We make our path fully committed to deliver

Integrated Report **2023**

ctt

Main indicators 2023

Financial and operational indicators

Guidance **delivered** ✓ **€88m**
Recurring EBIT

€985.2m +9%
Revenues

Express & Parcels — Financial Services & Retail — Business Solutions

35% | 15% | 6% | 40% | 5%

Banco CTT — Mail & Other

Express & Parcels

39m +18%
Volumes Portugal

62m +57%
Volumes Spain

1,150
Locky lockers

Banco CTT

647 k +45 k
No. of current accounts

+1 bn€
Turnover (resources & credit)

+36%
Customer deposits

Financial Services & Retail

+55%
Public debt certificates (subscriptions)

Mail & Other

421m
Addressed Mail Volumes

Note: Changes in % compared to 2022.

Main indicators 2023

Community indicators

2,375
CTT Access points

13,670
CTT Employees

0.6%
of Recurring EBIT invested in the community

40%
Gender parity in Management

Certification EFR
Family-Responsible Company

Environment indicators

82%
Mail and E&P offer with recycled materials

20%
Eco-friendly vehicles in the last mile

+128 k
Trees planted since 2014

Note: Changes in % compared to 2022.

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Introduction to CTT

1.1 Statement of the Chair of the Board of Directors

Raúl Galamba de Oliveira

1.1
Statement of the Chair of the Board of Directors

GRI 2-11, GRI 403-6

It is my privilege, on behalf of the Board of Directors elected by CTT's Shareholders at last year's General Meeting, to welcome you to the 2023 Integrated Report, and to leave a few notes on the Company's clearly positive performance over the last 12 months. In the CEO's message you will find a more detailed description of the activity, which is then fully documented in this Report.

As is well known, the business environment was not at all favourable, due to the monetary adjustment that began in 2022 to combat inflation, and to the high uncertainty and risks associated with political and geo-strategic factors (including, in the second half of the year, the outbreak of a new conflict in the Gaza Strip, with regional repercussions). More directly, both Portugal and Spain experienced significant political discontinuities, impacting business and family confidence and economic growth across CTT's footprint.

Recognising the challenges that the year would surely bring, the Company prepared itself in 2022 and implemented a new management model at the start of 2023, aligning the organisation and the teams with ambitious objectives for the year. Complemented by the reduction of the Board of Directors itself since the General Meeting, in May, the new management model helped to strengthen execution to deliver growth and business transformation, following the path set out in the objectives announced at the Capital Markets Day in June 2022.

The year's performance indeed delivered against the high expectations set at the beginning of the year, with all businesses converging to the targets set. Financial services were the only exception, having been affected in the second half of the year by the change in the profitability of Savings Certificates. Overall, revenues from the four businesses - mail, parcels (now clearly with a consolidated Iberian vocation), financial services and Banco CTT - grew 8.7 per cent to 985.2 million euros, with an EBIT margin of 8. 9% (7.1% in 2022), demonstrating the virtues of the diversification of the Company's business model.

In balance sheet management – a particularly important area for our shareholders – important steps were taken in various strategic projects, including in particular the creation of the real estate business (CTT Imo Yield, in partnership with Sonae Sierra), the relaunch of the insurance business (in partnership with Generali), the reconfiguration of healthcare liabilities (making this social protection programme sustainable), and the share buyback programme launched on 21 June 2023.

The fulfilment of these objectives was accompanied by an equivalent execution of the non-financial objectives. On the environmental sustainability front, CTT made progress in decarbonising its fleet, improved several of the organisation's indicators (e.g. reaching the target of 40% of women in top and middle management positions), and maintained a wide range of social support initiatives (EPIS, Junior Achievement Day and World Clean-up Day), under the supervision of the new Sustainability Committee. On the human resources front, it is worth highlighting the progress made in the Fast Track leadership training programme and in succession plans for critical functions, which are fundamental tools for maintaining an organisation capable of responding to the challenges of transformation. At the same time, the Company's governance was strengthened with the development of a new Code of Ethics (widely discussed in the organisation), succession planning for senior management, and improvements to performance assessment systems, among others.

What were the reasons behind the success achieved? Clearly, CTT operates in mature markets, with high competitive and regulatory intensity, and if business diversification helps, it is certainly not enough to justify the growth and improvement in profitability over the last few years. The answer lies in CTT's demonstrated ability to adapt, particularly since the pandemic, responding to challenges, with strong investments in innovating its offer, commercial capacity to serve more customers, and improved service platforms. It is this entrepreneurial, market-oriented transformation formula, consistently executed year after year, that explains the Company's success.

In 2024 we will maintain this course, with the added responsibility of the high expectations we have created in customers, shareholders and other related parties. To do this, we are counting on a strengthened team, with managers and employees committed to the success of the Company, who wear the "CTT shirt" every day, and with the values of proximity, customer service and commitment to communities that have made and will make a difference. And that, as in previous years, justifies a special emphasis in closing this message to shareholders.

Raúl Galamba de Oliveira

Chair of the Board of Directors

ctt

1.2 Statement of the Chief Executive Officer

João Bento

1.2
Statement of the CEO

GRI 2-11

The context

2023 is bound to be a landmark year in the transformation process to which CTT is committed. In a context that remained challenging and uncertain, we managed to surpass what we had set out to achieve, in a commitment made to all the company's stakeholders. The way in which we did it and the level we have reached have put to rest any remaining doubts about the company's long-term viability, given the inexorable decline in the use of post.

Geopolitical uncertainty dominated the international landscape. While the war in Ukraine has entered its second year with no end in sight, a new conflict has broken out in the Middle East with as yet unpredictable consequences. The instability generated by the war, combined with the uncertainty surrounding the 2024 elections - it is estimated that around half of the population will vote, especially in the US presidential elections - has helped to keep the flame of the inflation crisis and high interest rates burning.

It is therefore not surprising that the year was marked by a slowdown in economic growth worldwide, with inflation and interest rates still well above the normal levels established in recent years. Notwithstanding this cooling of the world economy, the available indicators for e-commerce performance point to growth of around 10% compared to 2022. With an additional boost in the Iberian market due to the convergence of habits with economies where e-commerce adoption is much higher.

In Portugal and Spain, the year began broadly in line with the global trend, but unfolded with progressive growth, culminating in a final quarter that was stronger than expected.

The performance

The company's focus on pursuing the strategic path presented to the market in June 2022 proved to be the right one. The year ended with revenues growing by 8.7% and recurring EBIT by 35.7%. This was partly due to the exceptionally high performance in the placement of public debt in the first half of the year, but also largely due to the good behaviour of the value and growth levers, Express & Parcels (E&P) and Banco CTT. Expectations were exceeded in terms of profitability, with EBIT beyond not only the initial guidance but also the two upward revisions made throughout the year. This performance has not escaped the judgement of the analysts who cover the company, as they have all revised the target price upwards.

2023 was also a year in which the diversity of the company's current portfolio proved to be an excellent asset. A start with a very strong performance in the placement of public debt products - which slowed down sharply in the second half due to changes made by the Treasury to the respective conditions - and a performance below expectations in E&P - particularly in the first quarter - was followed by a second half of the year with a strong acceleration in E&P which culminated in a very strong peak season, with around 70% growth in volumes compared to 2022. The results thus confirmed a strategy based on high levels of quality and commercial capacity to attract very significant international flows, especially those originating from the large Chinese platforms, with Temu joining the list of main clients and the strengthening of the relationship with Shein and Cainiao as highlights.

Also noteworthy is the decision of the Arbitration Court set up to rule on the impacts of COVID-19 and the unilateral extension of the concession agreement, which handed down a unanimous favourable decision to CTT, as part of the proceedings initiated in 2021 against the Portuguese State with the aim of claiming appropriate compensation. This decision set compensation for CTT for both causes at 23.6 million euros.

In the first days of January 2024, the transaction relating to the transfer of real estate assets to CTT Imo Yield and involving 363 of the 398 identified assets was completed. The entry of other shareholders into this vehicle was also formalised, corresponding to a 26.3% stake, for which CTT received 32.5 million euros. This was a very positive culmination of a long process aimed at creating the right conditions for the effective monetisation of CTT's real estate assets.

In short, it was a year of intense work and commitment to the results and the journey of transformation that the company needs in order to continue successfully on the path it has set itself. This work was also recognised at international level by the Universal Postal Union (UPU), which placed CTT in the 26th place of its postal development ranking, making it one of the "postal champions".

Mail

Three relevant factors stand out, which converged towards the goal of maintaining the sustainability of this business in 2023: (i) the stabilisation of the decline in volumes, (ii) the implementation, for the first time, of the pricing policy provided for under the Price Convention and (iii) the extent of the effort to adjust costs, deepening the transformation of the operating model and optimising indirect costs by improving internal processes.

The rate of decline in mail volumes stabilised at between 7% and 8%. Despite the intensifying pressure exerted by digitalisation, it was possible, thanks to proactive commercial action and improved quality compared to 2022, to win back some important customers, with a positive impact on maintaining scale in this business. It is expected that the development of totally or partially digital offers, such as the e-letter product, as well as the addition of value through information to ordinary mail products ("smart mail") will make a significant contribution to maintaining a controlled evolution of decline levels.

The average price update in 2023 was 6.24%, as a result of applying the formula in force under the Universal Postal Service Price Convention. This mechanism is particularly important as it provides the predictability needed to manage this business, in order to guarantee the sustainability of its provision. This stability and predictability were recently confirmed with the approval before the end of 2023 of the new average annual price increase of 9.49%, already in force since 1 February.

However, it is imperative that, regardless of the speed of change in mail demand, a very intense effort and pace is maintained in the introduction of improvements in operations, aimed at increasing quality and productivity. Among numerous other initiatives in this sense, stand out (i) the introduction of the MOBI app, (ii) the reorganisation of postal delivery depots, with the creation of teams in 122 of the 219 postal delivery depots totalling 242 teams coordinated by captains, and (iii) the centralisation (outside the postal delivery depots) of support and administrative support functions, ensuring an ever-greater focus on carrying out strictly operational tasks. MOBI's innovative nature was publicly recognised when it won the "Best Future of Work Project" award at the Portugal Digital Awards for the best project related to employee productivity and effectiveness.

On the overheads front, the same principles of technological intensification were applied in the front office, centralisation of back offices and redesign of support processes. NewSpring will continue to play a decisive role in managing a wide range of support activities for the group itself, alongside developing and providing services to our clients.

Business Solutions

The experience acquired over the last four years in this line of business was crucial in terms of diversifying sources of growth. The year 2023 was characterised by some refining and consolidation of the value proposition around the areas of BPO – outsourcing of services mostly associated with dematerialisation – contact centres, document management and support solutions for municipal administration (centred on the management of traffic offences and school management).

Focus was reinforced on areas where customer proximity is combined with complementarity with other lines of business, such as mail and payments, and where other internal competences of the subsidiaries NewSpring and Payshop may be leveraged. Hence the strategic readjustment that took place in 2023 with the purchase of Payshop from Banco CTT and subsequent integration into the Business Solutions area.

The main focus of this business line has been on digital payment services – materialised in the SIGA solution, the school wallet – already with around 500,000 registered users – but also in dematerialisation and BPO solutions, and contact centres.

The foundational commercial work carried out in previous years began to show more impressive results. There are now around 100 municipalities with the SIGA solution, and significant acquisitions have been made of BPO services in the banking and utilities sectors, as well as contact centres, mainly in the retail sector, with the highlight being the Worten contact centre.

Express & Parcels / e-commerce

The year 2023 will go down in CTT's history as the year in which the milestone of 100 million parcels delivered was surpassed. In fact, after a shaky start to the year, marked by high levels of consumer uncertainty, the year ended up developing in crescendo, culminating in a peak season with record figures at Iberian level with annual growth in volumes of around 39%, and the fourth quarter revealing an absolutely remarkable performance in volumes delivered in Portugal and Spain of 49% and 100% respectively.

This performance is not unrelated to CTT's efforts to establish itself as a leading Iberian operator in the major global marketplaces, with particular emphasis on its ability to maintain and strengthen its relationship with some of the main Asian e-retailers. This work is based on quality of service and distribution network efficiency, but also on the ability to offer differentiating solutions, such as integrated customs clearance, out-of-home delivery and returns management. In fact, the massive customs clearance that we carry out at the San Fernando centre in Madrid has levels of integration with processing operations that are unique in the Iberian market. This combination of quality, efficiency and operational innovation will continue to be key to the value proposition, to growth and to loyalty.

For similar reasons, we continued to invest in the development of out-of-home delivery (OOH), expanding our network of delivery points on the Iberian Peninsula to more than 14,000, with the launch of this offer in Spain standing out. The Locky locker network continued to grow, surpassing 1150 lockers contracted in Portugal, with around 600 more under negotiation. The work of the Locky offer was also recognised at the Portugal Digital Awards, where CTT won in the "Best of Customer & Consumers Project" category.

As part of this innovative offer, the Easy Returns service and Express Packs pre-paid deliveries were launched. The former, to fulfil what is currently one of the main concerns of online shoppers: the ability to return a parcel via the CTT network without the need for a label. Express Packs, on the other hand, are a convenient way of pre-purchasing shipments and being able to use them as needed, the ideal solution for small businesses that are starting out and don't have a contracted relationship with a shipping provider.

Lastly, the 8th edition of CTT e-commerce Day was held in November, the first one to be openly Iberian, with speakers, partners and customers from Portugal and Spain and attended by more than 800 people, both in person and remotely.

Financial Services & Retail

The record placement of public debt is the most notable element of the 2023 financial year in the retail network. However, the sudden, albeit unavoidable, interruption of the E series of savings certificates, combined with the growing attractiveness of the remuneration of deposits for most banks, proved to have a greater impact than anticipated, so that the exuberance of placements in the first half of the year was followed in the second half by a significant drop in the level of placements.

The ongoing repositioning continued, and the network was oriented towards a platform for selling services, while progress was made in offering self-service options, affirming the network as one of the pillars of the physical-digital omnichannel strategy.

On the way to this goal, the number of in-store lockers rose to 178 – tripling the number of lockers – of which around 20 per cent are through-the-wall solutions, thus also increasing 24/7 availability. On the other hand, the first 100% self-service delivery station was launched as a pilot for the future growth of this type of offer.

In line with the above, the sale of products and scratch cards was discontinued, while the focus on insurance sales was reinforced, the sale of alarm services in partnership with Prosegur began and the aforementioned new Express Packs product was launched.

Banco CTT

Banco CTT had another very positive year, maintaining a significant pace in customer acquisition, with the addition of 45,000 new accounts, consolidating its position as the benchmark in terms of attracting customers in the Portuguese market for a new entrant and also as the favourite bank for those changing banks.

Building a solid and relevant customer base is a pillar of the bank's strategy. In 2023, a new annual record was achieved in the production of credit to individuals with more than 500 million euros, while at the same time surpassing 4,000 million euros in savings solutions, clear signs that the movement to monetise the customer base is making significant progress.

On the personal credit front, the partnership with Universo was definitively closed, absolutely cleanly and in line with the best expectations.

On the other hand, the partnership with Generali/Tranquilidade was inaugurated, with the bank beginning to commercialise its financial or credit-related insurance products, which is one of the pillars of Banco CTT's bancassurance strategy. It is estimated that Generali's entry into the bank's capital could take place during the first quarter of 2024, once the requirements of Banco de Portugal and the European Central Bank in the context of the current authorisation request have been accommodated.

Customer and Innovation

A fundamental line of the ongoing transformation process is centred on one of CTT's values - customer focus. Some of the main initiatives launched or continued in 2023 are examples of this (i) the pioneering launch in the country of a chatbot using generative artificial intelligence for customer service – Helena; (ii) the commercial telephone line 800 201 800, a new channel for interaction with customers available for information and the sale of CTT products, which also supports click-to-call functionalities to complement the use of the website; and (iii) the CTT Blog, which quickly reached around 5,000 views and is especially dedicated to Portuguese SMEs, focusing on supporting their digitalisation and involvement in e-commerce.

Regarding the development of the customer experience towards a single point of contact for individuals and another for companies, considerable progress was made. The CTT super-App increased its features on offer, with the introduction of virtual address, online sending and toll payment functionalities. This increase in functionalities and improved experience was reciprocated by our customers, with around 600,000 downloads of the app and an increase in daily users of more than 50% compared to 2022. For companies, the focus was on improving the experience of using the CTT superPortal.

Finally, I would like to mention two innovative initiatives aimed at promoting a better experience for our customers, but also for our employees and partners, who deliver mail and parcels every day. In addition to the aforementioned implementation of the MOBI mobility app, the validation of deliveries through a PIN code was introduced, replacing the need for a signature by the customer. This had an objective impact on the speed, convenience and security offered to our customers and our customers' customers.

People

The beginning of the year marked the move to CTT's new headquarters building – at Green Park – with the occupation of two of the four contracted floors, with full utilisation expected to be completed during 2024. The regrouping of teams in the same space, already designed for a new way of working and collaborating, will make it possible to maximise the value of the hybrid work system and increase employee satisfaction and performance.

From the point of view of strengthening competences and support tools, the year was marked by the first phase of the MyCTT project supported by the SAP SuccessFactors tool, which promises to represent a very significant leap forward in people management, but also in the way employees relate to teams and human resources issues.

On the labour negotiation front, 2023 was an absolutely remarkable year. On the one hand, an important salary repositioning exercise was carried out for more than 1,000 middle managers of the operational and retail teams in an effort that recognises the importance of our people and teams in successfully executing the ongoing transformation journey. On the other hand, for the first time in CTT's history, it was possible to reach a wage review agreement for 2024 with all the unions before the end of 2023.

A reform of the company's social protection system was also achieved, which is of absolutely decisive importance, as it makes it possible to ensure the sustainability of this system. It is considered to be a very balanced solution between preserving the quality of the services offered and the effort to be made by the company and the beneficiaries to finance it.

The progress made on talent management issues is also worth noting, as are the steps already taken to review the company's management jobs matrix and to identify and characterise the lines of succession for the most critical leadership roles. Equally important has been the progress made in designing flexible remuneration instruments, one of the dimensions that is currently proving most critical in attracting and retaining talent at all levels of responsibility.

As far as training is concerned, the focus was on both face-to-face and digital initiatives. The focus on training and aligning our leaders continued at a good pace and with promising results through the Fast Track programme, with around 750 people taking part. Equally impactful was the start of remote training through the large-scale adoption of the LinkedIn Learning tool.

Sustainability

CTT has truly clear targets with regard to its environmental commitments, particularly with regard to convergence towards decarbonisation in the last mile. The endeavour to move closer to these targets continued in 2023. The electric fleet grew to more than 700 vehicles and more than 7.3 million kilometres were travelled during the year to make "green deliveries". The first 22 solar neighbourhoods were also launched, as part of a partnership signed with EDP Comercial after consulting the market. This initiative makes it possible to optimise the use of solar energy produced on some roofs of CTT operational facilities by combining self-consumption with supply of green and cheaper energy to the surrounding communities.

As far as recycling and circularity initiatives are concerned, 82% of recycled materials were used in the Express business, ahead of the 80% announced for 2025. Also noteworthy on this front is the first philatelic issue produced with 100% recycled paper to commemorate the 800th anniversary of the Greccio Nativity Scene.

There was renewed involvement with Quercus in the "A Tree for the Forest" initiative which, now in its 10th edition, has exceeded all expectations, with more than 10,000 kits sold, followed by the corresponding contribution to the country's reforestation with native species.

In recognition of the commitment and results obtained in the environmental area, CTT was ranked 5th in the IPC Sustainability Index, which assesses the performance of 21 of the world's most advanced postal operators, and achieved an A-rating, thus joining the Carbon Disclosure Project leadership group, above the European average for all sectors and also above the sector average for logistics and transport.

In the social component, the focus on volunteering as a vehicle for generating proximity impact was reinforced, with CTT employees taking part in more than 350 actions throughout the year, of which the participation in the JAD (Junior Achievement Day) at Iberian level and the WCD (World Clean-up Day) at global level stand out for their relevance.

Perspectives for 2024

The success of the 2023 financial year gives the year 2024 particular relevance as the pivotal year in the execution of the strategy of in-depth transformation that CTT is carrying out in all its business areas and support functions, towards the goals for 2025 announced to the market at CTT Capital Markets Day 2022.

In fact, the momentum created by the acceleration of results seen in 2023 greatly increases the criticality of performance in 2024, which is expected to pursue a path of continued growth.

In the Mail & Business Solutions business, the focus will be, on the one hand, on improving the quality of service in order to maximise customer retention capacity and the mail volumes they generate; on the other hand, it will be on launching new services that increase the value of mail – e.g. "intelligent mail" – and expand commercial penetration through cross-selling in the most relevant segments. Finally, the focus will remain on never-ending cost management, both at operational level and in support functions.

In Express & Parcels, it is important that 2024 is the year of consolidation of the market's recognition of CTT's Iberian affirmation, making progress in standardising products and pricing policies, customer vision and commercial approach. Likewise, it will be important to progress along the path of consolidation at the various links in the operating chain (first and last mile, processing and customs clearance and linehaul network), deepening the network of points of presence – particularly electronic lockers – and exploring growth opportunities in e-commerce fulfilment, in which solutions associated with returns management will play a particularly important role.

In retail, the network will continue to be transformed into an omnichannel multiservice platform, defining a strategic positioning based on segmenting the potential market and the type of presence needed to serve the needs of each client. The role of the partner network and the commercial capacity of the sales teams, both of which are essential pillars for the success of this positioning, will be emphasised.

Equally fundamental to the success of the transformation underway in retail will be an even deeper focus on the customer experience. On the one hand, by expanding and improving the range of self-service solutions to be offered, with clear synergies with the absolutely unique physical presence throughout the territory; on the other, by deepening the concentration of functionalities and services in the digital channel in two single contact points – the superPortal for the B2B segment and the superApp for the B2C segment.

For Banco CTT, 2024 will be a year of full implementation of the "BancoCTT x 2" strategy presented to the market in September 2023. The plan is based on the monetisation of the customer base, excellence in bancassurance and the acceleration of credit granted. To this end, in 2024 the bank faces a reinforcement and acceleration of its investment in digital platforms and an increase in sales capacity, both by mobilising talent and commercial skills and by introducing "Banco CTT centres", with a relevant dedicated area and specialised sales teams.

With regard to Sustainability, we are renewing our commitment to get closer to the targets set for 2025, particularly in the environmental and social areas. As far as the development of our people is concerned, the Fast Track leadership programme will continue, extending it to all levels of coordination and to Spain. Work will also continue on the definition of development and career plans, as well as the development of process support tools, which are critical elements for the change in culture that must continue to be carried out.

The objectives are clear, the course has been set and implementation is well underway. It is important to increase the focus and energy of all the teams in order to continue the course towards the goals we have set ourselves. As usual, **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

CTT publishes its integrated report for the sixth 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 the commitments and challenges of sustainability, within the framework of the United Nations Sustainable Development Goals, is addressed. Given this context, in addition to economic performance, the main innovations achieved throughout the year are presented.

This is followed by a description of our ESG (environmental, social and governance) performance, starting with an account of our efforts to achieve the ambitious goal of neutralising the carbon impact of our activity by the end of this decade. The social component is divided into two areas: internal, in which we describe how CTT contributes to the development and well-being of its people and promotes their engagement with the company's objectives; and our engagement with the communities in which CTT operates.

This analysis structure, revised in 2022, 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).

At the end of 2023, in a project that would only be completed at the beginning of the following year, CTT launched a study to re-analyse the material issues of its organisation, in the context of a new European directive on Corporate Sustainability Reporting (CSRD). This analysis has already been drawn up with a view to analysing Double Materiality, which will shape the work that the company will have to do in order to be able to respond fully to the demands of this new legislation throughout 2024, the year in which it comes into force.

Additionally, this report contains information about Corporate Governance, in aggregate form and integrated with the rest of the report, which begins with the chapter mentioned above on stakeholder relations and the definition of material issues. This is followed by analyses of business ethics as well as data privacy and cybersecurity, two governance issues of the utmost importance to the organisation.

Chapter 5.2 deals with 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 2023 Integrated Report discloses the results relative to the financial year ended on 31 December 2023, whenever possible, presenting aggregate information on CTT, S.A. and all its subsidiaries, jointly referred to as CTT.

During the reporting period, CTT incorporated no new companies and did 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. As of 31 December 2023, as well as the present date the Board of Directors is composed of eleven executive and non-executive Directors. The members of the corporate bodies were elected for the 2023-2025 mandate at the General Meeting held on 20 April 2023.

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 nineteenth annual sustainability report and the sixth 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 standard. 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 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 the materiality analysis, the report incorporates contributions from an external stakeholder engagement exercise carried out in 2020, in accordance with the guidelines of the AA1000SES Standard, which was taken into account in the new mapping exercise and identification of material topics resulting from work carried out as of the last quarter of 2023, within the concept of Dual Materiality, as mentioned in the chapter above.

In 2023, 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

€ thousand or %, except where otherwise indicated

	'22	'23	Δ 23/22
Revenues[1]	906,625	985,219	8.7%
Operating costs EBITDA	777,335	833,338	7.2%
EBITDA	129,290	151,881	17.5%
Depreciation & amortisation	64,777	64,330	(0.7%)
Recurring operating costs	842,113	897,668	6.6%
Recurring EBIT	64,512	87,551	35.7%
Specific items	8,385	9,773	16.6%
Operating costs	850,498	907,441	6.7%
EBIT	56,127	77,778	38.6%
EBT	46,714	61,538	31.7%
Net profit before non-controlling interests	36,342	60,442	66.3%
Net profit for the period[2]	36,407	60,511	66.2%
Earnings per share (euro)[3]	0.25	0.43	72.5%
EBITDA margin	14.3%	15.4%	1.1 p.p.
Recurring EBIT margin	7.1%	8.9%	1.8 p.p.
EBIT margin	6.2%	7.9%	1.7 p.p.
Net profit margin	4.0%	6.1%	2.1 p.p.
Capex	36,995	36,096	(2.4%)
Operating cash flow	99,556	114,415	14.9%
Free Cash flow	67,400	94,351	40.0%
	'31.12.22	**'31.12.23**	**Δ 23/22**
Cash and cash equivalents	456,469	351,610	(23.0%)
Own cash	166,192	307,996	85.3%
Assets	4,057,488	4,756,642	17.2%
Equity	224,929	253,253	12.6%
Liabilities	3,832,559	4,503,389	17.5%
Share capital	72,675	71,958	(1.0%)
Number of shares	145,350,000	143,915,000	(1.0%)

[1] Excluding specific items.
[2] Attributable to equity holders.
[3] 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 2023 (2,574,252), as per note 29 of the Financial Statements.

1.4.2 Operating Indicators

GRI 2-6, 2-7

	'22	'23	Δ 23/22
Mail			
Addressed mail volumes (million items)	457.6	421.1	(8.0%)
Transactional mail	391.5	365.1	(6.7%)
Editorial mail	27.6	25.1	(9.0%)
Advertising mail	38.6	30.9	(19.9%)
Unaddressed mail volumes (million items)	424.6	259.1	(39.0%)
Express & Parcels			
Portugal (million items)	33.1	38.9	17.6%
Spain (million items)	39.2	61.7	57.4%
Financial Services			
Payments (number of transactions; millions)	1.5	1.5	0.7%
Savings and insurance (subscriptions; €m)	8,139.1	12,590.7	54.7%
Banco CTT			
Number of current accounts	602,165	646,852	7.4%
Customer deposits (consolidated; €k)	2,280,392.0	3,106,178.7	36.2%
Payments Payshop (number of transactions; millions)	29.2	30.3	3.9%
Mortgage loans book, net (€k)	658,610.5	727,469.0	10.5%
Auto loans book, net (€k)	760,274.0	860,267.8	13.2%
Credit cards book, net (€k)	353,815.6	—	(100.0%)
LTD (including 321 Crédito)	77.9%	51.0%	(26.9 p.p.)
Number of branches	212	212	0.0%
Cost of risk	1.5%	1.3%	(0.1 p.p.)
Staff			
Staff as at 31 December	12,506	13,670	9.3%
FTE	12,679	13,203	4.1%
Retail, Transport and Distribution Networks			
CTT access points	2,371	2,375	0.2%
Retail network (post offices)	569	569	—%
Postal agencies	1,802	1,806	0.2%
Payshop agents	5,271	5,063	(3.9%)
Postal delivery offices	218	219	0.5%
Postal delivery routes	4,288	4,089	(4.6%)
Fleet (number of vehicles)	4,371	4,415	1.0%

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

	'22	'23	Δ 23/22
Environmental performance (E)			
Total CO_2e emissions, *scopes* 1, 2 & 3 (ton.)[4]	84,564.2	82,350.4	(2.6%)
Energy consumption (TJ)[4]	365,603.8	363,427.4	(0.6%)
Last-mile electrification[5]	15.3 %	19.6 %	4.3 p.p.
Recycling potential of the offer[6]	54.9 %	82.4 %	27.5 p.p.
Social performance (S)			
Women in management positions[7]	40.5%	39.9%	(0.6 p.p.)
Training (hours)	138,042.0	156,028.6	13.0%
Employee turnover	18.5	18.8	0.3 p.p.
Number of labour accidents	801	865	8.0%
Investment in the community (% of recurring EBIT)	1.0%	0.6%	(0.4 p.p.)
Purchases from local suppliers (Iberian)[8]	97.9%	99.5%	1.6 p.p.
Corporate volunteering (hours)	1,516.0	1,834.0	21.0%
Governance performance (G)			
Frequency of reporting ESG issues to top management (number)[9]	2	8[10]	300.0%
Training on good conduct, harassment and corruption and money laundering policies (hours)	10,390.0	43,793.3	321.5%

4 Update of 2022 data. Provisional 2023 figures. Including green energy.
5 Includes only delivery vehicles in operation.
6 Percentage of incorporation of recycled and/or reused materials in CTT's offer.
7 Top and middle management (Board of Directors, Heads of Department (1st level) and Division (2nd level)).
8 The figure for 2022 has been updated from last year in order to reflect purchasing volumes and not the number of suppliers at all, the same being valid for the 2023 figure. It relates to the activity of CTT - Correios de Portugal, S.A., CTT Expresso and CTT Contacto.
9 Number of meetings with the Corporate Governance, Evaluation and Nominating Committee.
10 In addition to six meetings of the ESG Committees (Steering and Board), one meeting of the Corporate Governance, Evaluation and Nominating Committee and one meeting of the Audit Committee, all with an ESG agenda, these issues were regularly discussed and analysed by the Extended Executive Committee throughout the year.

1.5 External Awards and Distinctions

Leadership Level A- in the Carbon Disclosure Project 2023

CTT achieved the maximum Leadership level with an A- score in the CDP – Carbon Disclosure Project rating of 2023, having obtained the maximum level, A, with regard to the carbon management targets for scope 1 and 2 emissions and risk management processes.

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 79%, an increase of six percentage points in this demanding scoring system compared to the previous year. CTT ranked 5th among the 26 postal operators that took part.

CTT among the 25 most responsible companies in terms of ESG

According to the Corporate Reputation Business Monitor (MERCO), CTT is 22nd in the ranking, which represents a rise of 54 positions at national level compared to last year. According to this study, CTT also achieved the status of most responsible company in the Freight Transport and Logistics sector.

IPC Certificate of Excellence

Three CTT facilities were honoured by the International Post Corporation (IPC) with the Certificate of Excellence. These are the Southern Production and Logistics Centre (CPLS), the Airmail Unit (AMU), both in Lisbon, and the International Operations Centre (COI), in Famões, Odivelas. In the case of the CPLS and the AMU, this is the 5th time the certificate has been awarded, while the International Operations Centre received it for the first time, as it is a facility that only opened in July 2021. CTT's preparation for this certification involved a large team from both CTT and IPC.

CTT distinguished at Portugal Digital Awards 2023

The Locky locker network and the Mobi CTT app won the 8th edition of the Portugal Digital Awards in their respective categories. Two CTT projects were honoured. Locky, the CTT Group's smart locker brand, won in the 'Best Future of Customer & Consumers Project' category and the Mobi CTT app won in the 'Best Future of Work Project' category.

The Portugal Digital Awards are a joint initiative of Axians and IDC Portugal, which aim to recognise and reward the excellence of organisations, their teams and business leaders who, with vision and audacity, are leading the digital transformation of their businesses, processes, products or services and, consequently, of society as we know it.

CTT continues to be a Trusted Brand of the Portuguese

CTT was for the 16th time distinguished as a Trusted Brand of the Portuguese, in the study carried out by the magazine Seleções Reader's Digest. The Company was first in the "Mail and Logistics Services" category with 85% of the votes. This study also showed a very positive result for the brand attributes analysed: quality, value for money and brand ethics.

Top 3 in the Marketeer Awards

CTT took centre stage at the 2023 Marketeer Awards, making the top 3 in the Corporate Brands category, together with Deloitte and Microsoft, which ranked first.

CTT recognised as one of the brands with the highest reputation

The distinction is included in the Repscore 2023 study, drawn up by the consulting firm OnStrategy. By sector of activity, more than 50 industries were evaluated, and it is in this analysis that CTT is distinguished as a leader in the Professional Services category.

CTT on the top 3 of the most attractive Companies to work for in Portugal

The distinction is featured in the Randstad Employer Brand Research 2023 ranking and places CTT as one of the three most attractive companies to work for in Portugal, in the Transport sector. The survey was carried out in January among people of working age - between 18 and 65 - and, as in previous years, the most valued criteria were salary and benefits, work-life balance, a good working environment and career progression, and professional stability.

CTT Express among the ten best transport and logistics companies for e-commerce

The specialised magazine Marketing4Ecommerce has revealed that CTT Express in Spain has been chosen as one of the ten companies that best meet the needs of e-commerce customers. The award was based on work carried out by a jury made up of 35 specialists in e-commerce and digital marketing.

NewSpring Services distinguished at the APCC Best Awards

NewSpring's Customer Support lines were once again distinguished by the Portuguese Association of Contact Centres (APCC) with four APCC Best Awards. It was awarded the Gold classification in the Health category with the Multicare Line, and Silver in the Insurance and Assistance category with the Travel Assistance Line. The CTT Companies Line was also distinguished within the scope of these awards with the Gold classification awarded the Silver classification, while the CTT Expresso Line received the Gold distinction.

The main aim of the APCC Best Awards trophies is to distinguish the organisations that have stood out most for implementing and adopting Good Organisational Practices in contact centre activity in Portugal, both in terms of strategic, operational and technological management, and in terms of human capital, contributing to the recognition and appreciation of the sector.

NewSpring also distinguished by Abilways

In 2023, we also received awards from Abilways Portugal and Call Center Magazine for our Contact Centre operation. Two Call Centre Quality of Service Trophies were awarded, one for “Quality of Customer Service in a foreign language” and the other for “Quality in Customer Service (51 to 150 positions)”.

These trophies were awarded during the Global Contact Center congress, rewarding the companies that have distinguished themselves this year in terms of excellence in customer service, while also contributing to the credibility and qualification of the sector in Portugal.

Consumers Trust Recommended Brand Award 2023

The "Recommended Brand" award was given to CTT for its work on the Portal da Queixa (Complaints Portal). This distinction is awarded to brands that have maintained a high level of performance and achieved the best average Satisfaction Index on the portal over the last year.

Recognition also to 321 Crédito by Portal da Queixa (Complaints Portal)

321 Crédito was awarded the Recommended Brand label in September, October, November and December by the Complaints Portal.

1.6 How we are organised

GRI 2-1, 2-9, 2-11

Corporate Bodies and Committees[a]

Board of the General Meeting

CHAIR

Teresa Sapiro Anselmo Vaz Ferreira Soares

VICE-CHAIR

José Luís Pereira Alves da Silva

Board of Directors

CHAIR

Raúl Catarino Galamba de Oliveira

MEMBERS

João Afonso Ramalho Sopas Pereira Bento (Chief Executive Officer)

Guy Patrick Guimarães de Goyri Pacheco (Executive Director)

João Carlos Ventura Sousa (Executive Director)

Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia

Steven Duncan Wood

Duarte Palma Leal Champalimaud

Jürgen Schröder

Margarida Maria Correia de Barros Couto

María del Carmen Gil Marín

Susanne Ruoff

Executive Committee

CHAIR

João Afonso Ramalho Sopas Pereira Bento

MEMBERS

Guy Patrick Guimarães de Goyri Pacheco
João Carlos Ventura Sousa

(a) By reference to the date of approval of this Integrated Report.

Audit Committee

CHAIR

Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia

MEMBERS

María del Carmen Gil Marín
Jürgen Schröder

Remuneration Committee

CHAIR

Fernando Paulo de Abreu Neves de Almeida

MEMBERS

Manuel Carlos de Melo Champalimaud
Christopher James Torino

Ethics Committee

CHAIR

Margarida Maria Correia de Barros Couto

MEMBERS

Raúl Catarino Galamba de Oliveira
Ana Maria Machado Fernandes
Patrícia Alexandra Pinto Neto Durães Carolino
Rui Pedro Dias Fonseca Silva
Silvia Maria Correia

Corporate Governance, Evaluation and Nominating Committee

CHAIR

Raúl Catarino Galamba de Oliveira

MEMBERS

Susanne Ruoff
Margarida Maria Correia de Barros Couto
Duarte Palma Leal Champalimaud

Sustainability Committee

CHAIR

Raúl Catarino Galamba de Oliveira

MEMBERS

João Afonso Ramalho Sopas Pereira Bento
Margarida Maria Correia de Barros Couto
Susanne Ruoff
Nuno Manuel Teiga Luís Vieira
Maria José de Oliveira Maia Rebelo

Statutory Auditor

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

Guy Pacheco
CFO
Executive Director

João Bento
CEO
Chief Executive Officer

João Sousa
CCO
Executive Director

02

Strategic background

ctt

2. STRATEGIC BACKGROUND

2.1 Economic, sectoral and regulatory environment

GRI 2-6, 2-26

2.1.1 Economic framework

International economy

The world economy has shown resilience over the last year. Since 2020 it has overcome a pandemic, a war in Europe and supply chain bottlenecks, which have triggered a very significant increase in the inflation rate and the most aggressive cycle of interest rate rises in decades. Growth expectations for the world economy have been exceeded, with the IMF[11] pointing to growth of 3.1% in 2023.

World inflation showed signs of slowing down. After the 8.7% recorded in 2022, it fell to 6.8% in 2023. The pressure on energy prices has been easing, as has the pressure on food prices, with the United Nations price index expected to fall by 11% by 2023. In advanced economies, the inflation rate fell from 7.3% to 4.6%. The IMF estimates a return to normality, with 2.6% in 2024 and 2% in 2025.

The Euro area economy is expected to have grown by a mere 0.5%, with the downturn in economic activity in Germany standing out. A positive note for Greece, which saw its debt rating returned to Investment Grade after a hiatus of more than a decade.

The United States maintained its dynamic economic activity. Expectations for 2023 pointed to a slowdown, with discussions as to whether it would be a soft or hard landing after the significant interest rate rises, but the economy grew by 2.5% and the labour market remained benign.

In China, expectations of a strong post-pandemic recovery have not materialised. At the same time, the economies of India, Mexico and Vietnam have benefited from changes in international trade patterns.

The year 2023 was also marked by advances in artificial intelligence (AI). It was the year ChatGPT democratised access to AI. The next few years could see advances and productivity gains as technology evolves.

National economy

After growing by 6.8% in 2022, the highest growth since 1987, the Portuguese economy slowed down to 2.3%[12] in 2023. Despite the slowdown in private consumption and investment, domestic demand made a positive contribution to annual growth. Net external demand was also positive, although exports and imports of goods and services fell in volume.

The inflation rate has slowed down. After the peak was reached in October 2022 of more than 10% in the consumer price index, in December 2023 the rate was just 1.4%. Average inflation in 2023 was 4.3%.

The labour market remained robust, with employment increasing by 2% to almost 5 million people. The unemployment rate rose slightly to 6.5%. The Bank of Portugal estimates nominal wage growth of 7.5% in 2023.

[11] World Economic Outlook - Update, International Monetary Fund | January 2024
[12] Quarterly National Accounts (Base 2016) - Rapid estimate at 30 days, 4th quarter 2023 and year 2023 - INE

The European Commission estimates that the budget balance will return to a positive figure of 0.8% of GDP in 2023.

The deleveraging of the Portuguese economy continued. Public debt fell by 13.7% in 2023 to 98.7%. This trend removes Portugal from the top of the most indebted economies in the Euro area, something that has been reflected in the improvement in ratings, with Moody's upgrading to A3 and Fitch to A-. Companies and households have also seen their indebtedness fall in line with GDP. In the last decade[13] households have seen their debt burden fall by more than 30% to 57.8% and non-financial companies by more than 50% to 114.3%.

2.1.2 Sectoral framework

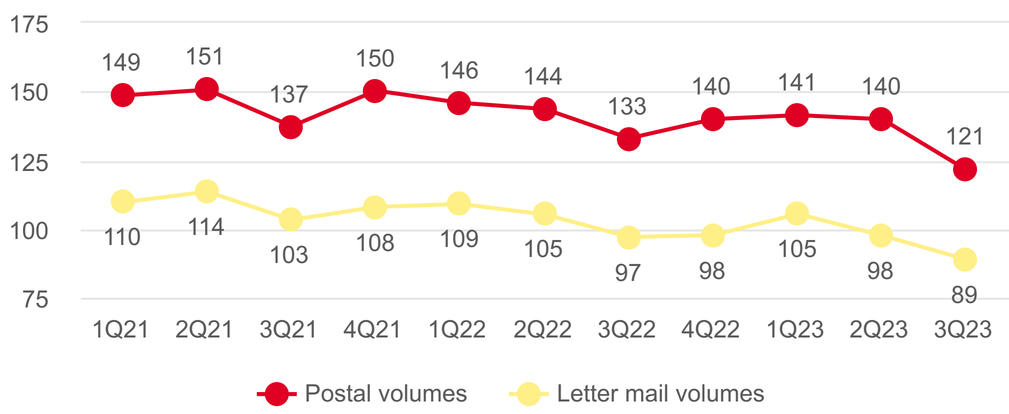
Business units

GRI 2-6

Mail

Postal volumes continued their downward trend, declining by 4.7%[14] in 9M23 compared to the same period in 2022. This annual downward trend has been accelerating since 2008, mainly due to the substitution of electronic communications for postal items, with **3Q23 being the quarter with the lowest postal volumes**, representing a decrease of 8.7% compared to the same period in the previous year (3Q22).

Evolution of postal and letter mail volumes in Portugal (2021-2023)
(Unit: million items)

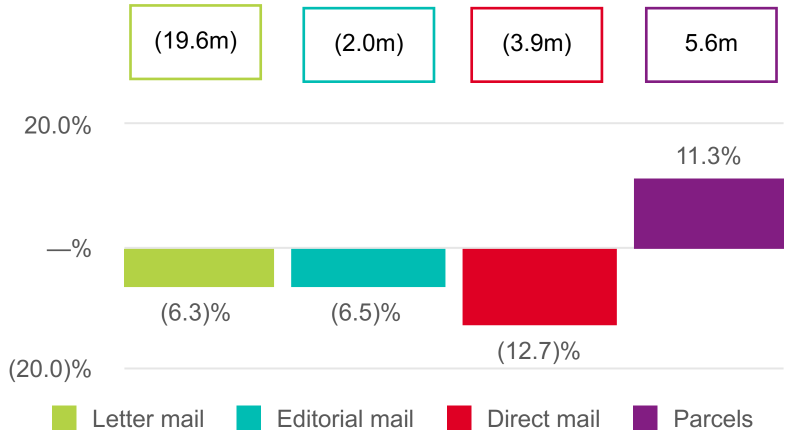


Source: ANACOM Quarterly Reports - Postal Services

Postal volumes are made up of various types of items, each of which has a different weight and process. **In 9M23, parcels were the only type of postal item to increase** compared to the same period last year (+5.6m; +11.3%), while the other three categories declined: letter mail (-19.6m; -6.3% y.o.y), editorial mail (-2.0m; -6.5% y.o.y) and direct mail (-3.9m; -12.7% y.o.y).

[13] BPStat - 3rd quarter 2023 values.BPStat - 3rd quarter 2023 values.
[14] ANACOM – Statistical Information: Postal Services.

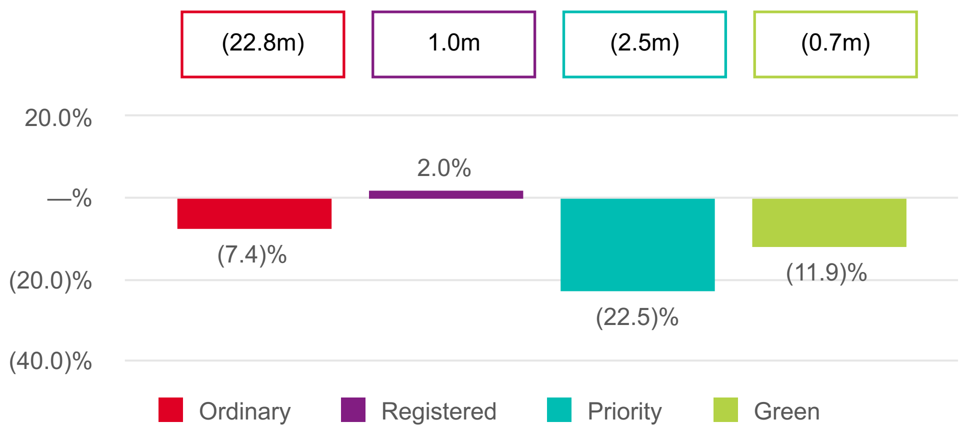
Evolution of postal volumes in Portugal by type of item (9M22 - 9M23)
(Units: million / %)



Source: ANACOM Quarterly Reports - Postal Services

At CTT, **letter mail in 2023 performed in line with ANACOM's result, representing a decline** (-27.5m; -6.8% y.o.y). CTT's mail offer consists of four types of solutions, each associated with a type of need: ordinary mail (economy), registered mail (security), priority mail (speed) and green mail (convenience). With the exception of registered mail, all the others showed a decrease in volumes compared to the previous year. Of these, **ordinary mail** is the most representative in terms of volumes in relation to the total, which is why **its decrease** (-22.7m; -7.4% y.o.y) is **the main reason for the overall decline**. Direct mail, which is part of CTT's advertising offer, also saw a drop in volumes compared to the previous year, in line with ANACOM's results. However, contrary to the overall scenario presented by ANACOM, **postal parcels saw a decrease in volumes** compared to the previous year (-27.6k; -11.4% y.o.y), which can be explained by the attractiveness of alternative express solutions.

Evolution of letter mail volumes by type of item (9M22 - 9M23)
(Units: million / %)



Source: Internal data

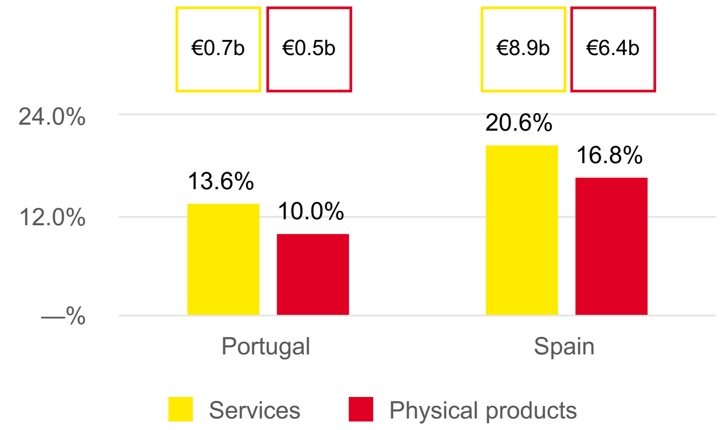
Express & Parcels

In contrast to the global slowdown in e-commerce in 2022, the year **2023 brought a recovery, with this market returning to a period of growth**. For 2023, the European Commission estimates that e-commerce will grow by 8.0%[15] compared to the previous year. The Iberian market follows the European

[15] European Commission - European E-commerce Report 2023 (estimate).

trend, with an estimated growth in the sales market compared to the previous year, totalling €11.5b in Portugal (+11.7% y.o.y) and €96.7b in Spain[16] (+18.8% y.o.y).

Annual change in e-commerce sales in Iberia from 2022 to 2023
(Unit: % / €b)



Source: IMR Market Quantification.

The figures above can be justified, on the one hand, by the increase in the **average purchase price and the total amount spent per e-buyer** (PT: €55.6 and €1,073, respectively; ES: €44.9 and €1,321, respectively), which even though the average amount in Spain is lower than in Portugal, the total amount spent on online purchases is higher in Spain than in Portugal. And, on the other hand, the **increase in the number of online shoppers** (PT: +1.1% vs. 2022, totalling 5.1m e-shoppers in 2023; ES: +5.9% vs. 2022, totalling 33.8m e-shoppers). When comparing the number of shoppers with the total number of inhabitants of the country[17], the conclusion is that the e-commerce market in Spain is already more developed, since 72.8% of the population made online purchases in 2023, while in Portugal only 50.3% of the population did so.

E-buyer's online shopping profile

Portuguese e-buyer profile		Spanish e-buyer profile	
€55.61 **(€55 in 2022)** Average purchase amount	€1,073 **(€1,065 in 2022)** e-commerce spending (in products)	€44.9 **(€44.40 in 2022)** Average purchase amount	€1,320.9 **(€1,197.47 in 2022)** e-commerce spending (in products)
19.3/year **(20.6 in 2022)** Number of product purchases	4.83 **(4.5 in 2022)** Average number of products per purchase	29.4/year **(27.0 in 2022)** Number of product purchases	5.76 **(4.71 in 2022)** Average number of products per purchase
45.6% **(43.8 % in 2022)** Weight of the products < 500gr	74.0% **(73.0% in 2022)** Heavy e-buyers (purchase frequency < 1 month)	49.4 % **(43.6 % in 2022)** Weight of the products < 500gr	85.0% **(82% in 2022)** Heavy e-buyers (purchase frequency < 1 month)

Source: IMR - Quantification of the e-commerce market 2023 (estimated figures for 2023)

[16] The e-commerce figure presented only quantifies e-seller sales in the national territory.
[17] Population data: country meters.

In terms of the characteristics of **online shopping**, 2023 was a year marked by **generalised growth in the various categories**. At Iberian level, the clothing and footwear (PT: -2.8 p.p.; ES: +1.8 p.p.) and electronic and computer equipment (PT: +5.2 p.p.; ES: -0.8 p.p.) categories maintained their position as the leading categories for online purchases, followed by the books and cosmetics category (PT: +7.6 p.p.; ES: +6.1 p.p.).) retains its position as the leading category for online purchases, followed by the toiletries and cosmetics category (PT: +7.6 p.p.; ES: +6.1 p.p.), which switches positions with the books and films category (PT: -3 p.p.; ES: -6.9 p.p.), the latter occupying fourth place in 2023.

Consumers maintained the **main reasons for buying online** identified in 2022, with the **ease of making the purchase** standing out as the reason with the most weight (PT: reason chosen by 69.5% of respondents; ES: 67.7%), followed by the **lowest price**, a factor that grew in importance for e-buyers compared to the previous year's results (PT: 61.6% (+5.8 p.p. compared to 2022); ES: 53.7% (+2.0 p.p.).

Regarding the online shops where consumers usually make their purchases, in Portugal, Worten comes first (62.8%), followed by Amazon (59.6%). In Spain, Amazon is in first place (88.7%) followed by El Corte Inglés (34.2%). On the other hand, when analysed by the website where consumers make the most purchases, Amazon is the Iberian leader (PT: 18.4% / ES: 68.0%), followed in Portugal by Worten (13.4%) and in Spain by Shein (6.0%) (Shein is in third place in Portugal with 11.6%).

Due to the performance of e-commerce, 2023 represented a **strong growth of 39.2% in Iberian postal volumes**[18] for CTT, boosted by the significant development of ES-PT flows (+188% y.o.y). This growth was underpinned both by the large global marketplaces and international e-sellers, and by the investments made in the Iberian units, such as the customs clearance centre.

Finally, in Portugal, 94.1%[19] of consumers use CTT to send parcels (postal or express), making the company the most used operator and recognising the dispersion of its network throughout the country as a major advantage.

Financial markets[20]

After the very negative year of 2022, there was a recovery in the financial markets. The resilience of the economy and the prospect that the peak in the inflation rate is behind us have changed perceptions that there will be room for monetary policy to become less restrictive over the course of 2024.

The stock market, when measured by the FTSE Global All Cap Total Return Index, which covers developed and emerging markets, fell 22% in 2023. Within the stock market, the technology sector was the one that saw the biggest gains, particularly the so-called Magnificent Seven (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla). European banking rose 31.6%, and despite the bankruptcies in March of regional banks in the United States and the bankruptcy of Credit Suisse, the situation was contained.

The European Central Bank raised the deposit interest rate from 2% at the start of the year to 4% in September, and there is some consensus that the peak in interest rates has already been reached. The US Federal Reserve also raised its federal funds rate from 4.5% to 5.5% in July.

The interest rate on 10-year public debt in Germany reached almost 3% in October but ended 2023 at 2%. In the United States, 10-year Treasuries also peaked at almost 5%, but ended the year at 3.9%.

The credit spread of Portuguese 10-year sovereign debt against German debt averaged 76 bps, down from 97 bps in 2022, but still higher than the average spread of 60 bps during 2021.

[18] Internal data, 2023.

[19] Mail Portfolio Study - Private Segment - IMR, 2023 (value reading note: non-exclusive use).

[20] Source: Bloomberg

Corporate credit spreads as measured by the Markit iTraxx Europe Senior 5-year CDS index peaked in March at 104 bps, at a time of increased financial stress, and ended 2023 at 58 bps, down from 91 at the end of 2022.

Portuguese banking system[21]

National banks' total assets fell by 1.7% (compared to 2022) to €399.9b, with customer loans falling by 1.2%. Customer deposits declined by 2.3% to €315.9b, €7b less than at the end of 2022. Within retail, the ratio of demand deposits to total deposits fell from 51% to 46%, with an increase in retail term deposit rates, which saw the average remuneration rise from 0.4% to 3.1% for new contracts.

The loan-to-deposit ratio remained stable at 79% in September 2023.

Financing from Central Banks fell from €40.3b in the 3rd quarter of 2022 to €4.7b in the 3rd quarter of 2023, as a result of repayments under the European Central Bank's Long-Term Refinancing Operations programme.

Asset quality continued its upward trend that began in 2016, with the ratio of non-performing loans reaching 2.9%, the ratio being 1.3% when considered net of impairments. The ratio of non-performing loans to individuals remained stable at 2.3% compared to the end of last year, with the ratio of mortgage loans at 1.2% and consumer loans at 6.4%. Also noteworthy is the increase in the ratio of stage 2 mortgage loans from 7.5% at the end of 2022 to 9.1% in September 2023.

The system's profitability in the first 9 months of 2023 improved significantly, with return on assets reaching 1.3% and return on equity standing at 14.6%. The increase in profitability was mainly due to the rise in net interest income, which reached 2.7%. Compared to the 3rd quarter of 2022, net profit increased by 82.1%.

The system remains well capitalised, with the total equity ratio standing at 18.9% and the core capital ratio at 16.4%.

2.1.3 Regulatory Framework

Postal sector

The postal service is provided by CTT under the **Universal Postal Service Concession Agreement** signed on 6 January 2022 between the Portuguese Government and CTT and Decree-Law no. 22-A/2022, published on 7 February 2022, which amended the legal framework applicable to the provision of postal services under Law no. 17/2012, of 26 April (Postal Law). This Agreement shall remain in force until 31 December 2028.

In addition to the concessionary services, CTT can provide other postal services, as well as carry out other activities, namely those that allow for the profitability of the universal postal service network, directly or through the incorporation or participation in companies or through other forms of cooperation between companies. These activities include the provision of services of public interest or general interest under conditions that may be agreed with the Portuguese government.

The changes introduced by Directive 2008/6/EC of 20 February 2008 of the European Parliament and of the Council to the regulatory framework governing the provision of postal services were transposed into the Portuguese legal framework by Law no. 17/2012 of 26 April ("Postal Law"), repealing Law no. 102/99 of 26 July. It is still in force, with the amendments introduced in the meantime by Decree-Law no. 160/2013, of 19 November and Law no. 16/2014, of 4 April, Decree-Law no. 49/2021, of 14 June and Decree-Law no. 22-A/2022 published on 7 February 2022. The Postal Law establishes the legal

[21] Portuguese Banking System: recent developments 3rd Quarter 2023 - Banco de Portugal.

framework applicable to the provision of postal services, in full competition, within the national territory, as well as international services to and from the national territory.

