulated impairment losses (Note 25) was as follows:

Group	2021				
	Opening balance	Increases	Reversals	Utilizations	Closing balance
Other current and non-current assets	12,591,535	995,992	(267,494)	(245,159)	13,074,874
	12,591,535	**995,992**	**(267,494)**	**(245,159)**	**13,074,874**

Group	2022				
	Opening balance	Increases	Reversals	Utilizations	Closing balance
Other current and non-current assets	13,074,874	1,796,674	(303,789)	(113,117)	14,454,642
	13,074,874	**1,796,674**	**(303,789)**	**(113,117)**	**14,454,642**

For the years ended 31 December 2021 and 31 December 2022, impairment losses (increases net of reversals) of Other current and non-current assets amounted to 728,498 Euros and 1,492,885 Euros, respectively, were booked under the heading Impairment of accounts receivable, net (Note 46).

Regarding the **Company,** during the years ended 31 December 2021 and 31 December 2022 the movement in the Accumulated impairment losses caption (Note 25) was as follows:

Company	2021				
	Opening balance	Increases	Reversals	Utilizations	Closing balance
Other current and non-current assets	11,507,008	899,656	(226,980)	(187,374)	11,992,311
	11,507,008	**899,656**	**(226,980)**	**(187,374)**	**11,992,311**

Company	2022				
	Opening balance	Increases	Reversals	Utilizations	Closing balance
Other current and non-current assets	11,992,311	1,686,929	(299,880)	(101,161)	13,278,199
	11,992,311	**1,686,929**	**(299,880)**	**(101,161)**	**13,278,199**

For the years ended 31 December 2021 and 31 December 2022, impairment losses of Other current and non-current assets were recorded in the **Company** (net of reversals) amounting to 672,676 Euros and 1,387,049 Euros, respectively in the caption Impairment of accounts receivable, net (Note 46).

25. Accumulated impairment losses

During the years ended 31 December 2021 and 31 December 2022, the following movements occurred in the **Group**'s impairment losses:

	2021							
Group	**Opening balance**	**Increases**	**Reversals**	**Utilizations**	**Transfers**	**Changes in the consolidation perimeter**	**Other movements**	**Closing balance**
Non-current assets								
Tangible fixed assets	19,460	—	—	—	—	—	—	19,460
Investment properties	450,308	—	(57,372)	—	—	—	—	392,936
Intangible assets	—	60,617	—	—	—	—	—	60,617
	469,768	**60,617**	**(57,372)**	**—**	**—**	**—**	**—**	**473,013**
Debt securities at fair value through other comprehensive income	5,918	—	(5,019)	—	1,673	—	—	2,572
Debt securities at amortised cost	175,485	32,617	(89,741)	—	(6,410)	—	—	111,953
Other non-current assets	2,538,985	—	—	—	210,025	—	—	2,749,010
Credit to banking clients	11,245,241	14,707,276	(7,614,585)	(343,835)	(2,967,630)	—	575,237	15,601,705
Other banking financial assets	3,712	555	(10,964)	—	8,406	—	—	1,709
	13,969,341	**14,740,448**	**(7,720,309)**	**(343,835)**	**(2,753,935)**	**—**	**575,237**	**18,466,949**
	14,439,109	**14,801,065**	**(7,777,681)**	**(343,835)**	**(2,753,935)**	**—**	**575,237**	**18,939,962**
Current assets								
Accounts receivable	39,633,843	4,209,818	(2,588,327)	(1,423,383)	—	51,648	—	39,883,599
Credit to banking clients	5,419,841	14,600,735	(7,559,425)	(341,345)	2,797,807	—	571,071	15,488,685
Debt securities at fair value through other comprehensive income	3,511	—	(1,215)	—	(1,673)	—	—	623
Debt securities at amortised cost	6,505	2,492	(6,855)	—	6,410	—	—	8,551
Other current assets	10,052,551	995,992	(267,494)	(245,159)	(210,024)	—	—	10,325,865
Other banking financial assets	3,262,951	30,981	(36,623)	(1,446,399)	(8,406)	—	—	1,802,504
Slight and term deposits	17,510	11,433	(4,028)	—	—	—	—	24,913
	58,396,711	**19,851,451**	**(10,463,967)**	**(3,456,286)**	**2,584,113**	**51,648**	**571,071**	**67,534,740**
Non-current assets held for sale	282,778	14,234	(132,572)	—	—	—	—	164,441
	282,778	**14,234**	**(132,572)**	**—**	**—**	**—**	**—**	**164,441**
Merchandise	2,525,086	680,033	(743)	(72,971)	—	—	—	3,131,405
Raw, subsidiary and consumable	847,331	128,297	(8,329)	(99,631)	—	—	—	867,668
	3,372,417	**808,331**	**(9,072)**	**(172,602)**	**—**	**—**	**—**	**3,999,073**
	62,051,906	**20,674,015**	**(10,605,611)**	**(3,628,888)**	**2,584,113**	**51,648**	**571,071**	**71,698,254**
	76,491,016	**35,475,081**	**(18,383,292)**	**(3,972,723)**	**(169,822)**	**51,648**	**1,146,308**	**90,638,217**

In April 2021, Banco CTT and Sonae Financial Services started a new partnership in consumer credit through the financing of Universo card credit and the respective management of exposure to credit risk. As at 31 December 2021, the credit card portfolio had a value of 298,716,076 Euros and an increase in impairment of 6,617,578 Euros, which justifies the increase in impairment increases in 2021.

	2022						
Group	Opening balance	Increases	Reversals	Utilizations	Transfers	Other movements	Closing balance
Non-current assets							
Tangible fixed assets	19,460	3,636,002	(3,335)	—	—	—	3,652,127
Investment properties	392,936	—	(139,754)	—	—	—	253,182
Intangible assets	60,617	—	—	(60,617)	—	—	—
	473,013	**3,636,002**	**(143,089)**	**(60,617)**	**—**	**—**	**3,905,309**
Debt securities at fair value through other comprehensive income	2,572	—	(2,572)	—	—	—	—
Debt securities at amortised cost	111,953	39,065	(28,784)	—	(307)	—	121,927
Other non-current assets	2,749,010	—	—	—	157,837	—	2,906,847
Credit to banking clients	15,601,705	17,177,617	(7,208,624)	(569,135)	(3,063,025)	136,426	22,074,965
Other banking financial assets	1,709	140	(508)	—	(1,067)	—	274
	18,466,949	**17,216,822**	**(7,240,487)**	**(569,135)**	**(2,906,562)**	**136,426**	**25,104,013**
	18,939,963	**20,852,823**	**(7,383,576)**	**(629,752)**	**(2,906,562)**	**136,426**	**29,009,322**
Current assets							
Accounts receivable	39,883,599	3,835,005	(1,641,407)	(669,845)	—	1,695	41,409,047
Credit to banking clients	15,488,685	25,415,289	(10,665,581)	(842,068)	3,063,025	201,852	32,661,202
Debt securities at fair value through other comprehensive income	623	—	(623)	—	—	—	—
Debt securities at amortised cost	8,551	3,100	(2,284)	—	307	—	9,674
Other current assets	10,325,865	1,796,674	(303,789)	(113,117)	(157,837)	—	11,547,796
Other banking financial assets	1,802,503	52,995	(7,129)	(42,097)	1,067	—	1,807,339
Slight and term deposits	24,913	1,715	(18,711)	—	—	—	7,917
	67,534,741	**31,104,778**	**(12,639,523)**	**(1,667,127)**	**2,906,562**	**203,547**	**87,442,978**
Non-current assets held for sale	164,441	8,236	(172,038)	—	—	—	638
	164,441	**8,236**	**(172,038)**	**—**	**—**	**—**	**638**
Merchandise	3,131,405	—	(211,906)	(172,098)	—	—	2,747,401
Raw, subsidiary and consumable	867,668	68,233	(13,587)	—	—	—	922,313
	3,999,073	**68,233**	**(225,494)**	**(172,098)**	**—**	**—**	**3,669,714**
	71,698,254	**31,181,246**	**(13,037,055)**	**(1,839,225)**	**2,906,562**	**203,547**	**91,113,329**
	90,638,215	**52,034,070**	**(20,420,631)**	**(2,468,977)**	**—**	**339,973**	**120,122,649**

The amounts classified as “Other movements”, with reference to 31 December 2021 and 31 December 2022, refer to the movements resulting from adjustments to POCI credits (Purchase or Originated Credit Impaired) regarding the acquisition of 321 Crédito on 1 May 2019, according to IFRS 3 - Business Combinations.

As at 31 December 2022, the increase in impairment on “Credit to banking clients” essentially concerns the increase in credit exposure by 259 million euros.

Regarding the **Company,** during the years ended 31 December 2021 and 31 December 2022, the movement in the Accumulated impairment losses was as follows:

			2021			
Company	**Opening balance**	**Increases**	**Reversals**	**Utilizations**	**Transfers**	**Closing balance**
Non-current assets						
Tangible fixed assets	19,460	—	—	—	—	19,460
Investment properties	450,308	—	(57,372)	—	—	392,936
	469,768	**—**	**(57,372)**	**—**	**—**	**412,396**
Other non-current assets	2,538,985	—	—	—	210,025	2,749,010
	2,538,985	**—**	**—**	**—**	**210,025**	**2,749,010**
	3,008,753	**—**	**(57,372)**	**—**	**210,025**	**3,161,406**
Current assets						
Accounts receivable	4,427,512	521,584	(200,000)	(687,653)	—	4,061,443
Other current assets	8,968,024	899,656	(226,980)	(187,374)	(210,025)	9,243,301
Slight and term deposits	16,813	11,354	(3,666)	—	—	24,501
	13,412,349	**1,432,594**	**(430,646)**	**(875,027)**	**(210,025)**	**13,329,245**
Merchandise	2,525,086	680,033	(743)	(72,971)	—	3,131,405
Raw, subsidiary and consumable	847,331	128,297	(8,329)	(99,631)	—	867,668
	3,372,417	**808,330**	**(9,072)**	**(172,602)**	**—**	**3,999,073**
	16,784,766	**2,240,924**	**(439,718)**	**(1,047,629)**	**(210,025)**	**17,328,318**
	19,793,519	**2,240,924**	**(497,090)**	**(1,047,629)**	**—**	**20,489,724**

			2022			
Company	**Opening balance**	**Increases**	**Reversals**	**Utilizations**	**Transfers**	**Closing balance**
Non-current assets						
Tangible fixed assets	19,460	3,636,002	(3,335)	—	—	3,652,127
Investment properties	392,936	—	(139,754)	—	—	253,182
	412,396	**3,636,002**	**(143,089)**	**—**	**—**	**3,905,309**
Other non-current assets	2,749,010	—	—	—	157,837	2,906,847
	2,749,010	**—**	**—**	**—**	**157,837**	**2,906,847**
	3,161,406	**3,636,002**	**(143,089)**	**—**	**157,837**	**6,812,156**
Current assets						
Accounts receivable	4,061,443	984,939	(1,267,331)	(130,231)	—	3,648,820
Other current assets	9,243,301	1,686,929	(299,880)	(101,161)	(157,837)	10,371,352
Slight and term deposits	24,501	1,696	(18,499)	—	—	7,699
	13,329,245	**2,673,565**	**(1,585,709)**	**(231,392)**	**(157,837)**	**14,027,871**
Merchandise	3,131,405		(211,906)	(172,098)	—	2,747,401
Raw, subsidiary and consumable	867,668	68,233	(13,587)	—	—	922,314
	3,999,073	**68,233**	**(225,494)**	**(172,098)**	**—**	**3,669,714**
	17,328,318	**2,741,797**	**(1,811,203)**	**(403,490)**	**(157,837)**	**17,697,585**
	20,489,724	**6,377,799**	**(1,954,292)**	**(403,490)**	**—**	**24,509,741**

26. Equity

As at 31 December 2021, the **Company** share capital was composed of 150,000,000 shares with the nominal value of 0.50 Euros each. The share capital is fully underwritten and paid-up.

On 16 March 2022, the implementation of a share buyback program was approved, with the sole purpose of reducing the Company's share capital, through the extinction of the acquired shares. The implementation of this program is explained in detail in note 27.

Subsequently, on 7 November 2022, the Company's share capital reduction in the amount of 2,325,000 euros, through the cancellation of 4,650,000 shares representing 3.1% of the share capital, was registered in the Commercial Register Office. Thus, on 31 December 2022, the Company's share capital was composed of 145,350,000 shares with the nominal value of 0.50 Euros each. The share capital is fully underwritten and paid-up.

The information related to the shareholders with shareholdings equal to or greater than 2% can be found in chapter 5.2.1.2. section 7 of the Integrated Report.

27. Own shares, Reserves, Other changes in equity and Retained earnings

Own shares

As of 31 December 2021, the following movements were made in the **Group** caption “Own Shares”:

	Quantity	Amount	Average Price
Balance 31 December 2020	1	8	8.49
Acquisitions	1,500,000	6,404,954	4.27
Balance 31 December 2021	**1,500,001**	**6,404,963**	**4.27**

As of 31 December 2022, the following movements were made in the **Group** caption “Own Shares”:

	Quantity	Amount	Average Price
Balance 31 December 2021	1,500,001	6,404,963	4.27
Acquisitions	6,084,999	21,573,976	3.55
Cancellation (due to share capital reduction)	(4,650,000)	(17,152,548)	**3.69**
Balance 31 December 2022	**2,935,000**	**10,826,390**	**3.69**

At the meeting of the Company's Board of Directors held on 16 March 2022, and as communicated to the market on the same date, it was unanimously decided to approve the implementation of a Buy-back programme for the Company's own shares, including the related terms and conditions, with the sole purpose of reducing the related share capital through the cancellation of shares acquired under the aforementioned programme, subject to prior approval by the General Meeting.

Thus, at the General Meeting held on 21 April 2022, the share capital reduction of up to 2,325,000 Euros was approved, with the purpose of releasing the excess of share capital, through the extinction of up to 4,650,000 shares representing up to 3.1% of the share capital already acquired or that were to be acquired within the scope of a share buyback program. The maximum monetary amount of the approved Buyback Program was 18,000,000 Euros.

Subsequently, on 27 July 2022, and still within the scope of the authorization granted at the Annual General Meeting of Shareholders held on 21 April 2022, the Company’s Board of Directors deliberated to increase the maximum pecuniary amount and number of shares that could be acquired under the share buyback program of the **Company**, as follows:

- Maximum pecuniary amount of the Buy-back Programme: it is increased by 3,600,000 Euros, now being up to 21,600,000 Euros;
- Maximum number of shares to be acquired under the Buy-back Programme: it is increased by 1,900,000 shares, being now up to 6,550,000 CTT’s shares, representing up to 4.37% of the respective share capital.

The other terms and conditions of the Buy-back Program approved by the Board of Directors and the Annual General Meeting held in 2022 and communicated on 16 March 2022 remained unchanged.

The Buyback Program started on 17 March 2022 and would last until 18 December 2022 unless, however, the maximum number of shares to be acquired or the maximum pecuniary amount of the Buyback Program were reached, which happened to 8 September 2022, thus ending before the end of its maximum duration period.

Considering the resolution of the General Meeting of 21 April 2022 which authorized the reduction of the share capital, and the acquisition of own shares having been fulfilled for this purpose, the commercial register was registered, on 7 November 2022, reduction of the **Company**'s share capital in the amount of 2,325,000 euros, through the extinction of 4,650,000 own shares, as explained in note 26.

As of 31 December 2022, the **Company** held, as a result of the acquisition and cancellation operations indicated herein, an accumulated amount of 2,935,000 own shares, representing 2.02% of the share capital, including 1,500,001 of own shares previously acquired, with par value of 0.50 Euros, with all inherent rights related to suspended shares, with the exception of those relating to the receipt of new shares in the case of capital increase by incorporation of reserves, as provided for in article 324(1)(a)) of the Commercial Companies Code.

Considering that Company's Annual General Meeting approved held in 2022 only approved the cancellation of up to 4,650,000 own shares corresponding to 3.1% of share capital, it is planned to submit a proposal to the next General Meeting to be held, predictably on 20 April 2023, according to the financial calendar, for approval of the capital reduction to cancel the remaining 1,434,999 shares acquired under the buyback program, as mentioned above.

Own shares held by CTT are within the limits established by the Articles of Association of the Company and by the Portuguese Companies Code. These shares are recorded at acquisition cost.

Reserves

As at 31 December 2021 and 31 December 2022, the **Group**'s and **Company**'s heading Reserves showed the following composition:

	2021								
	Group					Company			
	Legal reserves	Own shares reserves	Fair Value reserves	Other reserves	Total	Legal reserves	Own shares reserves	Other reserves	Total
Opening balance	15,000,000	8	83,330	50,836,597	65,919,935	15,000,000	8	50,836,597	65,836,605
Own shares acquisition	—	6,404,954	—	(6,404,954)	—	—	6,404,954	(6,404,954)	—
Assets fair value	—	—	(56,584)	—	(56,584)	—	—	—	—
Share Plan	—	—	—	1,215,000	1,215,000	—	—	1,215,000	1,215,000
Closing balance	**15,000,000**	**6,404,963**	**26,746**	**45,646,642**	**67,078,351**	**15,000,000**	**6,404,963**	**45,646,643**	**67,051,605**

	2022								
	Group					Company			
	Legal reserves	Own shares reserves	Fair Value reserves	Other reserves	Total	Legal reserves	Own shares reserves	Other reserves	Total
Opening balance	15,000,000	6,404,963	26,746	45,646,642	67,078,351	15,000,000	6,404,963	45,646,643	67,051,605
Share Capital decrease	—	(17,152,548)	—	2,325,000	(14,827,548)	—	(17,152,548)	2,325,000	(14,827,548)
Own shares acquisition	—	21,573,976	—	(21,573,976)	—	—	21,573,976	(21,573,976)	—
Assets fair value	—	—	(26,746)	—	(26,746)	—	—	—	—
Share Plan	—	—	—	1,620,000	1,620,000	—	—	1,620,000	1,620,000
Closing balance	**15,000,000**	**10,826,390**	**—**	**28,017,666**	**53,844,057**	**15,000,000**	**10,826,391**	**28,017,666**	**53,844,057**

Legal reserves

The commercial legislation establishes that at least 5% of the annual net profit must be allocated to reinforce the legal reserve, until it represents at least 20% of the share capital. This reserve is not distributable except in the event of the liquidation of the **Company** but may be used to absorb losses after all the other reserves have been depleted or incorporated in the share capital.

Own shares reserve (CTT, S.A.)

The commercial legislation Code obliges, within the scope of the own shares regime provided in article 324, the existence of a reserve equal to the amount for which the shares are accounted for, which becomes unavailable as long as these shares remain in the company's possession. Additionally, applicable accounting standards determine that gains or losses on the sale of own shares are booked in reserves.

As at 31 December 2022, this caption includes the amount of 10,826,390 Euros related to the creation of an unavailable reserve for the same amount of the acquisition price of the own shares held.

Other reserves

This caption records the profits transferred to reserves that are not imposed by the law or articles of association, nor constituted pursuant to contracts signed by the **Company.**

In the period ended 31 December 2022, a reserve in the total amount of 1,620,000 Euros was recorded related with the stock option plan, as described in the note 45 – Staff Costs.

Retained earnings

During the years ended 31 December 2021 and 31 December 2022, the following movements were made in the **Group** and the **Company** caption Retained earnings:

	Group		Company	
	2021	2022	2021	2022
Opening balance	39,962,419	43,904,074	39,900,355	43,926,574
Application of the net profit of the prior year	16,669,309	38,404,113	16,720,995	37,680,272
Distribution of dividends (note 28)	(12,750,000)	(17,656,441)	(12,750,000)	(17,656,441)
Adjustments from the application of the equity method	22,346	(4,678)	55,224	502,214
Closing balance	**43,904,074**	**64,647,067**	**43,926,574**	**64,452,619**

Other changes in equity

The actuarial gains/losses associated to post-employment benefits, as well as the corresponding deferred taxes, are recognized in this caption (Note 32).

Thus, for the years ended 31 December 2021 and 31 December 2022, the movements occurred in this heading in the **Group** and in the **Company** were as follows:

	Group		Company	
	2021	2022	2021	2022
Opening balance	(47,600,236)	(43,998,612)	(47,454,842)	(43,942,681)
Actuarial gains/losses (Note 32)	4,999,158	70,558,124	4,878,001	69,891,919
Tax effect (Note 52)	(1,397,534)	(19,702,304)	(1,365,840)	(19,569,738)
Closing balance	**(43,998,612)**	**6,857,207**	**(43,942,681)**	**6,379,500**

28. Dividends

According to the dividend distribution proposal included in the 2020 Annual Report, at the General Meeting of Shareholders, which was held on 21 April 2021, a dividend distribution of 12,750,00 Euros, corresponding to a dividend per share of 0.085 Euros, regarding the financial year ended 31 December 2020 was proposed and approved. The dividend amount assigned to own shares was transferred to Retained earnings, amounting to 0.085 Euros.

According to the dividend distribution proposal included in the 2021 Annual Report, at the General Meeting of Shareholders, which was held on 21 April 2022, a dividend distribution of 17,820,000 Euros, corresponding to a dividend per share of 0.12 Euros (amount that excludes the dividend attributable to own shares in the portfolio at that date), regarding the financial year ended 31 December 2021 was proposed and approved. The dividend amount assigned to own shares was transferred to Retained earnings, amounting to 343,559 Euros.

29. Earnings per share

During the years ended 31 December 2021 and 31 December 2022, the earnings per share for the **Group** and the **Company** were calculated as follows:

Group	2021	2022
Net income for the period	38,404,113	36,406,519
Average number of ordinary shares	149,144,996	147,179,218
Earnings per share		
Basic	0.26	0.25
Diluted	0.26	0.25

Company	2021	2022
Net income for the period	37,680,272	37,307,258
Average number of ordinary shares	149,144,996	147,179,218
Earnings per share		
Basic	0.25	0.25
Diluted	0.25	0.25

The average number of shares is detailed as follows:

	2021	2022
Shares issued at begining of the period	150,000,000	150,000,000
Effect of shares' extinction during the period	—	(350,342)
Average number of shares realized	150,000,000	149,649,658
Own shares effect	855,004	2,470,440
Average number of shares during the period	149,144,996	147,179,218

The basic earnings per share are calculated dividing the net profit attributable to equity holders of the parent company by the average ordinary shares, excluding the average number of own shares held by the **Group**.

As at 31 December 2022, the number of own shares held is 2,935,000 and its average number for the year ended 31 December 2022 is 2,470,440, reflecting the fact that there were not only acquisitions, but also the extinction of own shares in the period, as mentioned in note 27.

There are no dilutive factors of earnings per share.

30. Non-controlling interests

During the years ended 31 December 2021 and 31 December 2022, the following movements occurred in non-controlling interests:

	2021	2022
Opening balance	323,675	563,106
Net profit for the year attributable to non-controlling interest	187,190	(64,334)
Dividends distribution	—	(80,017)
Acquistions	34,000	—
Share capital increase	—	865,574
Other movements	18,242	41,687
Closing balance	**563,106**	**1,326,016**

As 31 December 2022, non-controlling interests are related to Correio Expresso de Moçambique, S.A. and Open Lockers, S.A.. As at 31 December 2022, the item “share capital increases” refers to a share capital increase in “Open Lockers”, in the part related to the minority shareholder

31. Debt

As at 31 December 2021 and 31 December 2022, Debt of the **Group** and the **Company** showed the following composition:

	Group		Company	
	31.12.2021	31.12.2022	31.12.2021	31.12.2022
Non-current liabilities				
Bank loans	62,161,852	40,706,101	61,060,926	39,927,397
Lease liabilities	87,174,586	95,491,822	51,653,957	45,331,771
	149,336,438	**136,197,923**	**112,714,883**	**85,259,168**
Current liabilities				
Bank loans	22,169,000	29,372,066	13,987,917	21,265,947
Confirming	1,500,152	—	—	—
Lease liabilities	28,113,860	30,384,677	20,954,476	21,682,343
	51,783,012	**59,756,744**	**34,942,393**	**42,948,290**
	201,119,450	**195,954,667**	**147,657,276**	**128,207,458**

As at 31 December 2022, the interest rates applied to bank loans were between 3.693% and 4.568% (31 December 2021: 1.00% and 1.875%).

<u>Bank loans</u>

As at 31 December 2021 and 31 December 2022, the details of the **Group** and **Company** bank loans were as follows:

Group	31.12.2021			31.12.2022		
	Limit	Amount used		Limit	Amount used	
		Current	Non-current		Current	Non-current
Bank loans						
Millennium BCP	12,673,148	8,054,480	1,100,926	12,350,926	8,106,120	778,704
BBVA / Bankinter	40,375,000	6,958,272	33,121,646	33,250,000	14,136,880	18,944,129
Novo Banco	35,000,000	7,029,645	27,939,280	28,000,000	7,129,066	20,983,268
Caixa Geral de Depósitos	126,470	126,603	—	—	—	—
Banco Montepio	25,000,000	—	—	—	—	—
Bankinter Confirming	2,200,000	1,500,152	—	—	—	—
	115,374,618	**23,669,152**	**62,161,852**	**73,600,926**	**29,372,066**	**40,706,101**

Company	31.12.2021			31.12.2022		
	Limit	Amount used		Limit	Amount used	
		Current	Non-current		Current	Non-current
Bank loans						
Millennium BCP	50,000	—	—	50,000	—	—
BBVA / Bankinter	40,375,000	6,958,272	33,121,646	33,250,000	14,136,881	18,944,129
Novo Banco	35,000,000	7,029,645	27,939,280	28,000,000	7,129,066	20,983,268
Banco Montepio	25,000,000	—	—	—	—	—
	100,425,000	**13,987,917**	**61,060,926**	**61,300,000**	**21,265,947**	**39,927,397**

On 27 September 2017, a financing contract between CTT and BBVA and Bankinter was signed, for an initial period of 5 years and for a total amount of 90 million Euros, with the possibility of using the funds until September 2018. As no amount was used until the mentioned date, the contract was renegotiated on 27 September 2018, having the total amount been altered to 75 million Euros, while maintaining the one-year term for the use of the funds. As at 31 December 2022, the referred used amount, net of commissions and added by the amount of interests to be paid in the following period corresponded to corresponded to 33,081,009 Euros. By the Group decision, the remaining available amount will not be used.

On 22 April 2019, a simple credit agreement was signed between CTT and Novo Banco for a period of 60 months, with a grace period of two years, and may be extended for a period of 24 months, for a total amount of 35 million Euros. As at 31 December 2022, the 35 million Euros were used and are presented in the statement of financial position net of commissions and added by the amount of interests to be paid in the following period, in the total amount of 28,112,334 Euros.

On 21 May 2020, a Commercial Paper Issue Placement Agreement was signed with Banco Montepio in the maximum amount of 25 million Euros, with a term of 3 years, renewable for the same period. As of 31 December 2021 and 31 December 2022, no amount was used. As no available amount was used, the contract was discontinued and no amount was available on 31 December 2022.

Bank loans obtained are subject to compliance with financial covenants, namely clauses of Cross default, Negative Pledge and Assets Disposal's limits. Additionally, the loans obtained also require compliance with rations of Net Debt over EBITDA and financial autonomy. Compliance with financial covenants is regularly monitored by the **Group** and is measured by counterparties on an annual basis based on the Financial Statements as at 31 December. As at 31 December 2022, the **Group** is in compliance with financial covenants.

Lease Liabilities

The **Group** and the **Company** presents lease liabilities which future payments, undiscounted and discounted amounts presented in the financial position, are detailed as follows:

	Group		Company	
	31.12.2021	**31.12.2022**	**31.12.2021**	**31.12.2022**
Due within 1 year	30,860,141	33,738,178	22,376,488	22,885,261
Due between 1 to 5 years	66,579,734	64,061,159	43,500,570	33,678,076
Over 5 years	28,808,052	41,692,362	10,904,932	14,521,388
Total undiscounted lease liabilities	**126,247,928**	**139,491,699**	**76,781,989**	**71,084,725**
Current	28,113,860	30,384,677	20,954,476	21,682,343
Non-current	87,174,586	95,491,822	51,653,957	45,331,771
Lease liabilities included in the statement of financial position	**115,288,445**	**125,876,499**	**72,608,433**	**67,014,114**

The amounts recognized in the income statement are detailed as follows:

	Group		Company	
	2021	**2022**	**2021**	**2022**
Lease Liabilities interests (note 51)	3,066,925	3,167,709	1,853,571	1,468,414
Variable payments not included in the measurament of the lease liability (note 44)	2,121,573	2,099,923	1,643,371	1,644,582

The amounts recognized in the Cash flow statement are as follows:

	Group		Company	
	2021	2022	2021	2022
Total of lease payments	(30,343,081)	(33,708,341)	(22,604,891)	(23,150,398)

The movement in the rights of use underlying these lease liabilities can be analyzed in note 5.

Reconciliation of Changes in the responsibilities of Financing activities

The reconciliation of changes in the responsibilities of financing activities as of 31 December 2021 and 31 December 2022, in the **Group** and the **Company**, are detailed as follows:

Group	**2021**	**2022**
Opening Balance	206,866,753	201,119,450
Changes in the consolidation perimeter	2,667,159	—
Movements without cash	35,383,531	44,304,863
Contract changes	26,291,146	40,529,793
IFRS 16 Interests	3,066,925	3,124,941
Others	6,025,460	650,130
Loans:		
Inflow	100,261,411	104,856,928
Outflow	(110,777,850)	(120,618,233)
Confirming:		
Inflow	—	—
Outflow	(2,938,473)	—
Lease liabilities:		
Inflow	—	—
Outflow	(30,343,081)	(33,708,341)
Closing balance	**201,119,450**	**195,954,667**

Company	**2021**	**2022**
Opening Balance	162,547,885	147,657,276
Movements without cash	16,162,223	19,064,727
Contract changes	12,736,792	16,078,364
IFRS 16 Interests	1,853,571	1,468,414
Others	1,571,860	1,517,948
Loans:		
Inflow	—	—
Outflow	(8,447,942)	(15,364,146)
Lease liabilities:		
Inflow	—	—
Outflow	(22,604,891)	(23,150,398)
Closing balance	**147,657,276**	**128,207,458**

32. Employee benefits

GRI 201-3

Liabilities related to employee benefits refer to (i) post-employment benefits – healthcare and pension plan (ii) other long-term employee benefits and (iii) other long-term benefits for the Statutory Bodies.

During the years ended 31 December 2021 and 31 December 2022, the **Group** and the **Company** liabilities presented the following movement:

	2021									
	Group						Company			
	Healthcare	Healthcare - SAMS	Pension Plan	Other benefits	Other long-term employee benefits	Total	Healthcare	Other long-term employee benefits	Other long-term benefits statutory bodies	Total
Opening balance	271,158,313	1,431,894	325,457	9,882,604	201,592	282,999,860	271,158,313	9,665,955	201,593	281,025,861
Movement of the period	(7,631,699)	35,987	(56,503)	6,338,404	209,837	(1,103,974)	(7,631,699)	6,351,053	209,838	(1,070,808)
Closing balance	**263,526,615**	**1,467,881**	**268,954**	**16,221,007**	**411,429**	**281,895,886**	**263,526,615**	**16,017,008**	**411,431**	**279,955,052**

	2022									
	Group						Company			
	Healthcare	Healthcare - SAMS	Pension Plan	Other benefits	Other long-term employee benefits	Total	Healthcare	Other long-term employee benefits	Other long-term benefits statutory bodies	Total
Opening balance	263,526,615	1,467,881	268,954	16,221,007	411,429	281,895,886	263,526,615	16,017,008	411,431	279,955,052
Movement of the period	(73,161,248)	(515,643)	(45,479)	(592,371)	(231,847)	(74,546,588)	(73,161,248)	(561,149)	(231,846)	(73,954,243)
Closing balance	**190,365,367**	**952,238**	**223,475**	**15,628,636**	**179,582**	**207,349,298**	**190,365,367**	**15,455,859**	**179,583**	**206,000,809**

The caption Other long-term employee benefits essentially refers to the benefit Pensions for work accidents, to the on-going staff reduction program and to the benefit End of Career Awards.

The caption Other long-term benefits for the Statutory Bodies refers to the long-term variable remuneration assigned to the executive members of the Board of Directors.

The details of the **Group** and the **Company** liabilities related to employee benefits, considering their classification, are as follows:

	Group		Company	
	2021	2022	2021	2022
Non-current liabilities	260,805,742	185,257,617	258,892,489	183,936,635
Current liabilities	21,090,144	22,091,681	21,062,563	22,064,174
	281,895,886	**207,349,298**	**279,955,052**	**206,000,809**

As at 31 December 2021 and 31 December 2022, the costs related to employee benefits recognized in the consolidated and individual income statement and the amount recognized directly in Other changes in equity were as follows:

	Group		Company	
	2021	2022	2021	2022
Costs for the period				
Healthcare	7,481,517	7,880,000	7,481,517	7,880,000
Healthcare - SAMS	126,019	130,557	—	—
Pension plan	4,203	3,748	—	—
Other long-term employee benefits	9,499,035	3,273,936	9,511,684	3,305,159
Other long-term benefits statutory bodies	209,837	(231,847)	209,837	(231,847)
	17,320,611	**11,056,394**	**17,203,038**	**10,953,312**
Other changes in equity				
Healthcare	(4,878,001)	(69,891,919)	(4,878,001)	(69,891,919)
Healthcare - SAMS	(88,952)	(645,097)	—	—
Pension Plan	(32,205)	(21,042)	—	—
Other benefits	—	—	—	
	(4,999,158)	**(70,558,058)**	**(4,878,001)**	**(69,891,919)**

As at 31 December 2021 and 31 December 2022, the amounts recognized as actuarial gains or losses detailed by nature, in the **Group** and in the **Company**, were as follows:

Group	2021				2022		
	Changes Financial Assumptions	Change in demographic Assumptions	Experience	Total	Changes Financial Assumptions	Experience	Total
Healthcare	(4,754,850)	—	(123,151)	(4,878,001)	(64,783,291)	(5,108,628)	(69,891,919)
Healthcare - SAMS	(46,536)	—	(42,416)	(88,952)	(647,855)	2,758	(645,097)
Pension Plan	(2,336)	(249)	(29,620)	(32,205)	(34,297)	13,255	(21,042)
Other benefits	(3,206)	—	(25,682)	(28,888)	(49,971)	1,185	(48,786)
Other long-term employee benefits	(90,564)	—	937,819	847,255	(1,302,559)	(48,144)	(1,350,703)
	(4,897,492)	**(249)**	**716,950**	**(4,180,791)**	**(66,817,973)**	**(5,139,574)**	**(71,957,547)**

Company	2021			2022		
	Changes Financial Assumptions	Experience	Total	Changes Financial Assumptions	Experience	Total
Healthcare	(4,754,850)	(123,151)	(4,878,001)	(64,783,291)	(5,108,628)	(69,891,919)
Other long-term employee benefits	(90,564)	937,819	847,255	(1,302,559)	(48,144)	(1,350,703)
	(4,845,414)	**814,668**	**(4,030,746)**	**(66,085,850)**	**(5,156,772)**	**(71,242,622)**

In 2022, actuarial gains/losses related to financial assumptions changes reflect the discount rate review from 1.42% in 2021 to 3.60% to 2022.

<u>Healthcare - IOS Plan and Insurance policy</u>

As mentioned in Note 2.21, CTT is responsible for financing each healthcare plans applicable to certain employees – IOS Plan and Insurance policy.

In order to obtain the estimate of the liabilities and costs to be recognized for each period, an actuarial study is performed by an independent entity every year, based on the Projected Unit Credit method, and according to assumptions that are considered adequate and reasonable, an actuarial study has been performed as at 31 December 2022.

The main assumptions followed in the **Group** and the **Company** actuarial study of both plans were:

	2021	2022
Financial assumptions		
Discount rate	1.42%	3.60%
Salaries expected growth rate	2.25%	2.25%
Pensions growth rate	Law no. 53-B/2006 (com ∆ GDP < 2%)	Law no. 53-B/2006 (com ∆ GDP < 2%)
Inflation rate	1.50%	1.50%
Health costs growth rate	3.30%	3.30%
Stop-Loss	€ 949.50	€ 949.50
Duration	14.9	12.6
Demographic assumptions		
Mortality table	Men: TV 88/90 Women : TV 88/90 (-1)	Men: TV 88/90 Women : TV 88/90 (-1)
Disability table	Swiss RE	Swiss RE

The discount rate is estimated based on interest rates of private debt bonds with high credit rating ("AA" or equivalent) at the date of the balance sheet and with a duration equivalent to that of the liabilities with healthcare.

The discount rate is determined by the **Group** and the **Company** analysis of the evolution of the macroeconomic context and the constant need to match the actuarial and financial assumptions to that reality. Therefore, as a result of that analysis the discount rate was changed to 3.60% (1.42% in 2021).

The salaries expected growth rate is determined according to the salary policy defined by the **Group** and the **Company**.

The pensions expected growth rate is determined considering the estimated evolution of inflation and GDP growth rate.

The healthcare costs growth rate reflects the best estimate for the future evolution of these costs, considering the history of the plan's data.

In the beginning of 2021, the entity that currently manages the Plan, Médis, accepted the introduction of a Stop-loss coverage, with the introduction of a cap corresponding to an average annual cost per beneficiary of 949.50 Euros fixed for the next 3 years. Stop-loss is an insurance coverage where the risk above the reference amount is transferred from the policyholder (CTT) to the insurance company (Médis), in this case, defined by the average annual cost per beneficiary. The contract between Médis and CTT, with the conditions negotiated, has a minimum duration of 3 years, starting on 1 January 2021 and ending on 31 December 2023. The liabilities were calculated considering from 2024 an annual growth of the Stop loss equivalent to the growth rate of health expenses.

The demographic assumptions are based on the mortality and disability tables considered appropriate for the actuarial assessment of this plan.

The evolution of the present value of the **Group** and the **Company** liabilities related to the healthcare plans has been as follows:

Group and Company	2022	2021	2020	2019	2018
Liabilities at the end of the period					
IOS plan	183,727,343	254,937,950	261,776,888	265,509,580	244,758,317
Insurance policy	6,638,024	8,588,665	9,381,426	8,918,960	7,040,193
	190,365,367	**263,526,615**	**271,158,313**	**274,428,540**	**251,798,510**

For the years ended 31 December 2021 and 31 December 2022, the movement which occurred in the present value of the defined benefits liability regarding the healthcare plans was as follows:

Group and Company	Total		IOS Plan		Insurance policy	
	2021	2022	2021	2022	2021	2022
Opening balance	271,158,314	263,526,615	261,776,888	254,937,950	9,381,426	8,588,665
Service cost of the year	4,045,000	4,221,000	4,045,000	4,221,000	—	—
Interest cost of the year	3,447,000	3,659,000	3,328,000	3,540,000	119,000	119,000
Plan amendment	(10,483)	—	95,250	—	(105,733)	—
Pensioners contributions	4,917,973	4,889,650	4,647,786	4,622,171	270,187	267,479
(Payment of benefits)	(14,598,406)	(15,541,938)	(13,903,508)	(14,859,194)	(694,898)	(682,744)
(Other costs)	(554,781)	(497,041)	(531,582)	(476,327)	(23,199)	(20,714)
Actuarial (gains)/losses	(4,878,001)	(69,891,919)	(4,519,884)	(68,258,257)	(358,117)	(1,633,662)
Closing balance	**263,526,615**	**190,365,367**	**254,937,950**	**183,727,343**	**8,588,665**	**6,638,024**

The total costs for the period were recognized as follows:

Group and Company	Total		IOS Plan		Insurance policy	
	2021	2022	2021	2022	2021	2022
Staff costs/employee benefits (Note 45)	3,479,736	3,723,959	3,608,668	3,744,673	(128,932)	(20,714)
Other costs	554,781	497,041	531,582	476,327	23,199	20,714
Interest expenses (Note 51)	3,447,000	3,659,000	3,328,000	3,540,000	119,000	119,000
	7,481,517	**7,880,000**	**7,468,250**	**7,761,000**	**13,267**	**119,000**

As at 31 December 2021 and 31 December 2022, regarding the IOS Plan, the actuarial (gains)/losses in the amount of (68,258,257) Euros ((4,519,884) Euros as at 31 December 2021) were recognized in equity under Other changes in equity, net of deferred taxes of 19,112,312 Euros (1,268,568 Euros as at 31 December 2021).

As at 31 December 2022, regarding the IOS plan, the amount of actuarial (gains)/ losses is mainly due to the increase in the discount rate from 1.42% to 3.60%.

In what refers to the Insurance Policy, as at 31 December 2021 and 31 December 2022, the amounts of (358,117) Euros and (1,633,662) Euros, respectively, related to the actuarial (gains)/losses were recognized in equity under Other changes in equity, net of deferred taxes of 100,273 Euros and 47,425 Euros, respectively.

The best estimate the **Group** and the **Company** have at this date for costs related to the healthcare plan, which they expect to recognize in the next annual period is 9,235 thousand Euros.

The sensitivity analysis performed for the IOS Plan and Insurance policy leads to the following conclusions:

(i) If there was an increase of 100 b.p. in the growth rate of medical costs and keeping all other variables constant, the liabilities of the healthcare plan would be 225,732 thousand Euros, increasing by approximately 18.6%.

(ii) If the discount rate was reduced 25 b.p. and keeping all the remaining variables constant, the liabilities would increase by approximately 3.1%, amounting to 196.267 thousand Euros.

(iii) The use of adjusted mortality tables, differentiated between men and women (Men TV 73/77 (-2) and Women TV 88/90 (-3)), holding everything else constant, could translate into an increase of the health care plan liability for past services of about 2.4% amounting to a total of 194,984 thousand Euros.

Healthcare - SAMS

As mentioned in Note 2.21, the **Group** is responsible for paying medical care charges to all 321 Crédito, S.A. employees in a situation of retirement, as well as for survival pensioners.

The provision of this medical care is ensured by the Social Medical Assistance Service (SAMS) whose post-retirement charges, for the member, are defined in clause 92 of the ACT of the banking sector published in BTE nº 38 of 2017 of October 15.

In order to obtain the estimate of the liabilities and costs to be recognized for each period, an actuarial study is performed by an independent entity every year, based on the Projected Unit Credit method, and according to assumptions that are considered adequate and reasonable, an actuarial study has been performed as at 31 December 2022.

The main assumptions followed in the **Group** actuarial study were:

	2021	2022
Financial assumptions		
Discount rate	1.42%	3.60%
Salaries growth rate	1.25%	1.25%
Inflation rate	1.00%	1.00%
Demographic assumptions		
Mortality table	Men: TV 88/90 Women: TV 88/90 (-1)	Men: TV 88/90 Women: TV 88/90 (-1)
Disability table	Swiss RE	Swiss RE

For the year ended 31 December 2021 and 31 December 2022, the movement of **Group** liabilities with the Healthcare – SAMS was as follows:

Group	2021	2022
Opening balance	1,431,894	1,467,881
Service cost of the year	107,426	109,729
Interest cost of the year	18,593	20,828
(Payment of benefits)	(1,080)	(1,103)
Actuarial (gains)/losses	(88,952)	(645,097)
Closing balance	**1,467,881**	**952,238**

The total costs for the period were recognized as follows:

Group	2021	2022
Staff costs/employee benefits (Note 45)	107,426	109,729
Interest expenses (Note 51)	18,593	20,828
	126,019	**130,557**

The best estimate the **Group** has at this date for costs related to the Healthcare – SAMS, which it expects to recognize in the next annual period, is 106,709 Euros.

The sensitivity analysis performed in the year ended 31 December 2022 for the Healthcare – SAMS leads to the conclusion that if the discount rate were reduced by 25 b.p. and keeping all the remaining variables constant, the liabilities for past services would increase by approximately by 5.3%, amounting to 1,002,707 Euros.

Pension Plan

As mentioned in Note 2.21, the **Group** is responsible for the payment of cash benefits in the form of supplementary retirement pension contributions over the amounts paid by Social Security to a closed group of employees of Transporta, which was merged into CTT Expresso during the year 2019.

In order to obtain the estimate of the liabilities and costs to be recognized for each period, an actuarial study is performed by an independent entity every year, based on the Projected Unit Credit method, and according to assumptions that are considered adequate and reasonable, an actuarial study has been performed as at 31 December 2022.

The main assumptions followed in the **Group** actuarial study were:

	2021	2022
Financial assumptions		
Discount rate	1.42%	3.60%
Salaries growth rate	2.25%	2.25%
Inflation rate	1.50%	1.50%
Demographic assumptions		
Mortality table	Men: TV 88/90 Women : TV 88/90 (-1)	Men: TV 88/90 Women : TV 88/90 (-1)
Disability rate	SWISS RE	SWISS RE

For the year ended 31 December 2021 and 31 December 2022, the movement of **Group** liabilities with the Pension Plan was as follows:

Group	2021	2022
Opening balance	325,457	268,954
Service cost of the year	173	125
Interest cost of the year	4,030	3,623
(Payment of benefits)	(28,501)	(28,185)
Actuarial (gains)/losses	(32,205)	(21,042)
Closing balance	**268,954**	**223,475**

The total costs for the period were recognized as follows:

Group	2021	2022
Staff costs/employee benefits (Note 45)	173	125
Interest expenses (Note 51)	4,030	3,623
	4,203	**3,748**

The best estimate the **Group** has at this date for costs related to the pension plan, which it expects to recognize in the next annual period, is 7,692 Euros.

As at 31 December 2021 and 31 December 2022, the amounts of (32,205) Euros and (21,042) Euros, respectively, related to the actuarial (gains)/losses were recognized in equity under Other changes in equity, net of deferred taxes of 7,230 Euros and 5,383 Euros, respectively.

The sensitivity analysis performed in the year ended 31 December 2022 for the Pension Plan leads to the conclusion that if the discount rate were reduced by 25 b.p. and keeping all the remaining variables constant, the liabilities for past services would increase by approximately by 1.5%, amounting to 226,827 Euros.

Other long-term employee benefits

Following the mentioned note 2.21, the **Group** assumed the commitment regarding the payment of a “End of Career award” on the date of retirement, due to disability or old age, in the amount of 1.5 times the effective monthly remuneration earned in that date as well as the payment of a capital called “Death Allowance resulting from Work Accidents” to 321 Crédito, S.A. employees. Both benefits are attributed under the banking sector ACT published in BTE nº 38 of 2017 of October 15, clauses 69 and 72, respectively.

In order to obtain the estimate of the liabilities and costs to be recognized for each period, an actuarial study is performed by an independent entity every year, based on the Projected Unit Credit method, and according to assumptions that are considered adequate and reasonable, an actuarial study has been performed as at 31 December 2022.

The main assumptions followed in the **Group** actuarial study were:

	2021	2022
Financial assumptions		
Discount rate	1.42%	3.60%
Salaries growth rate	1.25%	1.25%
Demographic assumptions		
Mortality rate due to work accident	0.0035%	0.0035%
Mortality table	Men: TV 88/90 Women: TV 88/90 (-1)	Men: TV 88/90 Women: TV 88/90 (-1)

For the year ended 31 December 2021 and 31 December 2022, the movement of **Group** liabilities with the Other post-employment benefits related to “End Career Awards” and Death Allowance resulting from work accidents”, presented in the table below, was as follows:

Group	2021	2022
End of Career Awards		
Opening balance	209,851	197,170
Service cost of the year	12,899	13,900
Interest cost of the period	2,544	2,773
Actuarial (gains)/losses	(28,124)	(47,282)
Closing balance	**197,170**	**166,561**
Death Allowance resulting from Work Accidents		
Opening balance	6,797	6,829
Service cost of the year	712	798
Interest cost of the period	84	92
Actuarial (gains)/losses	(764)	(1,504)
Closing balance	**6,829**	**6,215**
Total	**203,999**	**172,776**

The total costs for the period were recognized as follows:

Group	2021	2022
Staff costs/employee benefits (Note 45)		
End of Career Awards	(15,225)	(33,382)
Death Allowance resulting from Work Accidents	(52)	(706)
	(15,277)	**(34,088)**
Interest expenses (Note 51)	2,628	2,865
	(12,649)	**(31,223)**

The best estimate the **Group** has at this date for costs related to the Other post-employment benefits, which it expects to recognize in the next annual period, is 18,745 Euros.

The sensitivity analysis performed in the year ended 31 December 2022, for the Other post-employment benefits leads to the conclusion that if the discount rate were reduced by 25 b.p. and keeping all the remaining variables constant, the liabilities for past services would increase by approximately by 5.3%, amounting to 181,933 Euros.

Additionally, and as mentioned in Note 2.21, in certain situations, the **Group** and the **Company** has liabilities related to the payment of salaries in situations of Suspension of contracts, redeployment and release of employment, the allocation of subsidies of Support for termination of professional activity (which was eliminated as of 1 April 2013), the payment of the Telephone subscription fee, Pensions for work accidents, and Monthly life annuity. In order to obtain the estimate of the value of these liabilities and the costs to be recognized for each period, every year, an actuarial study is made by an independent entity, based on the Projected Unit Credit method, and according to assumptions that are considered adequate and reasonable. As at 31 December 2022, an actuarial study was requested to an independent entity to assess the liabilities at the reporting date.

The main assumptions followed in the assessment of the **Group** and the **Company** liabilities were:

	2021	2022
Financial assumptions		
Discount rate	1.42%	3.60%
Salaries growth rate (Suspension of contracts)	2.25%	2.25%
Pensions growth rate (Pension for work accidents, Monthly life annuity)	1.50%	1.50%
Inflation rate	1.50%	1.50%
Demographic assumptions		
Mortality table	Men: TV 88/90 Women: TV 88/90 (-1)	Men: TV 88/90 Women: TV 88/90 (-1)

For the years ended 31 December 2021 and 31 December 2022, the movement of **Group** and the **Company** liabilities with other long-term employee benefits, was as follows:

Group and Company	2021	2022
Suspension of contracts, redeployment and release of employment		
Opening balance	2,754,747	9,493,686
Interest cost of the period	27,227	119,616
Liabilities relative to new beneficiaries	8,550,491	4,447,043
Transfers from Provisions (Note 33)	—	1,250,000
(Payment of benefits)	(2,658,170)	(4,636,496)
Actuarial (gains)/losses	819,390	(336,289)
Closing balance	**9,493,686**	**10,337,560**
Telephone subscription fee		
Opening balance	414,119	383,961
Interest cost of the period	5,076	5,121
(Payment of benefits)	(43,865)	(30,490)
Actuarial (gains)/losses	8,631	(73,340)
Closing balance	**383,961**	**285,252**
Pension for work accidents		
Opening balance	6,458,399	6,113,602
Interest cost of the period	81,216	83,808
(Payment of benefits)	(447,405)	(438,220)
Actuarial (gains)/losses	21,392	(938,904)
Closing balance	**6,113,602**	**4,820,286**
Monthly life annuity		
Opening balance	38,691	25,760
Interest cost of the period	419	274
(Payment of benefits)	(11,191)	(11,102)
Actuarial (gains)/losses	(2,159)	(2,170)
Closing balance	**25,760**	**12,762**
Total	**16,017,008**	**15,455,859**

During the years ended 31 December 2021 and 31 December 2022, the total costs for the year were recognized as follows:

Group and company	2021	2022
Staff costs/employee benefits (Note 45)		
Suspension of contracts, redeployment and release of employment	1,369,881	4,110,754
Telephone subscription fee	8,631	(73,340)
Pension for work accidents	21,392	(938,904)
Monthly life annuity	(2,159)	(2,170)
Suspension and Early-Retirement Agreements (Note 33)	8,000,000	—
	9,397,745	**3,096,340**
Interest expenses (Note 51)	113,938	208,819
	9,511,684	**3,305,159**

The liabilities related to new beneficiaries on 31 December 2022, in the Suspension of contracts, redeployment and release of employment benefit occur under the referred human resources optimization process, following agreements of suspension of employment contracts entered into or terminated in the meantime.

As at 31 December 2021, the amount relating to Suspension or Early-Retirement agreements of 8,000,000 Euros is explained in detail in Note 33 - Provisions, Guarantees provided, Contingent Liabilities and Commitments and in Note 45 - Staff Costs.

The actuarial (gains)/losses regarding long-term employee benefits recognized as at 31 December 2021 and 31 December 2022 mainly relates to the changes occurred in the discount rate as well as to the movements in the beneficiary population which, according to IAS 19 – Employee benefits, were recognized in the caption Staff costs in the income statement.

The best estimate that the **Company** has at this date for costs with other long-term benefits, which it expects to recognize in the next year is 457,522 Euros.

The sensitivity analysis performed on 31 December 2022 for the Other long-term benefits leads to the conclusion that, if the discount rate was reduced by 25 b.p., keeping everything else constant, this would give rise to an increase in liabilities for past services of approximately 0.8%, increasing to 15,580 thousand Euros.

Other long-term benefits for the Statutory Bodies

At the General Meeting held on 21 April 2021, a new Remuneration Regulation for Members of the Statutory Bodies was approved for the 2020-2022 term. This regulation established the attribution assumptions of the annual variable remuneration (RVA) and the form of long-term variable remuneration (RVPL) for a “stock options” mechanism.

The main features of the plan and the accounting impacts are explained in detail in note 45 - Staff costs.

33. Provisions, Guarantees provided, Contingent liabilities and commitments

Provisions

For the years ended 31 December 2021 and 31 December 2022 in order to face legal proceedings and other liabilities arising from past events, the **Group** and the **Company** recognized provisions, which showed the following movement:

Group	2021						
	Opening balance	Increases	Reversals	Utilizations	Transfers	Regularizations	Closing balance
Non-current provisions							
Litigations	3,003,416	1,254,601	(1,383,155)	(90,046)	49,983	—	2,834,799
Restructuring	1,083,347	—	(964,524)	(123,823)	—	5,000	—
Other provisions	10,402,877	686,564	(3,623,942)	(83,435)	(67,983)	—	7,314,082
Commitment provisions	—	211,465	(67,125)	—	169,822	—	314,163
Sub-total - caption "Provisions (increases)/ reversals"	**14,489,641**	**2,152,630**	**(6,038,746)**	**(297,304)**	**151,822**	**5,000**	**10,463,043**
Restructuring	163,800	9,341,409	(13,145)	(36,328)	(8,000,000)	—	1,455,737
Other provisions	2,762,913	41,951	—	(44,123)	—	—	2,760,741
	17,416,354	**11,535,990**	**(6,051,891)**	**(377,755)**	**(7,848,178)**	**5,000**	**14,679,520**

Group	2022						
	Opening balance	Increases	Reversals	Utilizations	Transfers	Regularizations	Closing balance
Non-current provisions							
Litigations	2,834,799	1,516,656	(1,304,899)	(114,458)	213,598	—	3,145,696
Onerous contracts	—	453,598	—	(293,450)	—	—	160,148
Other provisions	7,314,082	3,894,875	(4,819,453)	(155,924)	(213,598)	—	6,019,982
Commitment provisions	314,163	39,865	(229,571)	—	—	—	124,457
Sub-total - caption "Provisions (increases)/ reversals"	**10,463,043**	**5,904,994**	**(6,353,923)**	**(563,832)**	**—**	**—**	**9,450,283**
Investments in subsidiaries and associated companies	—	168,972	—	—	—	—	168,972
Restructuring	1,455,737	145,993	(50,000)	—	(1,250,000)	(102,344)	199,386
Other provisions	2,760,741	158,488	—	(105,603)	—	—	2,813,626
	14,679,520	**6,378,447**	**(6,403,923)**	**(669,435)**	**(1,250,000)**	**(102,344)**	**12,632,267**

The net amount between increases and reversals of provisions was recorded in the consolidated income statement under the caption Provisions, net and amounted to (3,886,116) Euros as at 31 December 2021 and (448,929) Euros as at 31 December 2022.

Company	2021						
	Opening balance	Increases	Reversals	Utilizations	Transfers	Regularizations	Closing balance
Non-current provisions							
Litigations	2,325,319	1,137,417	(1,267,797)	(88,754)	49,983	—	2,156,168
Restructuring	433,501	—	(436,724)	(1,777)	—	5,000	—
Other provisions	7,197,456	188,512	(2,661,076)	—	(49,983)	—	4,674,909
Sub-total - caption "Provisions (increases)/reversals"	**9,956,276**	**1,325,929**	**(4,365,597)**	**(90,531)**	**—**	**5,000**	**6,831,077**
Restructuring	123,672	9,265,000	—	(36,328)	(8,000,000)	—	1,352,344
Other provisions	2,289,125	40,970	—	(44,123)	—	—	2,285,971
	12,369,072	**10,631,899**	**(4,365,597)**	**(170,982)**	**(8,000,000)**	**5,000**	**10,469,392**

Company	2022						
	Opening balance	Increases	Reversals	Utilizations	Transfers	Regularizations	Closing balance
Non-current provisions							
Litigations	2,156,168	1,429,086	(1,138,720)	(81,402)	21,791	—	2,386,923
Onerous contracts	—	453,598	—	(293,450)	—	—	160,148
Other provisions	4,674,909	751,723	(4,559,594)	(22,251)	(21,791)	—	822,996
Sub-total - caption "Provisions (increases)/reversals"	**6,831,077**	**2,634,407**	**(5,698,314)**	**(397,103)**	**—**	**—**	**3,370,067**
Restructuring	1,352,344	9,451	—	—	(1,250,000)	(102,344)	9,451
Other provisions	2,285,971	156,488	—	(105,600)	—	—	2,336,859
	10,469,392	**2,800,346**	**(5,698,314)**	**(502,703)**	**(1,250,000)**	**(102,344)**	**5,716,377**

The net amount between increases and reversals of provisions was recorded in the individual income statement under the caption Provisions, net and amounted to (3,039,668) Euros as at 31 December 2021 and (3,063,907) as at 31 December 2022.

A provision should only be used for expenditures for which the provision was originally recognized, so the **Group** and the **Company** reverse the provision when it is no longer probable that an outflow of resources that incorporate future economic benefits will be necessary to settle the obligation.

Litigations

The provisions for litigations were set up to face the liabilities resulting from lawsuits brought against the **Group** and the **Company** and are estimated based on information from their lawyers as well as on the termination of the mentioned lawsuits. The final amount and the timing of the outflows regarding the provision for litigations depend on the outcome of the respective proceedings.

The reversal of the provision for litigations, in the amount of 1,383,155 Euros as at 31 December 2021 and 1,304,899 Euros as at 31 December 2022, essentially results from lawsuits whose decision, which was made known in the course of 2021 or 2022, respectively, proved to be favourable to the **Group**, or, not being favourable, resulted in the condemnation to pay amounts that proved to be lower than the estimated amounts (and reflected in this provision item).

Onerous contracts

The provision for onerous contracts is intended to cover contracts in which the unavoidable costs of meeting the obligations of the contracts exceed the economic benefits that are expected to be received under them, amounting at 31 December 2022 the amount of 160,148 euros.

Other provisions

As at 31 December 2022, the amount of 3,780,356 Euros provisioned in previous years to cover possible contingencies related to labour litigation actions not included in the current court proceedings, related to remuneration differences that could be claimed by workers, was fully reversed, as it is understood that the probability of outflows associated with these contingencies is currently remote.

As at 31 December 2022, a provision is recognized in CTT Expresso branch in Spain to face the notification issued by the Spanish National Commission on Markets and Competition. This process was originated during the year 2016, based on the alleged contrary action to article 1 of the Law 15/2017 (“Law on Competition Defense”) and article 101º of the Treaty on the Functioning of the European Union (“TFUE”). This notification amounted to 3,148,845 Euros and, in previous years, has already been subject of an appeal to the Spanish Audiencia Nacional (National High Court). Regarding this matter, Tourline (currently designated as CTT Expresso branch in Spain) submitted a formal request to the coercive measure suspension, and the request was accepted under the condition of a guarantee presentation – a procedure that was duly and timely adopted by Tourline. During 2022, the Spanish Audiencia Nacional dismissed the appeal and ratified the fine of 3,148,845 Euros plus final and unappealable costs. Regarding this subject, the provision booked in previous years, which amounted to 1,400,000 Euros, was increased by 1,800,000 Euros, amounting at 31 December 2022, the amount of 3,200,000 Euros and results from the evaluation carried out by the **Group**'s legal advisors.

The amount provisioned in 321 Crédito, S.A. amounting to 907,030 Euros as at 31 December 2022 (741,641 Euros at 31 December 2021) mainly results from the management assessment regarding the possibility of materializing tax contingencies and other processes.

As at 31 December 2022, in addition to the previously mentioned situations, this caption, essentially, also includes, in the **Group** and the **Company**:

- the amount of 347,827 Euros in the Group and 269,827 Euros in the Company to cover costs of dismantlement of tangible fixed assets and/or removal of facilities and restoration of the site;

- the amount of 664,872 Euros in the Group and Company, which arise from the assessment made by the management regarding the possibility of materializing contingent amounts to be paid to third parties under the scope of contracts entered into;

- the amount of 309,007 Euros regarding the liability, recognized in the company CTT Expresso, with a labour legal proceeding;

- the amount of 2,025,666 Euros in the Group and 1,857,900 Euros in the Company, to cover costs of operational vehicles restoration.

- the amount of commitments for guarantees provided to third parties to cover promotional contests in the amount of 590,060 Euros.

Commitments provisions

Commitments provisions refer to provisions for indirect credit, amounting to 124,456 Euros in the period ended 31 December 2022 (31 December 2021: 314,163 Euros).

Restructuring

In June 2021, CTT approved a new HR optimization program considering the need to optimize teams. This program presumed the launch of a Voluntary Exit Program based on the signing of Suspension or Pre-Retirement Agreements. As at 31 December 2021, a provision in the amount of 9,341,409 Euros was booked, which was recognized under Staff costs caption in the income statement. As at 31 December 2021, regarding the agreements performed at this date, an amount of 8,000,000 Euros was transferred to the caption employee benefits in the statement of financial position. As at 31 December 2022, regarding the agreements performed during 2022, an amount of 1,250,000 Euros was transferred to the caption employee benefits in the statement of financial position.

Guarantees provided

As at 31 December 2021 and 31 December 2022, the **Group** and the **Company** had provided bank guarantees to third parties as follows:

Description	Group		Company	
	31.12.2021	31.12.2022	31.12.2021	31.12.2022
Autoridade Tributária e Aduaneira (Portuguese Tax and Customs Authority)	2,917,205	4,389,246	855,915	2,327,956
Contencioso Administrativo da Audiência Nacional (National Audience Administrative Litigation) and CNMC - Comission Nacional de los Mercados y la Competencia - Espanha (National Commission on Markets and Competition - Spain)	3,148,845	3,148,845	3,148,845	3,148,845
PLANINOVA - Soc. Imobiliária, S.A. (Real estate company)	2,033,582	2,033,582	2,033,582	2,033,582
LandSearch, Compra e Venda de Imóveis (Real estate company)	1,792,886	1,792,886	1,792,886	1,792,886
Fidelidade, Multicare, Cares - (Glintt BPO)	1,022,834	1,022,834	—	—
MARATHON- Fundo de Investimento fechado (closed property investment)	432,000	810,435	—	—
AMBIMOBILIÁRIA- ~Investimentos e negócios, S.A. (Real estate company)	480,000	480,000	480,000	480,000
Courts	339,230	339,230	333,230	333,230
EUROGOLD	—	318,299	—	—
CIVILRIA	224,305	224,305	—	—
Transportes Bernardos Marques, S.A.	220,320	220,320	220,320	220,320
TIP - Transportes Intermodais do Porto, ACE (Oporto intermodal transport)	150,000	150,000	—	—
Via Direta	150,000	150,000	—	—
Municipalities	118,658	118,658	118,658	118,658
EPAL - Empresa Portuguesa de Águas Livres (Multi-municipal System of Water Supply and Sanitation of the Lisbon Area)	68,895	68,895	68,895	68,895
INCM - Imprensa Nacional da Casa da Moeda (Portuguese Mint and Official Printing Office)	85,056	68,386	—	—
ANA - Aeroportos de Portugal (Airports of Portugal)	34,000	34,000	34,000	34,000
GNB Companhia de seguros vida SA (Insurance company)	25,000	25,000	—	—
Águas do Norte (Water Supply of the Northern Region)	23,804	23,804	23,804	23,804
Instituto de Gestão Financeira Segurança Social (Social Security Financial Management Institute)	21,557	21,557	16,406	16,406
EMEL, S.A. (Municipal company managing parking in Lisbon)	19,384	19,384	19,384	19,384
Serviços Intermunicipalizados Loures e Odivelas (Inter-municipal Services of Water Supply and Sanitation of the Loures and Odivelas Areas)	17,000	17,000	17,000	17,000
Direção Geral do Tesouro e Finanças (Directorate General of Treasury and Finance)	16,867	16,867	16,867	16,867
Portugal Telecom, S.A. (Telecommunication Company)	16,658	16,658	16,658	16,658
REFER (Public service for the management of the national railway network infrastructure)	16,460	16,460	—	—
Other entities	16,144	16,144	—	—
SMAS de Sintra (Services of Water Supply and Sanitation of the city of Sintra)	15,889	15,889	15,889	15,889
Repsol (Oil and Gas Company)	15,000	15,000	—	—
DOLCE VITA TEJO (Real State Company)	13,832	13,832	13,832	13,832
Águas do Porto, E.M. (Services of Water Supply and Sanitation of the city of Oporto)	10,720	10,720	—	—
ADRA - Águas da Região de Aveiro (Services of Water Supply and Sanitation of the city of Aveiro)	10,475	10,475	10,475	10,475
SMAS Torres Vedras (Services of Water Supply and Sanitation of the city of Torres Vedras)	9,910	9,910	9,910	9,910
ACT Autoridade Condições Trabalho (Authority for Working Conditions)	9,160	9,160	9,160	9,160
Consejeria Salud (Local Health Service/Spain)	4,116	4,116	—	—
Instituto do Emprego e Formação Profissional (Employment and Professional Training Institute)	3,719	3,719	3,719	3,719
O Feliz - Real State Company	369,932	—	—	—
Lagos em Forma - Gestão desportiva, E.M., S.A. (Municipal company managing sports in Lagos)	11,000	—	11,000	—
EMARP - Empresa de Aguas e Resíduos de Portimão (Services of Water Supply and Sanitation of the city of Portimão)	3,100	—	3,100	—
	13,867,543	**15,635,616**	**9,273,535**	**10,731,476**

Bank guarantees

As at 31 December 2022, the bank guarantees provided in favor of "Autoridade Tributária e Aduaneira" (Portuguese Tax and Customs Authority), in a global amount of 4,389,246 Euros, were essentially provided for the suspension of tax enforcement proceedings.

Guarantees for lease contracts

According to the terms of some lease contracts of the buildings occupied by the **Company**'s services, the Portuguese State ceased to hold the majority of the share capital of CTT, bank guarantees on first demand had to be provided. These guarantees amount to 3,826,468 Euros as at 31 December 2021 and 31 December 2022, in the **Group** and the **Company**.

CTT provided a bank guaranty, on behalf of CTT Expresso branch in Spain, to the Sixth Section of the National Audience Administrative Litigation and to the Spanish National Commission on Markets and Competition ("Comisión Nacional de los Mercados y la Competencia") in the amount of 3,148,845 Euros, regarding the legal proceedings of CTT Expresso branch in Spain with the National Audience in Spain.

Commitments

As at 31 December 2021 and 31 December 2022, the **Group** subscribed promissory notes amounting to approximately 41.9 thousand Euros and 44.4 thousand Euros, respectively, for various credit institutions intended to secure complete and timely compliance with the corresponding financing contracts.

The **Group** and the **Company** engaged guarantee insurances in the total amount of 5,444,387 Euros and 2,713,642 Euros, respectively (31 December 2021: 4,226,910 Euros and 1,897,993 Euros respectively), with the purpose of guaranteeing the fulfilment of contractual obligations assumed by third parties.

In addition, the **Group** and the **Company** also assumed commitments relating to real estate rents under lease contracts and rents for other leases.

The **Group** and the **Company** contractual commitments related to Tangible fixed assets and Intangible assets are detailed respectively in Notes 5 and 6.

34. Accounts payable

As at 31 December 2021 and 31 December 2022, the **Group** and the **Company** heading Accounts payable showed the following composition:

	Group		Company	
	31.12.2021	**31.12.2022**	**31.12.2021**	**31.12.2022**
Non-current				
Other accounts payable	—	—	309,007	309,007
	—	—	**309,007**	**309,007**
Current				
Advances from customers	2,368,197	2,175,341	2,359,986	2,166,577
CNP money orders	51,157,113	—	51,157,113	—
Suppliers	88,144,917	97,417,126	67,832,513	76,504,150
Invoices pending confirmation	12,256,372	12,194,096	7,197,970	6,233,718
Fixed assets suppliers	7,008,092	4,900,077	5,062,614	3,804,439
Invoices pending confirmation (fixed assets)	6,300,825	6,495,524	5,229,243	5,468,120
Values collected on behalf of third parties	8,911,160	10,069,404	5,387,368	5,692,303
Postal financial services	156,371,620	360,890,497	156,371,533	360,890,505
Deposits	594,183	676,504	—	—
Charges	2,200,392	14,844,784	1,102,742	12,596,851
Compensations	881,108	1,105,808	155,688	90,403
Postal operators - amounts to be settled	1,586,135	680,423	1,586,135	680,423
Amounts to be settled to third parties	1,919,132	1,659,136	1,919,132	1,659,136
Amounts to be settled in stores	495,269	3,012,730	495,269	3,012,730
Other accounts payable	10,109,816	9,090,299	6,651,168	4,972,187
	350,304,332	**525,211,751**	**312,508,476**	**483,771,541**
	350,304,332	**525,211,751**	**312,817,483**	**484,080,548**

CNP money orders

The value of CNP money orders refers to the money orders received from the National Pensions Center (CNP), whose payment date to the corresponding pensioners will occur in the month after the closing of the financial year. The absence of a balance verified on 31 December 2022 is related to the fact that the IGFSS advance for the settlement of CNP money orders only occurred in the first days of January 2023.

Suppliers

The increase in the caption “Suppliers” is justified, mainly, by the increase in the flow of outbound international mail, which was related to the effect of the legislative elections, and the consequent sending of votes to emigrants. As explained in note 19, billing cycles for terminal charges (remuneration for international mail delivery) are annual in accordance with the rules of the Universal Postal Union, which extends the maintenance of these balances over time.

Postal financial services

This heading records mainly the amounts collected related to taxes, insurance, savings certificates and other money orders, whose settlement date should occur in the month following the end of the period.

The increase on 31 December 2022 in this caption is mainly due to an increase in the subscription of savings certificates by consumers, essentially related to the increase in Euribor rates, and the consequent increase in the profitability of this investment product.

Suppliers and fixed assets suppliers

As at 31 December 2021 and 31 December 2022, the **Group** and the **Company** caption Suppliers showed the following composition:

	Group		Company	
	31.12.2021	**31.12.2022**	**31.12.2021**	**31.12.2022**
Other suppliers	44,331,541	47,228,848	23,584,995	26,878,497
Postal operators	43,813,375	50,108,410	42,761,921	48,327,499
Group companies [(1)]	—	79,868	1,485,597	1,298,153
	88,144,917	**97,417,126**	**67,832,513**	**76,504,150**

[(1)] Includes subsidiary, associated and joint-ventures companies.

As at 31 December 2021 and 31 December 2022, the ageing of the **Group** and the **Company** balance of the captions Suppliers and Fixed assets suppliers is detailed as follows:

Suppliers	Group		Company	
	31.12.2021	**31.12.2022**	**31.12.2021**	**31.12.2022**
Non-overdue	35,342,173	35,701,637	20,599,077	18,585,413
Overdue [(1)]:				
0-30 days	8,719,140	5,443,613	5,196,322	3,872,825
31-90 days	2,946,335	12,290,673	2,589,189	11,429,188
91-180 days	4,351,325	4,773,279	3,556,532	4,426,144
181-360 days	12,282,581	15,922,400	11,572,396	15,430,400
> 360 days	24,503,362	23,285,524	24,318,997	22,760,180
	88,144,917	**97,417,126**	**67,832,513**	**76,504,150**

[(1)] The amounts regarding the foreign operators, although being overdue over 360 days, are within the normal period for the presentation and regularisation of the accounts.

Fixed assets suppliers	Group		Company	
	31.12.2021	**31.12.2022**	**31.12.2021**	**31.12.2022**
Non-overdue	4,872,336	3,045,920	3,240,215	2,145,243
Overdue:				
0-30 days	1,399,179	1,415,810	910,554	1,393,485
31-90 days	70,223	215,117	—	161,986
91-180 days	29,754	—	258,278	—
181-360 days	292,613	68,179	252,919	36,526
> 360 days	343,988	155,051	400,649	67,199
	7,008,092	**4,900,077**	**5,062,614**	**3,804,439**

The current amount of accounts payable overdue over 360 days is as follows:

	Group		Company	
	31.12.2021	31.12.2022	31.12.2021	31.12.2022
Other suppliers	191,448	759,523	258,543	234,179
Foreign operators	24,311,914	22,526,001	24,060,455	22,526,001
Total	**24,503,362**	**23,285,524**	**24,318,997**	**22,760,180**
Foreign operators - receivable (Note 19)	**(24,277,519)**	**(10,941,989)**	**(23,475,667)**	**(10,153,776)**

The balances between Foreign Operators are cleared by netting accounts. These amounts refer to the accounts receivable balances related to these entities (Note 19), in which the Group does not have an unconditional right to settle the amounts of foreign Operators on a net basis, unilaterally deducting amounts receivable from amounts payable, whereby the balances of foreign Operators are shown in assets and liabilities.

The cost recognition impact of significant financing component effect associated to the contractual performance obligations with Foreign Operators is not significant. The **Group** and the **Company** did not recognize any amount.

There are no ongoing judicial or extrajudicial proceedings to regularize the balances of suppliers that were past due on 31 December 2022.

35. Debt securities issued at amortized cost

This caption showed the following composition:

	31.12.2021	31.12.2022
Non current liabilities		
Debt securities issued	277,760,616	445,226,206
	277,760,616	**445,226,206**
Current liabilities		
Debt securities issued	35,137	351,654
	35,137	**351,654**
	277,795,753	**445,577,860**

As at 31 December 2021 and 31 December 2022, the Debt securities issued are analyzed as follows:

31.12.2021					
Issue	Issue date	Maturity date	Remuneration	Nominal value	Book value
Ulisses Finance No.1 – Class A	July 2017	March 2033	Euribor 1M + 85 b.p.	10,421,009	10,424,113
Ulisses Finance No.1 – Class B	July 2017	March 2033	Euribor 1M + 160 b.p.	7,000,000	7,001,507
Ulisses Finance No.1 – Class C	July 2017	March 2033	Euribor 1M + 375 b.p.	7,100,000	7,106,617
Ulisses Finance No.2 – Class A	September 2021	September 2038	Euribor 1M + 70 b.p.	203,700,000	205,737,929
Ulisses Finance No.2 – Class B	September 2021	September 2038	Euribor 1M + 80 b.p.	10,000,000	9,986,657
Ulisses Finance No.2 – Class C	September 2021	September 2038	Euribor 1M + 135 b.p.	20,000,000	19,976,063
Ulisses Finance No.2 – Class D	September 2021	September 2038	Euribor 1M + 285 b.p.	11,300,000	11,290,713
Ulisses Finance No.2 – Class E	September 2021	September 2038	Euribor 1M + 368 b.p.	3,700,000	3,697,727
Ulisses Finance No.2 – Class F	September 2021	September 2038	Euribor 1M + 549 b.p.	1,300,000	1,299,790
Ulisses Finance No.2 – Class G	September 2021	September 2038	Euribor 1M + 500 b.p.	1,275,000	1,274,637
				275,796,009	**277,795,753**

31.12.2022					
Issue	Issue date	Maturity date	Remuneration	Nominal value	Book value
Ulisses Finance No.1 – Class B	July 2017	March 2033	Euribor 1M + 160 b.p.	4,233,007	4,237,732
Ulisses Finance No.1 – Class C	July 2017	March 2033	Euribor 1M + 375 b.p.	7,100,000	7,113,012
Ulisses Finance No.2 – Class A	September 2021	September 2038	Euribor 1M + 70 b.p.	189,826,075	191,350,779
Ulisses Finance No.2 – Class B	September 2021	September 2038	Euribor 1M + 80 b.p.	9,318,904	9,315,433
Ulisses Finance No.2 – Class C	September 2021	September 2038	Euribor 1M + 135 b.p.	18,637,808	18,633,429
Ulisses Finance No.2 – Class D	September 2021	September 2038	Euribor 1M + 285 b.p.	10,530,362	10,531,837
Ulisses Finance No.2 – Class E	September 2021	September 2038	Euribor 1M + 368 b.p.	3,447,995	3,449,193
Ulisses Finance No.2 – Class F	September 2021	September 2038	Euribor 1M + 549 b.p.	1,211,458	1,212,427
Ulisses Finance No.2 – Class G	September 2021	September 2038	Euribor 1M + 500 b.p.	375,000	375,254
Ulisses Finance No.3 - Class A	June 2022	June 2039	Euribor 1M + 90 bps	168,000,000	167,808,294
Ulisses Finance No.3 - Class B	June 2022	June 2039	Euribor 1M + 200 bps	8,000,000	7,828,704
Ulisses Finance No.3 - Class C	June 2022	June 2039	Euribor 1M + 370 bps	12,000,000	11,741,334
Ulisses Finance No.3 - Class D	June 2022	June 2039	Euribor 1M + 525 bps	6,000,000	5,665,908
Ulisses Finance No.3 - Class E	June 2022	June 2039	Euribor 1M + 650 bps	5,000,000	4,758,885
Ulisses Finance No.3 - Class F	June 2022	June 2039	Euribor 1M + 850 bps	1,000,000	965,514
Ulisses Finance No.3 - Class G	June 2022	June 2039	Euribor 1M + 785 bps	600,000	590,125
				445,280,609	**445,577,860**

During the period ended at 31 December 2021 and 31 December 2022, the movement of this item is as follows:

2021	Opening balance	Issues	Repayments	Other movements	Closing balance
Ulisses Finance No.1	44,517,924	—	(19,980,815)	(4,872)	24,532,237
Ulisses Finance No.2	—	251,500,000	(225,000)	1,988,517	253,263,517
	44,517,924	**251,500,000**	**(20,205,815)**	**1,983,644**	**277,795,753**

During the period ended 31 December 2021, the movements recorded in "Issues" caption are related with a new securitization operation (Ulisses Finance No. 2) on the auto loan portfolio originated by 321 Crédito. The caption "other movements" includes an amount of 2,314,824 Euros related to the issue premium of Note Class A of Ulisses Finance No.2 and an amount of 350,486 Euros of assembly cost at the amortized cost of Ulisses Finance No.2.

2022	Opening balance	Issues	Repayments	Other movements	Closing balance
Ulisses Finance No.1	24,532,237	—	(13,188,001)	6,508	11,350,744
Ulisses Finance No.2	253,263,517	—	(17,927,399)	(467,765)	234,868,353
Ulisses Finance No.3	—	201,500,000	(2,699,000)	557,764	199,358,764
	277,795,753	**201,500,000**	**(33,814,400)**	**96,507**	**445,577,860**

In 31 December 2022, the movements booked in "Issues" is related to the issuance of a new credit securitization operation called Ulisses Finance nº 3, carried out through 321 Crédito.

The scheduling by maturity regarding this caption is as follows:

31.12.2021	Current			Non-current			
	Due within 3 months	Over 3 months and less than 1 year	Total	Over 1 year and less than 3 years	Over 3 years	Total	Total
Securitisations	35,137	—	35,137	—	277,760,616	277,760,616	277,795,753
	35,137	**—**	**35,137**	**—**	**277,760,616**	**277,760,616**	**277,795,753**

31.12.2022	Current			Non-current			
	Due within 3 months	Over 3 months and less than 1 year	Total	Over 1 year and less than 3 years	Over 3 years	Total	Total
Securitisations	351,654	—	351,654	—	445,226,206	445,226,206	445,577,860
	351,654	**—**	**351,654**	**—**	**445,226,206**	**445,226,206**	**445,577,860**

Asset securitization

Ulisses Finance Nr.1

This securitization operation was originated in July 2017 and issued by Sagres - Sociedade de Titularização de Créditos, S.A. and corresponds to a public credit securitization program (Ulysses) with the Ulisses Finance No.1 operation being placed on the market. The operation was set up with the collaboration of the banks Citibank and Deutsche Bank, and included a Consumer Credit portfolio created by 321 Crédito. The structure of the Transaction includes five Tranches from A to E. Tranches A to C are dispersed in the market and Tranches D and E have been retained. This operation obtained ratings from DBRS and Moody's for the tranches placed on the market, Tranches A, B and C.

This transaction includes an optional early repayment clause that allows the Issuer to redeem the notes of all Classes issued, when the residual value of the credits represents 10% or less of the value of the Credit Portfolio on the date of setting up the securitization transaction.

The operation has incorporated an interest rate cap, an interest rate risk mitigation mechanism for the operation and its investors, including the Group, but which was not contracted directly by the Group, but by the issuer. of the securitization operation (Sagres – STC, S.A.).

The Group guarantees the debt service (servicer) of traditional securitization operations, taking over the collection of assigned credits and channelling the amounts received, through the respective deposit to the credit securitization company.

The underlying assets of Ulisses Finance No.1 operations were not derecognised from the Consolidated Statement of Financial Position as the Group substantially maintained the risks and rewards associated with their holding.

Chaves Funding Nr.8

This private securitization operation was issued in November 2019 by Tagus, Sociedade de Titularização de Créditos, S.A., it included a Consumer Credit portfolio originated by 321 Crédito. The operation was set up with the collaboration of Sociedade de Advogados PLMJ. The operation's structure includes a Tranche A and a Tranche B in the notes issued, both of which are fully owned by the Group.

This operation includes an optional early amortization clause that allows the Issuer to redeem the Notes of all Classes issued, when the residual value of the credits represents 10% or less of the value of the Credit Portfolio on the date of setting up the securitization operation.

The underlying assets of Chaves Funding No.8 operation were not derecognised from the Statement of Financial Position, as the Group substantially maintained the risks and benefits associated with their holding.

Ulisses Finance No.2

This securitization operation was created in September 2021 and issued by Tagus - Sociedade de Titularização de Créditos, S.A. and corresponds to a public credit securitization program (Ulysses) with the Ulisses Finance No.2 operation being placed on the market. The operation was set up with the collaboration of Sociedade de Advogados PLMJ and Banco Deutsche Bank, and included a consumer credit portfolio originated by 321 Crédito, whose initial total amount was 250,000 thousand euros, to be maintained over the 12 months of revolving period.

The structure of the transaction includes six collateralized Tranches from A to F and additionally tranches G and Z. All tranches are dispersed in the capital market, with the exception of class Z, whose initial value was 1.5 million euros and which presents the 30 September 2022 a value of 1,000 euros.

This operation obtained ratings from DBRS and Moody's for the tranches placed on the market, that is, Tranches A to G.

The Ulisses Finance No.2 operation has the characteristics of STS (simple, transparent and standardized) and SRT (significant risk transfer).

For the purposes of calculating the capital ratio, as the Ulisses Finance No.2 operation complies with article 244.1 (b) of European Regulation 575/2013 (full capital deduct approched), the company reduced its “Risk Weight Assets” with regard to the contracts securitized within the scope of this operation.

The operation has incorporated an interest rate cap, an interest rate risk mitigation mechanism for the operation and its investors, including the Group, but which was not contracted directly by the Group, but by the issuer. of the securitization operation (Tagus – STC, S.A.).

The underlying assets of the Ulisses Finance No.2 operation were not derecognised from the Consolidated Statement of Financial Position, as the Group substantially maintained the risks and benefits associated with their holding.

Next Funding Nr.1

The Next Funding No.1 operation, issued by Tagus – STC, SA in April 2021 and in which Banco CTT is a single investor, has as its underlying asset the credit card balances originated by the Universo credit card issued by Sonae Financial Services. Additionally, Banco CTT grants the operation an overdraft facility (Liquidity Facility) with the sole purpose of acquiring receivables (credit card balances) between the interest payment dates. On each interest payment date (IPD) the balance of the Liquidity Facility will be settled by converting it into the note amount.

In the consolidated accounts, taking into account the conditions set out in IFRS 10 (Consolidated Financial Statements), the securitization operation is consolidated, insofar as the Group substantially holds the risks and benefits associated with the underlying assets and is able to affect these same risks and benefits.

Ulisses Finance Nr. 3

This securitization operation was created in June 2022 and issued by Tagus - Sociedade de Titularização de Créditos, S.A. and corresponds to a public credit securitization program (Ulisses) with the Ulisses Finance No.3 operation being placed on the market. The operation was set up with the collaboration of “Sociedade de Advogados PLMJ” and “Banco Deutsche Bank”, and included a consumer credit portfolio originated by 321 Crédito, whose initial total amount was 200,000 thousand euros, to be maintained over the 12 months of revolving period.

The structure of the Transaction includes six collateralized Tranches from A to F and additionally tranches G and Z. All tranches are dispersed in the capital market, with the exception of class Z, whose initial value was 1.8 million euros.

This operation obtained ratings from DBRS and Moody's for the tranches placed on the market, that is, Tranches A to G.

The Ulisses Finance No.3 operation has the characteristics of STS (simple, transparent and standardized) and SRT (significant risk transfer).

For the purposes of calculating the capital ratio, as the Ulisses Finance No.3 operation complies with article 244.1 (b) of European Regulation 575/2013 (full capital deduct approched), the company reduced its “Risk Weight Assets” regarding to the contracts securitized within the scope of this operation.

The operation incorporates an interest rate swap, an interest rate risk mitigation mechanism for the operation and its investors, including the Group, but which was not contracted directly by the Group, but by the issuer. of the securitization operation (Tagus – STC, S.A.).

The underlying assets of the Ulisses Finance No.3 operation were not derecognised from the Consolidated Statement of Financial Position, as the Group substantially maintained the risks and rewards associated with their holding.

Additionally, the Group, through 321 Crédito, maintained, as at 31 December 2022, the Fénix operation as the only live unrecognized securitization operation. The Group's involvement in this operation is limited to providing servicing services.

36. Banking clients’ deposits and other loans

As at 31 December 2021 and 31 December 2022, the composition of the heading Banking clients’ deposits and other loans in the **Group** is as follows:

	31.12.2021	31.12.2022
Sight deposits	1,485,969,930	1,608,322,164
Term deposits	223,067,357	184,027,482
Savings deposits	412,474,058	452,980,272
	2,121,511,345	**2,245,329,918**

The above-mentioned amounts relate to Banco CTT clients’ deposits. Savings deposits are deposits associated with current accounts and which allow the client to obtain a remuneration above the slight deposits, which can be mobilized at any time, with no subscription limit, and it is possible to schedule transfers from and for this account. These deposits are different from term deposits as they have a definite date of constitution and maturity, and the savings accounts are fully mobilizable without penalty on remuneration.

In 2022, the average rate of return on customer funds was 0.02% (2021: 0.02%).

As at 31 December 2021 and 31 December 2022, the residual maturity of banking client deposits and other loans, is detailed as follows

	31.12.2021					
	No defined maturity	Due within 3 months	Over 3 months and less than 1 year	Over 1 year and less than 3 years	Over 3 years	Total
Sight deposits and saving accounts	1,898,443,987	—	—	—	—	1,898,443,987
Term deposits	—	106,310,120	116,757,237	—	—	223,067,357
	1,898,443,987	**106,310,120**	**116,757,237**	**—**	**—**	**2,121,511,345**

	31.12.2022					
	No defined maturity	Due within 3 months	Over 3 months and less than 1 year	Over 1 year and less than 3 years	Over 3 years	Total
Sight deposits and saving accounts	2,061,302,436	—	—	—	—	2,061,302,436
Term deposits	—	83,544,873	100,482,609	—	—	184,027,482
	2,061,302,436	**83,544,873**	**100,482,609**	**—**	**—**	**2,245,329,918**

37. Other current liabilities

As at 31 December 2021 and 31 December 2022, the **Group** and the **Company** caption Other current liabilities showed the following composition:

	Group		Company	
	31.12.2021	31.12.2022	31.12.2021	31.12.2022
Current				
Estimated holiday pay, holiday subsidy and other remunerations	47,519,381	49,206,004	38,508,973	38,343,840
Estimated supplies and external services	57,988,767	50,938,468	25,633,655	20,585,755
State and other public entities				
Value Added Tax	2,251,768	2,301,090	1,327,747	1,421,195
Personal income tax withholdings	3,026,069	3,710,562	2,365,284	2,893,514
Social Security contributions	4,740,077	4,859,016	3,491,527	3,536,311
Caixa Geral de Aposentações	1,683,889	1,600,731	1,671,242	1,588,739
Local Authority taxes	513,387	530,392	475,075	491,604
Other taxes	866,971	1,014,631	7,000	5,651
Other	4,471	382	2,243	382
	118,594,781	**114,161,276**	**73,482,746**	**68,866,991**

The decrease in “Estimated supplies and external services” caption is mainly due to the implementation of a operational efficiency project in the verification and registration of supplier invoices, which makes it possible to reduce the need for specialization of external supplies and services.

38. Income taxes receivable /payable

As at 31 December 2021 and 31 December 2022 the **Group** and the **Company** heading Income taxes receivable and Income taxes payable showed the following composition:

	Group		Company	
	31.12.2021	**31.12.2022**	**31.12.2021**	**31.12.2022**
Current assets				
Corporate income tax	8,268	1,102,700	—	2,244,123
Imposto a pagar	**8,268**	**1,102,700**	**—**	**2,244,123**
Current liabilities				
Corporate income tax	11,611,897	—	9,705,744	—
Imposto a pagar	**11,611,897**	**—**	**9,705,744**	**—**

The **Company's** current assets and current liabilities relative to corporate income tax were calculated as follows:

Company	31.12.2021	31.12.2022
Estimated income tax	(7,689,772)	(5,183,499)
Estimated Group companies' income tax	(7,378,903)	(1,579,986)
Payments on account	4,973,084	8,872,607
Withholding taxes	259,538	363,481
Others	130,309	(228,480)
	(9,705,744)	**2,244,123**

39. Financial assets and liabilities

As at 31 December 2021 and 31 December 2022, the categories of financial assets and liabilities regarding the **Group** were broken down as follows:

Group	31.12.2021					
	Amortized cost	Fair value through Other comprehensive income	Fair value through Profit and Loss	Other financial liabilities	Non-financial assets/ liabilities	Total
Assets						
Other investments (Note 13)	—	—	—	—	311,684	311,684
Non-current financial assets at fair value through profit or loss (Note 15)	—	—	2,261,947	—	—	2,261,947
Non-current debt securities at fair value through other comprehensive income (Note 14)	—	4,906,841	—	—	—	4,906,841
Non-current debt securities at amortized cost (Note 14)	294,986,658	—	—	—	—	294,986,658
Other non-current assets (Note 24)	1,772,136	—	—	—	—	1,772,136
Non-current credit to bank clients (Note 20)	1,125,984,322	—	—	—	—	1,125,984,322
Other non-current banking financial assets (Note 16)	5,237,710	—	—	—	—	5,237,710
Current accounts receivable (Note 19)	160,930,050	—	—	—	—	160,930,050
Current credit to bank clients (Note 20)	415,924,171	—	—	—	—	415,924,171
Non-current financial assets at fair value through profit or loss (Note 15)	—	—	24,999,138	—	—	24,999,138
Current debt securities at fair value through other comprehensive income (Note 14)	—	1,188,069	—	—	—	1,188,069
Current debt securities at amortized cost (Note 14)	39,173,861	—	—	—	—	39,173,861
Other current assets (Note 24)	21,014,450	—	—	—	47,833,932	68,848,382
Other current banking financial assets (Note 16)	8,550,155	—	—	—	1,171,381	9,721,536
Cash and cash equivalents (Note 23)	877,872,696	—	—	—	—	877,872,696
Total Financial assets	**2,951,446,208**	**6,094,910**	**27,261,086**	**—**	**49,316,997**	**3,034,119,201**
Liabilities						
Non-current debt (Note 31)	—	—	—	149,336,438	—	149,336,438
Non- current debt Securities issued at amortized cost (Note 35)	277,760,616	—	—	—	—	277,760,616
Current accounts payable (Note 34)	—	—	—	330,150,100	20,154,232	350,304,332
Banking client deposits and other loans (Note 36)	2,121,511,345	—	—	—	—	2,121,511,345
Current debt (Note 31)	—	—	—	51,783,012	—	51,783,012
Current debt securities issued at amortized cost (Note 35)	35,137	—	—	—	—	35,137
Other current liabilities (Note 37)	—	—	—	57,993,238	60,601,542	118,594,781
Other current banking financial liabilities (Note 16)	—	—	—	—	26,987,725	26,987,725
Total Financial liabilities	**2,399,307,098**	**—**	**—**	**589,262,788**	**107,743,499**	**3,096,313,385**

Group	31.12.2022					
	Amortized cost	Fair value through other comprehensive income	Fair value through Profit and Loss	Other financial liabilities	Non-financial assets/ liabilities	Total
Assets						
Other investments (Note 13)	—	—	—	—	961,394	961,394
Non-current financial assets at fair value through profit or loss (Note 15)	—	—	26,219,905	—	—	26,219,905
Non-current debt securities at amortized cost (Note 14)	409,388,745	—	—	—	—	409,388,745
Other non-current assets (Note 24)	1,177,648	—	—	—	—	1,177,648
Non-current credit to bank clients (Note 20)	1,287,676,223	—	—	—	—	1,287,676,223
Other non-current banking financial assets (Note 16)	961,446	—	—	—	—	961,446
Current accounts receivable (Note 19)	147,130,876	—	—	—	—	147,130,876
Current credit to bank clients (Note 20)	489,888,789	—	—	—	—	489,888,789
Non-current financial assets at fair value through profit or loss (Note 15)	—	—	26,478,525	—	—	26,478,525
Current debt securities at amortized cost (Note 14)	128,391,899	—	—	—	—	128,391,899
Other current assets (Note 24)	10,202,255	—	—	—	66,280,168	76,482,423
Other current banking financial assets (Note 16)	459,242,817	—	—	—	1,983,264	461,226,081
Cash and cash equivalents (Note 23)	456,469,298	—	—	—	—	456,469,298
Total Financial assets	**3,390,529,996**	**—**	**52,698,430**	**—**	**69,224,827**	**3,512,453,253**
Liabilities						
Non-current debt (Note 31)	—	—	—	136,197,923		136,197,923
Non- current debt Securities issued at amortized cost (Note 35)	445,226,206	—	—	—	—	445,226,206
Current accounts payable (Note 34)	—	—	—	491,966,724	33,245,026	525,211,751
Banking client deposits and other loans (Note 36)	2,245,329,918	—	—	—		2,245,329,918
Current debt (Note 31)	—	—	—	59,756,744		59,756,744
Financial liabilities at fair value through profit and losses (note 15)	—	—	26,344,517	—	—	26,344,517
Current debt securities issued at amortized cost (Note 35)	351,654	—	—	—	—	351,654
Other current liabilities (Note 37)	—	—	—	50,938,850	63,222,426	114,161,276
Other current banking financial liabilities (Note 16)	—	—	—	—	46,210,667	46,210,667
Total Financial liabilities	**2,690,907,778**	**—**	**26,344,517**	**738,860,241**	**142,678,120**	**3,598,790,657**

The assets and liabilities fair value, for the captions that differ from the book value, as at 31 December 2021 and 31 December 2022, is analysed as follows:

	31.12.2021		31.12.2022	
	Book value	Fair value	Book value	Fair value
Financial assets				
Credit to bank clients	1,541,908,493	1,541,382,214	1,777,565,012	1,775,576,151
Debt securities - Financial assets at amortized cost	334,160,519	348,481,696	537,780,644	498,547,340
Financial liabilities				
Banking client deposits and other loans	2,121,511,345	2,121,511,345	2,245,329,918	2,280,391,994
Debt Securities issued at amortized cost	277,795,753	277,795,753	445,577,860	438,818,502

The amounts booked as "Debt securities – Financial assets at amortized cost" are fully classified as stage 1.

Fair value is based on market prices, whenever these are available. If market prices are not available, fair value is estimated through internal models based on discounted cash flow methods. The generation of cash flow of the different instruments is based on their financial characteristics, and the discount rates used incorporate both the market interest rate curve and the current risk levels of the respective issuer.

Therefore, the fair value obtained is influenced by the parameters used in the evaluation model, which necessarily incorporate some degree of subjectivity, and exclusively reflects the value attributed to the different financial instruments.

The **Group** uses the following fair value hierarchy, with three levels in the valuation of financial instruments (assets or liabilities), which reflect the level of judgement, the observability of the data, and the importance of the parameters applied in the determination of the assessment of the fair value of the financial instrument, pursuant to IFRS 13:

Level 1: Fair value is determined based on unadjusted listed prices, captured in transactions in active markets involving financial instruments similar to the instruments to be assessed. Where there is more than one active market for the same financial instrument, the relevant price is that prevailing in the main market of the instrument, or the most advantageous market to which there is access;

Level 2: Fair value is calculated through valuation techniques based on observable data in active markets, whether direct data (prices, rates, spreads, etc.) or indirect data (derivatives), and valuation assumptions similar to those that a non-related party would use to estimate the fair value of the same financial instrument. This also includes instruments whose valuation is obtained through listed prices disclosed by independent entities, but whose markets show less liquidity; and,

Level 3: Fair value is determined based on data not observable in active markets, using techniques and assumptions that the market participants would use to assess the same instruments, including hypotheses about the inherent risks, the assessment method and inputs used, entailing process of review of the accuracy of the values obtained in this manner.

The **Group** considers a market active for a particular financial instrument, on the measurement date, according to the turnover and liquidity of the operations carried out, the relative volatility of the listed prices, and the promptness and availability of the information, where the following minimum conditions must be met:

- Existence of frequent daily prices of trading in the last year;
- The prices mentioned above change regularly;
- Existence of enforceable prices of more than one entity.

A parameter used in the valuation method is considered to be observable market data if the following conditions are met:

- If its value is determined in an active market;
- If there is an OTC (over-the-counter) market and it is reasonable to assume that active market conditions are met, except for the condition of trading volumes; and,
- The value of the parameter can be obtained by the inverse calculation of the prices of the financial instruments and/or derivatives where all the other parameters required for the initial assessment are observable in a liquid market or OTC market that complies with the previous paragraphs.

The fair value of the financial assets and liabilities, as at 31 December 2021, is analyzed as follows:

	31.12.2021			
	Valuation methods			Total
Caption	Level 1	Level 2	Level 3	
Other Investments	—	—	311,684	311,684
Financial Assets at fair value through profit or losses	—	—	27,261,086	27,261,086
Debt securities at fair value through other comprehensive income	849,374	5,245,536	—	6,094,910
Debt securities at amortized cost	348,099,653	382,043	—	348,481,696
Other non-current assets	—	—	1,144,290	1,144,290
Credit to bank clients	—	—	1,541,382,214	1,541,382,214
Other banking financial assets	—	—	14,959,246	14,959,246
Accounts receivables	—	—	160,930,050	160,930,050
Other current assets	—	—	68,848,382	68,848,382
Cash and cash equivalents	877,872,696	—	—	877,872,696
Total Financial Assets Fair Value	**1,226,821,722**	**5,627,579**	**1,814,836,952**	**3,047,286,254**
Debt	—	—	201,119,450	201,119,450
Other banking financial liabilities	—	304,783,478	—	304,783,478
Accounts payable	—	—	350,304,332	350,304,332
Banking clients' deposits and other loans	—	—	2,121,511,345	2,121,511,345
Other current liabilities	—	—	118,594,781	118,594,781
Total Financial Liabilities Fair Value	**—**	**304,783,478**	**2,791,529,907**	**3,096,313,385**

The fair value of the financial assets and liabilities, as at 31 December 2022, is analyzed as follows:

Caption	31.12.2022 Valuation methods Level 1	Level 2	Level 3	Total
Other Investments	—	—	961,394	961,394
Financial Assets at fair value through profit or losses	—	—	52,698,430	52,698,430
Debt securities at amortized cost	498,547,340	—	—	498,547,340
Other non-current assets	—	—	1,177,648	1,177,648
Credit to bank clients	—	—	1,775,576,151	1,775,576,151
Other banking financial assets	—	—	462,187,527	462,187,527
Accounts receivables	—	—	147,130,876	147,130,876
Other current assets	—	—	76,482,423	76,482,423
Cash and cash equivalents	456,469,298	—	—	456,469,298
Total Financial Assets Fair Value	**955,016,638**	**—**	**2,516,214,449**	**3,471,231,086**
Debt	—	—	195,954,667	195,954,667
Debt Securities issued at amortized cost	—	438,818,502	—	438,818,502
Other banking financial liabilities	—	46,210,667	—	46,210,667
Accounts payable	—	—	525,211,751	525,211,751
Banking clients' deposits and other loans	—	—	2,280,391,994	2,280,391,994
Financial liabilities at fair value through profit or losses	26,344,517	—	—	26,344,517
Other current liabilities	—	—	114,161,277	114,161,277
Total Financial Liabilities Fair Value	**26,344,517**	**485,029,169**	**3,115,719,689**	**3,627,093,375**

Sensitivity analysis

The caption “Credit to bank clients” which, as at 31 December 2021, has a fair value of 1,775,576 thousand Euros has a sensitivity of +8,526 thousand Euros and 7,775 thousand Euros for an interest rate change of - 10% and +10%, respectively.