Thus, since 2012, the postal market in Portugal has been fully open to competition. For reasons of general interest, only the following activities and services remained reserved for the concessionaire: the sitting of letter boxes on the public highway for the collection of postal items, the issue and sale of postage stamps bearing the mention Portugal and the registered mail service used in judicial or administrative proceedings.

The scope of the **universal postal service** therefore includes the following national and international services:

- A postal service for letter mail items, excluding direct mail, books, catalogues, newspapers and periodicals up to 2 kg in weight;

- A postal parcel service weighing up to 10kg, as well as the delivery within national territory of postal parcels received from other European Union Member States weighing up to 20kg; and

- A registered items service and an insured items service.

The **concession agreement** signed between the Portuguese State and CTT covers:

- The universal postal service, as defined above;

- The reserved services: (i) the right to place letter boxes on the public highway for the collection of postal items, (ii) the issue and sale of postage stamps bearing the mention "Portugal", and (iii) the registered mail service used in judicial or administrative proceedings;

- The provision of the special payment orders service, which allows funds to be transferred electronically and physically, both nationally and internationally, known as the postal money order service, on an exclusive basis; and

- The Electronic Post Office Box service, on a non-exclusive basis.

On 23 December 2021, the Council of Ministers announced the approval, on the same date, of the law amending the legal regime applicable to the provision of postal services in Portugal, the respective law having been promulgated on 5 February 2022 and Decree-Law no. 22-A/2022 published on 7 February 2022. The new concession agreement came into force on 8 February 2022 and will last for approximately seven years - until 31 December 2028. The main **changes to the new regulatory framework** arising from the law and the new concession agreement are as follows:

1. **With regard to pricing:**

- Under the terms of the law, the pricing criteria shall be defined by agreement between CTT, ANACOM and the Consumer Directorate-General for periods of three years or, if there is no agreement, by the Government; such definition shall take into account the sustainability and economic and financial viability of the USO provision, and shall also take into account the variation in volumes, the change in relevant costs, the quality of the service provided and the incentive for the efficient provision of the universal postal service;

- In the context of the regulatory framework in force since February 2022 and the Agreement on the criteria to be met in setting the prices of the postal services that make up the universal service basket (Universal Postal Service Price Convention) for the three-year period 2023-2025, of 27 July 2022, the prices of these services were updated on 1 March 2023, as communicated to the market on 26 January 2023. The update corresponded to an average annual price change of 6.58%. The overall average annual price variation, which also reflects the effect of updating the special bulk mail prices, was 6.24%.

- Effective from 1 February 2024, in the context of the Universal Postal Service Price Convention for 2023-2025, which was entered into on 27 July 2022, the prices of the basket of letter mail, editorial mail and parcels services were updated, corresponding to an average annual price change of 9.49%. As part of the company's pricing policy for 2024, this update corresponds to an average annual price variation of 8.91%, which also reflects the effect of the update of the special prices for bulk mail.

2. **With regard to quality of service indicators and performance targets:**

- The indicators and performance targets defined by ANACOM on 29 April 2021 remain in force until the definition of new indicators and respective performance targets;

- On 24 October 2023, ANACOM approved the draft proposal for quality of service parameters and performance targets associated with the provision of the universal postal service, on which CTT commented on 27 December 2023. The quality criteria will be approved by the Government on a proposal from ANACOM, following a set of clear guidelines: to guarantee high levels of quality of service in line with current best practices in the European Union and the relative importance of the postal services that make up the universal postal service, and taking into account the average figures applicable to each indicator in European Union countries;

- With regard to the compensation mechanism applicable for any non-compliance with the quality of service indicators, as long as the current indicators remain in force, if penalties are applied, they will be translated into investment obligations that result in improvements for the benefit of the provision of services and end users, without prejudice to the possibility of applying other fines or contractual penalties provided for in the law and the concession agreement. Following the definition of the new quality indicators, the penalties to be applied by the government will take the form of investment obligations or price revisions, in accordance with the principles of proportionality, adequacy, non-discrimination and transparency.

3. **With regard to the density of the postal network:**

- The criteria for density and minimum service offers remain in force, and it is up to CTT to propose changes, which depend on ANACOM's approval;

- On 7 November 2023, ANACOM approved changing the reporting of postal network density targets and minimum service offers by reference to the 2021 Census, replacing the 2011 Census, in order to update the data with recent information.

In accordance with Article 6 of Regulation (EU) 2018/644 on cross-border parcel delivery services and the corresponding notification to the European Commission, ANACOM approved, on 27 June 2023, the assessment of cross-border single-piece parcel tariffs for the year 2023.

Financial sector

The way in which institutions pursue their activity, carry out their mission, plan and design their strategy is decisively influenced by the national and international regulatory framework in force at any given time, and it is naturally essential to correctly identify and contextualise the regulations that have the greatest impact, enabling them to obtain a comprehensive view of regulatory changes and, knowing them, act accordingly.

In a context marked by geopolitical tensions, high inflation and the resulting rapid rise in interest rates (after a prolonged period of low interest rates) and still recovering from a global pandemic, with inevitable repercussions on the global economic scenario and affecting its dynamics and functioning, a series of legislative packages were published in 2023 that sought to meet the special concerns of consumer protection and from which obligations arise, according to which institutions need to guide their actions, with regulations that promote and test institutions' resilience and firmness, both by adapting loan conditions to the payment capacity of their consumer clients, but also by applying prudent impairment and capital conservation policies, allocating part of the profits generated to increasing their capacity to absorb losses and maintaining financing for the economy.

Below is a brief overview of the **main regulatory developments** that took place in 2023, with special emphasis on those produced by the national legislator and the Bank of Portugal, in terms of supervision and increased scrutiny of the practices and behaviour of banking institutions.

Anticipating the potential increase in defaults by the most vulnerable households, bearing in mind the aforementioned rise in inflation and short-term interest rates, particularly on mortgage loans, the national legislator paid special attention to this issue and:

– created extraordinary support for families to pay rent and instalments on credit agreements through **Decree-Law 20-B/2023 of 22 March**, in addition to the set of procedures provided for in Decree-Law 80-A/2022 of 25 November and amended by Decree-Law 74-A/2017 of 23 June. Also noteworthy was the creation of a protocol between the institutions and the DGTF (Directorate-General for the Treasury and Finance) for its operationalisation (later amended by Law 56/2023 of 6 October, Decree-Law 91/2023 of 11 October and Decree-Law 103-B/2023 of 9 November);

– approved consumer protection rules for financial services, amending several relevant laws, with a ban or limitation on charging a range of commissions, through the publication of **Law 24/2023 of 29 May**;

– established the measure to temporarily fix the instalment of credit agreements for the purchase or construction of own and permanent housing and reinforced the extraordinary measures and support for mortgage loans, by approving **Decree-Law 91/2023 of 11 October**; and

– the law that approved the 2024 state budget - **Law 82/2023 of 29 December** - amended Law 19/2022, extending the exceptional and temporary regime for the redemption/reimbursement of savings plans until 31 December 2024.

In line with this concern, the Bank of Portugal issued two noteworthy regulations in this area: **Instruction 23/2023 of 9 October**, which defines the criteria for weighing up the impact on consumers' solvency of increases in the index applicable to variable interest rate or mixed interest rate credit agreements, and **Instruction 24/2023 of 30 October** on providing information to bank customers and reporting information to the Bank of Portugal on the implementation of the temporary instalment fixing and temporary interest subsidy schemes for permanent home loan contracts.

Also seeking to safeguard the interests of consumers in their right to correct information, the Bank of Portugal updated the models that banking institutions must comply with and disclose to the public about the minimum banking services account, in order to reflect the recent expansion of the list of services included in said account, with **Instruction 19/2023 of 30 August**.

Stressing the need for institutions to comply with the Guidelines on risk management associated with information and communication technologies and security (EBA/GL/2019/044) and seeking to prevent the occurrence of scams, fraud or similar situations using phishing techniques, Banco de Portugal produced **Circular Letter 2023/25 of 21 June**, containing recommendations on the prudential treatment of phishing incidents involving customers.

Within the banking sector, the Bank of Portugal endeavoured to ensure that institutions are able to adapt, having generated regulations such as:

- **Circular Letter 2023/01** on the annual disclosure of non-performing and restructured exposures;

- **Circular Letter 2023/04**, which publishes the Guidelines of the Committee of European Banking Supervisors (CEBS) on the exclusion of certain very short-term exposures for the purposes of calculating the value of risk under the large exposures regime and states that these should also be followed and applied by less significant credit institutions;

- **Circular Letter 2023/05**, which discloses the models for reporting the Financing and Capital Plans, the description of the macroeconomic and financial scenario and other guidelines necessary for the institutions to carry out the exercise and provide information;

- **Circular Letter 2023/20**, regarding the implementation of EBA/GL/2022/14, namely regarding compliance with the criteria for the identification, assessment, management and reduction of risks resulting from potential changes in interest rates ("IRRBB") and on the assessment and monitoring of credit spread risk resulting from activities not included in the trading book ("CSRBB"), especially important in the current context of rising interest rates.

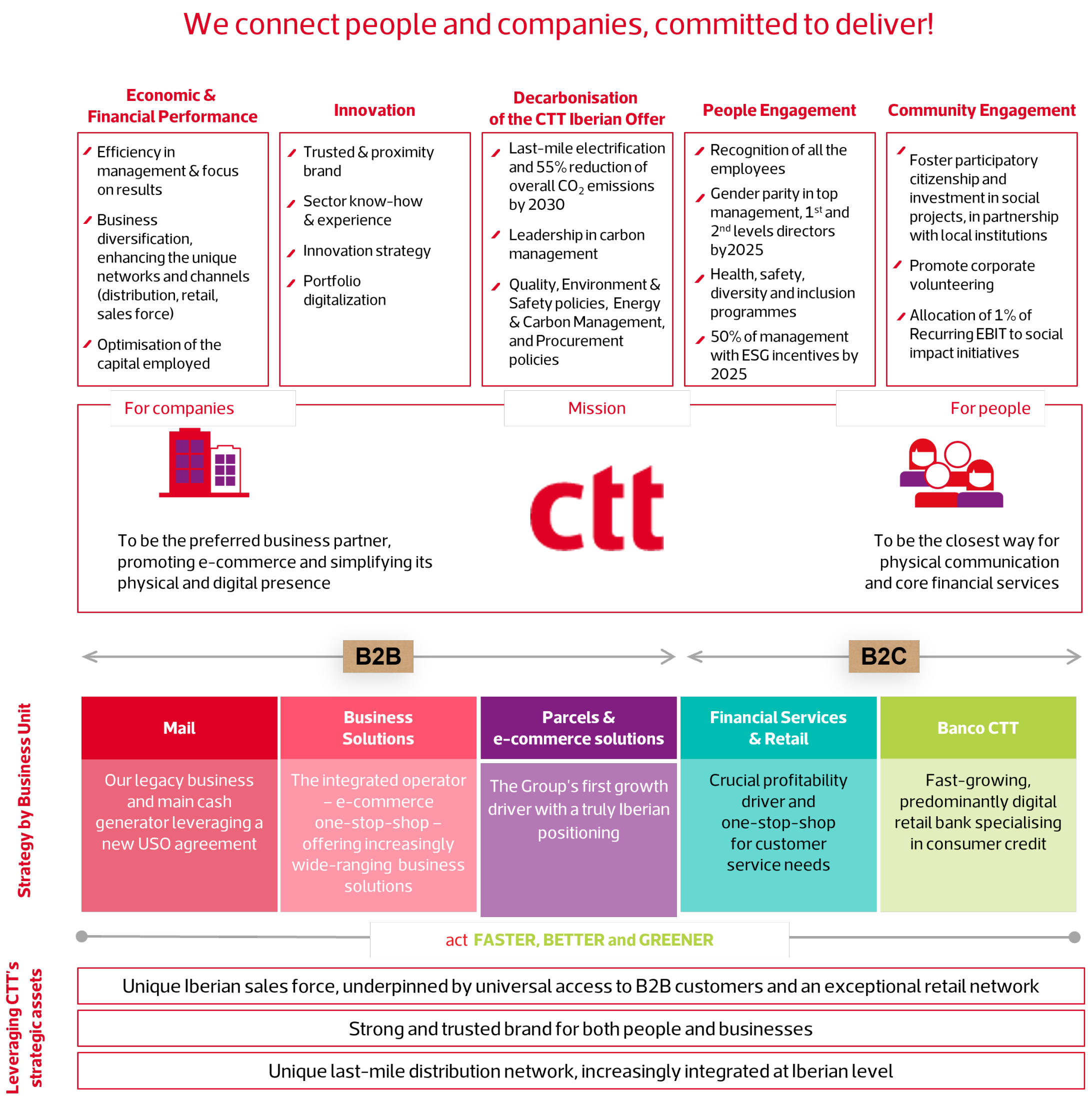
As far as the Insurance and Pension Funds Supervisory Authority (ASF) is concerned, with a view to adopting a different approach to reporting regulations, we would highlight the publication of **Regulatory Standard No. 4/2023-R** and **Regulatory Standard No. 5/2023-R**, both of 11 July, on the provision of information for supervisory purposes to the ASF by insurance and reinsurance companies and pension fund management companies.

Although they are aimed at Member States and have transposition deadlines of 2025, the Banco CTT Group has taken note of and analysed **Directives 2023/2225 of 30 October** and **2023/2673 of 22 November** of the European Parliament, given the relevance of the issue, the former relating to consumer credit agreements and the latter to financial services agreements concluded at a distance.

Aware that cybersecurity is a priority issue for regulators and supervisors, Banco CTT is closely following developments in the **Public Consultation** launched by the European Supervisory Authorities (EBA, EIOPA and ESMA - the ESAs) on 19 June, on the first batch of policy products under the Digital Operational Resilience Act (DORA).

2.2 Strategic lines

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



CTT's strategy continues to focus on the Company's transformation, and year after year it has overcome external challenges with positive results. With a strategy based on five important pillars for its operation, CTT is able to guarantee sustainability in the postal business by leveraging the development of other growing businesses and thus ensuring the connection between people and companies.

Trust in the historic CTT brand and its proximity network are attributes that set the company apart from the market, and its mission is thus to position itself as a partner of reference for companies, promoting e-commerce by reducing physical and digital distances. And, for individuals, to be the most convenient means of physical communication, adding essential financial services to its offer.

In this context, with a focus on the five pillars of performance and commitment, and in line with the strategic plan to be implemented by 2025, as defined at the Capital Markets Day 2022, various initiatives were undertaken that contributed to the sustainability of the CTT Group at various levels.

Economic sustainability

Focusing on the fulfilment of the CTT Group's proposed economic targets to be achieved by 2025 (revenue growth of 7-10% and recurring EBIT growth of 14-19%), below are the initiatives implemented with the greatest impact on the business:

In the **Express & Parcels** (CEP) area, two major Iberian milestones were achieved. On the one hand, Iberian e-commerce leadership, strongly impacted by the partnership with Temu and Shein, contributing to a new Iberian record of more than 870,000 items/day and the delivery of more than 100 million express parcels in the year. On the other hand, the expansion of the largest Iberian network of delivery points (14k points) was driven by the partnership with Celeritas in Spain and the growth of Locky in Portugal. In terms of same-day deliveries, CTT Now posted double-digit growth in revenue and volumes. In terms of digital initiatives, realised in 2023, the highlight was the number of shops registered in the Lojas online/Online Shops platform (5k shops) and the addition of new features to the platform, such as bnpl (buy now, pay later) with Klarna and bulk shipments, as well as the integration of the new plugin for Amazon, which generated 350,000 more shipments per year.

In the **Business Solutions** area, it was a year marked by the strong consolidation of the integrated solutions offer, such as SIGA (the digital wallet), STICO and STIAR (administrative offence management and administrative instruction system), resulting in a vast increase in the number of customers and users, as well as a year of service expansion, particularly of the Business Process Centre and the Contact Centre, to large national customers.

In the **Financial Services & Retail** area, 2023 was the year when the discontinuation of in-store product sales was completed and focus was on the services platform, such as strengthening the insurance offer and launching the sale of alarms and the prepaid express pack. In line with the strategy for the retail network, there was a major reinforcement in the creation of 24/7 self-service spaces, such as the provision of 178 lockers in-store with 24/7 access, 34 of which are Through the Wall (locker integrated into the shop window) and the launch of the first self-service shipping station.

For **Banco CTT**, 2023 was a year of significant growth, both in the opening of new accounts, reaching over 647k accounts, an increase of 45k accounts compared to 2022, and in the production of credit and the placement of savings products. Also noteworthy was the capital increase by Generali and in the distribution of insurance, including life and financial insurance.

Social sustainability

2023 was a year dedicated to implementing measures to achieve the ESG targets and commitments made the previous year. In order to turn these targets into realities that go beyond paper, procedures were established to monitor the progress of indicators on a quarterly basis, known as Objectives and Key Results (OKR), accompanied by concrete action plans. This methodology has been extended to all of the company's key performance indicators, ESG indicators being no exception.

Our people

As for our People, the aim is to promote a positive organisational culture, guaranteeing equal opportunities in terms of access to health, well-being, work-life balance, qualifications and progression. With regard to talent management, the strategy is to improve the employee experience and their level of satisfaction, in order to increase the commitment of everyone, making each one an ambassador for the CTT Brand.

In 2023, CTT extended the scope of the certification as a Family-Responsible Company, already obtained by CTT - Correios de Portugal, S.A., CTT Expresso and CTT Contacto in 2022, to Banco CTT and 321 Crédito. Meanwhile, the interaction of employees with various aspects of their lives within the Company continues to be facilitated by the implementation of new modules on the MyCTT platform.

The "Victory" programme continued to have a significant impact, focusing on employees with work restrictions in order to adjust tasks or reassign them to new roles.

With regard to greater diversity in management, on 31 December 2023 CTT had 39.9% women in top and middle management positions, (0.6 p.p.) compared to 2022. The ambition is to reach 45.0% by 2025.

Social impact

In terms of community involvement, a benchmark indicator points to the ambition of dedicating 1.0% of annual recurring EBIT to social initiatives by 2025, namely through the company's donations policy. The achievement of this OKR in 2023 was lower than planned, much more due to the increase in the denominator than to any failure to make the planned donations. In 2023, the internal focus was on consolidating procedures and approving, in the last quarter, a Social Impact Plan, defining prerequisites and metrics for monitoring the initiatives supported, culminating a journey with several stages.

In order for CTT employees themselves to help increase this impact on both the community and the environment, the group defined a commitment to ensure that participants in volunteering initiatives devote an average of 3 working days a year to social initiatives and programmes organised and supported by the company. In 2023, the focus shifted to actions designed specifically to meet the needs and particular characteristics of the areas and departments that sought them out.

The 10th edition of the "A Tree for the Forest" initiative, a very successful partnership with Quercus, has added to the collection of previous editions, with a total of 118,000 trees having been planted since 2014. This anniversary was marked by the sale, for the first time, of a 100% digital version of the initiative's kit via the online shop, an example of walking the talk when it comes to mitigating the environmental impacts of the initiative itself.

Solidarity Father Christmas continues to do his meritorious work year after year. A total of 1,841 letters written by disadvantaged children were received, making for a happier Christmas in 2023, and the toys they asked Father Christmas for by letter were delivered by anonymous citizens to our post offices to be sent to the institutions that take care of these children, just in time for Christmas.

The target of making 75% of purchases from local (i.e. Iberian) players, as a policy to support the local economy and communities, was largely achieved. At the end of 2023, 99.5% of procurement processes used Portuguese or Spanish partners, an increase of 1.6 p.p. compared to 2022. The policy of engaging with suppliers is detailed in a chapter exclusively dedicated to the subject.

Environmental sustainability

CTT has a strong position in the ESG dimensions, particularly with regard to its environmental performance, with the main objective of reducing its direct and indirect emissions by 55% by 2030, offsetting the remainder with a view to achieving a carbon-neutral balance sheet. The main focus of this target is to ensure that its last-mile fleet is made up of 50% 'green' vehicles in the last mile by 2025 and 100% by 2030.

The result of this motivation is the reinforcement of the CTT electric fleet, which had 615 vehicles at the end of 2023, a growth of 28.7% compared to 2022. The consequence of this investment in the last mile of distribution, CTT's focus at the moment, has been visible: 19.6% (+4.3 p.p. y.o.y) of the vehicles that take postal items to their destination are electric, 26.0% more than in 2022. Also noteworthy is the reinforcement of the charging infrastructure with the progressive installation of chargers. While intensifying the reconversion of its own fleet, CTT has begun to focus on the fleet of subcontracted companies, with a characterisation survey launched in Portugal and Spain.

In addition to CTT's ongoing efforts to decarbonise the last mile, every year it carries out an initiative to offset the carbon emissions resulting from its own parcel and express transport and distribution activities in Portugal. The projects to be funded, one national and the other international, are chosen through an online public vote, which took place in September 2023. The winning projects chosen for funding are "Recovery of wild animals" (national) and "Envira - Prevention of deforestation" (Brazil).

It should also be noted that 100% of the electricity consumed by CTT comes from renewable sources, with 100% of the buildings having green energy. Also in this field, in October 2022 a strategic partnership was signed with EDP for the installation of solar energy production plants in more than 40 CTT locations, from the north to the south of the country, creating solar neighbourhoods. The surplus is injected into the grid by EDP to the surrounding communities, generating a direct return on this investment. Over the course of 2023, around 20 facilities went into operation, the first step in this project having been completed.

In 2023, CTT maintained and strengthened its position as a leader and pioneer in sustainability issues, both at national and sectoral levels, taking its place as best in class on the international postal scene. Proof of this was the higher ranking in the Sustainability Measurement and Management System rating of the International Post Corporation - IPC. The improved performance in this rating led to the reinforcement of the company's 5th place overall, in global terms, amongst 26 participating operators. In the Carbon Disclosure Project - CDP, CTT was honoured with Leadership level in the Climate Change area, with a score of A-. Specifically, the company obtained the maximum level (A) with regard to carbon management targets, scope 1 and 2 emissions and risk management processes.

The other strategic focus for CTT is the promotion of the **circular economy**. In this field, 82.4% of the products in the mail, parcels and express offer already incorporate recycled or reused materials, which puts CTT well on the way to achieving the target of incorporating this type of materials into 100% of this offer by the end the decade. In 2023, the highlight was the philatelic issue dedicated to St Francis of Assisi, the first to be made exclusively using recycled paper.

2.3 Risk Management

2.3.1 Description of the risk management process

GRI 2-16, 2-25

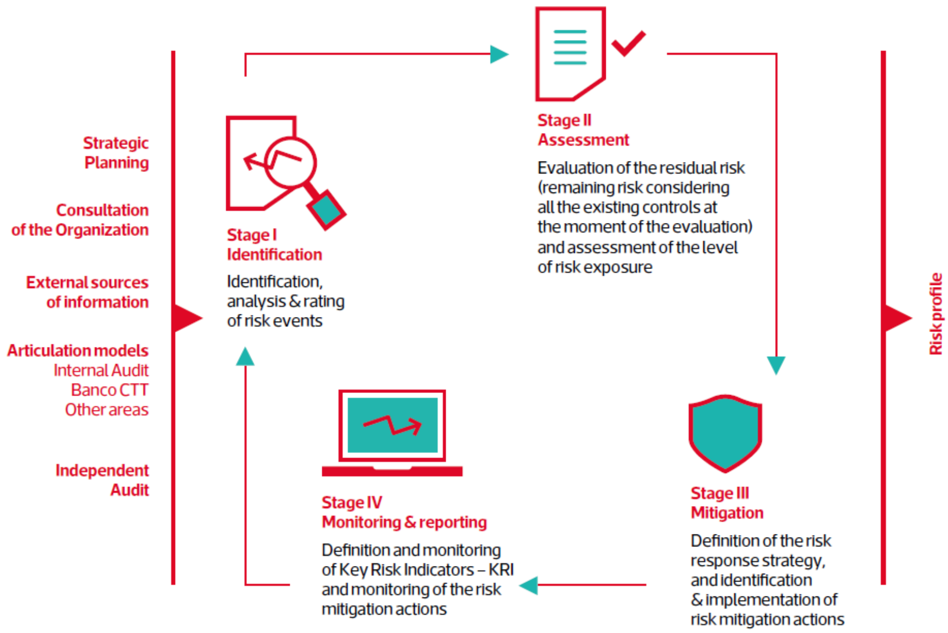
The risks arising from the activity of CTT and its subsidiaries are managed pursuant to the manner described in the **Regulations of the Risk Management System** approved by the Board of Directors. This document, in addition to establishing guiding standards, principles and procedures for Risk Management, 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:

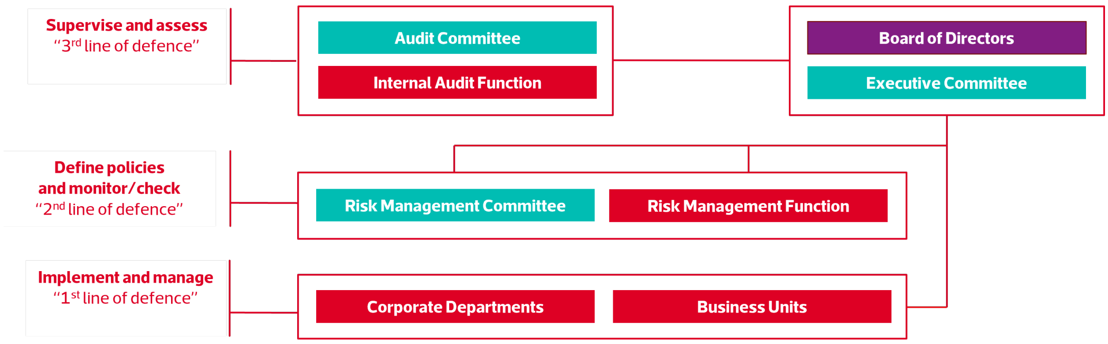
Risk management

Integrated Risk Management System



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 defence” 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 centralised 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 i**nternal 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 characterises 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, 203-2, GRI 403-2, 413-2

According to some general principles related to the nature, causes and way they are managed, CTT's risks are divided into three main categories: strategic, operational and financial.

- **Strategic risks:** these are essentially the result of external factors which, by exploiting internal constraints and weaknesses, could have a negative impact on the company's economic performance, competitiveness and/or medium-term resilience. This category includes risks related to business interruption, competitive market forces, demand for products and services and operating in a highly regulated environment, in particular universal postal service obligations. The level of exposure to strategic risks is monitored and discussed throughout the year by the Risk Management Committee.

- **Operational risks:** result from failures in carrying out business processes, namely in complying with standards and regulations, and can cause major financial or reputational damage and affect the resilience of the business in the medium term. This category includes risks related to non-compliance with statutory, regulatory and legal obligations, the ownership, operation, development, capacity and dependence of information systems in the company's activity, environmental, social and governance (ESG) factors, labour practices and organisational culture and failures in the quality of the service provided to the Customer. The level of exposure to operational risks is monitored on a monthly basis through a set of Key Risk Indicators (KRI).

- **Financial risks:** result from exogenous and/or internal factors that can jeopardise the efficient management of financial resources, altering the company's net worth in a material and unexpected way. This category includes interest rate, liquidity, capital, liabilities related to employee benefits and financial reporting risks, among others. The level of exposure to financial risks is monitored at least quarterly through a set of Key Risk Indicators (KRI). A more detailed overview of specific financial risk management is presented in note 17 of chapter 7 (Consolidated and Individual Financial Statements) of this report.

The following table presents some of the most relevant risks CTT is exposed to:

Cyber incidents	Impacted business	Category	Trend
		Strategic	

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 governance models, as well as 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	Impacted business	Category	Trend
		Operational	

Sustainability reporting regulations have become increasingly demanding and complex, bringing enormous challenges for organisations. The way in which organisations respond to the ESG agenda is therefore coming under increasing scrutiny from various stakeholders, including investors, regulators and clients. 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. As part of the fight against climate change, CTT is committed to achieving carbon neutrality by 2030 and has outlined decarbonisation targets in line with the objective of limiting the rise in global temperature to 1.5ºC. In terms of ambition, CTT is also committed to continuing to promote a positive social impact on local communities, to being one of the leading 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.

Macroeconomic instability	Impacted business	Category	Trend
		Strategic	

Expectations of a swift and full economic recovery after the pandemic crisis were shaken by inflationary pressures that ended up worsening with the outbreak of the conflict in Ukraine in 2022 and which had a particular impact on the price of energy goods. The economic climate remained challenging during 2023, with a slowdown in global growth and high inflation, which led to a rise in interest rates with serious consequences for both companies and individuals. The uncertainties associated with both the outbreak of new conflicts around the world and the unfolding of current ones could prolong or even worsen this trend of instability and thus continue to affect not only demand for goods/services but also the ability to control costs. CTT closely monitors the evolution of the global and national macroeconomic situation, developing tools and strategies aimed at ensuring the necessary flexibility to manage the impacts that may result from a worsening of these conditions, namely a recession scenario.

New trends in the labour market	Impacted business	Category	Trend
		Strategic	

Over the last few years, the labour market has undergone many changes. In particular, since the pandemic, there has been an increase in the shortage of labour, a phenomenon that is evident in various sectors and professions and which affects not only the demand for highly qualified staff, especially in the technology sector, but also for profiles with lower qualifications to perform operational tasks. Flexibility at work is another trend that is gaining prominence and is highly valued by professionals who attach increasing importance to work-life balance. Faced with all these changes, CTT has been working to attract and recruit new knowledge and skills from the market, retaining and developing existing technical staff and managers, strengthening motivation, team cohesion and the organisational culture. In this regard, it should also be noted that since 2022 CTT has been certified as a Family-Responsible Company (EFR), a distinction that aims to recognise companies that promote the reconciliation of professional, personal and family life.

Health and safety	Impacted business	Category	Trend
		Operational	

The occurrence of accidents at work is a significant risk in a universe of workers as vast and geographically dispersed as that of CTT. In operational areas, CTT is particularly exposed to the risk of road accidents. Aware of this problem, CTT launched a specific road prevention training programme aimed at both reducing the number of road accidents and the number of days of incapacity resulting from them. In other respects, CTT is committed to ensuring that its employees are provided with all safety conditions in the various aspects of their work, with a view to preventing accidents and consequent injuries, as well as promoting a healthy working environment. All CTT employees and their families are offered a Health Plan, while the rest of the Group's employees are offered health insurance. CTT is also certified according to the ISO 45001 standard for occupational health and safety management systems.

Cost structure in mail	Impacted business	Category	Trend
		Strategic	

The intensification of the digitalisation phenomenon and the substitution of physical mail by other forms of digital communication have led to a continuous decline in postal volumes over the last few years. Although CTT has for a long time been making a sustained effort to focus on cost control and operational efficiency in order to cope with this fall in demand and the consequent pressure on overall revenues, where the weight of the postal business is still significant, the challenge of continuing to compensate for future reductions in postal volumes by optimising the structure of operating and structural costs without compromising service levels persists. This challenge is likely to be aggravated by the current economic context, particularly, and more importantly, by high inflation and rising labour costs.

Climate disasters	Impacted business	Category	Trend
		Strategic	

The year 2023 was the hottest year ever recorded globally and the second in Europe. In Portugal, several monthly temperature records were broken, prolonging the situation of extreme drought in some places. This increase in the frequency and severity of extreme weather phenomena is a clear sign of climate change and a concern of societies on a global scale due to its potentially devastating effects and the resulting direct and indirect economic losses. CTT has been preparing for these occurrences, namely by reviewing its business continuity policies and procedures, adapting them to the new business dynamics in a context of climate change. Additionally, CTT adopts adequate and balanced risk management and transfer strategies associated to human and material damages caused by this kind of extreme weather phenomena.

03

CTT business units

3. CTT BUSINESS UNITS

3.1 Mail

GRI 2-6

In 2023, Mail & Other **revenues** amounted to €434.1m (-€26.8m; -5.8% y.o.y). This decline versus 2022 was impacted by two effects registered in 1Q22: (i) the revenues from the laptop sale project (€21.5m) in the **business solutions** segment; and (ii) additional revenues from **international outbound mail** in February 2022 due to the rerun of legislative elections in the European constituency (€3.5m), which specifically impacted transactional mail revenues.

Excluding those effects, the revenues of this business unit would have been flattish (-€1.8m; -0.4% y.o.y), benefiting from the growth in transactional mail (+€4.5m; +1.3% y.o.y, excluding the elections impact).

In 2023, **transactional mail** revenues reached €342.6m (+€1.0m; +0.3% y.o.y), due to the positive performances of **registered mail** (+€8.8m; +7.0% y.o.y) and **international inbound mail** (+€0.8m; +4.6% y.o.y). **International outbound mail** revenues decreased by €0.9m (-2.1% y.o.y) penalised by the additional revenues from the legislative elections in 1Q22. Excluding this impact, they would have grown by €2.6m (+6.7% y.o.y). There were declines in **ordinary mail** (-€6.2m; -4.7% y.o.y), **priority mail** (-€1.3m; -16.3% y.o.y) and **green mail** (-€0.4m; -4.4% y.o.y).

The other business lines posted decline: **editorial mail** (-€0.7m; -5.3% y.o.y), **advertising mail** (-€4.5m; -26.0% y.o.y), **parcels of the universal postal service** (-€0.1m; -1.5% y.o.y), **philately** (-€0.1m; -2.9% y.o.y), and **other mail products and services** (-€0.8m; -17.9% y.o.y).

In **philately**, special mention to the launch on 9 October, World Postal Day, of the philatelic issue "Saint Francis of Assisi - 800 Years of the Greccio Nativity Scene", the first one issued by CTT on 100% recycled paper.

In 2023, **business solutions** recorded revenues of €44.8m (-€22.5m; -33.5% y.o.y). Excluding the effect of the additional sale of laptops that took place in 1Q22, the decline would have been €1.0m (-2.2% y.o.y) and is related to the lack of investment in tradable goods businesses in 2023, unlike the previous year.The **business process services (BPO)** business grew with the full incorporation of Newspring, a company specialising in BPO and **contact centres**, acquired by CTT in 2021, and with the attraction and implementation of new businesses in different sectors. Noteworthy are (i) the increase in revenues from the solution for **managing administrative offences and administrative instructions**, (ii) the higher volume of hybrid mail produced by the new version of the "**e-Carta**" platform, which is a tool for the clients to optimise their internal mail sending processes, and (iii) the growth of the **digital components**, with the provision of mailing services (invoices) with Qualified Digital Signature pursuant to Decree-Law no. 28/2019 of 15 February.

In 2023, **addressed mail volumes** declined by 8.0% y.o.y. Excluding the one-off volumes of international outbound mail in February 2022, due to the rerun of the legislative elections in the European constituency, this decrease would have been 7.8% y.o.y.

Mail Volumes

Million items

	2022	2023	Δ	Δ%	4Q22	4Q23	Δ	Δ%
Transactional mail	391.5	365.1	(26.4)	(6.7%)	92.6	86.2	(6.3)	(6.8%)
Advertising mail	38.6	30.9	(7.7)	(19.9%)	10.4	9.0	(1.4)	(13.5%)
Editorial mail	27.6	25.1	(2.5)	(9.0%)	7.2	6.3	(0.9)	(12.0%)
Addressed mail	**457.6**	**421.1**	**(36.5)**	**(8.0%)**	**110.1**	**101.5**	**(8.6)**	**(7.8%)**
Unaddressed mail	**424.6**	**259.1**	**(165.5)**	**(39.0%)**	**109.7**	**61.1**	**(48.6)**	**(44.3%)**

Transactional mail volumes decreased by 6.7% y.o.y in 2023.

Ordinary mail declined by 7.5% y.o.y as a consequence of the intrinsic trend in the postal sector due to the digital transformation of communications.

In 2023, **international outbound mail** decreased by 10.0% y.o.y (-4.2% y.o.y excluding the volumes from the elections) and **international inbound mail** recorded a decrease of 8.9% y.o.y.

In the opposite direction, **registered mail** volumes continued to grow (+4.1% y.o.y), driven by the dynamics of contractual customers, especially the government and banking & insurance sectors.

The average price change of the universal postal service[22] in 2023was +6.24% y.o.y. At the revenue level, volume declines were more than compensated by the price increase and by the favourable evolution of the transactional mail volume mix.

Addressed advertising mail volumes posted a decrease of 19.9% y.o.y and **unaddressed advertising mail** decreased by 39.0% y.o.y. The rising price of paper has led some clients to opt for a more digital strategy. New strategic partnerships have been established with various institutions to extend and complement the digital advertising offer, thus seeking to anticipate needs and add value to customers.

Capillarity of the postal network

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

As the 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 55,436 customers per day being served at CTT post offices (-16.0% versus 2022), and an average of 4,355 inhabitants 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 2023, the network of contact with the public consisted of 2,375 access points in operation, comprising 569 CTT post offices and 1,806 postal agencies, as well as 4,089 postal delivery routes, 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 1,424 points of sale of stamps, 51 automatic stamp vending machines and 14 automatic vending machines of mail products. The network of letter boxes and mailboxes was composed of 10,730 items of equipment, located at 9,619 geographic points at a national level. Furthermore, there were also 5,063 Payshop agents.

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

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.

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 applied, 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.

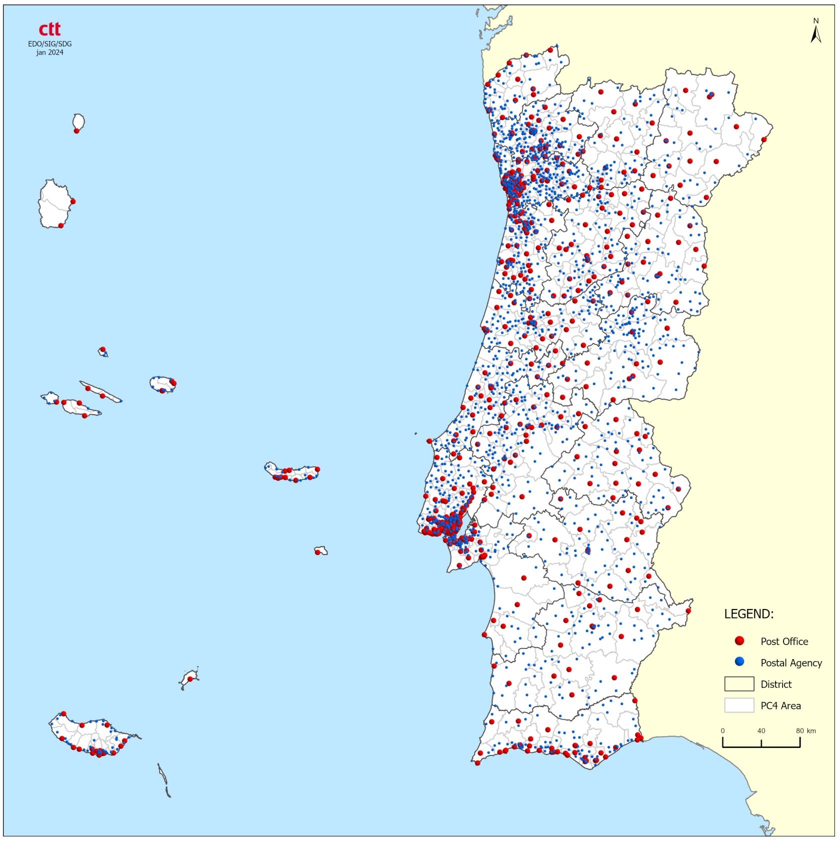
In European terms and based on the available data, shown in the table below, CTT continues to demonstrate a good level of penetration of the postal services, with a postal coverage above the EU average.

Density and postal coverage[23]

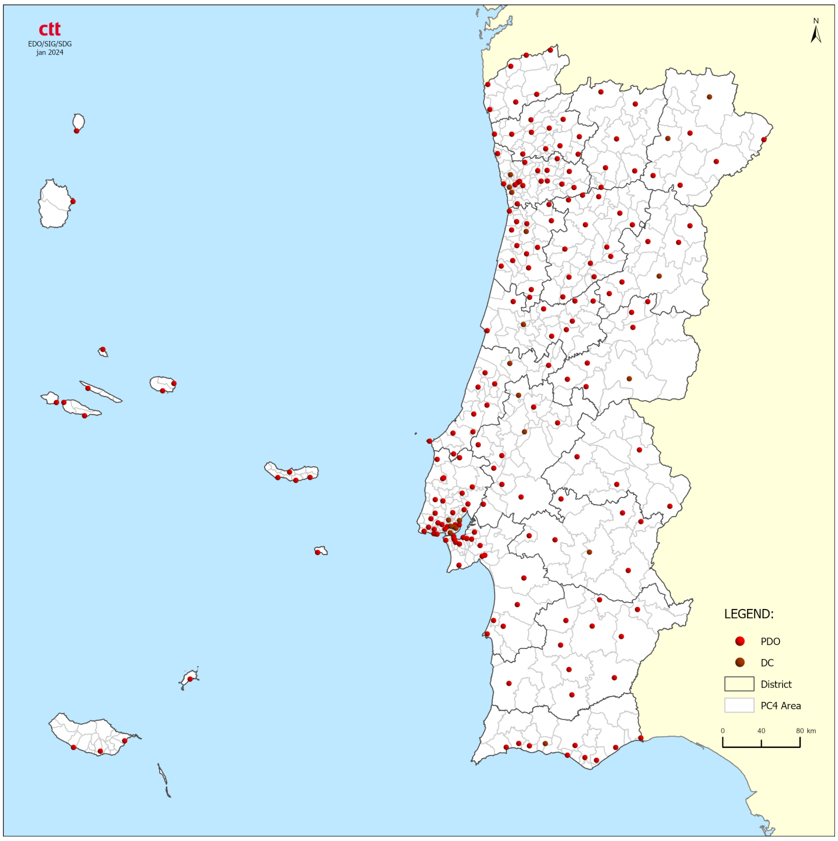
	Inhabitants per postal establishment					Km^2 per postal establishment				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
EU average	5,030	4,967	5,081	5,080	n.a.	43	46	48	47	n.a.
Portugal	4,346	4,354	4,392	4,417	4,409	39	39	39	39	39

[23] Source: Universal Postal Union. For this purpose, fixed postal establishments were considered. European Averages data, not available in CTT Integrated Report 2022, were disclosed in the meantime. Portuguese data were slightly updated regarding the number of inhabitants per postal establishment.

Retail network of post offices and postal agencies



Network of postal delivery offices



Supervision

In the case of CTT, S.A., the National Authority for Communications (ANACOM) is responsible for the regulation and supervision of the postal sector. CTT's activity, as the 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 system, to verify the reliability of results and adequacy of the methodologies for determining the quality of service levels, as well as to the complaints management system. 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 results obtained, 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 cost accounting system for 2019 indicates that the results were produced in accordance with the applicable legal and regulatory provisions.

Inspections and corruption cases

GRI 205-3

As a result of audits and inspections, 137 CTT post offices, 71 CTT agencies and 75 postal delivery offices were audited, representing respectively 24%, 20% and 35% of the eligible universe.

The following results were confirmed in the investigation of corruption cases:

- Appropriation of valuables: 29;
- Tampering with items/theft: 7;
- Abandoned mail: 3.

As a result of these cases, 22 workers were dismissed or penalised for corruption and there were three terminations of contracts with service providers.

In 2023, no corruption-related lawsuits were filed against CTT or its employees.

Sustainable portfolio

GRI 304-3, 305-5, 306-2

Since their launch in 2010, the total sales of the range of CTT eco products represent a revenue of approximately €163m. Over the course of 2023, there has been a reduction in the use of mail products that incorporate environmental protection features by the customers.

Among last year's results, the eco range of Green Mail recorded close to 5.2 million items sold, corresponding to a 12% decline in relation to the previous year. This fully ecological offer is committed to convenience combined with environmental protection, with the respective footprint in terms of direct emissions being compensated annually at no additional costs for customers. On average, 66.9 grams of CO_{2e} are emitted for each "green mail" item delivered by CTT, arising from the Company's direct activity. With this in mind, CTT is acquiring carbon credits by financing two projects: one national, for the conservation of river organisms and the preservation of some of the most endangered species of freshwater fish in our country, promoting actions to reproduce these species and measures to conserve their habitat and then return them to the wild; and the other international, located in Brazil and called

"Ituxi", which aims to protect the forest and prevent unplanned and illegal deforestation of the native Amazon 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 2023, the eco range presented a relative weight of 31% in the domestic volume of Direct Mail, with around 9.1 million items.

More sustainable options are favoured for mail solutions, especially in terms of the selection of materials used. It should be emphasised that CTT sachets and boxes and the green mail offer are FSC certified, with the Green Mail envelopes also being produced using 100% recycled paper.

Philately

GRI 2-6

From 1962 to 2023, 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 the 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.

Commemorative philatelic issues of 2023	
• Crypto Stamp CTT - "Caravel" • Figures from Portuguese History and Culture • Border Castles and Fortresses • The Monastery of Batalha - World Heritage of Unesco • Modern Art Centre - Calouste Gulbenkian Foundation • Portugal and Religion • Musical Instruments of Civil Wind Bands • 100 Years of the Portuguese Oncology Institute of Lisbon Francisco Gentil • 100 Years of Serralves Park - New West Building of Serralves Foundation • 100 Years of Portuguese Catholic Scouting • 150 Years of Alberto Santos-Dumont • Carris - 150 Years • 200 Years of Post Offices in Portugal • Casa dos Bicos - A 500-Year-Old House • 800 Years of the Greccio Nativity Scene - Saint Francis of Assisi • Mediterranean Festivals - EuroMed • Europa – Peace: The Highest Value of Humanity • World Youth Day Lisbon 2023 (2nd group) • World Figures from History and Culture	***National and International Events***
• Portuguese Ethnobotany • Terrestrial Fauna of the Azores • Endemic Species of Madeira	***Environment and Sustainability***

Book editions
• Castles and Fortresses on the Portuguese-Spanish Border • Portugal and Religion - Heritage and Diversity • Botanical Voyage in Portugal • The Animals of the Postbox • Portugal in Stamps 2023

The philatelic business also contributes to environmental awareness, with the regular launch of issues dedicated to biodiversity, nature or the national fauna and flora. In 2023, the tradition was maintained with the release into circulation of several philatelic issues and books, all produced on FSC-certified paper. The themes covered in 2023 were the "Terrestrial Fauna of the Azores", "Ethnobotany" and the "Endemic Species of Madeira", totalling 943,000 philatelic pieces, and a book on the theme "Botanical Voyage in Portugal". In 2023, the first brochures printed on 100% recycled uncoated paper were also launched, which also fulfils the strict environmental criteria of the Blue Angel certification. These were:

- The issue "Europa – Peace: The Highest Value of Humanity"; and
- The issue "Saint Francis of Assisi – The Greccio Nativity Scene".

Thematic books

This year, CTT dedicated the publication of small children's books to sustainability issues. Two collections were launched, CTT Mini, aimed at children aged 3-6, and CTT Junior, for so-called tweens, up to the age of 12. A total of 1,182 books were sold in 2023, generating around €6,000 in revenues.

The books published in the CTT Mini collection were:

- *"Apaga a Luz"* / "Switch off the light": a book about the importance of energy efficiency and electricity-saving habits at home;
- *"Tomar banho em cinco minutos (ou menos)"* / "Shower in five minutes (or less)": explanation of how, through a well-known song, you can reduce the time you spend in the shower, as well as other tips for reducing water consumption;
- *"Escrevi à minha avó e... ela respondeu"* / "I wrote to my grandmother and... she replied": on the advantages of communicating by letter as a more empathetic and emotional means, especially in contexts of physical distance and loneliness.

In the CTT Junior collection, the following books were released:

- *"Olh'ó passarinho! Aproveita a Natureza!"* / "Picture this! Enjoy Nature!": about the growing habit of consuming entertainment via digital devices and the importance of maintaining human contact with other people and the natural environment;
- *"A Chefa, a igualdade das palavras aos atos"* / "The Boss (woman), equality from words to deeds": dedicated to breaking taboos about gender leadership and the presence of women in traditionally masculinised professions;
- *"Vamos vestir um Futuro melhor"* / "Let's dress for a better future": about fast fashion trends and the generation of large amounts of waste, while participating (even if unconsciously) in a cycle of exploitation of the labour of people on the other side of the world, especially children.

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

Express & Parcels **revenues** amounted to €340.6m in 2023 (+€81.6m; +31.5% y.o.y), due to high growth in volumes both in Spain and Portugal, benefiting from market share gains and increased adoption of e-commerce.

Revenues in Portugal recorded €149.1m in 2023 (+€16.9m; +12.8% y.o.y) and volumes totalled 38.9 million items (+17.6% y.o.y).

CEP revenues amounted to €135.8m in 2023 (+€16.9m; +14.3% y.o.y), with an 18.4% y.o.y. increase of volumes per working day. This growth was underpinned essentially by e-commerce (B2C) customers, particularly large global marketplaces and international e-sellers. The risk of business concentration is significantly low, given the high sectoral diversification of CEP customers.

The increase centred on e-commerce activity is a result of the significant growth in e-commerce, driven by greater access to the internet, convenience in transactions and the continuous development of payment systems, promoting a safer experience for consumers.

The **banking documents delivery** product line recorded revenues of €4.3m in 2023 and remained stable (-0.3% y.o.y) in a moment when the capillarity of banking networks and the collection/delivery frequency have been decreasing, partly offset by price increases.

Revenues of the **cargo** product line amounted to €4.0m in 2023 (-19.2% y.o.y). This decrease is related to the change in the operating strategy, which aimed at repositioning this product line within positive margin levels (the contribution margin[24] in 2023 was 18.5%). This implied the exit of some customers as well as the withdrawal from some activity sectors without operating synergies.

The **logistics** product line, which is a pillar of the development of the vertical integration strategy with CEP, recorded revenues of €3.9m in 2023 (+13.5% y.o.y). This evolution was underpinned by business growth from current and new customers, both in e-commerce and B2B.

CTT continued to roll out its **Locky locker network**, which surpassed 820 lockers installed in Portugal, plus circa 330 already contracted and more than 600 under negotiation. In total, the Locky locker network includes around 1,150 lockers installed and/or contracted. Locky lockers are part of the **CTT delivery points network**, the largest and most capillary national network, with more than 3,000 points where customers can collect and send as well as return their parcels with maximum convenience, 24 hours a day in most lockers, every day of the week. These lockers are available in various locations around the country, namely in shopping centres, supermarkets, gas stations and intermodal transport platforms or, in the case of private lockers, in condominiums and in office/business areas. Locky lockers are an agnostic network and, since 4Q23, another carrier, in addition to CTT, has been using this locker network. The work of the Locky offer was recognised at the Portugal Digital Awards, where CTT won in the "Best of Customer & Consumers Project" category.

Revenues in Spain stood at €186.8m in 2023 (+51.9% y.o.y), with 61.7 million items (+57.4% y.o.y). Of particular note is the remarkable double-digit growth from 2Q23 onwards both in revenues (+36.6% y.o.y in 2Q23; +58.0% y.o.y in 3Q23; +107.4% y.o.y in 4Q23) and volumes (+44.2% y.o.y in 2Q23; +68.9% y.o.y in 3Q23; +126.8% in 4Q23), with 4Q23 volumes more than doubling those of 4Q22.

The growth achieved is fuelled by strategic customers, namely international e-sellers, who continued to perform well, leveraged on the onboarding of relevant new customers. It is also underpinned by a stronger marketing and commercial activity more focussed on the customer portfolio of all segments,

[24] Revenues minus direct operating costs (excludes overheads, essentially buildings and fleet).

especially smaller clients (i.e. those with daily volumes below 20,000 items) who achieved a positive performance and thus contributed to improved revenue diversification. This growth was possible due to the investments made in anticipation of market expansion in Spain.

It should be emphasised that CTT Express maintained a quality service with high delivery efficiency rates and an increase in volumes per working day of +57.7% y.o.y in 2023.

The new unit in San Fernando de Henares is already operating at full capacity, adding to the capacity of the sorting network and providing the customs clearance service integrated in the last-mile delivery, thus significantly reducing delivery times for extra-EU volumes.

In addition, more than 10,000 convenience points in Spain have been incorporated into the network, which, when added to CTT's network in Portugal, is the largest convenience point network in the entire Iberian Peninsula.

This growth consolidated the profitability of CTT Express, which enabled it to achieve a positive recurring EBIT of €6.7m in 2023 in individual accounts, contributing to the good performance of the CTT Group. This recurring EBIT corresponds to a 3.4% margin. It should be noted that CTT Express had achieved recurring EBIT break-even in 2022.

Revenues in Mozambique in 2023 amounted to €4.7m (+21.0% y.o.y). This growth was driven by a partnership with a freight forwarder in Africa which started at the end of 1Q22.

For the latest innovations relating to Locky lockers, see chapter 4.3.1.

Sustainable portfolio

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

The Ciclo CTT service is a sustainable solution that allows retailers to set up a circular economy operation. In partnership with Loop and FNAC, its aim 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.

The Eco Reusable Packaging for parcel delivery with an expected resilience capacity of up to 50 shipments allows for the reduction of waste associated to single-use packaging solutions. By returning the packaging, buyers are contributing to a more sustainable distribution.

The Green Deliveries 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 244k items have been delivered, representing a revenue of approximately €310k.

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.

CTT has once again put the projects for carbon offsetting of its express services in Portugal to a public vote on the CTT website. This initiative adds to CTT's ongoing efforts to decarbonise the last mile by offsetting the carbon emissions resulting from its own parcel and express transport and distribution activities in Portugal. The winning projects, with positive environmental benefits in terms of biodiversity and the development of the local communities in which they operate, were the national "Wildlife recovery" project, which 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 and the "Envira - Prevention of deforestation" project, in Brazil, which aims to protect forests and prevent unplanned and illegal deforestation of native Amazonian forests by promoting sustainable forest management.

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 €147.7m in 2023 (+€21.8m; +17.3% y.o.y). Revenue growth was due to the positive performance of **net interest income**, which totalled €98.8m in 2023 (+€24.4m; +32.9% y.o.y). Interest received increased by €51.7m compared to 2022, benefiting from higher interest rates and volume growth. Interest paid increased by €27.3m compared to 2022 due to the increase in interest rates on customer deposits and securitisations of auto loans.

Interest from **auto loans** amounted to €53.1m in 2023 (+€8.0m; +17.7% y.o.y), benefiting from the growth of the loan portfolio net of impairments of €860.3m (+13.2% vs. December 2022), as well as from a stable 6.2% average yield in 2023 compared to 2022. Auto loans production stood at €270.3m in 2023 (+3.0% y.o.y).

Interest from **mortgage loans** stood at €23.2m in 2023 (+€17.6m; +314.8% y.o.y), taking into account that Euribor rates were significantly higher than in the same period of the previous year. Base interest rates for mortgage loans reflected strong growth as a result of the rise in key interest rates defined by the European Central Bank (ECB), due to the increase in inflation in the Euro area. The mortgage loan portfolio net of impairments totalled €727.5m in 2023 (+10.5% vs. December 2022). Mortgage loan production amounted to €212.2m in 2023 (+€66.7m; +45.8% y.o.y).

Also worthy of note is other interest received, which increased by €22.5m in 2023 compared to 2022, to which essentially contributed the **liquidity surplus** at Banco de Portugal.

The **cartão Universo** consumer credit portfolio generated revenues of €20.9m in 2023 (-€0.8m; -3.6% y.o.y), based on an average RWA in 2023 amounting to €297.5m. The end of the partnership on 31 December 2023, in view of the current economic context, in particular interest rates and the associated cost of risk, will thus improve the risk profile and strengthen Banco CTT's balance sheet and solvency, increasing its flexibility.

Commissions received in this business unit reached €46.2m in 2023 (+€0.7m; +1.6% y.o.y), as under the current economic environment the focus has been placed on growing resources, namely on balance sheet.

Customer deposits (retail) stood at €3,091.0m in December 2023 (+37.7% vs. December 2022), with a 174.4% increase in remunerated deposits and a 16.5% reduction in sight deposits compared to December 2022. The **number of accounts** reached 647k at the end of 2023 (+45k y.o.y).

The **loan-to-deposit ratio** (consolidated) reached 51.0% as at the end of December 2023.

The **cost of risk** (consolidated and accumulated as at December 2023) stood at 1.3%, down by 0.1 p.p. compared to December 2022, influenced by higher levels of risk in the consumer credit portfolios, in particular with the Universo card. Is should be noted that the end of the activity related to the Universo card will reduce the risk associated with the credit portfolio of Banco CTT.

Banco CTT is therefore well positioned to achieve the **2025 objectives** announced in September 2023:

- Reach 700k to 750k accounts (compared to 647k in 2023);
- Grow in customer resources and loans to customers to business volumes of over €7b (compared to €5.8b in 2023);
- Deliver on profitability, with pre-tax profits between €25m and €30m (compared to €21.0m in 2023).