The main methods and assumptions used to estimate the fair value of the financial assets and liabilities recorded in the balanced sheet are analysed as follows:

Cash and Cash Equivalents

These financial instruments are very short-term, so, their book value is a reasonable estimate of the fair value.

Financial Assets at Amortized Cost

The fair value is estimated based on the expected future principal and interest cash flows for these instruments.

Loans and Advances to Customers

The fair value determination, by credit type, is detailed as follows:

Credits to customers with defined maturity

Fair value is calculated by discounting, at the average rates of December production, the expected cash flows over the life of the contracts, considering historical prepayment rates.

Credits to customers at defined maturity

Given the short term of this type of instrument, the conditions of this portfolio are similar to those practiced on the reporting date, so its balance sheet value is considered a reasonable estimate of its fair value.

Financial assets at fair value through profit or loss (except derivatives)

These financial assets are accounted at fair value. Fair value is based on market quotations, when available. If they do not exist, the fair value calculation is based on i) the use of numerical models, namely based on the update of the expected future cash flows of capital and interest for these instruments or ii) on the NAV (Net Asset Value) provided by companies fund managers.

Financial assets at fair value through profit or loss (Derivatives)

All derivatives are accounted for at fair value. In the case of those listed on organized markets, the respective market price is used. In the case of OTC (over-the-counter) derivatives, numerical models based on cash flow discounting techniques and option valuation models considering market and other variables are applied.

Financial assets at fair value through other comprehensive income

The fair value of these instruments is estimated based on market quotations, when available. If they do not exist, the fair value is estimated based on the update of the expected future cash flows of principal and interest for these instruments.

Other banking financial liabilities

These financial instruments are very short-term; hence, their book value is a reasonable estimate of their fair value.

Banking clients' deposits and other loans

The fair value of these financial instruments is estimated based on the discounted expected principal and interest cash flows. The discount rate used is that which reflects the rates applied for deposits with similar features on the reporting date. Considering that the applicable interest rates are renewed for periods less than one year, there are no materially relevant differences in their fair value.

Debt securities issued

The fair value of these instruments is estimated based on market quotations, when available. If they do not exist, the fair value is estimated based on the update of the expected future cash flows of principal and interest for these instruments.

Regarding the **Company,** as at 31 December 2020 and 31 December 2021, the categories of financial assets and liabilities were broken down as follows:

	31.12.2021					
Company	**Amortized cost**	**Fair value through Other comprehensive income**	**Fair value through Profit and Loss**	**Other financial liabilities**	**Non-financial assets/ liabilities**	**Total**
Assets						
Other investments (Note 13)		—	—	—	6,394	6,394
Non-current Group Companies (Note 53)	52,530,000	—	—	—	—	52,530,000
Non-current accounts receivable (Note 19)	587,308	—	—	—	—	587,308
Other non-current assets (Note 24)	1,144,290	—	—	—	—	1,144,290
Current accounts receivable (Note 19)	112,775,176	—	—	—	—	112,775,176
Current Group Companies (Note 53)	7,437,805	—	—	—	—	7,437,805
Other current assets (Note 24)	16,121,401	—	—	—	31,243,740	47,365,141
Cash and cash equivalents (Note 23)	189,794,106	—	—	—	—	189,794,106
Total Financial assets	**380,390,087**	**—**	**—**		**31,250,134**	**411,640,221**
Liabilities						
Non-curent accounts payable (Note 34)	—	—	—	309,007	—	309,007
Non-current debt (Note 31)	—	—	—	112,714,883	—	112,714,883
Current accounts payable (Note 34)	—	—	—	298,238,356	14,270,120	312,508,476
Group Companies (Note 53)	—	—	—	11,796,267	11,755,580	23,551,847
Current debt (Note 31)	—	—	—	34,942,393	—	34,942,393
Other current liabilities (Note 37)	—	—	—	25,635,898	47,846,848	73,482,746
Total Financial liabilities	**—**	**—**	**—**	**471,840,536**	**85,668,815**	**557,509,351**

Company	31.12.2022					
	Amortized cost	Fair value through Other comprehensive income	Fair value through Profit and Loss	Other financial liabilities	Non-financial assets/ liabilities	Total
Assets						
Other investments (Note 13)	—	—	—	—	6,394	6,394
Non-current Group Companies (Note 53)	50,430,000	—	—	—	—	50,430,000
Non-current accounts receivable (Note 19)	617,421	—	—	—	—	617,421
Other non-current assets (Note 24)	463,657	—	—	—	—	463,657
Current accounts receivable (Note 19)	98,063,438	—	—	—	—	98,063,438
Current Group Companies (Note 53)	305,671	—	—	—	—	305,671
Other current assets (Note 24)	7,142,008	—	—	—	25,958,518	33,100,526
Cash and cash equivalents (Note 23)	330,100,458	—	—	—	—	330,100,458
Total Financial assets	**487,122,653**	**—**	**—**		**25,964,912**	**513,087,565**
Liabilities						
Non-curent accounts payable (Note 34)	—	—	—	309,007	—	309,007
Non-current debt (Note 31)	—	—	—	85,259,168	—	85,259,168
Current accounts payable (Note 34)	—	—	—	458,593,234	25,178,307	483,771,541
Group Companies (Note 53)	—	—	—	12,412,010	832,396	13,244,406
Current debt (Note 31)	—	—	—	42,948,290	—	42,948,290
Other current liabilities (Note 37)	—	—	—	20,586,137	48,280,854	68,866,991
Total Financial liabilities	**—**	**—**	**—**	**620,107,846**	**74,291,557**	**694,399,403**

The **Company** believes that, due to the nature of its financial assets and liabilities, the fair value of financial assets and liabilities is similar to its book value.

40. Subsidies obtained

As at 31 December 2021 and 31 December 2022, the information regarding subsidies or grants obtained (Note 2.24) to the **Group** and the **Company** was as follows:

	2021									
	Group					Company				
	Attributed value	Value received	Value to be received	Accumulated income	Value to be used	Attributed value	Value received	Value not received	Accumulated revenues	Value to be used
Investment subsidy	9,886,315	9,732,999	153,316	9,603,026	283,289	9,868,022	9,714,706	153,316	9,584,733	283,289
Operating subsidy	921,777	786,190	135,587	784,295	137,482	177,045	177,045	—	177,045	—
	10,808,092	**10,519,189**	**288,903**	**10,387,321**	**420,771**	**10,045,067**	**9,891,751**	**153,316**	**9,761,779**	**283,289**

	2022									
	Group					Company				
	Attributed value	Value received	Value to be received	Accumulated income	Value to be used	Attributed value	Value received	Value not received	Accumulated revenues	Value to be used
Investment subsidy	9,886,315	9,732,999	153,316	9,614,227	272,088	9,868,022	9,714,706	153,316	9,595,935	272,088
Operating subsidy	1,141,824	965,151	176,673	977,468	164,357	177,045	177,045	—	177,045	—
	11,028,139	**10,698,150**	**329,989**	**10,591,695**	**436,445**	**10,045,067**	**9,891,751**	**153,316**	**9,772,980**	**272,088**

The amounts received as investment subsidy – FEDER - are recognized in the income statement, under the heading Other operating income, as the corresponding assets are amortized.

The financial contribution of the Instituto do Emprego e da Formação Profissional, I.P. ("Institute of Employment and Professional Training") ("IEFP"), received under the Employment Internships Program configures the typology of Grants related to income or operational expenses and is recognized as revenue in the same period of the related expense.

The caption of operating subsidies, also, includes an amount related to the application to the Converte+ program, referring to the subsidiary NewSpring Services, in which the **Group** benefited from a subsidy from the IEFP in the amount of around 600 thousand Euros. This measure consists of a transitional support for the conversion of fixed-term employment contracts into permanent contracts, through the granting of financial support to the employer and is conditioned to the fulfillment for 2 years of maintaining the level of employability that was defined on the date of deferral of the candidacy.

The amounts received were initially deferred (Note 21) and transferred to the income statement to the caption Other operating income, to the extent that the expenses were recognized.

41. Sales and services rendered

For the years ended 31 December 2021 and 31 December 2022, the significant categories of the **Company** revenue were as follows:

Company	2021	2022
Sales	23,186,919	20,782,410
Mail services rendered	394,283,977	374,492,093
Postal financial services	37,158,046	48,393,416
Electronic vehicle identification devices	4,492,874	5,209,273
Other services	15,934,691	17,152,434
	475,056,506	**466,029,627**

The main changes in the caption "Sales and services rendered" compared to the previous year, are explained in note 4 – Segment Reporting. The details of the **Group**'s sales and services rendered are presented in note 4.

Other services fundamentally concern:

	2021	2022
Photocopies Certification	223,170	223,978
Reg. Aut. Madeira and Azores transport allowance	612,646	1,045,847
Others Philately	117,698	147,158
Costums presentation tax	2,109,514	982,912
Corfax	13,516	9,155
Non-adressed mail	215,310	161,373
Digital mailRoom	604,081	761,341
Printing & Finishing	6,944,911	7,411,834
BPO Services and other business solutions	3,050,459	4,008,658
Via CTT	972,679	1,119,218
Other miscellaneous services	1,070,706	1,280,960
	15,934,691	**17,152,434**

In the periods ended 31 December 2021 and 31 December 2022, there are no variable components associated with contracts with customers with associated uncertainty.

42. Financial margin

As at 31 December 2021 and 31 December 2022, the composition of the **Group** heading Financial margin was as follows:

Group	2021	2022
Interest and similar income calculated using the effective interest method	**57,815,005**	**80,959,814**
Interest on loans and advances to credit institutions repayable on demand	—	168,799
Interest on financial assets at amortized cost		
Loans and advances to credit institutions	282,191	1,982,621
Loans and advances to customers	51,972,435	72,710,873
Debt securities	5,460,670	6,002,276
Interest on financial assets at fair value through other comprehensive income		
Debt securities	101,504	34,194
Other interest	(1,795)	61,051
Interest expense and similar charges	**2,038,640**	**6,602,423**
Interest on financial liabilities at amortized cost		
Resources from credit institutions	1,409	477
Resources from customers	471,639	492,703
Debt securities issued	527,689	4,877,342
Interest on deposits at the Bank of Portugal (assets)	1,000,108	1,202,125
Other interest	37,795	29,776
	55,776,365	**74,357,391**

The caption Interest and similar income for the year ended 31 December 2022 includes the amount of 2,034 thousand Euros related to impaired financial assets - Stage 3 (2021: 2,229 thousand Euros).

The caption Interest on loans and advances to customers includes the amount of (11,943) thousand Euros (2021: (9,689) thousand Euros) related to commissions and other costs and income recorded in accordance with the effective interest rate method, as referred to in the accounting policy described in note 2.23.

The caption Interest on deposits with the Bank of Portugal (assets) has a value of 1,202 thousand Euros (2021: 19 thousand Euros) which represents interest expenses for amounts deposited with the

Central Bank that exceed the minimum mandatory reserves. As of the reserve counting period started on 30 October 2019, the ECB introduced the tiering regime, in which the balance with the Central Bank in excess of the minimum cash reserves, up to a calculated maximum of 6 times the reserves, is remunerated at a rate that is the minimum between the deposit facility rate and 0%. This tiering regime ceased to apply on 27 July 2022, following the Governing Council's decision to increase the deposit facility rate to a non-negative amount.

43. Other operating income

For the years ended 31 December 2021 and 31 December 2022, the composition of the **Group** and the **Company** heading Other operating income was as follows:

	Group		Company	
	2021	2022	2021	2022
Supplementary revenues	2,609,543	2,671,531	46,099,719	45,603,519
Early settlement discounts received	99,526	39,221	9,544	4,068
Gains inventories	55,829	30,754	55,669	30,635
Favourable exchange rate differences of assets and liabilities other than financing	944,311	720,403	877,298	685,912
Income from financial investments	1,112,295	1,907,268	1,037,304	1,973,894
Income from non-financial investments	1,126	81	—	—
Income from fees and commissions	21,792,966	26,929,487	—	—
Interest income and expenses - financial services	9,832	51,832	9,832	51,832
VAT adjustments	2,330,413	2,377,721	2,330,413	2,377,721
Other	5,410,659	8,957,572	1,309,846	2,252,524
	34,366,502	**43,685,870**	**51,729,627**	**52,980,104**

The amount related to VAT adjustments mainly results from the additional VAT deduction methodology that the Company implemented in previous years and which it maintains, and from the determination of the definitive pro-rata for the 2022 financial year.

In the Group, the caption “Others” essentially reflects: i) 1,930 thousand euros related to the compensation due by Universo, IME, S.A. within the scope of the agreement for termination of the Universo partnership, to be liquidated upon the end of the partnership (note 20); and ii) amounts related to the reimbursement of expenses and the recovery of credits classified as bad debt and settlement of accounts payable outstanding balances whose payment is no longer probable.

In the **Group** the caption “Income from fees and commissions” is detailed as follows:

Group	2021	2022
Income from fees and commissions		
From banking services	14,057,799	16,514,705
From credit intermediation services	1,766,432	2,741,298
From insurance mediation services	5,968,735	7,673,484
	21,792,966	**26,929,487**

Regarding the **Company,** the caption Supplementary revenues fundamentally relates to:

Company	2021	2022
Royalties	500,000	500,000
Services rendered to Group companies (1)	42,726,501	42,001,151
Rental of spaces in urban buildings	1,679,534	1,852,655
Other	1,193,684	1,249,712
	46,099,719	**45,603,519**

(1) Includes subsidiary, associated and joint-ventures companies.

44. External supplies and services

For the years ended 31 December 2021 and 31 December 2022, the composition of the **Group** and the **Company** heading External supplies and services was as follows:

	Group		Company	
	2021	2022	2021	2022
Subcontracts	17,212,558	16,280,467	1,347,610	2,369,322
Specialised services	75,260,219	82,679,608	29,448,610	32,069,759
Specialized services rendered by Group companies (1)	58,775	—	2,595,904	2,943,460
Materials	2,603,714	3,058,618	1,875,517	2,003,916
Energy and fuel	14,862,519	16,007,660	12,970,376	13,422,286
Staff transportation	119,249	87,509	116,422	86,463
Transportation of goods	138,880,459	142,545,571	16,702,484	15,412,648
Rents				
Vehicle operational lease	2,121,573	2,099,923	1,643,371	1,644,582
Other rental charge	6,488,959	9,332,365	4,466,043	7,509,041
Communication	1,564,581	1,457,383	228,335	230,069
Insurance	2,330,606	2,838,243	729,773	847,444
Litigation and notary	196,453	369,911	80,268	187,472
Cleaning, hygiene and confort	5,525,824	5,712,543	4,141,505	4,185,678
Postal Agencies	8,872,263	9,726,653	8,882,728	9,736,384
Postal operators	27,179,202	26,157,712	26,073,128	24,712,238
Delivery subcontracting	5,252,497	4,573,504	5,252,497	4,573,504
Other services	22,021,241	20,288,363	10,342,128	8,951,021
Other services rendered by Group companies (1)	—	—	6,277,220	6,065,516
Fornecimentos e serviços externos	**330,550,693**	**343,216,032**	**133,173,920**	**136,950,803**

(1) Includes subsidiary, associated and joint-ventures companies.

(i) Specialized services refer to the outsourcing contracts for the provision of IT services, the maintenance of IT equipment and external consultants. The change in this item is mainly explained by the group's greater commitment to strategic advisory work for the optimization of processes, as well as the increase in expenses at CTT Express Spain, due to the increase in activity;

(ii) Energy and fuel refer mainly to diesel for vehicles used in the operating process;

(iii) Transportation of goods refers to costs with the transportation of mail and express in several ways (sea, air, surface). The increase in this caption is mainly explained by the growth of “Express and Parcels” segment and the increase in fuel prices;

(iv) “Other Rental changes” essentially refer to the rental of software and other equipment whose contracts did not comply with the requirements of IFRS 16. The increase in this item is mainly related to the increase in software rental. Regarding “Vehicle operational lease” the amount recognized refers to the part that exceeds the minimum guaranteed rent which, as provided for in IFRS 16, should not be considered in the right of use; and

(v) Postal operators refer to costs with peer postal operators.

45. Staff costs

During the years ended 31 December 2021 and 31 December 2022, the composition of the **Group** and the **Company** caption Staff Costs was as follows:

	Group		Company	
	2021	2022	2021	2022
Remuneration	272,297,600	277,913,231	224,055,241	220,308,356
Employee benefits	6,539,004	8,441,277	6,503,831	8,406,152
Indemnities	10,075,355	1,506,216	9,695,786	589,718
Social Security charges	58,353,772	58,635,785	48,273,749	46,759,438
Occupational accident and health insurance	3,765,914	3,813,537	3,396,869	3,399,941
Social welfare costs	6,844,914	7,614,223	6,211,816	6,871,878
Other staff costs	136,256	312,825	153	306
	358,012,815	**358,237,092**	**298,137,445**	**286,335,789**

Remuneration of the statutory bodies of CTT, S.A.

As at 31 December 2021 and 31 December 2022, the fixed and variable remunerations attributed to the members of the statutory bodies of CTT, SA, were as follows:

	2021				
Company	Board of Directors	Audit Comittee	Remuneration Board	General Meeting of Shareholders	Total
Short-term remuneration					
Fixed remuneration	2,642,752	141,429	19,800	14,000	2,817,981
Annual variable remuneration	1,447,419	—	—	—	1,447,419
	4,090,171	**141,429**	**19,800**	**14,000**	**4,265,400**
Short-term remuneration					
Fixed remuneration	201,417	—	—	—	201,417
Annual variable remuneration	698,408	—	—	—	698,408
	899,825	**—**	**—**	**—**	**899,825**
	4,989,996	**141,429**	**19,800**	**14,000**	**5,165,225**

Company	2022				
	Board of Directors	Audit Comittee	Remuneration Board	General Meeting of Shareholders	Total
Short-term remuneration					
Fixed remuneration	2,598,642	153,214	19,800	14,000	2,785,656
Annual variable remuneration	1,492,467	—	—	—	1,492,467
	4,091,109	**153,214**	**19,800**	**14,000**	**4,278,123**
Short-term remuneration					
Fixed remuneration	197,700	—	—	—	197,700
Annual variable remuneration	668,153	—	—	—	668,153
	865,853	**—**	**—**	**—**	**865,853**
	4,956,962	**153,214**	**19,800**	**14,000**	**5,143,976**

Long-term variable remuneration (“LTVR”)

The Long-term variable remuneration model for the 2020/2022 term of office is based on the participation of the executive Directors in the Options Plan, which is set out in the remuneration policy proposal approved by the Annual General Meeting of 21 April 2021 and based on the proposal of the Remuneration Committee.

Similarly, the Board of Directors put in place a Options Plan program addressed to CTT’s top management, using the same terms of the program approved for the governing bodies members.

The Options Plan mentioned provides for the following main rules applicable to the allocation and exercise of the options and the financial settlement, and delivery and retention of the shares within the LTVR:

a. The Options Plan regulates the allocation to its participants of options which confer the right to allocate shares representing CTT's share capital, subject to certain conditions applicable to the exercise and settlement of the options;

b. The Options Plan sets out the number of options allocated that may be exercised by the Plan’s participants (the CEO, the CFO, the remaining executive Directors and the Top Manager), according to the table forward, the date of attribution corresponding to the date of the referred plan’s approval at the General Meeting;

c. The Options Plan sets five tranches of options that differ only by their different exercise price or strike price, as shown in the table below:

Tranche	Number of options - per participant			Exercise Price or Strike Price
	CEO	CFO	Other executive administrators	
1	700,000	400,000	300,000	€ 3.00
2	700,000	400,000	300,000	€ 5.00
3	700,000	400,000	300,000	€ 7.50
4	700,000	400,000	300,000	€ 10.00
5	700,000	400,000	300,000	€ 12.50

In the case of the Top Management, the Board of Directors approved the attribution of a global number of 1,200,000 options, subject to the conditions defined for the governing bodies.

d. The exercise date of all the options is 1 January 2023, given the end of the 3-year term of office 2020/2022;

e. The number of CTT shares eventually to be awarded to the participants (via physical or financial settlement pursuant to the terms of the Options Plan), following the automatic exercise of the options on the exercise date as foreseen on the Options Plan, depends on the difference between the exercise price (strike price) and the Share Price (i.e., the average price, weighted by the trading volume, of the Company's shares traded on the Euronext Lisbon regulated market in the sessions carried out in the 45 days prior to the exercise date, i.e., on 1 January 2023) and results from the application of the following formula:

   No. of Shares = No. of Options Exercised x [(Share Price - Exercise Price (Strike Price)) / Share Price)]

   Thus, subject to the eligibility conditions and the retention mechanism referred below, each participant is entitled to receive the total number of CTT shares resulting from the sum of the number of shares due for each tranche, calculated according to the referred formula.

f. The Executive Committee Options Plan provides for the financial settlement of 25% of the options (net cash settlement) and the physical settlement of 75% of the options (equity settlement), without prejudice to, exceptionally and in a scenario where the number of own shares held by CTT is not sufficient, determining that the Remuneration Committee establishes a compensation mechanism through the allocation of a cash amount and financial settlement of the options whose physical settlement is not possible. The plan for CTT's Top Management provides for the physical settlement of 100% of the options;

g. In the event that shares are granted depending on stock market performance and the Company's positive performance as defined in the plan, the options will be subject to settlement over the deferral/retention period;

h. 50% of the LTVR is settled on the fifth trading day immediately following the date of the annual general meeting of the Company approving the accounts for the 2022 financial year to be held in 2023, subject to verification of positive performance with respect to each of the 2021 and 2022 financial years, half by way of financial settlement in cash, in the case of the Executive Committee, (i.e. 25% of the options on a pro rata basis with respect to each of its 5 tranches) and the other half (i.e. 25% of the options also on a pro rata basis with respect to each of its 5 tranches) by way of physical settlement through the delivery of CTT shares. In the case of Top Management, the 50% of the LTVR settled on this date will be settled through the physical delivery of CTT shares;

i. The remaining 50% of the LTVR (i.e. 50% of the options equally on a pro rata basis with respect to each of its 5 tranches) are settled through the delivery of CTT shares (physical settlement), in 2 tranches of 1/2 of the shares retained, respectively: (i) on the fifth trading day immediately following the end of the month after the date of approval of the accounts relating to financial year 2023 at an annual general meeting of the Company to be held in 2024, or on 31 May 2024 (whichever date occurs later) and subject to the positive performance of the Company in each of the financial years 2021 to 2023; and (ii) on the fifth trading day immediately following the end of the month after the date of approval of the accounts for the financial year 2024 at an annual general meeting of the Company to be held in 2025, or on 31 May 2025 (whichever date occurs later) and subject to the positive performance of the Company in each of the financial years 2021 to 2024, respectively for each tranche.

j. The exercise of the options and their settlement are also subject to the eligibility conditions, namely, remaining in office during the term of office by rule, absence of situations of material non-compliance with the Options Plan, and no situations giving rise to the application of the adjustment mechanisms);

On the grant date, the fair value of the options granted was determined through a study carried out by an independent entity on the grant date. The model used for the valuation of the stock plan was the Monte Carlo simulation model.

The amount related to the share plan recognized as at 31 December 2021 regarding members of the Statutory Bodies and top management, amounted to 1,626,429 Euros, with the financial settlement component, recognized under the caption “Employee benefits”, in the amount of 411,431 Euros and the component of settlement in equity instruments recognized under the caption “Other reserves”, in the amount of 1,215,000 Euros (note 27).

As mentioned in note 2.15, for the financial settlement component, the liability amount is updated at the end of each reporting period, depending on the number of shares or share options awarded and their fair value at the reporting date, based on in a study carried out by an independent entity. The liability amount determined in the study on 31 December 2022 amounted to 179,583 Euros (Note 32), which resulted in the reversal of an amount of 231,847 Euros in the Staff Costs caption.

In the period ended 31 December 2022, the amount recognized in staff costs amounted to 1,388,153 Euros, of which (231,847) Euros corresponds to the cash settlement component (Note 32) and 1,620,000 Euros corresponds to the equity instrument settlement component (Note 27).

Taking into account the end of the three-year term of office 2020/2022, the Remuneration Committee, in accordance with the Options Plan, has determined, on 1 January 2023, the number of shares to be attributed to each participant as LTVR (which attribution and settlement being subject to the rules set out in the Options Plan, described above). This determination was made through a study carried out by an independent entity.

For this purpose, the Share Price was calculated, based on the criteria described above, with the value of 3.168647 Euros was set as the value of the share for the purposes of the final calculation of the shares to be attributed.

In accordance with point 5.4.1 of the Options Plan, the Remuneration Committee determined that the Strike Prices shown in the table above should be adjusted to the distribution of dividends during 2021 and 2022, in accordance with the following formula:

Adjusted Strike Price = Previous Strike Price - shareholder remuneration per Company share x (1 - % of treasury shares of the Company)

According to the formula above, the adjusted Strike Prices corresponding to each tranche were updated in accordance with the table below:

Tranche	Number of options - per participant			Exercise Price or Strike Price
	CEO	CFO	Other executive administrators	
1	700,000	400,000	300,000	€ 2.799139
2	700,000	400,000	300,000	€ 4.799139
3	700,000	400,000	300,000	€ 7.799139
4	700,000	400,000	300,000	€ 9.799139
5	700,000	400,000	300,000	€ 12.299139

In accordance with the conditions of the Options Plan, and taking the Share Price of 3,168647 Euros mentioned above as a reference, only the Exercise Price (Strike Price) of the first tranche was taken into account, since the Share Price did not reach the Exercise Price (Strike Price) of the second tranche. Thus, the following formula was applied to determine the number of shares:

(Share Price – Strike Price) / Share Price = (3,168647 - 2,799139) / 3,168647 = 0.116614

Considering the above, each option was entitled to the attribution of 0.116614 shares which, multiplied by the number of options attributed to each participant, gave rise to the attribution of the following number of shares to each participant by way of LTVR:

Participant	CEO	CFO	Other executive directors (three members)	Total
Shares	81,629	46,645	104,949	233,226

In the case of Top Management, a total of 139,937 shares to be awarded were calculated.

As mentioned above, the Option Plan provides the financial settlement of 25% of the shares awarded (net cash settlement) and the physical settlement of 75% of these shares (net share settlement), 50% of the shares awarded as LTVR will be settled in the fifth trading day immediately following the date of the Company's Annual General Meeting that will approve the accounts for the 2022 financial year, which will be held on 20 April 2023, half by way of financial settlement in cash and the other half way through physical settlement through the delivery of CTT shares to participants, subject to the aforementioned eligibility conditions, to be determined by the Remuneration Committee. The remaining 50% of the allocated shares are subject to the deferral and retention mechanisms explained above.

In the period ended 31 December 2021, the amount of 1,447,419 Euros was recognized as an estimated annual variable remuneration for members of the Governing Bodies. In 2022, the determination of the final amount to be settled was carried out, with 50% of the amount having already been settled, as stipulated in the Remuneration Regulation.

In the period ended 31 December 2022, the amount of 1,492,467 Euros was recognized as an estimated annual variable remuneration for members of the Governing Bodies.

Indemnities

In 2021, the caption "Indemnities" included the amount of 9,341,409 Euros in the **Group** and 9,265,000 Euros in the **Company** related to a Suspension Agreement program carried out within the scope of the restructuring process explained in major detail in note 33 – Provisions, Guarantees provided, Contingent liabilities. This amount justifies the decrease in the item in 2022.

As at 31 December 2021 and 31 December 2022, the **Group** and the **Company** heading Staff costs includes the amounts of 555,648 Euros and 605,946 Euros, respectively, related to expenses with workers' representative bodies.

For the year ended 31 December 2022, the average number of staff of the **Group** and the **Company** was 12,665 and 10,051 employees, respectively, (12,328 and 10,343 employees employees in the year ended 31 December 2021).

As at 31 December 2021 and 31 December 2022, the **Company** incurred in staff costs in a global amount of 238,334 Euros and 185,103 Euros, respectively, related to employees assigned to Fundação Portuguesa de Comunicações (Portuguese Communications Foundation).

46. Impairment of accounts receivable and Impairment of other financial banking assets

For the years ended 31 December 2021 and 31 December 2022, the detail of Impairment of accounts receivable, net and Impairment of other financial banking assets, net of the **Group** and the **Company** was as follows:

	Group		Company	
	2021	**2022**	**2021**	**2022**
Impairment of accounts receivable				
Impariment losses				
Accounts receivable	4,209,818	3,835,005	521,584	984,939
Other current and non-current assets	995,992	1,796,674	899,656	1,686,929
Slight and term deposits	11,433	1,715	11,354	1,696
	5,217,243	5,633,394	1,432,594	2,673,564
Reversals of impairment losses				
Accounts receivable	2,588,328	1,641,407	200,000	1,267,331
Other current and non-current assets	267,494	303,789	226,980	299,880
Slight and term deposits	4,028	18,711	3,666	18,499
	2,859,849	1,963,907	430,646	1,585,710
Bad debts	257,271	222,635	113,677	149,590
Net movement of the period	**(2,614,663)**	**(3,892,122)**	**(1,115,625)**	**(1,237,446)**
Impairment of other financial banking assets				
Impariment losses				
Debt securities at amortized cost	35,109	42,165	—	—
Other banking financial assets	31,536	53,135	—	—
Credit to banking clients	29,308,011	42,592,906	—	—
	29,374,656	42,688,206	—	—
Reversals of impairment losses				
Debt securities at fair value through other comprehensive income	6,235	3,194	—	—
Debt securities at amortized cost	96,595	31,068	—	—
Other banking financial assets	47,587	7,637	—	—
Credit to banking clients	15,174,010	17,874,204	—	—
	15,324,427	17,916,103	—	
Net movement of the period	**(14,050,228)**	**(24,772,102)**	**—**	**—**
	(16,664,893)	**(28,664,224)**	**(1,115,625)**	**(1,237,446)**

47. Depreciation/amortization (losses/ reversals)

For the years ended 31 December 2021 and 31 December 2022, the detail of Depreciation/ amortization and impairment losses, net, regarding the **Group** and the **Company** was as follows:

	Group		Company	
	2021	2022	2021	2022
Tangible fixed assets				
Depreciation (Note 5)	44,842,534	48,607,942	34,685,940	34,588,766
Impairment losses (Note 5)	—	3,632,667	—	3,632,667
Intangible assets				
Amortization (Note 6)	13,062,708	16,265,834	4,671,549	6,141,294
Impairment losses (Note 6)	60,617	—	—	—
Investment properties				
Depreciation (Note 7)	216,293	210,263	216,293	210,263
Impairment losses (Note 7)	(57,372)	(139,754)	(57,372)	(139,754)
Non-current assets held for sale				
Impairment losses (Note 25)	(118,338)	(163,803)	—	—
	58,006,442	**68,413,148**	**39,516,410**	**44,433,236**

48. Net gains/ (losses) of financial banking assets and liabilities

In the periods ended 31 December 2021 and 31 December 2022, the detail of "Net gains/ (losses) of financial banking assets and liabilities related to the **Group** is detailed as follows:

	2021	2022
Net gains/(losses) of assets and liabilities at fair value through profit or loss	1,101,005	11,110,025
Net gains/(losses) of other financial assets at fair value through other comprehensive income	—	(1,486)
Gains / (losses) on derecognition of financial assets and liabilities at amortized cost	17,776,526	—
	18,877,531	**11,108,539**

During 2021, the **Grou**p sold securities at amortized cost, which resulted in a gain of 17,777 thousand Euros. These securities sales' resulted from the Group's balance sheet management in the context of entering a new business segment (credit cards) resulting from the partnership with Unverso, IME, S.A.. In 2022, the Group did not sell securities at amortized cost.

As at 31 December 2022, results from assets and liabilities at fair value through profit or loss refer to the change in the fair value of derivatives associated with securitization operations Ulisses Finance No.1, Ulisses Finance No.2 and Ulisses Finance No.3.

49. Other operating costs

For the years ended 31 December 2021 and 31 December 2022, the breakdown of the **Group** and the **Company** heading Other operating costs was as follows:

	Group		Company	
	2021	2022	2021	2022
Taxes and other fees	2,981,080	2,951,755	2,077,016	1,960,964
Losses in inventories	133,641	54,817	133,260	54,812
Expenses and losses on financial investments	—	3,586	—	—
Unfavourable exhange rate differences of assets	1,274,954	771,604	1,270,487	739,186
Donations	539,088	639,368	536,756	626,114
Banking services	4,337,757	5,271,904	4,061,786	4,907,746
Interest on arrears	19,282	34,420	18,359	24,188
Subscriptions	787,676	841,926	706,383	756,987
Expenses of fees and commissions	3,951,546	4,530,171	—	—
Deposits Guarantee Fund/Resolution unified Fund	235,035	350,800	—	—
Indemnities	662,575	482,028	524,942	372,023
Other costs	3,153,028	4,254,913	319,994	1,162,263
	18,075,662	**20,187,292**	**9,648,982**	**10,604,283**

The caption “Taxes and other fees” in the **Group** includes the amounts of 1,406,284 Euros and 1,342,225 Euros, for the years ended 31 December 2021 and 31 December 2022, respectively, relating to ANACOM fees.

The caption "Deposits Guarantee Fund/ Resolution unified Fund" essentially includes:

a) The amounts of 184,903 Euros and 269,623 Euros as at 31 December 2021 and 31 December 2022, respectively, related to the Contribution for the single resolution fund under the Unique Resolution Mechanism and in accordance with paragraph 2 of Article 70 of Regulation (EU) no. 806/2014 of the European Parliament and of the Council of 15 July 2014;

b) The amounts of 46,597 Euros and 54,303 Euros as at 31 December 2021 and 31 December 2022, respectively, of periodic contributions that must be paid to the Resolution Fund, as set forth in Decree-Law no. 24/2013.

The periodic contributions for the Resolution Fund are calculated according to a basic rate applicable every year, determined by Banco de Portugal, by instruction, which can be adjusted according to the institution's risk profile, on the objective basis of assessment of these contributions. The periodic contributions are incident on the liabilities of the institutions participating in the Fund, defined under the terms of article 10 of the aforesaid Decree-Law, minus the liability items that are part of the of the core own funds (Tier 1 Capital), supplementary own funds (Tier 2 Capital) and deposits covered by the Deposit Guarantee Fund.

The Single Supervisory Mechanism (SSM) is one of the three pillars of the Banking Union (the Single Supervisory Mechanism, the Single Resolution Mechanism and a Common System for Deposit Protection). The SSM model distinguishes between significant credit institutions (under direct supervision of the ECB) and less significant credit institutions (under indirect supervision of the ECB and direct supervision of the competent national authorities, with articulation and reporting to the ECB), based on quantitative and qualitative criteria. Banco CTT is classified as a Less Significant Entity (LSE).

The "Contribution of the banking sector" is calculated in accordance with the provisions in Law 55-A/2010, with the amount determined based on: (i) the annual average liability stated on the balance sheet, minus core own funds (Tier 1 Capital) and supplementary own funds (Tier 2 Capital) and the deposits covered by the Deposit Guarantee Fund; and (ii) the notional value of the derivative financial instruments. For the year ended at 31 December 2021 and 31 December 2022, these amounts were, respectively, 126,594 Euros and 157,910 Euros and are booked under the caption "Taxes and other fees".

The caption "Expenses of fees and commissions" is detailed as follows:

Group	2021	2022
Expenses of fees and commissions		
From banking services	3,805,026	4,392,533
From securities operations	116,896	107,754
From other services	29,623	29,884
	3,951,545	**4,530,171**

50. Gains/losses on disposal/ remeasurement of assets

For the years ended 31 December 2021 and 31 December 2022, the heading Gains/losses on disposal/ remeasurement of assets of the **Group** and the **Company** had the following detail:

	Group		Company	
	2021	**2022**	**2021**	**2022**
Losses on disposal of assets	(215,725)	(238,415)	(134,534)	(228)
Gains on disposal of assets	1,172,263	3,806,691	1,121,864	3,701,218
	956,539	**3,568,276**	**987,331**	**3,700,990**

The amounts recorded as gains from the disposal of assets essentially relate to the remeasurement of the right of use associated with the lease agreement of the former CTT headquarters building - Edifício Báltico, as explained in detail in note 5.

51. Interest expenses and Interest income

For the years ended 31 December 2021 and 31 December 2022, the heading Interest Expenses of the **Group** and the **Company** had the following detail:

	Group		Company	
	2021	**2022**	**2021**	**2022**
Interest expenses				
Bank loans	1,724,653	1,702,759	1,645,907	1,659,763
Lease liabilities	3,066,925	3,167,709	1,853,571	1,468,414
Other interest	18,434	183,227	18,434	307,827
Interest costs from employee benefits (Note 32)	3,586,189	3,895,135	3,560,938	3,867,819
Other interest costs	136,212	307,517	89,132	152,281
	8,532,413	**9,256,346**	**7,167,982**	**7,456,104**

During the years ended 31 December 2021 and 31 December 2022, the **Group** and the **Company** heading Interest income was detailed as follows:

	Group		Company	
	2021	2022	2021	2022
Interest income				
Deposits in credit institutions	19,048	30,127	116	13,316
Loans to Group companies (1)	—	—	852,110	1,324,164
Other supplementary income	6,346	—	—	—
	25,394	**30,127**	**852,226**	**1,337,480**

(1) Includes subsidiary, associated and joint-ventures companies.

Income tax for the period

GRI 201-1, 207-1, 207-2, 207-4

Companies with head office in Portugal are subject to tax on their profit through Corporate Income Tax ("IRC") at the normal tax rate of 21%, whilst the municipal tax is established at a maximum rate of 1.5% of taxable profit, and State surcharge is 3% of taxable profit between 1,500,000 Euros and 7,500,00 Euros, 5% of taxable profit between 7,500,000 and to 35,000,000 Euros and 9% of the taxable profit above 35,000,000 Euros. CTT – Expresso, S.A., Spain branch is subject to income taxes in Spain, through income tax (Impuesto sobre Sociedades - "IS") at a rate of 25%, and the subsidiary CORRE is subject to corporate income tax in Mozambique ("IRPC") at a rate of 32%.

Corporate income tax is levied on CTT and its subsidiaries CTT – Expresso, S.A., Payshop Portugal, S.A, CTT Contacto, S.A. and Banco CTT, S.A., 321 Crédito – Instituição Financeira de Crédito, S.A., CTT Soluções Empresariais, S.A. and CTT IMO – Sociedade Imobiliária, S.A. as a result of the option for the Special Regime for the Taxation of Groups of Companies ("RETGS") application. The remaining companies are taxed individually. The entities 321 Crédito – Instituição Financeira de Crédito S.A. and CTT Soluções Empresariais, S.A. integrated the RETGS in the previous financial year. The entity CTT IMO – Sociedade Imobiliária, S.A. integrated the RETGS in this financial year.

Reconciliation of the income tax rate

For the years ended 31 December 2021 and 31 December 2022, the reconciliation between the nominal rate and the effective income tax rate of the **Group** and the **Company** was as follows:

	Group		Company	
	2021	2022	2021	2022
Earnings before taxes (a)	50,807,500	46,713,834	42,824,969	40,451,600
Nominal tax rate	21.0%	21.0%	21.0%	21.0%
	10,669,575	**9,809,905**	**8,993,243**	**8,494,836**
Tax Benefits	(282,207)	(275,859)	(213,856)	(219,035)
Accounting capital gains/(losses)	(85,469)	(68,426)	(207,339)	(57,513)
Tax capital gains/(losses)	136,741	33,797	139,305	28,341
Equity method	529,493	—	(4,634,486)	(3,911,190)
Provisions not considered in the calculation of deferred taxes	(99,550)	590,249	7,739	31,862
Impairment losses and reversals	606,781	314,700	601,841	291,280
Compensation for insurable events	139,276	101,091	110,238	77,990
Depreciation and car rental charges	29,084	34,234	22,763	26,332
Credits uncollectible	51,138	46,749	23,576	31,414
Difference between current and deferred tax rates	(13,378)	116,890	(13,378)	116,890
Fines, interest, compensatory interest and other charges	18,912	188,584	12,876	162,038
Other situations, net	(846,310)	612,232	277,632	(483,784)
Adjustments related with - autonomous taxation	794,710	586,707	698,546	429,686
Adjustments related with - undistributed variable remuneration	92,848	1,426	90,619	—
Tax losses without deferred tax	9,539	—	—	—
SIFIDE tax credit	(2,386,565)	(2,916,626)	(2,227,666)	(2,290,385)
Insuficiency / (Excess) estimated income tax	118,260	(774,540)	(19,099)	(559,139)
Subtotal (b)	9,482,879	8,401,114	3,662,554	2,169,623
(b)/(a)	18.66%	17.98%	8.55%	5.36%
Adjustments related with - Municipal Surcharge	792,698	636,612	387,033	269,935
Adjustments related with - State Surcharge	1,940,620	1,333,922	1,095,110	704,784
Income taxes for the period	**12,216,197**	**10,371,649**	**5,144,697**	**3,144,342**
Effective tax rate	24.04%	22.20%	12.01%	7.77%
Income taxes for the period				
Current tax	15,566,307	7,475,153	7,689,772	5,183,499
Deferred tax	(1,081,805)	6,587,663	(298,309)	810,367
SIFIDE tax credit	(2,386,565)	(2,916,626)	(2,227,666)	(2,290,385)
Insuficiency / (Excess) estimated income tax	118,260	(774,540)	(19,099)	(559,139)
	12,216,197	**10,371,649**	**5,144,697**	**3,144,342**

For the period ended 31 December 2022, the caption “SIFIDE Tax Credit” refers to the reimbursement of SIFIDE for the year 2018 and 2019, as well as the Tax Credit for 2020.

In 2021, the **Group** also recognized a tax credit in the amount of 1,120,914 Euros, the amount of which is reflected in the caption “SIFIDE Tax Credit”, as a result of contributions to the TechTree Fund. This credit was recognized under IFRIC 23 standard, considering its specificities and estimation of the probability of its effective attribution.

For the period ended 31 December 2022, the caption “SIFIDE Tax Credit” incudes: i) SIFIDE tax credit for 2021 (1,528,260 Euros), ii) SIFIDE tax credit from Banco CTT for 2020 and 2021, in the amounts of

308,012 Euros and 318,229 Euros, respectively, and iii) SIFIDE tax credit for to the year 2022 in the amount of 762,125 Euros, recognized under with IFRIC 23 standards, considering its specificities and estimation of the probability of its effective attribution. The Insufficiencies / (Excess) estimation income tax cpation essentially books the excess estimate of IRC for the 2020 financial year, related to the reimbursement of CFEI in 2022 in the net amount of (420,944) Euros.

Deferred taxes

As at 31 December 2021 and 31 December 2022, the balance of the **Group** and the **Company** deferred tax assets and liabilities was composed as follows:

	Group		Company	
	31.12.2021	31.12.2022	31.12.2021	31.12.2022
Deferred tax assets				
Employee benefits - healthcare	73,832,987	53,302,302	73,787,451	53,302,302
Employee benefits - pension plan	68,583	51,604	—	—
Employee benefits - other long-term benefits	4,208,731	5,090,460	4,204,763	4,327,641
Impairment losses and provisions	4,139,032	2,400,419	2,848,123	1,272,789
Tax losses carried forward	2,078,911	2,765,595	—	—
Impairment losses in tangible fixed assets	481,187	1,594,826	481,187	1,594,826
Long-term variable remuneration (Board of diretors)	455,400	1,049,729	455,400	1,049,729
Land and buildings	343,652	332,610	343,652	332,610
Tangible assets' tax revaluation regime	1,282,862	962,147	1,282,862	962,147
Other	363,742	273,917	12,568	2,514
	87,255,087	**67,823,608**	**83,416,006**	**62,844,558**
Deferred tax liabilities				
Revaluation of tangible fixed assets before IFRS	1,684,213	1,519,019	1,684,213	1,519,019
Suspended capital gains	658,042	631,893	658,042	631,893
Non-current assets held for sale	42,718	—	—	—
New Spring Services - PPA Movements	—	387,300		—
Fair Value adjustments	—	7,108,430	—	—
Other	42,540	200,835	—	—
	2,427,513	**9,847,476**	**2,342,255**	**2,150,912**

The deferred tax asset related to Tangible assets tax revaluation regime was recognized following the Companies' accession to the regime established in Decree-Law no. 66/2016, of 3 November. In the year ended 31 December 2022 the deferred tax asset amounts to 962,147 Euros.

The deferred tax liability relating to "fair value adjustments" essentially refers to the deferred tax associated with the item "Financial assets and liabilities at fair value through profit or loss" (note 15), whose amount in the current period resulted in the recognition of the respective deferred tax .

As at 31 December 2022, the expected amount of deferred tax assets and liabilities to be settled within 12 months is 3.6 million Euros and 0.3 million Euros, respectively, regarding the **Group** and the **Company**.

During the years ended 31 December 2021 and 31 December 2022, the movements which occurred under the deferred tax headings of the **Group** and the **Company** were as follows:

	Group		Company	
	2021	**2022**	**2021**	**2022**
Deferred tax assets				
Opening balances	87,891,869	87,255,087	84,780,644	83,416,006
Effect on net profit				
Employee benefits - healthcare	(745,695)	(414,767)	(771,036)	(369,231)
Employee benefits - pension plan	3,037	(11,597)	—	—
Employee benefits - other long-term benefits	1,022,295	359,712	1,022,295	(423,302)
Impairment losses and provisions	(797,419)	(1,738,614)	(381,023)	(1,575,334)
Tax losses carried forward	1,291,917	686,684	—	—
Impairment losses in tangible fixed assets	72,431	1,113,639	72,431	1,113,639
Stock options plan	401,422	594,329	401,422	594,329
Land and buildings	(12,118)	(11,042)	(12,118)	(11,042)
Tangible assets' tax revaluation regime	(320,715)	(320,715)	(320,715)	(320,715)
Other	(154,405)	(89,819)	(10,054)	(10,054)
Effect on equity				
Employee benefits - healthcare	(1,390,302)	(19,593,906)	(1,365,840)	(19,569,738)
Employee benefits - pension plan	(7,230)	(5,383)	—	—
Closing balance	**87,255,087**	**67,823,608**	**83,416,006**	**62,844,558**

	Group		Company	
	2021	**2022**	**2021**	**2022**
Deferred tax liabilities				
Opening balances	2,793,698	2,427,513	2,639,362	2,342,255
Effect on net profit				
Revaluation of tangible fixed assets before IFRS adoption	(270,958)	(165,194)	(270,958)	(165,194)
Suspended capital gains	(26,149)	(26,149)	(26,149)	(26,149)
Non-current assets held for sale	(40,292)	(42,718)	—	—
PPA Movements - NewSpring Services	—	(134,713)	—	—
Fair value adjustments	—	7,108,430	—	—
Other	16,344	15,818	—	—
Effect on equity				
Fair Value Reserve	(13,384)	—	—	—
Other	(31,746)	142,477	—	—
Others				
PPA Movements - New Spring Services	—	522,013		—
Closing balance	**2,427,513**	**9,847,476**	**2,342,255**	**2,150,912**

The tax losses carried forward are related to the losses of the subsidiaries Tourline and Transporta which were merged by incorporation into CTT Expresso, S.A., in 2019, and are detailed as follows:

	31.12.2021		31.12.2022	
Group	**Tax losses**	**Deferred tax assets**	**Tax losses**	**Deferred tax assets**
CTT – Expresso, S.A., branch in Spain	75,434,282	—	77,006,639	
CTT Expresso/Transporta	13,747,683	2,075,283	13,133,872	2,758,113
Total	**89,181,965**	**2,075,283**	**90,140,511**	**2,758,113**

Regarding CTT – Expresso, S.A., branch in Spain (prior Tourline), the tax losses of the years 2008, 2009 and 2011 may be reported in the next 15 years, the tax losses related to 2012, 2013 and 2014 may be carried forward in the next 18 years and the tax losses of the years 2015, 2016, 2017, 2018, 2019, 2020, 2021 and 2022 have no time limit for deduction. No deferred tax assets associated with CTT Expresso branch in Spain's tax losses were recognized, given its losses history.

Regarding to CTT Expresso/ Transporta, the tax losses presented refer to the losses of Transporta for the years 2014 and 2015 and 2017 and 2018, since in 2019 this company was incorporated into CTT Expresso, which can be reported in the next 14 years (previously 12 years, but extended to 14 years under exceptional measures approved to deal with adverse consequences caused by the COVID Pandemic), for the years 2014 and 2015 and 7 years (previously 5 years, but extended to 7 years within the scope of exceptional measures approved to deal with adverse consequences caused by the COVID Pandemic) for the years 2017 and 2018. The recognition of deferred tax assets related to Transporta's tax losses is supported by the estimate of future taxable profits of CTT Expresso, based on the company's 8-year business plan (ie, until 2030). The main assumptions used in the preparation of the company's business plan are disclosed in note 9 - Goodwill (impairment tests with a timeliness of 5 years), and the growth for the 8-year plan was subsequently projected, based on the results background, experience and future growth prospects of this business unit.

It should be noted that, following the acquisition of Transporta, a request was made to maintain the tax losses that had been determined with reference to the periods of 2014 and 2015 (in the amounts of 4,536,810 Euros and 3,068,088 Euros, available for reporting until 2028 and 2029, respectively), for which a favourable response was obtained from the Tax Authority during 2021.

It should be noted that, following the acquisition of HCCM – Outsourcing Investment, S.A, a request was made to maintain the tax losses that had been determined with reference to the periods from 2015 to 2020 (in the total amount of 1,300,311 Euros), in relation to which awaits a favourable response from the Tax and Customs Authority during the period of 2023.

Law No. 24-D/2022, of December 30 – "OE 2023" – includes a rule, identified as promoting the principle of solidarity between financial years (logic of continuity of business cycles), which determines the end of time limit for reporting tax losses calculated in previous years.

Despite being a rule for application to financial years beginning on or after 1 January 2023, the calculation of deferred tax on 31 December 2022 in respect of tax losses was considered rational.

In another sense, the percentage of the amount of deductible tax losses in each financial year is reduced from 70% to 65%, therefore it is expected that Companies will take longer to take advantage of the deduction of tax losses.

The sensitivity analysis performed allows us to conclude that a 1% reduction in the underlying rate of deferred tax would imply an increase in the income tax for the period of about 2.45 million Euros in the **Group** and 2.25 million euros in the **Company**.

SIFIDE

Until 2021, the Group recognized the tax credit related to SIFIDE upon the actual receipt of the declaration from the certifying commission of the expenses eligibility presented in the application.

Currently, and considering the history associated with this reality, the Group started to recognize, in the period to which the investments relate, an estimate of the tax credit that was submitted for certification by the competent authority (ANI - National Innovation Agency).

Regarding to R&D expenses incurred by the **Group** and the **Company** in the 2019 financial year, during the 2021 period, a tax credit of 753,235 Euros and 594,336 Euros, respectively, was attributed by the Certifying Committee.