Sustainable portfolio

GRI 2-29, GRI 301-3, 302-5, 304-3, 305-5, 306-2

Continuing its offer of sustainable financial products, Banco CTT marketed Sustainable Mortgage Loans, which foster the purchase of energy-efficient houses with special conditions in the mortgage, as well as the the Renewable Energy Personal Credit aimed at improving the energy efficiency of the home, with special conditions for the purchase of solar panels and other equipment, and the New Electric Auto Loan with special financing conditions for the purchase of an electric vehicle.

The offer of savings and investment solutions also included the Banco CTT Sustainable Investment product, marketed 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.

In an eco-friendly approach, the new Banco CTT debit cards sent to customers are made 100% from recycled plastic, a measure that has already reached 70% of the total cards. In two years of partnership with Movimento Merece, around 53,000 cards have been recycled. According to the dynamics of the project, the planting of 1,200 trees was guaranteed, which is equivalent to an estimated saving of 30 tonnes of CO_2e.

3.4 Financial Services

GRI 2-6

Financial Services & Retail **revenues** amounted to €62.8m in 2023 (+€2.1m; +3.4% y.o.y). This positive performance, when compared to 2022, stems from financial services, namely public debt certificates, especially savings certificates, which showed different performances over the course of the year.

In the first five months of 2023, public debt certificates reached record issuance levels, driven by the product's greater attractiveness. The change in marketing conditions, namely lower interest rates and a decrease in the maximum amount that can be placed by each subscriber, reduced the public debt certificates' attractiveness and limited their placement throughout the rest of the year.

Financial services (excluding other revenues) posted revenues of €50.7m in 2023 (+€8.8m; +21.1% y.o.y).

Public debt certificates (Savings Certificates and Treasury Certificates Savings Growth) posted revenues of €44.4m in 2023 (+€10.9m; +32.7% y.o.y).

Throughout 2023, subscriptions of these certificates amounted to €12,590.1m, with an average of €50.8m/day (€32.7m/day in 2022), which compares with €8,138.0m subscribed throughout 2022 (and with a €4.1b average in the 2019-21).

The favourable performance of public debt certificates made it possible to absorb the negative evolution of **money orders**, which recorded revenues of €4.2m in 2023 (-€1.8m; -30.3% y.o.y).This decrease was due to the fact that, in 2022, money orders were boosted by the issue of new social benefits, as part of the extraordinary support granted within the pandemic context, combined with the structural downturn resulting from the replacement of this means of payment, mostly by bank transfers.

CTT reinforced the commercial dynamism not only of **non-banking financial products**, in the area of non-life insurance, including auto, health, personal accidents, multi-risk, among others, by entering into a distribution agreement with Generali, but also in the **provision of services**, in particular the partnership with Prosegur for the sale of alarms, launched at the end of September.

Retail products and services (excluding other revenues) reached €10.8m in revenues in 2023 (-€7.3m; -40.2% y.o.y). The strategy defined for the retail network includes repositioning it as a retail service platform, distributing: (i) public debt; (ii) insurance products; (iii) mail and express and parcels products and services, primarily under self-service form; and (iv) convenience services for citizens. Naturally, this repositioning, including the decision to discontinue the marketing of some products, such as scratch cards in July 2023, impacted the evolution of this activity in 2023.

3.5 Future Perspectives

GRI 2-6

In 2023, CTT continued on its path of transformation and have already been able to reap the results of this strategy in the **Express & Parcels** segment, achieving record volumes in Portugal and Spain. The increase in volumes was driven not only by the growth of the Iberian e-commerce market, but also by CTT's gaining relevant customers. This was achieved thanks to the high capacity and quality of service derived from past investments. The Company therefore continues to grow in market share in order to lead the Iberian market.

CTT announced ambitious growth targets for **Banco CTT**, both in terms of the number of customer accounts and in terms of business volume and profitability. In line with these objectives, Banco CTT achieved a significant increase in accounts, deposits, credit volumes and profitability in 2023 and will continue to invest in improving the customer experience at Banco CTT (IT systems and application) with the aim of deepening and intensifying customer relations and thus increasing engagement with current and future customers.

The shift to a strategy focussed on selling services in CTT post offices is having an effect, with the development of partnerships for the sale of insurance (Generali) and recently for the sale of alarms (Prosegur).

Finally, in **Mail**, a price increase was successfully implemented in 2023 and a further increase took place in 2024 in order to offset the fall in volumes due to increased digitalisation. The focus remains, however, on controlling costs and selling business solutions to our customers in order to guarantee the sustainability of this business.

Taking into account the results registered in 2023 and the objectives set for 2025, in 2024 CTT intends to: (i) maintain the focus on expanding our presence in the Iberian express and parcel market in order to take advantage of the growing trend of e-commerce in Portugal and Spain; (ii) continue to foster Banco CTT’s growth, which is underpinned by balance sheet optionality and potential equity and industry partnerships; (iii) continue to launch new services and products to increase the attractiveness of our retail offering; (iv) 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.

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, as well as of those severe risks that are affecting the functioning of logistics chains, namely in the Red Sea.

Against this backdrop, CTT's ambition, in 2024, is to continue to grow with consolidated revenues increasing by mid-single digit. Regarding consolidated recurring EBIT, on the back of strong growth in Iberian E&P, it is expected to be above €88m, assuming public debt placements of circa €3.0b. It should also be mentioned that the EBIT growth will be more geared towards 2H24 because of the abnormally strong performance of Financial Services in 1H23.

2024 should continue to be marked by high levels of uncertainty, both (i) economic, including the evolution of inflation and subsequent reaction of central banks on interest rates, and (ii) geopolitical, including the conflicts in Middle East and Europe that may continue to pose risks on global supply chains.

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 19 March 2024, CTT announced the intention of its Board of Directors to propose to the 2024 AGM the payment of a dividend of 17 cents of euro per share. This proposal represents a dividend yield of 4.9% and a payout ratio of 35%. 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 2024 AGM, within the scope of the share buyback programme initiated in 2023 and that is undergoing, the cancellation of up to 7,650,000 representative shares of up to 5.3 % of the share capital already acquired or to be acquired under the share buyback programme, as well as related reserves.

04

Performance and ESG commitments

ctt

4. PERFORMANCE AND ESG COMMITMENTS

4.1 ESG Commitments and Sustainable Development Goals

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

Still in 2022, CTT organised its most recent Capital Markets Day, where it presented a study carried out over the previous months to redefine its sustainability commitments, which began with a benchmark that took into account best practices and standards of reference, both nationally and in the international postal sector. This study resulted in a set of strategic priorities for CTT, coupled with specific and measurable objectives, which are presented in the table below, showing their association with the United Nations Sustainable Development Goals and the targets initially defined within the scope of the study, which will be adjusted as they are implemented. These commitments were also associated with a recent study on Dual Materiality. This redefinition of critical issues for the organisation was developed by CTT as a first step in addressing the new European non-financial reporting legislation. In response to the GRI 3-3 indicator, it is possible to verify the connection between these commitments and the material issues that emerged from the new study.

Table of CTT's ESG Commitments

ESG strategic goals	Sustainable Development Goals	CTT goals	Time frame	Accomplished in 2023	
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)	19.6% (+4,3 p.p. que em 2022)	✓
		Electrify 45% of the subcontracted fleet	2030	<1%;Identification of critical subcontractors and launch of questionnaire for consultation of subcontractors. Some providers are already starting to electrify.	✓
		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)	Annual	1,863,364 kwh (+194,8%)	✓
		Increase the installation of LED lighting by 3% per year	2030 (up to 100k m^2)	181 more buildings equipped (~70k m^2)	✓
		Reduce electricity consumption	'-2% by 2023 -2% by 2024	'-8.3% compared to 2022	✓
		Reduce fuel consumption	-2% by 2023 -5% by 2024	+4.5%	✗

ESG strategic goals	Sustainable Development Goals	CTT goals	Time frame	Accomplished in 2023
ACCELERATE THE DECARBONISATION OF THE CTT OFFER IN IBERIA Achieve a net-zero carbon balance by 2030	**ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATHS**	Train 90% of the workers in the "Green Planet" environmental programme	2020-2025	1,736 trainees successfully completed the training (75.8%) In total, 4,024 trainees completed the course since 2020
		Keep office paper consumption the same as the previous year	Annual	+68.2%
		Maintain the waste recovery rate above 75%	Annual	99.3% rate (+0.2 p.p. than 2022)
		Incorporate recycled and/or reused material in the mail and express & parcels offer	60% in 2023 80% in 2024-2025 100% in 2030	Incorporation of 82.4% (+27.5 p.p. than the year before)
		Release 8 philatelic issues dedicated to sustainability	Annual	8 philatelic issues, 2 issues of automatic franking labels and 2 book editions The two first stamps made entirely from recycled paper were issued
		Include environmental criteria in 99% of pre-contractual procedures	Annual	100% (+1.9 p.p. than the year before)
		99% of contracts signed to include environmental criteria	Annual	100% (+5.3 p.p. than 2022)
		Assess 100% of critical suppliers	30% in 2022 100% in 2023	Assessment of 100% of critical suppliers

ESG strategic goals	Sustainable Development Goals	CTT goals	Time frame	Accomplished in 2023	
ACCELERATE THE DECARBONISATION OF THE CTT OFFER IN IBERIA Electrify 100% of the last mile by 2030	13 **TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS**	Mitigation of total CO_2e emissions of scopes 1, 2 and 3, in relation to 2021 (accumulated variation)	+1% by 2023 -11% by 2024 -55% by 2030	-10.2%	✓
		Mitigation of CO2e emissions of scope 1 (annual variation)	-3% in 2023 -5% in 2024	+4.3%	✗
		Mitigation of CO_2e emissions of scopes 1 and 2, in relation to 2021 (accumulated variation)	-2% by 2023 +1% by 2024 -61% by 2030	+4.5%	✗
		Reduction of the global carbon footprint by 55% by 2030 and offsetting the balance towards neutrality	2021-2030	Total emissions of scopes 1+2+3: 82, 350.4 ton CO_2e, -2.6% than in 2022	✓
		SBT (well-below 2ºC) target: 30% reduction of CO_2e emissions of scopes 1, 2 and 3, compared to 2013[25]	2013-2025	-21.0%	✓
		SBT (well-below 2ºC) target: Reduce carbon intensity per postal item by 20% (scopes 1, 2 and 3) compared to 2013	2013-2025	+18.8%	✗
		Offsetting direct carbon emissions from CTT's offer	Annual	7,224.9 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 9th edition (July 2022 to July 2023): 5,053 kits sold. In July 2023, the 10th edition of the initiative was launched, with the novelty of the new digital kit on sale in the CTT online shop. Since the campaign was launched, 8,956 kits have been sold. Thus, in 2023, 12,508 kits were sold.	✓

[25] The scope of the SBTi target for carbon emissions (Science-based Targets initiative) excludes CTT Express activity and includes all of Scope 1, Scope 2 and for Scope 3 includes Air Transport, Road transport by outsourced fleet, and Commuting.

ESG strategic goals	Sustainable Development Goals	CTT goals	Time frame	Accomplished in 2023
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	25.9% increase compared to 2022
		Increase the attendance rate to 93%[26]	2022: 92% 2025: 93%	92.7% (+0.8 p.p. compared to 2022)[27]
		Prevention of labour mortality (own responsibility): 0 deaths	Annual	0 fatal accidents
		Reduce occupational accidents by 5%	Annual	865 occurrences (8.0% more than the previous year)
		Reduce lost days by 5%	Annual	9.2% more days lost because of accidents or disease 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	0.7%
		90% rate of workers trained (CTT permanent staff)	Annual	89.0%
		Provide a welcome and integration programme to all new hirings, to enhance the experience of the worker	Annual	818 participations (corresponding to 15.9% of new staff in 2023) 16,307 hours
		Assess employee satisfaction: quarterly survey	Annual	Two eNPS surveys conducted, one in each half of the year
		Create and implement the new onboarding programme for integrating new employees	2025	Implementation activity scheduled for 2024
		Disseminate a training programme for new managers (e-learning) on equal opportunities and non-discrimination	2022: c. 800 people 2023: Communicate annually	Topic prioritised in 2023, course under design and to be implemented in 2024
		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	Implementation scheduled for the first quarter of 2024

[26] The concept of absenteeism is that used by the GRI, which excludes absences due to parental leave, holidays, study, bereavement, trade union activity or other planned absences..

[27] This figure takes only into consideration the first 10 months of 2023.

ESG strategic goals	Sustainable Development Goals	CTT goals	Time frame	Accomplished in 2023	
CARE FOR CTT PEOPLE AND THE DIVERSITY EXPERIENCE Be a benchmark employer, leveraged by a people-centred culture, by 2030	5 **ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS**	Achieve gender parity in senior and middle management positions (45%)	2025	39.9% (-0.6 p.p. than in 2022)	✗
		Publish and implement the CTT Equality Plan	Annual	CTT Equality Plan 2024 published	✓
		Analyse the wage gap	2021-2023	Preliminary analysis carried out and published in the CTT Equality Plan 2024	✓
PROMOTE PROXIMITY TO THE LOCAL COMMUNITY Strengthen the Iberian presence and the active involvement of employees in actions with a positive impact on communities	10 **REDUCE INEQUALITIES WITHIN AND BETWEEN COUNTRIES**	Promote corporate volunteering and corporate social support actions: 6 initiatives	Annual	15 initiatives carried out	✓
		Keep the First Contact Resolution rate, in the Customer Support lines, above 90%	Annual	93.0%	✓
		Increase the Virtual Assistants service rate to 40%	2026	28.0%	✓
		Keep the satisfaction degree (CSAT survey response) on Customer Support channels above 60%	Annual	60.0%	✓
		Promote the active participation of employees in up to three volunteer days per year[28]	2025	Annual average, per CTT participant: 4.4 hours (+2.9% vs. 2022). 1,834.0 volunteering hours (+2.9% vs. 2022) were performed by a total of 413 people	✓
		Invest 1% of recurring EBIT in social impact projects	2025	Investment in community impact programmes: 0.6% of Recurring EBIT in 2023. Total investment: €558,864.72 (-11.5% vs. the previous year)	✗
		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 (per purchase volume in the Iberian Peninsula)	2025	99.5%	✓

[28] In the comparison with the 2022 data, the average number of hours per participant has been updated to 4.3 hours instead of the 5 hours published in the 2022 Integrated Report.

ESG strategic goals	Sustainable Development Goals	CTT goals	Time frame	Accomplished in 2023
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 79% in SMP 5th place worldwide out of 26 participants
		Reinforce the alignment of the ESG programme in meetings with Top Management (held quarterly) - Sustainability Committee	Annual (quarterly meetings)	8 meetings (compared to 2 in 2022) The ESG Committees (Steering and Board) met 6 times in 2023. There was also one meeting of the Corporate Governance, Evaluation and Nominating Committee and one meeting of the Audit Committee, with an ESG agenda. In addition, ESG issues were regularly discussed and analysed by the Extended Executive Committee throughout the year
		Introduce ESG incentives in the targets of 50% of top and middle management	2025	Topic prioritised in 2023 for implementation in 2024
		Create opportunities and professional occupation for people with disabilities by hiring 50 workers	2025	2.3% of CTT workers have disabilities (-0.1 p.p. vs. 2022) Recruitment of 7 disabled workers[29]
		Promote open and trustful communication channels with Stakeholders	Annual (regular activity)	Segmented communication of the results. Contact channels with stakeholders used frequently

[29] This figure excludes CTT Express, Corre, 321 Crédito, NewSpring, Medspring and CTT - Soluções Empresariais.

ESG strategic goals	Sustainable Development Goals	CTT goals	Time frame	Accomplished in 2023	
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**	Disseminate the new CTT Code of Ethics to all employees	2023-2024	Code of Ethics published online and sent to each employee's home	✓
		Maintain the certification of CTT operations	Annual	Certification maintained	✓
		Maintain the certification of subsidiary companies	Annual	Certification of CTT Expresso, CTT Express and Contacto maintained	✓
		Maintenance of corporate certification (ISO 14001, 9001, 45001)	Annual	Certification maintained	✓
		Maintain the certification as a Family-Responsible Company	Annual	Certification maintained	✓
		Average Response Time for Universal Service Complaints National target: <= 15 days International target: <= 56 days	Annual	National: 16.9 days International: 31.4 days	✓
		Maintain or improve positioning in IPC's Letter-mail Interconnect Remuneration Agreement Europe ranking, K+1	Annual	22nd position (same position as last year)[30]	✓
		Maintain the result in the UPU Global Monitoring System, inbound above target	Annual	88.6% (+11.2% versus 2022) The goal was to reach the 88% mark.[31]	✓

Sustainable Development Goals (SDG)

The United Nations Sustainable Development Goals reflect 17 priority topics, at global level, for the preservation of the planet and human dignity. As can be seen in the table above, CTT's commitments are aligned with these global goals, with a view to striking a balance between the creation of economic value and generating positive impacts for communities and the environment.

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.

[30] This ranking is provisional and takes into account the cumulative results up to November 2023. Based on this estimate, the 2023 score would be 71.3% (+11.2 p.p. compared to 2022), although we would maintain the same relative position compared to the other countries.
[31] Estimated annual result, which places CTT above target.

4.2 Economic and financial performance

Revenues

GRI 3-3

CTT's consolidated revenues[32] reached €985.2m in 2023 (+€78.6m; +8.7% y.o.y), underpinned by Express & Parcels (+€81.6m; +31.5% y.o.y); Banco CTT (+€21.8m; +17.3% y.o.y) and Financial Services & Retail (+€2.1m; +3.4% y.o.y), and partially attenuated by Mail & Other (-€26.8m; -5.8% y.o.y).

For the first time in CTT's history, in 4Q23 Express & Parcels was the biggest contributor to revenues.

Revenues

€ million

	2022	2023	Δ	Δ%	4T22	4T23	Δ	Δ%
Revenues	**906.6**	**985.2**	**78.6**	**8.7 %**	**243.8**	**269.8**	**26.0**	**10.6 %**
Mail & Other	460.9	434.1	(26.8)	(5.8)%	115.4	111.1	(4.4)	(3.8)%
Express & Parcels	259.0	340.6	81.6	31.5 %	71.2	111.1	39.8	55.9 %
Banco CTT	126.0	147.7	21.8	17.3 %	36.0	39.6	3.7	10.2 %
Financial Services & Retail	60.7	62.8	2.1	3.4 %	21.2	8.0	(13.2)	(62.3)%

Operating Costs

Operating costs totalled €907.4m in 2023 (+€56.9m; +6.7% y.o.y).

Operating Costs

€ million

	2022	2023	Δ	Δ%	4Q22	4Q23	Δ	Δ%
Staff costs	351.8	382.6	30.8	8.8%	88.3	99.8	11.5	13.0%
ES&S	337.9	391.5	53.6	15.9%	88.8	120.4	31.7	35.6%
Impairments & provisions	26.3	25.8	(0.5)	(1.8%)	8.9	5.3	(3.7)	(41.2%)
Other costs	61.3	33.4	(27.9)	(45.5%)	15.3	8.0	(7.3)	(47.9%)
Operating costs (EBITDA)	**777.3**	**833.3**	**56.0**	**7.2%**	**201.4**	**233.5**	**32.1**	**15.9%**
Depreciation & amortisation	64.8	64.3	(0.4)	(0.7%)	16.7	16.8	0.1	0.6%
Specific items	8.4	9.8	1.4	16.6%	12.6	(1.2)	(13.8)	(109.5%)
Corporate restructuring costs and strategic projects	9.2	(15.3)	(24.5)	«	3.9	(21.4)	(25.3)	«
Other non-recurring revenues and costs	(0.9)	25.1	25.9	»	8.8	20.2	11.5	130.8%
Operating costs	**850.5**	**907.4**	**56.9**	**6.7%**	**230.7**	**249.1**	**18.4**	**8.0%**

Staff costs increased by €30.8m (+8.8% y.o.y) in 2023, mostly as a result of the salary increase (+€15.9m), including the increase in minimum wage. Additionally, the growth in the Express & Parcels business, as well as in the contact centre and document management in the Mail & Other business solutions line also contributed to this evolution in costs.

External supplies & services costs increased by €53.6m (+15.9% y.o.y) mainly due to the growth in direct costs of the Express & Parcels services (+€50.8m), with this growth being partly offset by the reduction in direct costs of Mail services (-€13.2m) also as a result of the impact of the elections in 1Q22.

[32] Excluding specific items.

Impairments and provisions decreased by €0.5m in 2023 (-1.8% y.o.y), as a result of the reduction in impairments in the express business line (-€0.8m). This reduction was partially offset by the growth in the mortgage loan portfolio.

Other costs decreased by €27.9m (-45.5% y.o.y), mainly due to the business solutions laptop sale project that took place in 1Q22 (-€20.7m).

Depreciation & amortisation decreased by €0.4m (-0.7% y.o.y) in 2023, positively impacted by the revision of the useful life of some assets (-€3.6m). This effect was partly offset by increased amortisations due to investment in IT systems (+€2.8m) and sorting equipment (+€0.4m).

Specific items amounted to €9.8m in 2023, due to: (i) restructuring costs, namely suspension agreements of employment contracts (+€21.3m); (ii) the new conditions defined in the Plan of Social Action (-€38.7m); (iii) strategic projects (+€2.1m); (iv) the increase in impairment losses (+€13.9m), including extraordinary losses and the costs related to the early termination of the lease agreement of the former headquarters; and (v) transaction costs associated with the start-up of the Real Estate business (+€10.9m), including taxes paid on the acquisition of the properties. In the context of the suspension agreements of employment contracts, it should be mentioned that the amount of €21.3m refers to (i) costs relating to staff exits that took place during 2023 (116 employees corresponding to a total amount of €7.9m) and (ii) a provision of €13.4m already registered in 2023 for the exit of around 200 employees, which is estimated to occur in 2024.

Recurring EBIT

Recurring EBIT stood at €87.6m in 2023 (+€23.0m; +35.7% y.o.y), with a margin of 8.9% (7.1% in 2022) as a result of the strong growth in Express & Parcels (+€11.2m, +131.5% y.o.y); Banco CTT (+€11.0m (+76.1% y.o.y); Financial Services & Retail (+€5.5m, +18.0% y.o.y), and a decrease in Mail & Other (-€4.7m; -44.1% y.o.y.).

Recurring EBIT by business unit

€ million

	2022	2023	Δ	Δ%	4Q22	4Q23	Δ	Δ%
EBIT by business unit	**64.5**	**87.6**	**23.0**	**35.7 %**	**25.8**	**19.5**	**(6.3)**	**(24.3)%**
Mail & Other	10.7	6.0	(4.7)	(44.1%)	5.9	1.1	(4.8)	(82.0%)
Express & Parcels	8.5	19.7	11.2	131.5%	3.8	7.7	3.9	103.6%
Banco CTT	14.4	25.4	11.0	76.1%	4.9	7.3	2.4	49.6%
Financial Services & Retail	30.8	36.4	5.5	18.0 %	11.2	3.5	(7.7)	(68.9)%

In 4Q23 the strong growth of recurring EBIT in Express & Parcels compared to 4Q22 (+€3.9m) was driven by the growth of recurring EBIT in Spain (+€2.9m y.o.y), which was underpinned by the increase in volumes (+126.8% y.o.y), mainly e-commerce. It should be highlighted that in 4Q23 and for the first time in CTT's history, E&P was the biggest contributor to recurring EBIT. Worthy of note is also the contribution of Banco CTT (+€2.4m vs 4Q22). Both these business areas acted as growth levers, in line with the strategy implemented.

Financial Results and Net Profit

Consolidated financial results amounted to -€16.2m (-€6.8m; -72.5% y.o.y) in 2023.

Financial Results

€ million

	2022	2023	Δ	Δ%	4Q22	4Q23	Δ	Δ%
Financial results	**(9.4)**	**(16.2)**	**(6.8)**	**(72.5)%**	**(2.3)**	**(4.6)**	**(2.3)**	**(100.3%)**
Financial income, net	(9.2)	(16.2)	(7.0)	(76.0)%	(2.3)	(4.6)	(2.3)	(99.4%)
Financial costs and losses	(9.3)	(16.9)	(7.6)	(82.3)%	(2.3)	(4.6)	(2.3)	(97.1%)
Financial income	0.0	0.6	0.6	»	0.0	0.0	0.0	«
Gains/losses in subsidiaries, associated companies and joint ventures	(0.2)	0.0	0.2	99.8 %	0.0	0,0	0,0	(104.2%)

Financial costs and losses incurred amounted to €16.9m, mainly incorporating financial costs related to post-employment and long-term employee benefits of €7.2m, the most significant increase of which is due to the increased discount rate in the 2022 valuation, the impact of which was felt in 2023, as well as interest expense associated to finance lease liabilities linked to the implementation of IFRS 16 for an amount of €3.5m, and interest expense on bank loans for an amount of €5.6m, whereby the use of the Commercial Paper and Factoring line programmes largely explains the increase.

In 2023, CTT obtained a **consolidated net profit** attributable to equity holders of €60.5m, which is €24.1m above 2022. The evolution of the consolidated net income was positively impacted by the growth of recurring EBIT (+€23.0m) and the favourable evolution of income tax for the period (-€9.3m); it was negatively affected by (i) the worsening of financial results (-€6.8m), and (ii) specific items (-€1.4m).

Investment

In 2023, **Capex** stood at €36.1m (-€0.9m; -2.4% y.o.y), which is in broadly line with the previous year. The 2023 investment was mainly directed towards: (i) information systems (€23.4m; -€0.4m, -1.5% y.o.y), to increase the efficiency of operations, cybersecurity and improve the customer experience; (ii) buildings and facilities (€4.8m; +€0.3m, +5.7% y.o.y), including investment in the new headquarters; and (iii) equipment (€3.9m; -€2.3m, -37.1% y.o.y), a reduction explained by the strong investment in the expansion of the express and parcels network in Portugal and Spain in 2021 and 2022 and partly offset by the growth in investment in the Locky locker network.

In 4Q23, to respond to the growth acceleration in E&P volumes, investment reached €19.5m (+€2.4m; +14.1% y.o.y), with the increase mainly targeted at information systems and equipment.

Following the E&P business growth, it is anticipated that in 2024 investment will continue to be mainly directed towards sorting machines, mostly in Spain, information systems and the Locky lockers network.

Cash flow

In 2023, the Company generated an operating **cash flow** of €114.4m (+€14.9m). The growth of operating cash flow has benefited from the positive performance in terms of generated EBITDA (+€22.6m to €151.9m), as well as from the favourable impact of non-cash items on EBITDA (+€1.2m).

Cash flow

€ million

	2022	2023	Δ	Δ%	4Q22	4Q23	Δ	Δ%
EBITDA	129.3	151.9	22.6	17.5 %	42.5	36.3	(6.2)	(14.5%)
Non-cash items*	(7.2)	(6.0)	1.2	17.0 %	0.6	(2.8)	(3.4)	«
Specific items **	(8.4)	(9.8)	(1.4)	(16.6)%	(12.6)	1.2	13.8	109.5%
Capex	(37.0)	(36.1)	0.9	2.4 %	(17.1)	(19.5)	(2.4)	(14.1%)
Δ Working capital	22.8	14.4	(8.5)	(37.1)%	27.2	23.0	(4.3)	(15.6%)
Operating cash flow	**99.6**	**114.4**	**14.9**	**14.9 %**	**40.6**	**38.2**	**(2.4)**	**(5.8%)**
Employee benefits	(15.8)	(18.5)	(2.7)	(17.0)%	(4.4)	(5.8)	(1.4)	(32.4%)
Tax	(16.4)	(1.6)	14.8	90.3 %	(0.7)	(2.6)	(1.9)	«
Free cash flow	**67.4**	**94.4**	**27.0**	**40.0 %**	**35.5**	**29.8**	**(5.7)**	**(16.1%)**
Debt (principal + interest)	(16.0)	77.2	93.3	»	(0.6)	58.1	58.7	»
Dividends	(17.7)	(17.9)	(0.2)	(1.3)%	0.0	0.0	0.0	—
Acquisition of own shares	(21.6)	(10.2)	11.4	52.9 %	0.0	(5.6)	(5.6)	—
Disposal of buildings	0.4	0.0	(0.4)	(96.8)%	0.4	0.0	(0.4)	(99.1%)
Financial investments	12.0	0.0	(12.0)	(100.0)%	12.0	0.0	(12.0)	(100.0%)
Investments in associated companies and joint ventures	(0.6)	(1.7)	(1.1)	«	0.0	(1.5)	(1.5)	«
Change in adjusted cash	**23.9**	**141.8**	**117.9**	**»**	**47.3**	**80.8**	**33.5**	**70.8%**
Δ Liabilities related to Financial Serv. & others and Banco CTT, net[33]	(470.1)	(237.4)	232.7	*49.5 %*	87.8	(3.2)	(91.0)	(103.6%)
Δ Other[34]	24.8	(9.3)	(34.0)	(137.5)%	11.5	2.9	(8.6)	(74.6%)
Net change in cash	**(421.4)**	**(104.9)**	**316.5**	**75.1 %**	**146.6**	**80.6**	**(66.0)**	**(45.0%)**

*Impairments, Provisions and IFRS 16 affecting EBITDA.

**Specific items affecting EBITDA.

The growth of EBITDA more than offset the negative evolution of working capital (-€8.5m), and specific items (-€1.4m).

In terms of working capital, it should be noted that the evolution observed in 2023 was largely influenced by the performance of the EBITDA-related component, impacting working capital by -€9.5m, in which the positive impact of the increase in activity in 2023 was attenuated by the recovery of receivables in the previous period.

[33] 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.

[34] 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

	31.12.2022	31.12.2023	Δ	Δ%
Non-current assets	2,253.3	2,354.7	101.4	4.5%
Current assets	1,804.2	2,402.0	597.7	33.1%
Assets	**4,057.5**	**4,756.6**	**699.2**	**17.2%**
Equity	**224.9**	**253.3**	**28.3**	**12.6%**
Liabilities	**3,832.6**	**4,503.4**	**670.8**	**17.5%**
Non-current liabilities	789.4	689.6	(99.8)	(12.6%)
Current liabilities	3,043.1	3,813.8	770.6	25.3%
Equity and consolidated liabilities	**4,057.5**	**4,756.6**	**699.2**	**17.2%**

The key aspects of the comparison between the **consolidated balance sheet** as of 31.12.2023 and that as of 31.12.2022 are as follows:

- **Assets** grew by €699.2m, mainly due to increased other banking financial assets (+€812.4m) as a result of the increase of Banco CTT's investments in central banks and in debt securities at amortised cost (+€191.7m). These effects were partially offset by the decrease in cash and cash equivalents following the reduction in public debt subscriptions (-€104.9m), as well as in the credit to banking clients (-€184.4m) mainly explained by the end of the credit card partnership with Sonae.

- **Equity** increased by €28.3m following the net profit attributable to equity holders of the CTT Group in 2023 in the amount of €60.5m, the payment of dividends amounting to €17.8m that took place in CTT, SA, the acquisition of own shares in the amount of €10.2m and the reduction in other changes in equity (-€3.5m) resulting from the recognition of actuarial changes relating to the 2023 valuation.

- **Liabilities** increased by €670.8m, due in particular to the increase in: (i) Banking clients' deposits and other loans (€845.6m); (ii) medium and long-term debt (+€73.1m) as a result of the combined effect of the commercial paper programmes contracted and the repayment of the loans with Novo Banco and BBVA/Bankinter, as well as the short-term loan recognised at the end of the year; and (iii) the increase in other current liabilities (+€31.2m). On the other hand, there was a reduction in accounts payable (-€151.3m) due to lower subscriptions of public debt certificates, a decrease in debt securities issued at amortised cost (-€98.2m) following the withdrawals made, and the reduction in the liabilities related to employee benefits (-€35.6m) following the changes to the CTT Healthcare Plan.

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

	31.12.2022*	31.12.2023	Δ	Δ%
Non-current assets	683.2	713.0	29.8	4.4%
Current assets	577.9	506.7	(71.2)	(12.3%)
Assets	**1,261.0**	**1,219.6**	**(41.4)**	**(3.3%)**
Equity	**225.2**	**253.4**	**28.3**	**12.6%**
Liabilities	**1,035.9**	**966.2**	**(69.7)**	**(6.7%)**
Non-current liabilities	331.7	333.8	2.1	0.6%
Current liabilities	704.2	632.4	(71.8)	(10.2%)
Equity and consolidated liabilities	**1,261.0**	**1,219.6**	**(41.4)**	**(3.3%)**

* The figures under 31.12.2022 are proforma due to the transfer of Payshop from the perimeter of Banco CTT to CTT, S.A. in 3Q23.

Liabilities related to employee benefits

Liabilities related to employee benefits (post-employment and long-term benefits) stood at €173.5m in December 2023, down by 17.5% compared to December 2022, broken down as specified in the table below:

Liabilities related to employee benefits

€ million

	31.12.2022	31.12.2023	Δ	Δ%
Total liabilities	**210.2**	**173.5**	**(36.7)**	**(17.5%)**
Healthcare	190.4	154.2	(36.1)	(19.0%)
Healthcare (321 Crédito)	1.0	1.1	0.1	10.7%
Suspension agreements	10.3	11.4	1.1	10.5%
Other long-term employee benefits	5.1	4.7	(0.4)	(8.6%)
Other long-term benefits (321 Crédito)	0.2	0.2	0.0	10.1%
Pension plan	0.2	0.2	(0.0)	(6.2%)
Other benefits	3.0	1.7	(1.3)	(44.3%)
Deferred tax assets	(59.5)	(49.4)	10.1	17.0%
Current amount of after-tax liabilities	**150.7**	**124.1**	**(26.6)**	**(17.7%)**

As mentioned above, the reduction in the liabilities related to employee benefits (-€36.7m) benefited from the changes to the CTT Healthcare Plan.

These liabilities related to employee benefits are associated with deferred tax assets amounting to €49.4m, which brings the current amount of liabilities related to employee benefits net of deferred tax assets associated with them to €124.1m.

Consolidated net debt

Consolidated net debt

€ million

	31.12.2022	31.12.2023	Δ	Δ%
Net debt	**29.8**	**(39.0)**	**(68.7)**	**«**
ST & LT debt	**196.0**	**269.0**	**73.1**	**37.3%**
of which Finance leases (IFRS16)	125.9	118.3	(7.6)	(6.1%)
Adjusted cash (I+II)	**166.2**	**308.0**	**141.8**	**85.3%**
Cash & cash equivalents	**456.5**	**351.6**	**(104.9)**	**(23.0%)**
Cash & cash equivalents at the end of the period (I)	**410.8**	**315.2**	**(95.6)**	**(23.3%)**
Other cash items	45.7	36.4	(9.3)	(20.3%)
Other Financial Services liabilities, net (II)	**(244.6)**	**(7.2)**	**237.4**	**97.0%**

The key aspects of the comparison between the **consolidated net debt** as at 31.12.2023 and that as at 31.12.2022 are as follows:

- **Adjusted cash** grew by €141.8m, as the positive performance of the operating cash flow (+€114.4m) offset the payment of employee benefits (-€18.5m), the payment of dividends (-€17.9m), the acquisition of own shares (-€10.2m) and investments in associated companies (-€1.7m). The contracting of commercial paper programmes (+€34.9m) and the short-term loan recognised in December (+€60m) also contributed to the growth in adjusted cash.

- **Short-term & long-term debt** increased by €73.1m essentially due to the combined effect of the decrease in lease liabilities (-€7.6m), the amortisation of the loans with Novo Banco and BBVA/ Bankinter (-€14.1m), as well as the contracting of the commercial paper programmes (+€34.9m) and the short-term loan (+€60m) mentioned above.

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

	31.12.2022*	31.12.2023	Δ	Δ%
Net debt with Banco CTT under equity method	**185.7**	**177.3**	**(8.3)**	**(4.5%)**
ST & LT debt	**192.1**	**265.7**	**73.6**	**38.3%**
of which Finance leases (IFRS16)	122.0	114.9	(7.1)	(5.8%)
Adjusted cash (I+II)	**6.4**	**88.3**	**81.9**	**»**
Cash & cash equivalents	**371.2**	**276.3**	**(94.9)**	**(25.6%)**
Cash & cash equivalents at the end of the period (I)	**371.2**	**276.3**	**(94.9)**	**(25.6%)**
Other cash items	0.0	0,0	0,0	49.3%
Other Financial Services liabilities, net (II)	**(364.8)**	**(188.0)**	**176.8**	**48.5%**

* The figures under 31.12.2022 are proforma due to the transfer of Payshop from the perimeter of Banco CTT to CTT, S.A. in 3Q23.

Economic value

GRI 201-1

The Company distributed 365.0 million euros in wages and benefits, an increase of 1.9% compared to 2022, and is a major tax payer and direct investor in the community. The accumulated economic value grew by 126.1% year-on-year to more than €42.5m.

Direct economic value generated and distributed by CTT

€ million

	31.12.2022	31.12.2023	∆%
Direct economic value generated	**906.5**	**985.8**	**8.7**
Revenues	906.5	985.8	8.7
Direct economic value distributed	**887.7**	**943.3**	**6.3**
Operating costs	488.7	538.4	10.2
Wages and Employee benefits	358.2	365.0	1.9
Payments to providers of capital	26.9	34.8	29.4
Payments to the Government	13.3	4.5	(66.2)
Community investments	0.6	0.6	0.0
Accumulated economic value	**18.8**	**42.5**	**126.1**

4.3. Innovation

GRI 203-1

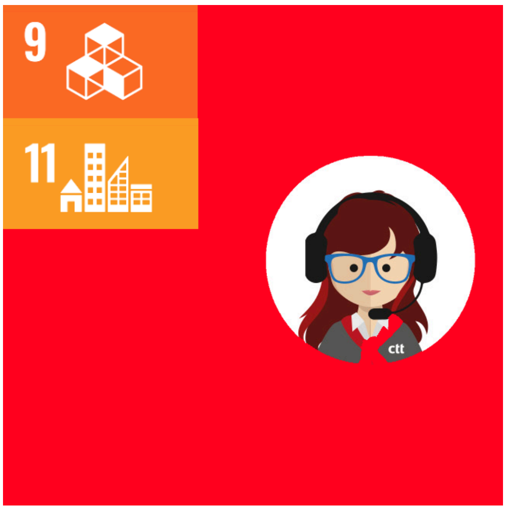
In 2023, CTT's innovation priorities were in terms of product and customer experience, with a special focus on Locky Lockers and the e-Commerce offer.

Generative Artificial Intelligence (AI) was more than a buzzword, with the launch of "Helena", our new virtual assistant, and Microsoft choosing CTT to test Copilot, its AI solution adapted to Office tools.

Highlights

Locky

The CTT locker solution now includes a solution for sending and returning parcels, as well as new features such as refrigerated lockers



Helena

The first chatbot powered by Generative AI has become available 24 hours a day, 7 days a week, 365 days a year to assist with a wide variety of questions

4.3.1 Product Innovation and Customer Experience

Locky lockers

Launch of parcel shipping and return through smart lockers

The Locky by CTT lockers now enable sending and returning parcels, in the easy, fast and convenient way characterising these smart lockers.

Apart from receiving parcels in lockers, in 2023, Locky customers were able to send or return their parcels through lockers. This innovative functionality became available in pilot version in the Greater Lisbon area and was progressively extended, in a phased manner, to the rest of the country. To send or return a parcel, the process is easy: have a valid parcel to return or send with a transport document for the effect, create an online delivery at CTT or contact the online post office about how to return the parcel. Next, just go to the Locky Portal to register the delivery, by selecting the preferred/desired Locky locker and then, deposit the parcel in the locker.

Installation of a refrigerated locker at Gaia El Corte Inglés

In Porto, Open Lockers, a CTT subsidiary most frequently referred to by the name of its lockers, Locky, signed a partnership with El Corte Inglés for the installation of a new locker, at the Gaia Post Office, which has refrigerated compartments for the best packaging of chilled or frozen products of the Supermarket or Club del Gourmet. This solution has enabled all our customers to receive their click&collect requests in a fully autonomous and convenient manner. The locker has 16 compartments at room temperature, four with positive cold temperature and two with negative cold temperature, located on Floor -5, alongside the parking. When the request was prepared, the customers received an SMS with the pin indicating that they could collect it from the refrigerated locker.

Other partnerships

Locky signed a partnership with KeyNest to facilitate stays at local accommodation, securing the key exchange service for Airbnb guests. This solution became available in the Greater Lisbon area, in 24 locations. Created to facilitate the life of everyone who has a booked stay, this service, available 24 hours a day, seven days a week, has proved itself worthwhile due to its security and convenience, as it only requires a code to open the locker.

The company also signed a partnership with Grupo Nossa Farmácia, which has been in the market for 10 years and covers over 300 pharmacies in Portugal, for the installation of lockers in various locations of that network. More than 70 public lockers were provided at numerous places, from the north to the south of the country, for all customers who wish to receive their orders there. All the lockers enable receiving all e-commerce parcels from websites with a CTT delivery point, but this partnership went beyond, and now also provides for picking up good health and well-being products from the group’s pharmacies.

The first hybrid locker was made available in 2023, operating at Farmácia Nova da Sobreda, the recent and innovative Good Health and Well-Being space, in the municipality of Almada. This public locker, with 16 doors, works as a CTT delivery point and is simultaneously supplied by the pharmacy with orders placed online. This installation arises from a partnership established between Locky and Grupo 4Farma, with the foreseen installation of new lockers in that network.

Express and E-Commerce

New shipping plugin for selling on Amazon

CTT has extended its shipping plugin service to customers selling on Amazon. CTT's recent e-commerce service, which enabled customers to automate their parcel shipping and which, until recently, could be integrated with the delivery services of the stores created on Woocommerce, Shopify, Prestashop, Magento2, OpenCart, ECWID and ePages, is now also able to be integrated with sales carried out on Amazon. Therefore, with this extension, Amazon retailers with a shipping contract with CTT Express now benefit, free of charge, from various functionalities, such as the automatic importation of orders and generation of transport documentation, the updating of the object code and order status on Amazon and the request for complementary services, such as collection on delivery or the delivery time window.

CTT established a partnership with eBay to support the internationalisation of Portuguese companies

This partnership sought to offer advantageous conditions to companies that use the eBay platform for online selling. Hence, Portuguese companies that subscribed to this partnership and sold their products directly on eBay's e-marketplace could use CTT tools to facilitate their shipping.

Being on a global platform enables companies to access numerous markets without carrying out developments, offers the opportunity to rapidly learn the markets in which their products are best accepted, has relatively low catalogue display costs in relation to a physical presence, and benefits from lower barriers to entry. Subscription to the programme was free of charge and all companies received a toolkit with a manual and tips on how to sell on eBay, in addition to having first-hand access to information about all the initiatives progressively developed under the partnership. Companies with more than 100 products listed on eBay and considered high potential were contacted by an eBay person, who offered them a proposal for a sales fast-tracking programme, free of charge.

These customers were given the opportunity of a personal training programme with eBay specialists, of benefiting from higher sales thresholds and a free e-Bay store subscription for a quarter, in order to help them make their business global and achieve 135 million buyers worldwide, where this programme is worth millions of dollars.

Create Online Stores simplifies sending express parcels

The CTT Create Online Stores platform is a comprehensive and scalable solution, incorporating CTT delivery and advertising solutions and solutions of partners in the areas of payments, invoicing, advertising and digital sales channels (social networks and search engines). In a context of rapid growth of online purchases, and since March 2020, when it was created, more than 4,500 merchants have subscribed to CTT solutions, the majority being Small and Medium-Sized Enterprises (SME) and micro-enterprises, who perceived the opportunity and began to explore the online sales channel.

Maintaining its strong focus on supporting Portuguese SME, both in their entrance into e-commerce and internationalisation, CTT enabled, in 2023, through its CTT Create Online Stores e-commerce platform, the sending of parcels to more than 200 destinations all over the world.

With this solution, merchants now have various sending solutions at their disposal, customised to their business:

- Premium International, the most popular and fastest;
- International, the classic for worldwide;
- Europe, the classic for Europe; and
- Light Europe, the most economic.

Benefiting from their integration in the largest national delivery network, the shipping of orders received on the online stores created on the platform is now exclusively carried out by CTT, offering the most competitive prices in the market. The process of shipping orders is easy and intuitive, with each order being associated with its transport documentation and shipping code, enabling the seller and buyer to follow the item's route up to its receiver.

Prepaid pack of express deliveries

The prepaid Express Pack was launched, an innovative and unique product in the national market, directed at individuals and companies. This is a prepaid product of deliveries, the easiness and speed of which have progressively met customer requirements in terms of fostering a daily life free of complications and (even more) competitive prices. In purchasing the pack, the customers benefited from the prepaid solution which allowed them free use of the deliveries over a period of 365 days, with a code remaining in their possession, from the moment of the purchase, which enabled the shipping of the parcels in the store, in a fast, comfortable and practical manner. With the launch of this product, CTT has strengthened its leadership position also in support to small enterprises and to all who wish to enter the world of digital entrepreneurship, through a simple, unbureaucratic and autonomous process, which is only possible thanks to the capillarity of the CTT network, which reaches every corner of the country and manages to meet the needs of all business units.

The Express Pack is composed of five units, enabling five express deliveries of up to 5 kg originating in Mainland Portugal and with destination in Mainland Portugal or Peninsular Spain. The customer can purchase the desired quantity of sets, according to shipping needs, at any mainland CTT post office or point with an Express service. Apart from all of the above, the product was differentiated due to its competitive prices, with a real saving in the invoice, which could reach 45%, right at the time of the purchase, and it is also possible to follow the shipping route. During the delivery route, CTT notified the sender and receiver via e-mail or SMS and, from the moment that the parcel arrived at its destination, the proof of delivery was available at *Seguir Objeto* [Track an Item] or on the CTT App.

CTT E-Commerce Awards

The CTT E-Commerce Awards opened to an Iberian format. The 8th edition of the CTT e-Commerce Day was organised in partnership with the newspaper Expresso, once again face-to-face and broadcast online. The central theme was Greener and Smarter E-Commerce, where topics, for example, Artificial Intelligence and its influence on e-commerce were debated. The aim of the CTT E-Commerce Awards competition is to value and promote best practice in e-commerce and/or tools, such as digital marketing, logistics, payments and their underlying online business models underlying, with value for people and the community. In this way, CTT continued to affirm its positioning as a specialist in digital solutions, being a strategic partner for all online business.

CTT Crypto Stamp

The first Portuguese crypto stamp was launched on 28 February 2023, issued in physical and non-fungible token (NFT) format, with exclusive benefits for collectors.

This launch, under the theme "Browsing in discovery of the Future", reinforced CTT's role as one of the most disruptive and active postal operators in the development of new products and services in all areas of the company, including philately. This crypto stamp was developed in partnership with the Estonian startup Stampsdaq, a company dedicated to cooperation with postal operators worldwide, creating a bridge with the collectors.

NFT are digital files with attributes of rarity, which can be considered equivalent to works of art with a specific market value, based on blockchain (a structure that stores the general public's transactional records in the form of databases) to guarantee authenticity and security.

This “Caravel” crypto stamp was issued in a total of 40 thousand copies, with a face value of 9.90 euros: 30 thousand in physical format, with its digital “twin”, in NFT, and 10 thousand exclusively digital copies, available on StampsDaq’s platform. With the physical version, which was sold at CTT physical and online post offices, the buyer received a card with the physical stamp and a 10-digit numerical code. This code should then be entered on StampsDaq’s platform to enable digital access to the corresponding NFT stamp.

The NFT stamp, in digital format, had different levels of rarity where the level corresponding to the stamp that was purchased would only be known upon accessing StampsDaq’s platform. In its physical format there was just an ordinary stamp, but when the associated NFT was redeemed, the collector received a digital stamp with one of four levels of rarity. There were four categories:

- Ordinary, with 35 thousand copies;
- Rare, with 4,900 copies;
- Super rare, with 99 copies; and
- Unique, with only one copy.

The fact that the level of rarity was unknown at the time of purchase meant that it was not possible to choose the associated NFT, making this stamp very interesting both for traditional collectors and digital natives and, naturally, for all those interested in bolstering their portfolio.

The digital stamp was accessible in a crypto wallet and could be paid in Matic – a native cryptocurrency of the Polygon network –, or using a credit card. As soon as the NFT was accessed, it should be kept in the crypto wallet, which enabled storing the stamp and viewing it at any time.

This commitment of CTT to innovation in philately was framed by the company’s long-term strategy, involving a greater exploration and integration of new philatelic experiences, strengthening the collecting component alongside the practical role of stamps.

Financial Services

Online scheduling for subscription of Postal Savings Certificates

Our customers were given the opportunity to complete a form for scheduling an appointment at the post office, considerably reducing their waiting time. When completing the scheduling form on the website, the customer would upload the necessary documentation, schedule a time and the post office where the subscription would be made, expediting the entire process.

Simulation and digital subscription of the new CTT Insurance offer

A new agreement between Tranquilidade and CTT enabled our customers to simulate the value of their Life and Car Insurance online, being contacted subsequently to finalise the process. In relation to the rest of the portfolio, customers were able to consult all the information online and request a direct contact from the helpline, whether to complete their subscription or clear up doubts about the process.

Super Experiences

Total stabilisation of the CTT APP

In 2023, the aim was to ensure that the customers could maximise their experience of all the CTT APP’s features. Accordingly, in addition to minor changes in browsing, namely concerning the personal area, the APP also began to be available in cloud environment (making it much faster) and browsing errors were unblocked in the “*Seguir Objeto, Senhas Digitais, Portagens e Envios Online*” [Follow Item, Digital Passwords, Tolls and Sending Online] functionality. For 2024, the APP is being prepared for a scenario in the near future of a day of paid lockers, providing a payment wallet in the application, i.e., the customer can load the APP with a value and purchase any service directly using that balance.

New functionalities in the CTT Business Portal

In 2023, the focus of the CTT Business Portal was particularly incident on two of the identified strategic priorities:

- Create the foundations for a unique portal of services for companies; and
- Ensure the minimum conditions for the migration of CTT core applications/portals to a single portal dedicated to services for companies.

These two goals oriented the work of the teams, both in the phase of conception and design of experiences, and in the ensuing development, and will also be followed through in a series of sequential tasks along the same guideline in 2024.

4.3.2 Operational and Corporate Innovation

Transformation of Operations

CTT launched an innovative Iberian application to facilitate the daily delivery of postmen and women

CTT's activity of daily delivery of standard and express mail has been facilitated thanks to the launch of a new application: MOBI CTT. This application emerged as a new work tool, aimed at postmen and women, enabling them to improve, in a simple, intuitive and organised way, the management of their daily tasks at the service of our customers.

MOBI CTT is a next generation tool and one of the key initiatives of the company's Transformation Plan. This was the first Iberian application, developed in-house with the collaboration of various areas of the company, aimed at supporting Standard and Express Mail delivery activity, in Portugal and Spain.

This new product, which is under ongoing development, taking into account the defined strategic goals, gave CTT a major competitive edge, providing better quality of service and higher productivity in delivery.

The main functionalities of this application include, for example:

- The obligation to contact customers when they do not answer, before it is recorded that the delivery was not made; or
- The possibility of the postman or woman using voice commands to accelerate actions, such as for writing comments associated to a delivery, as well as facilitating procedures, without having to memorise them.

Generative Artificial Intelligence

Launch of the first chatbot with Generative Artificial Intelligence for customer service

The first chatbot fuelled by Generative Artificial Intelligence (ChatGPT), "Helena", the new virtual assistant, available 24 hours a day, 7 days a week, 365 days a year. Aspiring to revolutionise the customer service experience and based on Microsoft Azure OpenAI technology, Helena offers an incomparable level of support to all CTT customers, providing assistance in real time and combining the information and transactional components. It is possible, among other information, to immediately know the status of the parcel, the postcode of an address, what documents are necessary to subscribe to postal savings certificates, post office opening hours, how to pay tolls, how to carry out the customs clearance of a parcel.

Implemented with the partner Singularity Digital Enterprise, part of Devoteam, and with the support of Microsoft itself, this new tool was launched at the beginning of the peak season, a highly demanding period, in which the number of transacted items rises significantly.

Participation in the Microsoft Co-Pilot Early Access Program

CTT participated in the Microsoft Early Access Program to para test Microsoft Co-Pilot, an integration of the Generative Artificial Intelligence technology of OpenAI ChatGPT, Microsoft Office suite. This initiative has confirmed CTT's commitment to adopt cutting edge technological solutions to drive efficiency and productivity. Participation in this program enabled CTT to test and provide feedback about this innovative technology, contributing to its development and fine-tuning.

Energy management and sustainability

Partnership with EDP

On 30 August 2023, CTT and EDP inaugurated a unit that will share benefits with the region's families and companies.

The strategic partnership with EDP to develop projects of up to 6 MWp of decentralised power generation, announced in October 2022, enabled producing electricity from the sun in 20 cities, including at the Sorting Centre of the North (CPL-N), in Maia. A plant was operationalised at CPL-N with over 1,800 solar panels and installed capacity of 1 MWp, which started by remaining in individual self-consumption regime. It is in this building that our entire operation in the northern region is concentrated and from which about 400 thousand letter mails leave every day.

Thanks to this plant, 40% of this building's daily energy needs are now supplied by renewable energy and, when the licensing process is concluded, the plant will become a "Bairro Solar EDP/CTT" [EDP/CTT Solar Neighbourhood], meaning a Collective Self-consumption Community, in which the solar unit installed at CTT will begin to share its benefits with up to 850 households and companies of that region. As a result of having joined this project, these neighbours will have savings of up to 35% in the electricity they consume on a monthly basis.

Thanks to the capillarity of our network, we now have 20 photovoltaic solar plants installed in buildings managed by the company under a self-consumption regime and where the majority of which will also share the benefits with the community, in becoming EDP/CTT Solar Neighbourhoods. In total, more than 230 neighbours have already subscribed to the production units which have already been installed and are awaiting licensing. When the project is at full capacity and all the solar neighbourhoods have been constituted, it is expected that approximately 40 thousand households and companies will benefit from this project and that the emission of 1,600 tons of CO_{2e} into the atmosphere will be prevented, contributing to the country's decarbonisation.

Subscription to these Solar Neighbourhoods is open to families and companies that are in the neighbourhood of these locations, which can be consulted at edp.pt/bairro-solar. The investment, maintenance and operation of the panels will be secured by EDP, and likewise the whole process of recruiting neighbours and management of these communities.

4.3.3 Corporate Innovation Tools

Corporate innovation culture

Under the dynamics of the corporate platform for idea management, INOV+, the PitchDay was held for selected ideas of the 12th cycle, in an initiative that promoted the company's culture of collaborative innovation. The 13th cycle of challenges was also operationalised during 2023.

1520 StartUProgram

The main objective of the programme of interaction with startups 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.

In 2023, four 1520 newsletters were published and two events were organised, "1520 Meet the Partner" and "1520 Let's Talk" about Generative IA, in which the startup community gathered together with other partners. The aim of these initiatives is to strengthen the community spirit among the startups that collaborate with CTT, boosting and triggering synergies for innovation projects.

CTT affirmed itself as a strategic partner and one of the main sponsors of the CleanTech startup acceleration programme, Clean Future, which aims to create and develop technological solutions with a view to improving the sustainability of cities. This is one of the operations of the "Hub Criativo" [Creative Hub] of the Beato Living Lab, a living laboratory promoted by Unicorn Factory Lisboa and Startup Lisboa, and which also includes Deloitte as a knowledge partner.

Clean Future took place during the first half of 2023 and focused on three categories that are supported by partners with acknowledged intervention in these areas:

- Construction, in partnership with Mota-Engil;
- Mobility, with EMEL; and
- Retail, with GS1.

These are sectors with high potential impact in the fight against climate change and, during the programme's ten weeks, the selected startups benefited from mentoring sessions with the partners and specialists of the programme's categories, entrepreneurs and investors, and also received support for the validation of their project in the market supervised by specialists. In addition to the participant's proximity with CTT and the Startup Lisboa community, they also had access to an extensive community united by the same values of sustainability, reinforced by the diversity of workshops with speakers specialised in sustainability and business.

We were one of the strategic partners in the Open Innovation 'Emerging Tech' programme organised by Unlimit, an innovation consultant and accelerator. This initiative aimed to drive innovation and strengthen our commitment to the development of innovative technological solutions which, in addition to responding to current challenges, also contribute to a more sustainable future.

Within the 'Green Buildings & Mobility' vertical, we are focused on promoting the adoption of more ecological, greener, transport alternatives, and fast-tracking the transition to more sustainable buildings. To this end, through our participation in the Emerging Tech programme, we endeavour to find national and international startups with innovative technological solutions prepared to co-create and develop a potential pilot project.

CTT Startup Investment Fund

CTT has continued its focus on the TechTree investment fund to support innovation activities in small and medium-sized enterprises and startups, having invested in the startups Fraudio, NeuralShift, Ubirider and Paynest. Fraudio is a "Software as a Service" (SaaS) platform which, linked to a powerful Artificial Intelligence engine, enables detection of payment fraud and fraud initiated by the merchant, as well as offering anti-money laundering solutions, throughout the entire payments chain. Paynest is a human resources fintech designed to make remuneration packages more flexible and easier to offer, and also provides tool that could help the workers to make appropriate decisions. NeuralShift develops artificial intelligence solutions adapted to the specific automation needs of each customer. Ubirider has developed a digital platform that integrates traditional and modern means of transportation to connect travellers and operator companies, enabling, for example, the planning of journeys and ticket payment.

The TechTree Fund held a portfolio of seven invested startups and secured the operationalisation and supervision of said investments, and those arising in the future will be carried out by our programme of interaction with startups, the 1520 StartUProgram. The TechTree Fund, which was reinforced in 2023 and is currently endowed with 8 million euros, aims to invest in startups (seed, series A and growth) and small and medium-sized companies, prioritising its action 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 investment opportunities. This fund has continued to be fully financed by the CTT Group, with its management entrusted to Iberis Capital, which presented a solid track record in investment fund management with a diversified spectrum of companies, from startups to small and medium-sized enterprises.

The fund continued its work of prospecting and analysis of potential investments in the areas of interest referred to above.

Research, Development and Innovation Incentive Programmes

CTT, CTT Expresso, Banco CTT and 321 Crédito prepared and submitted applications to the Tax Incentive System for Business R&D (SIFIDE) programme, for the fiscal year of 2022. Confirmation was received of 100% approval of the applications submitted in 2022 for the fiscal year of 2021, as well as CTT Correios' application for 2020 submitted in 2021.

The execution was pursued of the three Mobilising Agendas for Business Innovation, in whose applications CTT participated, which were approved in Phase II of Call C5 – Capitalisation and Business Innovation of the Recovery and Resilience Plan. In these agendas, CTT participated in a consortium with several relevant entities of the national scientific and technological system, as well as other players from different industries.

The three initiatives eligible for funding are related to the modernisation of operations – Produtech R3 – and to sustainable and smart mobility – Be.Neutral and Route 25.

The Produtech R3 project continued 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 palletising and mobile robotics with Autonomous Mobile Robots (AMR), 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 to that end.

In the Be.Neutral initiative, CTT participated in the definition of requirements and testing of various solutions concerning urban logistics, namely:

- A new four-wheel vehicle, BEN, developed at the Centre of Engineering and Product Development (CEiiA);
- Testing of the sensorising and tracking of vehicles and items;
- Testing of a platform for management of mobility and emissions;
- Integration and analysis of the data generated for improved operational efficiency and management of the CTT fleet; and, finally
- Testing of electric charging hubs in cities.

The Route 25 project focuses on autonomous driving, data collection, analysis and representation in specialised platforms. CTT participated in the definition of requirements and testing of various solutions concerning urban logistics:

- Creation of a CTT vehicle sensorising network;
- Integration with a platform for viewing data in real time (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;
- Use of public high-power chargers in urban environments.

CTT's participation in these two initiatives is 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).

CTT's participation in these Recovery and Resilience Plan Agendas, besides enabling the testing of innovative technologies and solutions, enabled 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.

Participation in European innovation networks and associations

Work was pursued with the different innovation associations in which CTT participates.

Under the chairmanship of the Working Group dedicated to the Innovation of PostEurop, we highlight the launch of the 7th edition of the Innovation Award, publication of the Innovation Booklet, organisation of a digital session on the potential of Generative AI in the postal and logistics sector, and the organisation of a session on Cybersecurity, in the context of the PostEurop Business Forum in Bratislava. 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.

We also continued to participate in various initiatives organised by the Business Association for Innovation (COTEC) and the Business Roundtable Portugal (BRP) Association. In the context of the latter, special reference is made, in the sphere of Intellectual Capital, to the boosting of the Working Group dedicated to Innovation, in particular promotion of the topic of Business Doctorates.

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 significantly reducing its direct and indirect emissions by 55% by 2030, subsequently offsetting the remaining emissions in order to achieve a neutral carbon balance.

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 year, CTT had 736 electric vehicles, 615 of which were used for last-mile distribution. The expansion in this segment allowed the distance travelled by electric vehicle to increase by 65.0 %.

Avoided emissions

5,642 tonnes of CO_{2e} emissions were avoided by opting to purchase 100% of electricity consumption from renewable sources. The expansion of the installation of solar panels has made it possible to increase the generation of renewable energy by 194.8% compared to 2022.

4.4.1 Environmental management policy and systems

GRI 3-3, GRI 201-2

With an active and conscious role in 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 the event of non-fulfilment and Environmental, Social and Governance (ESG) performance;
- Frequency and severity of weather-related 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 Certifications

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.

Topics	Environment
Benchmarks	**ISO 14001**
Corporate CTT[35]	**X**
Operations	**X**
CTT Expresso (Spain)	**X**
CTT Expresso	**X**
CTT Contacto[36]	**X**

4.4.3 Energy

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

One of the major causes driving the growing greenhouse gas (GHG) emissions into the atmosphere is associated to the massive use of fossil fuels, comprising a non-renewable energy source. The release of greenhouse gas has numerous consequences, such as the increase of the earth's average temperature, which has been showing rather accelerated growth over recent decades, extreme weather conditions and weather-related disasters, which have occurred at an increasingly larger scale worldwide. Hence, the management and valorisation of the energy consumed, including the provenance of its sources, are the greatest challenges of current times, requiring maximum attention.

At CTT, direct energy consumption is estimated to have fallen by -0.6% in relation to the previous year. This places CTT firmly on the path towards increased energy efficiency, leading 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. It should be noted

[35] This includes the following departments: People and Culture, Information Systems, Procurement & Logistics, Physical Resources & Security, Audit & Quality/Certification & Excellence, Communication & Sustainability/Sustainability & Environment, Customer Support & Quality of Operations/Monitoring & Customer Support Processes, B2B Commercial Support/Business After Sales.

[36] The scope of this certification is "Management and Distribution of addressed and unaddressed mail."

that there is no longer any thermal energy consumption for air conditioning due to the alteration of CTT's head office building.

CTT energy consumption

GJ	'22	'23	Δ '23/'22
Total green electricity consumption	131,368.4	120,518.7	-8.3%
Solar panel power consumption	2,275.3	6,708.1	194.8%
Thermal power consumption	5,619.6	—	-100.0%
Total fuel consumption	225,386.3	235,513.2	4.5%
Total gas consumption	954.2	687.4	-28.0%
Total	**365,603.8**	**363,427.4**	**-0.6%**

In 2023, the electricity consumption from the power grid corresponded to approximately 33.1% of the total energy consumed, where all the consumed energy comes from 100% renewable sources. CTT's annual grid electricity consumption fell by -8.3% mainly reflecting the following factors:

- Investment in production units for self-consumption (UPAC), with greater impact in the second half of 2023, increasing self-consumption to the detriment of grid consumption;
- The alteration of CTT's head office building enabled a 13% reduction in consumption in spaces occupied by the central administrative services;
- Investment in LED, replacing less efficient lamps in the different facilities, where this is a project at completion phase;
- In Spain, special note is made of the replacement of automation machinery by new more energy efficient equipment.

Despite the reduction of consumption at an overall level, there was an increase in the entity CTT Expresso derived from the increased express activity in overall terms, in particular:

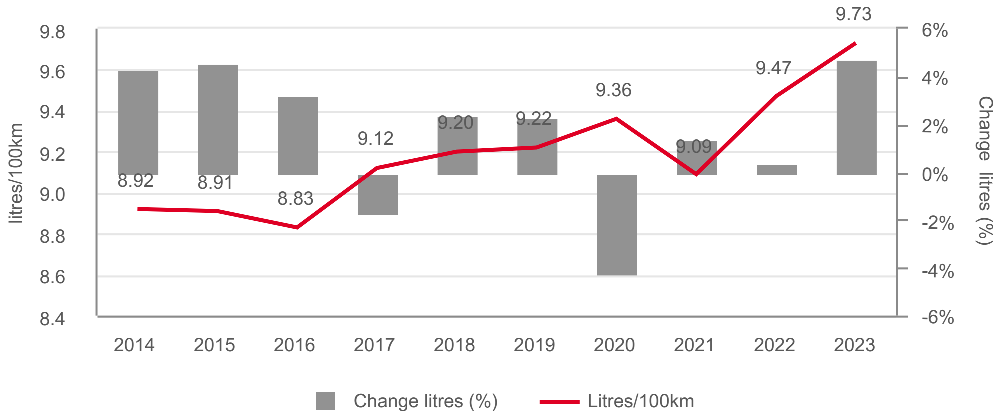
- Increased grid energy consumption at the MARL building during the peak season, with higher consumption during night, weekend and public holiday shifts, a season of the year when the generation of photovoltaic energy through UPAC is lower and insufficient for operational needs;
- A new Operational Centre was inaugurated in Palmela in September 2022, with 2023 having been its first full year in operation, which affected the express activity's energy consumption.

Concerning the production units for self-consumption (UPAC), the oldest at CTT has been in production since August 2021 at the CTT Expresso building, located in MARL. In 2023, during the spring/summer months, the consumption per panel reached approximately half the total consumption. Apart from the CTT Expresso building, we currently have a further 20 installations of panels in CTT buildings, covering operational, delivery and post office buildings. These installations are linked to the solar neighbourhood project, where the energy produced that is not consumed by CTT is distributed to the community in the vicinity. As a whole, the UPAC showed an increase of 194.8% in energy consumed in relation to the previous year.

Fuel continues to represent CTT's main energy consumption source (64.8%). The overall efficiency of the CTT fleet (measured in litres per 100 km) decreased by 2.8% in relation to 2022, where this efficiency fell in the great majority of the types of vehicles. Only motorcycles with less than 50 cubic centimetre cylinders showed an improvement in their efficiency, allied to the fact of being the only category with an average fleet age lower than that of the previous year.

In 2023, there was a 4.7% increase in the quantity of litres of fuel consumed when compared to 2022, as well as an increase in the distance travelled, both for 2 and 3-wheel vehicles and quadricycles of CTT – Correios de Portugal, S.A., and likewise for light goods vehicles of CTT Expresso. Furthermore, there was also an increase in the activity of light passenger vehicles allocated to commercial and support activities at CTT Express and NewSpring.

Evolution of the average consumption of the CTT fleet



The energy component of gas consumption is used in the canteen activities and water heating of some of CTT's buildings, with gas consumption in m3 having fallen by 30.8% in relation to 2022, as a consequence of the reduction of the number of showers and meals, and the fact that menus now tend to use electric ovens instead of gas stoves.

Buildings

GRI 302-5

Reinforcing the commitment to reduce energy consumption, with direct effects on greenhouse gas emissions, CTT implemented various energy efficiency measures throughout the year, especially in post offices and at mail delivery centres, involving a total of 511 interventions.

- 92 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;
- 347 lighting system reformulations, involving the installation of sensors and LED solutions;
- Upgrading of 3 electrical switchboards;
- Replacement of 3 air compressors and modernisation of the compressed air network;
- Installation of 20 electric vehicle charging points, due to the expansion of the electric fleet for mail distribution;
- 23 interventions in elevators.

In addition to the intervention measures, special reference is also made to the best practice of deactivation of the permanent lighting of Banco CTT post offices (the lighting is no longer permanently on, and is now switched off one hour after the establishment has closed), thus reducing unnecessary consumption.

To be highlighted is also the strategic partnership project between CTT and EDP, the so-called Solar Neighbourhoods, which now has 20 installations spread over Mainland Portugal, located in post offices, delivery centres and operational centres. The energy produced by these units is intended for CTT consumption and, in the event of a surplus, it is injected into the power grid for distribution to the buildings of the surrounding region. This is a project of continuity and, when it is at full capacity, it is estimated that it will benefit eight thousand households and companies, preventing the emission of 1,600 tons of CO_2e into the atmosphere, contributing to the country's decarbonisation.

The two sorting centres (CPL) are among 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 sorting centres, there was an 6.6% increase of electricity consumption in these two centres. In the Sorting Centre of the North (CPL-N), the introduction of a production units for self-consumption (UPAC) enabled reducing grid consumption by 26.1%. In overall terms, considering grid and solar panels together, there was a decrease of 0.6%, driven by the replacement of lamps by LED, as well as the resolving of problems in the lighting control system. The overall increase of the sorting centres is, therefore, levered by the 9.4% increase in energy consumption in the Sorting Centre of the South (CPL-Sul), in Lisbon. The main reason for this rise was related to the abrupt changes of temperature, which means that the ventilation and air conditioning appliances consumed more energy, to regularise the building's temperature.

At CTT Express, in Spain, we highlight the initiative to replace the sorting machines with more recent technology which, apart from optimising processes, are more energy efficient.

Mobility

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

CTT has one of the largest and most modern fleets among national companies and, over the last few years, has focused especially on the electrification of its own fleet. This is the main axis driving CTT's decarbonisation strategy up to the end of the decade. To this end, significant investment has been made in the acquisition of new electric vehicles to replace combustion vehicles, promoting the mitigation of the impact of polluting gas emissions into the atmosphere arising from the delivery activity. The last-mile fleet currently has 615 vehicles in operation, out of a total of 3,132 vehicles, corresponding to 19.6% of this operational fleet (+28.7% than in the previous year)

CTT ecological fleet

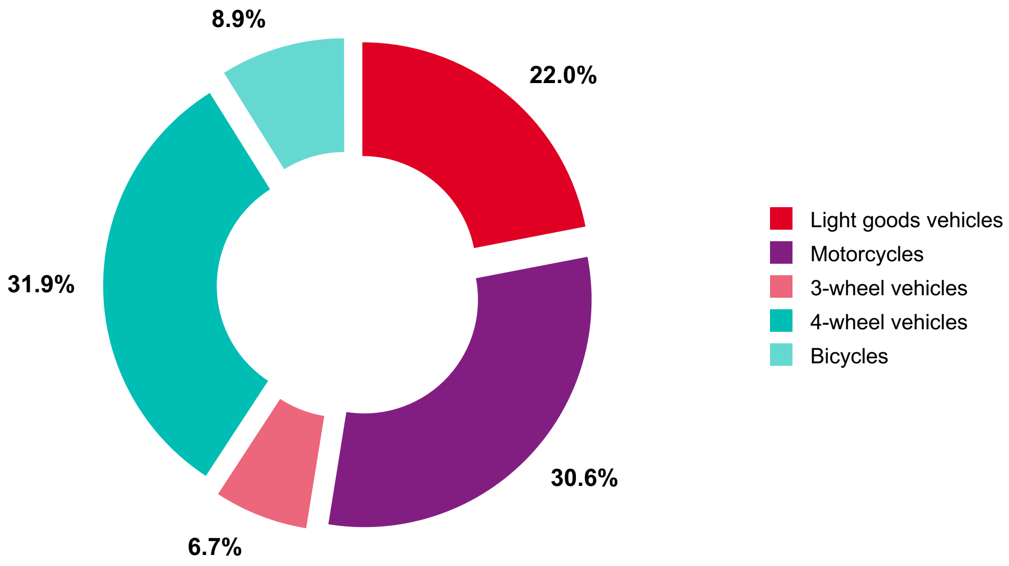
	'22	'23	Δ '23/'22
Last-mile ecological vehicles[37]	478	615	28.7%
Total last-mile vehicles	3,166	3,132	-1.1%
Overall ecological vehicles	596	736	23.5%
Total overall ecological vehicles[35]	4,180	4,203	0.6%

Electric vehicles do not release local polluting gases during their use, in addition to being silent and more comfortable to drive (without gearbox). They contribute to reducing CTT's carbon footprint and mitigate the risk of conventional vehicle restrictions to movements in urban/historical zones.

At the end of 2023, 32 light goods vehicles, 100 motorcycles and 10 electric tricycles were purchased to enter into operation.

[37] Excluding the fleet.of CORRE.

Types of of electric vehicles in the last mile



In the last quarter of 2023, a project was started for the installation of a charging network in 115 facilities, covering a total of 580 chargers, in order to support the decarbonisation path of CTT's own fleet.

Currently, CTT has five fully electric hubs of its own, that use green electricity at the facilities:

- Delivery Centre 1300, in Lisbon;
- Delivery Centre 1000, also in Lisbon;
- Postal Delivery Centre 2750, in Cascais;
- Delivery Support Centre 9880, in Santa Cruz da Graciosa, in the Azores; and
- Delivery Support Centre 9400, in Porto Santo, in the Archipelago of Madeira.

As road transport is responsible for a significant part of the final energy consumed, it is crucial to develop other measures aimed at the sustainability of this activity, such as:

- Technological development, by using route dynamic optimisation software and the MOBICTT application to monitor green deliveries;
- Behavioural change, through training and awareness-raising among drivers towards efficient and less pollutant driving.

CTT's total activity covered 70.6 million kilometres travelled by its own fleet (1.5% more than in 2022), plus 126.6 million kilometres travelled by the outsourced road fleet (5.0% less than in 2022), and 1.7 million kilometres travelled by postal delivery employees on walking delivery routes.

The kilometres travelled by CTT's fleet of electric vehicles increased by 65.0% in relation to 2022, due to optimisation and expansion of its activity.

The overall average age of the fleet of CTT, S.A. increased in relation to the previous year, and currently stands at 4.1 years.

Average age of the CTT S.A. fleet

	'20	'21	'22	'23
Overall average age	2.7	3.5	4.0	4.1

Under the Consumption and Energy Rationalisation Plan, CTT is obliged to fulfil all the measures related to the fleet, namely its renewal, the constant work on 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.

Being a pioneer company in the incorporation of electric vehicles in its motor vehicle fleet and in the ongoing innovation of its products and services, CTT tested various models in operational context: Silence S02 HS and Super Soco CPx electric motorcycles, as well as Dacia Spring Cargo and Ford E-Transit light goods vehicles.

The Green Deliveries service, in response to the search for less pollutant and more carbon neutral solutions by its business customers, enables the end customers to receive their parcels by CTT electric vehicles for the contracted locations in the cities of Lisbon and Porto. Since its launch in mid-2020, over 244 thousand items have been delivered, representing a revenue of approximately 312 thousand euros.

In 2023, CTT continued to develop the actions foreseen under the Lisbon European Green Capital Commitment 2020 – Lisbon 2030 Climate Action. 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 measures in the following categories, aimed at improving the company's environmental performance: energy, mobility, water, circular economy, citizenship and participation.

4.4.4 Atmospheric emissions and climate change

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

Climate change affects the company's costs, revenues and reputation, performing a fundamental role in the definition of its strategy. In most cases, the influence of the topic derives from the commitment to its mitigation and potential financial gains, more than from the response to compliance with legal and regulatory obligations.[38]

In 2023, there was a reduction (-2.6%) in CTT's total CO_2e emissions (scopes 1, 2 and 3) in relation to the previous year, impacted by the reduction of the distance travelled by the outsourced fleet of heavy vehicles.

Special reference is made to the performance observed in the scope 3 carbon footprint, in which emissions fell (-4.5% compared to 2022). This reduction, in a scope that represents 76.8% of the total emissions of the company's activity, has a major impact on the reduction of total emissions.

The main category that contributes to scope 3 emissions is the outsourced road fleet which accounts for 67.9% of the total of these emissions and showed a reduction of 4.8%.

[38] The carbon data disclosed in this report are measured in CO_2e, considering the following greenhouse gases: CO_2, CH_4, N_2O.

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

t CO_2e	'22	'23	Δ '23/'22
Direct emissions – Scope 1	18,356.3	19,146.1	4.3%
Indirect emissions – Scope 2	9.9	—	-100.0%
Indirect emissions – Scope 3	66,198.0	63,204.3	-4.5%
Total emissions (Scopes 1, 2 and 3)	**84,564.2**	**82,350.4**	**-2.6%**
Total emissions (Scopes 1, 2 and 3) for SBTI target[39]	**56,647.2**	**56,006.1**	**-1.1%**

Direct emissions (scope 1), were affected by the increased emission of CTT's own fleet (+4.3% in relation to the previous year), largely driven by the overall increase of the activity. The best measurement of this increase are the kilometres travelled, which grew by 2.5% in relation to 2022, and fleet consumption, which increased by 4.6%.

In this regard, we highlight the increased kilometres travelled by motorcycles of CTT's own fleet, of 36.0%, which compares with a 23.0% reduction of the number of kilometres travelled by the postmen and women's own vehicles. Furthermore, there was a methodological change in the accounting for consumption through the fleet's master cards, which enabled a more rigorous measurement of the consumption of light goods vehicles. The overall amount of the resulting emissions was also conditioned by the increased average age of the heavy vehicles, as well as the use of more voluminous vehicles and with trailers.

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

Greenhouse gas emissions (t CO_2e)[40]	'22	'23	Δ '23/'22
Fleet[41]	18,309.0	19,112.3	4.4%
Gas	47.3	33.8	-28.5%
Total direct emissions (scope 1)	18,356.3	19,146.1	4.3%
Other pollutants and GHG (t)			
NO_2	115.5	120.8	4.6%
SO_2	45.7	47.5	3.9%
COV	5.6	5.9	5.4%
PM10	4.5	4.7	4.4%

Emission values were zero in scope 2, in view of the acquisition of green electricity for 100% of the consumption, as well as the change of premises of the head office building, which no longer has thermal energy 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 5.6 kt CO_2e avoided in 2023. 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.

[39] 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.

[40] 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 CO_{2e}, 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 CO_2, based on emission factors for CH_4 and N_2O.

[41] Does not include the CORRE fleet.

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

t CO_2e[42]	'22	'23	Δ '23/'22
Air transport	15,629.0	14,668.8	-6.1%
Sea transport	66.9	80.7	20.6%
Road transport by outsourced fleet	45,048.2	42,892.7	-4.8%
Delivery by postmen on motorcycles	1,014.1	940.7	-7.2%
Air and rail transport on company business[43]	48.7	83.6	71.7%
Commuting	4,391.1	4,537.8	3.3%
Total indirect emissions (Scope 3)	**66,198.0**	**63,204.3**	**-4.5%**

The activity of the outsourced road fleet decreased (-5.0% of the distance travelled), with direct impact on the associated carbon emissions, when compared with 2022 (-4.8%).

For the activity within Portugal, we highlight the number of kilometres travelled in light goods vehicles, as a result of the increased volumes of express items. Concerning heavy vehicles, this increase was only felt at CTT – Correios de Portugal, S.A., and decreased at CTT Expresso, which balanced out as a reduction of total emissions in Portugal. It should be noted that the information related to the distance travelled by outsourced road transport in the 3rd quarter of 2022 was revised. Following this revision, in 2023, a reduction of 6.1% of emissions was recorded in relation to the previous year.

Various measures were implemented throughout the entire year, in order to make the transport network more efficient, many of which having been achieved with synergies between the outsourced fleet and CTT's own network:

- Better stowage of the vehicles, optimising their available cargo capacity;
- Choice of more voluminous vehicles (90 m3) instead of light vehicles with lower cargo capacity;
- Improvement in the Transport Network mapping, in which the collections from CTT Expresso customers were included;
- Internalisation of reinforcements of CTT Expresso with CTT vehicles, which had previously been secured by outsourcing;
- Division of sorting over various centres. In 2023, we were able to count on five new sorting centres: Palmela, Leiria, Maia, Aveiro and Coimbra, which were added to MARL and Perafita. This restructuring enabled decreasing the distances between the different centres; and
- 1H+ project. This initiative led to a change in the operational starting time of the centres (to an hour later), in order to synchronise connections that had previously been running simultaneously, reducing kilometres and emissions.

Regarding CTT Express, in Spain, the measurement of emissions now takes into account the EURO classification of the vehicles, which led to an updating of the figures for 2022. Last mile vehicles with EURO class 6 (less emitting) increased from 40.3% in 2022 to 60.9% in 2023, while, in the long-haul fleet, this class represents the entirety of the vehicles. At the same time, the use of route dynamic optimisation software and the greater use of pick-up and drop-off (PUDO) points enabled, in 2023, reducing the distance travelled by 16.5% year-on-year, despite the significant increase of items sent.

[42] 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.

[43] Does not include CTT Express.

In terms of the outsourced fleet, it should be highlighted that, in Portugal and Spain, despite being at a lower scale, the use of electric vehicles in last mile delivery is already observed. This will be an important focus for the next couple of years.

The emissions arising from the air transport of mail, express and parcels decreased in relation to the previous year, as a consequence of the lower international segment, with a 6.9% reduction of the weight transported and a reduction of the kilometres travelled in Portugal and Spain. Nevertheless, there was an increase in national transport of 2.0% in weight transported.

In sea transport of mail, express and parcels, once again, there was an increase of weight transported in terms of the Express Mail Service – EMS. The increase was 17.1% in Portugal and 11.1% in Spain, in addition to 1.2% growth in the distance travelled. These factors were preponderant for the significant increase of emissions in this transport category.

The emissions derived from home-work-home journeys of the employees increased in 2023, due to the increased number of employees. However, the implementation of more flexible modes of work organisation had a direct impact on this line of the company's carbon emissions, limiting the recorded increase.

Carbon emissions associated with domestic and foreign service trips increased in relation to the previous year, explained by the higher number of journeys made by air, for short distance travel. Nevertheless, meetings by audio/video conference using tools such as MS Teams were continued and emphasised.

Considering direct (scope 1) and indirect (scope 2) carbon emissions, the carbon incorporation of each postal item is 23.6 g of CO_2e, corresponding to a year-on-year increase of 24.2%. This deterioration in efficiency is the result of a combination of the overall reduction in postal volumes and the increased emissions. Incorporating scope 3 emissions, there was a 16.1% increase in relation to 2023, associated with the factors presented above.

Climate change

Accompanying the recent management trends, CTT continued its focus on sustainability, keeping in line with the United Nations Sustainable Development Goals (SDG). These SDG are an integral part of the company's strategy, culture and daily operations. For this reason, CTT defined an ambitious strategic objective: to significantly reduce direct and indirect carbon emissions by electrifying 50% of last-mile distribution by 2025 and all of it by the end of the decade.

A 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. It should be noted that the above-mentioned reduction target for 2030 is in line with the desired trajectory for the 1.5ºC scenario.

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

In the Carbon Disclosure Project, CTT was distinguished with Leadership level, in the Climate Change sphere, having been awarded a score of A-. Specifically, we obtained maximum level (A) for targets concerning carbon management, scope 1 and 2 emissions, and risk management processes.

In the Sustainability Measurement and Management System ranking, we maintained 5th place but with a 6 p.p. increase in relation to the previous year, within the group of 23 postal operators worldwide. 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. As positive aspects of our performance in comparison to the sector, the International Post Corporation highlighted the increased use of electric vehicles and in the reduction of scope 1 and 2 emissions. It also stressed the carbon efficiency and developments in terms of health and safety.

For the 5th consecutive year, CTT joined other postal operators worldwide to celebrate the 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 are highlighted.

In 2023, 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.

The focus on the circular economy is another of the company's areas of concentration in this path towards decarbonisation. CTT launched Green Mail over 10 years ago, the first CTT offer designed with concerns about environmental protection, combined with convenience. Nowadays, we aspire to operate exclusively with recyclable packaging produced with recycled and/or used material by 2030.

Another way of mitigating our last mile carbon footprint is by offsetting the carbon emissions derived from Green Mail and the company's own activity of Parcel transportation and delivery in Portugal. This offer represents 18.1% of CTT's total revenue and the direct emissions have been neutralised with the support granted by CTT to projects with positive environmental impacts in terms of the level of biodiversity and the development of local communities, one in Portugal and the other abroad.

Energy, Carbon and Climate Change Management Policy

Under the identification and assessment of impacts derived from climate phenomena, with implications in terms of costs and operations, CTT highlighted two events related to winter storms. It is estimated that these events had a minor impact of approximately €1,800.00 at operational level and approximately €1,100.00 in terms of work potential.

The recording and study of these events, of the possible forms of mitigation and the development of resilience mechanisms have enabled CTT to adopt appropriate and balanced management strategies for the occurrence of new extreme weather conditions.

CTT adopts the following formulation of principles on these matters:

- 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

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 vehicle washing or its use in air conditioning equipment.

CTT Water Consumption

	'22	'23	Δ '23/22
Consumption (m^3) [44]	38,376.0	39,228.3	2.2%

The increase recorded in water consumption, in 2023, is due to the inclusion of a new consumption point, compared to the previous year. The implementation of 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 its reduction of consumption and promotion of the use of recycled materials.

This year, around 2,378.2 tonnes of materials were consumed[45], a reduction of 37.0% on the previous year, of which paper accounted for 1,467.6 tonnes, plastic 852.6 tonnes, metal 6.4 tonnes, textile fibres 21.8 tonnes and other consumption such as printing inks 29.8 tonnes.

Moreover, in 2023, CTT bolstered its efforts to incorporate recycled materials in its offer, extending its scope to products, Philately, Banco CTT and to the CTT Express offer, in Spain. Currently, 82.4% of the CTT mail, express and parcel offer incorporates recycled materials, becoming progressively closer to the commitment to cover the entire offer by 2030.

The implementation of actions aimed at decreasing the consumption of consumables with a reduction of the number of printers and the dematerialisation of procedures via 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. The implementation of these initiatives led to 12.0% less printouts in comparison to the previous year.

[44] This does not include water consumption of the subsidiaries CORRE and Medspring.

[45] 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.

At Banco CTT, close to seven out of every ten customers now receives statements in digital format, with obvious impact in terms of the consumption of this material.

Waste management

GRI 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. There was an increase in the amount of waste produced this year, explained by the growth of express activity, originating in the Asian market, in which parcels are sent by “cargo grouping”, which then requires dismantlement and individualising into parcels. The global recovery rate also increased, standing at 99.3% (+0.2p.p. compared to the previous year) .

Waste

	‘22	‘23	Δ ‘23/’22	Destination
Paper and cardboard	1,483.5	2,667.2	79.8%	Recovery
Plastic	334.7	187.5	-44.0%	Recovery
Wooden pallets	978.2	1,003.9	2.6%	Recovery
Undifferentiated waste	294.0	1,545.6	425.7%	Recovery / Disposal
Other	196.3	121.7	-38.0%	Recovery / Disposa
National Total	**3,286.6**	**5,525.9**	**68.1%**	

Waste by hazard level and destination[46]

Tons	‘22	‘23	Δ ‘23/’22
Total	**3,286.6**	**5,525.9**	**68.1 %**
Total non-hazardous waste	**3,265.3**	**5,500.1**	**68.4 %**
Non-hazardous waste reused	17.2	8.4	-51.2%
Non-hazardous waste recycled	2,836.6	5,390.0	90.0 %
Non-hazardous waste incinerated	44.7	0.1	-99.8%
Non-hazardous waste recovered (including energy recovery	352.3	64.7	-81.6%
Other non-hazardous waste	14.5	36.9	154.5 %
Total hazardous waste	**21.4**	**25.7**	**20.1%**
Hazardous waste reused	0.0	0.0	**0.0**
Hazardous waste recycled	4.8	24.0	4.0
Hazardous waste incinerated	0.0	0.0	0.0
Hazardous waste recovered (including energy recovery	0.0	0.0	0.0
Other hazardous waste	16.6	1.7	-89.8%

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

Circular processes and offer

Keeping the focus on the appropriate management of resources and extending the useful life of products, CTT has progressively developed projects in the sphere of the circular economy. To this end, we continued the partnership with To-Be-Green, a spin-off of the University of Minho. The project is based on an innovative concept in Portugal, involving the processing of waste and its transformation

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

into new products, which are returned to CTT for reintroduction into the value chain, ensuring the total circularity of these materials.

Currently, we are incorporating the polymer resulting from the processing of the bags used in air transportation of postal items in the production of trays used in the mail, express and parcel sorting operations, where a total of 16 thousand trays have already been produced with recycled material. This year, we extended the circularity process to other CTT waste lines, namely textiles, with a view to the production of 200 delivery vests, incorporating recycled material derived from the waste from our uniforms.

Also as part of the circularity of our operation, we continued and refined the development of a reusable package for parcel delivery, which has the potential to be reused in up to 50 shipping cycles. CTT also has a pilot project for using 100% recycled thin strips of paper, produced from waste paper at our largest sorting centre, in Lisbon. These strips are available at some CTT post offices, for filling packages in the Shipment Preparation area.

Aimed at contributing to correct waste management, but also aspiring to reduce the impacts associated with plastic consumption, CTT acquired a film-wrapping robot for our new logistics centre of Famões, which enabled reducing the use of plastic per pallet by up to 59.0%, by increasing the stretching of the film, also resulting in 54.0% cost-cutting per pallet and lowering the film-wrapping time, allowing us to allocate resources to other tasks.

Regarding computer consumables, namely ink cartridges and toners, a reverse logistics process has been implemented, with collection of consumables and subsequent refilling. This process has enabled increasing the useful life of the consumables, keeping the original package, and also leading to a reduction of the costs related to these consumables by about 60.0%.

Likewise, in this perspective, Banco CTT maintained its association with the *movimento Merece* [Deserve movement], which promotes the sending of expired bank cards free of charge and subsequent recovery of this waste with very particular characteristics. This recovery leads to its transformation into material used in urban furniture, of an appearance similar to that of wood, and, in addition, a tree is planted for every kilo.

Biodiversity

CTT pays special attention to the mitigation of its impacts, albeit indirect, on biodiversity. 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.

Following up on the “act4nature” initiative, embodying the commitment to protect, promote and restore biodiversity, the first implementation report was disclosed, relative to the period of 2020-2022, with the consolidated overall result of all the participants showing a positive development of the efforts made by the companies involved.

The campaign “A Tree for the Forest”, in partnership with Quercus, experienced its 10th edition. This is an excellent initiative, aimed at the reafforestation of Protected Areas and Classified Zones in our country with indigenous species, in particular the areas most affected by fires, and, since the beginning of this project, more than 128 thousand trees have already been planted.

Environmental investment

In 2023, the total value of environmental investment came to €8.9m (+69.7% than in 2022). In terms of the investment’s distribution, the majority took place at CTT – Correios de Portugal S.A., with a significant focus on fleet renewal and improvement of the stock of buildings.

Environmental investment

Areas of investment[47]	'22	'23	Δ '23/'22
Maintenance, conservation of buildings	€ 617,481.77	€ 1,088,881.62	76.3%
Renewal of the conventional fleet	€ 1,800,487.65	€ 2,138,350.01	18.8%
Environmental reporting, partnerships, events and sponsorships	€ 143,016.03	€ 184,870.32	29.3%
IT Equipment	€ 617,655.50	€ 1,462,627.00	136.8%
Renewal of the electric fleet	€ 1,949,933.49	€ 3,894,464.43	99.7%
Certifications and legal compliance	€ 51,516.40	€ 49,575.65	-3.8%
Energy and carbon management	€ 52,697.50	€ 59,257.80	12.4%
National Total	**€ 5,232,788.34**	**€ 8,878,026.83**	**69.7%**

4.5 People engagement

CTT's Human Resources Management strategy continues in the definition and implementation of policies and actions aimed at maximising the workers' experience, in line with the business strategy, in order to further enhance its commitment. The aim is to promote a positive organisational culture, assuring equal opportunities in conditions of access to health, well-being, balance between professional, personal and family life, qualification and progression. Invest in the development of skills and adequacy of profiles, with a view to increasing performance and productivity, the retention of employees, more diversity, innovation and involvement with the organisation's ethical principles, reflected in better results.

Highlights

MyCTT

New modules have been added to the MyCTT platform, such as salary processing, performance assessment and the new learning module.

Talent management

CTT's Assessment Centre identified employees in order to get to know their individual profile, outlining action plans for their development.

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

4.5.1 Characterisation of human capital

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

On 31 December 2023[48], the number of CTT employees (permanent employees and fixed-term employees) was 13,670, up by 9.3% compared to 31 December 2022.

Headcount

	31.12.2022	31.12.2023	Δ	Δ%
Mail & Other[49]	10,612	11,381	769	7.2%
Express & Parcels[50]	1,345	1,693	348	25.9%
Banco CTT[51]	513	558	45	8.8%
Financial Services & Retail	36	38	2	5.6%
Total, of which:	**12,506**	**13,670**	**1,164**	**9.3%**
Permanent	11,192	11,386	194	1.7%
Fixed-term contracts	1,314	2,284	970	73.8%
Portugal[52]	11,788	12,637	849	7.2%
Other geographies	718	1,033	315	43.9%

There was an increase in the number of employees in the expanding business units, namely the Express & Parcels business unit (+348) and Banco CTT (+45). The Mail & Other business unit also grew, as a result of the increment in the Contact Centre and the Document Management activity of the business solutions area (+378) as well as the increased insourcing of the EMS distribution by the base mail network (+448) due to the strong growth of CEP volumes at the end of 2023, which was partially compensated by the prosecution of the Human Resources optimisation programme underway mainly in the central structure (-116).

The number of exits and entries was 2,563 and 5,133, respectively, and the turnover rate was 18.7% (+0.2 p.p.compared to the previous year).

The overall absenteeism rate recorded a decrease in CTT - Correios de Portugal, S.A., where the calculated rate was 8.8% (-0.8 p.p. compared to 2022). In the CTT Group, the rate fell to 8.1% (-0.9 p.p. compared to the previous year). The reasons that most contributed to absences were: illness (5.3%), labour accidents (0.8%), union activity (0.4%) and parental leave (0.5%). Other reasons, such as family assistance, bereavement or unjustified absences account together for 1.0% of total absences.

The absenteeism rate, excluding maternity/paternity leave, was 7.6% and the absenteeism rate calculated in accordance with GRI guidelines (which excludes absences due to maternity/paternity, bereavement or study hours) was 7.4%[53] (-0.7 p.p. compared to the previous year[54]). The rate of return to work after parental leave corresponded to 93.6%.

48 For more information, see Table 1 – Employees, in Annex III

49 Includes CTT - Correios de Portugal, S.A., CTT Contacto and NewSpring Services.

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

51 Includes Banco CTT, Payshop and 321 Crédito. In the last three months of 2023, the Payments area (including the subsidiary Payshop) was integrated into the sphere of CTT - Correios de Portugal, S.A. but, for comparability with the previous year, it remained here within the scope of the "Banking and Payments" area. The figure also shows an update compared to what was reported in 2022, since the 16 workers in the GPG - Payments Department of CTT - Correios de Portugal are now allocated to the Banking and Payments area. In the 2022 Integrated Report, these workers had been allocated to the Mail & Other business unit.

52 Includes people working in companies with operations in Portugal regardless of their nationality. The counting of employees in "Other geographies" refers to those who work in other countries, including Portuguese employees working abroad.

53 The 2023 figures for overall absence and absenteeism rates are based on an estimate that only takes into account the first 10 months of the year. In October, a new computerised accounting system was introduced which does not take the same accounting assumptions into account, which means that the data cannot be compared.

54 The figure for 2022 has been corrected to include absenteeism due to occupational injury or illness. This calculation was also used to calculate the figure for 2023, which makes the data comparable.

Regarding work schedule, 534 workers were in part-time (corresponding to a total of 3.9%). Of these, 259 were women (48.5%), which shows a relative parity in the usage of this schedule. In Portugal, the number of workers in part-time was 2.8%, but in the other regions, this arrangement was much more prevalent (16.8% in Spain and 22.5% in Mozambique).

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 2023, the number of FTEs[55] recorded was 1,605, an increase of 17.5% compared to the previous year.

4.5.2 Certifications

GRI 403-1

The strategic commitment to certification, already mentioned above, has meant significant investment in implementing certified management systems in various areas. This strategic commitment has made a significant contribution to the consistency and quality of the services provided and the optimisation of processes at the various stages of the value chain, creating a strong internal motivation dynamic by developing and encouraging employee participation, with an impact on improving customer satisfaction and strengthening CTT's image.

In terms of its relationship with the people who work for the Company, the certifications obtained by CTT in 2023 were:

Certifications Distinctions	Work-life balance	Occupational Health and Safety
Benchmarks	**Family-Responsible Company - efr 1000-1**	**ISO 45001**
Corporate CTT		People & Culture, Information Systems, Procurement & Logistics, Physical Resources & Security, Audit & Quality/ Certification & Excellence, Communication & Sustainability/ Sustainability & Environment, Customer Support & Quality of Operations/Monitoring & Customer Support Processes, B2B Commercial Support/Business After Sales
Operations		**X**
CTT - Correios de Portugal, S.A.	**X**	
CTT Expresso	**X**	**X**
CTT Contacto[56]	**X**	

In the implementation of management systems, different approaches and timings were adopted for the various areas of CTT - Correios de Portugal, S.A. and the Group, and the certifications listed in the table below were successfully maintained.

55 In section 1.4 Key Figures, mention is made of an ETI value, but in this case, it refers to workers with a contractual relationship with CTT (permanent or fixed-term) and not to subcontracted workers, as here.

56 The scope of this certification is "Management and Distribution of addressed and unaddressed mail. Associated Logistics Services".

Topics	Quality	Information Security	Service Certification Benchmark	Social Audit[57]
Benchmarks	**ISO 9001**	**ISO 27001 IEC**	**Specific Methodology**	**Sedex Members Ethical Trade Audit (SMETA)**
Corporate CTT[58]	X			
Operations[59]	X	X		
CTT Expresso	X			X
CTT Contacto[60]	X			
CTT Customer Support			X	
CTT Business Support			X	

The certifications can also be consulted on the dedicated page of CTT's institutional website.

4.5.3 Remuneration

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

In CTT, wages for workers in full-time are above the national minimum wage. 580 workers, corresponding to 4.7% of the full-time workforce, in the companies based in Portugal, received national minimum wage, with the remainder receiving wages higher than that.

Regarding CTT – Correios de Portugal, S.A., the bargaining process related to the salary review of the Company Agreement (AE) for 2023 started on 23 November 2022, and involved eight working meetings with the Signatory Trade Union Associations. It concluded with their agreement with the final proposal put forward by CTT, and was signed on 30 March 2023. Associated with this agreement was the company's commitment to recruit 100 employees, 80 of the professional category of Postman/woman (referred to in-house as "CRT") and 20 of the professional category of Business and Management Officer (TNG), to the staff up to the end of 2023. This number was actually exceeded.

The process of salary review of the CTT Company Agreement 2024 began during 2023, with the final agreement between the parties having been reached before the end of the year.

CTT Expresso

Following the signing of the first Company Agreement (AE), on 25 November 2020, between the company CTT Expresso and six 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. 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.

Likewise, in relation to CTT Expresso, the process of salary review for 2023 was initiated, with four working meetings held with the Signatory Trade Union Associations, and a final agreement reached by the parties and signed on 10 April.

[57] This includes four pillars: Human Resources and Labour Standards; Environment; Health and Safety; and Business Management and Good Business Practices.

[58] This includes the following departments: People & Culture, Information Systems, Procurement & Logistics, Physical Resources & Security, Audit & Quality/Certification & Excellence, Communication & Sustainability/Sustainability & Environment, Customer Support & Quality of Operations/Monitoring & Customer Support Processes, B2B Commercial Support/Business After Sales.

[59] ISO 27001 IEC certification applies only to the operations of the Business Solutions (Printing and Finishing).

[60] The scope of this certification is "Management and Distribution of addressed and unaddressed mail. Associated Logistics Services".

Salary ratios

The average wage of women was 98.0% that of men, in CTT, at 31 December 2023, illustrating a certain degree of parity in the Global indicator, as shown in the table below. In response to the GRI 2-21 indicator, framed in the Global Reporting Initiative, CTT discloses the proportion between the total annual remuneration of the highest paid employee, in each country in which the organisation operates, and the total annual average remuneration of all the employees, excluding the highest paid, for that same country. In 2023, the proportion was 24.0 (+1.7% than in the previous year). This rate was certified only by the entity tasked with the verification of this report.

Remunerations by gender and professional category, gender gap ratios

Professional category	Average female salary (€)	Average male salary (€)	F/M Ratio
Senior personnel	€2,039.80	€2,623.90	0.8
Middle management	€1,350.80	€1,373.00	1.0
Counter service	€1,132.20	€1,208.80	0.9
Delivery	€901.90	€966.50	0.9
Other groups	€903.80	€1,038.40	0.9
Overall	**€1,149.03**	**€1,163.42**	**1.0**

4.5.4 Talent Management: Evaluation, careers and assessment

GRI 404-3

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

Following the Annual Performance process relative to 2022, the outcomes were conveyed during the second half of 2023 (feedback meetings) which involved 8,900 employees of CTT – Correios de Portugal, S.A., CTT Expresso and CTT Contacto, and their direct managers. At Banco CTT, all the employees in the tables were assessed. Only those who were replacing absent employees were not assessed. Concerning 321 Crédito, the entire staff was assessed except for the employees who were on sick leave or had not yet completed six months since signing their contract. In all, 83.1% of the collective workforces of these companies were covered by performance assessment processes.

This stage aimed to take stock of the activity and identify possible development needs. The management of this process was done on the MyCTT portal in the "Performance&Goals" module.

Associated with this last stage, and pursuant to clause 68 of the CTT Company Agreement (AE) and clause 58 of the CTT Expresso Company Agreement, the guaranteed salary progression mechanism, which involved 1,308 employees of CTT – Correios de Portugal, S.A. (from qualification levels I, II, III and IV) and 29 employees of CTT Expresso.

Assessment Centre

At CTT, employee motivation and development play a crucial role for business success, which is why the company has increasingly focused on affirming a culture that prioritises the experience and aptitudes our people. This means that it is fundamental to assess the more critical skills for performing the function, enabling more informed decisions in processes such as: recruitment and selection, professional reclassification, appointment of new managers, development and identification of potential and restructuring (in-house mobility).

In this context, 24 employees were assessed in order to understand their individual profile, map their skills/knowledge and potential, identifying action plans for their development.

Three workshops were held with a view to preparing personal development plans, covering a total of 35 employees.

4.5.5 Employee Experience

GRI 408-1, 409-1

CTT Group operates in Portugal and Spain, locations where child and forced or compulsory labour are not prevalent or systemic. Portuguese and Spanish legislations, in line with EU directives, prohibit these practices and the means of detecting and punishing them are effective. In Mozambique, where this sort of problematic may be more present, CTT's operation is much more confined, limited to just 160 workers.

Various elements have contributed to enriching the employees' experience, among which two large-scale projects of major impact on the organisation and People are highlighted: the continuity of the activities of integration of the Family-Responsible Company (efr) management system and the maintenance of its certification, and the pursuit of the implementation of MyCTT – Employee Portal.

According to the recently published Code of Ethics, CTT respects the Conventions of the International Labour Organisation and advocates the defence of Human Rights, within the framework of the Universal Declaration of Human Rights, of the United Nations' Guiding Principles on Business and Human Rights and of CTT Group's Human Rights Policy.

Family-Responsible Company (efr) management system

Alongside a context of organisation change, in 2023, activities inherent to the incorporation of the Family-Responsible Company (efr) management system were pursued. The management's commitment to this model was reaffirmed and the team of officers was strengthened. In view of the company's size, a figure was created to carry out closer work with the middle management and employees: that of efr Ambassador. The Ambassadors were appointed and their responsibilities for performing this function were defined, with very positive engagement, as their level of participation in meetings reached 90%, with suggestions of measures already having been presented as an output. Both the Ambassadors and team of officers received training, ministered by the consultant XZ Consultores.

In the accomplishment of the alignment between the management and strategic orientation of the balance between professional, personal and family life at CTT, actions were developed based on the three axes identified at the beginning of the certification cycle. A model was defined for the analysis, verification of deviations and planning of mitigation actions to ensure the achievement of the objectives set out in the initial positioning.

The model's direction was reviewed, followed by presentation of the overview with the systematisation of all the work carried out since the certification audit. All the elements were analysed, the results were validated and proposals for improvement were approved.

The achieved results are primarily reflected in the drafting and promotion of measures for all CTT employees, in an equitable manner adjusted to the jobs in question. Accordingly, this process involved the identification, disclosure and addition of new measures to the tables, among which, due to their impact, the following are highlighted: the implementation and regulation of telework, part-time work and new work organisation model; the definition of the criteria for co-payment of academic and executive training; the creation of the Employee Junior Account, Banco CTT account with 0% maintenance fee and Mortgage Loan with 0% spread.

Family-responsible companies pay special attention 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, are disclosed:

- In 2023, the taking of parental leave showed an upward trend in terms of gender balance: for the first time, the majority of the leave taken (50.6%, representing an increase of 6.1 p.p. in relation to 2022) was requested by men. Men accounted for 61.0% of the company's total population and this figure does not imply an absolute parity in the requests, but represents a significant increase, encouraged by in-house awareness-raising actions, especially considering that the requests by men increased by 7.7% (while requests by women fell by 15.8%).

- The rate of return allows us to understand the number of employees who return and, in contrast, those who leave the company following parental leave. To this end, the number of employees who left the company less than one month after the end of parental leave are recorded as "non-return" after having benefited from that leave. Of the 249 people who requested parental leave, 16 left the company almost immediately, implying a rate of return of 93.6% (-1.5 p.p. than in 2022), demonstrating a stabilisation of the trend.

- The rate of retention analyses the trend from a more medium-term perspective, of maintenance of talent after parenthood, measuring the number of employees who continue at the company 12 months[61] after having returned from parental leave. The intention is thus to ascertain how recent parents perceive CTT as a company that provides measures to foster balance between professional, personal and family life. In 2023, the rate of retention was 93.6% (3.9 p.p. more than in 2022), revealing a slight rise of the trend.

At the end of the 1st half of 2023, internal and external audits were made for follow-up purposes, in which the results obtained were excellent. An efr certificate awarding ceremony was held, organised by the MásFamília foundation and ACEGE. The meeting was attended, among others, by the Executive Chairman of CTT, who participated in the round table dedicated to the topic "The importance of efr for the company, employees and society", and the Head of the efr Management Model, who was handed the certification seal.

In the 2nd half of 2023, in addition to the activities mentioned above, Payshop was added to the scope of CTT certification, which now comprises four companies. A survey was made of measures at Payshop and its Ambassador participated in the integration initiatives.

MyCTT

MyCTT was launched in 2022 for the purpose of enhancing agility in the company's relationship with its People, through a collaborative portal accessible to the entire CTT population. Giving continuity to this objective, new modules were progressively developed in MyCTT during the first half of 2023. One of these was the Employee Central module (employee register), which supports all the master data of our People.

The Employee Central Payroll module (salary processing) and the Learning module (LMS), which supports the main management processes of the training activity were operationalised in the second half of 2023.

[61] In view of the report's scope, the analysis counts the employees who were still at the company as at 31 December 2023, regardless of when their parental leave ended.

Other highlights

Apart from the two projects referred to above, and also in the perspective of the company's approximation to its People and their families, other important initiatives were developed.

Special reference is made to the consolidation of the helpline TOU CTT – 800 210 010 and e-mail channel for employee attendance, touctt@ctt.pt. These channels were created with a view to the continuous improvement of the employee's experience concerning requests for information and enquiries about employment contractual relations with CTT. In the first half of 2023, all the helplines were allocated to NewSpring, a company of the CTT Group specialised in call centre service.

The year of 2023 was also marked by the change of Internal Communication strategy. "*Somos CTT*" [We are CTT] was transformed into a newsletter published on a weekly basis, summarising the corporate news and events published daily on the Intranet. The latter was also reorganised in order to enable a more objective reading. The CTT TV was also reactivated at the new head office building.

Under *SouCTT* [I am CTT], more partnerships and protocols with other companies were established, with benefits for the employees and their families, covering agreements on sums in diverse area, especially focused on health, sports and family. In addition to the above, discounts were maintained for employees on products purchased from the retail network, where these discounts reached up to 10% for CTT products and up to 20% in retail.

Actions to promote good health and well-being, in particular the recommendation of medical tests specifically incident on women's health, the importance of sleep in health and mindfulness sessions. These actions were implemented in partnership with Medis, directed at all male and female employees.

The new organisation model was consolidated in 2023. Six different work regimes were instituted, according to the needs of each Department / Team:

a. 100% in Person, with daily presence in the building/facilities;

b. 100% Telework, with application of this regime's rules set out in a specific Service Order;

c. Mixed Model, with 2 to 3 days of telework per week;

d. Rotating Model, with rotating weekly or fortnightly periods, of providing in-person work and telework;

e. Flex Model, with a minimum of 20% in-person work per month;

f. Dynamic Model, with a monthly allocation between 25% and 75%, and weekly allocation defined by the Head of Department.

In order to measure the employees' level of satisfaction, the quality of their experience and the impact of the internal policies and actions, two Net Promoter Score surveys were launched, one per semester.

Work-related cases

GRI 2-25, 2-27

In 2023, 452 cases were initiated, of which 30 were filed during that same year, showing an increase in relation to 2022, which recorded 241 cases initiated, of which 36 were filed in that same year and 117 in 2023.

Of the total cases referred to above, 242 were initiated at the Authority for Working Conditions, of which two were filed in 2023. Compared with 2022, there was an increase of cases, as there had been 169 new cases in 2022, 29 of which were filed.

The imposition of fines in this context amounted to €42,484.00, of which an amount of €12,332.58 was paid, corresponding to a year-on-year increase of 5.6%.

Management of labour relations

GRI 2-29, 2-30

The employees have a communication channel with management, through the various representative bodies. The two Workers' Committees (CT), at CTT – Correios de Portugal, S.A. and CTT Expresso, and the 128 Subcommittees constituted at CTT – Correios de Portugal, 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 and with each of the unions affiliated with CTT.

As at 31 December 2023, 96.3% of employees were covered by the Company Agreement and 69.9% were unionised (permanent and fixed-term)[62].

In the European context, the company maintained its participation in the European Social Dialogue Committee for the Postal Sector, which involves representatives of the unions and postal operators of the European Union.

4.5.6 Training

GRI 205-2, GRI 403-5, 404-1, 404-2, 410-1

The training carried out and duly characterised[63] involved 8,736 employees, corresponding to 63.9% of the population of employees hired on permanent and fixed-term basis of all the companies of the CTT Group. The records indicate 156,028.6 hours of training (13.0% more than in the previous year), in an effort rate of 0.7%.

This sharp rise was, to a certain extent, due to the shift to a new format of information collection using SAP Success Factors, which facilitated the data collection, an aspect that had been pointed out as a difficulty in previous years and was considered priority in 2023.

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:

- 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
- Operational Excellence: 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.
- Culture and Leadership: foster individual commitment, reconnecting people and teams, overcoming limiting beliefs and valuing the purpose in each person's actions, with a view to 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.

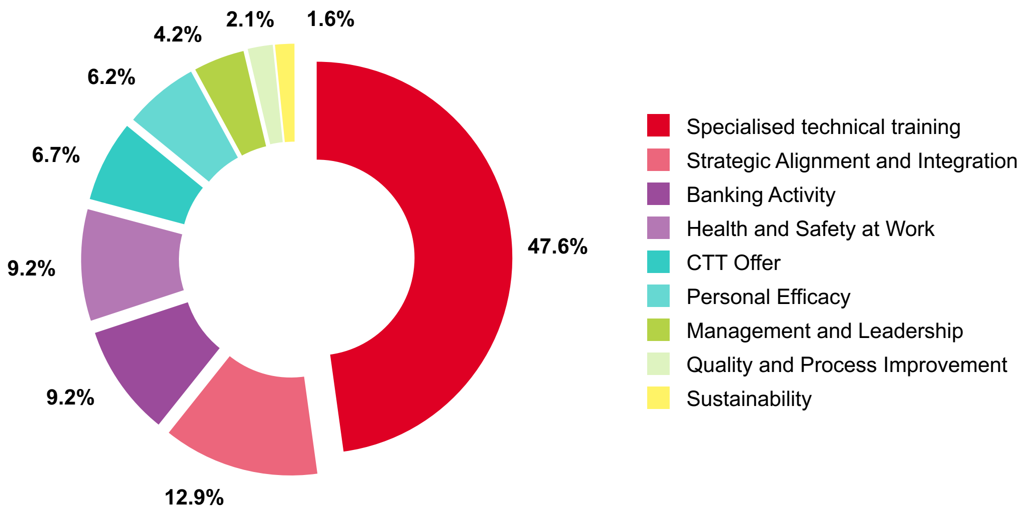
[62] This does not include CTT Express, Corre, 321 Crédito, NewSpring Services and Open Lockers.