Regarding to R&D expenses incurred by the **Group** and the **Company** in the 2020 financial year, with the submission of the application, these amounted to approximately 5,304,741 Euros and 2,863,555 Euros, respectively, with the **Group** and the **Company** the possibility of benefiting from an income tax deduction estimated at 3,850,195 Euros and 1,889,956 Euros respectively. At the beginning of 2023, the Certifying Commission granted a tax credit of 1,889,956 Euros to the **Group** and the **Company**.

In the course of 2022, the Certifying Commission granted, in relation to the financial year of 2020, a tax credit of 310,239 Euros for the **Group**, and the Group is awaiting receipt of the declarations relating to the remaining amount. In 2022, the attribution of any tax credit to the **Company** has not yet been deferred/decided by the certifying commission. On 2 March 2023, the National Innovation Agency decision was issued regarding the application process for CTT - Correios de Portugal, S.A. to SIFIDE II of 2020, consubstantiating the total approval of the tax credit requested in the amount of 1,889,956 Euros..

Regarding R&D expenses incurred by the **Group** and the **Company** in the financial year of 2021, with the submission of the application, these amounted to 6,474,190 Euros and 5,350,184 Euros respectively, with the **Group** and the **Company** having the possibility of benefiting from a deduction to collection based on IRC estimated at 3,816,703 Euros and 3,238,810 Euros. On 1 March 2023, the “ANI” decision was issued regarding the Banco CTT, S.A. application process to SIFIDE II of 2021, consubstantiating the total approval of the tax credit requested in the amount of 454,612 Euros.

As for the 2022 financial year, the **Group** and the **Company** are still identifying and quantifying the expenses incurred with R&D that will be included in the applications that will be submitted during the course of 2023.

<u>Other information</u>

Pursuant to the legislation in force in Portugal, income tax returns are subject to review and correction by the tax authorities for a period of four years (five years for Social Security), except when there have been tax losses, tax benefits have been received, or when inspections, claims or challenges are in progress, in which cases, depending on the circumstances, these years are extended or suspended. Therefore, CTT's income tax returns from 2019 and onwards may still be reviewed and corrected.

The Board of Directors of the Company believes that any corrections arising from reviews/inspections by the tax authorities of these income tax returns will not have a significant effect on the consolidated financial statements as at 31 December 2022.

53. Related parties

GRI 207-4

The Regulation on Assessment and Control of transactions with CTT related parties defines related party as: qualified shareholder, manager, subsidiaries companies’ managers or third party with any of these related through relevant commercial or personal interest (under the terms of IAS 24) and also subsidiaries, associates and joint ventures of CTT. It is considered that there is a “relevant commercial or personal interest” in relation to (i) close family members of the managers, subsidiaries companies’ managers and qualified shareholders who, at each moment, have significant influence on CTT, as well as (ii) controlled entities (individually or jointly), either by management, subsidiaries companies’ managers qualified shareholders or by the persons referred to in (i). For this purpose, “control” is considered to exist when an investor is exposed or holds rights in relation to variable results through its relationship with it and has the capacity to affect those results through the power it exercises over the investee.. Additionally, “close family members” are: (i) the spouse or domestic partner and (ii) the children and dependents of the person and persons referred to in (i).

According to the Regulation, the significant transactions with related parties, as well as transactions that members of the Board of Directors of CTT and/or its subsidiaries conduct with CTT and/or its subsidiaries, must be previously approved by resolution of Board of Directors, preceded by a prior favorable opinion of Audit Committee , except when included in the normal company´s business and no special advantage is granted to the director directly or by an intermediary. Significant transaction is any transaction with a related party whose amount exceeds one million Euros, and / or carried out outside current activity scope of CTT and / or subsidiaries and / or outside market conditions.

The other related parties' transactions are approved by Executive Committee, to the extent of the related delegation of powers, and subject to subsequent examination by the Audit Committee.

During the years ended 31 December 2021 and 31 December 2022, the following transactions took place and the following balances existed with related parties, regarding the **Group:**

	2021					
Group	**Accounts receivable**	**Accounts payable**	**Revenues**	**Costs**	**Dividends**	**Financial investments / Increase in share capital**
Shareholders	—	—	—	—	12,750,000	—
Group companies						
Associated companies	—	—	—	—	—	—
Jointly controlled	257,998	—	1,104,799	377,459	—	1,789,528
Members of the (Note 45)						
Board of Directors	—	—	—	4,090,171	—	—
Audit Committee	—	—	—	141,429	—	—
Remuneration Committee	—	—	—	19,800	—	—
General Meeting	—	—	—	14,000	—	—
	257,998	**—**	**1,104,799**	**4,642,859**	**12,750,000**	**1,789,528**

	2022					
Group	**Accounts receivable**	**Accounts payable**	**Revenues**	**Costs**	**Dividends**	**Financial investments / Increase in share capital**
Shareholders	—	—	—	—	17,656,441	—
Group companies						
Associated companies	—	—	—	—	—	—
Jointly venture	210,088	79,868	484,988	256,819	—	—
Members of the (Note 45)						
Board of Directors	—	—	—	4,091,109	—	—
Audit Committee	—	—	—	153,214	—	—
Remuneration Committee	—	—	—	19,800	—	—
General Meeting	—	—	—	14,000	—	—
	210,088	**79,868**	**484,988**	**4,534,942**	**17,656,441**	**—**

During the years ended 31 December 2021 and 31 December 2022, the following transactions took place and the following balances existed with related parties, regarding the **Company**:

Company	2021										
	Accounts receivable	**Shareholders and Group companies (DB)**	**Rights-of-Use**	**Lease liabilities**	**Accounts payable**	**Shareholders and Group companies (CB)**	**Revenues**	**Costs**	**Interest income**	**Dividends**	**Financial investments / Increase in share capital**
Shareholders	—	—	—	—	—	—	—	—	—	12,750,000	—
Group companies											
Subsidiaries	28,296,849	59,967,805	140,883	141,275	3,389,371	23,551,847	44,659,307	5,753,706	852,110	—	12,275,500
Associated companies	—	—	—	—	—	—	—	—	—	—	—
Joint Ventures	111,593	—	—	—	—	—	272,294	60,679	—	—	1,789,528
Other related parties	216,222	—	—	—	625,019	—	1,118,759	3,130,482	—	—	—
Members of the (Note 45)											
Board of Directors	—	—	—	—	—	—	—	4,090,171	—	—	—
Audit Committee	—	—	—	—	—	—	—	141,429	—	—	—
Remuneration Committee	—	—	—	—	—	—	—	19,800	—	—	—
General Meeting	—	—	—	—	—	—	—	14,000	—	—	—
	28,624,664	**59,967,805**	**140,883**	**141,275**	**4,014,390**	**23,551,847**	**46,050,361**	**13,210,267**	**852,110**	**12,750,000**	**14,065,028**

DB - Debit balance; CB - Credit balance

Company	2022										
	Accounts receivable	**Shareholders and Group companies (DB)**	**Rights-of-Use**	**Lease liabilities**	**Accounts payable**	**Shareholders and Group companies (CB)**	**Revenues**	**Costs**	**Interest income**	**Dividends**	**Financial investments / Increase in share capital**
Shareholders	—	—	—	—	—	—	—	—	—	17,656,441	—
Group companies											
Subsidiaries	27,977,210	50,735,671	455,740	458,243	2,914,005	13,244,405	44,351,747	5,308,891	1,324,164	—	7,200,000
Joint Ventures	71,582	—	—	—	—	—	265,794	—	—	—	—
Other related parties	224,308	—	—	—	696,123	—	1,315,018	4,319,503	—	—	—
Members of the (Note 45)											
Board of Directors	—	—	—	—	—	—	—	4,091,109	—	—	—
Audit Committee	—	—	—	—	—	—	—	153,214	—	—	—
Remuneration Committee	—	—	—	—	—	—	—	19,800	—	—	—
General Meeting	—	—	—	—	—	—	—	14,000	—	—	—
	28,273,099	**50,735,671**	**455,740**	**458,243**	**3,610,127**	**13,244,405**	**45,932,559**	**13,906,517**	**1,324,164**	**17,656,441**	**7,200,000**

DB - Debit balance; CB - Credit balance

Regarding the **Company**, as at 31 December 2021 and 31 December 2022, the nature and detail, by company of the Group, of the main debit and credit balances was as follows:

	2021							
Company	**Accounts receivable**	**Shareholders and Group companies (DB)**	**Total accounts receivable**	**Right of use**	**Lease liabilities**	**Accounts payable**	**Shareholders and Group companies (CB)**	**Total accounts payable**
Subsidiaries								
Banco CTT, S.A.	832,324	—	832,324	—	—	—	11,796,267	11,796,267
CTT Expresso,S.A.	26,085,362	39,830,001	65,915,363	140,883	141,275	2,938,595	10,971,080	13,909,676
CTT Contacto, S.A.	251,049	749,999	1,001,048	—	—	450,775	711,510	1,162,286
CORRE - Correio Expresso Moçambique, S.A.	686,979	—	686,979	—	—	—	—	—
CTT Soluções Empresariais, S.A.	441,136	14,700,000	15,141,136	—	—	—	72,988	72,988
CTT IMO - Sociedade Imobiliária, S.A.	—	4,687,804	4,687,804	—	—	—	—	—
Joint Ventures								
NewPost, ACE	111,593	—	111,593	—	—	—	—	—
Other related parties								
Payshop Portugal, S.A.	190,712	—	190,712	—	—	625,019	—	625,019
321 Crédito – Instituição Financeira de Crédito, S.A.	25,191	—	25,191	—	—	—	—	—
NewSpring Services, S.A.	319	—	319	—	—	—	—	—
	28,624,664	**59,967,805**	**88,592,469**	**140,883**	**141,275**	**4,014,390**	**23,551,847**	**27,566,236**

DB - Debit balance; CB - Credit balance

	2022							
Company	**Accounts receivable**	**Shareholders and Group companies (DB)**	**Total accounts receivable**	**Right of use**	**Lease liabilities**	**Accounts payable**	**Shareholders and Group companies (CB)**	**Total accounts payable**
Subsidiaries								
Banco CTT, S.A.	818,806	—	818,806	—	—	17,618	12,412,010	12,429,628
CTT Expresso,S.A.	25,588,567	36,122,277	61,710,844	75,652	76,139	2,608,323	—	2,608,323
CTT Contacto, S.A.	327,199	—	327,199	—	—	258,455	729,386	987,841
CORRE - Correio Expresso Moçambique, S.A.	810,031	80,017	890,048	—	—	—	—	—
CTT Soluções Empresariais, S.A.	429,886	14,500,000	14,929,886	—	—	—	103,009	103,009
CTT IMO - Sociedade Imobiliária, S.A.	2,721	33,377	36,098	380,088	382,104	29,608	—	29,608
Joint Ventures								
NewPost, ACE	71,582	—	71,582	—	—	—	—	—
Other related parties								
Payshop Portugal, S.A.	162,666	—	162,666	—	—	377,502	—	377,502
321 Crédito – Instituição Financeira de Crédito, S.A.	42,399	—	42,399	—	—	—	—	—
NewSpring Services, S.A.	448	—	448	—	—	318,620	—	318,620
Open Lockers, S.A.	18,795	—	18,795	—	—	—	—	—
	28,273,099	**50,735,671**	**79,008,771**	**455,740**	**458,243**	**3,610,127**	**13,244,405**	**16,854,533**

DB - Debit balance; CB - Credit balance

As far as the **Company** is concerned, during the years ended 31 December 2021 and 31 December 2022, the nature and detail, by company of the **Group**, of the main transactions was as follows:

Company	2021									
	Assets acquired	Services to be reinvoiced	Assets sold	Sales and services rendered	Other operating revenues	Supplies and external services	Other operating costs	Depreciation of rights of use / Interest on lease liabilities	Interest Income	Financial investments / Increase in share capital
Subsidiaries										
Banco CTT, S.A.	—	—	—	1,324,512	3,907,622	—	152	—	—	10,000,000
CTT Expresso,S.A.	410,800	77,316	672,861	388,411	36,198,449	1,869,753	—	52,232	739,907	—
CTT Contacto, S.A.	—	67,913	20,512	1,447	2,238,000	3,831,570	—	—	—	—
CORRE - Correio Expresso Moçambique, S.A.	—	—	—	—	222,581	—	—	—	—	—
CTT Soluções Empresariais, S.A.	—	—	52,019	5,139	373,146	—	—	—	112,203	—
CTT IMO - Sociedade Imobiliária, S.A.	—	—	—	—	—	—	—	—	—	250,000
Open Lockers, S.A.	—	—	—	—	—	—	—	—	—	25,500
Fundo Techtree, FCR	—	—	—	—	—	—	—	—	—	2,000,000
Joint Ventures										
NewPost, ACE	—	—	—	—	—	—	—	—	—	—
Mktplace - Comércio Eletrónico, S.A	—	—	—	—	272,294	58,779	1,900	—	—	1,789,528
Other related parties										
Payshop Portugal, S.A.	—	—	173,110	187,233	634,791	3,127,982	—	—	—	—
321 Crédito – Instituição Financeira de Crédito, S.A.	—	—	—	266,424	—	—	—	—	—	—
NewSpring Services, S.A.	—	—	—	30,310	—	2,500	—	—	—	—
HCCM - Outsourcing Investment, S.A.	—	—	—	—	—	—	—	—	—	—
	410,800	**145,229**	**918,502**	**2,203,477**	**43,846,884**	**8,890,583**	**2,052**	**52,232**	**852,110**	**14,065,028**

Company	2022										
	Assets acquired	Services reinvoiced	Assets sold	Sales and services rendered	Other operating revenues	Supplies and external services	Other operating costs	Depreciation of rights of use / Interest on lease liabilities	Interest Income	Interest incurred	Financial investments / Increase in share capital
Subsidiaries											
Banco CTT, S.A.	—	—	—	1,417,126	4,610,294	—	86,011	—	—	124,600	—
CTT Expresso,S.A.	274,887	59,795	781,777	488,337	34,428,359	1,858,416	—	66,034	970,592	—	—
CTT Contacto, S.A.	—	45,063	11,892	1,082	2,511,279	2,875,730	—	—	—	—	—
CORRE - Correio Expresso Moçambique, S.A.	—	—	—	—	239,716	—	—	—	—	—	—
CTT Soluções Empresariais, S.A.	—	—	—	8,998	644,343	—	—	—	353,572	—	—
CTT IMO - Sociedade Imobiliária, S.A.	—	—	—	—	2,212	—	—	298,099	—	—	7,150,000
Fundo Techtree, FCR	—	—	—	—	—	—	—	—	—	—	—
CTT IMO YIELD, S.A.	—	—	—	—	—	—	—	—	—	—	50,000
Joint Ventures											
NewPost, ACE	—	—	—	—	265,794	—	—	—	—	—	—
Other related parties											
Payshop Portugal, S.A.	—	—	60,200	218,304	666,472	3,457,475	—	—	—	—	—
321 Crédito – Instituição Financeira de Crédito, S.A.	—	—	—	417,415	713	—	—	—	—	—	—
NewSpring Services, S.A.	—	—	—	12,113	—	862,027	—	—	—	—	—
Open Lockers, S.A.	—	—	—	—	—	—	—	—	—	—	—
	274,887	**104,859**	**853,868**	**2,563,375**	**43,369,184**	**9,053,649**	**86,011**	**364,134**	**1,324,164**	**124,600**	**7,200,000**

In the context of transactions with related parties, no commitments were made, nor were any guarantees given or received.

No provision was recognized for doubtful debts or expenses recognized during the period in respect of bad or doubtful debts owed by related parties.

The remunerations attributed to the members of the statutory bodies of CTT, S.A. are disclosed in note 45 – Staff Costs.

54. Fees and services of the external auditors

The audit and legal review fees recorded in 2022 related to all companies' annual accounts that integrate the **Group**, amounted to 739,226 Euros. In addition, other assurance services fees, which include the half-yearly review, and other non-review or audit services amounted to 372,876 Euros.

The information concerning the fees and services provided by the external auditors is detailed in chapter 5.2.2.5 section 47 of the Integrated Report.

55. Information on environmental matters

The environmental responsibility is one of the relevant topics identified in the course of CTT stakeholders' materiality exercise and mapping and integrates the Sustainability strategy of the **Group**, from a perspective of risk and opportunity management, as presented in more detail in chapters 4 and 5.1 of the Integrated Report.

To the extent of our knowledge, there are no current environmental liabilities or obligations, whether legal or constructive, related to environmental matters that should lead to the constitution of provisions.

56. Provision of insurance mediation service

In accordance with the Regulatory Standard of the Instituto de Seguros de Portugal (Portuguese Insurance Institute) no. 15/2009-R of 30 December 2009, the **Group** and the **Company** disclose the relevant information regarding the activity of insurance mediation according to article 4 of the above-mentioned Regulatory Standard.

a) Description of the accounting policies adopted for the recognition of revenue

   The accounting policies adopted for the recognition of revenue regarding the provision of insurance mediation services is detailed in Note 2.29.

b) Indication of total revenue received detailed by nature

	Group		Company	
By nature	**2021**	**2022**	**2021**	**2022**
Cash	7,166,037	8,844,304	1,197,302	694,049
Total	**7,166,037**	**8,844,304**	**1,197,302**	**694,049**

	Group		Company	
By type	**2021**	**2022**	**2021**	**2022**
Commissions	7,166,037	8,844,304	1,197,302	694,049
Total	**7,166,037**	**8,844,304**	**1,197,302**	**694,049**

c) Indication of total revenues relating to insurance contracts intermediated by the **Company** detailed by Branch Life and Non-Life

	Group		Company	
	2022		2022	
By entity	Branch Life	Branch Non-Life	Branch Life	Branch Non-Life
Insurance Companies	7,588,723	1,255,582	80,400	82,035
Total	**7,588,723**	**1,255,582**	**80,400**	**82,035**

d) Indication of the existence of concentration levels at the level of insurance companies, other mediators, which are equal or greater than 25% of the total remuneration earned by the portfolio

	Group		Company	
By entity	2021	2022	2021	2022
Insurance Companies	—	—	—	—
FIDELIDADE	22.45%	—%	73.61%	44.79%
ZURICH	41.43%	47.09%	—	—
MAFRE	—	—	—	38.71%
Other mediators	—	—	—	—
Customers (other)	—	—	—	—

e) Values of customers' accounts, at the beginning at the end of the year, as well as the volume handled over the year applicable to insurance intermediaries that handle funds related to insurance contracts

	Group		Company	
Accounts 'Customers'	2021	2022	2021	2022
Open Balance	—	—	—	—
Closing Balance	—	—	—	—
Volume handled				
Debt	208,208,154	89,463,987	201,892,159	82,674,487
Credit	44,298,592	27,248,927	38,347,543	20,181,468

f) Accounts receivable and payable broken down by source

	Group			
	Accounts receivable		Accounts payable	
By entity	2021	2022	2021	2022
Policyholders, insureds or beneficiaries	—	—	—	—
Insurance companies	7,037,050	2,207,724	2,495,600	1,658,565
Reinsurance undertakings	—	—	—	—
Other mediators	—	—	—	—
Customers (other)	—	—	—	—
Total	**7,037,050**	**2,207,724**	**2,495,600**	**1,658,565**

By entity	Company			
	Accounts receivable		Accounts payable	
	2021	2022	2021	2022
Policyholders, insureds or beneficiaries	—	—	—	—
Insurance companies	5,844,314	1,292,947	777,458	200,127
Reinsurance undertakings	—	—	—	—
Other mediators	—	—	—	—
Customers (other)	—	—	—	—
Total	**5,844,314**	**1,292,947**	**777,458**	**200,127**

g) Indication of the aggregate amounts included in accounts receivable and payable

By entity	Group			
	Accounts receivable		Accounts payable	
	2021	2022	2021	2022
Funds received in order to be transferred to insurance companies for payment of insurance premiums	40,071,637	22,109,894	38,728,375	22,919,149
Collecting funds in order to be transferred to insurance companies for payment of insurance premiums	—	—	—	—
Funds entrusted to it by insurance companies in order to be transferred to policyholders, insureds or beneficiaries (or insurance companies in case the activity of reinsurance mediation)	203,061,528	289,699,297	201,892,159	82,674,487
Remuneration in respect of insurance premiums already collected and to be collected	7,166,037	8,844,304	—	—
Other mediators	—	—	—	—
Total	**250,299,202**	**320,653,495**	**240,620,534**	**105,593,636**

By entity	Company			
	Accounts receivable		Accounts payable	
	2021	2022	2021	2022
Funds received in order to be transferred to insurance companies for payment of insurance premiums	38,347,543	20,181,468	37,819,925	20,753,248
Collecting funds in order to be transferred to insurance companies for payment of insurance premiums	—	—	—	—
Funds entrusted to it by insurance companies in order to be transferred to policyholders, insureds or beneficiaries (or insurance companies in case the activity of reinsurance mediation)	203,061,528	289,699,297	201,892,159	82,674,487
Remuneration in respect of insurance premiums already collected and to be collected	1,197,302	694,049	—	—
Other mediators	—	—	—	—
Total	**242,606,373**	**310,574,814**	**239,712,084**	**103,427,735**

Note: The remaining paragraphs of the standard do not apply.

The amounts presented above are amounts moved during the year 2021 and 2022.

57. Other information

On 23 December 2021, the Council of Ministers communicated the approval on that date of the decree amending the legal framework applicable to the provision of postal services in Portugal. The corresponding decree was promulgated on 5 February 2022 and Decree-Law no. 22-A/2022 was published on 7 February 2022. The new concession agreement thus came into force and will have a duration of approximately seven years – until 31 December 2028.

This framework improves the decision-making mechanisms and provides clear criteria to guarantee the provision of the universal postal service under sustainable economic conditions, promoting a better balance between the continuity of the postal service provision and the reinforcement of the Company's capacity to face the challenges of digital transition, pursuing the consistent implementation of its transformation process. For reasons of general interest, only the following activities and services have remained reserved to the concessionaire: sitting of letter boxes on the public highway intended for the deposit of postal items, issue and sale of postage stamps bearing the word Portugal and the registered mail service used in court or administrative proceedings.

Pursuant to the new Concession Agreement and Decree-Law no. 22-A/2022 published on 7 February 2022, the first year of the agreement is the transition period, hence, the prices of the services included in the universal postal service offer shall respect a maximum annual average variation of 6.80%, which considers the decline in mail volumes observed in the first nine months of 2021 and the variation of the Consumer Price Index for the Transport expense category, as communicated by the National Statistics Institute for the month of October 2021. The special prices of the postal services included in the universal postal service offer applicable to bulk mail senders were also updated on 7 March 2022. These updates correspond to an average annual price variation of 5.84% for the year 2022.

On 27 July 2022, a Convention was signed between the sector regulator (ANACOM), the Directorate-General for the Consumer (DGC) and the universal service provider (CTT), defining the criteria to be applied to the pricing of postal services included in the basket of the universal postal service for the three-year period 2023-2025, in accordance with the provisions of article 14(4) of Law no. 17/2012 of 26 April (Postal Law), as amended by Decree-Law no. 22-A/2022 of 7 February, which has been notified to the Government.

The scope of the Convention thus covers the services of letter mail, parcels, and newspapers and periodicals which are part of the universal postal service offer, including registered mail services used in legal or administrative proceedings, and not applying to special prices of postal services included in the universal service offer applicable to bulk mail senders (subject to the specific regime provided for in article 14-A of the Postal Law).

The main features of the pricing of the services covered by the Convention are as follows:

- The maintenance of a maximum annual variation of the prices of the basket of services covered by the Convention, which will be ascertained as per the following formula:
  $CPI - \Delta Volumes * (1 - VC) - E + K$.

  The referred maximum annual price variation thus takes into consideration historical figures relative to the inflation rate (CPI) in the last 12 months, the variation in volumes (∆Volumes) excluding an indicator of the weight of variable costs (VC) in total costs associated to the universal postal service (value defined at 16% for each year) and an efficiency factor (E) associated to CTT's activity within the USO (value defined at 0.5 percentage points for each year). In the event of significant contextual changes related to the conditions for the provision of the universal postal service, the application of an additional factor (K) is foreseen, the value of which shall be determined by agreement, upon proposal of any of the parties that integrate the Convention.

- The definition for each price of a maximum annual variation of 15% and a maximum overall variation of 30% for the period from 2023 to 2025.

- The setting of a maximum annual variation of 4 cents for the price of ordinary domestic mail up to 20 grams, used by the occasional segment.

- The continued application of the principle of uniform tariffs, with the application of a single price throughout the territory, to domestic letter mail items up to 50 grams sent by users in the occasional segment and in registered mail items of the service of judicial and other postal notifications weighing up to 50 grams.

- The provision by CTT, free of charge, in the national and international service, of mail dispatches for the blind and partially sighted, with the exception of airmail surcharges, if any.

As communicated to the market on 26 January 2023, an update of the price of the basket of letter mail, editorial mail and parcels services covered by the Universal Postal Service Price Convention, corresponding to an average annual price variation of 6.58%, took effect as from 1 March 2023. The overall average annual variation in prices, also reflecting the effect of updating special bulk mail prices, will be 6.24%.

While some impacts of the COVID-19 pandemic persisted in 2022, CTT continued to periodically report the status of the postal network to the Government, as a counterparty in the agreement, and to ANACOM, the regulatory authority responsible for overseeing the provision of the universal postal service, until 21 February 2022 in the wake of the end of the state of calamity and beginning of the state of alert that was in force until 30 September 2022.

By deliberations of 6 May 2022 and 6 July 2022, ANACOM granted CTT's requests regarding the deduction of the records of mail items in all national flows directly affected by the COVID-19 pandemic in the 2nd half of 2021, for the purposes of calculating the Quality of Service Indicators (QSI) of the year 2021, and in the months of January and February 2022, for the purposes of calculating the QSI of the year 2022.

On 28 June 2022, CTT was notified of ANACOM's decision which granted CTT's application for deferring the date for the entry into force of ANACOM's decision of 29 April 2021 on the delivery of postal items at premises other than the domicile.

By decision dated 25 October 2022, ANACOM approved the declaration of conformity of the results of CTT's cost accounting system for financial year 2019, following the respective audit. It was also decided to maintain in force the determinations approved in 2021, until the approval of a new decision on this matter.

With regard to the legal proceedings relating to ANACOM’s Decision regarding the quality of service parameters and performance targets applicable to the universal postal service provision, of July 2018, CTT was notified of the Government’s appeal against the decision of the Arbitration Court to the South Administrative Central Court, which considered that the Arbitration Court should have considered itself incompetent to judge both of CTT's requests. However, the court acknowledged that ANACOM's decision constituted an abnormal and unnoticeable change in circumstances, causing damages amounting to 1,869,482 Euros. On 19 January 2022, CTT was notified of the appeal of the decision to the Southern Central Administrative Court by the State, considering that the arbitration court should have considered itself incompetent to judge both requests. On 30 August 2021, CTT was notified of the filing of an administrative offence proceeding for the same facts (measurement of quality of service indicators (QSI) relating to events occurred in 2016 and 2017, which has had no developments.

On 6 April 2022, ANACOM decided to impose a fine of €153,750 Euros on CTT for twenty-six administrative offences related to the non-compliance with postal network density targets and minimum service offers that occurred in 2014 and 2015. CTT disagreed with this decision and filed an appeal against it on 6 May and the fine was reduced to €100 thousand. On 8 February 2023 the Lisbon Court of Appeal reduced the fine to €57 thousand. As CTT disagreed with the grounds of the decision that upheld some of the administrative offences, it appealed to the Constitutional Court on 23 February 2023, and is awaiting a decision.

Following the proposal to apply contractual fines in the amount of €753 thousand, on 4 August 2022, CTT requested the constitution of an arbitration court, under the terms of the concession agreement. For the same facts, CTT had already been notified of the filing of an administrative offence proceeding on 30 August 2021, which is running its course, with no developments, following the presentation of the respective defences. The arbitration proceedings for the protection of CTT's rights filed by CTT against the Portuguese State on 11 June 2021 are still ongoing. Specifically: (a) the impacts and contractual effects, namely compensatory (which CTT estimates to be approximately €23 million), of the COVID-19 pandemic, as well as of the public measures adopted in that context; and (b) the legal compatibility, impacts and contractual effects, namely compensatory (which CTT estimates to be approximately €44 million), of the decision to extend the concession agreement. The above mentioned values correspond to the amounts to which CTT, with the data available at the time, considers to be entitled and are subject to update, assessment and decision in the process, which is ongoing.

On 18 January 2022, the companies Vasp Premium – Entrega Personalizada de Publicações, LDA. (Vasp) and Iberomail – Correio Internacional, S.A., (Iberomail) filed a lawsuit against CTT before the Competition, Regulation & Supervision Court, seeking the conviction of CTT for abuse of dominant position, an indemnity estimated at between €69.5 million to €158 million by Vasp and between €9.5 million and €31 million by Iberomail, and the immediate termination of the alleged anti-competitive practices. It should be recalled that, in this context, the lawsuit that was filed with the Competition Authority (AdC) on largely coinciding grounds was closed with the imposition of commitments, which CTT has implemented and reports annually to the AdC. CTT follows the best market practices and considers the request to be totally unfounded.

Strategic Partnership - Generali Seguros

On 6 November 2022, CTT - Correios de Portugal, S.A. and its subsidiary Banco CTT, S.A. entered into a strategic partnership agreement with Generali Seguros, S.A. (Tranquilidade/Generali Seguros).

The transaction concluded between the parties includes:

- Long-term distribution agreements, with 5-years exclusivity renewable periods, for the distribution by CTT and Banco CTT of life and non-life insurance products of Tranquilidade/ Generali Seguros;

- Subscription by Tranquilidade/Generali Seguros of a 25 million euros reserved share capital increase in Banco CTT, in exchange for a shareholding of approximately 8.71%. A Shareholders' Agreement will provide Tranquilidade/Generali Seguros with minority interests with the size of the shareholding.

The agreement aims to combine the experience of Tranquilidade/Generali Seguros in the development and management of insurance products with the distribution capacity of CTT and Banco CTT through their nationwide networks coverage and digital channels. The insurance distribution agreements contemplate a fixed price by Tranquilidade/Generali Seguros of 1 million euros and 9 million euros to

CTT and Banco CTT, respectively, to be settled in the initial six years, and additional contingent payments depending on the performance achieved over the term of the agreements.

The CTT Group expects that the transaction, which is subject to suspensive conditions, including approval by the banking and insurance regulatory authorities, will be completed by the end of 2023.

58. Subsequent events

On 15 January 2023, the new public debt distribution agreement was signed between CTT and IGCP – Portuguese Treasury and Debt Management Agency, entering into force on 20 January 2023, with a duration of three years. This agreement essentially maintains the commercial conditions of the previous one, but now includes additional satisfaction levels of the depositors, including the development of CTT's online channels, in addition to the traditional face-to-face channel of the CTT Retail Network.

As mentioned in Note 52 - Income tax for the perior, on 20 January 2023, the **Group** received approval from the Tax Authority, regarding the tax losses deduction of the entity HCCM – Outsourcing Investment, S.A, which had been calculated with reference to the periods from 2015 to 2020, in the total amount of 1,300,311 Euros.

As communicated to the market on 26 January 2023, an update of the price of the basket of letter mail, editorial mail and parcels services covered by the Universal Postal Service Price Convention, corresponding to an average annual price variation of 6.58%, took effect as from 1 March 2023. The overall average annual variation in prices, also reflecting the effect of updating special bulk mail prices, will be 6.24%.

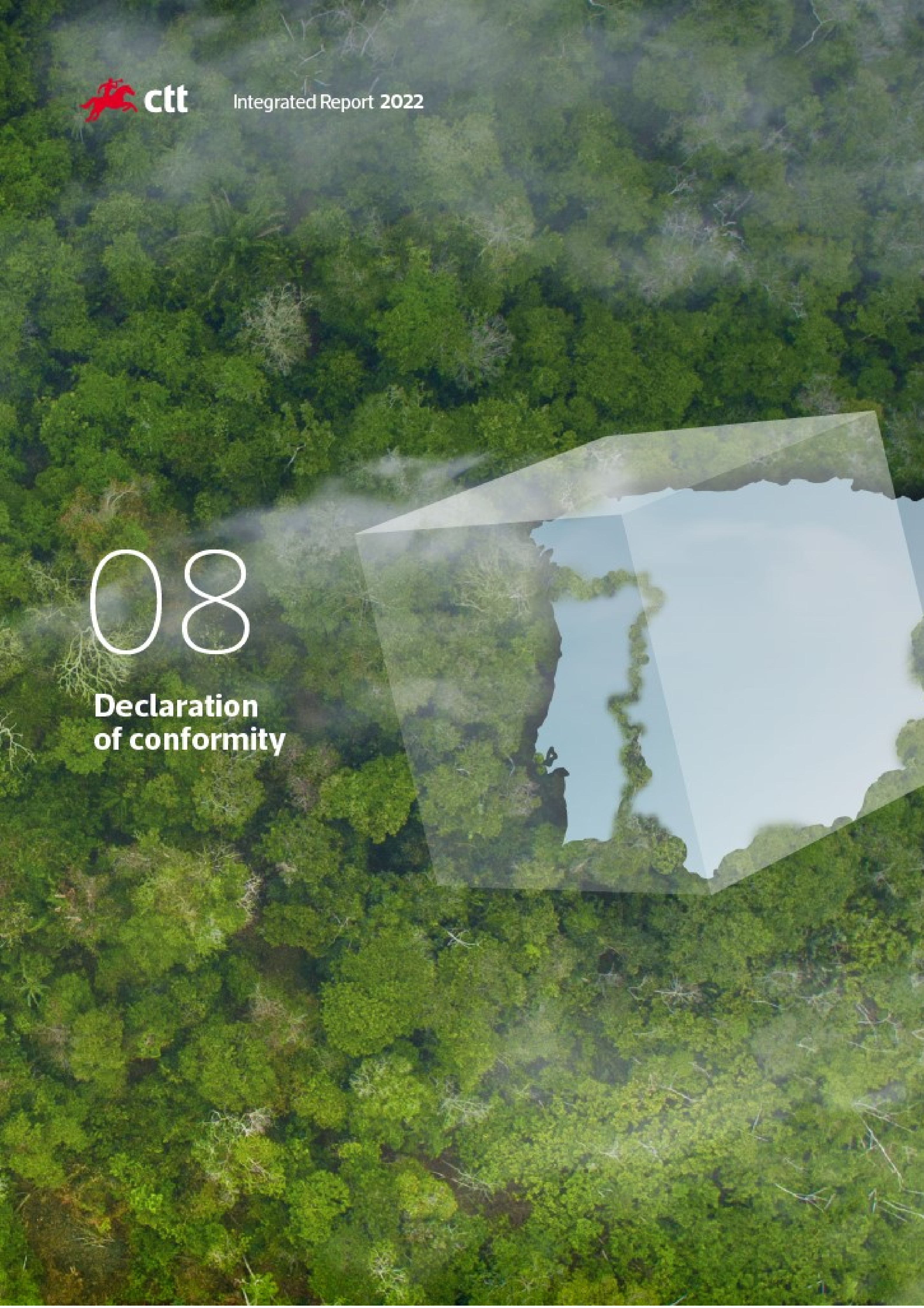
As disclosed in note 52 - Income tax, on 1 March 2023, the decision of ANI (National Innovation Agency) was issued regarding the application process of Banco CTT, S.A. to SIFIDE II of 2021, consubstantiating the total approval of the tax credit requested in the amount of 454,612 Euros. Subsequently, on 2 March 2023, the ANI decision was issued regarding CTT's application process for SIFIDE II 2020, also consubstantiating the total approval of the requested tax credit in the amount of 1,889,956 Euros.

As disclosed to the market on 7 March 2023, CTT contracted 35 million euros in bank loans in the form of commercial paper, indexed to sustainability goals, maturing in 2026, with two financial institutions - Novo Banco, S.A. and Banco Bilbao Vizcaya Argentaria S.A. - Portuguese Branch.

These bank loans are set within CTT's Sustainability Related Financing Reference Framework that was the subject of a Second Party Opinion disclosed by S&P Global Ratings. Therefore, the referred financing lines are indexed to the goal of reducing carbon emissions of CTT's activity (scopes 1, 2 and 3 emissions) by at least 30% by 2025 in relation to 2013, which is validated by the Science Based Targets initiative and aligned with the best practices of the sector.

With these operations, CTT consolidates the link between its financing cost and its performance in terms of sustainability, reinforcing and demonstrating its strategic relevance and the commitment to achieve ambitious leadership goals regarding ESG (Environment, Social and Governance) indicators.

With the exception of those mentioned above, after 31 December 2022 and up to the present date, no relevant or material facts have occurred in the **Group**’s and **Company**’s activities that have not been disclosed in the notes to the financial statements.



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Declaration of conformity

8. DECLARATION OF CONFORMITY

GRI 2-5

For the purposes of article 29-G(1)(c) of the Portuguese Securities Code, the members of the Board of Directors and of the Audit Committee of CTT - Correios de Portugal, S.A. ("CTT") identified below hereby declare that, to the best of their knowledge, the management report, the annual individual and consolidated accounts, the statutory auditors' report and auditors' report, and other accounting documents (i) were prepared in compliance with the applicable accounting standards, providing a true and fair view of the assets and liabilities, the financial position and the results of CTT and the companies included in its consolidation perimeter, (ii) faithfully describe the business evolution, the performance and position of CTT and the companies included in the consolidation perimeter, and (iii) contain a description of the major risks faced by CTT in its activity.

Lisbon, 16 March 2023

The Board of Directors

The (non-executive) Chairman of the Board of Directors

____

Raul Catarino Galamba de Oliveira

The Chief Executive Officer (CEO)

____

João Afonso Ramalho Sopas Pereira Bento

The Member of the Board of Directors and of the Executive Committee (CFO)

____

Guy Patrick Guimarães de Goyri Pacheco

The Member of the Board of Directors and of the Executive Committee

António Pedro Ferreira Vaz da Silva

The Member of the Board of Directors and of the Executive Committee

João Carlos Ventura Sousa

The Member of the Board of Directors and of the Executive Committee

João Miguel Gaspar da Silva

The (non-executive) Member of the Board of Directors and Chairwoman of the Audit Committee

Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia

The (non-executive) Member of the Board of Directors and of the Audit Committee

Steven Duncan Wood

The (non-executive) Member of the Board of Directors

Duarte Palma Leal Champalimaud

The (non-executive) Member of the Board of Directors

Isabel Maria Pereira Aníbal Vaz

The (non-executive) Member of the Board of Directors

Jürgen Schröder

The (non-executive) Member of the Board of Directors

Margarida Maria Correia de Barros Couto

The (non-executive) Member of the Board of Directors and of the Audit Committee

María del Carmen Gil Marín

The (non-executive) Member of the Board of Directors

Susanne Ruoff

(SIGNED ON THE ORIGINAL)

09
Audit Reports

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*(Translation from the original document in the Portuguese language.
In case of doubt, the Portuguese version prevails)*

Statutory and Auditor's Report

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of CTT – Correios de Portugal, S.A. (the Group), which comprise the Consolidated Statement of Financial Position as at 31 December 2022 (showing a total of 4,057,488,199 euros and a total equity of 224,929,476 euros, including a net profit for the year of 36,406,519 euros), and the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of CTT – Correios de Portugal, S.A. as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. We are independent of the entities comprising the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors´ code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters in the current year audit are the following:

1. Revenue recognition

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As at 31 December 2022, sales and services rendered in the consolidated financial statements of CTT – Correios de Portugal, S.A. amounts to 789 million euros, of which 771 million euros related to the business segments Mail, Express & Parcels and Financial Services & Retail (note 4).	Our approach included carrying out the following procedures: ► Understanding and evaluation of the design and testing of the operational effectiveness of the relevant controls related with revenue recognition associated with the business segments Mail, Express & Parcels and Financial Services & Retail; ► Understanding of information systems and controls associated with revenue recognition and testing of the integration process; ► Tests of detail for a sample of transactions, obtaining contractual support documentation when applicable and evidence of

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
Revenue recognition associated with these business segments is based on several different contractual terms, different prices by type of sale or service rendered and different revenue recognition policies taking into account the timing of the performance obligation fulfilment, as referred to in note 2.23 of the consolidated financial statements. In addition, there is a complex set of information systems associated with revenue recognition, with the purpose of ensuring its completeness, accuracy and cut-off. Taking into account the materiality of the amounts involved, the degree of judgment associated with the criteria for revenue recognition, as well as the complexity of the information systems associated with it, determines that we consider this topic as a key audit matter.	performance obligation fulfilment, from the initial recognition of the transaction to its receipt; ► Analytical review procedures, namely through monthly analysis compared to the same period of last year, as well as benchmark with observable market data for the business segments of Mail, Express & Parcels and Financial Services & Retail; ► Obtaining support documentation of the most significant manual journal entries, in order to verify the accuracy of the amounts and its accurate cut-off; ► Cut-off tests of detail based on a sample of transactions carried out before and after 31 December 2022; and ► External confirmations for a representative sample of accounts receivable. Our approach has also included checking the adequacy of the applicable disclosures included in notes 2.23 and 4 of the notes to the financial statements.

2. Employee benefits liabilities

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As at 31 December 2022, employee benefits liabilities in the consolidated financial statements of CTT – Correios de Portugal, S.A. amounts to 207 million euros, mainly related to healthcare and other long-term employee benefits (note 32). CTT – Correios de Portugal, S.A., with the support of an independent actuarial, determine the current value of liabilities with post-employment benefits, however the calculation requires the use of estimates and assumptions by the actuarial and Management, which depend on demographic and financial forecasts, namely the discount rate, the pensions and salaries growth rates, mortality and disability tables and the growth rate of health costs, among others, as disclosed in note 2.21, 2.30 and 32 of the consolidated financial statements. The relevance of this matter in our audit results from the complexity and high level of judgment of the liability assessment model as well as the fact that changes to demographic and financial assumptions may lead to a significant change in the value of employee	Our approach included carrying out the following procedures: ► Understanding and evaluation of the design and testing of the operational effectiveness of the relevant controls in the assessment of the employee benefits liabilities; ► Meetings with Management and the independent actuarial in order to understand the methodology, the main demographic and financial assumptions considered and the main changes that occurred in these assumptions compared to the previous period; ► Reading of the actuarial study prepared with reference to 31 December 2022 and evaluation of the reasonableness of the main assumptions, namely the discount rate, the pensions and salaries growth rates, mortality and disability tables and the growth rate of health costs, with the support of our actuarial specialists; ► Reconciliation of the information included in the actuarial study with the consolidated financial statements as at 31 December 2022; ► Review the accuracy of the beneficiaries' information used in the calculation of the employee benefit liability, for a selected sample; and ► Confirmation of the professional credentials and independence statement of the actuary in relation to the actuarial study prepared as at 31 December 2022.

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
benefit liabilities, determines that we consider this topic as a key audit matter.	Our approach has also included checking the adequacy of the applicable disclosures included in notes 2.21, 2.30 and 32 of the notes to the financial statements.

3. 321 Crédito S.A. Goodwill recoverability

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As at 31 December 2022, goodwill in the consolidated financial statements of CTT - Correios de Portugal, S.A. amounts to 80 million euros, of which 61 million euros related with the control acquisition of the subsidiary 321 Crédito, S.A. in May 2019 (note 9). Goodwill's recoverability analysis requires Management to define a set of estimates and assumptions based on economic and market forecasts, in particular those relating to the projection of future cash-flows, market shares, margin developments and discount rates. The materiality of the amounts and the degree of judgment associated with the assessment of Goodwill's recoverability require the definition of complex estimates and assumptions by Management, in an environment of constant volatility and increasing uncertainty arising from the macroeconomic impacts of the inflation and interest rates, determines that we consider this topic as a key audit matter.	Our approach included carrying out the following procedures: ► Understanding and evaluation of the Group's process for defining the cash generating units, through meetings with Management in order to identify methodologies and main assumptions; ► Understanding of the internal control procedures regarding the process of calculating the recoverable value of the cash generating unit; ► Tests to the arithmetic accuracy and completeness of the impairment test models prepared by Management; ► We evaluated, with the support of internal specialists, the reasonableness of the assumptions that present highest sensitivity and judgment in determining the recoverable value, namely, discount rate, growth rate in the perpetuity and dividends distribution; ► Reconciliation of future cash flows with approved budgets and forecast plans and financial indicators for 2022, as well as the reasonableness assessment of estimates through a retrospective analysis of the actual versus budgeted; and ► Sensitivity analyses evaluation on the assumptions of the impairment model. Our approach has also included checking the adequacy of the applicable disclosures included in notes 2.9 and 9 of the financial statements.

4. Impairment losses on loans to customers

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As at 31 December 2022, Credit to banking clients, according to note 20 of the notes to the consolidated financial statements, amounts to 1,778 million euros corresponding to credit to bank customers net of impairment charges (note 25 and 46) amounting to 54,7 million euros. The detail of impairment on credit to banking clients and	Our audit approach to impairment on credit to customers included (i) an overall response to the way the audit was conducted and (ii) a specific response that resulted in the design, and subsequent implementation, of audit procedures that included, namely: ► obtaining the understanding, assessment of the design and testing of the operational effectiveness of internal control

<table>
<tr><th>Description of the most significant assessed risks of material misstatement</th><th>Summary of our response to the most significant assessed risks of material misstatement</th></tr>
<tr><td>the accounting policies, methodologies, concepts and assumptions used are disclosed in the notes to the consolidated financial statements (Notes 2.11 and 2.17).

The impairment on credit to clients represents Management best estimate of the expected credit loss of the credit portfolio to customers. To calculate this estimate, Management made critical judgments such as the evaluation of the business model, the assessment of the significant increase in credit risk, the classification of exposures in default, the definition of an asset group with similar credit risk characteristics and the use of models and parameters. These parameters are calculated based on historical indicators, when available or benchmarks, in the remaining cases. For relevant individual exposures, the impairment is calculated based on judgments of experts in the credit risk assessment.

In addition to the complexity of the models for quantifying impairment losses of the credit portfolio ("models"), its use requires the processing of significant data, the availability and quality of which may not be adequate.

In view of the degree of subjectivity and complexity involved, the use of alternative approaches, models or assumptions may have a material impact on the estimated impairment amount, which, together with its materiality, determines that we consider this topic as a key audit matter.</td><td>procedures existing in the process of quantifying impairment losses for credit to customers;

► conducting analytical review tests on the evolution of the amount of impairment on credit to clients, comparing it with the same period and with the expectations, which highlight the understanding of the variations occurred in the credit portfolio and changes in the impairment assumptions and methodologies;

► reading the minutes of the Equity and Risk Committee and Global Risk Committee and correspondence with Banco de Portugal;

► obtaining the understanding and evaluation of the design of the model of the expected loss calculation, test to the calculation, comparison of the information used in the model with source data, through the reconciliations prepared by the Bank, analysis of the assumptions used to fill gaps in the data, comparison of the parameters used with the results of the estimation models and comparison of the results of the models with the values recorded in the financial statements;

► with the support of specialists we performed tests on the reasonableness of the parameters used in the calculation of the impairment, namely:
i. understanding of the methodology formalized and approved by Management and comparison with the one actually used;
ii. understanding of the changes to the models used by the Bank to determine the parameters used in the calculation of expected loss and results in the parameters;
iii. on a sampling basis, comparison of the data used in the clearance of risk parameters with source information;
iv. inquiries to the Bank's experts responsible for the models and inspection of internal audit reports and regulators; and
v. inspection of the reports with the results of the operational evaluation of the model (back-testing);

► test the reasonableness of adjustments made to the model and outside the model, in particular those to respond to additional areas of judgment resulting from the effects of the interest rate and inflation increases and understanding of the management process associated with those adjustments; and

► analysis of the disclosures included in the notes to the consolidated financial statements, based on the requirements of international financial reporting standards and accounting records.</td></tr>
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Responsibilities of management and the supervisory board for the consolidated financial statements

Management is responsible for:

- the preparation of consolidated financial statements that presents a true and fair view of the Group´s financial position, financial performance and cash flows in accordance with International Financial Reporting Standards as endorsed by the European Union;
- the preparation of the Management Report, the Corporate Governance Report, the Non-financial information statement and the Remunerations report, in accordance with the laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Group's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Group´s ability to continue as a going concern.

The supervisory body is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group 's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- from the matters communicated with those charged with governance, including the supervisory body, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and
- we also provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility includes the verification of the consistency of the Management Report with the consolidated financial statements, and the verifications under nr. 4 and nr. 5 of article 451 of the Commercial Companies Code in matters of corporate governance, as well as the verification that the non-financial statement and the remunerations report have been presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Consolidated Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Consolidated Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment over the Group, we have not identified any material misstatement. As referred to in article 451, nr. 7 of the Commercial Companies Code this opinion is not applicable to the non-financial statement included in the Consolidated Management Report.

On the Corporate Governance Report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, in our opinion, the Corporate Governance Report includes the information required to the Group to provide as per article 29-H of the Securities Code, and we have not identified material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and l) of nr. 1 of the said article.

On non-financial statement

In compliance with paragraph 6 of article No. 451 of the Portuguese Company Law, we hereby inform that the Group has included in its Consolidated Management Report the non-financial statement, as provided for in article 508-G of the Commercial Companies Code.

On the Remunerations Report

Pursuant to article 26-G, nr. º 6 of the Securities Code, we hereby inform that the Group has included in a separate chapter of its Corporate Governance Report the information provided for in paragraph 2 of the said article.

On additional items set out in article 10 of the Regulation (EU) nr. 537/2014

Pursuant to article 10 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were appointed as auditors of CTT – Correios de Portugal, S.A. (Group´s Parent Entity) for the first time in the shareholders' general meeting held on 29 April 2020 for a mandate from 2021 to 2023.
- Management has confirmed that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional skepticism and we designed audit procedures to respond to the possibility of material misstatement in the consolidated financial statements due to fraud. As a result of our work we have not identified any material misstatement to the consolidated financial statements due to fraud;
- We confirm that our audit opinion is consistent with the additional report that we have prepared and delivered to the supervisory body of the Group on 14 March 2023;
- We declare that we have not provided any prohibited services as described in article 5 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and we have remained independent of the Group in conducting the audit; and
- We declare that, in addition to the audit, we provided the Group with the following services as permitted by law and regulations in force:
  - Limited review of the interim consolidated financial statements of CTT - Correios de Portugal, S.A., for the six-month period ended 30 June 2022;
  - Limited review of the interim consolidated financial statements of Banco CTT, S.A., for the six-month period ended 30 June 2022;
  - Independent limited assurance report on the sustainability information of CTT - Correios de Portugal, S.A. for the year ended 31 December 2022;
  - Agreed Upon Procedures related with information of Plano de Recuperação e Resiliência ("PRR") of CTT - Correios de Portugal, S.A., and CTT Expresso - Serviços Postais e Logística, S.A.;
  - Independent limited and reasonable assurance report related with information of Plano de Recuperação e Resiliência ("PRR") of CTT - Correios de Portugal, S.A., and CTT Expresso - Serviços Postais e Logística, S.A.;
  - Assessment of the adequacy and effectiveness of the internal control system of CTT – Correios de Portugal, S.A., in relation to the prevention of money laundering and terrorist financing with regard to the issuance and payment of postal vouchers (national and international) in accordance with Banco de Portugal notice No. 2/2018;
  - Assessment of the adequacy and effectiveness of the internal control system of Banco CTT, S.A., 321 Crédito - Sistema Financeira de Crédito, S.A. and Payshop (Portugal), S.A., in relation to the prevention of money laundering and terrorist financing in accordance with Banco de Portugal notice No. 2/2018; and
  - Evaluation of the process of quantifying the impairment of the credit portfolio of Banco CTT, S.A. and 321 Crédito - Banco Financeira de Crédito, S.A..