[63] The data for recording per person does not include the hours of training at Corre, CTT Express and part of the hours accumulated by 321 Crédito.

This methodological approach had, as a common vector to all these aspects, the promotion of conduct of total transparency and responsibility, in a healthy working environment, that values people's dignity, contributes to their personal and human development and prevents the practice of less correct acts in the name or on behalf of CTT and Subsidiaries, with negative effects on its reputation and image.

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

Training programmes



The following sgould be highlighted:

- ***'Ser CTT'*** [Being CTT] and **Initial Training** and for integration of new employees, which involved 1,555 participations and over 18,300 hours;
- **Programmes for management of skills and continuous learning** involving more than 39,800 participations and over 124 thousand hours;
    - Of these, 56.2% worked at the counter, 13.4% were in delivery, 23.3% were in leadership positions (high or mid-level) and 7.1% were in other professional groups;
- **Actions disclosing the anti-corruption policies and procedures adopted by the organisation** had more than 4,200 participations and a total of over 43,200 hours.
- **Training in policies and procedures related to aspects of Human Rights** involved 2,901 participations, with a total of 5,559.5 hours.
- The actions related to **'Occupational Safety and Health'** represented 13,092 hours and over 16 thousand participations for the general population. The specific road prevention programme for the area of Operations, which involved more than 12 thousand participations and over 6 thousand hours, addressed 18 different topics. This is a programme of acknowledged success, which has promoted the reduction of absenteeism caused by road accidents, both in terms of the number of road accidents and days lost.

- The **Certifications and Compliance** training area continued to be very important, with 932.5 hours of training having been ministered on topics such as ethics, information security, anti-money laundering and counter-terrorist financing, and data protection.

- In the area of **Sustainability**, more than 2,200 hours of training were ministered, involving 2,079 participations.

- Start-up of the **CTT Leadership Programme, "Fast Track"**, which aims to cover all the management, and which involved 1,395 participations and 8,577.5 hours of training in 2023.

- Training of External Personnel: A total of 7,460 hours of training were ministered to Service providers and CTT Points, amounting to more than 1,550 participations.

Other training courses not listed individually in the graph above addressed topics such as language teaching, namely English, as well as specific training dedicated to the trainee programme.

Also noteworthy is the 15th 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. There were 60 participants in this year's action.

In the wake of the pandemic context, focus was maintained on dissemination of remote training, which accounted for 45.0% of the total volume carried out, as well as face-to-face training, which accounted for 47.0% of the total volume, demonstrating the balance among these two forms of organisation of training.

Sustainability training and awareness-raising

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.

On our Intranet a connecting link for all CTT People disseminated CTT's sustainability policies and commitments, as well as its performance and the initiatives developed with a view to environmental protection and social integration. The dissemination of e-newsletters continued, with sustainability contents directed at employees of the operational areas, such as:

- "Do you know what a carbon footprint is? Learn how to reduce yours";
- "Launch of the A Tree for the Forest 2023 campaign";
- "Carbon offsetting of national express parcels"; and
- "International Volunteer Day".

We also highlight the celebration of thematic days, such as World Energy Day, with the sharing of some curiosities and proposed environmental practices. An article was also published on the "New separation rules – Paper Cups for Hot Drinks".

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

Two internal events were also held:

- Participation as a member of the jury in the “*Embalagens Eco*” [Eco Packages] final pitch of the CTT ambassador programme; and
- Sustainability and Talent Panel of the CTT Open Day (Corporate).

This type of initiative boosted knowledge about these topics.

Ethics and Conduct Training

In addition to the 43,200 hours dedicated to the anti-corruption policies and procedures adopted by the organisation, mentioned above (which, as noted, involved 4,200 participations), special reference is made to the internal disclosure of the Code of Conduct, both of CTT and specifically of Banco CTT, with training actions, which, in 2023, involved 296 participants who successfully completed the course, amounting to 888.0 hours.

Training actions on the organisation’s anti-corruption policies and procedures were ministered to 4,267 employees. Specific training on “Anti-Money Laundering and Counter-Terrorist Financing” was given to 903 people, whose functions are directly incident on the marketing of financial products, covering a total of 3,201.5 hours.

4.5.7 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

With the aim of acting to promote and protect health, going beyond the legal obligations in terms of occupational health and safety, actions have been implemented in the area of physical, mental and social well-being. Actions in physical, mental and social well-being have been consolidated through three programmes, with the aim of fostering and maintaining a higher level of well-being and quality of life for workers:

- *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, a number of 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 reassign workers with work restrictions to new jobs, as well as to assess cases of conditioned aptitude using a defined model.
- *Viver* [To live]: The programme aims to raise workers' awareness of preventive health and health 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, which were received positively.

CTT provides its employees and their families with a Health Plan and the employees of the Group's companies with health insurance.

As part of the Occupational Safety and Health activity, there were 865 accidents and incidents at work in 2023, an increase of 8.0% compared to 2022, with the same trend in the number of days lost, totalling 23,982 days lost, 78.2% of which were attributable to male employees. Overall, the reasons that most contributed to the occurrence of accidents in the CTT Group were:

- Road accidents: 338 accidents (39.1%), including both single-vehicle and inter-vehicle accidents;
- Falls and and slipping/tripping: 177 accidents (20.4%); and
- Excessive effort and wrong movements: 92 accidents (10.6%).

With regard to occupational accidents, there is a focus on rigorous analysis of accidents at work in order to identify corrective and preventive measures, as well as proactive awareness-raising among workers on these issues. To this end, information leaflets on the main causes of accidents in the workplace continued to be produced and published, with a view to raising awareness of the preventive procedures to be adopted, in addition to the dissemination of indicators of accidents in the workplace, which is crucial information for monitoring performance, defining strategic and operational actions and medium- and long-term conduct.

Work Health and Safety topic was recognised as a material topic to CTT in the wake of the Double Materiality study carried out by the company. While there are no large accidents with multiple victims or considerable impact on the environment, this topic does merit a close attention, especially when it comes to the most common type of accidents: those that happen on the road.

Within the scope of Occupational Diseases, recognised by the Social Security Department of Occupational Risk Protection, 34 occupational diseases were recorded[64], of which 16 were in women and 18 in men, essentially of a musculoskeletal nature. 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

	Work accidents[65]						
Group	**No. of accidents**	**No. of injuries**	**No. of calendar days lost [66]**	**Average days lost**	**Accident rate[67]**	**Serious accident rate[68]**	**Severity index[69]**
Female	237	176	5,223	22.0	34.7	25.7	267.9
Male	628	504	18,759	29.9	49.6	39.8	962.3
Total	**865**	**680**	**23,982**	**27.7**	**44.4**	**34.9**	**1,230.2**

Accidents, injuries and occupational diseases at CTT

	Occupational diseases[70]		
Group	**No.**	**Average days lost[71]**	**Severity index**
Female	16	176	118.0
Male	18	379	97.9
Total	**34**	**555**	**215.9**

All accidents that resulted in injury are considered "serious", in this case, 680 out of 865 (a rate of 78.6%). Every case presented here was reported to the Labour Conditions Authority.

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

- 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,

[64] This figure does not include Corre.
[65] The data does not include Corre.
[66] The calculation is made using all calendar days, i.e. working days, holidays, and weekends.
[67] The Accident Rate is calculated as the ratio between the total number of accidents (reported to the Portuguese Authority for Work Conditions) and total hours worked. The calculated value was multiplied by a factor of 1,000 to allow for better readability.
[68] The Serious Accident Rate is the ratio between the number of accidents that led to sick leave and the total number of hours worked. The calculated figure has been divided by a factor of 1,000,000 to make it more readable.
[69] The Severity Index is calculated as the ratio between the number of days lost and total hours worked.
[70] The data does not include Corre.
[71] Ratio between the total number of days lost and the number of occupational diseases.

among other crucial elements for monitoring performance, defining strategic and operational actions, as well as the medium and long term conduct of the organisation.

- 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 2023 there were more than 16,000 participants, corresponding to 13,092 hours of training in occupational safety and health.

The Occupational Medicine company, hired by CTT, carried out periodic assessments whenever there was any change in a worker's state of health, or after returning from illness of more than 30 days or an accident at work, assessing their suitability for the job.

In cases where there were work limitations, the necessary adjustment in tasks was guaranteed or the worker was reassigned to new duties. Additionally, the Occupational Medicine provider made visits to workplaces for risk assessment purposes, as did the Occupational Safety and Health Technicians.

A total of 7,527 periodic, occasional and admission examinations were carried out[72].

The quality of the processes is ensured on the basis of the qualification and certification of the Occupational Safety and Health Technicians and on the basis of audits (within the scope of the certification system) by internal and external auditors. The MARAT method is used to identify hazards and assess risks to workers.

In 2023, as part of the monitoring and risk assessment actions, 265 interventions were carried out[73] at CTT workplaces and subsidiary companies to assess working conditions.

The management system is comprehensively designed, implemented and maintained in accordance with the reference requirements and it demonstrates the ability to consistently meet the applicable requirements and achieve the objectives and policies of the organisation.

Employees are made aware of the need to report any non-compliance they detect directly to the Occupational Safety and Health team, to those responsible, to the representative structures or in the various forums set up for this purpose.

Awareness of the risks of the activity and the adoption of preventive and safe behaviour is raised on a regular basis, in the form of newsletters, safety sheets, internal communications and e-learning training. On the other hand, the subcontracted Occupational Medicine company assesses the relationship between the workers' state of health and the work activity at regular intervals, recommending the reassignment of duties or the readjustment of tasks, if necessary.

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 psycho-sociology. To complement this internal capacity, CTT Express contracted a service covering the same specialities 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 2023, the number of visits to the centres in this regard was 128 (38 more than in 2022).

[72] Does not include Corre, 321 Crédito, CTT Express and NewSpring Services.

[73] Does not include Corre, 321 Crédito, CTT Express and NewSpring Services.

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.

Road safety

GRI 403-7

In 2023, there was an increase in the distance travelled by the CTT Fleet, which stood at 70.6 million kilometres (+1.5% compared to 2022). The increase in the number of vehicles used for distribution, such as motorbikes and light goods vehicles, led to this increase in kilometres travelled, which also increases the risk of accidents. In fact, this increased risk resulted in a 26.1% increase in the number of road accidents recorded, 1,638 in total. As can be seen from the previous chapter, a significant proportion of these road accidents did not constitute a "work-related accident" and were limited to minor material damage to vehicles.

In the CTT Fleet, the accident rate per distance travelled evolved negatively, with a 24.9% increase in the number of accidents per million kilometres (nominal rate of 27.4), with a major impact on the operational network, which recorded a specific rate of 33.2 accidents per million kilometres (+20.2% compared to 2022).

Analysing by type of vehicle:

- Motorbikes (> 50 cubic centimetres) - Accident growth of 41.1% compared to 2022. Accidents involving this type of vehicle alone accounted for almost a quarter of all accidents. The increase in the number of motorbike accidents is fundamentally linked to the following factors:
    - Increase in motorbikes in the CTT fleet - The fleet in 2022 had approximately one thousand vehicles, and in 2023, with the acquisition of around 200 motorbikes, it increased to more than 1,200 vehicles of this type. In other words, there was an increase of more than a fifth in the number of motorbikes in the network in 2023;
    - The total number of accidents now includes all minor knocks, falls and tumbles, which do not necessarily result in accidents at work or injuries to CTT workers;
    - These vehicles are indispensable to CTT's response to the change in the type of objects it delivers and the journeys they make replace many of those previously made on foot, since the transport of larger parcels no longer allows it. Even so, they are naturally more prone to accidents;
    - Despite the increase in this type of vehicle, CTT is looking for safer mobility and transport solutions than motorbikes, namely Citroën AMI cars or other small electric vehicles, combining greater load capacity with greater safety for workers.
- Light Goods Vehicles - Accident growth of 22.7% compared to 2022. Growth in the vast majority of areas was well below this figure, however:
    - The Centre zone incorporated the express activity of the Coimbra area, so there were 17 more vehicles incorporated into the CTT network. The biggest increase in claims registered in this type of vehicle was in this area, which was not previously captured in the CTT indicators.

- Heavy goods vehicles - Reduction in the total number of claims by around 10.2%. The following factors contributed to this reduction:
    - Fewer journeys made by subcontracting connections;
    - A 6.5% reduction in the distance travelled;
    - Even taking these factors into account, the evolution was actually positive, with a reduction in the number of accidents and their associated severity.

As has already been mentioned, in 2023 there was a very significant effort on CTT's part to collect more accurate information on all accidents that occurred, and even minor collisions without consequences for those involved are now more fully accounted for. This factor, which involves, for example, an internal record of each report to the car insurance provider, has made it possible to capture the reality of this "small accident" more accurately, leading to an increase in the data in absolute terms.

These factors are combined with the aforementioned increase in turnover and hiring, since the entry of new distributors, particularly on a temporary basis, implies a new investment in training and incorporation into the road safety culture prevalent at CTT. This population of newcomers to the company is more prevalent in terms of accidents, and this is not unrelated to the fact that many of the accidents are related to the small bumps or broken windows mentioned above, which are often the result of distractions at the wheel during manoeuvres.

CTT's Road Safety Programme continued to pay special attention to training and raising awareness among all employees, as can be seen in chapter 4.5.5 Training.

In 2023, CTT organised another edition of the Drivers' Challenge Portugal. This competition is part of the IPC's Sustainability Programme, with the aim of highlighting workers in the distribution areas with sound eco-consumption practices and, at the same time, low accident rates. This year's highlights were the Expertise and Eco-Efficient Driving field tests, held for the first time with electric vehicles.

Employee participation

GRI 403-4

In 2023, general consultations were held covering all the employees of CTT - Correios de Portugal, 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 addition, regular risk assessments were carried out and frequent contact was maintained between the Occupational Safety and Health Technicians and those responsible for operations and buildings, which enabled risk factors to be monitored and mitigated.

Social Service

GRI 403-8

In accordance with Portuguese Law, every worker In Portugal has access to social protection, as do, of course, workers based in Spain. As for Mozambique, with the passing of Law 4/2007, the government consolidated a legal framework for social protection, which covers the 160 local workers.

The purpose of the Social Works Regulation is to provide social protection for its beneficiaries in the areas of Healthcare, Social Security Benefits and Social Action. At the end of 2023, 35,249 beneficiaries were managed, of which 18,253 were beneficiaries and the rest were family members.

Around 45% of these beneficiaries were in retirement and 662 beneficiaries were on special notice. It should be noted that, at the level of subsidiary companies, the benefit of health insurance is also given to employees.

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 2023, more than 447 new cases were accompanied, in addition to the employees who have already benefited from support, namely with intervention in situations of serious illness, economic need, social dysfunctions and labour issues. Around 717 employees with absences from work were monitored by the social service, and a significant percentage resulted in psychosocial support.

In 2023, the seasonal flu vaccination campaign for its employees was also continued.

4.5.8 Diversity, Inclusion and Equal Opportunities

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

Main indicators

With regard to the representation of women in management and supervisory bodies, CTT's Board of Directors not only continues to comply with the proportion set out in Law 62/2017, but also recorded a slight increase compared to the previous year, with 36.4% women (+0.7 percentage points compared to 2022). This information is also included in the CTT Equality Plans.

In terms of leadership in top and middle management (i.e. on the Board of Directors and as 1st and 2nd level Managers), women accounted for 39.9% in 2023 (-0.6 p.p. compared to the previous year). As for the weight of first-line female management, this rose by 4.5 p.p. to 21.2%, with a growth rate similar to that of 2022. As for 2nd level leadership, there was a reduction of 1.9 p.p. to 45.3%, which ended up being a slight decrease in overall terms. The current data is shown in the table below:

CTT leadership by gender

Gender	Board of Directors	1st level Managers	2nd level Managers	Total
Female	4	11	86	**101**
Male	7	41	104	**152**

CTT leadership by age brackets

Age	Board of Directors	1st level Managers	2nd level Managers	Total
Under 29	0	0	3	**3**
30-50	5	27	113	**145**
Over 51	6	25	74	**105**

In terms of generational diversity, generations X and Y (30 to 49 years old) continue to predominate, representing 48.7% of the CTT population, although their prevalence fell by 2.7 percentage points compared to the previous year. Conversely, the age group made up of workers up to the age of 29 rose from 8.2% in 2022 to 11.7% of the total.

CTT’s presence in the three countries where it operates is very disparate in size:

- In Portugal, CTT has the majority of its workforce, 12,637 people out of 13,670, *i.e.* 92.4% of the total.

- In Spain, the second most relevant country in terms of CTT presence, there are 873 workers who, even so, represent less then a tenth of the total (6.4%).
- In Mozambique, CTT has a much smaller operation, with 160 workers, corresponding to just 1.2% of the Group's total workforce.

The importance of each region for the CTT's revenues can be analysed in the Consolidated and Individual Financial Statements chapter.

In terms of the diversification of nationalities, there was a very significant increase in the number of foreign workers, 763 people in total, whose representation rose to 5.6% (3.9 p.p. more than in 2022). The CTT Group, in Portugal[74], has 24 nationalities, with Brazil being the most represented country with 70.9% of the total, followed by employees from the PALOP countries, who account for 13.2%. The main reason for this increase is the unemployment rate, which has remained low and stable, leading to the use of newly arrived immigrants in search of work. This also resulted in an organic factor, with the triggering of a 'word of mouth' and recommendation hiring process within specific communities.

The percentage of people with disabilities remained stable. The figure as at 31 December 2023 was 317 people, 2.3% of the total workforce (-0.1 p.p. than in 2022). Of these, 148 were women, 46.7% in all, yet another field were there is gender parity.

Featured initiatives

By ensuring equity, inclusion and conciliation in its relationship with its People, CTT is simultaneously fulfilling the public commitment set out in its Diversity and Inclusion Policy and making efforts to promote the diversity of its human resources.

CTT is committed to making its contribution to a better society. It aims to be a company that respects each person as an individual and believe that, in order to achieve the full potential for innovation and transformation needed to deliver a sustainable future, employees must have the opportunity to feel authentic, thus guaranteeing the principles of diversity, equity and inclusion in all aspects of work.

In 2023, the Diversity, Equity, Inclusion (DEI) and Conciliation strategy was defined, based on four priority dimensions and their respective objectives, and the acronym 'DEI&Conciliação' was adopted. This topic has been disseminated internally and published on an Intranet page that reflects the company's position and where the dimensions and objectives are broken down. On the same page, due to the heterogeneity of the CTT population and taking into account the individuality of each person who may fall into one or more of the dimensions identified as priorities in this approach, for various reasons, they may be more exposed to situations of vulnerability. Thus, informative content was produced about:

- Citizenship rights and duties;
- Consumer protection;
- Debt risks; and
- Preventing domestic violence.

CTT Equality Plan 2024 was drawn up, submitted and published internally and externally in the 2nd half of 2023, in accordance with the guidelines and deadlines established by the Committee for Equality in Labour and Employment (CITE). The 2024 'Plan' has allocated funds to a number of measures. It has been drawn up in an exhaustive manner, emphasising the importance of its framework and bringing together not only the measures to be implemented, but also measures from previous years and

[74] This analysis does not include CTT Express or Corre.

continuity, reflecting the dynamics needed to constantly update and adapt to reality. The data for the 'Plan' was collected on the CITE platform and the measures fall into the following dimensions:

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

Relations with external entities within the scope of the DEI

Following its adherence to the Pact Against Violence, CTT has been strengthening 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 awareness-raising materials, both internally and externally. In 2023, the company renewed and strengthened this collaboration with the Committee for Citizenship and Gender Equality, seeking to raise awareness and fight this cause that belongs to all people and for all people. It joined the National Campaign Against Domestic Violence and disseminated content alluding to the International Day for the Elimination of Violence Against Women: sending an e-newsletter with images, video and awareness-raising information to all CTT workers. In addition, with the aim of raising awareness, information content has been systematised and produced in-house to help with various risk situations, one of which is domestic violence. With regard to the latter, behaviours and types of violence were identified, as well as the form and contact details of institutions that can be used, how to file a complaint and the employment rights of victims of domestic violence.

As part of its activities with the iGen Forum - Organisations for Equality Forum, and its involvement with CITE, CTT once again took part in the actions of the Working Groups (WG), and became part of WG2, aimed at designing and deepening the equality measures to be implemented by the Forum's signatories. To this end, on 18 May, CTT renewed its commitments by re-signing the Accession Agreement.

Other highlights

Following the signing of the Diversity Charter, in which the signatory entities assume Diversity as an ethical imperative, translating into a basic and guiding principle for their internal and external actions, forming part of their values and institutional identity, CTT became a member of the Portuguese Association for Diversity and Inclusion (APPDI), which represents an additional commitment in relation to DEI. As a result, CTT was present at the WGs, participated with several registrations in an internally publicised training course and was invited to speak at the closing ceremony of the 'Divers@s e Ativ@s' Project, all of which were promoted by APPDI.

In 2023, it continued to interact with the Inclusive Community Forum (ICF) by participating in forums and sharing meetings with other companies. ICF is a Nova SBE initiative dedicated to the lives of people with disabilities, which aims to promote a more inclusive community.

CTT has joined an alliance of top companies in their sectors and is a founding member of MindAlliance Portugal. MindAlliance promotes a corporate culture that places the mental health of workers as a strategic priority for its organisations.

4.6 Community engagement

GRI 203-2, GRI 304-3; GRI 413-1

In 2023, the kick-off was given for a new methodology for measuring social impact, in order to facilitate management and maximise its generation. This move is in line with the specific community investment target that CTT has set itself for 2022, determined as 1% of recurring EBIT allocated to charity donations, NGOs or cultural institutions with a relevant impact on the community.

One of the strategic axes of this new approach is the involvement of our People in the initiatives, through the Volunteering Programme. In 2023, the programme experienced a paradigm shift that gave it a major boost. The continuous actions of a limited number of volunteers gave way to interventions designed for each department or area that required them, becoming more targeted to the characteristics of their participants.

Highlights

Volunteering

413 volunteers committed a total of 1,834 hours of voluntary work in fifteen different actions. This year, the actions were moulded to the specific expectations and needs of the departments they were aimed at.

EPIS Social scholarships

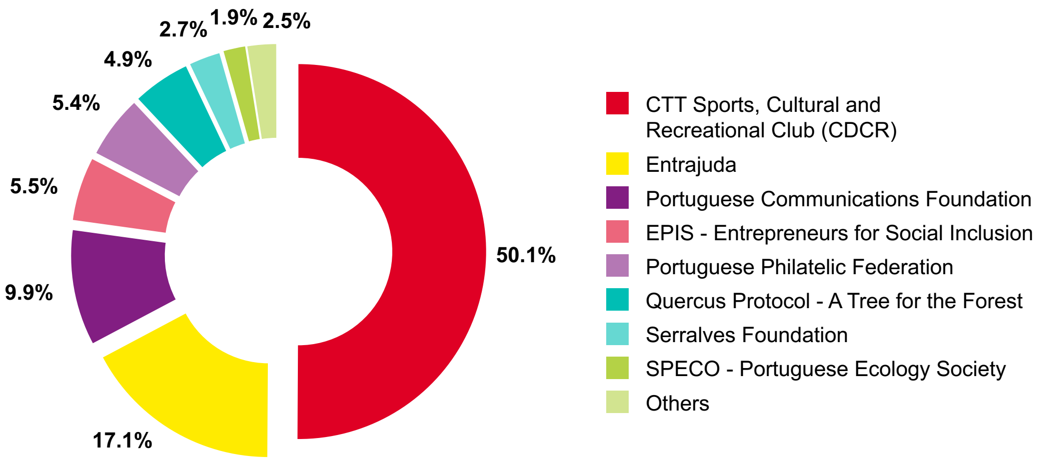
The "Ask an Ecologist" initiative was attended by 21 schools. In total, 153 questions were addressed to SPECO member scientists, who gave their answers by return of post.

4.6.1 Investment in the community

The company has committed itself to specific community support targets, namely by committing 1% of its Recurring EBIT to community support. In 2023, investment in community impact programmes was 0.6 % of Recurring EBIT. Total investment was €558,864.72 (-11.5% on the previous year).

Absolute investment, despite a slight reduction, mainly related to the end of the '*Apoio à Cultura*' [Support for Culture] initiative, remained in line with the previous year. The donations given were in the following proportions:

CTT donations in 2023



Strategic philanthropy and social impact

The process of granting new donations has been strategically rethought in order to have a more effective and lasting impact on target audiences, and has become more demanding. In 2023, CTT embarked on a path that aims to take this item of its investments from a more traditional notion to one of ‘strategic philanthropy’.

This new definition aims to maximise the measurement and, consequently, the management of initiatives. To this end, an internal training process began in the first half of 2023, primarily aimed at the company's top leadership, who took a personal interest in the topic. The process was then extended to the rest of the organisation, with practical analysis work of four CTT initiatives: ‘A Tree for the Forest', Decarbonisation of the last-mile fleet, Locky and EFR Certification. Using a new language to address social impact issues, supported by the international methodology of the Impact Management Platform, the initiatives were analysed according to the five dimensions of analysis used in this methodology:

- What: Measuring the impact of the initiative, whether it is a positive or negative impact and the importance of that impact on the stakeholders for whom it is intended;
- Who: Possible stakeholders affected, which, in the case of the IMP, could be customers, employees, suppliers, the surrounding community or the planet (and whether they were already ‘served’ by this impact before the initiative was launched);
- How much: Measures the depth, scale or duration of the impact;
- Contribution: Quantifies the proportion of the impact that can be attributed to the action, in this case, of CTT;
- Risks: This details the possible obstacles to the impact succeeding as anticipated, measuring their degree.

This analysis results in a classification of each initiative, social project or product, according to the following scale:

- A (from the English "acts to avoid harm"): Initiative that aims to mitigate a negative impact that the company's activity has on one or more stakeholders;

- B (from "benefits stakeholders"): An initiative that, in line with its core business, has a positive impact on stakeholders;
- C (from "contribute to solutions"): Initiatives that, whether or not they were expressly designed for this purpose, actively promote solutions to problems that were considered very relevant to one or more stakeholders and that they needed.

These four initiatives resulted in the following measurements:

Initiative	Impact in numbers	IMP Classification
A Tree for the Forest	10^{th} year of the campaign, **115,000 trees planted, 16 reforestation actions in 9 parishes**. Full sequestration of approximately 3,000 tonnes of carbon per year.	**C**
Decarbonisation of the last-mile fleet	There was a 2.6% reduction in total CO_2e emissions (scopes 1, 2 and 3) despite a worsening in scope 1 (relative to 2022). In the last-mile fleet, there was an **increase in the rate of green vehicles** to 19.6% (+4.3 p.p. than in 2022). The contracting of some customers with a high impact on CTT is only done with a written agreement regarding delivery without polluting emissions in the last mile.	**C**
Locky	Since its launch, 759 lockers have been installed in 21 Districts and 184 Municipalities across the country (including the Azores and Madeira). Use of the service is booming, resulting in an **increase of more than three times the number of parcels delivered in Locky lockers** between August 2022 (7,745) and August 2023 (28,522).	**B**
Efr Certification[75]	1,217 people (9.7% of the CTT Group's employees) **saved 2h46 per week**, on average, on their home-work-home journeys as a result of using the hybrid working models measure under efr.	**C**

In addition to creating these new tools for analysing the social projects to be supported, as well as CTT's own initiatives, projects and even products, the aim was to understand which topics of social interest should be the focus of CTT's actions in the field. This new concept led to a Social Impact Plan being drawn up in the second half of 2023, to be implemented in 2024.

10^{th} edition of the campaign "A Tree for the Forest"

CTT's flagship campaign continues to be 'A Tree for the Forest', a partnership with Quercus that has now run for ten editions. This project consists of selling kits representing a species of a native Portuguese tree, which are on sale in CTT post offices as well as the online store, with free postage. CTT's and Quercus' commitment is that each sale corresponds to the plantation of a tree, 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 Portuguese Oak.

Since the project began, we have planted more than 128,000 trees in various parts of mainland Portugal and, in one case, on the island of Madeira. The first initiative to be registered in 2023 was the planting of the 5,416 trees sold the previous year. The planting took place in Serra da Estrela, with dozens of volunteers planting the trees, including CTT People and their families and friends, CTT Ambassadors and students from the Mentoring Programme.

[75] The data relates to the central services of CTT - Correios de Portugal, S.A., CTT Expresso and CTT Contacto.

To commemorate the 10th edition of the initiative, the kit featured an augmented reality QR Code that allows you to visualise the growth process of a Portuguese Oak tree. But the great novelty of this 10th edition was the creation of a digital kit for the general public. This new, more sustainable kit is also more affordable than the physical version and can be purchased at the CTT Online Store for just €3.75. The physical kit is still available in CTT post offices and in the online store for €4.00, with free postage throughout Portugal.

This year, the initiative's new ambassador, journalist and presenter Fernanda Freitas, joined the other four faces of the campaign, in this case television presenter Joana Teles, actress and activist Sandra Cóias, musician Paulo Furtado, better known as The Legendary Tigerman, and chef António Alexandre.

The launch of the 10th edition, which took place on 28 July, was organised at the CTT post office in Sete Rios and, as a taster for everyone present, chef António Alexandre prepared several recipes with acorns, which revived memories of when this dried fruit from the Portuguese oak tree was commonly used in Portuguese cuisine. This decision was made with the aim of providing a unique experience, combining innovation and tradition and highlighting the importance of acorns and Portuguese oak in our country's culture.

At Christmas time, CTT and Quercus decided to launch a campaign under the motto 'Two in One', so that everyone who bought a digital kit was actually buying two trees to plant, encouraging the reforestation of the national territory twice over. The campaign was available until 31 December, only in the CTT Online Store and its success has made it possible to guarantee a greater number of plantings, as early as 2024.

In line with this campaign and all the innovations presented, the sale of A Tree for the Forest kits experienced a remarkable growth of 129% from 2022 to 2023, with an impressive total of 12,408 kits sold. This significant increase highlights the growing awareness and involvement of the community, showing significant interest in the initiative which aims to contribute to environmental preservation.

EPIS - Entrepreneurs for Social Inclusion

Another measure of direct support to the community was CTT's participation in the 3rd - and final - year of the current edition of the EPIS - Empresários Para a Integração Social [Entrepreneurs for Social Integration] programme, which once again provided voluntary support to students in the 3rd Cycle of Basic Education who were showing difficulties and were even at risk of dropping out of school.

The edition for the 2022-23 school year supported 10 students from two schools in the municipality of Seixal. This support took the form of a mentoring programme which included senior and middle managers from CTT, including members of the Executive Committee and some of the company's first-line directors, 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.

During the school year, three meetings were held with volunteers and students: The first meeting took place at Amora Secondary School, where the 10 EPIS students got to know the programme and the CTT volunteers who will be accompanying them throughout the school year. The second meeting took the group on a guided tour of MARL's Operational Centre, which began with a brief introduction to the space. The group had the opportunity to see the facilities, equipment and activities carried out at the operational unit. This action allows these young people to come into contact with the professional environment, offering them a glimpse of the future, and the students were interested, expressing their doubts throughout the visit. The session ended with a snack during which students, mentors and members of the visit had the opportunity to exchange experiences and knowledge.

The third and final meeting of the 2022/23 school year took place at Adventure Park, located at the Jamor National Sports Centre. Students and mentors took part in an Orienteering activity, which consisted of a pedestrian race, where each team, equipped with a map and compass, oriented themselves in the best way to find codes until they returned to the starting point. During the route, the participants were able to get to know the urban park and all its wooded surroundings, in close contact with nature.

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 23 volunteers took part, dedicating a total of 101 hours.

EPIS Social Scholarships

In line with the initiative introduced in 2022 in the social impact policy, CTT has once again invested in the EPIS Social Scholarships as a way of tackling gender inequality in Information Technology (IT) at the root of the problem. This time, instead of supporting young people attending vocational education (equivalent to secondary school), CTT has awarded scholarships for a period of three years to five students who have just entered university. The aim was to ensure that the support would materialise in the effective completion of studies and entry into the job market of five young women with qualifications in this area.

In this IT job market, where qualified resources are not abundant, the average salary ends up being higher. On the other hand, the scarcity of women with this specific training makes it a very male-dominated area, which contributes to the pay gap in favour of the male gender. By financially supporting the studies of these future professionals in the field, CTT is making its own small contribution so that this inequality will eventually disappear and the company itself can find more qualified female resources to hire.

Pai Natal Solidário [Solidarity Father Christmas]

The holiday season in December was once again marked by the Solidarity Father Christmas initiative. Now in its 14th edition, the campaign once again consisted of making available, on the painatalsolidario.pt website, letters written to Father Christmas by a group of children up to the age of 12, accompanied by Public Social Solidarity Institutions. This year, we received 1,841 (3.3% more than in 2022), a fact that should not be surprising given the increase in the number of participating institutions, from 48 to 50.

Through this website, and completely anonymously for all parties, any CTT customer could sponsor a letter, or at least part of it, by buying one or more of the gifts requested and delivering them to a CTT post office. From then on, CTT took care of the logistics of handling and delivering these presents to the children, maintaining the illusion that it was Father Christmas himself who had delivered them.

Here are the figures for the Solidarity Father Christmas 2023 campaign.

Data related to the 2023 Solidarity Father Christmas

Letters received	Sponsored letters	Rate of sponsored letters	Gifts sent[76]
1,841	1,600	86.9 %	1,720

It should be noted that the authors of unsponsored letters were sent CTT souvenirs, educational material that ensured that none of these children were left without a present at Christmas.

[76] 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.

‘*Regala Sonrisas*’ [Offer Smiles] by CTT Express

CTT Express in Spain has renewed its collaboration with Martita Ortega, the Spanish top-10 padel player, in her Offer Smiles project. The campaign aims to offer toys to the little ones who had the misfortune of having to spend the 2023 holidays in hospital.

The project once again counted on the active participation of CTT Express employees, who donated toys by voluntarily going to any of the company's 56 distribution centres to drop them off. In addition to these, several padel centres also served as the initiative's logistical hub.

The next stage, which also required the participation of volunteers, was preparing the toy deliveries. As well as cataloguing and wrapping presents, these volunteers dedicated themselves to making the deliveries to six hospitals in the Madrid region, especially the Gregorio Marañón Hospital.

This elaborately prepared campaign is now in its 6th edition, and in 2023 it had 45-50 volunteers, including those who offered gifts (some anonymously, which makes it impossible to keep a completely reliable tally) and those who delivered presents to the children in hospital. In total, around 120 toys were delivered in person, including those offered by the workers and those covered by CTT Express. Like the Solidarity Father Christmas initiative in Portugal, this initiative has brightened up Christmas and, in this country, the *Día de Los Reyes [*King’s Day] for many children.

‘*Pergunta a um Ecólogo*’ [Ask an Ecologist]

The Ask an Ecologist project, launched at the beginning of 2023, aimed to create a bridge between schools and scientists belonging to the Portuguese Ecology Society - SPECO. It was aimed at elementary school students, who got together in groups to send letters to ecologists with questions about environmental issues that they had carefully structured in the classroom and which were then answered, in an equally reasoned manner, by the scientists.

This school project served mainly to stimulate students' critical thinking, written expression and to promote active environmental citizenship, and CTT's role during this pilot project was to guarantee writing materials and the sending of letters in both directions. To reinforce the educational role of the initiative, the Philately Department has made available stamps dedicated to the theme of ecology and the protection of biodiversity to be used expressly in the letters to be sent to and from schools.

Although the pilot project was launched during the 2022-23 school year, it was a great success. Registration was open between 15 January and 15 February and, of the 29 schools that showed interest in taking part, 21 sent in their letters. A total of 153 questions were written in Natural Sciences, Biology and Geology, Physics and Chemistry, Portuguese and Citizenship classes. The 2nd and 3rd Cycle Elementary School from Valongo do Vouga, in Águeda, sent the greatest number of letters, a total of 21, followed by the Integrated Elementary School from Apúlia, in Esposende, which sent 16. Moreover, geographical dispersion was one of the most positive components of this project, with SPECO receiving letters from Melgaço to Amareleja, including Câmara de Lobos, in the Autonomous Region of Madeira.

In the end, 22 scientists gave their answers on the mail round, sharing their knowledge on topics dear to the students' hearts, such as drought and water scarcity, the disappearance of bees or the impact of climate change.

The strength of the initial figures, especially considering it was a pilot, led CTT to deepen its support for the initiative. For the 2023-24 school year, we have decided to go beyond the donation of writing material and the sending of letters, financially supporting the expansion of the initiative to more classes and making it possible to allocate more SPECO scientists to the mission of responding to the curiosities of our young people.

Other initiatives

Donation of social masks

CTT decided to donate all the anti-COVID social masks it still had in stock. The organisation chosen for the donation was Entrajuda, a bank of donated goods made available to social institutions.

This donation of goods valued at €95,868.72 has given a new lease of life to objects that would otherwise have been thrown away and sent for recovery.

Blood collection

As part of the volunteering programme during 2023, we carried out 6 blood collection actions, three in Cabo Ruivo and three at the Portuguese Blood and Transplantation Institute Centre in Alvalade. In total, 78 volunteers came forward to donate their blood and 60 were able to do so.

Green tips on the Banco CTT website

In 2023, Banco CTT was responsible for developing new solidarity initiatives, including the launch of ‘Green Tips’ on its website, a space for sharing simple tips and recommendations aimed at promoting sustainable habits that can be applied in everyday life.

Banco CTT supports BIO gardens

In 2023, support continued to be given to the BIO Gardens project, in conjunction with the European Blue Flag Association Schools, contributing to the construction of gardens in schools across the country. The objective is that these vegetable gardens should be used to raise awareness and educate the school and local communities on the topic of sustainability, in particular by encouraging students to create and maintain school vegetable gardens, cultivated organically, deepening knowledge related to organic agricultural practices and healthy and sustainable eating habits.

‘*Merece*’ [Deserve] Movement

In an eco-friendly attitude, the new Banco CTT debit cards sent to the customers are 100% produced using recycled plastic. In this context, Banco CTT's participation in the ‘*Merece*’ [Deserve] Movement - Business Movement for the Recycling of Cards with Electronic Components, which promotes the collection and recovery of waste from expired and unused bank cards, at no cost to customers, is noteworthy. This collection is converted into a considerable number of planted trees, in partnership with Quercus, while the card waste itself is converted into materials for street furniture.

Banco CTT protocols

In addition to these initiatives, the Social Responsibility Programme includes various protocols, namely with the following institutions:

- *Banco do Bebé* [Bank of the Baby];
- Junior Achievement Portugal;
- *Amor Perfeito [*Perfect Love];
- Animalife; and
- *Liga para a Proteção da Natureza* [League for the Protection of Nature].

Art Locky

Bruno de Almeida, a Brazilian artist living in Porto, was the winner of the competition that Locky launched in May, which consisted of illustrating one of its lockers in an original way. The challenge was to use a locker as a canvas and took place between 10 April and 10 May. There were nearly 100 entries, and the jury was made up of artist Another Angelo and Locky CEO Francisco Travassos, who had the difficult task of choosing a winner.

Open Lockers offers ‘A Tree for the Forest’ kits

Locky locker customers who, at some point during their interaction with this innovative CTT offer, expressed their dissatisfaction, were presented with a ‘A Tree for the Forest’ kit.

The initiative has further increased the goodwill surrounding this brand, which has seen a huge increase in demand throughout the year, and there have even been expressions of this positive reception on CTT's social networks. It was also another element in reinforcing Open Lockers' sustainability role which, in addition to the emissions saved by concentrating several parcels at a single delivery point, also ended up contributing to the mitigating factor of this reforestation project which was born out of CTT's partnership with Quercus.

***‘Pirilampo Mágico’* [Magic Firefly]**

For the 18th year running, CTT has once again promoted the sale of the Magic Firefly in its post offices. This partnership with Fenacerci implies the use of CTT's sales channels without any associated cost for the beneficiary organisations or commission retained for sales made, and the value of the Portuguese contributions reverted in its entirety to CERCI.

In 2023, 9,713 ‘pirilampos’ were sold (down by 15.0% on the previous year).

NewSpring participates in Biodiversity support programmes

With regard to NewSpring, we would highlight the following actions: the initiative ‘Descobrindo a Biodiversidade - Proteger os Polinizadores’ [Discovering Biodiversity - Protecting Pollinators] and ‘I am NatureSpring - *Aves da Cidade (descobrir e proteger)*’ [I am NatureSpring - Birds of the City (discover and protect)], which took some of the company's employees to Monsanto Park between 12 and 14 September to spend a few hours socialising as a team and getting in touch with the environment.

Also on 14 September, another edition of ‘I am NatureSpring - passeio pela natureza’ [I am NatureSpring - nature walk] took place, this time in Évora, open to contact centre workers from this Alentejo city.

Raising awareness of sustainability issues

CTT broadcasted information on sustainability issues via the television channel broadcast in its post offices nationwide, and regularly shared sustainability news via its Facebook page, which currently has more than 63,000 followers. They are also present on the social networks LinkedIn and Instagram, with more than 164 thousand followers. In 2023, 87 posts related to sustainability themes were published on all these platforms.

In terms of media presence, we would highlight the EDP/CNN section and the interviews in Expresso and Mobilidade Verde. In addition, articles on CTT's sustainability programme were published in Executive Digest and in the "Who's Who in Sustainability" yearbook by Green Savers.

The Keep Me Posted - Citizen's Right to Choose campaign, which aims to promote the right to choose how you want to receive your information, such as bills and statements from service providers, remained active. This is not an anti-digital campaign, but rather a pro-choice campaign, with the support of the Portuguese Association of Printing and Paper Manufacturing Industries - APIGRAF, Biond - Forest Fibers from Portugal, and the Consumer Protection Association - DECO.

CTT took part in many meetings and conferences as a speaker on ESG issues. We highlight the participation in the 15th edition of the Human Resources Development Programme, promoted by CTT to Latin American and PALOP postal operators. We were also present as speakers at the PostEurop Business Forum, the UPU Leaders Forum, the P&P Expo, the 'SDGs in focus' Observatory, the annual IPCG Conference, the City from Scratch Panel, at the Home Delivery World Europe 2023 Conference, the OIKOS Cycle at Nova SBE, and the Merco ESG Conference.

4.6.2 Volunteering

Throughout 2023, CTT demonstrated not only its commitment to the quality of its services, but also to the development of a fairer and more sustainable society, highlighting the positive impact that companies can have on the community, namely through the active participation of its People in the surrounding communities.

CTT's volunteering policy has a long tradition and, in recent years, it has been taken on strategically by the company's leadership, with the definition of a target, to be achieved by 2025, of 3 days of volunteering made available by each employee.

Overall, this group of people, including workers and family members, contributed 2,137 hours of voluntary service. In terms of CTT employees, this figure stood at 1,834 hours (+21.0% on the previous year), an average of 4.4 hours per person (+2.9% on 2022).

Targeted actions

This year, CTT strategically invested in actions which, although one-off, were aimed at specific requests from business units or departments within the company. It was thus possible to involve a greater number of participants and, above all, to devise initiatives that fit the profile of the teams and the objectives of the actions.

The year of CTT Volunteering began in February with a noble act of solidarity: Blood Donation at the Cabo Ruivo Operational Centre and at the IPST Post in Alvalade, Lisbon. At this event, CTT workers once again showed their generosity by contributing to an essential cause.

Then it was time for the continuation of the 'Uma Árvore Pela Floresta' [A Tree for the Forest] campaign, with the planting of the trees sold over the course of 2022. More than 5,000 trees were planted in Serra da Estrela, demonstrating CTT's commitment to environmental preservation. Around 150 CTT Volunteers and their families took part in this action.

In April, a Beach Clean-Up was held at Bom Sucesso Beach in Óbidos with the active participation of the Strategy and Operations Development Department, which included 53 CTT Volunteers and their families. A clear demonstration that employees are committed to caring for the environment.

In June, the focus once again turned to blood donation, with a second action at the Cabo Ruivo Operational Centre and at the IPST Post in Alvalade. CTT's solidarity once again contributed to the health of the community. Following this, the Transformation Department joined in an action at the Montejunto Wild Animal Recovery Centre, involving 21 CTT Volunteers in the maintenance and cleaning of this centre that cares for and rehabilitates injured animals.

In July, the focus turned to preserving biodiversity, with the Costa da Caparica Invasive Species Clean-up, an initiative in which the Talent Management Department and its 21 volunteers played an active role.

September marked another action at the Montejunto Wild Animal Recovery Centre, this time with the participation of the Digital, New Channels and Innovation Department, involving a total of 21 volunteers.

In October, we took part in the global initiative World Cleanup Day organised by Let's Do It World, which brings together thousands of local clean-up actions around the world with the aim of taking action on marine waste and debris. In the year marking PostEurop's 30th anniversary, European postal operators actively contributed to clean-up actions, reinforcing the sector's commitments to environmental and social sustainability. CTT mobilised 21 volunteers and their families for an urban clean-up in Monsanto, Lisbon. October also saw another Blood Donation at the Cabo Ruivo Operational Centre, IPST Alvalade, reinforcing CTT's ongoing commitment to community health.

In November, CTT took an active part in the Portuguese League Against Cancer Fundraiser, with the collaboration of 18 volunteers.

In December, CTT's solidarity extended to the Rosália Rendu Cafeteria, with 36 volunteers from the Corporate Finance and Investor Relations Offices, as well as the Sustainability, Business Development Strategy, Regulation and Competition, and Institutional Relations Departments, providing essential support.

Continuity actions

In addition to the EPIS, aforementioned, it is important to note that, as part of the Trainee Programme, CTT has been involved in ongoing solidarity initiatives. These actions began in November 2023 and will continue until June 2024, in four different institutions: Animais de Rua, União Zoófila, Comunidade Vida e Paz and EPIS. A total of 20 volunteer Trainees are taking part in this programme.

Data on CTT Volunteering in 2023

Name of the action	Partner	No. of CTT volunteers	No. of CTT employees volunteering hours	No. of family members	No. of participants
Mentoring programme	EPIS	23	101	0	23
Blood donation	IPST	32	28	0	32
Planting of "A Tree for the Forest"	Quercus	77	385	72	149
Beach clean-up	LPN	31	155	22	53
Blood donation	IPST	27	25	0	27
Wild Animal Recovery Centre	Quercus	21	168	0	21
Invasive species clean-up	ICNF	21	147	0	21
Wild Animal Recovery Centre	Quercus	21	168	0	21
Urban clean-up	LPN	12	24	9	21
Blood donation	ISPT	19	16	0	19
Fundraising for the Portuguese League Against Cancer	LPCC	18	90	0	18
Preparation of baskets	Canteen Rosália Rendu	36	192	0	36
Regala Sonrisas / Offer Smiles	Martita Ortega	45	135	0	45
Partners for a day	JAE	10	50	0	10
Volunteering by the trainees	Homeless Animals, Zoophilic union, EPIS and Community Life & Peace	20	150	0	20
Total		**413**	**1,834**	**103**	**516**

4.6.3 Customer relations 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:

- Mail & Other;
- Express & Parcels;
- Banco CTT; and
- Financial Services.

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

On 31 December 2023, CTT had 569 post offices, spread throughout the mainland and the Autonomous Regions. Furthermore, as can be seen in more detail in the chapter on Accessibility, customers had 2,375 contact points, including 1,806 CTT points, 5,063 Payshop agents, in addition to the 1,150 lockers installed and/or contracted. On the same date, there were 212 Banco CTT branches throughout the country providing banking services to the population, offering a differentiated service.

In terms of business development with this customer segment, we would highlight:

- Launch of self-service shipping equipment for creating or dropping off objects;
- Installation of 110 Locky lockers in the Retail Network, 35 of which are through-the-wall, which involved redesigning store fronts;
- Extension of the offer, with the delivery of PUDO (pull-up, drop-off) in lockers, and shipments and returns from them;
- Consolidation of the B2C Customer Forum project, in which pain points from all CTT channels have been analysed and improvement actions identified;
- Monthly monitoring of the NPS of the different touchpoints, namely the physical network, customer service, digital and distribution;
- Launch of the CTT app, which allows to access a digital password, create express and registered mail, track items, change delivery times and pay tolls. The app also allows to create a virtual address for the use of Locky lockers, as well as saving the most used addresses for shipping;
- Launch of Pack Expresso, a bundle offer that allows the sale of a shipping pack with associated discounts.

Accessibility in CTT post offices and products

The Company continues to pursue modernisation and renovation work to improve accessibility by disabled people. The types of accesses which have been built 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. Thus, around 95% of all the post offices currently have improved conditions of accessibility.

In 2023, two interventions were carried out to improve the accessibility of post offices:

- CTT Teixeira Gomes post office, in Portimão – Completed during 2023; and
- CTT Picoas post office – Not yet completed.

For 2024, interventions are planned at the CTT post office in Fiães, in the municipality of Santa Maria da Feira, and at the CTT post office in Porto de Mós.

Regarding the use of the products, no need was identified to create manuals or explanatory labels that could prevent potentially harmful uses of CTT products by customers. Adapting the products so they may contribute to a simple and safe use for people with disabilities is a topic that CTT always seeks to address carefully.

Business customers

CTT continues to invest in expanding its business offer to respond to new social, economic and ecological challenges. The importance of sustainability issues is on the minds of our customers and stakeholders. CTT has been committed to integrating recyclable and reusable materials into its offer, and 82.4% of its mail, express and parcel products already incorporate these materials.

In addition, and reinforcing the work done in this direction, business partnerships with high social relevance were established in various areas. Partnerships with:

- Municipalities, department stores, petrol stations, pharmacies and other easily accessible locations for the installation of Locky lockers. Locky lockers allow parcels to be sent and returned simply, quickly and conveniently for all customers, avoiding the need to go to the shops. We have a network of 1,150 lockers installed and/or contracted from the north to the south of the country and on the islands of Madeira and the Azores.
    - Installation of the first refrigerated Locky at El Corte Inglés in Gaia for customers of the supermarket or Club del Gourmet, which allows the best packaging of cold or frozen products in click&collect collections in a totally autonomous way and with maximum convenience;
    - An innovative partnership has been signed with KeyNest to enable a key exchange service for Airbnb guests via lockers. The aim is to make life easier for all those who have booked a stay, with a service that is available 24 hours a day, seven days a week, secure and very convenient, requiring only a code to open the locker.
- Launch of the new APP, which is more intuitive and has several new features, including the availability of the Digital Password to avoid queues in physical shops, the possibility of changing the delivery location of parcels by reducing the number of reminders given in shops, as well as monitoring the status of parcels sent by CTT and other operators and distributors and making payments for overdue tolls.
- Reinforcement of the offer of shipping plugins by providing a plugin for integration with Amazon, making it easier to automate shipments, with the aim of helping e-sellers who sell on Amazon to ship their parcels;
- Launch of the new "Simplified Returns" service for online shops, the aim of which is to make it easier to return purchases. In order to benefit, shops simply have to register on the CTT platform and then provide their buying customers with the link to the return request page. From the

beginning of 2024, customers were able to make their returns at more than 2,375 contact points, to which CTT lockers were added, without the need to print any transport document or waybill;

- Extension of the delivery point network to more than 16,000 points available in Portugal and Spain;

- Creation of Edubox, through Payshop, a pre-paid school card, now available in 100 municipalities. In this way, the CTT Group's payment company has provided a simple and immediate means of paying for the services provided by schools, such as canteens, bars, stationery, reprographics and vending, avoiding the circulation of cash within the school grounds, for the greater comfort and safety of the entire school community;

- Massification by Payshop of the use of public transport. Through its network of agents, the service of buying and topping up transport tickets was made available quickly and at no extra cost. There were more than 2,600 charging points spread across the country's largest cities - Área Metropolitana de Lisboa, Área Metropolitana do Porto, Funchal and Braga - making everyday life easier for users of these urban centres;

- Partnership with the Sintra Business Association to boost e-commerce solutions with advantageous conditions for its members.

Customer satisfaction

With regard to quality of service, there was a general increase in the indicators revealed by CTT's customer surveys.

A percentage of 84.3% of customers who answered the satisfaction questionnaire considered CTT's overall quality to be good or very good (1.5 percentage points more than in 2022), bringing the percentage of customers satisfied with the overall quality of service to 93.4%, showing a positive evolution compared to 2022 to a further 0.4 percentage points.

About queuing time, 80.28% expressed a positive opinion, which also compares positively with 78.4% registered in the previous year. With regard to distribution, the overall satisfaction level stood at 79.0% (+2.3 percentage points compared to 2022), rising to 81.0% with regard to delivery times for priority mail (+2.7 percentage points compared to the previous year) and 67.6% with regard to delivery times for ordinary mail (+1.3 percentage points).

Customer support

GRI 2-27, GRI 413-2

CTT customers recognise the customer service provided through the Customer Satisfaction Score (CSAT), based on a score attributed to the service provided. In 2023, the CSAT for Customer Support was 60%, with the Social Media channel standing out, with a CSAT of 70.5%, followed by the Voice channel with 62.4%, indicating that the majority of customers are satisfied with the experience.

In 2023, Customer Support continued its commitment to remote and hybrid working for employees who had already been given laptops. By making the voice-over-IP communication channel available to all assistants, in order to enable telephone contact with customers, in addition to the written channel, there have been improvements in efficiency and proximity to each customer in resolving their problems.

Contacts

The Social Network Management model has been continuously improved in order to provide innovative support for customers and that is closer to their needs. A reflection of this was the 41.0% increase in contacts received on Modern Channels compared to 2022. On the other hand, Traditional Channels saw an increase of 7.0% compared to the same period of the previous year.

In 2023, a total of 3,804,390 customers (human and virtual) were received through the Customer Service channels, representing an overall increase of 13% compared to the same period last year. On the voice channel, 2,206,146 calls (human and virtual) were received, representing 58.0% of all contacts and a 13.0% increase on the previous year. With regard to the written channel, 785,138 contacts (human and virtual) were received, representing 20.6% of total contacts, corresponding to a decrease of 5.0% compared to 2022. A total of 813,106 contacts were received through social media, representing 21.4% of the total number of contacts.

The percentage of calls answered by a Virtual Assistant was 28.5%, an increase of 24.3% on the same period of the previous year. We aim to continue increasing this percentage of virtual customer service with the implementation of Chat GPT service, which is already underway. This will be just the beginning of a journey of automation that aims to revolutionise the way the company interacts with its customers, providing a high-quality experience and striving for continuous excellence in customer service.

Other projects

Over the course of the year, the following four structural projects in the Customer Support area stand out:

- Reduction of call transfers and duplication of contacts: The voice channel team was given full-skill training in order to increase the first contact resolution rate. This training, which will continue for new recruits, aims to enable assistants to deal with a wide range of queries without having to transfer the call, resulting in a better service and, consequently, greater customer satisfaction.

- Robotic Process Automation (RPA) of Express orders: An RPA was set up to respond to the customer according to the internal response entered by the assistants.

- Compliments Book: In order to strengthen our brand image and promote a positive and motivating work environment for our employees, the ‘Compliments Book’ was implemented at CTT in 2023. The ‘Compliments Book’ gives the customer the chance to highlight and praise the best in the work of the employees, being a source of positive inspiration and recognition. The aim of this project was to centralise and encourage expressions of recognition and appreciation from customers, creating a space dedicated to compliments, contributing to a greater recommendation of the CTT brand.

- Video interpreting service, integrated with the Serviin service. The intention was to establish a genuinely inclusive service environment, ensuring equal access for all our customers. Serviin is the video interpreting service that breaks down communication barriers between the deaf and hearing communities.

Average Response Time (ART) for Expressions of Dissatisfaction within the scope of the Universal Postal Service

In 2023, there was a 2.1-day decrease in the national ART compared to 2022, although the target of 15 days was not reached. Internationally, the target set (45 days) was met (31.4 days), with a decrease of 16.6 days in the ART.

Average Response Time to claims relating to the Universal Service

	Scope	Target 2023 (days)	Accomplishment 2023 (days)
Average Response Time	National	15.0	16.9
	International	45.0	31.4

Expressions of Dissatisfaction

Dissatisfaction processes are a unique and privileged way of continuously improving internal processes, as well as detecting 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, in search of new solutions to increase customer satisfaction.

In 2023, 216,732 service complaint cases were filed in the Mail and Express business units, a decrease of 6.4% compared to the same period in 2022 (231,509 cases). The most frequent complaints were related to delays in delivery and/or loss of items (97,657 cases).

Looking at each area specifically, in the Mail business area, 107,517 cases relating to customer complaints about commercialised services and products were registered in the complaints handling support application, down 13.0% on the same period of the previous year. This decrease was mainly due to the improvement of internal processes, with the introduction of new tools that allowed for an increase in resolution capacity at the first line of contact.

In the Express and Parcels business area, 109,169 complaints were registered, an increase of 1%. The main reasons for complaints are related to delays in delivery and lost items.

In 2023, 8,354 compensations were processed in the Mail business area, amounting to €367,152, an increase of 10% compared to the same period last year. At Express, 2,905 were processed, worth €91,791.00, representing a 9.5% variation compared to 2022. International outbound claims account for 91% of the total value of international service claims. The most frequent causes of compensation are loss of the item, lack of response from the destination postal operator.

Claims in the Mail and Express & Parcels areas

	'22	'23	Δ '22/'23
Claims received[77]	231,509	216,732	6.4%

In line with previous years, the APCC Quality Seal, awarded by the Portuguese Association of Contact Centres, was renewed. The APCC Quality Seal is a certification for companies using contact centre services and allows access to an auditing service and advice on good management practices in the sector.

Among the many distinctions awarded to this CTT service, the Gold APCC BEST AWARDS Award for the CTT Private Line and the Silver APCC BEST AWARDS Award for the CTT Companies Line in the Distribution and Logistics category stand out.

4.6.4 Communication with suppliers

GRI 2-6, GRI 203-2, 204-1, GRI 408-1. 409-1, 414-1, 414-2

The Negotiation and Procurement function is managed centrally, with all the company's contracting needs consolidated, regardless of the origin of the need and where the service or supply is provided.

The year 2023 saw the implementation of the Ariba Spend Management platform, which was the tool used to centralise and manage consultation processes, contracts and suppliers. Registration on this platform could be done in two ways: through an invitation issued by CTT, or by registering through our website. To complete registration, all suppliers have read and accepted the Code of Ethics and the Responsible Purchasing Policy, a step without which it is impossible for them to become our partners.

[77] Includes complaints processes relating to the Universal and Non-Universal Service. Does not include data from CORRE and Banco CTT.

For CTT, this was an important milestone, aimed at ensuring that our partners are aware of these strategic documents.

Applying sustainable selection criteria

The selection of suppliers does not take into account location criteria, except when it proves necessary from an operational point of view. The best practices in terms of equal opportunities, which stem not only from the company's own choice but also from public procurement rules, are fully observed. However, since CTT is a company with a presence throughout Portugal, many contracted services, such as cleaning, fuel or maintenance, have a significant impact on the local economy.

The base of business conducted by the Purchasing area and awarded in 2022 is made up of 99.5%[78] of Iberian suppliers or those with representation in Portugal and Spain (1.3 percentage points more than in the previous year) and 6.0% of suppliers of other nationalities[79].

While there is no formalised plan for auditing suppliers to assess compliance with measures to mitigate or offset the negative impacts they may have on communities, the awarding of goods and services is formally subject to compliance with the principles and procedures set out in the Universal Declaration of Human Rights. Any breach in this matter, whether due to indirect knowledge or observed during the monitoring visits made by the procurement team, shall be acted upon immediately and may constitute fair grounds for contractual rescission.

With regard to environmental requirements, 100.0% of the suppliers contracted were subject to pre-contractual procedures that took this type of criteria into account, compared to 98.1% in the previous year.

CTT Express' relationship with its value chain

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 the fleet that takes parcels to their final destination is supplied externally. The number of transport providers on the routes between logistics centres is 115 (three more than in 2022), of which 85 are fixed and 30 are sporadic. The number of suppliers of the last-mile distribution network is 957 (an increase of 60.3% on the previous year), with the annual figures associated with this subcontracting rising by 19.8% to €156,347,195.

As a general rule, CTT Express suppliers are contracted in accordance with Procedure PD-30, which varies according to the costs associated with such contracting. Thus, most suppliers are not contracted according to environmental or social criteria, although each department or area that has requested the service, in addition to the ‘price’ criterion, must analyse other selection criteria and include environmental or social impact criteria, if relevant.

From 30,000 euros upwards, work is usually awarded through tenders. Once again, it is up to each applicant unit to establish conditions and requirements for participation in the process, which may include environmental and social criteria, when deemed relevant.

[78] This data only includes the companies CTT - Correios de Portugal, SA, CTT Expresso and CTT Contacto.

[79] This figure only includes the Portuguese operation, excluding 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 standardised, mandatory classification system for determining whether an economic activity qualifies as environmentally sustainable in the European Union.

The Taxonomy is a list of 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:

a. Climate change mitigation; and

b. Climate change adaptation.

In late 2023, together with an amendment to the catalogue of sustainable activities concerning the climate change mitigation and climate change adaptation objectives, the EU published catalogues of sustainable activities concerning the remaining four environmental objectives:

a. Sustainable use and protection of water and marine resources;

b. Transition to a circular economy;

c. Pollution prevention and control; and

d. Protection and restoration of biodiversity and ecosystems.

To determine whether a given activity is eligible, it must be verified whether it is listed in Annexes I or II to the Commission Delegated Regulation (EU) 2021/2139, in Annexes I or II to the Commission Delegated Regulation (EU) 2023/2485 that amends Annexes I and II, respectively, to the Commission Delegated Regulation (EU) 2021/2139, or in Annexes I, II, III or IV to the Commission Delegated Regulation (EU) 2023/2486.

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

a. Contributing substantially to climate change mitigation (CCM) (Annex I to the Commission Delegated Regulation (EU) 2021/2139; Annex I to the Commission Delegated Regulation (EU) 2023/2485 that amends 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);

b. Contributing substantially to climate change adaptation (CCA) (Annex II to the Commission Delegated Regulation (EU) 2021/2139; Annex II to the Commission Delegated Regulation (EU) 2023/2485 that amends 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);

c. Contributing substantially to sustainable use and protection of water and marine resources (WTR) (Annex I to the Commission Delegated Regulation (EU) 2023/2486; Article 12 of Regulation (EU) 2020/852 of the European Parliament and of the Council, of 18 June 2020);

d. Contributing substantially to the transition to a circular economy (CE) (Annex II to the Commission Delegated Regulation (EU) 2023/2486; Article 13 of Regulation (EU) 2020/852 of the European Parliament and of the Council, of 18 June 2020);

e. Contributing substantially to pollution prevention and control (PPC) (Annex III to the Commission Delegated Regulation (EU) 2023/2486; Article 14 of Regulation (EU) 2020/852 of the European Parliament and of the Council, of 18 June 2020); or

f. Contributing substantially to the protection and restoration of biodiversity and ecosystems (BIO) (Annex IV to the Commission Delegated Regulation (EU) 2023/2486; Article 15 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 integrated in more than one category.

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 (DNSH) 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 Group's eligible activities performed in 2022 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", and based on a sectoral peer benchmark with the intent to better align with market practices. As a result, in 2023, the activities identified by CTT in the previous exercise were maintained and activities CCM 6.15 and CCM 6.19 were added.

Activity
MAC 6.4 – Operation of personal mobility devices, cycle logistics
MAC 6.5 – Transport by motorbikes, passenger cars and light commercial vehicles
MAC 6.6 – Freight transport services by road
MAC 6.10 – Sea and coastal freight water transport, vessels for port operations and auxiliary activities
MAC 6.15 – Infrastructure enabling low-carbon road transport and public transport
MAC 6.19 – Passenger and freight air transport
CCM 7.7 – Acquisition and ownership of buildings

CTT's activities 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 the Annexes to the Delegated Regulations, thus being ineligible.

Activity type	Mail & Other	Express & Parcels	Financial Services & Retail	Bank & Payments	Total
Eligible activities	375,834,611	335,119,873	0	0	710,954,485
Non-eligible activities	58,278,560	5,465,939	62,780,196	147,740,145	274,264,840
Total (€)	**434,113,171**	**340,585,812**	**62,780,196**	**147,750,145**	**985,219,324**

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's peers and subsequent inclusion of activity 6.15.

In agreement with the previous reporting period, the revenues of the segments of mail, express and parcels were segregated by the various activities, excluding activities not related to the activities of transport and distribution of goods. The non-eligible activities of the mail segment and others correspond essentially to the activities of business solutions and other sales and services provided in stores, with emphasis on philately revenues.

As reported last year and taking into account the clarifications of the European Union, the amount of the services related to deliveries by foot was included in the amount of the eligible turnover of activity CCM 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:

		Eligible Activities		Non-eligible actibities	
	Total (€)	Amount (€)	%	Amount (€)	%
Turnover	985,219,325	710,954,485	72 %	274,264,840	28 %
CAPEX	40,106,888	11,852,675	30 %	28,254,213	70 %
OPEX	14,399,764	7,108,411	49 %	7,291,354	51 %

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 (985,219,325 €)[80]:** Consolidated value of services rendered, sales and other operating income, calculated based on the consolidated financial statements of 31 December 2023;
- **CAPEX (40,106,888 €)[81]:** Sum of acquisitions of tangible assets, intangible assets and investment property in 2023, that total 36,095,661 € and the new vehicles lease contracts and remeasurements booked as right of use (4,011,227 €).
- **OPEX (14,399,764 €):** Corresponds to the following expenses, calculated based on the consolidated financial statements of 31 December 2023:

[80] The activity 7.7 was reviewed as contributing significantly to the objective of climate change mitigation instead of the objective of adaptation to climate change. In order to ensure comparability of information, the % of aligned and eligible Turnover and CAPEX for 2022 was revised in the 2023 report.

[81] Taking into account new clarifications from the European Union and greater knowledge of the taxonomy regulation, the Group reviewed in 2023 the methodology for calculating eligible and aligned CAPEX relating to activity 6.5, namely the assessment of the eligibility and alignment of vehicles recognised as rights of use, in particular the treatment of contract remeasurements. In order to ensure comparability of information, the % of aligned and eligible CAPEX for 2022 was revised in the 2023 report.

- 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

The Group's activities identified as aligned only contribute significantly to the objective of climate change mitigation, with the exception of activity CCA 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 well 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, improvements in the air conditioning environment of the facilities, improvements of lighting systems, improvements of electrical panels, replacement of compressed air compressors and review of the compressed air distribution network, software that allows route optimisation and the reduction of greenhouse gas emissions, and replacement of the hot water system with solar panels.

The OPEX values classified as aligned correspond to the expenses with vehicles used in activities CCM 6.4 and CCM 6.5, namely, expenses with maintenance and conservation and expenses with short-term leases, namely related to the electric fleet.

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

Activity	Alignment assessment (Revenue)
CCM 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.
CCM 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 meet the requirements of DNSH 2 and DNSH 4. However, not all vehicles meet the requirements of DNSH 5 (Pollution prevention and control) as the tires 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 individualise 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. This activity was considered 18% aligned.
CCM 6.6 Freight transport services by road	Only electric vehicles (classes N1) 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, most of the electric vehicles do not comply with DNSH 5 requirements, as vehicle tires do not meet the requirements for the highest class rolling outward noise and/or the bearing resistance coefficient. It was not possible to individualise 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. This activity was considered 1% aligned.
CCM 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.
CCM 6.15 Infrastructure enabling low-carbon road transport and public transport	Revenues associated with this activity are mostly related with logistics, screening and distribution activities and lockers. All infrastructures in scope served as support for distribution operations carried out by at least one electric vehicle. It was verified that the infrastructures meet the requirements of DNSH 2, DNSH 3 (Sustainable use and protection of water and marine resources), DNSH 4, DNSH 5, and DNSH 6 (Protection and restoration of biodiversity and ecosystems). This activity was considered 100% aligned.

Activity	Alignment assessment (Revenue)
CCM 6.19 Passenger and freight air transport	The alignment was not assessed, as in the first reporting year, it is only mandatory to report eligibility under the Taxonomy.
CCM 7.7 Acquisition and ownership of buildings	The properties related to this activity meet the requirements for the substantial contribution to climate change mitigation. 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 A 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. Beyond human rights, the minimum safeguards take into account procedures to mitigate issues related to bribery and corruption, taxation, and fair competition.

Human Rights

In 2021, CTT signed the Ten Principles of the United Nations Global Compact and the Group is committed to ensuring that the Ten Principles are reflected in the organisation's strategy, culture and daily operations.

The theme of 'respect for human rights' was considered of high importance in the last stakeholder consultation and CTT has put in place a mechanisms for anonymously reporting irregularities through the Compliance department and Ethics Committee. All conclusions from irregularities are reported to the CA and the Audit Committee.

Bribery and Corruption

In the last stakeholder assessment, the topic 'Ethics, transparency and anti-corruption' was considered material. CTT has presented a Code of Conduct, a Regulation on the Assessment and Control of Transactions with Related Parties and the Prevention of situations of Conflict of Interest and a Regulation on the Control Function of Regulatory Compliance in Matters of Prevention of Money Laundering and the Financing of Terrorism. The documents include best practices, instructions and compliance commitments on the topics of corruption, collusion, money laundering, bribery, external influences, conflicts of interest and private transactions.

Taxation

CTT has developed appropriate strategies and processes for managing tax risk at the CTT Group. All operations are subject to analysis from a tax perspective, using specialists whenever the complexity whenever the complexity of the issues requires it.

In the last stakeholder assessment, the topic related to tax was not identified as a material topic or as having relevant risk, as the Group has a very limited history of tax litigation.

Fair competition

CTT has developed a Code of Conduct, a Code of Conduct for Managers and Insiders and a Regulation on Assessment and Control of Transactions with Related Parties and Prevention of Conflict-of-Interest Situations. The documents include best practices, instructions and compliance commitments related to the topics of confidential and privileged information, market manipulation, fair competition, business practices in compliance with the law and regulation and professional secrecy. Additionally, the Code of Conduct for Managers and Insiders also presents templates for forms to be filled out by Employees regarding the number of financial instruments and voting rights, manager transactions and securities and a list of transactions specific to each employee.

CTT evaluated compliance with these minimum safeguard requirements considering, for this, the guidelines presented in the Platform on Sustainable Finance. In this regard, and, taking into consideration that at the closing date of this report there were no relevant judicial proceedings in this context, it was concluded that the activities of CTT are developed in accordance with the principles of minimum safeguards.

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

With regard to the minimum safeguards, CTT will continue to seek to improve its policies and procedures to seek better alignment with the OECD Guidelines for multinational companies and with the United Nations Principles on Business and Human Rights.

Proportion of turnover of aligned activities in 2023

Financial year 2023				Substantial Contribution Criteria						DNSH Criteria ('Does Not Significantly Harm')									
Economic activities	Code	Turnover €	Proportion of Turnover, 2023 %	Climate Change Mitigation (CCM) Y/N ;N/EL	Climate Change Adaptation (CCA) Y/N ;N/EL	Water (WTR) Y/N ;N/EL	Pollution (PPC) Y/N ;N/EL	Circular Economy (CE) Y/N ;N/EL	Biodiversity (BIO) Y/N ;N/EL	Climate Change Mitigation (CCM) Y/N	Climate Change Adaptation (CCA) Y/N	Water (WTR) Y/N	Pollution (PPC) Y/N	Circular Economy (CE) Y/N	Biodiversity (BIO) Y/N	Minimun Safeguards Y/N	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) Turnover, 2022 %	Category - Enabling activity E	Category - Transitional activity T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Operation of personal mobility devices, cycle logistics	CCM 6.4	46 103 396 €	4.7 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	N/A	Y	N/A	N/A	Y	5.3 %		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	78 822 405 €	8.0 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	N/A	Y	Y	N/A	Y	6.0 %		
Freight transport services by road	CCM 6.6	82 288 €	0.01 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	N/A	Y	Y	N/A	Y	0.0 %		
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	99 709 614 €	10.1 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0.0 %	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**224 717 702 €**	**22.8 %**	**22.8 %**	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**11.3 %**		
Of which Enabling		99 709 614 €	10.1 %	10.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	Y	Y	Y	Y	Y	Y	Y	0.0 %	E	
Of which Transitional		- €	0.0 %	0.0 %						Y	Y	Y	Y	Y	Y	Y	0.0 %		T
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	421 637 307 €	42.8 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								40.7 %		
Freight transport services by road	CCM 6.6	6 718 357 €	0.7 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								11.6 %		
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10	3 415 621 €	0.3 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.3 %		
Passenger and freight air transport	CCM 6.19	53 474 258 €	5.4 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0 %		
Acquisition and ownership of buildings	CCM 7.7	991 239 €	0.1 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1 %		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		**486 236 783 €**	**49.4 %**	**49.4 %**	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**								**52.6 %**		
Turnover of Taxonomy elegible activities (A.1. + A.2.)		**710 954 485 €**	**72.2 %**	**72.2 %**	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**								**63.9 %**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		**274 264 840 €**	**27.8 %**																
TOTAL		**985 219 325 €**	**100 %**																

	Proportion of turnover / Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	22.8 %	72.1 %
CCA	0.04 %	0.10 %
WTR	0.0 %	0.0 %
CE	0.0 %	0.0 %
PPC	0.0 %	0.0 %
BIO	0.0 %	0.0 %

The group's aligned activities represent 22.8% (2022: 11.3%) of the total consolidated turnover, and 31.7% (2022: 17.7%) of the turnover from eligible activities. The group's eligible activities represent 72.2% (2022: 63.9%) of the total consolidated turnover.

PostEurop is a trade association based in Brussels that actively represents European public postal operators, including CTT. In September 2023, PostEurop published a proposal for an amendment on EU Taxonomy's activities related to the Post and Parcel Sector, mainly activities CCM 6.4, CCM 6.5 and CCM 6.6, related to road vehicles and personal mobility devices that they believe is better aligned with the common targets set within the sector. The association suggests that the Postal Sector should have a specific Activity pertaining to the general Transportation of Letters and Parcels, rather than have the revenue and costs from such distribution activities segregated into three different activity categories (CCM 6.4, CCM 6.5 and CCM 6.6). In order to improve comparability between CTT's eligibility and alignment with its peers, the Group has decided to, in addition with reporting its eligibility and alignment with the EU Taxonomy's official activity categories, also disclose its eligibility and alignment with PostEurop's proposed activity.

The proposed activity encompasses all network-based postal, courier and express services such as collection, transport and delivery of letters and parcels, and includes the purchase, financing, renting, leasing and may operate a mix of at least two types of transport modes, including:

- Personal mobility or transport devices where the propulsion comes from the physical activity of the user, from a zero-emissions motor, or a mix of zero-emissions motor and physical activity. This includes the provision of freight transport services by (cargo) bicycles;
- Vehicles designated as category M1, N1, both falling under the scope of Regulation (EC) No 715/2007 of the European Parliament and of the Council;
- Vehicles designated as category L (2- and 3-wheel vehicles and quadricycles);
- Vehicles designated as category N1, N2 or N3 falling under the scope of EURO VI, step E or its successor, for freight transport services by road.

According with the proposed technical screening criteria, CTT's turnover alignment with the technical criteria associated with activities CCM 6.5 and CCM 6.6 would increase from 15.8% and 1.21% to 16.2% and 10.9%, respectively. In cumulative terms, this represents an increase in the aligned turnover of the three transport activities (CCM 6.4, CCM 6.5 and CCM 6.6) from 22.6% to 23.1%, an increase in eligible and aligned turnover from 31.7% to 32.1% and an increase in total aligned turnover from 23.8% to 23.1%.

Proportion of CAPEX of aligned activities in 2023

Financial year 2023				Substantial Contribution Criteria						DNSH Criteria ('Does Not Significantly Harm')									
Economic activities	Code	Turnover €	Proportion of Turnover, 2023 %	Climate Change Mitigation (CCM) Y/N ;N/EL	Climate Change Adaptation (CCA) Y/N ;N/EL	Water (WTR) Y/N ;N/EL	Pollution (PPC) Y/N ;N/EL	Circular Economy (CE) Y/N ;N/EL	Biodiversity (BIO) Y/N ;N/EL	Climate Change Mitigation (CCM) Y/N	Climate Change Adaptation (CCA) Y/N	Water (WTR) Y/N	Pollution (PPC) Y/N	Circular Economy (CE) Y/N	Biodiversity (BIO) Y/N	Minimun Safeguards Y/N	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) Turnover, 2022 %	Category - Enabling activity E	Category - Transitional activity T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Operation of personal mobility devices, cycle logistics	CCM 6.4	319 704 €	0.8 %	S	N/EL	N/EL	N/EL	N/EL	N/EL		S	N/A	S	N/A	N/A	S	0.8 %		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	5 049 988 €	12.6 %	S	N/EL	N/EL	N/EL	N/EL	N/EL		S	N/A	S	S	N/A	S	10.1 %		
Freight transport services by road	CCM 6.6	713 €	0.002 %	S	N/EL	N/EL	N/EL	N/EL	N/EL		S	N/A	S	S	N/A	S	0.0 %		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	1 027 941 €	2.6 %	S	N/EL	N/EL	N/EL	N/EL	N/EL		S	N/A	N/A	S	N/A	S	1.3 %	C	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	30 327 €	0.1 %	S	N/EL	N/EL	N/EL	N/EL	N/EL		S	N/A	N/A	N/A	N/A	S	0.6 %	C	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**6 428 673 €**	**16.0 %**	**16.0 %**	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	**S**	**S**	**S**	**S**	**S**	**S**	**S**	**12.7 %**		
Of which Enabling		1 058 268 €	2.6 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	**S**	**S**	**S**	**S**	**S**	**S**	**S**	1.9 %	**C**	
Of which Transitional		5 050 702 €	12.6 %	0.0 %						**S**	**S**	**S**	**S**	**S**	**S**	**S**	10.1 %		**T**
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	5 365 751 €	13.4 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								5.4 %		
Freight transport services by road	CCM 6.6	58 250 €	0.1 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								4.4 %		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		**5 424 002 €**	**13.5 %**	**2.6 %**	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %								**9,8%**		
CapEx of Taxonomy elegible activities (A.1. + A.2.)		**11 852 675 €**	**29.6 %**	**30.0 %**	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %								**22.5 %**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		**28 254 213 €**	**70.4 %**																
TOTAL		**40 106 888 €**	**100 %**																

	Proportion of CAPEX / Total CAPEX	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	16.0 %	29.6 %
CCA	0.0 %	0.0 %
WTR	0.0 %	0.0 %
CE	0.0 %	0.0 %
PPC	0.0 %	0.0 %
BIO	0.0 %	0.0 %

The CAPEX of the aligned activities represents 16.0% (2022: 12.7%) of the total consolidated CAPEX, and 54.2% (2022: 56.5%) of the CAPEX of the eligible activities. The group's eligible activities represent 29.6% (2022: 22.5%) of the total consolidated CAPEX. It should be noted that the value considered aligned includes the CAPEX associated with the plan to electrify the last-mile electric fleet by 100% by 2030.

The CAPEX of non-eligible activities, which represents 70.4% (2022: 77.5%) of the total consolidated CAPEX, essentially corresponds to investments in the segments Bank & Payments and Financial Services & Retail, whose activities are not provided for in the Annexes to the Delegated Regulations, 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 2023

Financial year 2023				Substantial Contribution Criteria						DNSH Criteria ('Does Not Significantly Harm')									
Economic activities	Code	Turnover €	Proportion of Turnover, 2023 %	Climate Change Mitigation (CCM) Y/N ;N/EL	Climate Change Adaptation (CCA) Y/N ;N/EL	Water (WTR) Y/N ;N/EL	Pollution (PPC) Y/N ;N/EL	Circular Economy (CE) Y/N ;N/EL	Biodiversity (BIO) Y/N ;N/EL	Climate Change Mitigation (CCM) Y/N	Climate Change Adaptation (CCA) Y/N	Water (WTR) Y/N	Pollution (PPC) Y/N	Circular Economy (CE) Y/N	Biodiversity (BIO) Y/N	Minimun Safeguards Y/N	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) Turnover, 2022 %	Category - Enabling activity E	Category - Transitional activity T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Operation of personal mobility devices, cycle logistics	CCM 6.4	126 220 €	0.9 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	N/A	Y	N/A	N/A	Y	0.8 %		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	2 124 620 €	14.8 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	N/A	Y	Y	N/A	Y	9.4 %		
Freight transport services by road	CCM 6.6	126 768 €	0.9 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	N/A	Y	Y	N/A	Y	0.0 %		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**2 377 608 €**	**16.5 %**	**16.5 %**	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**10.2 %**		
Of which Enabling		- €	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	0.0 %	**E**	
Of which Transitional		- €	0.0 %	0.0 %						**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	0.0 %		**T**
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	645 992 €	4.5 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								8.7 %		
Freight transport services by road	CCM 6.6	4 084 811 €	28.4 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								23.8 %		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		**4 730 803 €**	**32.9 %**	**32.9 %**	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %								**32.5 %**		
OpEx of Taxonomy elegible activities (A.1. + A.2.)		**7 108 411 €**	**49.4 %**	**49.4 %**	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %								**42.7 %**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		**7 291 354 €**	**50.6 %**																
TOTAL		**14 399 764 €**	**100 %**																

	Proportion of OPEX / Total OPEX	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	16.5 %	49.4 %
CCA	0.0 %	0.0 %
WTR	0.0 %	0.0 %
CE	0.0 %	0.0 %
PPC	0.0 %	0.0 %
BIO	0.0 %	0.0 %

The OPEX of the aligned activities represents 16.5% (2022: 10.2%) of the total OPEX, and 33.4% (2022: 23.9%) of the OPEX of the eligible activities. The group's eligible activities represent 49.4% (2022: 42.7%) of total OPEX.

The OPEX of non-eligible activities, which represents 50.6% (2022: 57.3%) of the total OPEX, corresponds essentially to the OPEX of the segments Bank & Payments and Financial Services & Retail, whose activities are not provided for in the Annexes to the Delegated Regulations 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.

05

Corporate governance

5. CORPORATE GOVERNANCE

5.1 CTT Best practices

5.1.1 Highlights

New Code of Ethics

The new version of the Code of Ethics has been released, with the aim of promoting and explaining the fundamental values of the CTT Group and being a guide on how to translate these values into daily action.

Double Materiality

The new materiality study sought to incorporate both the impact of ESG issues on the value of the organisation and their impact on the environment and society.

5.1.2 Stakeholder relations and materiality analysis

GRI 2-29, GRI 3-3

Over the years, CTT has been committed to engaging with its stakeholders through regular consultation and dialogue and monitoring their needs and satisfaction. Listening to these stakeholders has made it possible to keep the strategy up to date and to identify critical stakeholders and their concerns, which translates into improved 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 consultation 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 analysts 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 surveys Information campaigns Personalised and permanent communication Advertising and accessibility of information Call centre /hotlines Regular surveys on delivery and customer services Satisfaction survey of Business Customers with a contractual commercial relationship with CTT Decentralised meetings of the Management with business customers School sessions and book signing at CTT post offices Campaigns to support the community and the environment, such as: "Solidary Father Christmas" and "A Tree for the Forest"	Improved customer satisfaction Launch and reformulation of new customised business solutions 2,375 CTT contact points 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)
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
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
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 (newsletters, electronic formats, letters, intranet, MyCTT) Training and awareness raising actions Forums Efr ambassadors Systems for suggestions Surveys Internal satisfaction surveys	Widespread disclosure of work-related information Hygiene & Safety Programme continuity Assessment of working conditions Modernisation and renovation of infrastructure and equipment Training on safe/defensive/ ecological driving Stimulate participation in the INOV+ programme Participate in Forum and Organisations for Equality, Diversity and Inclusion Adherence to public commitments for Equality and Diversity and creation of measures for their implementation Trainee programmes Integration of trainees in voluntary work projects Continued certification as a family-responsible company In the corporate areas, consolidation of work models with the possibility of remote work Line dedicated to workers: "Tou CTT" Team of social assistants, support to active and retired workers

Stakeholders	Expectations and needs	Forms of communication with stakeholders and their consultation	Measures adopted
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 Trade Unions, Workers' Committees, Workers' Sub-Committees 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 2023 Signing of the Wage Review Agreement of the CTT Company Agreement 2024 Signing and entry into force of the Wage Review Agreement of the CTT Expresso Company Agreement 2023 Start and end (without agreement) of the negotiation process regarding the revision of the Social Works Regulation (ROS)
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/personalised 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, and good sustainability habits Other CTT products with an ESG component, such as Green Mail or Green Deliveries (made with electrical distribution) and use of recycled materials in an increasing percentage of CTT products	Sale of Pirilampo Mágico (Magic Firefly), "A Tree for the Forest" kits, two philatelic issues produced with 100% recycled paper and an issue dedicated to CTT's approach to ESG issues 15 participations in voluntary, both targeted and ongoing actions, in favour of the environment and people 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 Increase of the waste recovery rate Initiatives to protect biodiversity and raise environmental awareness

Stakeholders	Expectations and needs	Forms of communication with stakeholders and their consultation	Measures adopted
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
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 organising information to comply with reporting obligations Compliance with universal service obligations in terms of quality, prices and network coverage Maintenance of an cost 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
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

Stakeholder mapping and consultation

The materiality analysis reflects contributions that result from the last stakeholder consultation exercise, carried out in 202, in accordance with the guidelines of the AA1000SES Stakeholder Engagement Standard. The analysis enabled identifying the relevant topics and critical stakeholders for the Company and the definition of the strategy of engagement with these stakeholders, that has been systematically applied.

Stakeholder mapping

Source: Stakeholder Engagement Exercise – Ernst & Young

Double materiality study

GRI 2-4, 2-16, 2-29, GRI 3-1, 3-2, 3-3

The main goal of any materiality study is to carry out and present a more elaborate and in-depth analysis of the issues considered "material" to the company.

The CSRD Directive: The Corporate Sustainability Directive is a European Union directive that imposes reporting obligations of an ESG nature (Environment, Social, Governance) and replaces the Non-Financial Reporting Directive. CTT falls within the scope of the CSRD and will have to fulfil its requirements as early as 2024 (to be reported at the beginning of 2025).

This study, which was conducted in late 2023, incorporated the data from the stakeholder consultation mentioned above, and was structured from a "dual materiality" perspective, *i.e.* it sought to incorporate both the impact of ESG issues on the value of organisations and their impact on the environment and society, in a more traditional dual movement from the outside in, but also from the inside out. In its realisation, dual materiality combines the materiality of the impact externally and the financial materiality within the organisation.

Double Materiality Analysis and consultation with CTT's internal stakeholders

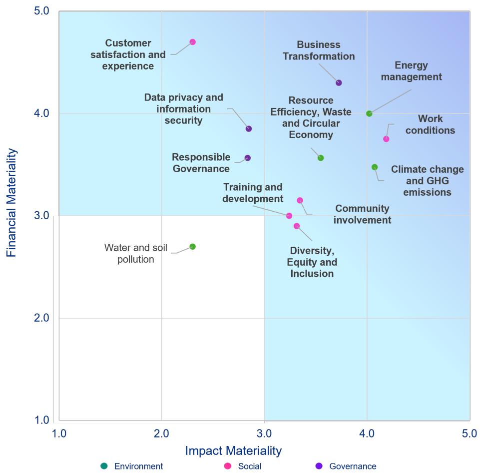
This project was contextualised in view of the new disclosure and reporting requirements demanded by the European Sustainability Reporting Standards (ESRS), under the aforementioned CSRD Directive. Launched at the end of 2023, its main objective was to prepare CTT for the requirements of the new European ESRS standards in terms of impact analysis. The Dual Materiality exercise consisted of identifying the most relevant issues for CTT's stakeholders, as well as for the organisation itself, through an internal consultation and the evaluation of the relevance of a set of Impacts, Risks and Opportunities (IRO) that was predefined.

The definition of material topics is therefore an essential step, also because CTT will have to respond to the ESRS standards regarding these themes. The process involved surveying topics, subtopics and their related IRO, relevant to CTT's business and the sector in which it operates. This survey began with a benchmark of the most relevant topics, considering both the spectrum of large national companies and that of the most relevant players in the international postal sector. Complementary to this, CTT went to great lengths to listen to critical internal stakeholders, team leaders with a decisive role in the transformation underway at CTT, who devoted a lot of time to analysing processes and thus identifying the most relevant topics for the company.

The Impacts identified were used to determine the Preliminary Impact Materiality, which considered the Severity of the impacts caused (assessed according to Scale, Scope and Irremediability criteria) and the Probability of occurrence. It is important to highlight that negative and positive impacts were analysed through a different sets of criteria. The Risks and Opportunities identified took into account as criteria the potential Magnitude of the financial effects caused and the Probability of occurrence. Once again, the same broad group of CTT leaders analysed and scored these impactful topics, considering the CTT Group with all its internal areas, including areas dedicated to financial services and accounting. Banco CTT and 321 Crédito are excluded from the scope of this process.

Once the study was completed, its quality was assessed through input from the Executive Committee. At the end of this thorough process, it was possible to arrive at the configuration of the new Double Materiality Matrix that resulted from this study, which shown below.

CTT Materiality Matrix



	Topic	Impact Materiality	Financial Materiality
E	Climate change and GHG emissions	4.1	3.5
E	*Water and soil pollution*	*2.3*	*2.7*
E	Energy management	4.0	4.0
E	Resource Efficiency, Waste and Circular Economy	3.5	3.6
S	Work conditions	4.2	3.8
S	Training and development	3.2	3.0
S	Diversity, Equity and Inclusion	3.3	2.9
S	Customer satisfaction and experience	2.3	4.7
S	Community involvement	3.3	3.2
G	Data privacy and information security	2.8	3.9
G	Business Transformation	3.7	4.3
G	Responsible Governance	2.8	3.6

Compared to the previous formulation of CTT's materiality matrix, it can be seen that the topic of Climate Change (naturally associated with carbon emissions, especially given the carbon intensity of our logistics and distribution activity) has remained critical. Even so, the nuance provided by the financial materiality framework has positioned the issue in a more balanced way.

In the balance of this analysis, energy management emerged as the issue with the most pronounced degree of criticality in both axes.

From the perspective of the nature of the issues, it should be noted that environmental issues (marked as "E") are important, with all three occupying a prominent position in the most critical quadrant. The governance and social impact themes are also represented by the Business Transformation and Working Conditions dimensions, respectively. We would also highlight the fact that the first theme is new to the matrix, while the second encompasses a number of other themes, such as Worker Satisfaction and Experience and Health and Safety at Work, which featured prominently in the previous matrix but have retained their relevance. Compared to the previous matrix, the themes of Community

Involvement and Diversity, Equity and Inclusion have also been elevated from the category of "important" to "critical". All the other critical topics have been maintained, with the topic of "Ethics, Transparency and Anti-corruption" being renamed "Responsible Governance", a designation that implies a broader scope.

Of the topics identified during the internal IRO survey process, only Water and Soil Pollution was not considered material in the final analysis.

All the material topics are more or less directly addressed in the company's ESG Commitments. Nevertheless, the topics of "Customer Satisfaction and Experience", "Data Privacy and Information Security" and "Business Transformation" stand out and could be dealt with more incisively by defining new commitments that are directly associated with them.

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 the following associations:

- APAN – Portuguese Advertisers Association,
- APDC – Portuguese Association for the Development of Communications,
- APEL – Portuguese Publishers and Booksellers Association,
- COTEC – Business Association for Innovation,
- IPAI – Portuguese Institute of Internal Auditing and
- 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 41 of the largest Portuguese business groups with the purpose of accelerating the country's economic and social growth to ensure a fairer, more prosperous, more competitive 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 chairs the Innovation Forum,
- PUASP – 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

Committees and Plenary Meetings of the Postal Operations Council (COP) of the UPU were held from 1 to 5 May and from 30 October to 3 November in Berne, Switzerland, in which CTT participated remotely and in person, respectively. 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.

CTT was part of the Portuguese delegation at the 4th Extraordinary Congress of the UPU, which was held from 1 to 5 October in Riyadh, Saudi Arabia.

POSTEUROP

In 2023, CTT participated in person in PostEurop's Plenary Assembly and in the 'Business Forum' that took place on 18 and 19 October in Bratislava, Slovakia.

CTT also continued to take part in various meetings of the Committees and their respective Working Groups and, since 2007, has continued to chair the organisation's Innovation Forum. It is also vice-chair of the European Union Affairs Committee.

PUASP

From 5 to 7 December 2023, the Advisory and Executive Council was held in Montevideo (Uruguay), in which CTT participated remotely.

IPC

From May 2020 to May 2023, CTT, through its Executive Chairman, João Bento, CTT was a member of the organisation's board, serving a three-year mandate representing the South of the Alps Group.

On 25 May 2023, CTT attended the Board meeting and the General Shareholders' Meeting, which took place in Dublin, Ireland.

With this participation in the board meeting, CTT ended its mandate, giving way to Correios e Telégrafos de España, in fulfilment of the rotation agreement entered into between the countries South of the Alps (Cyprus, Croatia, Spain, Greece, Italy and Portugal).

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 is also aimed at trainees from Latin America and CTT staff and has enabled 713 trainees from 28 countries to take part over 15 years. In 2023, this course, which focused on Sustainability, was delivered in a digital format, with 175 trainees enrolled from fifteen countries and 62 nominal diplomas were awarded to participants who met the attendance requirements.

EuroMed

CTT took part in the Association's 16th and 17th General Meetings, held on 14 June and 14 December respectively, exclusively by remote means.

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 its subsidiaries and group companies are and always have been guided in the exercise of their activities by the respect for the principles of legality, good faith, responsibility, transparency, loyalty, integrity, professionalism and confidentiality, both in their relations with shareholders, regulatory and supervisory bodies, customers, suppliers, service providers, the media, public and private organisations and the general public, and in internal relations between employees.

In the belief that only through the application of ethical principles is it possible to generate and maintain the trust of all stakeholders, CTT, faced with the desire and need to raise its standards in this phase of change and major transformation, has taken a further step in affirming a stance of integrity by approving a new Code of Ethics, which is currently being implemented. This Code consolidates the elements that characterise the ethical culture, explains the fundamental values of the CTT Group and conveys an integrated vision of CTT's positioning in matters that have a transversal impact on governance and management practices. It also consolidates a matrix of values and actions designed to guide the CTT Group's employees in the way they relate to each other and to other stakeholders.

In order to ensure that these principles are applied, CTT has appointed bodies and developed prevention and control mechanisms, which are listed below.

Ethics Committee

The mission of the Ethics Committee is to independently and impartially monitor the application and observance of the provisions of the CTT Group's Code of Ethics and the Code of Good Conduct to Prevent and Fight Harassment at the Workplace, receiving reports of violations of the aforementioned Codes through the communication channels of the Ethics Channel (comissao.etica@ctt.pt) available on the CTT website and ensuring the existence of internal communication mechanisms and that they comply with the legal rules regarding confidentiality in the treatment of information and guarantee of non-retaliation against whistleblowers.

In the Corporate Governance Report (see subchapter 5.2) and on the CTT website, more detailed information is available on the responsibilities of the Ethics Committee, including its composition and the activity carried out in 2023, which focused on promoting and strengthening a strong culture of ethics in the CTT Group, intensifying its work to define and implement a set of measures with a positive impact on good management practices, organisational sustainability, integrity and transparency, among which it is worth highlighting the approval of the new version of the CTT Group Code of Ethics and the definition of the main mechanisms for its implementation.

In 2023, twenty reports were received through the Ethics Channel, mostly related to harassment, well-being and stakeholder relations, which were processed and investigated.

Of the 20 reports received and analysed by the Ethics Committee, 15 have been concluded and the remaining 5 are still in the process of being investigated. It should be added that, within the completed reports, it was found that: 1 case concerned only a request for clarification; in 2 cases the practice of a disciplinary infraction was proven; in 2 cases, it was concluded that the Code of Ethics did not apply. As for the remaining 10 cases, the investigation carried out did not result in proof of the practice of any illicit conduct.

Code of Ethics of the CTT Group

This document aims to promote and explain the fundamental values of the CTT Group and is a guide on how these values should be translated into the Group's day-to-day actions. It is intended to convey an integrated vision of its position in the CTT universe in matters that have a transversal impact on the Group's governance and management practices, as well as to consolidate a matrix of values and actions designed to guide its Employees in the way they relate to each other and to other Stakeholders. It covers the members of the corporate bodies and all the employees of the CTT Group, and is also a reference for the public and suppliers, service providers and partners of the CTT Group in their relationship with them, under the terms that are contractualised in each case.

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

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 also for the prevention and control of irregularities:

- **Code of Conduct for Senior Officers and Insiders**: The Code of Conduct for Senior Officers and Insiders establishes general rules on the handling of insider information and transactions in shares or other financial instruments issued by CTT or related thereto by Senior Officers and Insiders, as well as the information duties incumbent on Senior Officers, thus responding to the requirements arising from the EU Regulation on this matter.

- **Code of Conduct for the Prevention of Corruption and Related Infringements**: This Code is an extremely important instrument, which represents an internal and external commitment to the highest values in terms of preventing corruption and related infractions, setting out the principles of action through rules aimed at preventing, detecting and sanctioning 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 is to define the procedures for receiving, retaining and communication of irregularities by CTT in matters of accounting, auditing, internal accounting controls, risk control, insider trading, fraud or corruption and related offences, banking and financial crime, money laundering and terrorist financing, 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 reported by any Whistleblower. In subchapter 5.2 of chapter 5. Corporate Governance Report contains detailed information on the procedures in force in this area.

  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.

  In addition, the following policies and plans are available for consultation:

  - Plan for the Prevention of Risks of Corruption and Related Infringements;

  - Code of Conduct on the Prevention of Corruption and Related Infringements;

  - Training programme on the prevention of corruption and related infringements for all senior officers and employees.

  There are currently 13 processes being monitored, out of a total of 26 identified and approved by the Executive Committee. There are 58 risks of corruption and related infractions being monitored, of which 7 are classified as "Significant".

Risk assessment of corruption and other possible non-compliances at Banco CTT

Banco CTT has a policy for the Prevention of Money Laundering and Terrorist Financing and a set of processes and procedures aimed at ensuring legal requirements and mitigating the risks of using the bank for these purposes. Every year, a team of external auditors assesses the processes and procedures and carries out effectiveness tests.

All Banco CTT operations are subject to risk assessment. Customers and transactions are analysed according to the risk they may represent in terms of using the bank for money laundering or terrorist financing purposes (which includes the crime of corruption). Relevant relationships with financial and non-financial counterparties are also subject to a due diligence process, which aims to avoid doing business with entities that present money laundering risks or may represent reputational risks because they are involved in financial crimes or associated with corrupt practices.

As part of the corruption prevention plan project, potential risks were identified and the inherent risk assessed after applying existing controls, and no high risks were identified. The Banco CTT Group's Corruption Prevention Plan is available on the organisation's 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 cyberthreats has never been greater. The year 2023 was marked by a persistent escalation in cyber threats::

- Criminal activity in the Portuguese cyberspace continued to grow;
- Incidents continued to be potentially catastrophic, whether in terms of brand protection, information protection, protection of the most important assets and as such could have had an impact on CTT's productive activity;
- The assessment of the incidents that took place was decisive to strengthening the organisation's security.

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
- Train the 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 - a set of documents 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
- Separation of CISO and CIO/CTO functions - CTT's IT department ensures compliance with the guidelines issued by the central information security management body, acting within its scope of:
    - Infrastructure management and application development and maintenance; and
    - Other IT services it develops for CTT.
- 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.

On the legal side of cybersecurity, in December 2022 the European Union approved the NIS 2 directive (Network and Information Security Directive 2) and the DORA regulation (Digital Operational Resilience Act), which must be transposed into Portuguese law by 17 October 2024. This legislation, approved by the European Council, aims to harmonise resilience and the ability to respond to cybersecurity incidents.

Fines for non-compliance can amount to ten million euros or 2% of global turnover for essential entities, and seven million euros or 1.4% of global turnover for important entities.

In any case, it is already possible to anticipate the general lines of what will be required in terms of cybersecurity from entities that are subject to the respective scope of application, such as CTT, given that the postal sector has become a critical infrastructure sector.

In 2023, CTT consolidated the role of CISO (Chief Information Security Officer) in the company's organisational structure. The group CISO plays a crucial role in the information security of the CTT group and is responsible for leading and overseeing cybersecurity strategies.

It was also the year of the operationalisation of the Security Forum, a multidisciplinary collegiate body for discussing and coordinating information security activities. This forum is coordinated by the CISO and sponsored by the executive committee.

It was in this context that CTT followed up on a series of tactical and structuring initiatives in order to fulfil the outlined strategy:

- Of particular note were the awareness-raising and training activities carried out in 2023 in conjunction with the Talent Management department where the message was conveyed that all employees are part of the cyber-defence system - "each one of us is like a firewall".

- Cybersecurity has to be dynamic and adaptive and has to bring together technology, processes and people.

- It is not just the organisation's information security that is at stake, but also our own personal security as part of society.

5.2 Corporate Governance Report[82]

TABLE OF CONTENTS

[82] 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))

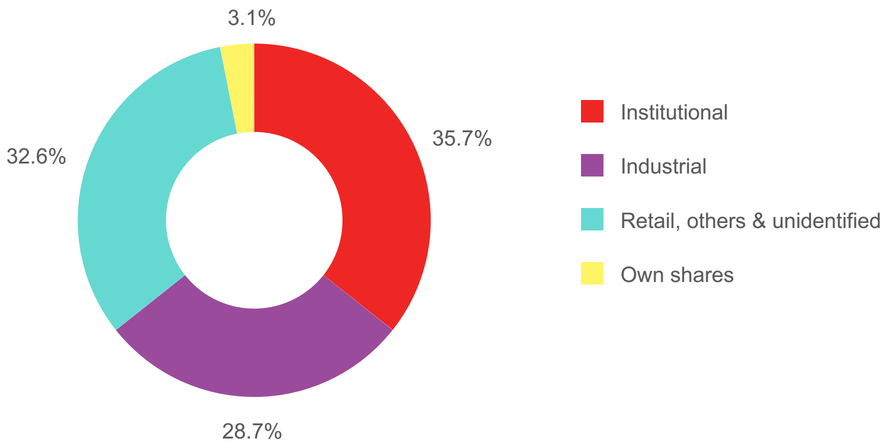
CTT's share capital is €71,957,500.00, fully paid-up and underwritten, being represented by 143,915,000 ordinary (there are no different categories), registered, book-entry shares with nominal value of €0.50 each, listed for trading on the regulated market managed by Euronext Lisbon - Sociedade Gestora de Mercados Regulamentados, S.A. ("Euronext Lisbon").

Characterisation of the capital structure

At the end of 2023, a study was conducted aimed at characterising CTT's capital structure. The conclusions of this study are presented below.

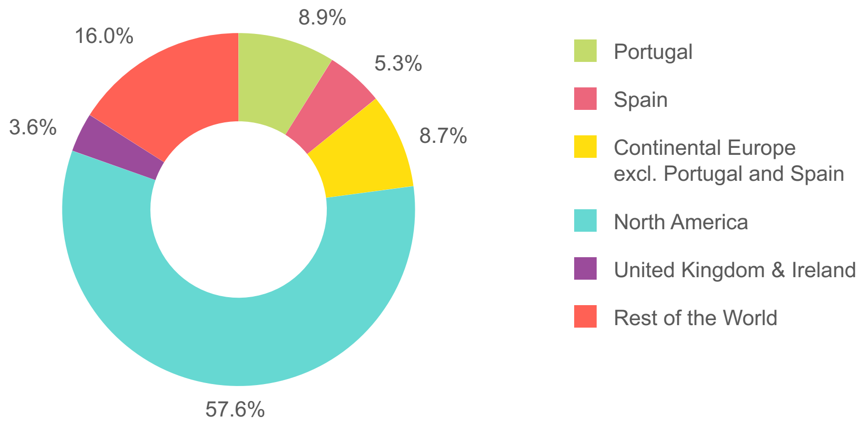
With regard to the **profile of CTT's investors**, the study identified 110 institutional shareholders holding around 36% of the company's share capital, two industrial shareholders who held around 29%, while more than 32% was held by retail and other investors. As at 31 December 2023, 3.1% of the share capital were CTT treasury shares, as can be seen in the following graph:

CAPITAL STRUCTURE BY INVESTOR PROFILE



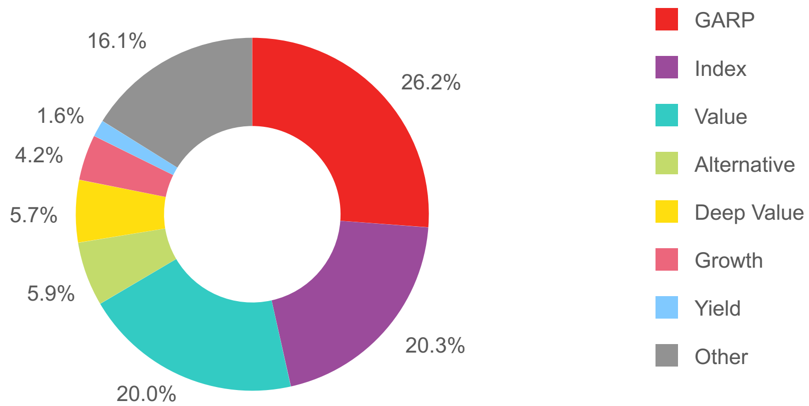
As far as the **geographical breakdown** is concerned, according to the same survey, CTT's institutional shareholder base was predominantly located in North America, followed by the European countries, including Portugal and Spain and the United Kingdom and Ireland, which together accounted for almost 26.4% of the company's institutional shareholder base. Some 16% of this shareholder base was dispersed throughout the rest of the world. This geographical breakdown is illustrated in the following graph:

GEOGRAPHICAL BREAKDOWN - INSTITUTIONAL INVESTORS



The study also included an analysis of CTT's institutional shareholder composition by **investment strategy**. According to this analysis, at the end of 2023, institutional investors with a GARP (Growth at A Reasonable Price) investment strategy represented just over 26% of institutional investment in CTT, followed by Indexed (passive) investors which accounted for around 20%, roughly the same percentage as those following a Value strategy. Investors with Alternative and Deep Value strategies accounted for approximately 6% each and those following a Growth strategy accounted for just over 4% of institutional investment in CTT. Institutional investors with other investment strategies accounted for just over 16%, as illustrated graphically below:

INVESTMENT STRATEGY - INSTITUTIONAL INVESTORS



Finally, the study demonstrated that, at the end of 2023, the 10 largest CTT shareholders (including institutional and industrial) held circa 52% of the company's capital, compared to 56% at the end of 2022, while the 25 largest held more than 60%. At the end of 2022, this percentage was 69%.

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 III.3. 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 2022, CTT held 2,935,000 own shares, 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.

Following the resolution of the Annual General Meeting of Shareholders held on 20 April 2023, which approved the share capital reduction in the amount of €717,500.00 for the purpose of releasing excess capital, on 21 April 2023, the CTT share capital reduction in the amount mentioned above through the cancellation of 1,435,000 shares held by the Company, representing 0.997% of its share capital and acquired under the share buyback programme carried out from 17 March to 8 September 2022, was registered before the Commercial Registry Office. Thereafter, the company held 1,500,000 own shares. As such, CTT's share capital became €71,957,500.00, represented by 143,915,000 shares with the nominal value of €0.50 per share. Article 4(1) and (2) of the Articles of Association of the Company was amended accordingly.

The Board of Directors, at its meeting of 21 June 2023, approved the implementation of a new share buyback programme amounting to the overall value of €20,000,000.00, equivalent to 4.1% of CTT's market capitalisation. This programme, to be implemented over the following 12 months, has the objectives of (1) repurchasing a maximum of up to 7.65 million shares, representing a maximum nominal value of €3,825,000.00, which corresponds to 5.3% of the share capital, and (2) reducing the share capital by up to the same amount through the cancellation of the acquired shares.

On 26 June 2023, CTT started trading in the context of the share buyback programme with Banco BPI, S.A. as the financial intermediary in charge of the execution of said programme. The transactions carried out under this programme from 26 June 2023 until 14 March 2024, the date of the most recent communication to the market on the subject, are detailed in Annex II of this Report.

A proposal to approve the reduction of the share capital by up to €3,825,000.00 for the purpose of releasing excess capital, through the cancellation of up to 7,650,000 shares representing up to 5.3 % of the share capital already acquired or to be acquired under the aforementioned Buyback Programme, is to be submitted to the next General Meeting.

As at 31 December 2023, **CTT held, 4,409,300 own shares, with the nominal value of €0.50 each, corresponding to 3.06% of its share capital**.

As at 14 March 2024, the date of the most recent interim report on the transactions carried out in the context of the share buyback programme, **CTT held 5,949,960 own shares, with the nominal value of €0.50 each, corresponding to 4.13% 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, 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 2023, 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 **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 and renewed for a period of 5 years, with effect from 31 December 2023 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 **tripartite insurance distribution agreement signed between CTT, Banco CTT and Generali - Companhia de Seguros, S.A. on 11 December 2018 and amended on 30 March and 21 December 2023,** concerning the marketing and sale in the Portuguese territory of the products and modalities of Insurance of the "Life" and "Non-life" Branches, with the exception of linked insurance contracts and investment funds and/or capitalisation insurance, provides for the possibility of immediate termination by

either Party in the event of a change in shareholder control by either Party that would jeopardise the institutional relationship between the Parties and in the event of entry by one Party of a financial group or a competing company of the other Party.

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 2023, **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)		21,580,000	14.995%	14.995%
Indumenta Pueri, S.L. (1)	**Total**	**21,580,000**	**14.995%**	**14.995%**
Manuel Champalimaud, SGPS, S.A.		19,246,815	13.374%	13.374%
Manuel Carlos de Melo Champalimaud		500,185	0.348%	0.348%
Manuel Carlos de Melo Champalimaud	**Total**	**19,747,000**	**13.721%**	**13.721%**
GreenWood Builders Fund I, LP (2)		9,762,000	6.783%	6.783%
GreenWood Investors LLC (2)	**Total**	**9,777,400**	**6.794%**	**6.794%**
Green Frog Investments Inc	**Total**	**7,730,000**	**5.371%**	**5.371%**
CTT, S.A. (own shares)	**Total**	**4,409,300**	**3.064%**	**3.064%**
Remaining shareholders	**Total**	**80,671,300**	**56.055%**	**56.055%**
TOTAL		143,915,000	100.000%	100.000%

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

(2) GreenWood Investors, LLC, of which Steven 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. GreenWood Investors LLC's shareholding includes 15,400 shares directly held by Steven Duncan Wood.

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 2023, 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 31.12.2022	Date	Acquisition	Encumbrance	Disposal	Price (€)	Number of shares as at 31.12.2023
Raul Catarino Galamba de Oliveira (b)	30,000	17.03.2023 20.03.2023	5,000 5,000	---	---	3.380000 3.400000	40,000
João Afonso Ramalho Sopas Pereira Bento (c)	31,500	04.05.2023	20,407	---	---	0(c)	51,907
António Pedro Ferreira Vaz da Silva (d)	7,000	---	---	---	---	---	7,000(d)
Guy Patrick Guimarães de Goyri Pacheco(c)	8,000	04.05.2023	11,661	---	---	0(c)	19,661
João Carlos Ventura Sousa(c)(e)	2,851	04.05.2023 30.05.2023	8,746 500	---	---	0(c) 3.2850	12,097
João Miguel Gaspar da Silva(d)	11,435	---	---	---	---	---	11,435 (d)
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	0	---	---	---	---	---	0
Steven Duncan Wood	0	Annex II(f)	Annex II(f)	Annex II(f)	Annex II(f)	Annex II(f)	15,400
Duarte Palma Leal Champalimaud(g)	15,000	30.03.2023 05.05.2023	---	---	2,000 13,000	3.6300 3.7200	0
Isabel Maria Pereira Aníbal Vaz(d)	0	---	---	---	---	---	0(d)
Jürgen Schröder	0	---	---	---	---	---	0
Margarida Maria Correia de Barros Couto	0	---	---	---	---	---	0
María del Carmen Gil Marín	0	---	---	---	---	---	0
Susanne Ruoff	1,200	---	---	---	---	---	1,200

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

(b) Acquisitions disclosed to the market in a management transactions press release of 24 March 2023 available on CTT website.

(c) Acquisition as long-term variable remuneration. The closing price on Euronext Lisbon on the date of payment was € 3.69, as disclosed to the market in management transactions press releases of 8 May 2023 available on CTT website - CEO, CFO and CCO.

(d) Number of shares held as at 20 April 2023, the date of termination of duties as member of the Board of Directors (2020/2022 term of office).

(e) Acquisitions disclosed to the market in a management transactions press release of 31 May 2023 available on CTT website.

(f) The details of the acquisitions and/or disposals made in 2023 are set out in Annex II, as communicated to the Company and disclosed to the market in management transactions press releases of 19, 27 and 29 June 2023 available on CTT website - 19 June, 27 June and 29 June.

(g) Disposal of shares disclosed to the market in a management transactions press release of 7 February 2024 and available on CTT website.