European Single Electronic Format (ESEF)

The accompanying consolidated financial statements of CTT – Correios de Portugal, S.A. for the year ended 31 December 2022 must comply with the applicable requirements set out in the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (ESEF Regulation).

Management is responsible for preparing and disclosing the annual report in accordance with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements, included in the annual report, are presented in accordance with the requirements set out in the ESEF Regulation.

Our procedures considered the OROC Technical Application Guide on report in ESEF and included, among others:

- obtaining an understanding of the financial reporting process, including the submission of the annual report in valid XHTML format; and
- the identification and evaluation of the risks of material distortion associated with the marking-up of the information of the consolidated financial statements, in XBRL format using iXBRL technology. This evaluation was based on the understanding of the process implemented by the Group to mark-up the information.

In our opinion, the accompanying consolidated financial statements included in the annual report are presented, in all material respects, in accordance with the requirements set out in the ESEF Regulation.

Lisbon, 16 March 2023

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

Luís Pedro Magalhães Varela Mendes - ROC n.º 1841
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Building a better working world

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(Translation from the original document in the Portuguese language.
In case of doubt, the Portuguese version prevails)

Statutory and Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of CTT – Correios de Portugal, S.A. (the Entity), which comprise the Statement of Financial Position as at 31 December 2022 (showing a total of 1,135,432,072 euros and a total equity of 223,832,044 euros, including a net profit for the year of 37,307,258 euros), and the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of CTT – Correios de Portugal, S.A. as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section below. We are independent of the Entity in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors´ code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters in the current year audit are the following:

1. **Revenue recognition**

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As at 31 December 2022, sales and services rendered in the individual financial statements of CTT – Correios de Portugal, S.A. amounts to 466 million euros related to the business segments Mail and Financial Services & Retail (note 41). Revenue recognition associated with these business segments is based on several different contractual terms, different prices by type of sale or service rendered and different revenue recognition policies taking	Our approach included carrying out the following procedures: ► Understanding and evaluation of the design and testing of the operational effectiveness of the relevant controls related with revenue recognition associated with the business segments Mail and Financial Services & Retail; ► Understanding of information systems and controls associated with revenue recognition and testing of the integration process; ► Tests of detail for a sample of transactions, obtaining contractual support documentation when applicable and evidence of

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
into account the timing of the performance obligation fulfilment, as referred to in note 2.23 of the individual financial statements. In addition, there is a complex set of information systems associated with revenue recognition, with the purpose of ensuring its completeness, accuracy and cut-off. Taking into account the materiality of the amounts involved, the degree of judgment associated with the criteria for revenue recognition, as well as the complexity of the information systems associated with it, determines that we consider this topic as a key audit matter.	performance obligation fulfilment, from the initial recognition of the transaction to its receipt; ► Analytical review procedures, namely through monthly analysis compared to the same period of last year, as well as benchmark with observable market data for the business segments of Mail and Financial Services & Retail; ► Obtaining support documentation of the most significant manual journal entries, in order to verify the accuracy of the amounts and its accurate cut-off; ► Cut-off tests of detail based on a sample of transactions carried out before and after 31 December 2022; and ► External confirmations for a representative sample of accounts receivable. Our approach has also included checking the adequacy of the applicable disclosures included in notes 2.23 and 41 of the notes to the financial statements.

2. Employee benefits liabilities

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As at 31 December 2022, employee benefits liabilities in the individual financial statements of CTT – Correios de Portugal, S.A. amounts to 206 million euros, mainly related to healthcare and other long-term employee benefits (note 32). CTT – Correios de Portugal, S.A., with the support of an independent actuarial, determine the current value of liabilities with post-employment benefits, however the calculation requires the use of estimates and assumptions by the actuarial and Management, which depend on demographic and financial forecasts, namely the discount rate, the pensions and salaries growth rates, mortality and disability tables and the growth rate of health costs, among others, as disclosed in note 2.21, 2.30 and 32 of the individual financial statements. The relevance of this matter in our audit results from the complexity and high level of judgment of the liability assessment model as well as the fact that changes to demographic and financial assumptions may lead to a significant change in the value of employee	Our approach included carrying out the following procedures: ► Understanding and evaluation of the design and testing of the operational effectiveness of the relevant controls in the assessment of the employee benefits liabilities; ► Meetings with Management and the independent actuarial in order to understand the methodology, the main demographic and financial assumptions considered and the main changes that occurred in these assumptions compared to the previous period; ► Reading of the actuarial study prepared with reference to 31 December 2022 and evaluation of the reasonableness of the main assumptions, namely the discount rate, the pensions and salaries growth rates, mortality and disability tables and the growth rate of health costs, with the support of our actuarial specialists; ► Reconciliation of the information included in the actuarial study with the individual financial statements as at 31 December 2022; ► Review the accuracy of the beneficiaries' information used in the calculation of the employee benefit liability, for a selected sample; and ► Confirmation of the professional credentials and independence statement of the actuary in relation to the actuarial study prepared as at 31 December 2022.

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
benefit liabilities, determines that we consider this topic as a key audit matter.	Our approach has also included checking the adequacy of the applicable disclosures included in notes 2.21, 2.30 and 32 of the notes to the financial statements.

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for:

- the preparation of financial statements that presents a true and fair view of the Entity´s financial position, financial performance and cash flows in accordance with International Financial Reporting Standards as endorsed by the European Union;
- the preparation of the Management Report, the Corporate Governance Report, the non-financial information and remunerations report in accordance with the laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Entity's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Entity´s ability to continue as a going concern.

The supervisory body is responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- from the matters communicated with those charged with governance, including the supervisory body, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and
- we also provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility includes the verification of the consistency of the Management Report with the financial statements, and the verifications under nr. 4 and nr. 5 of article 451 of the Commercial Companies Code in matters of corporate governance, as well as the verification that the non-financial statement and the remunerations report have been presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and assessment over the Entity, we have not identified any material misstatement. As referred to in article 451, nr. 7 of the Commercial Companies Code this opinion is not applicable to the non-financial statement included in the Management Report.

On the Corporate Governance Report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, in our opinion, the Corporate Governance Report includes the information required to the Entity to provide as per article 29-H of the Securities Code, and we have not identified material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and l) of nr. 1 of the said article.

On non-financial statement

In compliance with paragraph 6 of article No. 451 of the Portuguese Company Law, we hereby inform that the Entity has included in its Management Report the non-financial statement, as provided for in article 66-B of the Commercial Companies Code.

On the Remunerations Report

Pursuant to article 26-G, nr. º 6 of the Securities Code, we hereby inform that the Group has included in a separate chapter of its Corporate Governance Report the information provided for in paragraph 2 of the said article.

On additional items set out in article 10 of the Regulation (EU) nr. 537/2014

Pursuant to article 10 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were appointed as auditors of the Entity for the first time in the shareholders' general meeting held on 29 April 2020 for a mandate from 2021 to 2023;

- Management has confirmed that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional skepticism and we designed audit procedures to respond to the possibility of material misstatement in the financial statements due to fraud. As a result of our work we have not identified any material misstatement to the financial statements due to fraud;
- We confirm that our audit opinion is consistent with the additional report that we have prepared and delivered to the supervisory body of the Entity on 14 March 2023;
- We declare that we have not provided any prohibited services as described in article 5 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and we have remained independent of the Entity in conducting the audit; and
- We declare that, in addition to the audit, we provided the Entity with the following services as permitted by law and regulations in force:
  - Limited review of the interim consolidated financial statements of CTT - Correios de Portugal, S.A., for the six-month period ended 30 June 2022;
  - Limited review of the interim consolidated financial statements of Banco CTT, S.A., for the six-month period ended 30 June 2022;
  - Independent limited assurance report on the sustainability information of CTT - Correios de Portugal, S.A. for the year ended 31 December 2022;
  - Agreed Upon Procedures related with information of Plano de Recuperação e Resiliência ("PRR") of CTT - Correios de Portugal, S.A., and CTT Expresso - Serviços Postais e Logística, S.A.;
  - Independent limited and reasonable assurance report related with information of Plano de Recuperação e Resiliência ("PRR") of CTT - Correios de Portugal, S.A., and CTT Expresso - Serviços Postais e Logística, S.A.;
  - Assessment of the adequacy and effectiveness of the internal control system of CTT – Correios de Portugal, S.A., in relation to the prevention of money laundering and terrorist financing with regard to the issuance and payment of postal vouchers (national and international) in accordance with Banco de Portugal notice No. 2/2018;
  - Assessment of the adequacy and effectiveness of the internal control system of Banco CTT, S.A., 321 Crédito - Sistema Financeira de Crédito, S.A. and Payshop (Portugal), S.A., in relation to the prevention of money laundering and terrorist financing in accordance with Banco de Portugal notice No. 2/2018; and
  - Evaluation of the process of quantifying the impairment of the credit portfolio of Banco CTT, S.A. and 321 Crédito - Banco Financeira de Crédito, S.A..

European Single Electronic Format (ESEF)

The accompanying financial statements of CTT – Correios de Portugal, S.A. for the year ended 31 December 2022 must comply with the applicable requirements set out in the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (ESEF Regulation).

Management is responsible for preparing and disclosing the annual report in accordance with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance about whether the financial statements, included in the annual report, are presented in accordance with the requirements set out in the ESEF Regulation.

Our procedures considered the OROC Technical Application Guide on report in ESEF and included, among others obtaining an understanding of the financial reporting process, including the submission of the annual report in valid XHTML format.

In our opinion, the accompanying financial statements included in the annual report are presented, in all material respects, in accordance with the requirements set out in the ESEF Regulation.

Lisbon, 16 March 2023

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

Luís Pedro Magalhães Varela Mendes - ROC n.º 1841
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Report and Opinion of the Audit Committee

– 2022 Financial Year –

Pursuant to the provisions of article 423-F(1)(g) of the Portuguese Companies Code ("PCC") and article 7(5) of the Internal Regulation of the Audit Committee ("CAUD" or "Committee") of CTT-Correios de Portugal, S.A. ("CTT" or "Company"), CAUD is hereby:

i. Submitting its report of the oversight activities carried out during the 2022 financial year;

ii. Giving its opinion on the management report, the corporate governance report, the non-financial information, the CTT consolidated and individual accounts and the proposal for the appropriation of results, presented by the Board of Directors ("BoD") and included in the Integrated Report for the financial year ended on 31 December 2022; and

iii. Disclose the declaration of conformity regarding the Integrated Report in accordance with article 29-G (1)(c) of the Portuguese Securities Code ("PSC").

Annual Activity Report of the Audit Committee

1. Introduction

CTT adopts an Anglo-Saxon type of governance model, which includes the BoD, as the management body of the Company, CAUD and the Statutory Auditor as responsible for its supervision and oversight.

The Audit Committee elected at the Annual General Meeting ("AGM") of 29 April 2020 for the 2020/2022 term of office is composed of the following non-executive Directors:

- Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia (Chair);
- Steven Duncan Wood (Member); and
- María del Carmen Gil Marín (Member).

According to the criteria set forth in Article 414(5) of the PCC, in section 18.1 of Annex I to CMVM Regulation no. 4/2013 on Corporate Governance, in recommendation III.4 of the 2018 Corporate Governance Code of the Portuguese Institute of Corporate Governance amended in 2020 ("2018 IPCG Code amended in 2020") and in the Institutional Shareholder Services (ISS) Guidelines, the majority of CAUD members elected at the AGM held on 29 April 2020 is independent.

The three Directors who are members of CAUD meet the compatibility criteria for the performance of their duties, assessed in accordance with the definition provided in article 414-A by reference to article 423-B(3) of the PCC, as well as the composition requirements stipulated in article 3(2) of Law 148/2015, of 9 September ("Legal Framework for Audit Supervision"), amended by Law No. 35/2018, of 20 July and Law No. 99-A/2021, of 31 December.

2. Activities Carried Out

During the 2022 financial year, CAUD held seventeen meetings wherein 96% of its members were present.

The meetings were attended, at the invitation of CAUD and when appropriate, by the Chief Financial Officer of CTT, the Statutory Auditor, the Heads of Accounting & Taxes, Planning & Control, Audit, Compliance & Risk, Investor Relations, Company Secretary & Legal Office, Information Systems, Regulation & Competition, Sustainability, and the former Head of People & Culture, and the managers of the Accounting, Internal Audit, Risk and Compliance divisions, as well as members of the Board of Directors of Banco CTT.

In order to ensure full compliance with the powers legally and statutorily attributed to it and contained in its regulations, the Committee carried out various activities and initiatives, with emphasis on those listed below in each of its main areas of intervention:

- **Monitor the functioning of the Company and ensure compliance with the law, the regulations and the articles of association**

  The regular monitoring of the of the activity and business evolution of the Company and its subsidiaries, particularly the decisions of fundamental importance for CTT, namely regarding strategic lines and associated risk factors, as well as monitoring the legal, statutory and regulatory framework applicable to it. This was carried out by this Committee specifically through: ***(i)*** the participation of its members in the Board of Directors' meetings; ***(ii)*** contacts with the Executive Committee or its members; ***(iii)*** contacts and meetings with Company Heads of Department and division managers; ***(iv)*** meetings with the Statutory Auditor of CTT, Ernst & Young, Audit & Associados – SROC, S.A. ("EY"); ***(v)*** analysis of the documents distributed to support its work, and information on and clarifications to the questions raised by this analysis; and ***(vi)*** assessment of the compliance of the Regulation of the Audit Committee, the Regulation on the Provision of Services by the Statutory Auditor, the Whistleblowing Procedures Regulation and the Regulation on the Appraisal and Control of

Transactions with Related Parties and the Prevention of Situations of Conflicts of Interest with the legislation force and the purposes they are meant for; ***(vii)*** consideration of the proposal for a Regulation on the compliance function regarding the prevention of money laundering and terrorist financing; and ***(viii)*** monitoring the implementation of Decree-Law No. 109-E/2021, of 9 December, relating to the General Regime for the Prevention of Corruption, having appraised the proposal for a Code of Conduct on the prevention of corruption and related infringements.

In the performance of its duties the Committee did not come across any constraints or limitations to its action.

- **Supervising the quality and integrity of the financial information in the statements of accounts**

Within the competences laid down in article 423-F(1)(c) to (f) of the PCC and in article 3(3)(a) and (b) of the Legal Framework for Audit Supervision, particularly for the purposes of supervising the compliance with accounting policies, criteria and practices, and the reliability of the financial information, the following main activities were carried out: ***(i)*** regular monitoring of the preparation and disclosure of the financial information, as well as assessment of the accounting principles and standards and respective amendments, including the supervision of their compliance, of the estimates and judgements, the proceedings and the valuation criteria used, in order to ensure their consistent enforcement throughout each financial year; ***(ii)*** assessment of compliance with the annual budget; ***(iii)*** analysis of CTT's individual and consolidated quarterly and half-yearly financial statements; ***(iv)*** analysis of the Annual Reports of CTT subsidiary companies; and ***(v)*** assessment of the half-yearly and annual Integrated Reports of CTT and opinion on the annual Integrated Report as well as on the proposal for the appropriation of results.

- **Overseeing the internal control system, including internal audit, compliance and risk management of the activity**

In the scope of the oversight of the effectiveness of the internal control system in its components of risk management, compliance and internal audit, as well as within the assessment of its adequacy and functioning and corresponding procedures, the following aspects should be noted: ***(i)*** follow-up of the work of the Audit, Compliance & Risk Department and the compliance with its Activity Plan; ***(ii)*** monitoring of the risk policy and governance model; ***(iii)*** appraisal of the efficacy of the internal control systems for the prevention and combat of money laundering and terrorist financing, and of the information systems used in the preparation and disclosure of financial information; ***(iv)*** monitoring of the preparation of non-financial information, in its environmental and social components, included in the Integrated Report; ***(v)*** follow-up of the main litigation underway related to workers, regulators and third parties; ***(vi)*** monitoring of information security initiatives; ***(vii)*** *a posteriori* assessment of transactions with related parties submitted to the Committee in accordance with the provisions of the its regulation; no commercial transactions with related parties requiring its prior opinion have come to the Committee's attention; and ***(viii)*** appraisal of claims received, none of which was considered as an irregularity covered by the Whistleblowing Procedures Regulation.

- **Supervising the performance of the duties of the Statutory Auditor**

In terms of the follow-up and monitoring of CTT's Statutory Auditor and the supervision of compliance with the respective independence rules, as required by the applicable laws and regulations, as well as of its audit work, the following activities carried out by this Committee, as its main liaison, stand out: ***(i)*** analysis of the Statutory Auditor's Reports of consolidated and individual accounts and of the annual Additional Report, as well as of the Limited Review Report regarding the Interim Consolidated Financial Statements; ***(ii)*** assessment of how the statutory audit has contributed to the integrity of the process of preparing and disclosing financial information by means of the analysis and discussion with the Statutory Auditor on its annual work plan and materiality levels used in the statutory audit, the accounting policies and follow-up of the conclusions of the interim and half-yearly limited review work, the main audit issues and evaluation of the general internal control environment, as well as on the recommendations regarding accounting and internal control aspects; ***(iii)*** prior approval of non-audit services, in order to ensure that these are not prohibited by the EU legislation; and ***(iv)*** appraisal of the services provided by the Statutory Auditor and of the complementary information received therefrom under the terms of article 78 (2) of Law No. 140/2015, of 7 September (Statutory Auditors' Statute), as amended by Law No. 99-A/2021, of 31 December), in order to assess that they do not jeopardize its independence or condition its opinion.

Declaration of Conformity

Under the provisions of article 29-G(1)(c) of the PSC, applicable by virtue of article 8(1)(a) of CMVM Regulation no. 5/2008, the members of the Audit Committee of CTT identified below, in the framework of the duties they are assigned with, hereby state that, to the best of their knowledge, the information in the Integrated Report regarding the management report, the annual consolidated and individual financial statements, the Statutory Auditor's Report of consolidated accounts, and the Statutory Auditor's Report of individual accounts, and other consolidated and individual accounting documents required by law or regulation, regarding the financial year ended on 31 December 2022:

i. Was prepared in accordance with the applicable accounting standards, giving a true and fair view of the assets and liabilities, the financial situation and the results of CTT and the companies included in its consolidation perimeter; and

ii. The management report, in particular, faithfully describes the business evolution, the performance and position of CTT and the companies included in its consolidation perimeter and contains a description of the major risks and uncertainties those entities are faced with.

Opinion on the Integrated Report

CAUD has reviewed, as parts of the Integrated Report, the management report and the consolidated and individual financial statements for the financial year ended on 31 December 2022, including the statement of financial position, the income statements, the statement of comprehensive income, the statement of changes in equity and the cash flow statement, as well as the notes attached thereto.

The consolidated and individual financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, in force as of 31 December 2022.

CAUD also analysed, as components of the Integrated Report, the corporate governance report, taking into account the provisions of article 420(5) of the PCC, by reference to the provisions of article 423-F(2), and article 29-H of the PSC, and the non-financial information, pursuant to articles 66-B and 508-G of the PCC. CAUD also verified the disclosure of key performance indicators for activities related to assets or processes associated with sustainable economic activities, in accordance with Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020, and Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021.

CAUD checked that the presentation of the consolidated financial statements included in the Integrated Report for the 2022 financial year was made in accordance with the requirements established in the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018.

CAUD appraised with special attention the Statutory Auditor's Reports issued by EY on 16 March 2023 related to: ***(i)*** the auditing of the consolidated and individual financial statements approved by the Board of Directors, which express a favourable opinion on said financial statements, with no limitations or qualifications; and ***(ii)*** the compliance with other legal and regulatory requirements applicable to the management report, the corporate governance report and the non-financial information, which express compliance with the requirements in force. CAUD also noted that the Statutory Auditor's Reports include the additional information required in Article 10 of Regulation (EU) No 537/2014 of 16 April, particularly, with regard to "Audit-Relevant Matters", a description of the most significant assessed risks of material misstatement and a summary of the Statutory Auditor's response to those risks, as well as an explanation of the extent to which the statutory audit was considered capable of detecting irregularities, including fraud.

Given the above-mentioned data and the action carried out, as well as in compliance with the provisions of article 423-F(1)(g), article 420(5) and (6), applicable by reference to the provisions of article 423-F(2), and article 452, all of the PCC, the Audit Committee hereby states that, to the best of its knowledge, the information within the Integrated Report of CTT – Correios de Portugal, S.A. as of 31 December 2022 regarding:

- The management report, the corporate governance report, and the non-financial information,
- The consolidated and individual financial statements,
- The Statutory Auditor's Reports on the consolidated and individual accounts dated 16 March 2023, and
- The proposal for the appropriation of results

comply with the applicable legal and accounting rules and the Articles of Association. Accordingly, the Committee agrees with same and recommends that the General Meeting of CTT approves them.

Lisbon, 16 March 2023

The Audit Committee of CTT – Correios de Portugal, S.A.,

Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia (Chair)

Steven Duncan Wood (Member)

María del Carmen Gil Marín (Member)

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(Translation from the original Portuguese language. In case of doubt, the Portuguese version prevails)

Independent Limited Assurance Report

To the Board of Directors of
CTT – Correios de Portugal, S.A.

Scope

We have been engaged by CTT – Correios de Portugal, S.A. ("CTT") to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, to report on the disclosures identified in the "Annex IV – GRI Index", which include the sustainability information included in the Integrated Report 2022 (the "Sustainability Information"), for the year ended 31 December 2022.

Criteria applied

CTT prepared the Sustainability Information in accordance with the sustainability reporting standards of the Global Reporting Initiative – GRI Standards and with the provisions of article 508.º-G of the Commercial Companies Code (*Código das Sociedades Comerciais*) and article 29.º-H, nº1, paragraph q) of the Securities Code (*Código dos Valores Mobiliários*) with respect to non-financial and diversity disclosures (together the "Criteria").

Responsibilities of the Management

CTT's management is responsible for selecting the Criteria, and for preparing the Sustainability Information in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining an appropriate internal control system, maintaining adequate records and making estimates that are relevant to the preparation of the Sustainability Information, such that it is free from material misstatement, whether due to fraud or error.

Responsibilities of the Auditor

Our responsibility is to examine the Sustainability Information prepared by CTT and to issue a limited assurance report based on the evidence obtained.

Our engagement was conducted in accordance with the International Standards for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information – ISAE 3000 (Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and other technical standards and recommendations issued by the Portuguese Institute of Statutory Auditors (*Ordem dos Revisores Oficiais de Contas*). These standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Sustainability Information is prepared in accordance with the Criteria.

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. In these circumstances, our independent review procedures comprised the following:

- Inquiries to management with the objective to understand the business context and the sustainability reporting process;
- Conducting interviews with personnel responsible for preparing the information in order to understand the processes for collecting, collating, reporting and validating of the Sustainability Information for the reporting period;
- Conducting analytical review procedures to support the reasonableness of the data;

- Execution, on a sample basis, of tests to the calculations carried out, as well as tests to prove the quantitative and qualitative information included in the report;
- Verification of the conformity of the Sustainability Information with the results of our work and with the Criteria applied.

We consider that the evidence obtained is sufficient and appropriate to provide the basis for our conclusion.

Quality and Independence

We apply the International Standard on Quality Control 1 and, accordingly, maintain a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the *Ordem dos Revisores Oficiais de Contas'* Code of ethics and of the International Code of Ethics for Professional Accountants (including international independence standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentially and professional behavior.

Conclusion

Based on our work and evidence obtained, nothing has come to our attention that cause us to believe that the Sustainability Information, for the year ended 31 December 2022, has not been prepared, in all material respects, in accordance with the Criteria.

Lisboa, 16 March 2023

Ernst & Young Audit & Associados - SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(signed)

Manuel Ladeiro de Carvalho Coelho da Mota - ROC nº 1410
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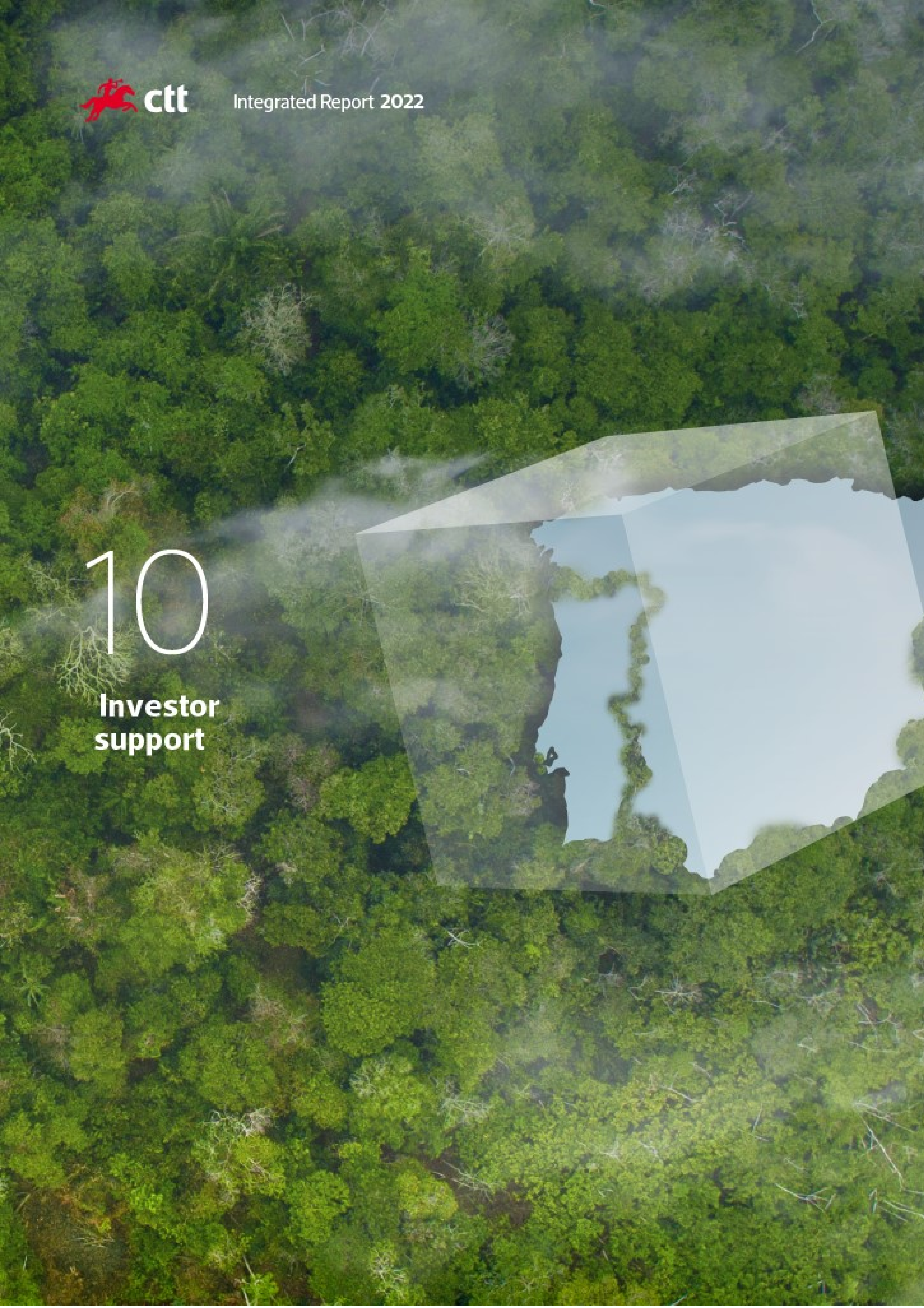


10 Investor support

10. INVESTOR SUPPORT

GRI 2-3, 2-13, 2-29

The mission of the **Investor Relations** department of CTT is to ensure a solid and long-term two-way relationship between, on the one hand, shareholders, investors and research analysts, the Portuguese Securities Market Commission (CMVM), Euronext Lisbon, and the capital markets in general and, on the other hand, the Company and its corporate bodies. For that purpose, (i) it provides timely, clear and transparent information on the current evolution of CTT in economic, financial and corporate governance terms, (ii) it acts as an entry point for analysts and investors' views, and (iii) it benchmarks the Company's performance against other players in the sector. Additionally, the department ensures that the Company's strategy is proactively articulated with investors and research analysts and that the Company has a complete understanding of the perception that the markets have of it.

The Investor Relations (IR) team consists of 4 people, is managed by Nuno Vieira, and its **contacts** are as follows:

Address: Avenida dos Combatentes, nº 43 - 14th floor
1643-001 Lisboa
Portugal
investors@ctt.pt
Telephone: +351 210 471 087
Fax: +351 210 471 996
Website: www.ctt.pt

The **Market Relations Representative of CTT** is the Executive Director and CFO, Guy Patrick Guimarães de Goyri Pacheco.

In 2022, within the above-mentioned mission, the IR team carried out the following initiatives:

- In addition to the regular publication of financial accounts (2021 Integrated Report and Interim Integrated Report of the 1st half of 2022), 57 press releases with material information (including press releases and presentations of quarterly results) were issued, of which 27 press releases regarding CTT Share Buy-back Programme and one on the payment of dividends to shareholders. In total, fifty-eight communications to the market were produced in the 2022 financial year.

- Fifty-five e-mails were received and processed from institutional investors, 28 from *research* analysts and 171 from other investors and the general public. The team responded to the majority of the information requests received within 24 hours (1 workday). At the end of 2022, no e-mail or other query was left unanswered.

- During the year, CTT met with 58 investors in four conferences, five roadshows and several other meetings held both online and in-person, summing up a total of 91 contacts with institutional and retail investors from Portugal and various other countries such as Spain, Germany, The Netherlands, Italy, the UK and Switzerland, as well as the United States of America.

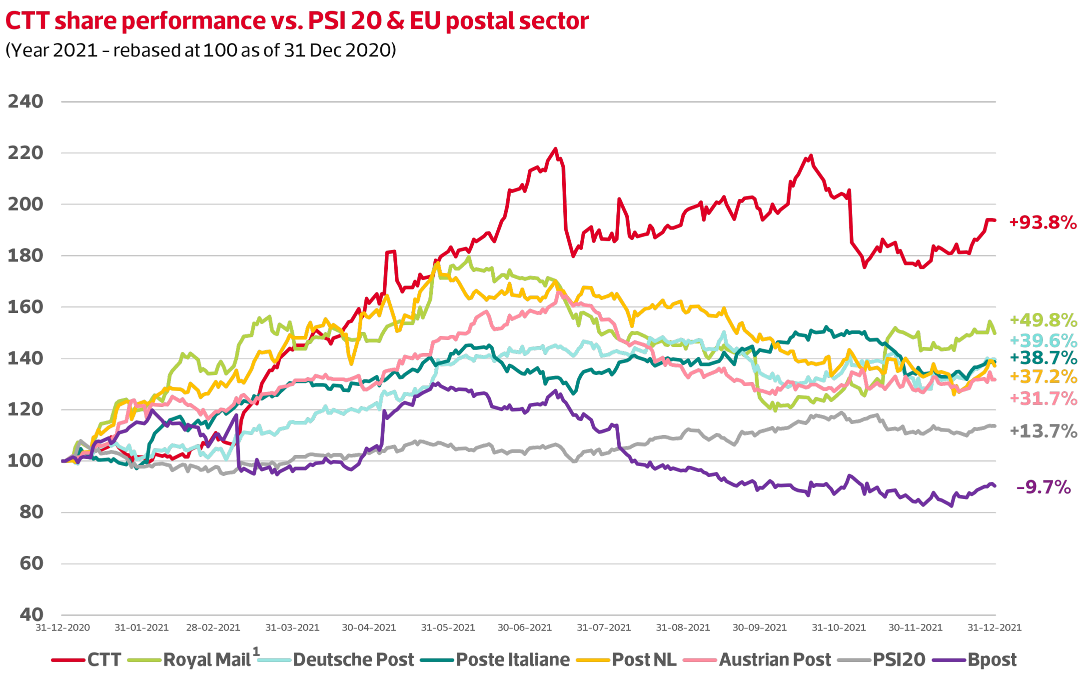
- In this regard, it is also worth highlighting the CTT Capital Markets Day 2022 held in Lisbon on 23 June. During this event, which was attended online or in-person by around 70 participants, CTT's Management team reviewed the Company's continued transformation strategy anchored on business and commerce services, and presented the new strategy and the ESG (Environment, Social and Governance) and financial targets for the 2022-25 period. The video of the event, and the corresponding presentation and press release are available on CTT's website, at https:// www.ctt.pt/ grupo-ctt/investidores/eventos/capital-markets-day-2022.

As at 31 December 2022, the coverage of CTT shares was provided by six research analysts. As at that date, the average target price of the five analysts who provided regular coverage of the share (i.e., who issued research and recommendations in the last 12 months) was €3.75; Santander research was under review. Three analysts issued a positive recommendation on the share, another one held a neutral recommendation and the other one held a negative recommendation. At the beginning of January 2022, Santander resumed the coverage of CTT and issued a positive recommendation (Outperform).

Throughout the year 2022, circa 147 million CTT shares were traded, corresponding to a daily average of 572 thousand shares, which translates into an annualized turnover ratio of around 98.5% of the share capital and is a clear measure of the liquidity level of the stock. As at 30 December 2022, in the last trading session of the year, the closing price of the CTT share was €3.08.

In 2022, CTT distributed a dividend of €0.12 per share and the share price decreased by 31.3%. Hence, the total shareholder return or TSR (capital gain + dividend (assuming reinvestment in the share), calculated on the basis of the share price as at 31 December 2021) was -29.0%. During this period, the PSI 20 appreciated by 2.9% and recorded a total shareholder return of 6.6%.

As shown in the graph below, the whole European postal sector experienced a decline in terms of share price variation and total shareholder return in 2022. Despite the sector's poor performance, Austrian Post was the company that saw the smallest drop in share price (-15.3%) and total shareholder return (-10.1%). As mentioned in the previous paragraph, CTT followed the trajectory of the sector, having suffered a fall in share price in 2022.



[1.] Royal Mail share price in GBP
Source: Bloomberg as at 31 Dec 2022.

11 Website

11. WEBSITE

GRI 2-1, 2-3

Address

CTT's website address is as follows: www.ctt.pt

Place where information on the firm, public company status, headquarters and other details of the Company are available

This information can be consulted on CTT's website (www.ctt.pt).

Place where the articles of association and the regulations on the functioning of the boards and/ or committees are available

This information can be consulted on CTT's website (www.ctt.pt).

Place where information is available on the names of the corporate boards' members, the Market Liaison Officer, the Investor Assistance Office, respective functions and contact details

This information can be consulted on CTT's website (www.ctt.pt).

Place where the documents are available that relate to financial accounts reporting, and the half-yearly calendar on company events

This information can be consulted on CTT's website (www.ctt.pt).

CTT's financial calendar for 2023 includes the following corporate events:

Event	Date
2022 Annual Results and Integrated Report	16 March 2023*
2023 Annual Shareholders' Meeting	20 April 2023
1st Quarter 2023 Results	4 May 2023*
Ex-dividend date	17 May 2023
Dividend payment	19 May 2023
1st Half 2023 Results and Interim Report	27 July 2023*
9 months 2023 Results	2 November 2023*

* After market close

Place where the notice convening the general meeting and all the preparatory and subsequent information related thereto is disclosed

This information may be found on CTT's website (www.ctt.pt).

Place where the historical archive on the resolutions passed at the company's General Meetings, share capital and voting results

This information can be consulted on CTT's website (www.ctt.pt).

Place where the sustainability report and the sustainability principles and initiatives of the Company are available

Te report can be consulted on CTT's website (www.ctt.pt). We are interested in receiving comments or suggestions, which can be sent to the following address: sustentabilidade@ctt.pt, or to the physical address, CTT- Correios de Portugal, c/o Gabinete de Sustentabilidade/ Sustainability Department.

Integrated Report **2022**

Annex I

Curricula

ANNEX I – *CURRICULA*

GRI 2-10, 2-17

CURRICULA OF THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES AND REMUNERATION COMMITTEE

I. Members of the management and supervisory bodies

Raul Catarino Galamba de Oliveira

Chairman of the Board of Directors of CTT - Correios de Portugal, S.A. (CTT) (Non-Executive and Independent)

Date of birth and nationality	21 November 1964, born in Portugal
Date of 1st appointment at CTT	29 April 2020
Term of office	2020-2022

Academic qualifications

- ✓ **1990:** MBA, Universidade Nova de Lisboa
- ✓ **1989:** MSc in Systems Engineering (Expert Systems), Instituto Superior Técnico (IST), Universidade de Lisboa
- ✓ **1987:** Degree in Mechanical Engineering, Instituto Superior Técnico (IST), Universidade de Lisboa

Management and supervisory positions held internally

- ✓ **2020-**…: Chairman (non-executive) of the Board of Directors of CTT

Other internal positions held

- ✓ **2020-**…: Chairman of the Selection and Remuneration Committee of Banco CTT, S.A.
- ✓ **2020-**…: Chairman of the Selection Committee of Payshop (Portugal), S.A.
- ✓ **2020-**…: Chairman of the Selection Committee of 321 Crédito - Instituição Financeira de Crédito, S.A.
- ✓ **2020-**…: Member of the Ethics Committee of CTT
- ✓ **2020-**…: Chairman of the Corporate Governance, Evaluation and Nominating Committee of CTT

Professional experience

- ✓ Started his professional career as Assistant Professor and Researcher in Control Systems and Informatics at Instituto Superior Técnico and at Universidade Católica Portuguesa.
- ✓ Between 1990 and 2017, held positions at McKinsey & Company, namely as Senior Partner for the Financial Institutions are, Managing Partner for Spain and Portugal, Managing Partner for Global Risk Management, and Member of the Global Board of Directors, of the Global Remunerations Committee and of the Partner Election and Evaluation Committees. Since September 2017, has been Director *Emeritus* of McKinsey & Company.
- ✓ Currently, holds positions on the Boards of Directors of several companies in Portugal and Spain, including BBVA, José de Mello Capital and CUF (formerly José de Mello Saúde).

Management and supervisory positions held in other companies (last 5 years)

- ✓ **2020-**…: Non-executive Member of the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A.
- ✓ **2019-**…: Non-executive Member of the Board of Directors of José de Mello Capital, S.A.
- ✓ **2017-**…: Non-executive Member of the Board of Directors of CUF, S.A. (formerly José de Mello Saúde, S.A.)

Other external positions held (last 5 years)

- ✓ **2004-**…: Chairman of the Board of Directors of Fundação Manuel Violante

João Afonso Ramalho Sopas Pereira Bento

Member of the Board of Directors and Chief Executive Officer (CEO) of CTT - Correios de Portugal, S.A. (CTT)

Date of birth and nationality	12 November 1960, born in Portugal
Date of 1st appointment at CTT	20 April 2017
Term of office	2020-2022

Academic qualifications

- ✓ **2018:** IDP-C, International Directors Programme - Certificate, INSEAD
- ✓ **1999:** Habilitation in Intelligent Systems at Instituto Superior Técnico (IST), Universidade de Lisboa
- ✓ **1992:** PhD in Civil Engineering, Imperial College, London and Doctoral equivalence awarded by Universidade de Lisboa
- ✓ **1987:** Master of Science in Structural Engineering, Instituto Superior Técnico (IST), Universidade de Lisboa
- ✓ **1983:** Degree in Civil Engineering, Instituto Superior Técnico (IST), Universidade de Lisboa

Management and supervisory positions held internally

- ✓ **2021-...**: Chairman of the Board of Directors of CTT IMO – Sociedade Imobiliária, S.A.
- ✓ **2020-…:** Chairman of the Board of Directors of CTT Soluções Empresariais, S.A.
- ✓ **2019-…:** Chairman of the Board of Directors of CTT Expresso – Serviços Postais e Logística, S.A. (appointed to the position of Chairman on June 27, 2019)
- ✓ **2017-…:** Member of the Board of Directors of CTT and Chief Executive Officer ("CEO") (appointed to the position of CEO on May 13, 2019 effective May 22, 2019. Until that date and since 2017 held the position of non-executive member of the Board of Directors of CTT)
- ✓ **2021-2022:** Chairman of the Board of Directors of HCCM Outsourcing Investment, S.A.

Other internal positions held

- ✓ **2019-…:** Member of the Selection and Remuneration Committee of Banco CTT, S.A.
- ✓ **2019-…:** Member of the Selection Committee of Payshop (Portugal), S.A.
- ✓ **2019-…:** Member of the Selection Committee of 321 Crédito - Instituição Financeira de Crédito, S.A.
- ✓ **2019-…:** Chairman of the Board of the General Meeting of Correio Expresso de Moçambique, S.A. (CORRE)
- ✓ **2019-19:** Chairman of the Remuneration Committee of Banco CTT, S.A.
- ✓ **2019-19:** Member of the Selection Committee of Banco CTT, S.A.
- ✓ **2017-19:** Member of the Committee for the Monitoring of the Implementation of the Operational Transformation Plan of CTT
- ✓ **2017-19:** Member of the Corporate Governance, Evaluation and Nominating Committee of CTT

Professional experience

- ✓ Vice-Chairman of the Board and CEO at Gestmin SGPS, S.A. (now Manuel Champalimaud SGPS, S.A.) between 2015 and 2019, having been appointed in 2017 as non-executive member of the Board of Directors of CTT. In 2019 was appointed CEO of CTT having ceased, from that date on, all his functions at the Manuel Champalimaud Group.
- ✓ At CTT, as Chairman of the Executive Committee, he is responsible for the general coordination of the executive activity, P&L and Business Development, with direct oversight of the areas of Support to the Executive Committee, Sustainability, Innovation, Regulation and Competition, Company Secretary and Legal Department, Institutional Relations and Philately, which he cumulates with the positions of Chairman

of the Board of Directors of the subsidiaries CTT Expresso - Serviços Postais e Logística, S.A., CTT Soluções Empresariais, S.A., and CTT IMO - Sociedade Imobiliária, S.A.

- ✓ Has a vast professional experience in executive and non-executive positions in large, listed companies in Portugal and Brazil, particularly in the infrastructure and energy sectors. Between 2011 and 2015 was CEO of Efacec, an industrial company recognised for its innovation in equipment and automation in the power sector, at that time present in 22 countries, being responsible for areas such as risk management, human resources, communication, innovation and international business development.
- ✓ In the same period, became a member of the Board and of the Executive Committee of the José de Mello Group and was President of COTEC Portugal, the association of corporates for innovation.
- ✓ Was an executive member of the Board of Directors of Brisa for 11 years (at the time operating in 5 countries), being responsible, among others, for the areas of operations, innovation, business development and international development, chairing several infrastructure concessionaires and other Brisa participated companies.
- ✓ From 2000 to 2003, he was a non-executive member of the Board of Directors of EDP, then the largest listed company in Portugal.
- ✓ Started his professional career as an academic, being a tenured Full Professor at Instituto Superior Técnico (IST) since 2000. Started a long-term leave of absence in 2002 in order to carry out full-time functions in business management positions.

Management and supervisory positions held in other companies (last 5 years)

- ✓ **2022-…:** Manager of Método Motriz, Unipessoal, Lda.
- ✓ **2020-…:** Member of the Board of Directors of International Post Corporation (IPC)
- ✓ **2015-…:** Managing Partner of QPDM Consulting, Lda. (previously S.A.; between 2019 and 2020 held the position of Chairman of the Board of Directors and in 2020 became managing partner)
- ✓ **2019-19:** Chairman of the Board of Directors of I.-Charging, Mobilidade Eléctrica, S.A.
- ✓ **2016-19:** Chairman of the Board of Directors of OZ Energia, S.A.
- ✓ **2016-19:** Manager of Manuel Champalimaud Serviços, Unipessoal, Lda.
- ✓ **2015-19:** Vice-Chairman of the Board of Directors and Chief Executive Officer of Manuel Champalimaud, SGPS, S.A.
- ✓ **2016-16:** Member of the Board of Directors of Sogestão, S.A.
- ✓ **2014-16:** Member of the Board of Directors of CCB - Fundação Centro Cultural de Belém
- ✓ **2012-15:** Member of the Board of Directors and of the Executive Committee of Grupo José de Mello, SGPS, S.A.
- ✓ **2011-15:** Member of the Board of Directors and Chief Executive Officer of Efacec Capital, SGPS, S.A.
- ✓ **2011-15:** Chairman of several subsidiaries of Efacec: Efacec-Sistemas de Gestão (PT), Efacec Energia - Máquinas e Equipamentos Eléctricos (PT), Efacec Engenharia e Sistemas (PT), Efacec-Serviços de Manutenção e Assistência (PT), Efacec Marketing Internacional (PT), Gemp - Empreendimentos Imobiliários (PT), Empovar (PT), Efacec USA, Inc. (US), Efacec India Private Limited (IN), Efacec Handling Solutions (PT), Efacec Moçambique (MZ), Efasa (ZA).

Other external positions held (last 5 years, *pro bono*)

- ✓ **2019-…:** Member of the Board of Trustees of Fundação Alfredo de Sousa
- ✓ **2019-…:** Member of the Advisory Council of Reshape (formerly, APAC Portugal – Associação de Apoio ao Preso)
- ✓ **2018-…:** Member of the Board of ICF – Inclusive Community Forum – Nova SBE
- ✓ **2017-…:** Member of the Strategic Innovation Council of VdA - Vieira de Almeida & Associados, Sociedade de Advogados, RL
- ✓ **2016-…:** Member of the General Council of IPCG (Portuguese Institute of Corporate Governance) in an individual capacity

- **2013-…:** Permanent member of the Advisory Council of AICEP (Agency for Investment and External Trade of Portugal)
- **2011-…:** Vice-President and Acting President of Academia de Engenharia
- **2015-20:** President of Quinta do Perú Golf Club
- **2014-20:** Member of the Advisory Council of ANI (National Innovation Agency)
- **2014-19:** Member of the General Council of Universidade de Lisboa
- **2012-18:** President of COTEC Portugal, the Business Association for Corporate Innovation (2012-15) and Member of the Board (2015-18)
- **2014-15:** Chairman of the General Meeting of APGEI (Portuguese Association of Industrial Management and Engineering)
- **2012-15:** Member and coordinator of CNEI (National Council for Entrepreneurship and Innovation)

Distinctions

- Honorary President of ASECAP (European Association of Operators of Toll Road Infrastructures), since 2007
- Was awarded the *Grã Cruz da Ordem do Infante D. Henrique* (Grand Cross of Order of Prince Henry the Navigator), by the President of the Portuguese Republic in 2016

Guy Patrick Guimarães de Goyri Pacheco

Member of the Board of Directors and Chief Financial Officer (CFO) of CTT - Correios de Portugal, S.A. (CTT)

Date of birth and nationality	25 May 1977, born in Portugal
Date of 1st appointment at CTT	19 December 2017
Term of office	2020-2022

Academic qualifications

- ✓ **2011:** Leaders who transform, Universidade Católica Portuguesa | Universidade Nova of Business and Economics
- ✓ **2010:** Leadership Executive Program, Universidade Católica Portuguesa
- ✓ **2000:** Degree in Economics, Faculdade de Economia, Universidade do Porto

Management and supervisory positions held internally

- ✓ **2022-…:** Member of the Board of Directors of Medspring, S.A.
- ✓ **2021-…:** Member of the Board of Directors of CTT IMO – Sociedade Imobiliária, S.A.
- ✓ **2021-…:** Member of the Board of Directors of Newspring Services, S.A.
- ✓ **2020-…:** Member of the Board of Directors of CTT Soluções Empresariais, S.A.
- ✓ **2018-…:** Non-executive Member of the Board of Directors of Banco CTT, S.A.
- ✓ **2017-...:** Member of the Board of Directors and Chief Financial Officer (CFO) of CTT
- ✓ **2017-…:** Member of the Board of Directors of CTT Expresso - Serviços Postais e Logística, S.A.
- ✓ **2021-2022:** Member of the Board of Directors of HCCM Outsourcing Investment, S.A.
- ✓ **2018-2019:** Member of the Board of Directors of Tourline Express Mensajería, S.L.U.

Other internal positions held

- ✓ ---

Professional experience

- ✓ As member of the Executive Committee (CFO) of CTT, he is currently responsible for Cost, Transformation and Operations Planning, and is also a member of the Boards of Directors of the subsidiaries CTT Expresso - Serviços Postais e Logística, S.A., Banco CTT, S.A., CTT Soluções Empresariais, S.A., Newspring Services, S.A., CTT IMO - Sociedade Imobiliária, S.A. and Medspring, S.A.
- ✓ Between 2015 and 2017 he had as main occupation the functions of CFO of PT Portugal, SGPS, S.A. and between 2011 and 2015 the functions of Head of Planning and Control of Portugal Telecom, SGPS, S.A. (listed company).
- ✓ Financial, planning and control and financial and operational reporting are his core expertise areas, having performed top management functions in these domains over 17 years in PT Group.
- ✓ With an extensive experience and transformational profile in functions related to strategic transformation of the telecommunications and digital business sector both nationally and internationally (having worked between 2001 and 2017 in markets marked by a challenging regulatory, technological and competitive context, having been, between 2007 and 2011, specially involved in transformation and continuous improvement projects), he led, as CFO, plans for the optimisation and cost reduction in the same sector.

Management and supervisory positions held in other companies (last 5 years)

- ✓ **2017-…:** Member of the Board of Directors of Finerge, S.A.

- ✓ **2017-2019:** Member of the Board of Directors of Âncora Wind – Energia Eólica, S.A.
- ✓ **2017-2018:** Member of the Board of Directors of First State Wind Energy Investments, S.A.
- ✓ **2017-2017:** Non-executive Member of the Board of Directors of Sport TV Portugal, S.A.
- ✓ **2016-2017:** Chairman of the Board of Directors of Janela Digital – Informática e Telecomunicações, S.A.
- ✓ **2016-2017:** Non-executive Member of the Board of Directors of Capital Criativo, SCR, S.A.
- ✓ **2015–2017:** Member of the Executive Committee (Chief Financial Officer) of PT Portugal, SGPS, S.A.
- ✓ **2015-2017:** Chairman of the Fiscal Board of Hungaro Digitel Plc.
- ✓ **2015-2017:** Member of the Board of Directors of PT Pay, S.A.
- ✓ **2015-2016:** Chairman of the Fiscal Board of Fibroglobal – Comunicações Electrónicas, S.A.
- ✓ **2013-2015:** Member of the Board of Directors of PT Centro Corporativo, S.A.
- ✓ **2013-2015:** Member of the Fiscal Board of Fundação Portugal Telecom
- ✓ **2011-2014:** Non-executive Member of the Board of Directors of PT PRO – Serviços Administrativos e de Gestão Partilhados, S.A.