Closely Related Parties	Number of shares as at 31.12.2022	Date	Acquisition	Encumbrance	Disposal	Price (€)	Number of shares as at 31.12.2023
Manuel Champalimaud SGPS, S.A. [a]	19.246.815	—	—	—	—	—	19.246.815
GreenWood Builders Fund I, LP [b]	10.025.000	Annex II[c]	Annex II[c]	Annex II[c]	Annex II[c]	Annex II[c]	9,762,000

(a) Entity closely related to Duarte Palma Leal Champalimaud, in which the Non-Executive Director of CTT is Member of the Board of Directors.

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

(c) The details of the acquisitions and/or disposals made in 2023 are set out in Annex II, as communicated to the Company and disclosed to the market in management transactions press releases of 19 and 27 June 2023 available on CTT website - 19 June and 27 June.

Statutory Auditor	Number of shares as at 31.12.2022	Date	Acquisition	Encumbrance	Disposal	Price (€)	Number of shares as at 31.12.2023
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 2023 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 Chair and a Vice-Chair,** elected every 3 years at the General Meeting.

As at the date of the Annual General Meeting held on 20 April 2023, the composition of the Board of the General Meeting was as follows:

Members (1)	Position	Term of office
Pedro Miguel Duarte Rebelo de Sousa	Chair	2020/2022
Teresa Sapiro Anselmo Vaz Ferreira Soares	Vice-Chair	2020/2022

(1) Appointed at the Annual General Meeting that took place on 29 April.2020.

The General Meeting of 20 April 2023 elected the members of the Board of the General Meeting for the 2023/2025 term of office, which on 31 December 2023 and on the present date is made up of the following members:

Members	Position	Term of office
Teresa Sapiro Anselmo Vaz Ferreira Soares	Chair	2023/2025
José Luís Pereira Alves da Silva	Vice-Chair	2023/2025

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 2023 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 III.1. of the IPCG Code**, the **sub-recommendation III.1.(1)** as complied with and **sub-recommendation III.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 5^{th} trading day prior to the General Meeting, hold at least **1 share**. Under these same provisions, for each share correspond 1 vote and 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 2023, the General Meeting took place exclusively by telematic means through a remote visualisation and communication system. The shareholders could vote in advance by correspondence (e-mail or registered mail) or by electronic means (electronic voting platform), as well as during the General Meeting by electronic means, under the terms described in the Convening Notice and in accordance with **Recommendations III.4 and III.5 of the IPCG Code**.

The Company also ensured that, both prior to and during the General Meeting, all the clarifications and information on the matters to be decided and the respective proposals requested by the shareholders were provided.

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**. Its 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

- The **General Meeting** has powers to: (i) elect the members of the corporate 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, the latter 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 an 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

currently composed of four non-executive Directors, half of whom are independent, including the Chair who has a casting vote (when carrying out the duties referred to in the same point);

- The **Audit Committee** (composed of non-executive directors who are all 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 Chair and Vice-Chair, 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 the date of the Annual General Meeting, held on 20 April 2023, the **Board of Directors was composed of 14 Directors**, of whom **5 were members of the Executive Board**:

Members	Board of Directors	Executive Committee	Audit Committee	Independence [(1)]	Date of 1st Appointment [(2)]
Raul Catarino Galamba de Oliveira	Chair			Yes	29/04/2020
João Afonso Ramalho Sopas Pereira Bento	Member	Chair			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		Chair	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 IV.2.4. (previous 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.

The members of the Board of Directors were elected at the Annual General Meeting of 20 April 2023, for the new term of office 2023/2025. As from that date, and as at 31 December 2023, the **Board of Directors was, and is as at this date, composed of the following 11 Directors**, of which **3 are members of the Executive Committee**.

Members	Board of Directors	Executive Committee	Audit Committee	Independence [(1)]	Date of 1st Appointment [(2)]
Raul Catarino Galamba de Oliveira	Chair			Yes	29/04/2020
João Afonso Ramalho Sopas Pereira Bento	Member	Chair			20/04/2017
Guy Patrick Guimarães de Goyri Pacheco	Member	Member			19/12/2017
João Carlos Ventura Sousa	Member	Member			18/09/2019
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	Member		Chair	Yes	20/04/2017
Steven Duncan Wood	Member				23/04/2019
Duarte Palma Leal Champalimaud	Member				19/06/2019
Jürgen Schröder	Member		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 IV.2..4. (previous 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

Until the date of the Annual General Meeting held on 20 April 2023, the Board of Directors was composed of **5 executive members and 9 non-executive members, including 6 independent members, among whom the Chair of the Board of Directors.**

After the Annual General Meeting held on 20 April 2023, and following approval by a majority of the votes cast, with reference as at 31 December 2023 and at the present date, the Board of Directors is composed of **11 members, 3 of them executive members and 8 non-executive, including 5 independent members, among whom the Chair of the Board of Directors,** as per the table included in point 17 of Part I above.

Forty-five percent of the total number of members of the Board of Directors and 62.5% of its non-executive members, in office as at 31 December 2023, 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 IV.2.4. and IV.2.5. of the IPCG Code** were also considered.

The Company has thus a Board of Directors composed of 11 members and, in its opinion, a sufficient number of non-executive and independent members to efficiently perform the functions entrusted to them, appropriate to the size and complexity of the company and its activities, particularly in view of the different sectors and countries in which CTT is present and the retention of knowledge and experience, especially in view of the 2020/2022 term of office, which translates into a balanced composition in terms of agency costs compared to the maximum size of the Board of Directors provided for in CTT's articles of association (i.e. 15 members) and allows for the promotion of the effective functioning and performance of the Board of Directors, as well as 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 IV.2.2., IV.2.3. and IV.2.4. 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 Chair of the Board of Directors or from the Chair 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.

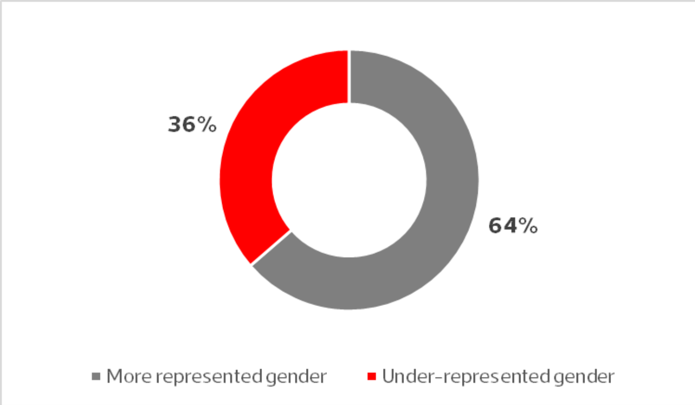
As demonstrated in the Corporate Governance, Evaluation and Nominating Committee recommendations and Terms of Reference disclosed to the shareholders in March 2023 and available for consultation on the CTT website (www.ctt.pt), CTT's Diversity Policy seeks to foster an appropriate diversity within its 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.

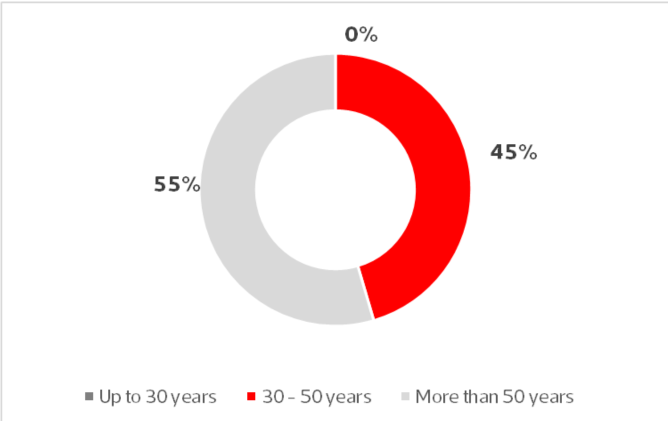
The proposal for the election of the members of the management and supervisory bodies for the 2023/2025 term of office submitted by a group of Shareholders was accompanied by an opinion of the Corporate Governance, Evaluation and Nominating Committee on the individual attributes (independence and conditions for the exercise of functions in the interest of the Company and in accordance with standards of loyalty, integrity and availability, incompatibilities, skills, experience and knowledge) and diversity requirements (number of executive, non-executive and independent members, legal requirements regarding gender diversity, balance of skills, experience and knowledge), which can contribute to the effective performance of these corporate bodies.

The graphs below present the result of this action by referring in this point to Annex I of this Report, where the curricula of the members of the Board of Directors of CTT are available for consultation. The graphs below highlight the following level of **diversity of this body in terms of gender, age, independence and professional background** as at 31 December 2023:

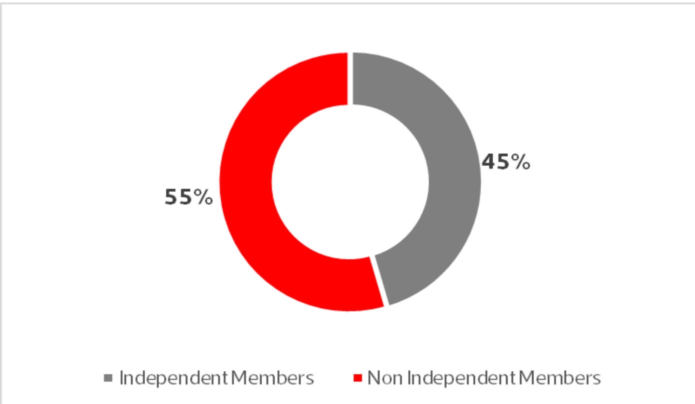
Gender:
36% of Directors of the under-represented gender



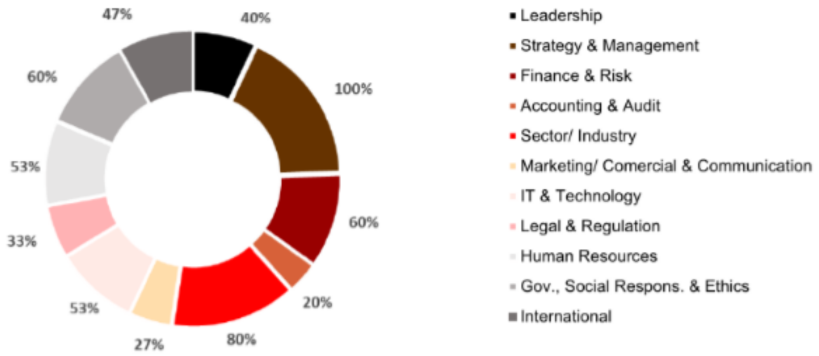
Age:
Average age of 54 years



Independence:
45% of independent Directors,
corresponding to 62.5% 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 Chair of the Strategy and Investment Committee of the Manuel Champalimaud Group.

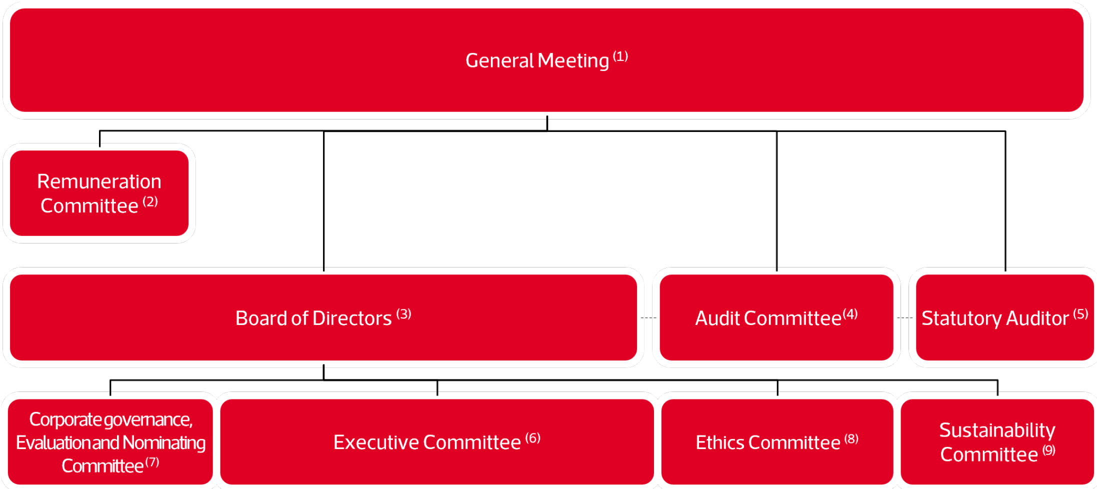
The **Non-Executive Director** Steven Duncan Wood is the founder and Managing Member of GreenWood Investors LLC, the management company of GreenWood Builders Fund I, LP, qualified shareholder of CTT.

The shareholder structure may be consulted at the CTT website (at www.ctt.pt).

Whether by reference to 31 December 2023 or to the present date, and except as provided for in the previous paragraphs, CTT has not been informed of the existence of any other regular and significant family, professional or business relationships of the members of the Board of Directors with Shareholders to whom a qualifying holding of more than 5% is attributable, as provided for in Article 16 of the PSC.

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 2023 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.

(9) *See* in particular the duties of the Sustainability Committee, described in point 21.6 of this subchapter.

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 Chair 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 Chair of the Executive Committee

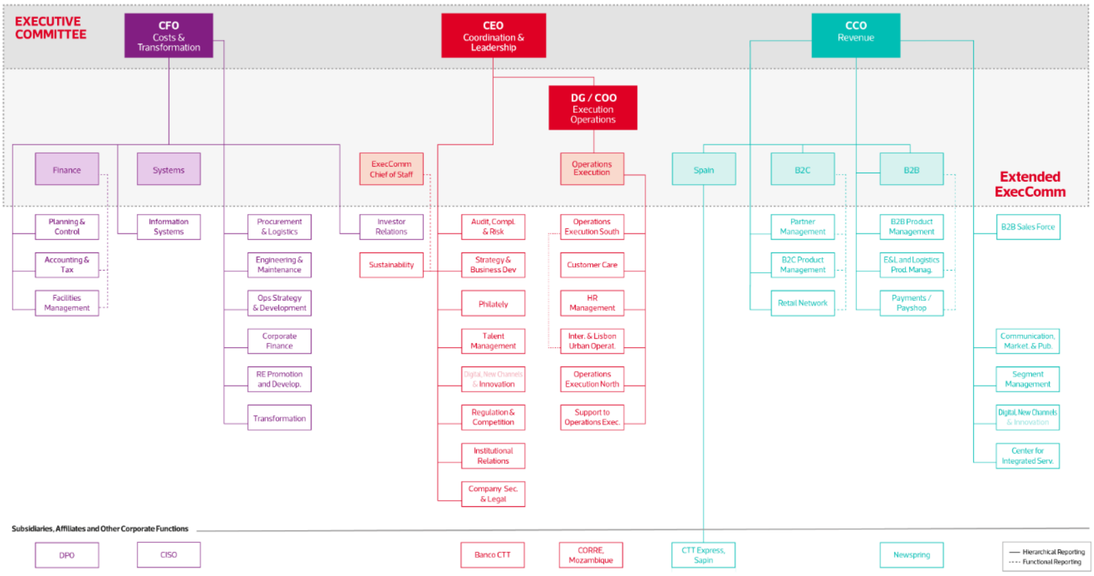
- Ensure that all information on the Executive Committee's activity and resolutions is provided to the other members of the Board;
- Ensure compliance with the limits to the delegation of power and the Company's strategy and proposing to the Board of Directors a list of the management issues that should 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 Chair of the Executive Committee presents the summarised 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 the powers of the Executive Committee are allocated to its members as follows:



Since 23 January 2023, Executive Committee meetings have also been attended by the General Director of Operations Execution and Human Resources Management and by the Coordinating Directors in the areas of Operations, Planning and Control, Express & Parcels Spain, B2B Product Management, Investor Relations and Sustainability, Information Systems and B2C, with the aim of ensuring the ability to execute the strategy defined for the Company with greater agility and with the alignment that is essential to achieving the objectives of transformation and sustainable growth. The Executive Committee operating under this model is called the Extended Executive Committee.

21.3 Executive Committee support Committees

GRI 2-9, 2-13

The Executive Committee's support Committees as at 31 December 2023, and on the present date, were, and are, as follows:

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.
Sustainability Committee (Steering) GRI 2-14	
Composed of the Executive Directors, the Coordinating Directors who make up the Extended Executive Committee and the Directors with responsibility for Sustainability, Human Resources and Talent, Communication and Marketing. The Committee is chaired by the Chairman of the Executive Committee and coordinated by the Head of Sustainability. Other Heads of Department may participate when invited.	Monitoring the implementation of the 2022-2030 sustainability programme underway, promoting the debate with the main business and support areas, defining short- and long-term sustainability targets and supporting the implementation of sustainability measures, as well as non-financial reporting.

Innovation Committee	
Composed of the executive Directors, the heads of Digital, New Channels & Innovation, B2C Product Management, Segment Management, Management of E&P, Cargo & Logistics Products, B2B Product Management, Strategy and Development of Operations and Engineering & Maintenance. The Committee is chaired by the Chair 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 the Directors.	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, organisational, 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 specialisation;
- 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 Chair 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 Chair 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;
- Analyse, at the request of the Board of Directors, the accumulation by Directors of functions outside the CTT Group with the functions performed in the Company from the perspective of incompatibilities and conflicts of interests.

21.5 Ethics Committee

GRI 2-23, 2-26

The mission of the Ethics Committee is to ensure the monitoring and observance of the rules contained in the Code of Ethics and the Code of Good Conduct for the Prevention and Combat of Harassment at Work in force in the CTT Group, as well as to mitigate the risks of non-compliance, acting independently and impartially and exercising its powers in accordance with the highest standards of ethics and professionalism, under the terms of the respective Internal Regulations and always in coordination with the other corporate bodies, committees and structures of the Group, as well as with the Departments of the organisational structure, to the extent of the powers delegated to them.

This Committee is responsible for:

CTT Group's Code of Ethics

- Promoting the disclosure, application and compliance with the CTT Group's Code of Ethics, 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.
- Issuing opinions on matters covered by the Code of Ethics, whenever requested to do so by the corporate bodies, committees or structures of the CTT Group and act as a channel for clarifying any doubts raised by employees or other stakeholders;
- Promoting constructive dialogue within the CTT Group on any topic of ethical relevance;

- Receiving and dealing with any reports of alleged incorrect or irregular acts and behaviour or breaches of the provisions of the Code of Ethics, ensuring that they are followed up, in coordination with the Human Resources Management and the Audit, Compliance and Risk;

- Preparing, annually,a report on the activities carried out in the previous year in terms of applying the Code of Ethics, which shall include all the cases involving complaints made, whether they are in progress or have been finalised.

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, ensuring the organisation of training courses, workshops and debates on the topics set out in this Code;

- Receiving and dealing with any complaints/reports from victims or third parties of conduct considered to be harassment at work, including those to which the complainant is a direct or indirect witness, ensuring that they are followed up, in coordination with Human Resources Management;

- Preparing, annually, a report on the activities carried out in the previous year in terms of applying the Code of Good Conduct to Prevent and Fight Harassment at the Workplace, which shall include all the cases involving complaints made, whether they are in progress or have been finalised.

21.6. Sustainability Committee

GRI 2-12

In July 2023, within the scope of the ESG strategy assumed by CTT for the period 2022-2030 and with a view to strengthening the involvement of the CTT organisation in the different variables in which sustainability unfolds, as a pillar of economic, social and environmental development, the Board of Directors set up an ESG governance model, composed of two Sustainability Committees (ESG), one within the Board of Directors and the other as support to the executive management, the latter identified in point 21.3 above.

The main mission of the Sustainability Committee, which operates within the scope of the Board of Directors is to promote, supervise and guarantee that CTT adopts sustainability principles, policies and practices, as well as monitoring and advising on initiatives to ensure the development of CTT's 2022-2030 sustainability programme, based on short- and long-term goals for the period.

21.7. 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 Chair, if the conflict does not concern said Chair, 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) Functioning

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 **11 meetings in 2023** (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%	11	0	0
João Afonso Ramalho Sopas Pereira Bento	100%	11	0	0
Guy Patrick Guimarães de Goyri Pacheco	100%	11	0	0
António Pedro Ferreira Vaz da Silva (2)	100%	2	0	0
João Carlos Ventura Sousa	100%	11	0	0
João Miguel Gaspar da Silva (2)	100%	2	0	0
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	100%	11	0	0
Steven Duncan Wood	100%	11	0	0
Duarte Palma Leal Champalimaud	100%	11	0	0
Isabel Maria Pereira Aníbal Vaz (2)	100%	2	0	0
Jürgen Schröder	100%	11	0	0
Margarida Maria Correia de Barros Couto	100%	11	0	0
María del Carmen Gil Marín	100%	11	0	0
Susanne Ruoff	100%	11	0	0

(1) Percentage in relation to attendance.
(2) Ceased duties as Directors on 20 April 2023.

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 Chair), 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 2023, which can be confirmed by their 100% attendance of the 11 meetings of the Board of Directors and 98% attendance at the 59 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 2023, as shown by their 99% average attendance of the 11 meetings of the Board of Directors, 15 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

Until 20 April 2023 and regarding the 2020/2022 term of office, the Executive Committee was composed of **5 members**, as follows:

Members	Position
João Afonso Ramalho Sopas Pereira Bento	Chair
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

On 31 December 2023 and on the present date, the Executive Committee set up on 20 April 2023 for the 2023/2025 term of office was, and is, composed of **3 members**, as follows:

Members	Position
João Afonso Ramalho Sopas Pereira Bento	Chair
Guy Patrick Guimarães de Goyri Pacheco	Member
João Carlos Ventura Sousa	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 2023, the Executive Committee held **59 meetings** (see **CTT website** (www.ctt.pt)) having passed resolutions on various matters within its powers, namely the following:

- Introduction of a new organisational model, including the creation of the Extended Executive Committee (see point 21.2 of Part I above);
- Implementation of the "Lego Project", which consisted of the creation of a strategic long-term investment vehicle dedicated to the management of CTT's real estate assets, comprising 398 properties, and the sale to Sierra Investments, SGPS, S.A. and other investors of a 26.3% shareholding position in this vehicle;

- Evaluation of non-organic growth alternatives, with identification of target companies;
- Analysis, development and implementation of various technological tools (e.g. decision server, MOBI, SuperApp, digital wallet) in the operational and business areas;
- Definition and monitoring of a digital innovation agenda;
- Monitoring of the evolution of quality of service levels and operational measures taken to improve it in all business units, as well as management of the peak season;
- Release of the first crypto stamp;
- Development of the implementation and functionalities (returns and refrigeration) of the locker network, with various partnerships;
- Partnership with Microsoft for business transformation technology, training and capacity building for CTT employees;
- Definition of the new pricing strategy for express and parcels and price update of the basket of universal postal service;
- Partnership with Generali Seguros for a shareholding in Banco CTT and marketing of non-life insurance;
- Partnership with Prosegur for the sale of alarms in the CTT network;
- Various partnerships in the ESG area, namely EPIS, Junior Achievement Portugal and Junior Achievement Spain, Quercus, Maze;
- Preparation of the 2024 budget and medium-term plan for 2024-2026;
- Cost management, with the implementation of specific cost cutting programmes (ZBB and ZBO);
- Launch and monitoring of the share buyback programme;
- Capitalisation of the companies CTT Expresso - Serviços Postais e Logística, S.A. and CTT Soluções Empresariais, S.A. through the conversion of shareholder loans into capital;
- Closure of the negotiations to move out of the previous premises in the Báltico building;
- Filing and management of various disputes (ANACOM, TAP, Tax Authority, Grantor);
- Launch of the Solar Communities project in partnership with EDP;
- Implementation of the sustainability agenda in its different aspects (Environment, Social and Governance);
- Certification as a Family-Responsible Company;
- Wage negotiations and reform of the Social Works system, with the termination of the Social Works Regulation signed in 2015 between CTT, the workers' representative structures and the Workers' Committee, with effect as at 31 December 2023, and approval of a Plan of Social Action in force as from 1 January 2024, which establishes the social protection of CTT workers covered by the social works system in the areas of healthcare, social security benefits and social action.

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

In the version of the Regulation of the Corporate Governance, Evaluation and Nominating Committee that was in force in 2023, this Committee was composed of 3 to 5 members, all non-executive and mostly independent directors. To that extent, until 20 April 2023, the members of this Commission were:

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

As from 20 April 2023, the Committee was composed of 4 non-executive Directors, 50% of whom were independent, including the Chair, who has a casting vote in the deliberations of the Commission. Thus, as at 31 December 2023 and on this date, the Corporate Governance, Evaluation and Nominating Committee was, and is, composed of the four following members:

Members	Position
Raul Catarino Galamba de Oliveira	Chair
Susanne Ruoff	Member
Margarida Maria Correia de Barros Couto	Member
Duarte Palma Leal Champalimaud	Member

This Committee held **8 meetings** in **2023,** (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 (Chair)	100%	8	0	0
Isabel Maria Pereira Aníbal Vaz [2]	100%	3	0	0
Susanne Ruoff	100%	5	0	0
Margarida Maria Correia de Barros Couto	100%	5	0	0
Duarte Palma Leal Champalimaud	100%	8	0	0

[1] Percentage in relation to attendance.
[2] Ceased her duties on 20 April 2023.

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

- Monitoring the election process of CTT's corporate bodies for the 2023/2025 term of office, namely through the formulation of recommendations called "Terms of Reference for the Election Process of CTT's Corporate Bodies" and the assessment of the proposal presented by a group of shareholders;
- Monitoring and supporting the annual assessment of the overall performance of the Board of Directors and carrying out the qualitative assessment of the members of the Executive Committee and the Committee's self-assessment for the 2022 financial year and defining the assessment processes for the 2023 financial year;
- Assessment of the level of achievement, by each executive Director, of each of the non-financial Key Performance Indicators (KPIs) defined for 2022 for the purposes of determining the Annual Variable Remuneration, and assessment of the individual non-financial KPIs for executive Directors for 2023 to be proposed to the Remuneration Committee;

- Assessment of the models and evaluation of the independence and absence of incompatibilities of the members of CTT's corporate bodies;

- Monitoring of objectives relating to human resources management and talent management policies, in particular the human resources succession policy based on the Company's top management;

- Analysing the initiatives developed by CTT within the scope of its sustainability and social responsibility policies;

- Monitoring and supporting the Ethics Committee in the process of implementing the CTT Group's Code of Ethics.

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 of the CTT Group

Until 20 April 2023, the Ethics Committee was composed of the following **5 members**, who were also appointed on this date to exercise functions during the 2023/2025 term of office:

Members	Position
Margarida Maria Correia de Barros Couto	Chair
Raul Catarino Galamba de Oliveira	Member
Rui Pedro Dias Fonseca Silva (1)	Member
Patrícia Alexandra Pinto Neto Durães Carolino (2)	Member
Sílvia Maria Correia (3)	Member

(1) As Head of Audit, Compliance & Risk.
(2) She joined the Committee on 16 March 2023 as Head of Talent Management to complete 2020/2022 term of office.
(3) She joined the Committee on 16 March 2023 as Head of Human Resources Management to complete 2020/2022 term of office.

The Ethics Committee of the CTT Group is made up of 3 to 7 members, under the terms of the respective Internal Regulations, and **6 members** have been appointed to carry out duties during the 2023/2025 term of office.

Thus, on 31 December 2023 and on the present date, the Ethics Committee was, and is, composed of the following **6 members**:

Members	Position
Margarida Maria Correia de Barros Couto	Chair
Raul Catarino Galamba de Oliveira	Member
Ana Maria Machado Fernandes (1)	Member
Patrícia Alexandra Pinto Neto Durães Carolino (2)	Member
Rui Pedro Dias Fonseca Silva (3)	Member
Sílvia Maria Correia (4)	Member

(1) She joined the Ethics Committee on 26 July 2023, as a Member of the Board of Directors and of the Audit Committee of Banco CTT.
(2) As Head of Talent Management.
(3) As Head of Audit, Compliance & Risk.
(4) As Head of Human Resources Management.

During 2023, this Committee held **4 meetings** (see **CTT's website** (www.ctt.pt)) and promoted the approval of the new version of CTT Group's Code of Ethics, defining the main mechanisms for its implementation. It also appraised the Code of Ethics training plan and monitored the appointment process of the so-called “Ethics Ambassadors” in the company, as well as all matters related to compliance with the CTT Group Code of Ethics 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.

29.4. Sustainability Committee

GRI 2-12

On 31 December 2023 and at the present date, the Sustainability Committee is made up of **6 members**, appointed by the Board of Directors on 26 July 2023 to carry out duties during the 2023/2025 term of office:

Members	Position
Raul Catarino Galamba de Oliveira	Chair
João Afonso Ramalho Sopas Pereira Bento	Member
Margarida Maria Correia de Barros Couto (1)	Member
Susanne Ruoff(1)	Member
Nuno Manuel Teiga Luís Vieira(2)	Member
Maria José Oliveira Maia Rebelo(3)	Member

(1) Non-executive Director with experience in ESG matters.
(2) As Head of Investor Relations and Coordinator of the Sustainability area.
(3) As Head of sustainability.

During 2023, this Committee held **1 meeting** (see **CTT's website** (www.ctt.pt)) in which it discussed the new European requirements in terms of (non-financial) sustainability reporting and the impact on the current ESG information management process, progress in relation to the ESG targets and work being carried out under the 2022-2030 decarbonisation programme, as well as the new, structured social impact programme for CTT.

Minutes of the meetings of the Sustainability 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 Chair.

Until 20 April 2023, the Company's Audit Committee was composed of the following **3 members**:

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.

As from 20 April until 31 December 2023, and on the present date, in compliance with Article 423-B of the PCC, Article 3 of Law 148/2015 of 9 September, in its wording in force at this date, and Article 19 of the Articles of Association, the Audit Committee elected for the 2023/2025 term of office is composed of the following **non-executive Directors**, **who meet the applicable incompatibilities, independence and expertise requirements**, having academic qualifications that are legally required and appropriate to the exercise of their duties and having at least one of its members knowledge of accounting:

Members	Position	Date of 1st appointment (1)	Independence (2)
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	Chair	20/04/2017	Yes
María del Carmen Gil Marín	Member	29/04/2020	Yes
Jürgen Schröder	Member	20/04/2023	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 members, **all** of them independent, that largely complies with **Recommendation V.2. and sub-recommendations V.2.(1) and V.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 recognised 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

GRI 2-17

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	Chair	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 Tax 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 Supervisory Board of Sogrape, SGPS, S.A..From 2017 to 2021 she was Chairwoman of the Supervisory 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., having been appointed in August 2023 as Chairwoman of this Committee. 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, following the merger project, incorporated SierraGest - Gestão de Fundos, SGOIC, S.A. in which she served as a non-executive Member of the Board of Directors between 2016 and 2023. As a Statutory Auditor for more than 15 years, 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 Supervisory 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
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.
Jürgen Schröder	Member	1988: Degree in Economics, Ruhr-Universität Bochum, Germany 1993: PhD in Economics, Ruhr-Universität Bochum, Germany	He started his professional career at McKinsey & Company in 1994, and from 2007 to 2020 he was 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 was also a member of the German Client Committee and the German OpCo (Board). Until 2020, he was 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 programmes that contribute to improving the performance of companies through the use of agile methods and digital technologies to improve their commercial transformation.

Currently, **all** 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

In 2023, the Audit Committee met **15 times** (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)	100%	15	0	0
Steven Duncan Wood (2)	100%	6	0	0
María del Carmen Gil Marín	100%	15	0	0
Jürgen Schröder (3)	78%	7	0	2

(1) Percentage in relation to attendance.
(2) Ceased duties as member of the Audit Committee on 20 April 2023.
(3) Started duties as member of the Audit Committee on 20 April 2023.

During the year 2023, the Audit Committee carried out the activities best identified in Chapter 9 below of this Report.

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, comply with 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 their parent company or by the entities under their control (as applicable), with its engagement being subject to the **prior authorisation** 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 criteria:

- 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, assigned to the services of the internal control system, including the risk management, compliance and internal audit functions, and assess their objectivity and independence;
- Receive reports from the Audit, Compliance & Risk Department, within the scope of the services of the internal control system, 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 compliance, appraising the reports of the Audit, Compliance & Risk Department made by the Compliance and Internal Audit functions, and requesting from the Audit, Compliance and Risk Department any information deemed relevant, including with regard to internal audit procedures and controls;
- Define and implement, together with the Board of Directors, and oversee the procedures for the reception and handling irregularities;
- Overseeing the effectiveness and suitability of the risk management system, carrying out its annual assessment and proposing to the Executive Committee any necessary measures to improve its operation;
- Assess, in articulation with the Board of Directors and the Executive Committee, the risk policy , (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 objectives/limits on matters of risk-taking, the measures of mitigation, the monitoring procedures and integrated risk assessment methodologies, to be defined by the Board of Directors, 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.

As the 2021/2023 term of office has ended, the proposal of the Audit Committee to be submitted to the General Meeting to be held on 23 April 2024 provides for the (re)appointment of EY for an additional term of office (2024/2026).

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 2023.

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 2023 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 2023, 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 2023**":

- Limited review of the half-yearly interim financial statements of CTT and Banco CTT for the period ended 30 June 2023;
- Procedural review and quality assurance services on the sustainability information of CTT;
- Assessment of the adequacy and effectiveness of the internal control system of CTT – Correios de Portugal, S.A., in terms of preventing money laundering and terrorist financing with regard to the issuance and payment of postal orders (national and international) under the terms provided for in Notice no. 1/2022 of the Bank of Portugal;
- Verification of the data sent by Banco CTT and 321 Crédito to calculate the ex-ante contribution to the Single Resolution Fund ("SRF");
- Services relative to the assessment of the adequacy of the process for quantifying the impairment of the loan portfolio by the External Auditor, as well as the reporting procedures of Banco CTT and 321 Crédito;
- Technical support services for issuing the opinions of the governing bodies regarding the adequacy and effectiveness of the internal control system for the prevention of money laundering and combating the financing of terrorism of Banco CTT, as required by Banco de Portugal Notice no. 2/2018;
- Procedural review and quality assurance service related to information on the projects of CTT's Recovery and Resilience Plan, whose service was provided in 2022, but the respective certification issued in early 2023;
- Procedural review and quality assurance service related to information on the projects within the scope of the Portugal 2020 Productive Innovation program at CTT Expresso - Serviços Postais e Logística, S.A., contracted in 2023.

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 authorisation 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 authorisation 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 2023, represent 46.7% of the total amount of the services hired from the Statutory Auditor in the same period, of which 24.9% 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 2023:

	Engaged Services [1]		Accounted Services [2]		Paid Services [1]	
	Amount (€)	**%**	**Amount (€)**	**%**	**Amount (€)**	**%**
By the Company	30,380	9.8%	304,866	31.5%	228,903	22.1%
Amount of Statutory Audit	30,380	9.8%	230,356	23.8%	160,792	15.5%
Amount of Quality Assurance Services	0	0.0%	62,739	6.5%	49,661	4.8%
Amount of Tax Consultancy Services	0	0.0%	0	0.0%	0	0.0%
Amount of Non-audit services	0	0.0%	11,771	1.2%	18,450	1.8%
Other Companies within CTT Group	278,850	90.2%	663,950	68.5%	805,949	77.9%
Amount of Statutory Audit	134,378	43.5%	494,831	51.1%	627,107	60.6%
Amount of Quality Assurance Services	73,132	23.6%	97,970	10.1%	73,062	7.1%
Amount of Tax Consultancy Services	0	0.0%	0	0.0%	0	0.0%
Amount of Non-audit services	71,340	23.1%	71,148	7.3%	105,780	10.2%
TOTAL	**309,230**	**100.0%**	**968,816**	**100.0%**	**1,034,852**	**100.0%**
Total Audit Services	**164,758**	**53.3%**	**725,187**	**74.9%**	**787,899**	**76.1%**
Total Non-Audit Services [3]	**144,472**	**46.7%**	**243,629**	**25.1%**	**246,953**	**23.9%**
Required by law or equivalent	*67,597*	*21.9%*	*144,230*	*14.9%*	*62,607*	*6.0%*
Not required by law or equivalent	*76,875*	*24.9%*	*99,398*	*10.3%*	*184,346*	*17.8%*

(1) Including VAT at the applicable legal rate in force.
(2) Includes invoiced amounts and specialised 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 current version, 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 the financial year 2023, 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.

In 2023, CTT used artificial intelligence mechanisms exclusively as a means of supporting the development of its operational activities, such as the chatbot powered by Generative Artificial Intelligence (ChatGPT) "Helena" implemented by CTT in its customer support service. In 2023, CTT did not use artificial intelligence mechanisms as an instrument for decision-making by corporate bodies, for the purposes of **Recommendation VII.9. of the IPCG Code** (either in a support role or in an advisory or replacement role, in the context of making such decisions).

51. Details, even including organisational 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 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, including the members of the Executive Committee, 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 VI.2.2. of the IPCG Code**.

According to article 26-B of the Portuguese Securities Code, 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 2023 and on the present date, following the re-election of the members of the Remuneration Committee for the 2023/2025 term of office at the Annual General Meeting held on 20 April 2023, the Remuneration Committee has the following composition:

Members	Position	Date of 1st appointment (1)
Fernando Paulo de Abreu Neves de Almeida	Chair	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 thus **composed of three members, elected at the Annual General Meeting of 20 April 2023, the majority of whom are independent members vis-à-vis the management of CTT** considering as independence criteria: (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 the 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 VI.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 Chair;
- 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 11 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 2023, and in order to provide information or clarifications to shareholders who so wished, the Chair of the Remuneration Committee attended the Annual General Meeting held on 20 April 2023, and therefore **Recommendation VI.2.4. of the IPCG Code** is deemed to have been complied with.

In 2023, 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 Mercer usually provides other services to the Company, namely in the field of actuarial calculations, and that in 2023 it was intended that it could continue to provide these or other services, the Remuneration Committee considered the fact that Mercer has always adopted a principle of allocating different teams to the work, as well as maintaining the appropriate procedures (Chinese walls) in order to ensure the necessary conditions of independence, objectivity, exemption and impartiality in the provision of services, and decided to authorise Mercer to provide services to the Company in other areas, in addition to advising the Remuneration Committee. For this reason, **Recommendations from VI.2.5. to VI.2.7. 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 for the 2023/2025 term of office on 20 April 2023 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 and finance and risk;
- The performance of duties in this Committee during the previous term of office.

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 Committee elected at the General Meeting of 20 April 2023 decided to maintain in force, on a transitional basis, the remuneration policy approved at the Annual General Meeting of 21 April 2021 for the members of the management and supervisory bodies elected for the 2023/2025 term of office, in accordance with articles 26-B and 26-F of the PSC. It also decided to begin a process of reflection and discussion on the aforementioned remuneration policy with the support of an external consultant of international reputation, with the aim of assessing the need for its revision. It concluded that it would be appropriate to maintain the remuneration structure set out in the policy approved in 2021 for the previous term of office, with some changes, according to a proposal to be submitted to the next Annual General Meeting.

The remuneration policy applied in 2023 is based on the following key principles:

- **The Company's economic and financial situation** and its structure and size;
- The promotion of the alignment of management interests with CTT's current strategic objectives (through performance assessment criteria and financial and non-financial targets) and with the pursuit of the Company's **long-term sustainability** and the sustainable development of its businesses (including in terms of sustainability);
- The management's consideration of the interests of the company's various **stakeholders**, in particular the interests of employees (promoting measures to improve the 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); and
- The **efficient functioning and relationship** of CTT's various corporate bodies.

According to this policy, the remuneration of the Executive Directors comprises a fixed component and a variable component.

The aforementioned **fixed component** established in that remuneration policy was defined for 2023 taking into account, in particular, the following criteria:

- The sustainability of CTT's performance;

- The nature and complexity of the functions (which is why the remuneration of the CEO is different from that of the other executive directors), with special emphasis on the reduction in the number of members of the Executive Committee and the skills required and added responsibilities inherent to these functions; and

- The balance of remuneration conditions for employees and members of corporate bodies.

The fixed component of the remuneration 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

- In 2023, the award of AVR depends on the achievement of financial and non-financial objectives and is subject to the eligibility conditions, definition of financial and non-financial objectives and the weight of said objectives, set out in the remuneration policy approved on 21 April 2021;

- The calculation and payment of the AVR relating to performance in 2023, to be made after the next Annual General Meeting approving the remuneration policy for the 2023/2025 term of office, will be subject to the rules and conditions set out in said policy, as per proposal of the Remuneration Committee to be submitted to said General Meeting;

- A **long-term component ("Long-Term Variable Remuneration" or "LTVR")**, through participation in a CTT share options plan relative to the 2023/2025 term of office, in accordance with the rules and subject to the conditions set in the remuneration policy to be submitted to the next Annual General Meeting and described in points 71, 72 and 74 below, as per proposal of the Remuneration Committee ("**Options Plan**").

In accordance with the remuneration policy applied in 2023, 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 for 2023 cumulatively considering the following criteria:

- the 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 Chair 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 applied in 2023 and for the term of office underway (2023/2025) 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 net share (75%) and net cash 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, while also taking into account the interests of employees and 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 VR (cap of AVR and fixed number of stock options 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 VR (malus/clawback provisions); • Absence of dilution effect since, according to the Options Plan, the delivery of CTT shares as LTVR is made following the purchase of own shares (the aforementioned Options Plan and the authorisation for the acquisition of own shares being 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 specialised consultants and by a specialised 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 Chair or of 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 both in the **remuneration policy approved at the Annual General Meeting** held on 21 April 2021 and in the remuneration policy proposal to be presented by the Remuneration Committee to the next Annual General Meeting with the 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 **Recommendations VI.2.8. and VI.2.11. of the IPCG Code**.

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

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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, the Company's practice, the nature, complexity and responsibility of the functions performed and the alignment of the interests of the different stakeholders, with the aim of ensuring that this component is adequate to discourage excessive risk taking.

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 2023** 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, with the exception of the situation in which the recorded performance fulfils the objective set for the financial criteria by more than 130% and each and every one of the other financial criteria has a degree of achievement of the objective of at least 100% (excluding the organic growth of revenues which is not subject to minimum achievement criteria), in which case the AVR in relation to the financial objectives to be awarded to each executive Director may go up to 100% of the respective RBA on a linear basis (in accordance with the remuneration policy proposal to be submitted by the Remuneration Committee to the next Annual General Meeting);
- The **weight of the financial performance evaluation criteria** for the purposes of the 2023 performance evaluation is 70%;
- The **weight of the non-financial performance evaluation criteria** that, for the purposes of the performance evaluation in 2023, 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 achievement thresholds** described in point 71 below are not met, no AVR will be granted;
- The **payment of 50% of the AVR is deferred for 3 years**, 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** in the current term of office (2023/2025) through participation in the Options Plan, under the terms of the remuneration policy proposal to be submitted by the Remuneration Committee to the next Annual General Meeting, 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 three 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 2026 considering the end of the three-year term of office 2023/2025) 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 2027 at the annual general meeting to be held in 2028, or as at 31 May 2028);
- The Options Plan also sets out **adjustment mechanisms** to discourage conducts that may jeopardise the Company's sustainability.

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 to be in force for the year 2023 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 objectives, strategic, operating and commercial performance objectives, as well as environmental objectives and, to the extent possible, to the responsibilities of each Director) defined for each Board member according to the respective attributions, with an overall weight of 20%, in accordance with the remuneration policy approved at the Annual General Meeting of 21 April 2021;
- In the remuneration policy proposal to be submitted by the Remuneration Committee to the next Annual General Meeting and to be in force for the years 2024 and 2025, the non-financial criteria, also with an overall weight of 30%, continue to be related to: (i) the implementation of the strategic objectives and (ii) the promotion of the stakeholders' long-term interests, and necessarily include an annual objective related to the implementation of the Company's ESG strategy, with a weighting of no less than 5% (to be executed annually by the Remuneration Committee);
- Non-financial targets only give rise to the attribution and payment of AVR if the assessment of quantitative financial targets results in the award and payment of any amount of AVR;
- 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 2023/2025 term of office in the form of participation in the Options Plan**, according to the proposal for the remuneration policy of the members of CTT's management and supervisory bodies to be submitted for approval at the next Annual General Meeting by the Remuneration Committee, 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 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 their transaction volumes, of the Company's shares traded on the Euronext Lisbon regulated market in the sessions held in the 120 days prior to the exercise date, 1 January 2026);
- 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 2026, considering the end of the three-year term of office 2023/2025); 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, respectively, 2026 and 2027 at the annual general meeting to be held in 2027 and 2028, or as at 31 May 2027 or 31 May 2028,).

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 VR**.

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 as described above..

Therefore, the remuneration policy to be applied in each year of the current term of office, as described above, **fully complies with the Recommendations from VI.2.8. to VI.2.11. 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 approved on 21 April 2021 and in the remuneration policy proposal to be submitted to the next Annual General Meeting and on which the attribution of AVR and LTVR depends, are presented below. They show **full compliance with the Recommendation VI.2.8. 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. <u>Criteria for performance assessment of the AVR for 2023 set out in the remuneration policy and criteria for evaluating AVR performance for 2024 and 2025 set out in the remuneration policy proposal to be submitted to the next Annual General Meeting</u>

As decided by the Remuneration Committee, for the transitional period, and in accordance with article 26-F of the PSC, until the approval of a new remuneration policy, the assessment criteria and respective weighting set out in the remuneration policy for members of the management and supervisory bodies in force in 2023 and approved at the General Meeting of 21 April 2021 shall apply for the purpose of determining the amount of **AVR** to be earned by executive Directors by reference to their performance in the financial year 2023.

Pursuant to the aforementioned remuneration policy, the amount of the **AVR** to be earned by the executive Directors 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;
- **Consolidated Recurring 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 set out by the Remuneration Committee (following a proposal presented by the Corporate Governance, Evaluation and Nominating Committee) for the purposes of performance assessment and awarding of AVR with reference to the performance during the financial year of 2023, 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.

According to the remuneration policy proposal to be submitted by the Remuneration Committee to the next Annual General Meeting, the amount of AVR to be earned by the executive directors for their performance in 2024 and 2025 continues to result from the assessment of quantifiable criteria (70% of a financial nature and 30% of a non-financial nature). These criteria have been fine-tuned in relation to the policy in force during the previous term of office, with a view to continually strengthening the alignment of the interests of the executive management with the business objectives and strategy, namely in their formulation, weights in the attribution and calculation of the AVR, as indicated below:

- **Free Cash Flow per Share (25%)**: Quantifiable financial performance criterion related to the business capacity to generate cash flows; amounts related to Financial Services and customer deposits and loans from Banco CTT are excluded from the calculation of this criterion;
- **Adjusted Consolidated Recurring EBIT (25%)**: Quantifiable financial performance criterion related to the operational performance of the business (this criterion assumes an additional weight of 5%, which is reduced in the Free Cash Flow per Share, compared to the previous policy);
- **Earnings per Share (10%)**: Quantifiable financial performance criterion related to the capacity to pay out dividends per share;
- **"Organic" Revenue Growth (10%)**: Quantifiable financial performance criterion related to the "organic" growth of revenues generated by sales and services compared to the previous year;
- **Annual Non-Financial Targets (30%)**: Quantifiable non-financial performance criteria related to (i) the implementation of strategic objectives (reflected in the business plan or budget for the period previously approved by the Board of Directors) and (ii) the promotion of the long-term interests of the Company's stakeholders, one of which is related to the implementation of the ESG (Environmental, Social and Governance) strategy, which will be weighted no less than 5%.

  These criteria will be implemented annually by the Remuneration Committee (after hearing the Corporate Governance, Evaluation and Nominating Committee), depending on the development of CTT's business and strategy, taking into account the following aspects (which may or may not exceed the 5 non-financial objectives contemplated in the previous policy):

- objectives relating to the sustainability of the growth of the Company's business segments;
- operational or commercial performance goals of CTT's activity;
- objectives related to the quality of service;
- objectives related to the implementation of strategic projects for CTT;
- environmental targets related to CTT's activity;
- to the extent possible, the responsibilities of each executive Director.

The adjustments to these criteria compared to the previous policy are intended to bring them more into line with the evolution of the business.

The award of AVR is also dependent on a weighted average of achieving the objectives in the above-mentioned financial performance assessment criteria of more than 80%, a rule adopted in the remuneration policy in force and included in the remuneration policy proposal to be submitted to the next Annual General Meeting.

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 the value of the AVR and **gradually, according to the degree of achievement**, in particular:

- If the recorded performance corresponds to less than 80% of the set goal, no AVR will be awarded for that target;
- If the recorded overall performance is between 80% and 130% of the set goals, an amount between 35% and 85% of the ABR of each executive Director is due, on a linear basis;
- If the recorded overall performance meets the set goals by more than 130%, an amount corresponding to 85% of the ABR of each executive Director is due, except in the case of the achievement of at least 100% of each and every one of the financial objectives (excluding the organic growth of revenues which is not subject to minimum achievement criteria), in which case the maximum value of the AVR attributable to each executive Director may go up to 100% of the respective ABR, on a linear basis (change contained in the remuneration policy proposal to be submitted to the next Annual General Meeting compared to the previous remuneration policy, which encourages the overall achievement of objectives).

As part of the assessment carried out in 2023 in relation to the performance verified in the 2022 financial year, the AVR performance assessment criteria were applied as follows:

Financial criteria [1]	Weight	Level of achievement				
Free cash flow per share	30%	206%				
Recurring Consolidated EBIT	20%	84%				
Earnings per Share	10%	84%				
Revenues	10%	92%				
	70%	137%				
Non-financial criteria [3]	**Weight**	**Level of achievement of each of the executive directors**				
Net Promotor Score [4]	10%	Minimum 84% and maximum 110%	Minimum 100% and maximum 122%	Minimum 80% and maximum 100%	Minimum 80% and maximum 108%	Minimum 90% and maximum 100%
Growth sustainability [5]	5%					
Operational/commercial performance [5]	5%					
Strategic projects [5]	5%					
ESG and transformation [5]	5%					
	30%	98% [2]	107% [2]	95% [2]	96% [2]	95% [2]
	100%					

[1] Criteria applied to all Executive Directors in office on 31 December 2022, each of the criteria being measured by reference to objectives defined according to the Company's budget. It gave rise to the attribution of 137% 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 2022 financial year. These criteria led to the attribution of the following ABR percentage to each of the Executive Directors, in increasing order of achievement: 50%, 50%, 51%, 53% and 62%.

[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 2022 related to: concession agreement management; transformation of people and culture; product and operational transformation; cost optimisation; productivity; quality of service; performance of the retail network and customer experience; electrification of the fleet; development of the business solutions business; sales; express and parcels in Spain; transformation of information systems; implementation of strategic projects and development of ESG with a focus on the carbon footprint.

71.2. Criteria for assessing LTVR's performance for the 2023/2025 term of office under the Options Plan contained in the remuneration policy proposal to be submitted to the next Annual General Meeting

The LTVR model for the current term of office (2023/2025) is based on the Options Plan, whose rules for attribution, exercise and delivery are set out in point 74 below and which is included in the proposal for the remuneration policy of the members of CTT's management and supervisory bodies to be submitted by the Remuneration Committee to the next Annual General Meeting.

72. The deferred payment of the remuneration's variable component and specify the relevant deferral period

According to the remuneration policy approved at the Annual General Meeting of 21 April 2021 and the proposal to be submitted by the Remuneration Committee to the next Annual General Meeting, the **payment of the AVR** that may eventually be awarded, under the terms described in points 69 and following above, takes place in cash as follows:

- The payment of 50% of the AVR occurs in the month following the date of approval by the General Meeting of the accounts related 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 under the terms mentioned below.

In turn, the Options 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 2026, given the end of the three-year term of office 2023/2025;
- If stock options are granted based on stock market performance and the Company's positive performance is verified, the options will be subjected 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 2025 financial year to be held in 2026, subject to verification of positive performance with respect to each of the 2023 to 2025 financial years, half by way of net cash settlement in cash (i.e., 25% of the options on a pro rata basis with respect to each of its 3 tranches) and the other half (i.e., 25% of the options also on a pro rata basis with respect to each of its 3 tranches) by way of net share 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 3 tranches) are settled through the delivery of CTT shares (net share settlement), in 2 parts of 1/2 of the shares retained, respectively for each part: **(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 2026 at the annual general meeting of the Company to be held in 2027, or on 31 May 2027 and subject to the positive performance of the Company in each of the financial years 2023 to 2026; 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 2027 at the annual general meeting of the Company to be held in 2028, or on 31 May 2028 and subject to the positive performance of the Company in each of the financial years 2023 to 2027;
- During the retention period, the participant does not acquire ownership or the social or economic rights inherent in the shares retained, without prejudice to being entitled to the amount in cash equivalent to the value of the dividend that such shares would generate if they were held during that retention period. This amount is only due to the participant on the release date and is subject to all the conditions and mechanisms applicable to the LTVR provided for in the Option Plan, such as the verification of positive performance and the adjustment mechanisms.

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 proposal for the 2023/2025 term of office to be submitted to the next Annual

General Meeting (maintaining the rules already contained in the policy approved by the Annual General Meeting of 21 April 2021):

- 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 net cash 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 from VI.2.8. to VI.2.10. 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 2023/2025 term of office, contained in the proposal of the Remuneration Committee for the Remuneration Policy to be submitted to the next General Meeting, is based on the executive Directors' participation in the Options Plan for shares representing CTT's share capital, which is included as an annex to the aforementioned proposal and is dependent on the approval of the authorisation for the acquisition and disposal of own shares, also to be submitted to the shareholders at the next General Meeting.

For the purposes of implementing the Options Plan applied to the 2020/2022 term of office and following the approval of the proposal for the acquisition and sale of own shares submitted by the Board of Directors to the Annual General Meetings of Shareholders held respectively on 2021 and 2022, the Company acquired own shares.

The **Options Plan** contained in the Remuneration Policy proposal to be submitted to the next General Meeting for the 2023/2025 term of office provides for the following main rules applicable to the allocation and exercise of the options and the net cash 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 three tranches of options (while the previous Options Plan provided for 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	CCO	
1	1,166,667	833,334	833,334	€4.00
2	1,166,667	833,333	833,333	€6.00
3	1,166,666	833,333	833,333	€8.00

- The **exercise date** of all the options is 1 January 2026, given the end of the **3-year term of office 2023/2025** (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 net cash 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 **exercise price** (**strike price**) and the **share price,** i.e., the arithmetic average of prices, weighted by their transaction volumes, of the Company's shares traded on the Euronext Lisbon regulated market in the sessions carried out in the 120 days (the previous Options Plan provided for 45 days) prior to the exercise date, i.e., on 1 January 2026 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 may significantly

affect the value of the shares, to the extent necessary to neutralise 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 **net cash settlement of 25% of the options** and the **net share settlement of 75% of the options**, 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 net cash settlement of the options whose net share 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 Options Plan, the options will be subject to settlement over the deferral/ retention period, as described in **point 72 above**;
- The Options Plan thus provides for **deferral and retention** mechanisms that, combined, ensure compliance with the **Recommendations VI.2.9. and VI.2.10. of the IPCG Code**;
- 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);
- The Options Plan for the 2023-2025 term of office also provides that the executive Directors will be entitled to the amount in cash equivalent to the value of the dividend that the shares retained by the Company would generate if they were in their ownership and possession during the retention period, even if this does not occur during that period and until the shares are transferred to them;
- The payment of this amount in cash will become due and must be made in respect of the tranche of shares withheld on the date the respective tranche of shares is released and is subject to the conditions of eligibility and exercise of the options, the adjustment mechanisms and the transfer of the respective tranche of shares to the executive Director;
- 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, under the authorisation 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 2023 and the proposal for the remuneration policy to be submitted to the next General Meeting **do not include the attribution of retirement supplements** 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 2023 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 annual and long-term variable remuneration):

Table 1

Member	Position	Amounts							
		Fixed Remunera-tion (1)	AVR 2021 (2)	AVR 2022 (3)	LTVR (4)	Total VR (5)	% (6)	Total	Personal Income Tax (IRS) withheld
João Afonso Ramalho Sopas Pereira Bento	Chief Executive Officer (CEO)	€563,245.58	€64,940.00	€192,270.00	€139,965.20	€397,175.20	41.30%	€960,420.78	€409,504.96
Guy Patrick Guimarães de Goyri Pacheco (7)	Executive Director (CFO)	€437,121.70	€48,117.00	€151,123.50	€79,979.47	€279,219.97	39.00%	€716,341.67	€308,182.65
António Pedro Ferreira Vaz da Silva (8)	Executive Director	€121,686.11	€43,500.00	€134,100.00	€59,985.73	€237,585.73	66,10% (9)	€359,271.84	€128,723.99
João Carlos Ventura Sousa (7)	Executive Director	€426,479.70	€44,940.00	€134,640.00	€59,985.73	€241,565.73	36.30%	€666,045.43	€288,529.42
João Miguel Gaspar da Silva (8)	Executive Director	€121,686.11	€43,320.00	€134,100.00	€59,985.73	€237,405.73	66,10% (9)	€359,091.84	€139,541.46
Total remuneration of the Executive Committee		€1,670,219.20	€244,817.00	€746,233.50	€399,901.86	€1,392,952.36	37.20%	€3,061,171.56	€1,274,482.48

(1) Amount of fixed remuneration earned by the Executive Directors. This amount includes: (i) the annual base remuneration ("ABR"), (ii) the amount of the annual meal allowance per working day of each month, 12 times a year, and (iii) the fixed amount paid annually to the retirement savings plan corresponding to 10% of the ABR.