Other external positions held (last 5 years)

- ✓ **2018 -...:** Member of the Board of AEM (Portuguese Issuers Association)

António Pedro Ferreira Vaz da Silva

Member of the Board of Directors and of the Executive Committee of CTT - Correios de Portugal, S.A. (CTT)

Date of birth and nationality	13 November 1966, born in Portugal
Date of 1st appointment at CTT	20 April 2017
Term of office	2020-2022

Academic qualifications

- ✓ **2020:** Qualification course for Insurance Agent, Insurance Broker or Reinsurance Mediator - Non-Life and Life Branches, APS – Associação Portuguesa de Seguradores
- ✓ **2016:** Banco CTT, S.A. Top Management Training Programme, Instituto Superior de Gestão Bancária and Associação Portuguesa de Bancos
- ✓ **2014:** Corporate Management Programme, AESE Business School
- ✓ **1984:** High School degree, Escola Secundária da Amadora

Management and supervisory positions held internally

- ✓ **2022-…:** Member of the Board of Directors of Medspring, S.A.
- ✓ **2021-…:** Member of the Board of Directors of CTT IMO – Sociedade Imobiliária, S.A.
- ✓ **2020-…:** Member of the Board of Directors of CTT Soluções Empresariais, S.A.
- ✓ **2018-…:** Member of the Board of Directors of Payshop (Portugal), S.A.
- ✓ **2017-…:** Member of the Board of Directors and of the Executive Committee of CTT
- ✓ **2017-…:** Member of the Board of Directors of CTT Expresso – Serviços Postais e Logística, S.A.
- ✓ **2017-…:** Non-executive Member of the Board of Directors of Banco CTT, S.A.
- ✓ **2021-2022:** Member of the Board of Directors of HCCM Outsourcing Investment, S.A.

Other internal positions held

- ✓ ---

Professional experience

- ✓ As member of the Executive Committee of CTT (COO) he is currently responsible for Operations Execution and Human Resources Management, and is also a member of the Boards of Directors of the subsidiaries Banco CTT, S.A. (non-executive), CTT Expresso - Serviços Postais e Logística, S.A., Payshop (Portugal), S.A., CTT Soluções Empresariais, S.A., CTT IMO - Sociedade Imobiliária, S.A. and Medspring, S.A.
- ✓ With a 20-year professional career in commercial and retail banking at Millennium BCP, he held several roles within the group in Portugal. He joined the Private and Business team of Millennium BCP in 2000.
- ✓ In 2004, he joined CTT as Senior Sales Manager, being responsible for the operational and sales on the south area at Retail Network. He successfully developed his career at CTT, becoming the Head of the Retail Network in 2013, acquiring a vast experience in managing and motivating teams and Human Resources, and in sales and marketing of the various products placed through the Retail Network (from Mail and Express & Parcels to Financial Services, as well as services of general interest). Throughout this 16-year period at CTT he has been engaged in several key initiatives and projects related to the optimisation and rationalisation of the Retail Network and its portfolio, as well as in the promotion of the proximity and capillarity associated with this network.
- ✓ His background at CTT contributed to make the Retail Network an increasingly important sales and services channel in CTT's revenue growth in all business units and a national wide platform of convenience and multi-services, having played an active role in the launching in 2016 of Banco CTT which is supported by the CTT's Retail Network.

Management and supervisory positions held in other companies (last 5 years)

- ✓ ---

Other external positions held (last 5 years)

- ✓ ---

João Carlos Ventura Sousa

Member of the Board of Directors and of the Executive Committee of CTT - Correios de Portugal, S.A. (CTT)

Date of birth and nationality	26 March 1975, born in Portugal
Date of 1st appointment at CTT	18 September 2019
Term of office	2020-2022

Academic qualifications

- ✓ **2011:** Leadership and Innovation Programme, Católica School of Business & Economics
- ✓ **1999:** Master of Business Administration, INDEG/ISCTE
- ✓ **1998:** Degree in Management and Marketing, Instituto Superior de Línguas e Administração

Management and supervisory positions held internally

- ✓ **2022-…:** Chairman of the Board of Directors of CTT Services, S.A.
- ✓ **2022-…:** Chairman of the Board of Directors of Medspring, S.A.
- ✓ **2021-…:** Member of the Board of Directors of CTT IMO – Sociedade Imobiliária, S.A.
- ✓ **2021-…:** Chairman of the Board of Directors of Newspring Services, S.A.
- ✓ **2020-…:** Member of the Board of Directors of CTT Soluções Empresariais, S.A.
- ✓ **2020-…:** Chairman of the Board of Directors of CTT Contacto, S.A.
- ✓ **2019-…:** Member of the Board of Directors of Correio Expresso de Moçambique, S.A. (CORRE)
- ✓ **2019-…:** Member of the Board of Directors and of the Executive Committee of CTT
- ✓ **2019-…:** Member of the Board of Directors of CTT Expresso - Serviços Postais e Logística, S.A.
- ✓ **2021-2022:** Member of the Board of Directors of HCCM Outsourcing Investment, S.A.
- ✓ **2019-2019:** Chairman of the Board of Directors of Tourline Express Mensajería, S.L.U.

Other internal positions held

- ✓ ---

Professional experience

- ✓ Since 2015, he has been performing management functions, in particular as executive member of the Board of Directors (Chief Sales and Marketing Officer) of Altice Portugal (formerly Portugal Telecom), member of the Board of Directors and Chief Executive Officer (CEO) of PT Cloud and Data Centers and Portugal Telecom Data Center, having been appointed, as from September 2019, executive member of the Board of Directors of CTT.
- ✓ As member of the Executive Committee of CTT(CMO), he is currently responsible for revenue, as well as for the commercial areas, B2B and B2C segments and CTT Expresso's business (Spanish Branch), which he combines with the positions of member of the Board of Directors of Group companies CTT Expresso - Serviços Postais e Logística, S.A., Correio Expresso de Moçambique, S.A. (CORRE), CTT Soluções Empresariais, S.A., and CTT IMO - Sociedade Imobiliária, S.A., and Chairman of the Board of Directors of subsidiaries CTT Contacto, S.A., Newspring Services, S.A., Medspring, S.A. and CTT Services, S.A.
- ✓ He started his professional career at Marconi as a Product and Market Manager responsible for the management of international products and tariffs and business development, having joined, two years later, Teleweb as New Businesses and Tariffs Manager being one of the members of the original team that launched this operator.
- ✓ He joined Portugal Telecom Group (currently Altice Portugal) from 2001 on, as a SME manager at TMN, in charge of product development, sales channels and business development. During this period, he achieved market leadership in the B2B segment and launched the first convergent solution (Officebox). In 2004 he was the corporate market manager for TMN and in 2007 he was the director of the B2B segment of Portugal Telecom where he was responsible, among others, for the implementation of the sales strategy

and for the management and operational development of several sales channels, namely for the management of the marketing plan and pricing strategy of the B2B offer (Wireline, Wireless and ICT) in all variables and for the Up & Cross Sell, having then played a fundamental role in the automation of the commercial processes.

- ✓ Throughout his professional career at the Portugal Telecom Group (currently Altice Portugal), he was also responsible for the development and implementation of several organic restructuring programmes and, in this context, for mergers and acquisitions initiatives, having actively participated in the launch of new technological services and in the outsourcing of business processes in which he was responsible for the definition, communication and implementation of a medium and long-term strategy for customers, partners and employees.

Management and supervisory positions held in other companies (last 5 years)

- ✓ **2017-2019:** Member of the Board of Directors and Chief Executive Officer (CEO) of PT Cloud and Data Centers, S.A.
- ✓ **2017-2019:** Member of the Board of Directors and Chief Executive Officer (CEO) of Portugal Telecom Data Center, S.A.
- ✓ **2015-2019:** Member of the Board of Directors and of the Executive Committee (CMO) of Altice Portugal, S.A.

Other external positions held (last 5 years)

- ✓ **2022-…:**Vice-Chairman of the Board of APOE - Associação Portuguesa de Operadores Expresso

João Miguel Gaspar da Silva

Member of the Board of Directors and of the Executive Committee of CTT - Correios de Portugal, S.A. (CTT)

Date of birth and nationality	1 June 1976, born in Portugal
Date of 1st appointment at CTT	6 January 2020
Term of office	2020-2022

Academic qualifications

- ✓ **2004:** MBA, Kellogg School of Management, Northwestern University (Evanston-IL, USA)
- ✓ **2000:** Degree in Electrical Engineering, Instituto Superior Técnico, Lisboa

Management and supervisory positions held internally

- ✓ **2022-…:** Member of the Board of Directors of CTT Services, S.A.
- ✓ **2022-…:** Member of the Board of Directors of Medspring, S.A.
- ✓ **2021-…:** Member of the Board of Directors of CTT IMO – Sociedade Imobiliária, S.A.
- ✓ **2021-…:** Member of the Board of Directors of Newspring Services, S.A.
- ✓ **2020-…:** Member of the Board of Directors of CTT Soluções Empresariais, S.A.
- ✓ **2020-…:** Member of the Board of Directors of CTT Expresso - Serviços Postais e Logística, S.A.
- ✓ **2020-…:** Member of the Board of Directors and of the Executive Committee of CTT
- ✓ **2018-…:** Member of the Board of Directors of CTT Contacto, S.A.
- ✓ **2021-2022:** Member of the Board of Directors of HCCM Outsourcing Investment, S.A.
- ✓ **2018-2019:** Member of the Board of Directors of Transporta – Transportes Porta a Porta, S.A.
- ✓ **2018-2018:** Member of the Board of Directors of Mailtec Comunicação, S.A.

Other internal positions held

- ✓ ---

Professional experience

- ✓ His professional activity has been focused on areas of operations in different sectors, namely Strategic Consulting, Logistics and Transport of Valuables, as well as Courier and Express and Parcels. He joined CTT in 2018 as Head of Operations having been appointed, still in 2018, as member of the Board of Directors of CTT Contacto, S.A., Mailtec Comunicação, S.A. and Transporta – Transportes Porta a Porta, S.A., all companies of the CTT Group. As CTT's Head of Operations, he managed all operations of collection, printing and finishing, handling and distribution of mail, parcels and express and cargo, with direct responsibilities in the definition and execution of CTT's Modernisation and Investment Plan.
- ✓ Currently, as member of the Executive Committee of CTT he is responsible for the Strategy, Talent and Risk areas, in addition to the positions of member of the Board of Directors of the subsidiaries CTT Contacto, S.A., CTT Expresso - Serviços Postais e Logística, S.A., CTT Soluções Empresariais, S.A., Newspring Services, S.A., CTT IMO - Sociedade Imobiliária, S.A., Medspring, S.A. and CTT Services, S.A.
- ✓ Having started his professional career as a Junior Teaching Assistant (1998-1999) at the mathematics department of Instituto Superior Técnico, he joined Motorola in 1999 as a Junior Researcher, where he took part in the UMTS radio interface development team.
- ✓ In 2000 he joined McKinsey & Company as Business Analyst (2000-2002) and later as Associate (2004-2006), during which he developed various skills as a consultant in different areas of this company's activity. From 2007 to 2009, he served as Engagement Manager, leading various operations projects in the services sector and gaining experience in implementing Lean Operations programmes in various business sectors.
- ✓ In 2009, he joined Prosegur as Managing Director of the Logistics and Values Unit and later accumulated the duties of Managing Director of the security technology unit. In 2013, he was appointed Country

Manager of Prosegur in Portugal, taking under his responsibility the entire P&L of the Prosegur Group in the country. Two years later and following the separation of the businesses carried out by this multinational company in the various geographies in which it operates, he was appointed Managing Director of Prosegur Security Portugal, the company's human, and technological surveillance area.

Management and supervisory positions held in other companies (last 5 years)

- ✓ **2022-…:** Manager of Gravity and Vibes, Lda.
- ✓ **2013-2018:** Manager of Prosegur – Companhia de Segurança, Lda.

Other external positions held (last 5 years)

- ✓ ---

Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia

Non-Executive Member of the Board of Directors and Chairwoman of the Audit Committee of CTT - Correios de Portugal, S.A. (CTT) (Independent)

Date of birth and nationality	14 December 1967, born in Portugal
Date of 1st appointment at CTT	20 April 2017
Term of office	2020-2022

Academic qualifications

- ✓ **2009:** PhD in Management, ISCTE-Instituto Universitário de Lisboa
- ✓ **2002:** Statutory Auditor, Ordem dos Revisores Oficiais de Contas (OROC)
- ✓ **1999:** Master in Economics, Universidade do Porto
- ✓ **1991:** Degree in Management, Universidade Católica Portuguesa (UCP)

Management and supervisory positions held internally

- ✓ **2017-…:** Non-executive Member of the Board of Directors of CTT
- ✓ **2017-…:** Chairwoman of the Audit Committee of CTT

Other internal positions held

- ✓ **2017-2019:** Member of the Committee for the Monitoring of the Implementation of the Operational Transformation Plan of CTT

Professional experience

- ✓ Her top-level academic activity and functions in supervisory bodies of large listed companies are her main occupation. She was elected in April 2017 as Chair of the Audit Committee of CTT, having been re-elected for the term of office 2020-2022.
- ✓ She has over 25 years of academic experience, being a Professor at the UCP (since 1993) in the areas of Accounting and Tax. Between 2010 and 2017, she was Director of Msc in Audit and Tax of the Faculdade de Economia e Gestão of the UCP and Scientific Coordinator of the Católica Porto Business School of the UCP. She was also a Deputy Director of the Presidency of Centro Regional do Porto of the UCP for management and entrepreneurship.
- ✓ Being a Statutory Auditor for more than 15 years, she became Chairwoman of the Fiscal Board of Ordem dos Revisores Oficiais de Contas (Statutory Auditors Bar (OROC)) in 2012 and became a member of the Management Board in November 2017. She was the representative of OROC in the Comissão de Normalização Contabilística (Commission of Accounting Standards). Since 2008 she is a member of the management and supervisory bodies of large listed and non-listed companies in Portugal, having been Chairwoman of the Fiscal Board of Centro Hospitalar Universitário de São João, EPE from 2017 to 2021. In August 2021 she was elected as non-executive Member of the Board of Directors and as Member of the Audit Committee of Banco Português de Fomento, S.A.

Management and supervisory positions held in other companies (last 5 years)

- ✓ **2022-…:** Non-executive Member of the Board of Directors of Sierra IG – Gestão de Fundos, SGOIC, S.A.
- ✓ **2021-…:** Non-executive Member of the Board of Directors and Member of the Audit Committee of Banco Português de Fomento, S.A.
- ✓ **2016-…:** Non-executive Member of the Board of Directors of SierraGest – Gestão de Fundos, SGOIC, S.A (formerly SFS – Gestão de Fundos, SGOIC, S.A. and Sonaegest - Sociedade Gestora de Fundos de Investimento, S.A.)
- ✓ **2016-…:** Chairwoman of the Fiscal Board of Sogrape, SGPS, S.A.
- ✓ **2008-...:** Non-executive Member of the Board of Directors and Member of the Audit Committee of Impresa, SGPS, S.A.
- ✓ **2017-2021:** Chairwoman of the Fiscal Board of Centro Hospitalar Universitário de S. João, EPE

- ✓ **2012-2018:** Chairwoman of the Fiscal Board of Ordem dos Revisores Oficiais de Contas (Portuguese Statutory Auditors Bar) and its representative in the Fédération des Experts-Comptables Européens

Other external positions held (last 5 years)

- ✓ **2021-…:** Invited member of the Executive Committee of Comissão de Normalização Contabilística (Commission of Accounting Standards)
- ✓ **2014-…:** Managing Partner of Novais, Anacoreta & Associado, SROC
- ✓ **2011-…:** Member of the Scientific Council of Associação Fiscal Portuguesa
- ✓ **2011-…:** Tax Arbitrator at CAAD (Portuguese Administrative Arbitration Centre)
- ✓ **2009-…:** Assistant Professor at Católica Porto Business School
- ✓ **2017-Feb.2021:** Member of the General Council and of the Executive Committee of Comissão de Normalização Contabilística (Commission of Accounting Standards), representing Ordem dos Revisores Oficiais de Contas (Portuguese Statutory Auditors Bar)
- ✓ **2018-2020:** Member of the Management Board of Ordem dos Revisores Oficiais de Contas (Portuguese Statutory Auditors Bar) and its representative in the Accountancy Europe

Steven Duncan Wood

Non-Executive Member of the Board of Directors and Member of the Audit Committee of CTT - Correios de Portugal, S.A. (CTT)

Date of birth and nationality	17 December 1982, born in the USA
Date of 1st appointment at CTT	23 April 2019
Term of office	2020-2022

Academic qualifications

- ✓ **2005:** BA in Economics, Political Economy and International Relations, Tulane University, USA

Management and supervisory positions held internally

- ✓ **2020-…:** Member of the Audit Committee of CTT
- ✓ **2019-…:** Non-executive Member of the Board of Directors of CTT

Other internal positions held

- ✓ **2019-2019:** Member of the Committee for the Monitoring of the Implementation of the Operational Transformation Plan of CTT

Professional experience

- ✓ He is a Chartered Financial Analyst ("CFA"), who focuses on distressed, deep value and special situations investment strategies, having founded GreenWood Investors in 2010.
- ✓ He began his career with the special situations team at Kellogg Capital Group, and later worked as an Investment Banking Analyst for RBC Capital Markets in the Syndicated and Leveraged Finance group, having deepened his knowledge of distressed, deep value, and special situations strategies as a Research Analyst at Carr Securities from 2009 to 2013. Walter Carucci from Carr Securities provided the inspiration for founding GreenWood Investors.
- ✓ Since 2016, he has also served on the Investment Advisory Board of Cortland Associates, a value-oriented St. Louis (in USA)-based investment advisor.
- ✓ In 2017, he founded the Builders Institute Inc., an educational non-profit organisation that is dedicated to the field of long-term value creation, transparency of corporate strategy, and conscious capitalist principles.
- ✓ He is currently the Managing Member of the GreenWood Performance Investors, LLC and the General Partner of the GreenWood Global Micro Fund I, LP, a fund launched in February 2014, as well as of the GreenWood Builders Fund I, LP, GreenWood Offshore Builders Fund I, GreenWood Global Fund, GreenWood Builders Fund II, LP, GreenWood Offshore Builders Fund II and of the GreenWood Offshore Builders Fund III.

Management and supervisory positions held in other companies (last 5 years)

- ✓ **2017-…:** Founder and Managing Member of the Builders Institute, Inc.
- ✓ **2010-…:** Managing Member of GreenWood Performance Investors, LLC
- ✓ **2010-…:** Founder and Managing Member of Greenwood Investors, LLC

Other external positions held (last 5 years)

- ✓ **2016-…:** Advisory Board Member of Cortland Associates, Inc.

Duarte Palma Leal Champalimaud

Non-Executive Member of the Board of Directors of CTT - Correios de Portugal, S.A. (CTT)

Date of birth and nationality	5 December 1975, born in Brazil
Date of 1st appointment at CTT	19 June 2019
Term of office	2020-2022

Academic qualifications

- ✓ **2018:** OPM 51 Class, Harvard Business School, USA
- ✓ **2009:** Leading the Family Business Program, IMD, Switzerland
- ✓ **2008:** MBA International, Católica Porto Business School
- ✓ **2001:** Postgraduate studies in Business Management, Fundação Dom Cabral, Brazil
- ✓ **2000:** Degree in Mechanical Engineering, Kingston University, England

Management and supervisory positions held internally

- ✓ **2019-…:** Non-executive Member of the Board of Directors of CTT
- ✓ **2018-2019:** Member of the Board of Directors of Tourline Express Mensajería, S.L.U.

Other internal positions held

- ✓ **2020-…:** Member of the Corporate Governance, Evaluation and Nominating Committee of CTT
- ✓ **2019-2019:** Member of the Committee for the Monitoring of the Implementation of the Operational Transformation Plan of CTT

Professional experience

- ✓ His position as a member of the Board of Directors of Gestmin SGPS, S.A., which changed its corporate name in 2019 to Manuel Champalimaud SGPS, S.A., has been his main occupation since 2005.
- ✓ He joined the CTT Group in 2018 having then been appointed as a member of the Board of Directors of the subsidiary Tourline Express Mensajería, S.L.U., a position he held till July 2019. As of June 2019, he became a non-executive member of the Board of Directors of CTT, a position that he holds in addition to those of Vice-Chairman of the Board of Directors of Manuel Champalimaud SGPS, S.A.
- ✓ He has a vast professional background in management and senior management positions, with a large experience in the industrial and technological areas within the Manuel Champalimaud Group, having led the acquisition of some of its main assets and played an important role in the internationalisation of the Group, namely through the expansion of GLN to Mexico, an industrial company known for its technological innovation work in the sector of plastic moulds. He held within this company, from 2013 to 2016, the functions of Chief Executive Officer (CEO) having, during this period, been responsible for the development of the company IT systems and for the acquisition of Famolde, a company specialised in the design and production of high technical content moulds, particularly in micro-moulds. Throughout his professional career, he was also responsible for several operational areas including human resources and technological innovation areas and was co-founder of a digital startup directed to the healthcare area, the consultaclick.com, from which the first European online appointment booking platform was developed.

Management and supervisory positions held in other companies (last 5 years)

- ✓ **2022-…:** Chairman of the Board of Directors of Pentapack - Sistema de Embalagem, S.A.
- ✓ **2021-...:** Manager of Star Swan Unipessoal, Lda.
- ✓ **2005-…:** Member of the Board of Directors of Manuel Champalimaud SGPS, S.A.
- ✓ **2007-2021:** Manager of Sotaque – Assessoria de Comunicação e Traduções, Lda.
- ✓ **2016-2018:** Member of the Board of Directors of PIEP (Innovation in Polymer Engineering)
- ✓ **2014-2017:** Chairman of the Board of Directors of GLN, S.A., having also held the position of CEO between 2013 and 2016

Other external positions held (last 5 years)

- ✓ Chairman of the Strategy and Investment Committee of the Manuel Champalimaud Group
- ✓ **2016-…:** Chairman of the Board of the General Meeting of APIP (Portuguese Plastics Industry Association)

Isabel Maria Pereira Aníbal Vaz

Non-Executive Member of the Board of Directors of CTT - Correios de Portugal, S.A. (CTT) (Independent)

Date of birth and nationality	2 January 1966, born in Portugal
Date of 1st appointment at CTT	29 April 2020
Term of office	2020-2022

Academic qualifications

- ✓ **1994:** MBA with specialisation in Management, Universidade Nova de Lisboa
- ✓ **1990:** Degree in Chemical Engineering (Processes and Industry Branch), Instituto Superior Técnico de Lisboa (IST), Universidade de Lisboa

Management and supervisory positions held internally

- ✓ **2020-…:** Non-executive Member of the Board of Directors of CTT

Other internal positions held

- ✓ **2020-…:** Member of the Corporate Governance, Evaluation and Nominating Committee of CTT

Professional experience

- ✓ Began her professional career as a researcher at Instituto de Biologia Experimental e Tecnológica and worked as a factory project engineer at the pharmaceutical group Atral Cipan (between 1990 and 1992). From 1992 to 1999, she was a Senior Consultant at McKinsey & Company, in the banking and insurance area.
- ✓ Over the past 20 years, she has held management positions in several companies in Portugal, mainly in the Luz Saúde Group, among which those of Vice-Chairwoman and Chairwoman of the Executive Committee of Luz Saúde, S.A., and Chairwoman of the Boards of Directors of Hospital da Luz, S.A., Hospital da Arrábida - Gaia, S.A. and SGHL - Sociedade Gestora do Hospital de Loures, S.A. stand out.
- ✓ She was a member of the Faculty Board of the Nova School of Business and Economics of the Universidade Nova de Lisboa and is currently a member of the International Advisory Board of The Lisbon MBA, of the same Faculty.

Management and supervisory positions held in other companies (last 5 years)

- ✓ **2021-…:** Member of the Board of Directors of Mota- Engil, SGPS, S.A.
- ✓ **2018-…:** Chairwoman of the Board of Directors of Capital Criativo HealthCare Investments II, S.A.
- ✓ **2018-…:** Chairwoman of the Board of Directors of Hospital da Luz - Coimbra S.A.
- ✓ **2017-…:** Chairwoman of the Board of Directors of H.M.E. – Gestão Hospitalar, S.A.
- ✓ **2017-…:** Member of the Board of Directors of Hospital da Luz Funchal, S.A. (formerly called S.C.H. - Sociedade de Clínica Hospitalar S.A.)
- ✓ **2015-…:** Chairwoman of the Board of Directors of Hospital da Luz - Guimarães, S.A.
- ✓ **2015-…:** Chairwoman of the Board of Directors of GLSMED Learning Health, S.A.
- ✓ **2011-…:** Chairwoman of the Board of Directors of Luz Saúde – Serviços, A.C.E.
- ✓ **2009**-…: Chairwoman of the Board of Directors of Hospital da Luz – Centro Clínico da Amadora, S.A.
- ✓ **2009-…:** Chairwoman of the Board of Directors of SGHL – Sociedade Gestora do Hospital de Loures, S.A.
- ✓ **2009-…:** Chairwoman of the Board of Directors of Casas da Cidade – Residências Sénior, S.A.
- ✓ **2009-…:** Chairwoman of the Board of Directors of CRB – Clube Residencial da Boavista, S.A.
- ✓ **2006-…:** Chairwoman of the Board of Directors of Hospital da Luz - Oeiras, S.A.
- ✓ **2005-…:** Chairwoman of the Board of Directors of Hospital da Luz, S.A. (LISBOA)
- ✓ **2005-…:** Chairwoman of the Board of Directors of Surgicare – Unidades de Saúde, S.A.

- ✓ **2005-…:** Chairwoman of the Board of Directors of Vila Lusitano – Unidades de Saúde, S.A.
- ✓ **2005-…:** Chairwoman of the Board of Directors of Hospital Residencial do Mar, S.A.
- ✓ **2005-…:** Chairwoman of the Board of Directors of Hospor – Hospitais Portugueses, S.A.
- ✓ **2003-…:** Chairwoman of the Board of Directors of RML – Residência Medicalizada de Loures, SGPS, S.A.
- ✓ **2001-…:** Chairwoman of the Board of Directors of Hospital da Luz Arrábida, S.A.
- ✓ **2001-…:** Chairwoman of the Board of Directors of Luz Saúde – Unidades de Saúde e de Apoio à Terceira Idade, S.A.
- ✓ **2000-…:** Chairwoman of the Board of Directors of Hospital da Luz - Aveiro, S.A.
- ✓ **2000-…:** Vice -Chairwoman the Board of Directors and Chairwoman of the Executive Committee of Luz Saúde, S.A.
- ✓ **2004-2022:** Chairwoman of the Board of Directors of Casas da Cidade – Residências Sénior de Carnaxide, S.A.
- ✓ **2004-2022:** Member of the Board of Directors of Genomed - Diagnósticos de Medicina Molecular, S.A.
- ✓ **2000-2021:** Member of the Board of Directors of Sonae Capital, SGPS, S.A.

Other external positions held (last 5 years)

- ✓ **2009-…:** Member of the International Advisory Board of The Lisbon MBA of Nova School of Business and Economics of Universidade Nova de Lisboa
- ✓ **2009-2018:** Member of the Faculty Council of Nova School of Business and Economics of Universidade Nova de Lisboa

Jürgen Schröder

Non-Executive Member of the Board of Directors of CTT - Correios de Portugal, S.A. (CTT) (Independent)

Date of birth and nationality	2 October 1963, born in Germany
Date of 1st appointment at CTT	29 April 2020
Term of office	2020-2022

Academic qualifications

- ✓ **1993:** PhD in Economics, Ruhr-Universität Bochum, Germany
- ✓ **1988:** Degree in Economics, Ruhr-Universität Bochum, Germany

Management and supervisory positions held internally

- ✓ **2020-…:** Non-executive Member of the Board of Directors of CTT

Other internal positions held

- ✓ ---

Professional experience

- ✓ He started his professional career at McKinsey & Company in 1994, and since 2007 he has been a Senior Partner at the Düsseldorf office. Throughout his career at McKinsey & Company, he has assumed management and supervisory functions as responsible for the Travel, Transport and Logistics practice in Germany, as well as Chairman of the Regional Pricing Committee Europe, of the German Finance and Infrastructure Committee and of the Orphoz Board in Germany and Member of the Boards of eFellows.net and Lumics GmbH & Co. KG. He is also a member of the German Client Committee and the German OpCo (Board).
- ✓ Currently, he is responsible for the Global Marketing and Sales practice at McKinsey & Company and the transport and logistics sector in Germany and is the founder of the Digital Marketing Factory, with extensive experience in the Postal and Logistics sectors, in the Marketing and Sales areas and Digital Marketing, as well as in transformational programs that contribute to improving the performance of companies through the use of agile methods and digital technologies to improve their commercial transformation.

Management and supervisory positions held in other companies (last 5 years)

- ✓ **2020-…:** Executive Partner of JS-Rat&Tat GmbH

Other external positions held (last 5 years)

- ✓ **2015-…:** Member of the Board of ISR (International School on the Rhine) (Germany)
- ✓ **2014-…:** Member of the Board of Marketing Club Düsseldorf (Germany)

Margarida Maria Correia de Barros Couto

Non-Executive Member of the Board of Directors of CTT - Correios de Portugal, S.A. (CTT)

Date of birth and nationality	16 September 1964, born in Portugal
Date of 1st appointment at CTT	29 April 2020
Term of office	2020-2022

Academic qualifications

- ✓ **1988:** Postgraduate studies in European Studies, Faculdade de Direito, Universidade Católica de Lisboa
- ✓ **1987:** Degree in Law, Faculdade de Direito, Universidade Católica de Lisboa

Management and supervisory positions held internally

- ✓ **2020-…:** Non-executive Member of the Board of Directors of CTT

Other internal positions held

- ✓ **2020-…:** Chairwoman of the Ethics Committee of CTT

Professional experience

- ✓ Founding Partner at Vieira de Almeida & Associados (VdA), being part of this law firm since 1988, she has as main professional occupation the practice of law in regulated sectors and in social economy.
- ✓ She is IP & Digital Group Senior Partner and Partner of the ICT practice area (Information, Communications and Technology), having been involved, in her professional activity, in the main transactions related to communications, media and data privacy sectors, working on both economic and transactional regulation matters. She has also developed a vast activity in infrastructure projects and worked on public tenders in regulated and non-regulated sectors.
- ✓ She is the Partner responsible for the Social Economy practice area, providing legal and strategic advice to the most relevant Foundations and Associations operating in Portugal and to several projects of social impact, being also responsible for the *Pro Bono* Program of VdA, leading the *Pro Bono* Committee of the firm, and leading its Sustainability Program. Currently she is the Chairwoman of Associação VdA Academia, the firm's corporate academy, in which she is responsible for the executive program Women on Boards.
- ✓ As lecturer at the Universidade Católica, she has been teaching in matters related to her practice areas, namely Telecommunications Law, Economic Regulation and Social Economy.
- ✓ Author of several articles on economic regulation, telecommunications, social economy and social responsibility/sustainability published in national and international publications, she is frequently invited to speak at conferences related to her practice areas in Portugal and abroad, having been distinguished throughout her career by the main international law directories as a leading lawyer in these areas.

Management and supervisory positions held in other companies (last 5 years)

- ✓ ---

Other external positions held (last 5 years)

- ✓ **2018-…:** Chairwoman of GRACE - Empresas Responsáveis – Associação (Association of Responsible Business)
- ✓ **2017-…:** Member of the Board of Directors and Chief Executive Officer (CEO) of Fundação Vasco Vieira de Almeida
- ✓ **2017-…:** Secretary of the General Assembly of Fórum Oceano - Associação da Economia do Mar (Association of Maritime Economy)
- ✓ **2016-…:** Secretary of the General Assembly of BCSD Portugal – *Business Council for Sustainable Development*
- ✓ **2015-…:** Chairwoman of the Board of Associação VdA Academia
- ✓ **2013-2017:** Vice-President of GRACE (Group for Reflection and Support for Corporate Citizenship)

María del Carmen Gil Marín

Non-Executive Member of the Board of Directors and Member of the Audit Committee of CTT - Correios de Portugal, S.A. (CTT) (Independent)

Date of birth and nationality	11 February 1973, born in Spain
Date of 1st appointment at CTT	29 April 2020
Term of office	2020-2022

Academic qualifications

- ✓ **2021**-…: Enrolled in International Directors Programme (IDP), INSEAD, France
- ✓ **2020**: Cyber Security and Executive Strategy, Stanford University, USA
- ✓ **2019:** Santander-UCLA W50, UCLA Anderson School of Management, USA
- ✓ **2019**: Corporate Governance: The leadership of the Boards, Nova School of Business & Economics Executive Education
- ✓ **2019**: The Women´s Leadership Forum, Harvard Business School, USA
- ✓ **1999:** MBA Programme, INSEAD, France (Dean´s List)
- ✓ **1999:** Academic cycle in Environment and Alternative Energies PhD, UNED, Spain
- ✓ **1996:** Degree in Electronic Engineering, Universidad Pontificia Comillas (ICAI), Spain (National Honours)

Management and supervisory positions held internally

- ✓ **2020**-…: Non-executive Member of the Board of Directors of CTT
- ✓ **2020-**…: Member of the Audit Committee of CTT

Other internal positions held

- ✓ ---

Professional experience

- ✓ She began her professional career in 1996 as a consultant at The Boston Consulting Group, office in Madrid, having participated in several strategic projects related to sectors such as electrical, telecommunications, oil & gas, and retail. Between 1999 and 2000 she was a Professor of Industrial Marketing at the Industrial Management Engineer degree at the Universidad Pontificia Comillas (ICAI) in Madrid. In 1999, she was an Associate at Lehman Brothers, Investment Banking in London and New York, where she performed functions related to acquisitions and IPO operations in different economic sectors.
- ✓ Leadership positions have been her main professional occupation since 2001, having initiated her professional career as from this date at Grupo Novabase as responsible for the launching of the Venture Capital area with a technological focus, within the scope of her functions as a Member of the Board of Directors of Novabase Capital, Sociedade de Capital de Risco, S.A., with a direct participation in the innovation and M&A processes of the Group. At the same time, she has been coordinating the processes of investment and valuation, financial supervision, risk assessment and operational monitoring of the participated entities. In 2018, she became a member of the Executive Committee of Novabase, SGPS, S.A. as COO, CIO and CISO.
- ✓ Currently, she carries out the duties of Member of the Board of Directors of Novabase, SGPS, S.A., and independent and non-executive Member of the Board of Directors of Caixa Geral de Depósitos, S.A. where she is also a Member of the Audit Committee and the Appointments, Assessment and Remunerations Committee.

Management and supervisory positions in other companies (last 5 years)

- ✓ **2021-…:** Non-executive Member of the Board of Directors and Member of the Audit Committee and the Appointments, Assessment and Remunerations Committee of Caixa Geral de Depósitos, S.A.
- ✓ **2021-…:** Member of the Board of Directors of Novabase, SGPS, S.A. and former executive Member of the Board of Directors (2018-2020)

- **2021-…:** Board Member in companies of the Novabase Group, namely Chairwoman of the Board of Directors of Novabase Capital, Sociedade de Capital de Risco, S.A., and former executive Member of the Board of Directors (2001-2021), and Member of the Board of Directors of Celfocus -Soluções Informáticas para Telecomunicações, S.A.
- **2018-2021:** Executive Member of the Board of Directors of Novabase IMS2, S.A.
- **2014-2020:** Manager of Radical Innovation, Lda.
- **2014-2020:** Manager of Tópico Sensível, Lda.
- **2012-2020:** Manager of Bright Innovation, Lda.
- **2018-2019:** Executive Member of the Board of Directors of Novabase Serviços – Serviços de Gestão e Consultoria, S.A.
- **2008-2019**: Executive Member of the Board of Directors of COLLAB – Soluções Informáticas de Comunicação e Colaboração, S.A.

Other external positions held (last 5 years)

- **2020-…:** Member of the General Board of AEM (Portuguese Issuers Association)
- **2018-…:** Chairwoman of the Board of the General Meeting of Novabase Enterprise Applications - Sistemas de Informação de Gestão Empresarial, S.A.
- **2015-…:** Chairwoman of the Board of the General Meeting of GLOBALEDA - Telecomunicações e Sistemas de Informação, S.A.
- **2012-…:** Member of the Advisory Committee of FCR ISTART I
- **2018-2021:** Chairwoman of the Board of the General Meeting of Celfocus - Soluções Informáticas para Telecomunicações, S.A.
- **2014-2021:** Member of the Board of Fórum de Investor Relations (FIR) (Portuguese Association of Investor Relations) and former Member of its Supervisory Board (2011-2013)
- **2014-2015:** Member of the Supervisory Board of AEM (Portuguese Issuers Association)

Susanne Ruoff

Non-Executive Member of the Board of Directors of CTT - Correios de Portugal, S.A. (CTT) (Independent)

Date of birth and nationality	29 September 1958, born in Switzerland
Date of 1st appointment at CTT	29 April 2020
Term of office	2020-2022

Academic qualifications

- ✓ **2022:** Certification ESG Competent Boards
- ✓ **2018:** Certification of the International Director Program, INSEAD, France/Singapore
- ✓ **2010**: Corporate Finance in Multinational Companies, ZfU, Switzerland
- ✓ **2007**: Corporate Governance in Executive Boards, Universität St. Gallen (HSG), Switzerland
- ✓ **2004** : MBA, Université de Fribourg, Switzerland
- ✓ **2003**: Degree in Economics, Université de Fribourg, Switzerland

Management and supervisory positions held internally

- ✓ **2020-…:** Non-executive Member of the Board of Directors of CTT

Other internal positions held

- ✓ ---

Professional experience

- ✓ She has a long career with more than 30 years of experience in management positions at international companies, standing out the more than 12 years in CEO positions as CEO of BT Switzerland, and IBM Global Technology Services and more recently as CEO of Swiss Post. She was also a member of the Boards of Directors of companies such as Postbank, Geberit International (Sanitary Leader in Europe), and BEDAG (Software Company) and a member of the Board of the International Post Corporation.
- ✓ Throughout her career, she acquired a vast knowledge of technologies in terms of change and transformation management, (IBM and BT) and solid experience in implementing digital transformation (Swiss Post), mainly in logistics, banking, services, telecommunications, as well as in the technology industry in general.
- ✓ Founded her own company Ruoff Advisory GmbH and as CEO of the company, she is dedicated to the activity of consultant and support international and national companies in the Digital Transformation and Digital Business Modeling in the Telecommunications, ICT and postal sectors, mainly (Board advisor for different companies).

Management and supervisory positions held in other companies (last 5 years)

- ✓ **2023-…**: Member of the Board of Createq, Software Company (Switzerland)
- ✓ **2020-…**: Member of the Board and of Organisation & Compensation Committee of Eldora AG (Gatronomy Companies in Switzerland)
- ✓ **2019-…:** Chief Executive Officer (CEO) of Ruoff Advisory GmbH (Switzerland)
- ✓ **2012-2018**: Chief Executive Officer (CEO) of Swiss Post, LTD (Switzerland)
- ✓ **2013-2018:** Member of the Board of Directors and Chairwoman of the Corebanking Transformation Committee of PostBank (Switzerland)

Other external positions held (last 5 years)

- ✓ **2022-...:** Member of the Explore-it Foundation
- ✓ **2017-…:** Member of the Strategic Advisory Board of EPFL - École Polytechnique Fédérale de Lausanne (Switzerland)
- ✓ **2021:** Board Advisor of Emirates Post, Dubai (UAE)

- ✓ **2017-2018:** Member of the Advisory Council for Swiss Federal Government for Digital Transformation (Switzerland)
- ✓ **2012-2016:** Member of the Board of the International Post Corporation (Belgium)
- ✓ Formerly, she was an independent member of the Board of Directors of Geberit International S.A. and Bedag S.A. (Switzerland)

II. Members of the Remuneration Committee

Fernando Paulo de Abreu Neves de Almeida

Chairman of the Remuneration Committee of CTT - Correios de Portugal, S.A. (CTT) (Independent)

Date of birth and nationality	13 July 1961, born in Portugal
Date of 1st appointment at CTT	29 April 2020
Term of office	2020-2022

Academic qualifications

- ✓ **1994:** MBA, Faculdade de Gestão, Universidade Católica Portuguesa
- ✓ **1989:** Degree in Human Resources Management and Work Psychology, Universidade Europeia

Management and supervisory functions held internally

- ✓ ---

Other internal functions held

- ✓ **2020-…:** Chairman of the Remuneration Committee of CTT

Professional experience

- ✓ With a vast experience in management consulting specialized in Human Resources, he founded in 1993 the Neves de Almeida Consultores. Since 1998 he has been an International Partner and Managing Partner of the office in Lisbon of Boyden Global Executive Search. He is a member of the advisors' network LIORENTE E CUENTA, Iberian leader in business communication, and he is a member of the University Council of Universidade Europeia and of the Editorial Boards of the Executive Digest and Human Resources magazines. Since 2014 he has also been a member of REN's Remuneration Committee.
- ✓ He is also a teacher at the University since 1990 and was, until 2014, Executive Coordinator of the PhD's, Masters' and Bachelor's programmes in Human Resources Management at Universidade Europeia. He has written more than one hundred articles for a variety of economic publications and he is the author of the books "Psicologia para Gestores" and "Avaliação de Desempenho para Gestores" both by McGraw Hill publisher and of the book "O Gestor - A Arte de Liderar" by Editorial Presença. He is the co-author of the book "A Sorte dá Muito Trabalho" by Almedina and author of the books "Comandos para Liderar" published by Multipublicações and "Retribuições, Prémios e Incentivos" published by Almedina.

Management and supervisory functions held in other companies (last 5 years)

- ✓ **1993-…:** Manager of Neves de Almeida Consultores, Unipessoal, Lda.

Other external functions held (last 5 years)

- ✓ Member of the University Council of Universidade Europeia
- ✓ **2014-…:** Member of the Remuneration Committee of REN - Redes Energéticas Nacionais, SGPS, S.A.
- ✓ **1998-…:** Partner of the Lisbon office of Boyden Global Executive Search

Manuel Carlos de Melo Champalimaud

Member of the Remuneration Committee of CTT - Correios de Portugal, S.A. (CTT)

Date of birth and nationality	14 April 1946, born in Portugal
Date of 1st appointment at CTT	28 April 2016
Term of office	2020-2022

Academic qualifications

- ✓ **2019:** Orchestrating Winning Performance, IMD, Lausanne, Switzerland
- ✓ **2010:** High Performance Boards, IMD, Lausanne, Switzerland
- ✓ **2009:** Orchestrating Winning Performance, IMD, Lausanne, Switzerland
- ✓ **1993:** General Management Programme, Escola de Gestão do Porto (currently Porto Business School), Universidade do Porto
- ✓ **1971-1973:** Attendance of the Economics degree at Instituto de Ciências Ultramarinas, Universidade Técnica de Lisboa (currently ISCSP)

Management and supervisory functions held internally

- ✓ **2016-2017:** Non-executive Member of the Board of Directors of CTT

Other internal functions held

- ✓ **2020-…:** Member of the Remuneration Committee of CTT

Professional experience

- ✓ An entrepreneur since 1972, he was a promoter, investor and director in various companies in Portugal, Spain and Brazil.
- ✓ Activities in the industrial area stand out – in particular in the cement industry, with Cimentos do Tejo – and, more recently, in the moulds and plastics industry. The latter investment was made through Gestmin, currently Manuel Champalimaud SGPS, S.A., and entailed creating the GLN Group. He also gained corporate and management experience in real estate promotion – through the companies Raso Empreendimentos Turísticos, DaPraia and Sogestão and, furthermore, in hunting and industrial agriculture with São Barão. He has also been involved in the commercial area, in particular for the construction sector, through Rolim Comercial.
- ✓ In representation of a relevant shareholding, he was a member of the Board of Directors of REN – SGPS., S.A. for 7 years until 2016 and of CTT, from 2016 to 2017.
- ✓ In 2005, he created Gestmin SGPS, S.A., a family holding company, currently Manuel Champalimaud SGPS, S.A., where he concentrated all his investments, which he has led and operated since then. The group is currently exposed to the areas of energy, port logistics and moulds and plastics, while also holding important listed assets, among which are the shareholdings in REN and CTT.

Management and supervisory functions held internally (last 5 years)

- ✓ **2022-…:** Vice - Chairman of the Brazilian law company Casa da Urca Limitada
- ✓ **2015-…**: Manager of Sealion Finance, Lda.
- ✓ **2007-…:** Deputy Manager of Cela - Agropecuária, Lda.
- ✓ **2005-…:** Chairman of the Board of Directors of Manuel Champalimaud SGPS, S.A.(formerly Gestmin SGPS, S.A.)
- ✓ **2005-…:** Deputy Manager of Agrícola São Barão – Unipessoal, Lda.
- ✓ **2021-2022:** Chairman of the Board of Directors of Digal - Distribuição e Comércio, S.A.
- ✓ **1998-2017**: Chairman of the Board of Directors of Sogestão – Administração e Gerência, S.A.
- ✓ **1997-2017:** Deputy Manager of Sogolfe – Empreendimentos Turísticos, Sociedade Unipessoal, Lda.

- ✓ **2007-2016**: Non-executive Member of the Board of Directors of REN – Redes Energéticas Nacionais, SGPS, S.A.

Other external functions held (last 5 years)

- ✓ **2005-…:** Chairman of the Nominating and Remunerations Committee of Manuel Champalimaud Group

Christopher James Torino

Member of the Remuneration Committee of CTT - Correios de Portugal, S.A. (CTT) (Independent)

Date of birth and nationality	10 March 1986, born in the USA
Date of 1st appointment at CTT	29 April 2020
Term of office	2020-2022

Academic qualifications

- ✓ **2009:** MSc in Accountancy, Wake Forest University School of Business, USA
- ✓ **2008:** BSc in Analytical Finance, Wake Forest University, USA

Management and supervisory functions held internally

- ✓ ---

Other internal functions held

- ✓ **2020-…**: Member of the Remuneration Committee of CTT

Professional experience

- ✓ He started his professional career as a financial analyst monitoring a universe of about 30-50 funds with different strategies, and as a Senior Analyst at Morgan Creek Capital Management, LLC, where he worked in conjunction with the Private Investment Team to conduct diligence on numerous co-investment opportunities in private market transactions. In 2012 he joined LRV Capital Management, LLC where he deepened his skills, especially in the area of investments.
- ✓ He became Vice-President of Lazard Asset Management, LLC after the integration of the International Equity Value team of LRV Capital, a fundamental international-only long/short equity fund, by Lazard in 2018.
- ✓ In 2018, he joined GreenWood Investors and is currently a Partner at GreenWood Investors, LLC.

Management and supervisory functions held in other companies (last 5 years)

- ✓ **2018-2018:** Vice-President at Lazard Asset Management, LLC

Other external functions held (last 5 years)

- ✓ **2018-…**: Partner at GreenWood Investors, LLC
- ✓ **2012-2018:** Analyst at LRV Capital Management, LLC

Annex II

Management transactions of CTT shares

ANNEX II – TRANSACTIONS OF CTT SHARES

Detail of the transactions of CTT shares carried out in 2022 in the context of the share buy-back programme of the Company mentioned in point 3 of subchapter 5.2.1 of this Integrated Report.

Type of transaction	Venue	Price (€)	Volume	Date of the transaction
Acquisition	XLIS	4.465	2,500	18.03.2022
Acquisition	XLIS	4.505	2,500	18.03.2022
Acquisition	XLIS	4.515	3,000	18.03.2022
Acquisition	XLIS	4.520	5,875	18.03.2022
Acquisition	XLIS	4.525	12,500	18.03.2022
Acquisition	XLIS	4.530	2,500	18.03.2022
Acquisition	XLIS	4.535	5,625	18.03.2022
Acquisition	XLIS	4.540	2,500	18.03.2022
Acquisition	XLIS	4.545	5,000	18.03.2022
Acquisition	XLIS	4.555	5,000	18.03.2022
Acquisition	XLIS	4.590	2,500	18.03.2022
Acquisition	XLIS	4.600	2,500	18.03.2022
Acquisition	XLIS	4.425	2,940	21.03.2022
Acquisition	XLIS	4.430	2,500	21.03.2022
Acquisition	XLIS	4.435	7,060	21.03.2022
Acquisition	XLIS	4.435	2,500	21.03.2022
Acquisition	XLIS	4.440	5,000	21.03.2022
Acquisition	XLIS	4.455	5,000	21.03.2022
Acquisition	XLIS	4.460	7,500	21.03.2022
Acquisition	XLIS	4.465	5,000	21.03.2022
Acquisition	XLIS	4.470	12,500	21.03.2022
Acquisition	XLIS	4.475	2,500	21.03.2022
Acquisition	XLIS	4.495	2,500	21.03.2022
Acquisition	XLIS	4.505	2,500	21.03.2022
Acquisition	XLIS	4.535	2,500	21.03.2022
Acquisition	XLIS	4.425	2,500	22.03.2022
Acquisition	XLIS	4.435	2,500	22.03.2022
Acquisition	XLIS	4.485	7,500	22.03.2022
Acquisition	XLIS	4.535	2,500	22.03.2022
Acquisition	XLIS	4.540	8,000	22.03.2022
Acquisition	XLIS	4.550	10,000	22.03.2022
Acquisition	XLIS	4.565	8,000	22.03.2022

Type of transaction	Venue	Price (€)	Volume	Date of the transaction
Acquisition	XLIS	4.580	5,000	22.03.2022
Acquisition	XLIS	4.455	2,500	23.03.2022
Acquisition	XLIS	4.475	2,500	23.03.2022
Acquisition	XLIS	4.480	2,500	23.03.2022
Acquisition	XLIS	4.485	2,500	23.03.2022
Acquisition	XLIS	4.495	2,500	23.03.2022
Acquisition	XLIS	4.505	2,500	23.03.2022
Acquisition	XLIS	4.510	2,500	23.03.2022
Acquisition	XLIS	4.515	7,500	23.03.2022
Acquisition	XLIS	4.525	5,000	23.03.2022
Acquisition	XLIS	4.540	2,500	23.03.2022
Acquisition	XLIS	4.550	2,500	23.03.2022
Acquisition	XLIS	4.560	2,500	23.03.2022
Acquisition	XLIS	4.570	2,500	23.03.2022
Acquisition	XLIS	4.420	2,500	24.03.2022
Acquisition	XLIS	4.430	5,000	24.03.2022
Acquisition	XLIS	4.440	2,500	24.03.2022
Acquisition	XLIS	4.450	5,000	24.03.2022
Acquisition	XLIS	4.460	5,000	24.03.2022
Acquisition	XLIS	4.465	5,000	24.03.2022
Acquisition	XLIS	4.470	2,500	24.03.2022
Acquisition	XLIS	4.475	7,500	24.03.2022
Acquisition	XLIS	4.485	5,000	24.03.2022
Acquisition	XLIS	4.445	2,500	25.03.2022
Acquisition	XLIS	4.470	7,500	25.03.2022
Acquisition	XLIS	4.475	5,000	25.03.2022
Acquisition	XLIS	4.480	10,000	25.03.2022
Acquisition	XLIS	4.485	4,419	25.03.2022
Acquisition	XLIS	4.490	5,000	25.03.2022
Acquisition	XLIS	4.495	2,500	25.03.2022
Acquisition	XLIS	4.500	3,081	25.03.2022
Aquisição	XLIS	4.520	932	28.03.2022
Aquisição	XLIS	4.525	2,500	28.03.2022
Aquisição	XLIS	4.530	5,000	28.03.2022
Aquisição	XLIS	4.535	2,500	28.03.2022
Aquisição	XLIS	4.540	5,358	28.03.2022
Aquisição	XLIS	4.545	2,500	28.03.2022

Type of transaction	Venue	Price (€)	Volume	Date of the transaction
Aquisição	XLIS	4.550	11,568	28.03.2022
Aquisição	XLIS	4.555	2,500	28.03.2022
Aquisição	XLIS	4.560	5,000	28.03.2022
Acquisition	XLIS	4.560	5,000	29.03.2022
Acquisition	XLIS	4.575	2,500	29.03.2022
Acquisition	XLIS	4.580	5,000	29.03.2022
Acquisition	XLIS	4.590	7,500	29.03.2022
Acquisition	XLIS	4.595	5,000	29.03.2022
Acquisition	XLIS	4.600	2,500	29.03.2022
Acquisition	XLIS	4.605	2,500	29.03.2022
Acquisition	XLIS	4.610	2,500	29.03.2022
Acquisition	XLIS	4.615	2,500	29.03.2022
Acquisition	XLIS	4.620	2,500	29.03.2022
Acquisition	XLIS	4.625	5,000	29.03.2022
Acquisition	XLIS	4.660	2,500	29.03.2022
Acquisition	XLIS	4.510	2,500	30.03.2022
Acquisition	XLIS	4.515	7,500	30.03.2022
Acquisition	XLIS	4.520	5,000	30.03.2022
Acquisition	XLIS	4.525	2,500	30.03.2022
Acquisition	XLIS	4.535	2,500	30.03.2022
Acquisition	XLIS	4.540	5,000	30.03.2022
Acquisition	XLIS	4.545	5,000	30.03.2022
Acquisition	XLIS	4.550	7,500	30.03.2022
Acquisition	XLIS	4.560	5,000	30.03.2022
Acquisition	XLIS	4.565	2,500	30.03.2022
Acquisition	XLIS	4.510	2,500	31.03.2022
Acquisition	XLIS	4.515	2,500	31.03.2022
Acquisition	XLIS	4.525	2,500	31.03.2022
Acquisition	XLIS	4.530	15,000	31.03.2022
Acquisition	XLIS	4.535	7,500	31.03.2022
Acquisition	XLIS	4.540	2,500	31.03.2022
Acquisition	XLIS	4.545	2,500	31.03.2022
Acquisition	XLIS	4.550	6,139	31.03.2022
Acquisition	XLIS	4.555	3,861	31.03.2022
Acquisition	XLIS	4.475	2,500	01.04.2022
Acquisition	XLIS	4.485	2,500	01.04.2022
Acquisition	XLIS	4.490	2,500	01.04.2022

Type of transaction	Venue	Price (€)	Volume	Date of the transaction
Acquisition	XLIS	4.495	2,500	01.04.2022
Acquisition	XLIS	4.500	7,500	01.04.2022
Acquisition	XLIS	4.505	10,000	01.04.2022
Acquisition	XLIS	4.510	2,500	01.04.2022
Acquisition	XLIS	4.415	1,000	04.04.2022
Acquisition	XLIS	4.430	2,500	04.04.2022
Acquisition	XLIS	4.435	5,500	04.04.2022
Acquisition	XLIS	4.440	3,000	04.04.2022
Acquisition	XLIS	4.445	1,500	04.04.2022
Acquisition	XLIS	4.450	4,000	04.04.2022
Acquisition	XLIS	4.465	2,500	04.04.2022
Acquisition	XLIS	4.385	2,500	05.04.2022
Acquisition	XLIS	4.390	2,000	05.04.2022
Acquisition	XLIS	4.405	6,500	05.04.2022
Acquisition	XLIS	4.415	4,000	05.04.2022
Acquisition	XLIS	4.420	1,500	05.04.2022
Acquisition	XLIS	4.425	1,500	05.04.2022
Acquisition	XLIS	4.430	2,000	05.04.2022
Acquisition	XLIS	4.310	2,000	06.04.2022
Acquisition	XLIS	4.315	2,000	06.04.2022
Acquisition	XLIS	4.320	4,000	06.04.2022
Acquisition	XLIS	4.325	2,001	06.04.2022
Acquisition	XLIS	4.330	2,000	06.04.2022
Acquisition	XLIS	4.335	1,999	06.04.2022
Acquisition	XLIS	4.350	2,000	06.04.2022
Acquisition	XLIS	4.355	2,000	06.04.2022
Acquisition	XLIS	4.400	2,000	06.04.2022
Acquisition	XLIS	4.325	285	07.04.2022
Acquisition	XLIS	4.335	1,715	07.04.2022
Acquisition	XLIS	4.350	6,000	07.04.2022
Acquisition	XLIS	4.355	4,000	07.04.2022
Acquisition	XLIS	4.360	2,000	07.04.2022
Acquisition	XLIS	4.375	2,000	07.04.2022
Acquisition	XLIS	4.380	2,000	07.04.2022
Acquisition	XLIS	4.385	2,000	07.04.2022
Acquisition	XLIS	4.350	2,000	08.04.2022
Acquisition	XLIS	4.355	2,000	08.04.2022

Type of transaction	Venue	Price (€)	Volume	Date of the transaction
Acquisition	XLIS	4.365	2,000	08.04.2022
Acquisition	XLIS	4.370	2,000	08.04.2022
Acquisition	XLIS	4.375	8,000	08.04.2022
Acquisition	XLIS	4.390	4,000	08.04.2022
Acquisition	XLIS	4.32	5,000	11.04.2022
Acquisition	XLIS	4.325	5,000	11.04.2022
Acquisition	XLIS	4.335	5,000	11.04.2022
Acquisition	XLIS	4.35	5,000	11.04.2022
Acquisition	XLIS	4.350	10,000	12.04.2022
Acquisition	XLIS	4.370	5,000	12.04.2022
Acquisition	XLIS	4.375	5,000	12.04.2022
Acquisition	XLIS	4.320	5,608	13.04.2022
Acquisition	XLIS	4.330	4,392	13.04.2022
Acquisition	XLIS	4.340	10,000	13.04.2022
Acquisition	XLIS	4.390	8,094	14.04.2022
Acquisition	XLIS	4.400	11,906	14.04.2022
Acquisition	XLIS	4.385	6,000	19.04.2022
Acquisition	XLIS	4.390	2,500	19.04.2022
Acquisition	XLIS	4.395	2,500	19.04.2022
Acquisition	XLIS	4.405	2,000	19.04.2022
Acquisition	XLIS	4.410	7,000	19.04.2022
Acquisition	XLIS	4.420	2,500	20.04.2022
Acquisition	XLIS	4.435	6,500	20.04.2022
Acquisition	XLIS	4.455	6,000	20.04.2022
Acquisition	XLIS	4.460	5,000	20.04.2022
Acquisition	XLIS	4.470	2,000	21.04.2022
Acquisition	XLIS	4.485	2,500	21.04.2022
Acquisition	XLIS	4.515	2,500	21.04.2022
Acquisition	XLIS	4.530	7,500	21.04.2022
Acquisition	XLIS	4.535	2,500	21.04.2022
Acquisition	XLIS	4.545	3,000	21.04.2022
Acquisition	XLIS	4.390	6,500	22.04.2022
Acquisition	XLIS	4.400	3,500	22.04.2022
Acquisition	XLIS	4.410	2,500	22.04.2022
Acquisition	XLIS	4.415	2,500	22.04.2022
Acquisition	XLIS	4.425	2,500	22.04.2022
Acquisition	XLIS	4.435	2,500	22.04.2022

Type of transaction	Venue	Price (€)	Volume	Date of the transaction
Acquisition	XLIS	4.290	2,500	25.04.2022
Acquisition	XLIS	4.305	2,500	25.04.2022
Acquisition	XLIS	4.320	2,000	25.04.2022
Acquisition	XLIS	4.325	3,000	25.04.2022
Acquisition	XLIS	4.330	6,000	25.04.2022
Acquisition	XLIS	4.335	2,000	25.04.2022
Acquisition	XLIS	4.370	2,000	25.04.2022
Acquisition	XLIS	4.260	1,000	26.04.2022
Acquisition	XLIS	4.270	1,500	26.04.2022
Acquisition	XLIS	4.295	2,000	26.04.2022
Acquisition	XLIS	4.305	4,500	26.04.2022
Acquisition	XLIS	4.310	4,000	26.04.2022
Acquisition	XLIS	4.325	4,500	26.04.2022
Acquisition	XLIS	4.330	2,500	26.04.2022
Acquisition	XLIS	4.185	4,000	27.04.2022
Acquisition	XLIS	4.190	8,000	27.04.2022
Acquisition	XLIS	4.215	6,000	27.04.2022
Acquisition	XLIS	4.220	2,000	27.04.2022
Acquisition	XLIS	4.250	4,000	28.04.2022
Acquisition	XLIS	4.255	3,500	28.04.2022
Acquisition	XLIS	4.260	2,000	28.04.2022
Acquisition	XLIS	4.280	6,000	28.04.2022
Acquisition	XLIS	4.290	2,000	28.04.2022
Acquisition	XLIS	4.300	2,500	28.04.2022
Acquisition	XLIS	4.270	2,000	29.04.2022
Acquisition	XLIS	4.280	2,000	29.04.2022
Acquisition	XLIS	4.285	6,000	29.04.2022
Acquisition	XLIS	4.290	184	29.04.2022
Acquisition	XLIS	4.300	2,000	29.04.2022
Acquisition	XLIS	4.305	4,000	29.04.2022
Acquisition	XLIS	4.310	1,816	29.04.2022
Acquisition	XLIS	4.320	2,000	29.04.2022
Acquisition	XLIS	4.250	5,000	02.05.2022
Acquisition	XLIS	4.280	5,000	02.05.2022
Acquisition	XLIS	4.365	10,000	02.05.2022
Acquisition	XLIS	4.250	2,000	03.05.2022
Acquisition	XLIS	4.255	1,000	03.05.2022

Type of transaction	Venue	Price (€)	Volume	Date of the transaction
Acquisition	XLIS	4.265	2,000	03.05.2022
Acquisition	XLIS	4.275	5,000	03.05.2022
Acquisition	XLIS	4.285	2,000	03.05.2022
Acquisition	XLIS	4.290	2,000	03.05.2022
Acquisition	XLIS	4.295	6,000	03.05.2022
Acquisition	XLIS	4.260	1,316	04.05.2022
Acquisition	XLIS	4.265	2,684	04.05.2022
Acquisition	XLIS	4.270	2,000	04.05.2022
Acquisition	XLIS	4.285	4,000	04.05.2022
Acquisition	XLIS	4.290	2,000	04.05.2022
Acquisition	XLIS	4.295	2,000	04.05.2022
Acquisition	XLIS	4.305	2,000	04.05.2022
Acquisition	XLIS	4.325	4,000	04.05.2022
Acquisition	XLIS	4.220	5,000	05.05.2022
Acquisition	XLIS	4.255	2,000	05.05.2022
Acquisition	XLIS	4.260	2,000	05.05.2022
Acquisition	XLIS	4.265	2,000	05.05.2022
Acquisition	XLIS	4.305	2,000	05.05.2022
Acquisition	XLIS	4.310	2,000	05.05.2022
Acquisition	XLIS	4.325	4,000	05.05.2022
Acquisition	XLIS	4.330	2,000	05.05.2022
Acquisition	XLIS	4.335	1,775	05.05.2022
Acquisition	XLIS	4.350	2,225	05.05.2022
Acquisition	XLIS	3.910	2,000	06.05.2022
Acquisition	XLIS	3.915	2,000	06.05.2022
Acquisition	XLIS	3.940	5,000	06.05.2022
Acquisition	XLIS	3.965	2,500	06.05.2022
Acquisition	XLIS	3.970	3,200	06.05.2022
Acquisition	XLIS	3.975	1,800	06.05.2022
Acquisition	XLIS	3.985	2,000	06.05.2022
Acquisition	XLIS	3.990	5,000	06.05.2022
Acquisition	XLIS	4.030	5,000	06.05.2022
Acquisition	XLIS	4.040	5,000	06.05.2022
Acquisition	XLIS	4.055	5,000	06.05.2022
Acquisition	XLIS	4.060	1,500	06.05.2022
Acquisition	XLIS	4.095	5,000	06.05.2022
Acquisition	XLIS	3.840	7,500	09.05.2022

Type of transaction	Venue	Price (€)	Volume	Date of the transaction
Acquisition	XLIS	3.850	2,500	09.05.2022
Acquisition	XLIS	3.855	2,500	09.05.2022
Acquisition	XLIS	3.870	5,000	09.05.2022
Acquisition	XLIS	3.890	2,500	09.05.2022
Acquisition	XLIS	3.910	5,000	09.05.2022
Acquisition	XLIS	3.915	7,500	09.05.2022
Acquisition	XLIS	3.925	2,500	09.05.2022
Acquisition	XLIS	3.935	5,000	09.05.2022
Acquisition	XLIS	3.940	5,000	09.05.2022
Acquisition	XLIS	3.980	5,000	09.05.2022
Acquisition	XLIS	3.780	5,000	10.05.2022
Acquisition	XLIS	3.785	5,000	10.05.2022
Acquisition	XLIS	3.790	5,000	10.05.2022
Acquisition	XLIS	3.815	5,000	10.05.2022
Acquisition	XLIS	3.820	10,000	10.05.2022
Acquisition	XLIS	3.840	10,000	10.05.2022
Acquisition	XLIS	3.870	5,000	10.05.2022
Acquisition	XLIS	3.655	5,000	11.05.2022
Acquisition	XLIS	3.680	5,000	11.05.2022
Acquisition	XLIS	3.690	5,000	11.05.2022
Acquisition	XLIS	3.715	5,000	11.05.2022
Acquisition	XLIS	3.720	2,500	11.05.2022
Acquisition	XLIS	3.725	5,000	11.05.2022
Acquisition	XLIS	3.740	2,500	11.05.2022
Acquisition	XLIS	3.765	2,500	11.05.2022
Acquisition	XLIS	3.795	2,500	11.05.2022
Acquisition	XLIS	3.590	5,000	12.05.2022
Acquisition	XLIS	3.595	10,000	12.05.2022
Acquisition	XLIS	3.600	5,000	12.05.2022
Acquisition	XLIS	3.625	10,000	12.05.2022
Acquisition	XLIS	3.635	11,552	13.05.2022
Acquisition	XLIS	3.640	5,000	13.05.2022
Acquisition	XLIS	3.645	1,815	13.05.2022
Acquisition	XLIS	3.650	5,000	13.05.2022
Acquisition	XLIS	3.655	3,185	13.05.2022
Acquisition	XLIS	3.680	13,448	13.05.2022
Acquisition	XLIS	3.695	7,131	13.05.2022

Type of transaction	Venue	Price (€)	Volume	Date of the transaction
Acquisition	XLIS	3.705	10,000	13.05.2022
Acquisition	XLIS	3.710	10,000	13.05.2022
Acquisition	XLIS	3.715	9,237	13.05.2022
Acquisition	XLIS	3.725	763	13.05.2022
Acquisition	XLIS	3.675	5,000	16.05.2022
Acquisition	XLIS	3.695	10,000	16.05.2022
Acquisition	XLIS	3.705	5,000	16.05.2022
Acquisition	XLIS	3.715	5,000	16.05.2022
Acquisition	XLIS	3.720	10,000	16.05.2022
Acquisition	XLIS	3.725	10,000	16.05.2022
Acquisition	XLIS	3.735	5,000	16.05.2022
Acquisition	XLIS	3.745	3,300	16.05.2022
Acquisition	XLIS	3.750	1,700	16.05.2022
Acquisition	XLIS	3.755	5,000	16.05.2022
Acquisition	XLIS	3.760	15,000	16.05.2022
Acquisition	XLIS	3.695	5,000	17.05.2022
Acquisition	XLIS	3.725	5,000	17.05.2022
Acquisition	XLIS	3.745	5,000	17.05.2022
Acquisition	XLIS	3.755	4,500	17.05.2022
Acquisition	XLIS	3.775	5,500	17.05.2022
Acquisition	XLIS	3.780	35,000	17.05.2022
Acquisition	XLIS	3.785	5,000	17.05.2022
Acquisition	XLIS	3.795	5,000	17.05.2022
Acquisition	XLIS	3.800	10,000	17.05.2022
Acquisition	XLIS	3.675	5,000	18.05.2022
Acquisition	XLIS	3.685	20,000	18.05.2022
Acquisition	XLIS	3.690	18,138	18.05.2022
Acquisition	XLIS	3.695	5,000	18.05.2022
Acquisition	XLIS	3.705	11,862	18.05.2022
Acquisition	XLIS	3.710	5,000	18.05.2022
Acquisition	XLIS	3.715	5,000	18.05.2022
Acquisition	XLIS	3.735	5,000	18.05.2022
Acquisition	XLIS	3.750	5,000	18.05.2022
Acquisition	XLIS	3.615	15,000	19.05.2022
Acquisition	XLIS	3.620	5,789	19.05.2022
Acquisition	XLIS	3.625	15,278	19.05.2022
Acquisition	XLIS	3.630	10,000	19.05.2022

Type of transaction	Venue	Price (€)	Volume	Date of the transaction
Acquisition	XLIS	3.635	10,000	19.05.2022
Acquisition	XLIS	3.640	4,211	19.05.2022
Acquisition	XLIS	3.650	5,000	19.05.2022
Acquisition	XLIS	3.665	5,000	19.05.2022
Acquisition	XLIS	3.650	5,000	20.05.2022
Acquisition	XLIS	3.660	5,000	20.05.2022
Acquisition	XLIS	3.665	5,000	20.05.2022
Acquisition	XLIS	3.670	10,000	20.05.2022
Acquisition	XLIS	3.680	5,000	20.05.2022
Acquisition	XLIS	3.685	5,000	20.05.2022
Acquisition	XLIS	3.695	5,000	20.05.2022
Acquisition	XLIS	3.700	10,000	20.05.2022
Acquisition	XLIS	3.715	5,000	20.05.2022
Acquisition	XLIS	3.720	5,000	20.05.2022
Acquisition	XLIS	3.725	10,000	20.05.2022
Acquisition	XLIS	3.675	5,000	23.05.2022
Acquisition	XLIS	3.680	5,000	23.05.2022
Acquisition	XLIS	3.695	10,000	23.05.2022
Acquisition	XLIS	3.705	10,000	23.05.2022
Acquisition	XLIS	3.720	5,000	23.05.2022
Acquisition	XLIS	3.725	9,072	23.05.2022
Acquisition	XLIS	3.735	15,928	23.05.2022
Acquisition	XLIS	3.745	10,000	23.05.2022
Acquisition	XLIS	3.695	5,000	24.05.2022
Acquisition	XLIS	3.705	5,053	24.05.2022
Acquisition	XLIS	3.710	15,000	24.05.2022
Acquisition	XLIS	3.715	14,947	24.05.2022
Acquisition	XLIS	3.720	15,000	24.05.2022
Acquisition	XLIS	3.725	5,000	24.05.2022
Acquisition	XLIS	3.730	5,000	24.05.2022
Acquisition	XLIS	3.735	10,000	24.05.2022
Acquisition	XLIS	3.665	10,000	25.05.2022
Acquisition	XLIS	3.670	5,000	25.05.2022
Acquisition	XLIS	3.675	25,000	25.05.2022
Acquisition	XLIS	3.680	5,000	25.05.2022
Acquisition	XLIS	3.690	25,000	25.05.2022
Acquisition	XLIS	3.695	5,000	25.05.2022

Type of transaction	Venue	Price (€)	Volume	Date of the transaction
Acquisition	XLIS	3.700	5,000	25.05.2022
Acquisition	XLIS	3.705	5,000	26.05.2022
Acquisition	XLIS	3.720	5,000	26.05.2022
Acquisition	XLIS	3.730	5,000	26.05.2022
Acquisition	XLIS	3.735	6,206	26.05.2022
Acquisition	XLIS	3.740	15,000	26.05.2022
Acquisition	XLIS	3.745	5,001	26.05.2022
Acquisition	XLIS	3.750	10,000	26.05.2022
Acquisition	XLIS	3.755	18,793	26.05.2022
Acquisition	XLIS	3.765	10,000	26.05.2022
Acquisition	XLIS	3.760	9,149	27.05.2022
Acquisition	XLIS	3.770	851	27.05.2022
Acquisition	XLIS	3.775	20,000	27.05.2022
Acquisition	XLIS	3.780	10,000	27.05.2022
Acquisition	XLIS	3.790	5,000	27.05.2022
Acquisition	XLIS	3.800	10,000	27.05.2022
Acquisition	XLIS	3.810	5,000	27.05.2022
Acquisition	XLIS	3.815	5,000	27.05.2022
Acquisition	XLIS	3.790	5,000	30.05.2022
Acquisition	XLIS	3.800	370	30.05.2022
Acquisition	XLIS	3.805	5,000	30.05.2022
Acquisition	XLIS	3.810	10,000	30.05.2022
Acquisition	XLIS	3.815	5,000	30.05.2022
Acquisition	XLIS	3.820	10,000	30.05.2022
Acquisition	XLIS	3.830	24,630	30.05.2022
Acquisition	XLIS	3.745	10,000	31.05.2022
Acquisition	XLIS	3.760	15,000	31.05.2022
Acquisition	XLIS	3.780	25,000	31.05.2022
Acquisition	XLIS	3.785	5,000	31.05.2022
Acquisition	XLIS	3.790	5,000	31.05.2022
Acquisition	XLIS	3.795	10,000	31.05.2022
Acquisition	XLIS	3.805	5,000	31.05.2022
Acquisition	XLIS	3.810	5,000	31.05.2022
Acquisition	XLIS	3.715	5,000	01.06.2022
Acquisition	XLIS	3.730	5,000	01.06.2022
Acquisition	XLIS	3.735	10,000	01.06.2022
Acquisition	XLIS	3.745	5,000	01.06.2022

Type of transaction	Venue	Price (€)	Volume	Date of the transaction
Acquisition	XLIS	3.755	5,000	01.06.2022
Acquisition	XLIS	3.760	10,000	01.06.2022
Acquisition	XLIS	3.765	5,000	01.06.2022
Acquisition	XLIS	3.770	10,000	01.06.2022
Acquisition	XLIS	3.775	5,000	01.06.2022
Acquisition	XLIS	3.780	5,000	01.06.2022
Acquisition	XLIS	3.705	10,000	02.06.2022
Acquisition	XLIS	3.710	15,000	02.06.2022
Acquisition	XLIS	3.715	10,000	02.06.2022
Acquisition	XLIS	3.725	15,000	02.06.2022
Acquisition	XLIS	3.730	5,000	02.06.2022
Acquisition	XLIS	3.745	5,000	02.06.2022
Acquisition	XLIS	3.725	5,000	03.06.2022
Acquisition	XLIS	3.730	5,000	03.06.2022
Acquisition	XLIS	3.735	10,000	03.06.2022
Acquisition	XLIS	3.740	29,177	03.06.2022
Acquisition	XLIS	3.750	823	03.06.2022
Acquisition	XLIS	3.750	10,000	06.06.2022
Acquisition	XLIS	3.760	5,000	06.06.2022
Acquisition	XLIS	3.765	5,000	06.06.2022
Acquisition	XLIS	3.770	5,000	06.06.2022
Acquisition	XLIS	3.775	10,000	06.06.2022
Acquisition	XLIS	3.780	15,000	06.06.2022
Acquisition	XLIS	3.785	5,000	06.06.2022
Acquisition	XLIS	3.750	5,000	07.06.2022
Acquisition	XLIS	3.755	5,000	07.06.2022
Acquisition	XLIS	3.760	5,000	07.06.2022
Acquisition	XLIS	3.765	10,000	07.06.2022
Acquisition	XLIS	3.775	5,000	07.06.2022
Acquisition	XLIS	3.780	10,000	07.06.2022
Acquisition	XLIS	3.785	10,000	07.06.2022
Acquisition	XLIS	3.725	5,000	08.06.2022
Acquisition	XLIS	3.730	5,000	08.06.2022
Acquisition	XLIS	3.735	5,000	08.06.2022
Acquisition	XLIS	3.745	5,000	08.06.2022
Acquisition	XLIS	3.755	10,000	08.06.2022
Acquisition	XLIS	3.760	15,000	08.06.2022

Type of transaction	Venue	Price (€)	Volume	Date of the transaction
Acquisition	XLIS	3.765	5,000	08.06.2022
Acquisition	XLIS	3.790	5,000	08.06.2022
Acquisition	XLIS	3.665	5,000	09.06.2022
Acquisition	XLIS	3.675	5,000	09.06.2022
Acquisition	XLIS	3.685	10,000	09.06.2022
Acquisition	XLIS	3.690	10,000	09.06.2022
Acquisition	XLIS	3.695	10,000	09.06.2022
Acquisition	XLIS	3.705	5,000	09.06.2022
Acquisition	XLIS	3.710	5,000	09.06.2022
Acquisition	XLIS	3.720	5,000	09.06.2022
Acquisition	XLIS	3.730	5,000	09.06.2022
Acquisition	XLIS	3.475	5,000	10.06.2022
Acquisition	XLIS	3.495	5,000	10.06.2022
Acquisition	XLIS	3.500	10,000	10.06.2022
Acquisition	XLIS	3.505	6,664	10.06.2022
Acquisition	XLIS	3.510	18,336	10.06.2022
Acquisition	XLIS	3.530	5,343	10.06.2022
Acquisition	XLIS	3.535	10,000	10.06.2022
Acquisition	XLIS	3.540	39,657	10.06.2022
Acquisition	XLIS	3.545	5,000	10.06.2022
Acquisition	XLIS	3.550	5,000	10.06.2022
Acquisition	XLIS	3.555	10,000	10.06.2022
Acquisition	XLIS	3.560	10,000	10.06.2022
Acquisition	XLIS	3.565	5,000	10.06.2022
Acquisition	XLIS	3.570	10,000	10.06.2022
Acquisition	XLIS	3.620	5,000	10.06.2022
Acquisition	XLIS	3.285	5,000	13.06.2022
Acquisition	XLIS	3.290	10,846	13.06.2022
Acquisition	XLIS	3.295	24,154	13.06.2022
Acquisition	XLIS	3.300	42,527	13.06.2022
Acquisition	XLIS	3.305	34,022	13.06.2022
Acquisition	XLIS	3.310	5,000	13.06.2022
Acquisition	XLIS	3.315	10,978	13.06.2022
Acquisition	XLIS	3.320	17,473	13.06.2022
Acquisition	XLIS	3.325	10,000	13.06.2022
Acquisition	XLIS	3.340	5,000	13.06.2022
Acquisition	XLIS	3.345	10,000	13.06.2022

Type of transaction	Venue	Price (€)	Volume	Date of the transaction
Acquisition	XLIS	3.220	10,000	14.06.2022
Acquisition	XLIS	3.225	10,000	14.06.2022
Acquisition	XLIS	3.230	30,000	14.06.2022
Acquisition	XLIS	3.235	20,000	14.06.2022
Acquisition	XLIS	3.240	10,000	14.06.2022
Acquisition	XLIS	3.250	30,000	14.06.2022
Acquisition	XLIS	3.285	10,000	14.06.2022
Acquisition	XLIS	3.290	10,000	14.06.2022
Acquisition	XLIS	3.330	20,000	14.06.2022
Acquisition	XLIS	3.135	5,643	15.06.2022
Acquisition	XLIS	3.140	25,000	15.06.2022
Acquisition	XLIS	3.145	10,000	15.06.2022
Acquisition	XLIS	3.150	45,000	15.06.2022
Acquisition	XLIS	3.155	15,000	15.06.2022
Acquisition	XLIS	3.160	39,357	15.06.2022
Acquisition	XLIS	3.180	15,000	15.06.2022
Acquisition	XLIS	3.205	5,000	15.06.2022
Acquisition	XLIS	3.240	10,000	15.06.2022
Acquisition	XLIS	3.245	5,000	15.06.2022
Acquisition	XLIS	2.995	15,000	16.06.2022
Acquisition	XLIS	3.000	10,000	16.06.2022
Acquisition	XLIS	3.005	20,000	16.06.2022
Acquisition	XLIS	3.010	26,541	16.06.2022
Acquisition	XLIS	3.015	13,090	16.06.2022
Acquisition	XLIS	3.020	68,159	16.06.2022
Acquisition	XLIS	3.025	15,168	16.06.2022
Acquisition	XLIS	3.030	15,966	16.06.2022
Acquisition	XLIS	3.040	10,368	16.06.2022
Acquisition	XLIS	3.045	2,500	16.06.2022
Acquisition	XLIS	3.050	7,976	16.06.2022
Acquisition	XLIS	3.065	7,230	16.06.2022
Acquisition	XLIS	3.070	2,000	16.06.2022
Acquisition	XLIS	3.080	16,002	16.06.2022
Acquisition	XLIS	3.095	10,000	16.06.2022
Acquisition	XLIS	3.015	15,000	17.06.2022
Acquisition	XLIS	3.030	15,000	17.06.2022
Acquisition	XLIS	3.045	15,000	17.06.2022

Type of transaction	Venue	Price (€)	Volume	Date of the transaction
Acquisition	XLIS	3.055	15,000	17.06.2022
Acquisition	XLIS	3.065	18,000	17.06.2022
Acquisition	XLIS	3.070	51,454	17.06.2022
Acquisition	XLIS	3.085	15,000	17.06.2022
Acquisition	XLIS	3.100	20,000	17.06.2022
Acquisition	XLIS	3.105	30,000	17.06.2022
Acquisition	XLIS	3.110	34	20.06.2022
Acquisition	XLIS	3.130	32,567	20.06.2022
Acquisition	XLIS	3.140	30,000	20.06.2022
Acquisition	XLIS	3.150	10,000	20.06.2022
Acquisition	XLIS	3.155	15,000	20.06.2022
Acquisition	XLIS	3.160	15,000	20.06.2022
Acquisition	XLIS	3.180	7,399	20.06.2022
Acquisition	XLIS	3.200	10,000	20.06.2022
Acquisition	XLIS	3.115	10,000	21.06.2022
Acquisition	XLIS	3.130	30,000	21.06.2022
Acquisition	XLIS	3.135	20,000	21.06.2022
Acquisition	XLIS	3.145	20,000	21.06.2022
Acquisition	XLIS	3.150	10,000	21.06.2022
Acquisition	XLIS	3.170	20,000	21.06.2022
Acquisition	XLIS	3.200	10,000	21.06.2022
Acquisition	XLIS	3.050	10,000	22.06.2022
Acquisition	XLIS	3.060	10,000	22.06.2022
Acquisition	XLIS	3.075	15,000	22.06.2022
Acquisition	XLIS	3.085	15,000	22.06.2022
Acquisition	XLIS	3.105	15,000	22.06.2022
Acquisition	XLIS	3.115	10,000	22.06.2022
Acquisition	XLIS	3.075	10,000	23.06.2022
Acquisition	XLIS	3.080	10,000	23.06.2022
Acquisition	XLIS	3.090	10,000	23.06.2022
Acquisition	XLIS	3.095	10,000	23.06.2022
Acquisition	XLIS	3.100	10,000	23.06.2022
Acquisition	XLIS	3.105	10,000	23.06.2022
Acquisition	XLIS	3.110	10,000	23.06.2022
Acquisition	XLIS	3.115	10,000	23.06.2022
Acquisition	XLIS	3.120	10,000	23.06.2022
Acquisition	XLIS	3.135	10,000	23.06.2022

Type of transaction	Venue	Price (€)	Volume	Date of the transaction
Acquisition	XLIS	3.090	10,000	24.06.2022
Acquisition	XLIS	3.100	10,000	24.06.2022
Acquisition	XLIS	3.140	20,000	24.06.2022
Acquisition	XLIS	3.160	15,000	24.06.2022
Acquisition	XLIS	3.165	10,000	24.06.2022
Acquisition	XLIS	3.175	10,517	24.06.2022
Acquisition	XLIS	3.185	9,483	24.06.2022
Acquisition	XLIS	3.190	15,000	24.06.2022
Acquisition	XLIS	3.145	5,000	27.06.2022
Acquisition	XLIS	3.160	10,000	27.06.2022
Acquisition	XLIS	3.175	10,000	27.06.2022
Acquisition	XLIS	3.180	5,000	27.06.2022
Acquisition	XLIS	3.190	5,000	27.06.2022
Acquisition	XLIS	3.205	5,000	27.06.2022
Acquisition	XLIS	3.220	10,000	27.06.2022
Acquisition	XLIS	3.190	10,000	28.06.2022
Acquisition	XLIS	3.195	5,000	28.06.2022
Acquisition	XLIS	3.200	5,000	28.06.2022
Acquisition	XLIS	3.205	5,000	28.06.2022
Acquisition	XLIS	3.210	25,000	28.06.2022
Acquisition	XLIS	3.110	2,000	29.06.2022
Acquisition	XLIS	3.115	4,000	29.06.2022
Acquisition	XLIS	3.135	2,000	29.06.2022
Acquisition	XLIS	3.145	2,000	29.06.2022
Acquisition	XLIS	3.080	4,000	30.06.2022
Acquisition	XLIS	3.085	4,000	30.06.2022
Acquisition	XLIS	3.105	2,000	30.06.2022
Acquisition	XLIS	3.085	2,000	01.07.2022
Acquisition	XLIS	3.090	2,000	01.07.2022
Acquisition	XLIS	3.095	2,000	01.07.2022
Acquisition	XLIS	3.100	2,000	01.07.2022
Acquisition	XLIS	3.115	2,000	01.07.2022
Acquisition	XLIS	3.145	2,000	01.07.2022
Acquisition	XLIS	3.090	10,000	04.07.2022
Acquisition	XLIS	3.060	5,000	05.07.2022
Acquisition	XLIS	3.080	5,000	05.07.2022
Acquisition	XLIS	3.020	5,000	06.07.2022

Type of transaction	Venue	Price (€)	Volume	Date of the transaction
Acquisition	XLIS	3.050	5,000	06.07.2022
Acquisition	XLIS	3.020	5,000	07.07.2022
Acquisition	XLIS	3.030	5,000	07.07.2022
Acquisition	XLIS	3.100	5,000	08.07.2022
Acquisition	XLIS	3.110	5,000	08.07.2022
Acquisition	XLIS	3.090	5,000	11.07.2022
Acquisition	XLIS	3.100	5,000	11.07.2022
Acquisition	XLIS	3.030	10,000	12.07.2022
Acquisition	XLIS	3.020	5,000	13.07.2022
Acquisition	XLIS	3.040	5,000	13.07.2022
Acquisition	XLIS	3.000	5,000	14.07.2022
Acquisition	XLIS	3.020	5,000	14.07.2022
Acquisition	XLIS	3.050	10,000	15.07.2022
Acquisition	XLIS	3.135	4,000	18.07.2022
Acquisition	XLIS	3.145	2,000	18.07.2022
Acquisition	XLIS	3.150	2,000	18.07.2022
Acquisition	XLIS	3.170	2,000	18.07.2022
Acquisition	XLIS	3.115	2,000	19.07.2022
Acquisition	XLIS	3.145	2,000	19.07.2022
Acquisition	XLIS	3.150	2,000	19.07.2022
Acquisition	XLIS	3.165	2,000	19.07.2022
Acquisition	XLIS	3.180	1,442	19.07.2022
Acquisition	XLIS	3.185	558	19.07.2022
Acquisition	XLIS	3.170	2,000	20.07.2022
Acquisition	XLIS	3.185	2,000	20.07.2022
Acquisition	XLIS	3.195	2,000	20.07.2022
Acquisition	XLIS	3.210	2,000	20.07.2022
Acquisition	XLIS	3.215	2,000	20.07.2022
Acquisition	XLIS	3.195	1,000	21.07.2022
Acquisition	XLIS	3.215	3,000	21.07.2022
Acquisition	XLIS	3.235	4,000	21.07.2022
Acquisition	XLIS	3.240	2,000	21.07.2022
Acquisition	XLIS	3.195	2,000	22.07.2022
Acquisition	XLIS	3.200	2,334	22.07.2022
Acquisition	XLIS	3.210	3,666	22.07.2022
Acquisition	XLIS	3.240	2,000	22.07.2022
Acquisition	XLIS	3.215	4,000	25.07.2022

Type of transaction	Venue	Price (€)	Volume	Date of the transaction
Acquisition	XLIS	3.225	2,000	25.07.2022
Acquisition	XLIS	3.230	2,000	25.07.2022
Acquisition	XLIS	3.235	2,000	25.07.2022
Acquisition	XLIS	3.195	4,000	26.07.2022
Acquisition	XLIS	3.225	4,000	26.07.2022
Acquisition	XLIS	3.230	2,000	26.07.2022
Acquisition	XLIS	3.190	2,000	27.07.2022
Acquisition	XLIS	3.205	2,000	27.07.2022
Acquisition	XLIS	3.215	2,000	27.07.2022
Acquisition	XLIS	3.245	2,000	27.07.2022
Acquisition	XLIS	3.255	2,000	27.07.2022
Acquisition	XLIS	3.230	10,000	28.07.2022
Acquisition	XLIS	3.235	5,000	28.07.2022
Acquisition	XLIS	3.240	15,000	28.07.2022
Acquisition	XLIS	3.250	25,000	28.07.2022
Acquisition	XLIS	3.265	10,000	28.07.2022
Acquisition	XLIS	3.270	10,000	28.07.2022
Acquisition	XLIS	3.275	5,000	28.07.2022
Acquisition	XLIS	3.285	10,000	28.07.2022
Acquisition	XLIS	3.290	10,000	28.07.2022
Acquisition	XLIS	3.255	10,000	29.07.2022
Acquisition	XLIS	3.260	10,000	29.07.2022
Acquisition	XLIS	3.275	10,000	29.07.2022
Acquisition	XLIS	3.280	10,000	29.07.2022
Acquisition	XLIS	3.290	10,000	29.07.2022
Acquisition	XLIS	3.325	10,000	29.07.2022
Acquisition	XLIS	3.330	10,000	01.08.2022
Acquisition	XLIS	3.345	10,000	01.08.2022
Acquisition	XLIS	3.360	10,000	01.08.2022
Acquisition	XLIS	3.365	10,000	01.08.2022
Acquisition	XLIS	3.370	10,000	01.08.2022
Acquisition	XLIS	3.375	10,000	01.08.2022
Acquisition	XLIS	3.280	10,000	02.08.2022
Acquisition	XLIS	3.285	10,000	02.08.2022
Acquisition	XLIS	3.290	10,000	02.08.2022
Acquisition	XLIS	3.295	10,000	02.08.2022
Acquisition	XLIS	3.300	10,000	02.08.2022

Type of transaction	Venue	Price (€)	Volume	Date of the transaction
Acquisition	XLIS	3.330	1,500	03.08.2022
Acquisition	XLIS	3.335	10,000	03.08.2022
Acquisition	XLIS	3.340	10,000	03.08.2022
Acquisition	XLIS	3.345	18,500	03.08.2022
Acquisition	XLIS	3.355	5,000	04.08.2022
Acquisition	XLIS	3.360	10,697	04.08.2022
Acquisition	XLIS	3.365	9,303	04.08.2022
Acquisition	XLIS	3.375	5,000	04.08.2022
Acquisition	XLIS	3.385	10,000	04.08.2022
Acquisition	XLIS	3.405	10,000	05.08.2022
Acquisition	XLIS	3.410	14,714	05.08.2022
Acquisition	XLIS	3.415	10,000	05.08.2022
Acquisition	XLIS	3.450	5,286	05.08.2022
Acquisition	XLIS	3.395	10,000	08.08.2022
Acquisition	XLIS	3.400	30,000	08.08.2022
Acquisition	XLIS	3.380	20,000	09.08.2022
Acquisition	XLIS	3.390	5,000	09.08.2022
Acquisition	XLIS	3.395	10,000	09.08.2022
Acquisition	XLIS	3.405	5,000	09.08.2022
Acquisition	XLIS	3.360	5,000	10.08.2022
Acquisition	XLIS	3.370	10,000	10.08.2022
Acquisition	XLIS	3.380	5,000	10.08.2022
Acquisition	XLIS	3.405	5,000	10.08.2022
Acquisition	XLIS	3.415	15,000	10.08.2022
Acquisition	XLIS	3.400	5,000	11.08.2022
Acquisition	XLIS	3.405	5,000	11.08.2022
Acquisition	XLIS	3.425	2,722	11.08.2022
Acquisition	XLIS	3.430	17,278	11.08.2022
Acquisition	XLIS	3.435	5,000	11.08.2022
Acquisition	XLIS	3.440	5,000	11.08.2022
Acquisition	XLIS	3.400	9,842	12.08.2022
Acquisition	XLIS	3.405	10,158	12.08.2022
Acquisition	XLIS	3.415	15,000	12.08.2022
Acquisition	XLIS	3.420	5,000	12.08.2022
Acquisition	XLIS	3.370	15,000	15.08.2022
Acquisition	XLIS	3.375	5,000	15.08.2022
Acquisition	XLIS	3.380	5,000	15.08.2022

Type of transaction	Venue	Price (€)	Volume	Date of the transaction
Acquisition	XLIS	3.390	5,000	15.08.2022
Acquisition	XLIS	3.395	10,000	15.08.2022
Acquisition	XLIS	3.350	20,000	16.08.2022
Acquisition	XLIS	3.360	10,000	16.08.2022
Acquisition	XLIS	3.365	10,000	16.08.2022
Acquisition	XLIS	3.320	5,000	17.08.2022
Acquisition	XLIS	3.325	10,000	17.08.2022
Acquisition	XLIS	3.330	15,000	17.08.2022
Acquisition	XLIS	3.350	10,000	17.08.2022
Acquisition	XLIS	3.300	10,000	18.08.2022
Acquisition	XLIS	3.305	20,000	18.08.2022
Acquisition	XLIS	3.310	10,000	18.08.2022
Acquisition	XLIS	3.280	10,000	19.08.2022
Acquisition	XLIS	3.285	10,000	19.08.2022
Acquisition	XLIS	3.290	10,000	19.08.2022
Acquisition	XLIS	3.295	20,000	19.08.2022
Acquisition	XLIS	3.300	10,000	19.08.2022
Acquisition	XLIS	3.215	10,000	22.08.2022
Acquisition	XLIS	3.220	30,000	22.08.2022
Acquisition	XLIS	3.230	20,000	22.08.2022
Acquisition	XLIS	3.240	10,000	22.08.2022
Acquisition	XLIS	3.245	10,000	22.08.2022
Acquisition	XLIS	3.245	30,000	23.08.2022
Acquisition	XLIS	3.250	10,000	23.08.2022
Acquisition	XLIS	3.265	10,000	23.08.2022
Acquisition	XLIS	3.275	10,000	23.08.2022
Acquisition	XLIS	3.245	10,000	24.08.2022
Acquisition	XLIS	3.250	10,000	24.08.2022
Acquisition	XLIS	3.260	10,000	24.08.2022
Acquisition	XLIS	3.275	10,000	24.08.2022
Acquisition	XLIS	3.285	10,000	24.08.2022
Acquisition	XLIS	3.255	10,000	25.08.2022
Acquisition	XLIS	3.260	10,000	25.08.2022
Acquisition	XLIS	3.275	10,000	25.08.2022
Acquisition	XLIS	3.285	10,000	25.08.2022
Acquisition	XLIS	3.310	10,000	25.08.2022
Acquisition	XLIS	3.315	10,000	25.08.2022

Type of transaction	Venue	Price (€)	Volume	Date of the transaction
Acquisition	XLIS	3.285	4,207	26.08.2022
Acquisition	XLIS	3.310	10,000	26.08.2022
Acquisition	XLIS	3.320	30,000	26.08.2022
Acquisition	XLIS	3.325	10,000	26.08.2022
Acquisition	XLIS	3.335	10,000	26.08.2022
Acquisition	XLIS	3.180	252	29.08.2022
Acquisition	XLIS	3.200	10,000	29.08.2022
Acquisition	XLIS	3.215	9,748	29.08.2022
Acquisition	XLIS	3.220	10,000	29.08.2022
Acquisition	XLIS	3.225	10,000	29.08.2022
Acquisition	XLIS	3.250	10,000	29.08.2022
Acquisition	XLIS	3.255	10,000	29.08.2022
Acquisition	XLIS	3.230	10,000	30.08.2022
Acquisition	XLIS	3.235	10,000	30.08.2022
Acquisition	XLIS	3.250	10,000	30.08.2022
Acquisition	XLIS	3.260	5,000	30.08.2022
Acquisition	XLIS	3.265	5,000	30.08.2022
Acquisition	XLIS	3.270	10,000	30.08.2022
Acquisition	XLIS	3.275	10,000	30.08.2022
Acquisition	XLIS	3.225	10,000	31.08.2022
Acquisition	XLIS	3.235	20,000	31.08.2022
Acquisition	XLIS	3.240	10,000	31.08.2022
Acquisition	XLIS	3.250	10,000	31.08.2022
Acquisition	XLIS	3.265	10,000	31.08.2022
Acquisition	XLIS	3.220	30,000	01.09.2022
Acquisition	XLIS	3.230	20,000	01.09.2022
Acquisition	XLIS	3.245	10,000	01.09.2022
Acquisition	XLIS	3.195	10,000	02.09.2022
Acquisition	XLIS	3.215	10,000	02.09.2022
Acquisition	XLIS	3.230	10,000	02.09.2022
Acquisition	XLIS	3.245	10,000	02.09.2022
Acquisition	XLIS	3.270	10,000	02.09.2022
Acquisition	XLIS	3.205	10,000	05.09.2022
Acquisition	XLIS	3.215	20,000	05.09.2022
Acquisition	XLIS	3.220	22	05.09.2022
Acquisition	XLIS	3.225	1,150	05.09.2022
Acquisition	XLIS	3.230	10,000	05.09.2022

Type of transaction	Venue	Price (€)	Volume	Date of the transaction
Acquisition	XLIS	3.245	8,828	05.09.2022
Acquisition	XLIS	3.250	10,000	05.09.2022
Acquisition	XLIS	3.250	20,000	06.09.2022
Acquisition	XLIS	3.260	10,000	06.09.2022
Acquisition	XLIS	3.265	10,000	06.09.2022
Acquisition	XLIS	3.270	10,000	06.09.2022
Acquisition	XLIS	3.275	10,000	06.09.2022
Acquisition	XLIS	3.280	10,000	06.09.2022
Acquisition	XLIS	3.225	935	07.09.2022
Acquisition	XLIS	3.230	9,072	07.09.2022
Acquisition	XLIS	3.240	22,000	07.09.2022
Acquisition	XLIS	3.250	10,000	07.09.2022
Acquisition	XLIS	3.255	10,000	07.09.2022
Acquisition	XLIS	3.260	10,000	07.09.2022
Acquisition	XLIS	3.270	9,065	07.09.2022
Acquisition	XLIS	3.245	10,000	08.09.2022
Acquisition	XLIS	3.250	10,000	08.09.2022
Acquisition	XLIS	3.255	10,000	08.09.2022
Acquisition	XLIS	3.260	10,000	08.09.2022
Acquisition	XLIS	3.270	3,590	08.09.2022
Acquisition	XLIS	3.275	10,000	08.09.2022
Acquisition	XLIS	3.295	16,409	08.09.2022

Annex III

ESG indicators

ANNEX III – ESG INDICATORS

Table 1 - Employees

GRI 2-7, 2-30, GRI 401-1, 401-3, 403-9, 403-10, 404-1, 405-1, 405-2

Human Resources	'21			'22			CTT
Indicators	CTT	CTT SA	Subsidiaries	CTT	CTT SA	Subsidiaries	Annual variation %
Labour Indicators (number of people)							
Employees	**12,608**	**10,123**	**2,485**	**12,506**	**9,763**	**2,743**	**-0.8**
Female	4,697	3,487	1,210	4,747	3,376	1,371	**1.1**
Male	7,911	6,636	1,275	7,759	6,387	1,372	**-1.9**
Type of contract (number of people)							
Permanent	**11,283**	**9,346**	**1,937**	**11,192**	**9,028**	**2,164**	**-0.8**
Female	4,078	3,180	898	4,126	3,081	1,045	**1.2**
Male	7,205	6,166	1,039	7,066	5,947	1,119	**-1.9**
Fixed-term	**1,380**	**832**	**548**	**1,314**	**735**	**579**	**-4.8**
Female	619	307	312	621	295	326	**0.3**
Male	706	470	236	693	440	253	**-1.8**
Full-time	**12,242**	**9,978**	**2,264**	**12,081**	**9,630**	**2,451**	**-1.3**
Female	**4,490**	**3,421**	**1,069**	**4,534**	**3,322**	**1,212**	**1.0**
Permanent	3,970	3,151	819	3,992	3,056	936	**0.6**
Fixed-term	520	270	250	542	266	276	**4.2**
Male	**7,752**	**6,557**	**1,195**	**7,547**	**6,308**	**1,239**	**-2.6**
Permanent	7,161	6,152	1,009	7,001	5,937	1,064	**-2.2**
Fixed-term	591	405	186	546	371	175	**-7.6**
Part-time	**366**	**145**	**221**	**425**	**133**	**292**	**16.1**
Female	**207**	**66**	**141**	**213**	**54**	**159**	**2.9**
Permanent	108	29	79	134	25	109	**24.1**
Fixed-term	99	37	62	79	29	50	**-20.2**
Male	**159**	**79**	**80**	**212**	**79**	**133**	**33.3**
Permanent	44	14	30	65	10	55	**47.7**
Fixed-term	115	65	50	147	69	78	**27.8**
Age group (number of people)							
<30	**1,095**	**566**	**529**	**1,030**	**495**	**535**	**-5.9**
Female	477	217	260	444	186	258	**-6.9**
Male	618	349	269	586	309	277	**-5.2**
30 to 50	**6,773**	**5,117**	**1,656**	**6,431**	**4,600**	**1,831**	**-5.0**
Female	2,765	1,915	850	2,734	1,753	981	**-1.1**
Male	4,008	3,202	806	3,697	2,847	850	**-7.8**
>50	**4,740**	**4,440**	**300**	**5,045**	**4,668**	**377**	**6.4**
Female	1,455	1,355	100	1,569	1,437	132	**7.8**
Male	3,285	3,085	200	3,476	3,231	245	**5.8**
Professional category (number of people)							
Senior personnel	**1,443**	**1,000**	**443**	**1,422**	**982**	**440**	**-1.5**
Female	**708**	**504**	**204**	**722**	**505**	**217**	**2.0**
<30	39	11	28	45	25	20	**15.4**
30 to 50	483	324	159	477	295	182	**-1.2**
>50	186	169	17	200	185	15	**7.5**
Male	**735**	**496**	**239**	**700**	**477**	**223**	**-4.8**
<30	43	23	20	46	21	25	**7.0**
30 to 50	441	264	177	382	228	154	**-13.4**
>50	251	209	42	272	228	44	**8.4**

Human Resources	'21			'22			CTT
Indicators	**CTT**	**CTT SA**	**Subsidiaries**	**CTT**	**CTT SA**	**Subsidiaries**	**Annual variation %**
Middle management	**566**	**382**	**184**	**575**	**376**	**199**	**1.6**
Female	**223**	**153**	**70**	**220**	**152**	**68**	**-1.3**
<30	4	0	4	3	0	3	**-25.0**
30 to 50	113	56	57	103	49	54	**-8.8**
>50	106	97	9	114	103	11	**7.5**
Male	**343**	**229**	**114**	**355**	**224**	**131**	**3.5**
<30	12	0	12	8	0	8	**-33.3**
30 to 50	165	86	79	168	78	90	**1.8**
>50	166	143	23	179	146	33	**7.8**
Counter service	**2,413**	**2,310**	**103**	**2,246**	**2,166**	**80**	**-6.9**
Female	**1,670**	**1,618**	**52**	**1,579**	**1,522**	**57**	**-5.4**
<30	110	107	3	89	82	7	**-19.1**
30 to 50	848	805	43	740	697	43	**-12.7**
>50	712	706	6	750	743	7	**5.3**
Male	**743**	**692**	**51**	**667**	**644**	**23**	**-10.2**
<30	51	44	7	39	37	2	**-23.5**
30 to 50	268	233	35	214	198	16	**-20.1**
>50	424	415	9	414	409	5	**-2.4**
Delivery	**5,393**	**4,733**	**660**	**5,362**	**4,573**	**789**	**-0.6**
Female	**843**	**696**	**147**	**879**	**687**	**192**	**4.3**
<30	108	54	54	98	46	52	**-9.3**
30 to 50	543	461	82	577	453	124	**6.3**
>50	192	181	11	204	188	16	**6.3**
Male	**4,550**	**4,037**	**513**	**4,483**	**3,886**	**597**	**-1.5**
<30	330	165	165	325	159	166	**-1.5**
30 to 50	2,415	2,118	297	2,227	1,866	361	**-7.8**
>50	1,805	1,754	51	1,931	1,861	70	**7.0**
Other groups	**2,793**	**1,698**	**1,095**	**2,901**	**1,666**	**1,235**	**3.9**
Female	**1,253**	**516**	**737**	**1,347**	**510**	**837**	**7.5**
<30	216	45	171	209	33	176	**-3.2**
30 to 50	778	269	509	837	259	578	**7.6**
>50	259	202	57	301	218	83	**16.2**
Male	**1,540**	**1,182**	**358**	**1,554**	**1,156**	**398**	**0.9**
<30	182	117	65	168	92	76	**-7.7**
30 to 50	719	501	218	706	477	229	**-1.8**
>50	639	564	75	680	587	93	**6.4**
Leadership by gender (number of people)	**246**	**186**	**60**	**233**	**172**	**61**	**-5.3**
Board of Directors	**5**	**5**	**0**	**5**	**5**	**0**	**0.0**
Female	0	0	0	0	0	0	**0,0**
Male	5	5	0	5	5	0	**0.0**
Leadership - 1st line	**48**	**36**	**12**	**48**	**35**	**13**	**0.0**
Female	6	6	0	8	8	0	**33.3**
Male	42	30	12	40	27	13	**-4.8**
Leadership - 2nd line	**193**	**145**	**48**	**180**	**132**	**48**	**-6.7**
Female	92	73	19	85	66	19	**-7.6**
Male	101	72	29	95	66	29	**-5.9**
Diversity (number of people)							
Foreign employees	**171**	**68**	**103**	**230**	**94**	**136**	**34.5**
Female	75	28	47	110	36	74	**46.7**
Male	96	40	56	120	58	62	**25.0**

Human Resources		'21			'22			CTT
Indicators		CTT	CTT SA	Subsidiaries	CTT	CTT SA	Subsidiaries	Annual variation %
Employees with special needs		**297**	**272**	**25**	**305**	**278**	**27**	**2.7**
Female		146	131	15	145	128	17	**-0.7**
Male		151	141	10	160	150	10	**6.0**
Schooling level (number of people)								
University education		2,249	1,531	718	2,277	1,498	779	**1.2**
12th year		6,316	5,017	1,299	6,303	4,853	1,450	**-0.2**
3rd cycle elementary education		2,930	2,556	374	2,875	2,456	419	**-1.9**
< 3rd cycle of elementary education		1,113	1,019	94	1,051	956	95	**-5.6**
Turnover rate	**c)**	**18.5**	**16.0**	**33.3**	**18.5**	**16.9**	**24.4**	**0 p.p.**
Female		**15.7**	**14.9**	**19.8**	**17.8**	**16.1**	**21.6**	**2.1 p.p.**
<30		5.9	5.3	9.0	6.1	4.9	8.7	**0.2 p.p.**
30 to 50		7.5	7.0	9.9	9.1	7.9	12.0	**1.6 p.p.**
>50		2.3	2.6	1.0	2.6	3.3	0.9	**0.3 p.p.**
Male		**20.1**	**16.6**	**41.0**	**19.0**	**17.3**	**27.1**	**-1.1 p.p.**
<30		9.7	7.5	23.0	7.7	6.8	12.1	**-2 p.p.**
30 to 50		7.3	6.1	9.3	7.9	6.9	13.0	**0.6 p.p.**
>50		3.1	3.1	3.3	3.4	3.7	1.9	**0.3 p.p.**
Contracting rate		**31.5**	**25.8**	**64.9**	**29.9**	**24.9**	**47.5**	**-1.6 p.p.**
Female		**31.2**	**26.3**	**58.2**	**31.8**	**25.5**	**47.0**	**0.6 p.p.**
<30		14.1	11.5	28.5	12.3	10.0	17.9	**-1.8 p.p.**
30 to 50		16.3	14.3	27.5	18.3	14.7	26.9	**2 p.p.**
>50		0.8	0.6	2.2	1.2	0.8	2.2	**0.4 p.p.**
Male		**31.7**	**25.6**	**68.7**	**28.7**	**24.6**	**48.0**	**-3 p.p.**
<30		17.2	13.0	42.4	14.1	12.2	23.1	**-3.1 p.p.**
30 to 50		13.4	11.6	24.6	13.0	11.1	21.9	**-0.4 p.p.**
>50		1.0	0.9	1.7	1.6	6.2	3.1	**0.6 p.p.**
Rate of return		**95.7**	**—**	**—**	**95.1** [60]	**—**	**—**	**-0,6 p.p.**
Female		92.5	—	—	93.8	—	—	**1.3 p.p.**
Male		98.4	—	—	96.6	—	—	**-1.8 p.p.**
Rate of retention		**90.9**	**—**	**—**	**90.1**	**—**	**—**	**-0.8 p.p.**
Female		90.5	—	—	91.6	—	—	**1.1 p.p.**
Male		91.1	—	—	88.8	—	—	**-2.3 p.p.**
Prevention & safety								
Total number of work accidents		**789**	**689**	**100**	**801**	**706**	**95**	**1.5**
Female		196	173	23	194	169	25	**-1.0**
Male		593	516	77	607	537	70	**2.4**
Injury rate due to work accidents	**$*10^5$**	**2.9**	**3.0**	**2.2**	**3.4**	**3.4**	**3.2**	**0.5 p.p.**
Female		2.0	2.1	1.5	2.3	2.3	2.5	**0.3 p.p.**
Male		3.3	3.5	2.5	4.0	4.0	3.6	**0.7 p.p.**
Rate of occupational diseases	**$*10^5$**	**0.11**	**0.12**	**0.00**	**0.21**	**0.24**	**0.00**	**0.1 p.p.**
Female		0.15	0.17	0.00	0.32	0.38	0.00	**0.17 p.p.**
Male		0.08	0.10	0.00	0.15	0.17	0.00	**0.07 p.p.**

[60] The Rate of return covers all employees who have not left the Company in less than one month after the end of the last period of parental leave. These figures include subsidiaries.

Human Resources		'21			'22			CTT
Indicators		CTT	CTT SA	Subsidiaries	CTT	CTT SA	Subsidiaries	Annual variation %
Rate of days lost due to work accidents[61]	*10 5	**102.3**	**110.0**	**53.1**	**121.8**	**133.6**	**43.7**	**19.1**
Female		66.4	72.3	27.4	65.9	72.2	27.6	-0.8
Male		120.8	129.5	65.9	151.3	165.7	58.4	25.2
Deaths		**0**	**0**	**0**	**0**	**0**	**0**	**0.0**
Absenteeism (%)	c)	**6.9**	**7.5**	**3.4**	**7.5**	**8.3**	**4.8**	**9.1**
Training[62]	c)							
Number of training hours		**215,046**	**183,002**	**32,045**	**138,042**	**120,775**	**17,267**	**-35.8**
Average training hours		**18.2**	**18.1**	**18.7**	**11.8**	**12.4**	**9.1**	**-35.2**
Female		26.2	26.6	23.8	18.2	19.8	10.8	**-30.5**
Male		13.9	13.6	15.8	8.4	8.5	8.0	**-39.6**
Average hours per category								
Senior personnel		**25.8**	**24.1**	**29.9**	**17.0**	**14.6**	**22.7**	**-34.1**
Female		25.4	23.6	30.3	18.0	16.1	22.9	**-29.1**
Male		26.2	24.6	29.6	16.0	13.0	22.6	**-38.9**
Middle management		**24.5**	**18.9**	**65.0**	**14.6**	**16.1**	**11.5**	**-40.4**
Female		26.7	19.9	42.6	15.2	17.1	10.4	**-43.1**
Male		23.0	18.2	33.1	14.2	15.4	12.0	**-38.3**
Counter service		**41.9**	**43.0**	**16.9**	**31.4**	**31.4**	**32.3**	**-25.1**
Female		42.0	42.7	21.7	31.8	31.7	34.4	**-24.3**
Male		41.6	43.8	12.0	30.7	30.8	27.1	**-26.2**
Delivery		**10.8**	**11.0**	**8.9**	**3.2**	**3.4**	**2.0**	**-70.4**
Female		13.4	12.7	16.7	3.4	3.9	1.5	**-74.6**
Male		10.3	10.7	6.6	3.1	3.3	2.2	**-69.9**
Other		**2.8**	**0.1**	**15.7**	**8.9**	**10.2**	**4.0**	**213.6**
Female		4.4	0.1	16.7	7.7	9.9	2.7	**75.7**
Male		2.0	0.1	14.7	9.5	10.3	5.4	**365.8**
Wage ratio by gender (F/M)		**1.00**	**1.06**	**0.83**	**1.00**	**1.06**	**0.86**	**0 p.p.**
Senior personnel		**0.80**	**0.87**	**0.67**	**0.78**	**0.85**	**0.63**	**-0.02 p.p.**
Female (€)		1,964.4	2,061.3	1,725.0	1,951.5	2,053.0	1,715.3	**-0.7**
Male (€)		2,444.4	2,382.1	2,573.9	2,514.5	2,420.0	2,716.4	**2.9**
Middle management		**0.94**	**0.95**	**0.91**	**0.97**	**0.94**	**0.98**	**0.03 p.p.**
Female (€)		1,259.2	1,366.3	1,025.1	1,299.1	1,377.1	1,124.6	**3.2**
Male (€)		1,336.3	1,440.2	1,127.5	1,342.6	1,459.7	1,142.4	**0.5**
Counter service		**0.94**	**0.93**	**1.00**	**0.94**	**0.93**	**1.25**	**0 p.p.**
Female (€)		1,075.0	1,082.5	841.8	1,087.9	1,095.9	875.8	**1.2**
Male (€)		1,141.6	1,163.4	845.2	1,156.9	1,173.2	701.3	**1.3**
Delivery		**0.92**	**0.89**	**1.15**	**0.93**	**0.90**	**1.26**	**-0.01 p.p.**
Female (€)		844.6	848.4	826.9	869.4	863.6	889.9	**2.9**
Male (€)		922.7	948.9	716.8	930.7	964.8	708.8	**0.9**
Other		**0.87**	**0.96**	**0.88**	**0.87**	**0.96**	**0.88**	**0 p.p.**
Female (€)		844.2	966.4	758.6	872.1	985.7	802.9	**3.3**
Male (€)		969.5	1,002.3	861.5	997.4	1,026.7	912.0	**2.9**

[61] The Injury Rate is calculated as the ratio between the number of injuries and the total number of hours worked by CTT employees in 2022. The calculated rate was multiplied by a factor of 100,000 to allow for better readability.

[62] 321 Crédito, CORRE, NewSpring Services and its subsidiary HCCM data not included.

Human Resources	'21			'22			CTT
Indicators	CTT	CTT SA	Subsidiaries	CTT	CTT SA	Subsidiaries	Annual variation %
Labour relations (%)[63]							
Collective labour agreements	95.8	99.4	58.9	96.5	99.5	66.4	**0.7 p.p.**
Union membership (%)	75.4	77.8	51.6	75.7	78.3	50.1	**0.3 p.p.**

[63] Does not include CTT Express (Spain), CORRE (Mozambique), 321 Crédito, NewSpring Services and MedSpring. In relation to 2021, Banco CTT and Open Lockers are now accounted for, which partially explains the recorded increase..

Table 2 – Environment

GRI 301-1, 301-3, 302-1, 302-3, 302-4, 303-3, 303-5, 305-1, 305-2, 305-3, 305-4, 305-5, 306-1, 306-2, 306-3, 306-4, 306-5

Environment	'21			'22			
Indicators a)	**CTT**	**CTT SA**	**Subsidiaries**	**CTT**	**CTT SA**	**Subsidiaries**	**Annual variation %**
Energy consumption (GJ)	**358,723.4**	**317,653.7**	**41,069.7**	**365,462.7**	**321,435.1**	**44,027.5**	**1.9 %**
Total electricity consumption	**127,668.5**	**108,109.2**	**19,559.3**	**131,229.1**	**110,469.2**	**20,759.9**	**2.8 %**
Conventional electricity consumption	0.0	0.0	0.0	0.0	0.0	0.0	—
Green electricity consumption	127,668.5	108,109.2	19,559.3	131,229.1	110,469.2	20,759.9	**2.8 %**
Solar panel power consumption	813.5	127.2	686.3	2,275.3	118.9	2,156.4	**179.7 %**
Thermal power consumption	4,549.0	4,549.0	0.0	5,619.6	5,619.6	0.0	**23.5 %**
Total fuel consumption	224,589.5	203,765.3	20,824.2	225,384.5	204,273.2	21,111.3	**0.4 %**
Total gas consumption	1,102.9	1,102.9	0.0	954.2	954.2	0.0	**-13.5 %**
Average fleet consumption (l/100)	**9.1**	**9.4**	**6.8**	**9.5**	**9,7**	**7.4**	**4.4 %**
Less pollutant vehicles (unit)	**346.0**	**324.0**	**22.0**	**667.0**	**641.0**	**26.0**	**92.8 %**
Total direct atmospheric emissions of CO_2 (*scope* 1) (tons CO_2)	**15,999.4**	**14,517.5**	**1,481.9**	**16,077.6**	**14,574.1**	**1,503.5**	**0.5 %**
Fuel consumption	15,944.6	14,462.7	1,481.9	16,030.3	14,526.9	1,503.5	**0.5 %**
Gas consumption	54.8	54.8	0.0	47.3	47.3	0.0	**-13.7 %**
Total indirect atmospheric emissions (*scope* 2) (tons CO_2)	**9.0**	**9.0**	**0.00**	**9.9**	**9.9**	**0.00**	**10.0 %**
Electricity consumption	0.0	0.0	0.0	0.0	0.0	0.0	**0.0 %**
Thermal power consumption	9.0	9.0	0.0	9.9	9.9	0.0	**10.0 %**
Total other indirect atmospheric emissions (*scope* 3) (tons CO_2)	**72,862.0**	**16,095.3**	**56,766.8**	**72,620.1**	**15,562.5**	**57,057.7**	**-0.3 %**
Air transport	13,217.8	8,289.9	4,927.8	15,629.0	9,419.0	6,210.0	**18.2 %**
Sea transport	118.4	7.2	111.2	66.9	3.3	63.6	**-43.5 %**
Road transport by outsourced fleet	52,890.5	2,068.6	50,821.9	51,458.1	1,546.4	49,911.6	**-2.7 %**
Delivery by motorcycle	1,374.4	1,374.4	0.0	1,013.6	1,013.6	0.0	**-26.3 %**
Air and rail travel on company business b)	18.0	18.0	0.0	61.4	61.4	0.0	**241.5 %**
Commuting	5,243.0	4,337.2	905.8	4,391.1	3,518.6	872.5	**-16.2 %**

a) CORRE data not included.

b) CTT Express data not included.

Environment	'21			'22			
Indicators a)	**CTT**	**CTT SA**	**Subsidiaries**	**CTT**	**CTT SA**	**Subsidiaries**	**Annual variation %**
Offset CO_2 emissions (tons CO_2)	**5,474.6**	**4,813.9**	**660.7**	**5,732.1**	**5,075.2**	**656.8**	**4.7 %**
Scopes 1+2 (tons CO_2)	**16,008.4**	**14,526.5**	**1,481.9**	**16,087.5**	**14,584.1**	**1,503.5**	**0.5 %**
Scopes 1+2+3 (tons CO_2)	**88,870.4**	**30,621.8**	**58,248.6**	**88,707.7**	**30,146.5**	**58,561.1**	**-0.2 %**
Scopes 1+2+3 (tons CO_2) SBTi target	**54,513.0**	**29,222.2**	**25,290.7**	**56,259.8**	**29,068.2**	**27,191.6**	**3.2 %**
Carbon incorporation by postal item (*scopes* 1 and 2) (g CO_2/item)	**15.7**	**29.5**	**2.8**	**16.6**	**31.4**	**3.0**	**5.7 %**
Carbon incorporation by postal item (*scopes* 1, 2 and 3) b) (g CO_2/item)	**87.0**	**62.3**	**109.9**	**91.8**	**64.9**	**116.6**	**5.5 %**
Carbon intensity per €1000 turnover (*scopes* 1+2) (kg CO_2/€1000)	**18.9**	**27.6**	**3.8**	**17.7**	**28.1**	**3.3**	**-6.3 %**
Captured water by source (m^3)	**33,247.7**	**27,743.7**	**5,504.0**	**35,479.5**	**24,069.7**	**11,409.8**	**6.7 %**
Well	2,211.0	2,211.0	0.0	2,021.0	2,021.0	0.0	**-8.6 %**
Public network	29,952.7	24,448.7	5,504.0	32,393.5	20,983.7	11,409.8	**8.1 %**
Rainwater	1,084.0	1,084.0	0.0	1,065.0	1,065.0	0.0	**-1.8 %**
Spillage (unit)	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	—
Consumption of materials (tons)	**3,470.0**	**2,573.9**	**896.1**	**3,772.9**	**2,818.0**	**955.0**	**8.7 %**
Paper	2,704.5	2,318.9	385.6	3,042.6	2,660.8	381.7	**12.5 %**
Plastic	731.8	226.5	505.2	641.1	133.6	507.5	**-12.4 %**
Metal	5.6	4.7	0.9	4.2	3.6	0.6	**-25.0 %**
Other materials	28.2	23.9	4.4	85.1	19.9	65.2	**201.8 %**
Waste routed to final destination	—	—	—	—	—	—	—
Total waste (tons)	3,059.9	902.0	2,157.9	3,286.7	760.1	2,526.6	**7.4 %**
Recovery rate (unit/100)	1.0	1.0	1.0	1.0	1.0	1.0	**—**
Environmental certification	**—**	**—**	**—**	**—**	**—**	**—**	**—**
ISO 14001 certified Units/ Companies	Corporate + 3	Corporate	3 companies	Corporate + 3	Corporate	3 companies	—
FSC certified Units/ Companies	0.0	0.0	0.0	0.0	0.0	0.0	—
Environmental investment and costs (€1000)	**4,729.3**	**4,660.5**	**68.8**	**5,235.2**	**5,151.6**	**83.6**	**10.7 %**

a) CORRE data not included.

Integrated Report **2022**

Annex IV

GRI index

ANNEX IV – GRI INDEX

Index of Environmental, Social and Economic performance indicators

GRI 2-1, 2-27, GRI 201-4, 202-1, 202-2, 205-2, 205-3, 206-1, 207-1, 207-2, 207-3, 207-4, GRI 302-2, 303-2, 304-1, 304-2, 304-4, 305-6,306-2, 308-1, 308-2, GRI 401-1, 402-1, 403-10, 406-1, 407-1, 408-1, 409-1, 410-1, 411-1, 412-1, 412-2, 412-3, 414-1, 414-2, 415-1, 416-1, 416-2, 417-1, 418-1

Statement of use	CTT has reported in accordance with the GRI standards for the period from 1 January 2022 to 31 December 2022
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	No sectoral standard was used

Indicator	Description	Page(s)	Global Compact	SDG
	GENERAL DISCLOSURES			
THE ORGANISATION AND ITS REPORTING PRATICES				
2-1	Organisational details *CTT is present in Portugal, Spain, with the Spanish branch of CTT Expresso – Serviços Postais e Logística, S.A. (better known as CTT Express) and in Mozambique, via a participation in Corre – Correio Expresso de Moçambique, S.A.*	7, 9, 13, ##, 174, 263, 264, 492, 556		SDG 16
2-2	Entities included in the organisation's sustainability reporting	13, 39		SDG 16
2-3	Reporting period, frequency and contact point	13, 13, 205, 489, 492, 568		
2-4	Restatements of information	13		
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ACTIVITIES AND WORKERS				
2-6	Activities, value chain, and other business relationships	7, 9, 13, 15, 16, 25, 28, 39, 49, 50, 54, 56, 58, 59, 60, 134, 138, 264, 328		
2-7	Employees	16, 107, 548	GC 6	SDG 5
2-8	Workers who are not employees	107	GC 6	SDG 5
GOVERNANCE				
2-9	Governance structure and composition	7, 9, 174, 176, 180, 182, 183	GC 10	SDG 16
2-10	Nomination and selection of the highest governance body	174, 177, 494	GC 10	SDG 16
2-11	Chair of the highest governance body	7, 176, 181	GC 10	SDG 16
2-12	Role of the highest governance body in overseeing the management of impacts	7, 180, 182, 234, 240		SDG 16
2-13	Delegation of responsibility for managing impacts	7, 157, 181, 183, 202, 233, 489		SDG 16
2-14	Role of the highest governance body in sustainability reporting	181, 183, 202		SDG 16
2-15	Conflicts of interest	185, 186, 234	GC 10	SDG 16
2-16	Communication of critical concerns	42		SDG 16
2-17	Collective knowledge of the highest governance body	177, 192, 494	GC 10	SDG 16
2-18	Evaluation of the performance of the highest governance body	187, 238	GC 10	SDG 16
2-19	Remuneration policies	9, 109, 185, 206, 208, 219	GC 6	SDG 5 SDG 8 SDG 10

Indicator	Description	Page(s)	Global Compact	SDG
2-20	Process to determine remuneration	109, 185, 206, 208, 211, 219	GC 6	SDG 5 SDG 8 SDG 10
2-21	Annual total compensation ratio	109	GC 6	SDG 5 SDG 8 SDG 10
STRATEGY, POLICIES AND PRACTICES				
2-22	Statement on sustainable development strategy	9, 64	GC 1-10	SDG 1-17
2-23	Policy commitments	25, 45, 64, 157, 185	GC 1-10	SDG 1-17
2-24	Embedding policy commitments	64	GC 1-10	SDG 1-17
2-25	Processes to remediate negative impacts	42, 50, 114, 157, 160		SDG 1-17
2-26	Mechanisms for seeking advice and raising concerns	25, 157, 185, 233		SDG 17
2-27	Compliance with laws and regulations *In 2022 CTT recorded eight specific administrative offence proceedings being closed, some of which initiated in previous years. The oldest processes went as back as 2019.* *Teh amounts associated with these proceedings fell within a window from €142.50 to €7,551.00. The average amount was 1,552.28€ and their combined value reached a total of €12,418.25. Of these eight cases, only two reached amounts above €1,000.00€ and represented, alone, 80,1% of the total expense in fines. One of the cases was connected the refusal to present the Complaints Book and another with a security procedural breach with the installation of an ATM machine on CTT premises. The most frequent type of proceeding was related to customs offences.* *Regarding the payment of social and economic fines, the sum for CTT Group amounted to €864,500.00. The fine by ANACOM, CTT's regulator for the postal activity, stands out. €753,000.00 were paid for alleged non-conformities with the standards of service under the Concession agreement for the provision of universal postal service, in Portugal. there was however an appeal, that did not suspend the sentence, but that will require arbitration to settle the case.*	114, 136, 159	GC 1-5	SDG 16
2-28	Membership associations	153		SDG 8
STAKEHOLDER ENGAGEMENT				
2-29	Approach to stakeholder engagement	45, 53, 57, 59, 114, 134, 148,149, 155, 155, 489		SDG 1-17
2-30	Collective bargaining agreements	109, 114, 548	GC 3	SDG 8
MATERIAL TOPICS				
DISCLOSURES IN MATERIAL TOPICS				
3-1	Process to determine material topics	13, 155,155		SDG 1-17
3-2	List of material topics	13, 155	GC 6	SDG 5 SDG 8
3-3	Management of material topics	71, 91, 134, 148, 149, 155, 159, 160		SDG 1-17

Indicator	Description	Page(s)	Global Compact	SDG
3.3 Topic 1	GHG emissions and climate change *As shown in chapter 4.1 ESG Commitments and Sustainable Development Goals, in relation to this material topic, CTT has committed to the following targets:* • *Achieve 100% of own green vehicles in the last mile by 2030 (50% by 2025)* • *Electrify 45% of the subcontracted fleet by 2030* • *Purchase annually 100% of electricity from renewable sources by 2030* • *Increase photovoltaic energy production for own consumption (UPAC+UPP)* • *Increase the installation of LED lighting by 3% per year by 2030 (up to 100 m m2)* • *Reduce building consumption by 10% compared to 2019 by installing a specialised energy consumption monitoring system by 2022* • *Reduce electricity consumption by 2% by 2023 (-5% by 2022)* • *Reduce fuel consumption 2% by 2023 (-5% by 2022)* • *Train 90% of the workers in the "Green Planet" environmental programme, by 2025* • *Include environmental criteria in 99% of pre-contractual procedures every year* • *99% of contracts signed to include environmental criteria every year* • *Achieve a net-zero carbon balance (scopes 1, 2 and 3) by 2030* • *Reduce CO2 emissions of scope 1 by 3% compared to 2022, by 2023* • *Reduce CO2 emissions of scopes 1 and 2, in relation to 2021 (-1% by 2022, -2% by 2023, -61% by 2030)* • *Reduce the total CO2 emissions of scopes 1, 2 and 3, in relation to 2021 (+5% by 2022, +1% by 2023, -55% by 2030)* • *SBT (well-below 2ºC) target: 30% reduction of CO2 emissions of scopes 1, 2 and 3, compared to 2013* • *SBT (well-below 2ºC) target: Reduce carbon intensity per postal item by 20% (scopes 1, 2 and 3) compared to 2013* • *Offsetting direct carbon emissions from CTT's offer every year* • *Promote active reforestation of the national territory: over 6,500 kits A Tree for the Forest, per year*	98	GC 7-9	SDG 7 SDG 12 SDG
3.3 Topic 2	Customer satisfaction and experience *As shown in chapter 4.1 ESG Commitments and Sustainable Development Goals, in relation to this material topic, CTT has committed to the following targets:* • *Maintain CTT, on an yearly basis, a capillarity for 100% of municipalities and rural areas with at least one CTT post office* • *Incorporate recycled and/or reused material in the supply of mail and express & parcels (60% in 2023, 80% in 2025, and 100% in 2030)* • *Offsetting, every year, direct carbon emissions from CTT's offer*	134		SDG 10
3.3 Topic 3	Employee satisfaction and experience *As shown in chapter 4.1 ESG Commitments and Sustainable Development Goals, in relation to this material topic, CTT has committed to the following targets:* • *Assess employee satisfaction: quarterly survey* • *Achieve gender parity in senior and middle management positions (45%) by 2025* • *Publish and implement the CTT Equality Plan every year* • *Analyse the wage gap by 2023*	110	GC 6	SDG 4 SDG 5

Indicator	Description	Page(s)	Global Compact	SDG
3.3 Topic 4	Ethics, transparency and anticorruption *As shown in chapter 4.1 ESG Commitments and Sustainable Development Goals, in relation to this material topic, CTT has committed to the following targets:* • *Maintain the endorsement of the 10 principles of the United Nations Global Compact (UNGC) every year* • *Score in the Leadership position in the Carbon Disclosure Project - Climate Change every year* • *Score 90% on the sustainability proficiency rating (SMP) of IPC's SMMS - Sustainability Measurement System programme by 2030* • *Reinforce the alignment of the ESG programme in meetings with Top Management (held quarterly) - Sustainability Committee every year* • *Introduce ESG incentives in the 50% targets of top and middle management by 2025* • *Create opportunities and professional occupation for people with disabilities by hiring 50 workers by 2025* • *Promote open and trustful communication channels with Stakeholders every year*	157	GC 10	SDG 8
3.3 Topic 5	Health and safety at work *As shown in chapter 4.1 ESG Commitments and Sustainable Development Goals, in relation to this material topic, CTT has committed to the following targets:* • *Reduce the number of road accidents by 5% per kilometre travelled every year* • *Increase the attendance rate to 93%, by 2025 (92% in 2023)* • *Maintain the indicator of labour mortality (own responsibility) at: 0 deaths every year* • *Reduce occupational accidents by 5% every year* • *Reduce lost days by 5% every year*	117		SDG 3
3.3 Topic 6	Training and development *As shown in chapter 4.1 ESG Commitments and Sustainable Development Goals, in relation to this material topic, CTT has committed to the following targets:* • *1% annual training rate (permanent staff)* • *90% annual rate of workers trained (CTT permanent staff)* • *Provide a welcome and integration programme to all new hirings* • *Create and implement the new onboarding programme for integrating new employees by 2025* • *Disseminate a training programme for new managers (e-learning) on equal opportunities and non-discrimination every year* • *Create and implement the new training programme on Equal opportunities and non-discrimination, aimed at recruitment, management and the internal public in general by 2025*	114		SDG 4

Indicator	Description	Page(s)	Global Compact	SDG
3.3 Topic 7	Energy management *As shown in chapter 4.1 ESG Commitments and Sustainable Development Goals, in relation to this material topic, CTT has committed to the following targets:* • *Achieve 100% of own green vehicles in the last mile by 2030 (50% by 2025)* • *Electrify 45% of the subcontracted fleet by 2030* • *Purchase annually 100% of electricity from renewable sources by 2030* • *Increase photovoltaic energy production for own consumption (UPAC+UPP)* • *Increase the installation of LED lighting by 3% per year by 2030 (up to 100 m m2)* • *Reduce building consumption by 10% compared to 2019 by installing a specialised energy consumption monitoring system by 2022* • *Reduce electricity consumption by 2% by 2023 (-5% by 2022)* • *Reduce fuel consumption 2% by 2023 (-5% by 2022)*	91	GC 7-9	SDG 7
SPECIFIC DISCLOSURES				
ECONOMIC PERFORMANCE (CONSOLIDATED DATA)				
201-1	Direct economic value generated and distributed	9, 15, 49, 56, 59, 71, 77, 78, 328, 396, 443		SDG 8
201-2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	45, 91	GC 7	SDG 13
201-3	Coverage of the organisation's defined benefit and other pension plan obligations	117		
201-4	Financial assistance received from the Government *CTT Group received €275,859, as tax benefits and €1,650,000 as tax credits.* *Relevant facts concerning the tax credits, that are shown in Note 52 of chapter 7. Consolidated and Individual Financial Statements, occurred already in the first quarter of 2023.*			
MARKET PRESENCE				
202-1	Ratios of standard entry level wage by gender compared to the local minimum wages at significant business premises *The lowest salary paid by CTT was €705 for both men and women, corresponding to a ratio 1.0 in relation to the national minimum wage.* *In CTT Express, the lowest annual gross salary was €14.000, which coincides with the "salario minimo interprofesional" in Spain.* *Note: CORRE data not included.* Percentage of employees earning the national minimum wage, irrespective of the type of employment contract *13%. It should be noted that variable remuneration should be added to this value (meal subsidies, operational bonuses and bonuses associated with the activity (delivery).* *Note: CORRE data not included.*	556	GC 6	SDG 1
202-2	Percentage of senior managers at significant business premises hired from the local community *Managers are primarily hired according to their skills. However, CTT recruits managers across the entire country, owing to the wide service coverage offered, thus generating employment opportunities in the entire Portuguese territory, i.e. both in rural and urban areas.*	556	GC 6	
INDIRECT ECONOMIC IMPACTS				
203-1	Development and impact of investment in infrastructures and services provided	7, 9, 17, 39, 45, 50, 60, 78		
203-2	Significant indirect economic impacts, including the extent of impacts, both positive and negative	17, 39, 45, 50, 124, 138		

Indicator	Description	Page(s)	Global Compact	SDG
PROCUREMENT PRACTICES				
204-1	Proportion of spending on local suppliers at significant business premises	138		SDG 12
ANTI-CORRUPTION				
205-1	Total number and percentage of operations assessed for risks related to corruption and the significant risks detected	132, 157	GC 10	
205-2	Communication and training on anti-corruption policies and procedures *The Code of Conduct, the Code of Good Conduct for the Prevention and Combat of Harassment at Work and the CTT Group practices for the prevention of money laundering and terrorist financing were communicated to 3357 employees, be it through initial and knowledge expanding training sessions, totalling 10,390 hours. Of these employees, 2770 belonged to the counter service professional group, 273 were senior personnel, 71 to middle management, 75 were attributed to delivery tasks, and 168 to other groups.* *When suppliers start using the Ariba Spend Management platform, CTT inform those suppliers about their Ethics Code and Responsible Procurement Policy. we believe that commercial partners that know these policies are the ones that sign the declaration referring to them. Of the 427 suppliers that were hired, 419 accepted these terms, i.e. 98.1%.*	114	GC 10	SDG 4 SDG 16
205-3	Confirmed cases of corruption and measures adopted *No cases of corruption occurred.*		GC 10	SDG 16
ANTI-COMPETITIVE PRACTICES				
206-1	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes *CTT Express had a case filed by the Comisión Nacional del Mercado y la Competencia for the existence of an alleged market-sharing cartel. On 23 December 2022, the ruling of the Audiencia Nacional condemned it to pay €3,148,845, plus costs. In 2023, an appeal before the Supreme Court is being assessed.*	556		SDG 16
TAXES AND TAXATION				
207-1	Taxation approach *CTT Group undertakes its fiscal functions with the utmost rigour professionalism, in accordance with the following principles: a) Pays owed taxes and contributions in all the jurisdictions it is present in; b) Implements the most adequate alternatives for its business and shareholders, in complete compliance with the Law; c) Adopts the principle of full completion in the operations within its business group, in the context of rules, written guidance and international, both conventional and best practices, regarding transfer pricing; d) Divulges true and complete information about relevant transactions; and e) Upholds its legitimate interests, by the administrative course and, if required, through the judiciary, when it pays taxes, contributions and tributes it considers to raise grounded legal doubts.*	443, 556		
207-2	Taxation governance structure and tax risk control *CTT Group adopts a responsible fiscal policy, so to keep a low level of fiscal-related risk that avoids procedures that amount to significant fiscal risk. In that sense, a risk management transversal policy is implemented with the goal of identifying, quantifying managing, monitoring and minimizing fiscal risks, among others, in close collaboration with the highest bodies of control and command (Board of Directors, Executive Committee and Audit Committee).* *This management is centralized in the GFI – Gestão Fiscal e Impostos team, within the "Contabilidade & Fiscalidade" (Accounting & Taxes) department. Its reach crosses the whole of CTT Group, interacting in close collaboration with various departments and teams.*	443, 556		

Indicator	Description	Page(s)	Global Compact	SDG
207-3	Approach to stakeholder involvement and management of their concerns regarding taxation *CTT Group reconciles the responsible upholding of its fiscal obligations with a commitment to creating value for its shareholders, with a efficient management of its fiscal obligations thought the use of the tax benefits and incentives that are legally available, applicable to each of the regions it operates in, and that are in line with the businesses being carried out.* *Some societies within the group, in Portugal, are taxed under the Special Regime for the Taxation of Groups of Companies, being followed by the Unidade dos Grandes Contribuintes, which makes part of the Autoridade Tributária e Aduaneiro.* *The CTT Group is committed to keeping a relationship with the Tax Authorities of every country where it is present, based on the principles of trust, good-faith, transparency, collaboration and reciprocity, with the aim of facilitating the application of tax law and minimizing litigation.*	149, 556		
207-4	Tax jurisdictions where the entities included in the organisation's audited final consolidated financial statements or the financial information registered in public registry offices are considered resident for taxation purposes. Reporting by country. *CTT, as a multinational group, complies with the yearly communication and report obligations that derive from the transposition the the Portuguese framework of the dispositions of Action 13 the the Base Erosion and Profit Shifting (Country by Country Report), which is part of the plan to reinforce the transparency towards the fiscal administrations adopted in OECD and G20 countries. This obligation is carried out in Portugal by CTT Mail, in accordance with the legally established deadlines (last reporting year: 2022).*	264, 443, 448, 556		
CONSUMPTION OF MATERIALS				
301-1	Materials used by weight or volume	103, 553	GC 7-9	
301-2	Percentage of materials used that are recycled input materials	17, 103, 103	GC 7-9	SDG 15
301-3	Recovered products and packaging	59, 103, 553	GC 7-9	
ENERGY				
302-1	Energy consumption within the organisation	9, 17, 91, 95, 553	GC 7-9	SDG 7 SDG 12
302-2	Energy consumption outside the organisation *In 2023, a control system will be implemented that will allow the value of energy generated in CTT's value chain to be accounted and reported.*	17, 98, 556	GC 7-9	
302-3	Energy intensity	91, 95, 100, 553	GC 7-9	SDG 7 SDG 12
302-4	Reduction of energy consumption	91, 553	GC 7-9	SDG 7 SDG 9 SDG 12 SDG 13
302-5	Reductions in energy requirements of products and services	53, 57, 94, 94, 95	GC 7-9	SDG 7 SDG 9 SDG 12 SDG 13
WATER AND EFFLUENTS				
303-1	Water sources significantly affected by withdrawal of water	102	GC 7-9	SDG 6
303-2	Management of impacts generated by wastewater *No water bodies are significantly affected by liquid effluents.*	556		SDG 6
303-3	Total water withdrawal	102, 553	GC 7-9	SDG 6
303-4	Wastewater	102	GC 7-9	SDG 6
303-5	Total water consumption	102, 553	GC 7-9	SDG 6
BIODIVERSITY				

Indicator	Description	Page(s)	Global Compact	SDG
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas *All CTT premises are located in urban and/or industrial areas. Regarding land use, the impact on biodiversity is associated with the size and location of CTT's facilities, situated in urban and industrial areas. No evidence exists to suggest that CTT develops activities or operates facilities inside protected zones or areas with a high biodiversity index.*	556	GC 7-9	SDG 15
304-2	Description of significant impacts of activities, products, and services on biodiversity *CTT is involved in partnerships/projects with public and private entities acting in favour of biodiversity and promotes in-house and public awareness-raising actions on the topic.*	104,556	GC 7-9	SDG 15
304-3	Habitats protected or restored	104	GC 7-9	SDG 13 SDG 15
304-4	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by extinction risk level *The direct activity of CTT poses no significant risk to species and habitats.*	556	GC 7-9	
EMISSIONS				
305-1	Direct greenhouse gas (GHG) emissions (scope 1)	95, 98, 98, 99, 553	GC 7-9	SDG 12 SDG 13
305-2	Indirect greenhouse gas (GHG) emissions generated as a result of the acquisition of energy (scope 2)	98, 98, 553	GC 7-9	SDG 12 SDG 13
305-3	Other indirect greenhouse gas (GHG) emissions (scope 3)	98, 98, 553	GC 7-9	
305-4	Greenhouse gas (GHG) emissions intensity	100, 553	GC 7-9	
305-5	Reduction of greenhouse gas (GHG) emissions	9, 53, 57, 95, 98, 99, 553	GC 7-9	SDG 11 SDG 13
305-6	Emissions of ozone-depleting substances (ODS) *In 2022, emissions of the R-22 refrigeration fluid, in the amount of 1024 kg, were registered.*	556	GC 7-9	SDG 13
305-7	NOx, SOx and other significant air emissions, by type and weight	99	GC 7-9	
WASTE				
306-1	Generation of waste and significant impacts related to waste	103, 553	GC 7-9	SDG 11 SDG 12 SDG 13
306-2	Management of significant impacts related to waste *Eco-friendly consumption measures have focused not only on reducing the environmental impact associated with the use of resources but also on the selection of suppliers through the inclusion of environmental criteria in tender procedures.*	53, 57, 59, 103, 103, 104, 553, 556	GC 7-9	SDG 11 SDG 12 SDG 17
306-3	Total amount of waste	553	GC 7-9	SDG 11 SDG 12 SDG 13
306-4	Total amount of recovered waste, by type	103, 553	GC 7-9	
306-5	Total amount of eliminated waste, by type	103, 553	GC 7-9	
SUPPLIER ENVIRONMENTAL ASSESSMENT				
308-1	Percentage of new suppliers that were screened using environmental criteria *Environmental criteria were used in 98.1% of the 427 pre-contractual procedures, and the agreements signed.*	556	GC 7-9	SDG 8 SDG 12 SDG 13 SDG 17
308-2	Negative environmental impacts in the supply chain and measures adopted *CTT has a Responsible Procurement Policy aimed at promoting the improvement of the environmental and social aspects of the value chain, through the involvement and accountability of its suppliers. This Policy includes the following features: the Policy is publicly available at www.ctt.pt; it covers the fields of Health, Safety, Environment, Working Conditions, Ethics and Business Continuity; it is integrated in the tender documents; it includes a rescission clause due to non-compliance; it is applicable to all suppliers.*	556		SDG 6 SDG 8 SDG 9 SDG 11 SDG 13 SDG 15 SDG 17
LABOUR				

Indicator	Description	Page(s)	Global Compact	SDG
401-1	Total number and rates of new employee hiring and employee turnover by age group, gender and region *In 2022, regarding employee turnover, 839 of exits were by women and 1.477 by men. As for hiring, 1.504 new hires were women and 2.231 were men.* *As for age groups, 1678 of hires were under 29 years of age, 1873 had between 30 and 50,a nd 184 were over 51. As for exists, 885 were by employee under 29, 1048 were between 30 and 50 years old, and 383 were over 51.*	107, 548, 556	GC 6	SDG 5 SDG 8
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant business premises	117	GC 6	SDG 8
401-3	Return to work and retention rates after parental leave, by gender	122, 110, 548	GC 6	SDG 5 SDG 8
MANAGEMENT OF LABOUR RELATIONS				
402-1	Minimum prior notice in relation to operational changes, including if this procedure is specified in collective agreements *Notice to enforce operational changes is given 30 days in advance. There are other notice periods according to the situation in question, all described in the Company Agreement.*	556	CG 3	
OCCUPATIONAL HEALTH AND SAFETY				
403-1	Occupational health and safety management system. Activities, workplaces and employees included within the scope of the occupational health and safety management system. Explanation and reason for the non-inclusion of any employees, activities or workplaces	108, 117		SDG 3 SDG 8
403-2	Hazard levels, risk assessment and incident investigation	45, 117		SDG 3 SDG 8
403-3	Occupational health services	117		SDG 3 SDG 8
403-4	Participation and consultation of employees concerning the development, implementation and assessment of the occupational health and safety management system	120	GC 3 GC 6	
403-5	Employee training in occupational health and safety	114, 117	GC 6	SDG 3 SDG 4 SDG 8
403-6	Promotion of employee health	117, 122	GC 6	SDG 3 SDG 8
403-7	Prevention and mitigation of occupational health and safety impacts directly related to products and services	117, 121	GC 6	SDG 3 SDG 8
403-8	Employees included within the scope of the occupational health and safety management system	117	GC 6	SDG 3 SDG 8
403-9	Occupational accidents	17, 107, 117, 548		SDG 3
403-10	Occupational diseases *A total of 39 occupational diseases were reported (18 in men).*[64]	117, 548, 556		SDG 3
TRAINING AND EDUCATION				
404-1	Average hours of training per year per employee, by gender and employee category	114, 548	GC 6	SDG 4 SDG 5
404-2	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	114	GC 6	SDG 4 SDG 8
404-3	Percentage of employees receiving regular performance and career development reviews, by gender and employee category	110	GC 6	SDG 5

[64] Excluding Corre.

Indicator	Description	Page(s)	Global Compact	SDG
DIVERSITY AND EQUAL OPPORTUNITIES				
405-1	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group and other indicators of diversity	17, 122, 173, 176, 177, 548	GC 6	SDG 5 SDG 8
405-2	Ratio of basic salary and remuneration of women to men, by employee category and significant business premises	109, 548	GC 6	SDG 5 SDG 8 SDG 10
NON-DISCRIMINATION				
406-1	Total number of incidents of discrimination and corrective actions taken	122, 157, 556	GC 1 GC 6	
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING				
407-1	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights *There is no risk. This is consigned in the Portuguese Constitution and in the Company Agreement. Based on the Company Agreement, there are no impediments to the free exercise of the right to freedom of association or to collective bargaining.*	556	GC 1 GC 3	SDG 10
CHILD LABOUR				
408-1	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour *All forms of child labour are prohibited by CTT and we are committed to the scrupulous fulfilment by our suppliers of all relevant norms regarding labour policy, defined in the International Labour Organization's (ILO) Fundamental Conventions, amongst others.* *Regarding suppliers, supply agreement negotiations include the signing of a declaration of principles by suppliers whereby they state their commitment towards: a) the right to freedom of association, forced labour, child labour and equality defined in the eight ILO Fundamental Conventions; b) not discrimination based in nationality, race, gender, religion, sexual orientation, political affiliation, age, health conditions and handicaps; c) abiding by the principles and procedures regarding health, hygiene and work safety, under national law and regulations: d) not having been subjected to an administrative of judicial fine for the use workforce that was of legally obliged to the payment of taxes and social security contributions that were not declared under the Portuguese legal framework – this guarantee must be supported by documentation issued by the competent entity and renewed during the period set by the contract.*		GC 1 GC 5	SDG 16
FORCED OR COMPULSORY LABOUR				
409-1	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour See *408-1.*	556	GC 1 GC 4	SDG 16
SECURITY PRACTICES				
410-1	Percentage of security personnel trained in the organisation's Human Rights policies or procedures that are relevant to operations *The majority of security personnel is not employed by the company and the hiring process ensures that they hold the adequate certification by the state regulator, insuring that these workers received specific training that is inline with CTT's Human Rights requirements.*	556	GC 1	
INDIGENOUS RIGHTS				
411-1	Total number of incidents of violations involving the rights of indigenous peoples and measures adopted *Not applicable.*	556	GC 1 GC 2	

Indicator	Description	Page(s)	Global Compact	SDG
LOCAL COMMUNITIES				
413-1	Percentage of business premises with implemented local community engagement programmes. Assessment of the impact of local development programmes	9, 124		
413-2	Operations with significant actual and potential negative impacts on local communities	45, 50, 134, 136		
SUPPLIER SOCIAL ASSESSMENT				
414-1	Percentage of new suppliers that were screened using social criteria *100% of the new suppliers were selected in accordance with these criteria.* *The adjudication of goods and services is formally subjected to the fulfilment of principles and procedures regarding human rights, under the Universal Declaration of Human Rights. Any shortcoming in this area that comes to CTT's attention, be it through indirect knowledge or by verifying in loco during the visits made by our team, is subject to immediate action and eventual cessation by just cause.* *The Ariba Spend Management platform, implemented in 2021, gathers the management of all procurement queries, contracts and suppliers. In order to conclude the registration in this platform, suppliers have to read and accept our policy documents, such as CTT's Responsible Procurement Policy.*	138, 556	GC 1 GC 2	SDG 8 SDG 12
414-2	Significant actual and potential negative impacts of the supply chain on society and measures adopted *No significant, real or potential negative impacts on society were detected in the supply chain.*	138, 556		SDG 12
PUBLIC POLICY				
415-1	Total value of political contributions by country and recipient/ beneficiary *No contributions were made.*	556	GC 10	
CUSTOMER HEALTH AND SAFETY				
416-1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement *The appraisal and selection of retail products for sale at CTT post offices is based on criteria such as the recognition of the partner, its environmental practices and product certification, in order to assure compliance with the legislated health and safety rules relative to merchandising products, especially those intended for use by children, as is the case of toys.*	556		
416-2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services, by type of outcomes *No cases were recorded of non-compliance relative to health and safety caused by products or services.*	556		SDG 16
MARKETING AND PRODUCT AND SERVICE LABELLING				
417-1	Type of product and service information required by the organisation's procedures for product and service information and labelling. Percentage of significant product and service categories subject to such information requirements *This year, 14 buildings were recorded in the integrated registration system of the Portuguese Environment Agency (APA) and CTT now participates in the Sociedade Ponto Verde integrated system for management of non-reusable packaging waste placed by CTT on the market.*	556		SDG 12
417-2	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	132, 137		
417-3	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	132		

Indicator	Description	Page(s)	Global Compact	SDG
CUSTOMER PRIVACY				
418-1	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data *0. Regarding the mail activity, the losses, delays and occasional anomalies in delivery, which appear as the main causes for complaint from customers, have not yet constituted any evidence of violation of privacy, namely breach of secrecy of correspondence.*	136, 137, 159, 556	GC 1	SDG 16

Source: GRI Standards (2021), directives for the preparation of Sustainability Reports

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