(2) Corresponds to 1/3 of 50% of the AVR awarded for the performance in the 2021 financial year, the payment of which took place in 2023 as it was deferred over 3 years and conditional on the Company's positive performance and the non-verification of adjustment mechanisms.

(3) Corresponds to 50% of the amount awarded as AVR for performance in the 2022 financial year, with the payment of the remaining 50% deferred proportionally over 3 years and conditional on positive performance of the Company and the non-verification of adjustment mechanisms.

(4) Amount of the LTVR received in 2023 regarding the 2020/2022 term of office, which corresponds to the net cash settlement (25% of the options exercised on 1 January 2023) and the amount of the net share settlement, through the delivery of shares (25% of the options exercised on 1 January 2023) (the amount of which was calculated considering the share price at the close of the session on the delivery date, as detailed in table 4 below). The net share settlement of the remaining 50% of the options exercised is deferred and conditional on the Company's positive performance and the non-verification of adjustment mechanisms.

(5) Total variable remuneration (AVR and LTVR) paid in 2023, calculated as indicated in the previous paragraphs.

(6) Weight of the VR in the total remuneration paid in 2023.

(7) The Remuneration Committee, under the power to review the ABR annually as provided for in the remuneration policy in force, reviewed the value of the ABR, with effect from 1 May 2023, in view of the increased responsibilities of these directors resulting from the reduction in the number of members of the Executive Committee in the 2023/2025 term of office.

(8) Ceased duties as Executive Directors on 20 April 2023.

(9) The proportion of the AVR in the total remuneration paid to these Directors results from considering in the total remuneration only the ABR until 20 April 2023.

Table 2

Member	Position	Amount (1)	Personal Income Tax (IRS) withheld
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	Non-executive Director and Chair of the Audit Committee (2)	€96,075.21	€32,150.99
Jürgen Schröder	Non-executive Director and Member of the Audit Committee	€68,060.41	€17,015.17
María del Carmen Gil Marín	Non-executive Director and Member of the Audit Committee	€74,999.96	€24,253.46
Total remuneration of the Audit Committee		€239,135.58	
Raul Catarino Galamba de Oliveira	Chair of the Board of Directors and Chair and Member of Committees other than the Audit Committee	€350,000.00	€148,819.86
Duarte Palma Leal Champalimaud	Non-executive Director and Member of a Committee other than the Audit Committee	€65,000.04	€20,133.54
Isabel Maria Pereira Aníbal Vaz(3)	Non-executive Director and Member of a Committee other than the Audit Committee	€23,214.30	€5,853.65
Steven Duncan Wood (4)	Non-executive Director	€34,746.98	€8,421.28
Margarida Maria Correia de Barros Couto	Non-executive Director and Chair of a Committee other than the Audit Committee	€75,000.00	€24,253.46
Susanne Ruoff	Non-executive Director and Chair of a Committee other than the Audit Committee	€61,002.29	€15,250.62
Total remuneration of the non-executive Directors who are not members of the Audit Committee		€608,963.61	
Total remuneration of the non-executive Directors from the Board of Directors		€848,099.19	€296,152.03
Total remuneration of the Board of Directors including the Audit Committee and the Executive Committee members		€3,909,270.75	€1,570,634.51

(1) Amount of annual base remuneration earned by Non-Executive Directors.
(2) In view of the importance of the duties incumbent on the Audit Committee and the role of its Chair, the Remuneration Committee, in accordance with the annual review of the ABR provided for in the remuneration policy in force, reviewed the remuneration for the position of Chair of the Audit Committee, with effect from 1 May 2023.
(3) Ceased her duties as Non-Executive Director on 20 April 2023, and her remuneration corresponds only to the period up to that date.
(4) Waived the payment of remuneration for the 2020/2022 term of office, so the amount paid corresponds exclusively to remuneration from the start of the 2023/2025 term of office, i.e. from 20 April 2023.

As mentioned in table 1 above, under the Options Plan and as LTVR for the 2020/2022 term of office, the executive Directors were awarded options on CTT shares, the exercise date of which was 1 January 2023. At the end of the 3-year term of office 2020/2022, the Remuneration Committee, in accordance with the provisions of the Options Plan (namely with regard to the verification of the conditions for awarding of the LTVR), determined the number of shares to be granted to each of the participants as LTVR, as follows:

Table 3

Participant	CEO	CFO	Other Executive Directors	Total
Shares	81,629	46,645	104,952 (1)	233,226

(1) Total number of shares for the remaining 3 Executive Directors.

In accordance with the Options Plan for the 2020/2022 term of office, 25% of the shares awarded gave rise to a net cash settlement and 25% of the shares awarded gave rise to a net share settlement through the delivery of CTT shares to the executive Directors, in both cases subject to verification of the Company's positive performance in each of the financial years 2021 and 2022 and the eligibility conditions (i.e., permanence in office during the term of office, the absence of situations of material non-compliance with the Options Plan and the non-verification of situations giving rise to the application of adjustment mechanisms), carried out by the Remuneration Committee at the annual meeting referred to in the Options Plan, once the Corporate Governance, Evaluation and Nominating Committee has been heard.

The remaining 50% of the shares attributed as LTVR, for the 2020/2022 term of office, are settled through the delivery of CTT shares (net share 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 for the 2023 financial year at the Company's Annual General Meeting to be held in 2024, or on 31 May of this year and always subject to verification of the Company's positive performance in each of the financial years from 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 Company's Annual General Meeting to be held in 2025, or on 31 May 2025 and subject to the Company's positive performance in each of the financial years 2021 to 2024.

Thus, in 2023, each of the executive Directors for the 2020/2022 term of office was awarded, paid and retained the following shares under the Options Plan and as LTVR:

Table 4

Member	Position	Amounts						
		No. of shares assigned	No. of shares awarded	Amount of shares awarded (1)	Net Cash Settlement	1st tranche of retained shares (2)	2nd tranche of retained shares (3)	Total LTVR paid
João Afonso Ramalho Sopas Pereira Bento	CEO	81,629	20,407	€75,301.83	€64,663.37	20,407	20,407	€139,965.20
Guy Patrick Guimarães de Goyri Pacheco	CFO	46,645	11,661	€43,029.09	€36,950.38	11,661	11,661	€79,979.47
António Pedro Ferreira Vaz da Silva	Executive Director	34,984	8,746	€32,272.74	€27,712.99	8,746	8,746	€59,985.73
João Carlos Ventura Sousa	Executive Director	34,984	8,746	€32,272.74	€27,712.99	8,746	8,746	€59,985.73
João Miguel Gaspar da Silva	Executive Director	34,984	8,746	€32,272.74	€27,712.99	8,746	8,746	€59,985.73
Total amount Executive Committee		233,226	58,306	€215,149.14	€184,752.72	58,306	58,306	€399,901.86

(1) The value of the shares was calculated with reference to the closing price on 28 April 2023.

(2) To be settled on the fifth trading day immediately following the end of the month after the date of approval of the accounts for the financial year 2023 at the Company's annual general meeting to be held in 2024, or on 31 May 2024 and always subject to verification of the Company's positive performance in each of the financial years 2021 to 2023.

(3) To be settled 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 Company's annual general meeting to be held in 2025, or on 31 May 2025 and always subject to verification of the Company's positive performance in each of the financial years 2021 to 2024.

The liabilities for the net share settlement of the shares awarded to the participants under the terms mentioned above are reflected in the Company's accounts, and the Company has the number of own shares necessary for their net share settlement.

In 2023, there was no deviation from the application of or derogation from the remuneration policy applicable to members of the management and supervisory bodies, and this report has taken into account the unanimous approval of the financial statements for 2022, including the corporate governance report, which in turn forms part of the remuneration report.

As described in this section 5.2. of the Report, the remuneration policy for the 2023/2025 term of office, in line with the remuneration policy for the 2020/2022 term of office (taking into account the remuneration policy approved at the Annual General Meeting of 21 April 2021 and the remuneration policy proposal to be submitted by the Remuneration Committee to the next Annual General Meeting), aims to continue to promote the alignment of management interests with CTT's strategic objectives and with the long-term sustainability of the Company, including environmental sustainability, as well as the consideration by management of the interests of the Company's various stakeholders, in particular the interests of employees (promoting measures to achieve a better balance between the remuneration conditions of 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 2018 to 2023, a period marked by the COVID-19 pandemic crisis, as well as the war in Ukraine.

The comparative table below shows the annual percentage change in the remuneration awarded to the members of the Board of Directors and the Audit Committee of the Company currently in office, between 2018 and 2023:

Table 5

Members	Date of 1st Appoint-ment (1)	Position (2)	Remuneration										
			2023 vs 2022			2022 vs 2021		2021 vs 2020		2020 vs 2019		2019 vs 2018	
			FIXED(3)	VR(4) AVR	VR(4) LTVR	FIXED(3)	AVR	FIXED(3)	AVR(5)	FIXED(3)	AVR(5)	FIXED(3)	AVR(12)
Raul Catarino Galamba de Oliveira (6)(7)	29/04/2020	Chair of the Board of Directors	0%	n.a.	n.a.	0%	n.a.	48.76% (6)	n.a.	n.a.	n.a.	n.a.	n.a.
João Afonso Ramalho Sopas Pereira Bento (8)	20/04/2017	Chief Executive Officer	0%	-1.3%	—%	0%	—%	3.93%	—%	61.8% (8)	—%	506.44% (8)	—%
Guy Patrick Guimarães de Goyri Pacheco	19/12/2017	Executive Director	2%	4.7%	—%	0%	—%	1.8%	—%	-4.33%	—%	5.61%	—%
João Carlos Ventura Sousa (9)	18/09/2019	Executive Director	7%	0%	—%	-9%	—%	11.2%	—%	4.00%	—%	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	7%	n.a.	n.a.	0%	n.a.	5.2%	n.a.	2.79%	n.a.	8.82%	n.a.
Steven Duncan Wood (10)	23/04/2019	Non-Executive Director	—%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Duarte Palma Leal Champalimaud (11)	19/06/2019	Non-Executive Director	0%	n.a.	n.a.	0%	n.a.	5.2%	n.a.	5.00%	n.a.	n.a.	n.a.
Jürgen Schröder (7)	29/04/2020	Non-Executive Director and Member of the Audit Committee	36%	n.a.	n.a.	0%	n.a.	48.76%	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.	n.a.	0%	n.a.	88.1%	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.	n.a.	0%	n.a.	48.80%	n.a.	n.a.	n.a.	n.a.	n.a.
Susanne Ruoff (7)	29/04/2020	Non-Executive Director	22%	n.a.	n.a.	0%	n.a.	48.80%	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 (i) the annual base remuneration ("ABR"), (ii) the amount of the annual meal allowance per working day of each month, 12 times a year, and (iii) the fixed amount paid annually to the retirement savings plan corresponding to 10% of the ABR.

(4) The VR takes into account the AVR and the LTVR awarded regarding the 2020/2022 term of office. No annual percentage change is shown for this remuneration, as no LTVR was awarded in previous years.

(5) The result of the assessment carried out in respect of the 2019 financial year led to the attribution of AVR to the Executive Directors, the payment of which was made in 2021. The assessment for the 2020 financial year did not result in the awarding of an AVR to the executive Directors, and for this reason no annual percentage change 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 of 2020 vs 2021 reflects the calculation in relation to the 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 change of 2018 vs 2019 reflects the calculation in relation to the remuneration earned as a non-executive member of the Board of Directors and subsequently as Chief Executive Officer.

(9) Co-opted by resolution of the Board of Directors dated 03/09/2019 effective as of 18/09/2019. The annual variation of 2019 vs 2020 reflects the calculation with respect to the remuneration earned in 2019 as of the effective date of his co-option.

(10) The Non-Executive Director began to be remunerated as from 20 April 2023, the date of his election for the 2023/2025 term of office.

(11) Co-opted by resolution of the Board of Directors dated 19/06/2019. The annual variation of 2019 vs 2020 reflects the calculation with respect to the remuneration earned in 2019 as of the effective date of his co-option.

(12) The Executive Directors have waived the AVR amounts for the 2018 financial year and, for this reason and regardless of the outcome of the assessment carried out for these financial years, no amounts have been paid as AVR in 2019.

The table below shows the annual percentage variation of the following economic and financial indicators of CTT (on a consolidated basis) between 2018 and 2023:

Table 6

Performance indicators	2023 vs 2022	2022 vs 2021	2021 vs 2020	2020 vs 2019	2019 vs 2018
Revenues	8.7%	6.9%	13.8%	0.7%	4.6%
Operating costs[1]	7.2%	6.5%	13.7%	2.5%	3.4%
Net profit for the year attributable to CTT equity holders	66.2%	-5.2%	130.4%	-42.9%	35.8%

(1) Excluding depreciation / amortisation, and specific items in 2021 vs 2020, 2022 vs 2021 and 2023 vs 2022. In the previous years, Operating Costs excluded impairments, provisions, depreciation / amortisation, the impact of IFRS 16 and specific items.

In turn, the table below shows the annual variation of 2018 vs 2023 of the average remuneration of full-time employees of the CTT Group, excluding the members of the management and supervisory bodies, by professional category:

Table 7

Employees[1]	2023 vs 2022[2]	2022 vs 2021[3]	2021 vs 2020[4]	2020 vs 2019[4]	2019 vs 2018[4]
Senior and middle management	4.8%	0.8%	-1.3%	-3.6%	0.6%
Counter service	4.4%	1.1%	0.4%	-0.4%	0.4%
Delivery	3.2%	2.2%	2.7%	-0.5%	1.6%
Other	6.4%	2.7%	-0.6%	2.7%	1.5%
Overall	**3.5%**	**1.8%**	**1.6%**	**—%**	**0.7%**

(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 management and supervisory bodies, and (b) base remuneration.

(2) The employees of the CTT Group companies Correio Expresso de Moçambique, S.A. (CORRE), NewSpring Services, S.A., Medspring, S.A. e CTT -Soluções Empresariais, S.A. are not included.

(3) The employees of the CTT Group companies Correio Expresso de Moçambique, S.A. (CORRE), NewSpring Services, S.A., Medspring, S.A. e CTT -Soluções Empresariais, S.A. are not included, while the employees of the company Open Lockers, S.A. have been included.

(4) 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 comparison2018 vs 2019, the employees 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 the 2023 financial year, 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 2023, 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 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 2023 financial year, the amount of the remunerations of the Chair and the Vice-Chair 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 legally due 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 both the remuneration policy for the 2020/2022 term of office and the proposal of the remuneration policy for the 2023/2025 term of office to be submitted to the next Annual General Meeting as well as the Options Plan provided for therein, 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 2023, three directors, two executive and one non-executive, respectively António Pedro Ferreira Vaz da Silva, João Miguel Gaspar da Silva and Isabel Maria Pereira Aníbal Vaz, left office due to the end of their term (2020/2022). None of these directors received any sums arising from or related to the aforementioned termination of office.

The remuneration earned by the directors in the financial year in question is detailed in tables 1, 2 and 4 of point 77 above, and the company did not incur any costs directly or indirectly related to their leaving office, which is why **Recommendation VI.2.3. of the IPCG Code** is therefore deemed to have been complied with.

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 managers, within the meaning of the EU Regulation, correspond only to the members of the management and supervisory bodies of CTT.

Accordingly, during 2023, **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 proposed by the Remuneration Committee to the next Annual General Meeting and related to the 2023/2025 term of office, the **LTVR** is based on the executive Directors' participation in the Options 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 Options Plan, which is incorporated in the remuneration policy to be submitted to the next Annual General Meeting, 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

Following the approval of the remuneration policy for the Company's management and supervisory bodies at the General Shareholders' Meeting of 21 April 2021, for the 2020/2022 term of office, CTT's Executive Committee approved, by resolution of 14 May 2021, a Long-Term Incentive Programme - Options Plan 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 CTT Expresso in Spain (“Options Plan for Directors”).

The aim of this Options Plan for Directors was to strengthen the alignment of the interests of the different stakeholders with the Company's performance, thereby encouraging the pursuit of sustainable growth for the Company, while also promoting greater alignment of the remuneration conditions of employees and members of the corporate bodies.

This Options Plan for Directors replicates what is set out in the options plan approved for executive Directors under the aforementioned remuneration policy approved by the Shareholders' General Meeting on 21 April 2021.

In accordance with the Options Plan for Directors, the 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 net cash 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 was entitled to receive **five different option tranches**, each with a different **exercise price (strike price)** and depending on the **number of options** assigned to them 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 have been granted to the participants on the date of the Shareholders' General Meeting, which took place on 21 April 2021. The options awarded after that date shall be made proportionally to the time of exercise of the duties, taking into account the duration of the Options Plan for Directors;

- The automatic **exercise date** of all options was 1 January 2023;

- After exercise, the options awarded under the Options Plan for Directors confer the right to be granted shares via **net share 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 net share settlement will be transferred to each participant, subject to the **positive performance** of the Company in each of the financial years 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 held in 2023, and its holder will then be entitled to freely trade them;

- Regarding 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 net share settlement shall be subject to a **Retention Period** by the Company and will be released in two parts of 25%, respectively, on the fifth trading day immediately following the end of the month after the date of approval of the accounts for the financial years 2023 and 2024 at an annual general meeting of the Company to be held in 2024 and 2025, respectively, subject to the **positive performance** of the Company in each of the financial years 2021 to 2024.

- The **share price and the strike price** may be altered or adjusted under the same terms as the alteration or adjustment under the Options Plan in force for executive Directors for the 2020/2022 term of office.

- 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 conditional on 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 on 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;

- Similarly to the options plan approved for the executive Directors 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 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 was applied: (i) the adjusted strike price mentioned in point 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;

    - Under this Options Plan for Directors, the net share settlement of 63,555 shares was made on 28 April 2023 to thirty-nine Directors, corresponding to 50% of the options granted, amounting to €297,201.95 considering the CTT share price at the close of the session on the date of delivery and having verified the positive performance of the Company;

    - The remaining shares will be subject to net share settlement, in two tranches of 25% each, respectively, by the fifth trading day immediately following the end of the month after the date of approval of the accounts for the financial years 2023 and 2024, subject to the positive performance of the Company from the date of award until the end of the retention period for each tranche and the non-verification of any situations that could lead to the cancellation of the exercise of the options or the application of Adjustment mechanisms;

    - The Company's accounts reflect the liabilities for the net share settlement of the shares awarded 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 2023 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.

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 formalised 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 €1,000,000.00 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 authorisation 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 2023, 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 of 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 on 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 €1,000,000.00 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 2023, 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
General Principles			
General principle A.	Corporate governance promotes and fosters the pursuit of the respective long-term interests, performance and sustained development, and is structure in order to allow the interests of shareholders and other investors, staff, clients, creditors, suppliers and other stakeholders to be weighed, contributing to the strengthening of confidence in the quality, transparency and ethical standards of administration and supervision, as well as to the sustainable development of the community the companies from part of and to the development of the capital market.		
General principle B.	The Code is voluntary and compliance is based on the comply or explain principle, applicable to all Recommendations.		
I. Company's relationship with shareholders, interested parties and the community at large			
Principle I.A.	In their organisation, operation and in the definition of their strategy, companies shall contribute to the pursuit of the Sustainable Development Goals defined within the framework of the United Nations Organisation, in terms that are appropriate to the nature of their activity and their size.		
Principle I.B.	The company periodically identifies, measures and seeks to prevent negative effects related to the environmental and social impact of the operation of its activity, in terms that are appropriate to the nature and size of the company.		
Principle I.C.	In its decision-making processes, the management body considers the interests of shareholders and other investors, employees, suppliers and other stakeholders in the activity of the company.		
I.1.	The company specifies in what terms its strategy seeks to ensure the fulfilment of its long-term objectives and what are the main contributions resulting herefrom for the community at large. I.1.(1) The company specifies in what terms its strategy seeks to ensure the fulfilment of its long-term objectives I.2.(2) and what are the main contributions resulting herefrom for the community at large.	I.1.(1) Adopted I.1.(2) Adopted	2.2. Strategic lines 4.1. ESG Commitments and Sustainable Development Goals 4.5. People Engagement 4.6. Community engagement
I.2.	The company identifies the main policies and measures adopted with regard to the fulfilment of its environmental and social objectives. I.2.(1) The company identifies the main policies and measures adopted with regard to the fulfilment of its environmental objectives I.2.(2) and for the fulfilment of its social objectives.	I.2.(1) Adopted I.2.(2) Adopted	I.2.(1) 2.2. Strategic lines 4.1. ESG Commitments and Sustainable Development Goals 4.4. Decarbonisation towards net zero I.2.(2) 2.2. Strategic lines 4.1. ESG Commitments and Sustainable Development Goals 4.6. Community engagement

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 - Corporate Governance
II. Composition and functioning of the Corporate Bodies			
II. 1. Information			
Principle II.1.A.	Companies and, in particular, their Directors treat shareholders and other investors in an equitable manner, namely by ensuring mechanisms and procedures for the adequate treatment and disclosure of information.		
II.1.1.	The company establishes mechanisms to adequately and rigorously ensure the timely circulation or disclosure of the information required to its bodies, the company secretary, shareholders, investors, financial analysts, other stakeholders and the market at large.	Adopted	18, 21, 38, 55, 56 to 63 (see chapters 10. Investor Support and 11. Website)
II. 2. Diversity in the Composition and Functioning of the Corporate Bodies			
Principle II.2.A.	Companies have adequate and transparent decision-making structures, ensuring maximum efficiency in the functioning of their bodies and committees*. *(*Committees*, *company committees*, *specialised committees* or *internal committees* are understood to mean committees made up for the most part of members of the corporate bodies, to whom the company attributes company functions within the company ambit, excluding the Remuneration Committee appointed by the General Meeting, pursuant to Article 399 of the Portuguese Commercial Companies Code, unless the Code expressly states otherwise).		
Principle II.2.B.	Companies ensure diversity in the composition of their management and supervisory bodies and the adoption of individual merit criteria in the respective appointment processes, which shall be the exclusive responsibility of shareholders.		
Principle II.2.C.	Companies ensure that the performance of their bodies and committees is duly recorded, namely in minutes of meetings, that allow for knowing not only the sense of the decisions taken but also their grounds and the opinions expressed by their members.		
II.2.1.	Companies establish, previously and abstractly, criteria and requirements regarding the profile of the members of the corporate bodies that are adequate to the function to be performed, considering, notably, individual attributes (such as competence, independence, integrity, availability and experience), and diversity requirements (with particular attention to equality between men and women), that may contribute to the improvement of the performance of the body and of the balance in its composition.	Adopted	16, 18, 19, 26 and 33
II.2.2.	The management and supervisory bodies and their internal committees are governed by regulations – notably regarding the exercise of their powers, chairmanship, the frequency of meetings, operation and the duties framework of their members – fully disclosed on the website of the company, whereby minutes of the respective meetings shall be drawn up. II.2.2.(1) The management body is governed by regulations – notably regarding the exercise of it's powers, chairmanship, the frequency of meetings, operation and the duties framework of it's members – fully disclosed on the website of the company II.2.2.(2) *Idem* for the supervisory body. II.2.2.(3) *Idem* for internal committees. II.2.2.(4) Minutes of the meetings of the management body shall be drawn up. II.2.2.(5) *Idem* for the supervisory body. II.2.2.(6) *Idem* for internal committees.	II.2.2.(1) Adopted II.2.2.(2) Adopted II.2.2.(3) Adopted II.2.2.(4) Adopted II.2.2.(5) Adopted II.2.2.(6) Adopted	21, 22, 23, 27, 29, 34, 35 and chapter 11. Website

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 - Corporate Governance
II.2.3.	The composition and number of meetings for each year of the management and supervisory bodies and of their internal committees are disclosed on the website of the company. II.2.3.(1) The composition of the management and supervisory bodies and of their internal committees are disclosed on the website of the company. II.2.3.(2) The number of meetings for each year of the management and supervisory bodies and of their internal committees are disclosed on the website of the company.	II.2.3.(1) Adopted II.2.3.(2) Adopted	21, 23, 26, 29, 35 and 61 (for point 61, see Chapter 11. Website).
II.2.4.	The companies adopt a whistle-blowing policy that specifies the main rules and procedures to be followed for each communication and an internal reporting channel that also includes access for non-employees, as set forth in the applicable law. II.2.4.(1) The companies adopt a whistle-blowing policy that specifies the main rules and procedures to be followed for each communication II.2.4.(2) and an internal reporting channel that also includes access for non-employees, as set forth in the applicable law.	II.2.4.(1) Adopted II.2.4.(2) Adopted	49
II.2.5.	The companies have specialised committees for matters of corporate governance, remuneration, appointments of members of the corporate bodies and performance assessment, separately or cumulatively. If the Remuneration Committee provided for in Article 399 of the Portuguese Commercial Companies Code has been set up, the present Recommendation can be complied with by assigning to said committee, if not prohibited by law, powers in the above matters. II.2.5.(1) The companies have specialised committees for matters of corporate governance. II.2.5.(2) *Idem* on remuneration. II.2.5.(3) *Idem* on the appointment of members of the corporate bodies. II.2.5.(4) *Idem* on performance assessment.	II.2.5.(1) Adopted II.2.5.(2) Adopted II.2.5.(3) Adopted II.2.5.(4) Adopted	21 and 29
II.3. Relations between Corporate Bodies GRI 2-13, 2-26			
Principle II.3.A.	The corporate bodies create the conditions for them to act in a harmonious and articulated manner, within the scope of their responsibilities, and with information that is adequate for carrying out their functions.		

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 - Corporate Governance
II.3.1.	The Articles of Association or equivalent means adopted by the company set out the mechanisms to ensure that, within the limits of the applicable laws, the members of the management and supervisory bodies have permanent access to all necessary information to assess the performance, situation and development prospects of the company, including, specifically, the minutes of the meetings, the documentation supporting the decisions taken, the convening notices and the archive of the meetings of the executive management body, without prejudice to access to any other documents or persons who may be requested to provide clarification.	Adopted	18 and 21
II.3.2.	Each body and committee of the company ensures, in a timely and adequate manner, the interorganic flow of information required for the exercise of the legal and statutory powers of each of the other bodies and committees.	Adopted	18 and 21
II. 4. Conflicts of Interest GRI 2-15			
Principle II.4.A.	The existence of current or potential conflicts of interest between the members of bodies or committees and the company shall be prevented, ensuring that the conflicted member does not interfere in the decision-making process.		
II.4.1.	By internal regulation or an equivalent hereof, the members of the management and supervisory bodies and of the internal committees shall be obliged to inform the respective body or committee whenever there are any facts that may constitute or give rise to a conflict between their interests and the interest of the company.	Adopted	21
II.4.2.	The company adopts procedures to ensure that the conflicted member does not interfere in the decision-making process, without prejudice to the duty to provide information and clarification requested by the body, committee or respective members.	Adopted	21
II.5. Transactions with Related Parties			
Principle II.5.A.	Transactions with related parties shall be justified by the interests of the company and shall be carried out under market conditions, being subject to principles of transparency and adequate supervision.		
II.5.1.	The management body discloses, in the corporate governance report or by other publicly available means, the internal procedure for verification of transactions with related parties.	Adopted	89 and 91
III. Shareholders and General Meeting GRI 2-12			
Principle III.A.	The adequate involvement of shareholders in corporate governance constitutes a positive factor for the efficient functioning of the company and the achievement of its corporate objective.		
Principle III.B.	The company promotes the personal participation of shareholders at general meetings as a space for reflection on the company and for shareholders to communicate with the bodies and committees of the company.		
Principle III.C.	The company implements adequate means for shareholders to attend and vote at the general meeting without being present in person, including the possibility of sending in advance questions, requests for clarification or information on the matters to be decided on and the respective proposals.		

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 - Corporate Governance
III.1.	The company does not set an excessively large number of shares to be entitled to one vote and informs in the corporate governance report of its choice whenever each share does not carry one vote. III.1.(1) The company does not set an excessively large number of shares to be entitled to one vote, III.1.(2) and informs in the corporate governance report of its choice whenever each share does not carry one vote.	III.1.(1) Adopted III.1.(2) n.a.	12
III.2.	The company that has issued special plural voting rights shares identifies, in its corporate governance report, the matters that, pursuant to the company's Articles of Association, are excluded from the scope of plural voting.	n.a.	12
III.3.	The company does not adopt mechanisms that hinder the passing of resolutions by its shareholders, specifically fixing a quorum for resolutions greater than that foreseen by law.	Adopted	2, 14
III.4.	The company implements adequate means for shareholders to participate in the general meeting without being present in person, in proportion to its size.	Adopted	12
III.5.	The company also implements adequate means for the exercise of voting rights without being present in person, including by correspondence and electronically.	Adopted	12
III.6.	The Articles of Association of the company that provide for the restriction of the number of votes that may be held or exercised by one single shareholder, either individually or jointly with other shareholders, shall also foresee that, at least every five years, the general meeting shall resolve on the amendment or maintenance of such statutory provision – without quorum requirements greater than that provided for by law – and that in said resolution, all votes issued are to be counted, without applying said restriction.	n.a.	5 and 13
III.7.	The company does not adopt any measures that require payments or the assumption of costs by the company in the event of change of control or change in the composition of the management body and which are likely to damage the economic interest in the transfer of shares and the free assessment by shareholders of the performance of the Directors.	Adopted	4
IV. Management			
IV.1. Management Body and Executive Directors			
Principle IV.1.A.	The day-to-day management of the company shall be the responsibility of executive directors with the qualifications, skills, and experience appropriate for the position, pursuing the corporate goals and aiming to contribute to its sustainable development.		
Principle IV.1.B.	The determination of the number of executive directors shall take into account the size of the company, the complexity and geographical dispersion of its activity and the costs, bearing in mind the desirable flexibility in the running of the executive management.		

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 - Corporate Governance
IV.1.1.	The management body ensures that the company acts in accordance with its object and does not delegate powers, notably with regard to: i) definition of the corporate strategy and main policies of the company; ii) organisation and coordination of the corporate structure; iii) matters that shall be considered strategic due to the amounts, risk and particular characteristics involved. IV.1.1.(1) The management body ensures that the company acts in accordance with its object and does not delegate powers, notably with regard to: i) definition of the corporate strategy and main policies of the company; IV.1.1.(2) (ii) organisation and coordination of the corporate structure; IV.1.1.(3) (iii) matters that shall be considered strategic due to the amounts, risk and particular characteristics involved.	IV.1.1.(1) Adopted IV.1.1.(2) Adopted IV.1.1.(3) Adopted	21
IV.1.2.	The management body approves, by means of regulations or through an equivalent mechanism, the performance regime for executive directors applicable to the exercise of executive functions by them in entities outside the group.	Adopted	26
IV.2. Management Body and Non-Executive Directors			
Principle IV.2.A.	For the full achievement of the corporate objective, the non-executive directors shall exercise, in an effective and judicious manner, a function of general supervision and of challenging the executive management, whereby such performance shall be complemented by commissions in areas that are central to the governance of the company.		
Principle IV.2.B.	The number and qualifications of the non-executive directors shall be adequate to provide the company with a balanced and appropriate diversity of professional skills, knowledge and experience.		
IV.2.1.	Notwithstanding the legal duties of the chairman of the board of directors, if the latter is not independent, the independent directors – or, if there are not enough independent directors, the non-executive directors – shall appoint a coordinator among themselves to, in particular (i) act, whenever necessary, as interlocutor with the chairman of the board of directors and with the other directors, (ii) ensure that they have all the conditions and means required to carry out their duties, and (iii) coordinate their performance assessment by the administration body as provided for in Recommendation VI.1.1.; alternatively, the company may establish another equivalent mechanism to ensure such coordination.	n.a.	17, 18 and 21
IV.2.2.	The number of non-executive members of the management body shall be adequate to the size of the company and the complexity of the risks inherent to its activity, but sufficient to ensure the efficient performance of the tasks entrusted to them, whereby the formulation of this adequacy judgement shall be included in the corporate governance report.	Adopted	17 and 18
IV.2.3.	The number of non-executive directors is greater than the number of executive directors.	Adopted	17 and 18

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 - Corporate Governance
IV.2.4.	The number of non-executive directors that meet the independence requirements is plural and is not less than one third of the total number of non-executive directors. For the purposes of the present Recommendation, a person is deemed independent when not associated to any specific interest group in the company, nor in any circumstances liable to affect his/her impartiality of analysis or decision, in particular by virtue of: i. Having carried out, continuously or intermittently, functions in any corporate body of the company for more than twelve years, with this period being counted regardless of whether or not it coincides with the end of the mandate; ii. Having been an employee of the company or of a company that is controlled by or in a 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 with a company that is controlled by or in a group relationship with the company, either directly or as a partner, director, manager or officer of a legal person; iv. Being the beneficiary of remuneration paid by the company or by a company that is controlled by or in a group relationship with the company, in addition to remuneration stemming from the performance of the functions of director; v. Living in a non-marital partnership or being a spouse, relative or kin in a direct line and up to and including the 3rd degree, in a collateral line, of directors of the company, of directors of a legal person owning a qualifying stake in the company or of natural persons owning, directly or indirectly, a qualifying stake; vi. Being a holder of a qualifying stake or representative of a shareholder that is holder of a qualifying stake.	Adopted(1)	17, 18, 19, 20 and 78
IV.2.5.	The provisions of paragraph (i) of the previous Recommendation do not prevent the qualification of a new Director as independent if, between the end of his/her functions in any corporate body and his/her new appointment, at least three years have elapsed (cooling-off period).	n.a.	17 and 18
V. Supervision			
Principle V.A.	The supervisory body carries out permanent supervision activities of the administration of the company, including, also from a preventive perspective, the monitoring of the activity of the company and, in particular, the decisions of fundamental importance for the company and for the full achievement of its corporate object.		
Principle V.B.	The composition of the supervisory body provides the company with a balanced and adequate diversity of professional skills, knowledge and experience.		

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 - Corporate Governance
V.1.	With due regard for the competences conferred to it by law, the supervisory body takes cognisance of the strategic guidelines and evaluates and renders an opinion on the risk policy, prior to its final approval by the administration body. V.1.(1) With due regard for the competences conferred to it by law, the supervisory body takes cognisance of the strategic guidelines, prior to its final approval by the administration body. V.1.(2) With due regard for the competences conferred to it by law, the supervisory body evaluates and renders an opinion on the risk policy, prior to its final approval by the administration body.	V.1.(1) Adopted V.1.(2) Adopted	38
V.2.	The number of members of the supervisory body and of the financial matters committee should be adequate in relation to the size of the company and the complexity of the risks inherent to its activity, but sufficient to ensure the efficiency of the tasks entrusted to them, and this adequacy judgement should be included in the corporate governance report. V.2.(1) The number of members of the supervisory body shall be adequate in relation to the size of the company and the complexity of the risks inherent to its activity, but sufficient to ensure the efficiency of the tasks entrusted to them, and this adequacy judgement shall be included in the corporate governance report. V.2.(2) *Idem* for the number of members of the financial matters committee.	V.2.(1) Adopted V.2.(2) Adopted	17, 18 and 31
VI. Performance Assessment, Remuneration and Appointments			
VI.1. Annual Performance Assessment I GRI 2-18			
Principle VI.1.A.	The company promotes the assessment of performance of the executive body and its individual members as well as the overall performance of the management body and its specialised committees.		
VI.1.1.	The management body – or committee with relevant powers, composed of a majority of non-executive members – evaluates its performance on an annual basis, as well as the performance of the executive committee, of the executive directors and of the company committees, taking into account the compliance with the strategic plan of the company and of the budget, the risk management, its internal functioning and the contribution of each member to that end, and the relationship between the bodies and committees of the company.		

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 - Corporate Governance
VI.1.1.	VI.1.1.(1) The management body - or committee with relevant powers, composed of a majority of non-executive members - evaluates its performance on an annual basis, taking into account the compliance with the strategic plan of the company and of the budget, the risk management, its internal functioning and the contribution of each member to that end, and the relationship between the bodies and committees of the company. VI.1.1.(2) *Idem* for the performance of the executive committee / executive directors. VI.1.1.(3) *Idem* for the performance of the company committees.	VI.1.1.(1) Adopted VI.1.1.(2) Adopted VI.1.1.(3) Adopted	21, 24, 29, 66, 70 and 71
VI.2. Remunerations			
Principle VI.2.A.	The remuneration policy for members of the management and supervisory bodies shall allow the company to attract qualified professionals at a cost that is economically justified by their situation, provide for the alignment with the interests of the shareholders – taking into consideration the wealth effectively created by the company, the economic situation and the market situation – and shall constitute a factor for developing a culture of professionalism, sustainability, merit promotion and transparency in the company.		
Principle VI.2.B.	Taking into consideration that the position of directors is, by nature, a remunerated position, directors shall receive a remuneration: i) that adequately rewards the responsibility undertaken, the availability and competence placed at the service of the company; ii) that ensures a performance aligned with the long-term interests of shareholders and promotes the sustainable performance of the company; and iii) that rewards performance.		
VI.2.1.	The company constitutes a remuneration committee, whose composition shall ensure its independence from the board of directors, whereby it may be the remuneration committee appointed pursuant to Article 399 of the Portuguese Commercial Companies Code.	Adopted	15, 21, 24, 66 and 67
VI.2.2.	The remuneration of the members of the management and supervisory bodies and of the company committees is established by the remuneration committee or by the general meeting, upon proposal of such committee.	Adopted	15, 21, 24, 66 and 67
VI.2.3.	The company discloses in the corporate governance report, or in the remuneration report, the termination of office of any member of a body or committee of the company, indicating the amount of all costs related to the termination of office borne by the company, for any reason, during the financial year in question.	Adopted	83
VI.2.4.	In order to provide information or clarification to shareholders, the president or another member of the remuneration committee shall be present at the annual general meeting and at any other general meeting at which the agenda includes a matter related to the remuneration of the members of bodies and committees of the company, or if such presence has been requested by the shareholders.	Adopted	67 and 69
VI.2.5.	Within the budget constraints of the company, the remuneration committee may freely decide to hire, on behalf of the company, consultancy services that are necessary or convenient for the performance of its duties.	Adopted	67
VI.2.6.	The remuneration committee ensures that such services are provided independently.	Adopted	67

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 - Corporate Governance
VI.2.7.	The providers of said services are not hired by the company itself or by any company controlled by or in group relationship with the company, for the provision of any other services related to the competencies of the remuneration committee, without the express authorisation of the committee.	Adopted	67
VI.2.8.	In view of the alignment of interests between the company and the executive directors, a part of their remuneration has a variable nature that reflects the sustained performance of the company and does not encourage excessive risk-taking.	Adopted	69, 70, 71, 72 and 77
VI.2.9.	A significant part of the variable component is partially deferred over time, for a period of no less than three years, and is linked to the confirmation of the sustainability of performance, in terms defined in the remuneration policy of the company.	Adopted	69, 70, 72 and 74
VI.2.10.	When the variable remuneration includes options or other instruments directly or indirectly subject to share value, the start of the exercise period is deferred for a period of no less than three years.	Adopted	69, 70, 71, 72, 74, 85 and 86
VI.2.11.	The remuneration of non-executive directors does not include any component whose value depends on the performance of the company or of its value.	Adopted	69 and 70
VI.3. Appointments			
Principle VI.3.A.	Regardless of the method of appointment, the knowledge, experience, professional background, and availability of the members of the corporate bodies and of the senior management* shall be adequate for the job to be performed. *(In this Code, *senior management* is understood as persons who are part of the senior management as defined (under the name "management") by European and national legislation regarding listed companies, excluding members of the corporate bodies.)		
VI.3.1.	The company promotes, in the terms it deems adequate, but in a manner susceptible of demonstration, that the proposals for the appointment of members of the corporate bodies are accompanied by grounds regarding the suitability of each of the candidates for the function to be performed.	Adopted	19, 21 and 29
VI.3.2.	The committee for the appointment of members of corporate bodies includes a majority of independent directors.	Adopted	21, 29 and 66
VI.3.3.	Unless it is not justified by the size of the company, the task of monitoring and supporting the appointments of senior managers shall be assigned to an appointment committee.	Adopted	21 and 29
VI.3.4.	The committee for the appointment of senior management provides its terms of reference and promotes, to the extent of its powers, the adoption of transparent selection processes that include effective mechanisms for identifying potential candidates, and that for selection those are proposed who present the greatest merit, are best suited for the requirements of the position and promote, within the organisation, an adequate diversity including regarding gender equality.	Adopted	21 and 29
VII. Internal Control GRI 2-12			
Principle VII.A.	Based on the medium and long-term strategy, the company shall establish a system of internal control, comprising the functions of risk management and control, compliance and internal audit, which allows for the anticipation and minimisation of the risks inherent to the activity developed.		

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 - Corporate Governance
VII.1.	The management body discusses and approves the strategic plan and risk policy of the company, which includes setting limits in matters of risk-taking. VII.1.(1) The management body discusses and approves the strategic plan. VII.1.(2) The management body discusses and approves the risk policy of the company, which includes setting limits in matters of risk-taking.	VII.1.(1) Adopted VII.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)
VII.2.	The company has a specialised committee or a committee composed of specialists in risk matters, which reports regularly to the management body.	Adopted	21, 31, 38, 50, 52 e 54 (see for points 52 and 54 subchapter 2.3.1. Description of the Risk Management Process, chapter 2.3. Risk Management)
VII.3.	The supervisory body is organised internally, implementing periodic control mechanisms and procedures, in order to ensure that the risks effectively incurred by the company are consistent with the objectives set by the administration body.	Adopted	38
VII.4.	The internal control system, comprising the risk management, compliance and internal audit functions, is structured in terms that are adequate to the size of the company and the complexity of the risks inherent to its activity, whereby the supervisory body shall assess it and, within the ambit of its duty to monitor the effectiveness of this system, propose any adjustments that may be deemed necessary.	Adopted	38, chapter 2.3. Risk Management
VII.5.	The company establishes procedures of supervision, periodic assessment and adjustment of the internal control system, including an annual assessment of the degree of internal compliance and performance of such system, as well as the prospects for changing the previously defined risk framework.	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.6.	Based on its risk policy, the company sets up a risk management function, identifying (i) the main risks to which it is subject in the operation of its business, (ii) the probability of their occurrence and respective impact, (iii) the instruments and measures to be adopted in order to mitigate such risks, and (iv) the monitoring procedures, aimed at following them up. VII.6.(1) Based on its risk policy, the company sets up a risk management function, identifying (i) the main risks to which it is subject in the operation of its business, VII.6.(2) (ii) the probability of their occurrence and respective impact, VII.6.(3) (iii) the instruments and measures to be adopted in order to mitigate such risks and VII.6.(4) (iv) the monitoring procedures, aimed at following them up.	VII.6.(1) Adopted VII.6.(2) Adopted VII.6.(3) Adopted VII.6.(4) Adopted	50 to 55 (see for points 52 to 54, subchapters 2.3.1. Description of the Risk Management Process and 2.3.2. Identification of risks and CTT response, chapter 2.3. Risk Management)

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 - Corporate Governance
VII.7.	The company establishes processes to collect and process data related to the environmental and social sustainability in order to alert the management body to risks that the company may be incurring and propose strategies for their mitigation.	Adopted	2.2. Strategic lines 4.1. ESG Commitments and Sustainable Development Goals 5.1.2. Stakeholder relations and materiality analysis
VII.8.	The company reports on how climate change is considered within the organisation and how it takes into account the analysis of climate risk in the decision-making processes.	Adopted	2.2. Strategic lines 2.3. Risk Management 4.4. Decarbonisation towards net zero
VII.9.	The company informs in the corporate governance report on the manner in which artificial intelligence mechanisms have been used as a decision-making tool by the corporate bodies.	Adopted	50
VII.10.	The supervisory body pronounces 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 adjustments as deemed necessary.	Adopted	38, 51, 52 and54 (see subchapters 2.3.1. Description of the Risk Management Process and 2.3.2. Identification of risks and CTT response)
VII.11.	The supervisory body is the addressee of reports made by the internal control services, including the risk management, compliance and internal audit functions, at least when matters related to accountability, identification or resolution of conflicts of interest and detection of potential irregularities are concerned.	Adopted	38, 51, 52 and 54 (see subchapters 2.3.1. Description of the Risk Management Process and 2.3.2. Identification of risks and CTT response).
VIII. Information and Statutory Audit of Accounts			
VIII.1. Information			
Principle VIII.1.A.	The supervisory body, diligently and with independence, ensures that the management body observes its responsibilities in choosing policies and adopting appropriate accounting criteria and establishing adequate systems for financial and sustainability reporting, and for internal control, including risk management, compliance and internal audit.		
Principle VIII.1.B.	The supervisory body promotes a proper articulation between the work of the internal audit and that of the statutory audit of accounts.		
VIII.1.1.	The regulations of the supervisory body requires that the supervisory body monitors the suitability of the process of preparation and disclosure of information by the management body, including the appropriateness of accounting policies, estimates, judgements, relevant disclosures and their consistent application from financial year to financial year, in a duly documented and reported manner.	Adopted	38
VIII.2. Statutory Audit and Supervision			
Principle VIII.2.A.	It is the responsibility of the supervisory body to establish and monitor formal, clear, and transparent procedures as to the relationship between the company and the statutory auditor and the supervision of compliance, by the statutory auditor, with the rules of independence imposed by law and by professional standards.		
VIII.2.1.	By means of regulation, the supervisory body defines, in accordance with the applicable legal regime, the supervisory procedures to ensure the independence of the statutory auditor.	Adopted	37 and 38

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 - Corporate Governance
VIII.2.2.	The supervisory body is the main interlocutor of the statutory auditor within the company and the first addressee of the respective reports, and is competent, namely, for proposing the respective remuneration and ensuring that adequate conditions for the provision of the services are in place within the company. VIII.2.2.(1) The supervisory body is the main interlocutor of the statutory auditor within the company and the first addressee of the respective reports, VIII.2.2.(2) and is competent, namely, for proposing the respective remuneration and ensuring that adequate conditions for the provision of the services are in place within the company.	VIII.2.2.(1) Adopted VII.2.2.(2) Adopted	38
VIII.2.3.	The supervisory body annually evaluates the work carried out by the statutory auditor, its independence and suitability for the exercise of its functions and shall propose to the competent body its dismissal or termination of the contract for the provision of its services whenever there is just cause to do so.	Adopted	38 and 45

Comply or Explain

[(1)] **Recommendation IV.2.4.**

“The number of non-executive directors that meet the independence requirements is plural and is not less than one third of the total number of non-executive directors. For the purposes of the present Recommendation, a person is deemed independent when not **associated to any specific interest group in the company, nor in any circumstances liable to affect his/her impartiality of analysis or decision**, in particular in virtue of:

i. *Having carried out, continuously or intermittently, functions in any corporate body of the company for more than twelve years, with this period being counted regardless of whether or not it coincides with the end of the mandate;*
ii. *Having been an employee of the company or of a company that is controlled by or in a 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 with a company that is controlled by or in a group relationship with the company, either directly or as a partner, director, manager or officer of a legal person;*
iv. *Being the beneficiary of remuneration paid by the company or by a company that is controlled by or in a group relationship with the company, in addition to remuneration stemming from the performance of functions of director;*
v. *Living in a non–marital partnership or being a spouse, relative or kin inn a direct line and up to and including the 3rd degree, in a collateral line, of directors of the company, of directors of a legal person owning a qualifying stake in the company or of natural persons owning, directly or indirectly, a qualifying stake;*
vi. *Being a holder of a qualifying stake or representative of a shareholder that is holder of a qualifying stake.”*

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 expressly referring to the regime of the Portuguese Companies Code as regards the members of the Audit Committee, **the Company fully complies with Recommendation IV.2.4. of IPCG Code** to the extent that, in accordance with the criteria defined for the purposes of this Recommendation, 45% of all its Directors are independent. The percentage rises to 62.5% when measured solely in terms of its Non-Executive Directors.

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	2.2 Strategic Lines 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	2.2 Strategic Lines 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 Decarbonisation towards Net Zero 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 organisation:** 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 - 21.6 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, contextualisation and justification of the importance of all non-financial information reported, namely concerning sustainability issues and responsibilities of the national or international organisations 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 €71,957,500.00, 20% is calculated at €14,391,500.00.

Considering that the legal reserve on 31 December 2023 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 at 31 December 2023, the legal reserve is fully constituted and retained earnings are positive. For the financial year ended 31 December 2023, net profit for the year in the individual accounts amounted to €70,805,388.90.

Given the accounting rules in force, an amount of €3,862,898.00 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 2023 financial year, totalling €70,805,388.90, as per the individual financial statements, is allocated as follows:

Dividends* €24,465,550.00

(€0.17 per share)

Retained Earnings €46,339,838.90

b. A maximum amount of €3,862,898.00 (already considered in the individual financial statements) is allocated to CTT employees and executive Board members as profit sharing.

* Including own shares held by the company (as at 31 December 2023 there were 4,409,300 own shares); the amount of dividends corresponding to own shares held by the company on the payment date, in the amount of €0.17 per share, will be allocated to Retained Earnings.

Lisbon, 19 March 2024

The Board of Directors

07

Consolidated and individual financial statements

7. CONSOLIDATED AND INDIVIDUAL FINANCIAL STATEMENTS

CTT-CORREIOS DE PORTUGAL, S.A.

CONSOLIDATED AND INDIVIDUAL STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 AND 31 DECEMBER 2023 (Euros)

		Group		Company	
		31.12.2022	31.12.2023	31.12.2022	31.12.2023
ASSETS					
Non-current assets					
Tangible fixed assets	5	303,205,780	296,994,666	211,273,202	176,432,707
Investment properties	7	6,183,979	5,975,987	6,183,979	1,440,356
Intangible assets	6	69,408,609	70,639,785	33,238,829	33,842,415
Goodwill	9	80,256,739	80,256,739	—	—
Investments in subsidiary companies	10	—	—	295,250,006	488,885,561
Investments in associated companies	11	481	481	—	—
Investments in joint ventures	12	—	22,174	—	—
Other investments	13	961,394	3,200,797	6,394	6,394
Group Companies	53	—	—	50,430,000	11,980,000
Accounts receivable	19	—	—	617,421	596,036
Financial assets at fair value through profit or loss	15	26,219,905	13,532,000	—	—
Debt securities at amortised cost	14	409,388,745	364,706,177	—	—
Other non-current assets	24	1,177,648	3,533,009	463,657	2,764,552
Credit to banking clients	20	1,287,676,223	1,444,412,021	—	—
Other banking financial assets	16	961,446	—	—	—
Deferred tax assets	52	67,823,608	71,395,868	62,844,558	66,134,899
Total non-current assets		**2,253,264,557**	**2,354,669,703**	**660,308,046**	**782,082,919**
Current assets					
Inventories	18	8,040,976	6,663,470	6,963,458	6,116,951
Accounts receivable	19	147,130,876	153,061,555	98,063,438	77,599,554
Credit to banking clients	20	489,888,789	148,801,874	—	—
Group Companies	53	—	—	305,671	4,207,339
Income taxes receivable	38	1,102,700	8,268	2,244,123	—
Prepayments	21	9,011,875	9,946,772	4,346,353	4,821,962
Financial assets at fair value through profit or loss	15	26,478,525	—	—	—
Debt securities at amortised cost	14	128,391,899	364,759,821	—	—
Other current assets	24	76,482,423	92,545,537	33,100,526	46,108,082
Other banking financial assets	16	461,226,081	1,274,575,121	—	—
Cash and cash equivalents	23	456,469,298	351,609,634	330,100,458	221,989,472
		1,804,223,442	2,401,972,052	475,124,026	360,843,360
Non-current assets held for sale	22	200	200	—	—
Total current assets		**1,804,223,642**	**2,401,972,251**	**475,124,026**	**360,843,361**
Total assets		**4,057,488,199**	**4,756,641,954**	**1,135,432,072**	**1,142,926,281**
EQUITY AND LIABILITIES					
Equity					
Share capital	26	72,675,000	71,957,500	72,675,000	71,957,500
Own shares	27	(10,826,390)	(15,624,632)	(10,826,390)	(15,624,632)
Reserves	27	53,844,057	48,113,244	53,844,057	48,113,244
Retained earnings	27	64,647,067	83,269,152	64,452,619	74,330,434
Other changes in equity	27	6,857,207	3,402,039	6,379,500	2,971,088
Net profit		36,406,519	60,511,368	37,307,258	70,805,389
Equity attributable to equity holders of the Parent Company		223,603,460	251,628,671	223,832,044	252,553,022
Non-controlling interests	30	1,326,016	1,624,181	—	—
Total equity		**224,929,476**	**253,252,852**	**223,832,044**	**252,553,022**
Liabilities					
Non-current liabilities					
Accounts payable	34	—	—	309,007	309,007
Medium and long term debt	31	136,197,923	161,080,105	85,259,168	195,121,779
Employee benefits	32	185,257,617	149,740,115	183,936,635	148,302,105
Provisions	33	12,632,267	26,338,865	5,716,377	19,365,000
Debt securities issued at amortised cost	35	445,226,206	347,131,609		—
Prepayments	21	260,886	671,689	260,885	656,216
Deferred tax liabilities	52	9,847,476	4,670,707	2,150,912	768,975
Total non-current liabilities		**789,422,375**	**689,633,090**	**277,632,984**	**364,523,082**
Current liabilities					
Accounts payable	34	525,211,751	373,961,102	483,771,541	307,348,732
Banking clients' deposits and other loans	36	2,245,329,918	3,090,962,551	—	—
Group Companies	53	—	—	13,244,406	7,639,356
Employee benefits	32	22,091,681	22,049,283	22,064,174	21,994,957
Income taxes payable	38	—	6,666,412	—	5,047,516
Short term debt	31	59,756,744	107,934,852	42,948,290	92,554,629
Financial liabilities at fair value through profit or loss	15	26,344,517	13,744,154	—	—
Debt securities issued at amortised cost	35	351,654	243,468	—	—
Prepayments	21	3,678,140	5,110,098	3,071,642	2,376,096
Other current liabilities	37	114,161,276	145,324,271	68,866,991	88,888,890
Other banking financial liabilities	16	46,210,667	47,759,822	—	—
Total current liabilities		**3,043,136,348**	**3,813,756,012**	**633,967,044**	**525,850,176**
Total liabilities		**3,832,558,723**	**4,503,389,102**	**911,600,028**	**890,373,258**
Total equity and liabilities		**4,057,488,199**	**4,756,641,954**	**1,135,432,072**	**1,142,926,281**

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 2022 AND 31 DECEMBER 2023

Euros

		Group				Company			
	NOTES	Twelve months ended		Three months ended		Twelve months ended		Three months ended	
		31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023
Sales and services rendered	4/41	788,581,734	844,606,406	209,276,291	230,478,529	466,029,627	466,669,945	123,644,627	109,182,780
Financial margin	42	74,357,391	98,791,460	20,857,337	26,695,755	—	—	—	—
Other operating income	43	43,685,870	41,821,459	13,700,924	12,622,802	52,980,104	60,025,506	14,634,458	18,999,247
		906,624,995	985,219,324	243,834,552	269,797,086	519,009,731	526,695,450	138,279,085	128,182,027
Cost of sales	18	(46,905,936)	(14,245,311)	(11,358,795)	(3,363,774)	(18,434,842)	(12,122,329)	(5,714,808)	(2,868,623)
External supplies and services	44	(343,216,032)	(394,021,022)	(92,099,588)	(121,039,603)	(136,950,803)	(132,533,993)	(35,846,440)	(34,721,931)
Staff costs	45	(358,237,092)	(365,020,038)	(92,104,291)	(77,659,960)	(286,335,789)	(276,297,899)	(72,919,915)	(53,356,899)
Impairment of accounts receivable, net	46	(3,892,122)	(3,626,435)	(1,101,068)	(2,154,526)	(1,237,446)	845,007	(528,634)	333,813
Impairment of other financial banking assets	46	(24,772,102)	(24,986,597)	(7,607,607)	(6,903,191)	—	—	—	—
Fair value, net	13	—	181,827	—	181,827			—	—
Provisions, net	33	448,929	(1,108,602)	(2,147,921)	(88,866)	3,063,907	(355,424)	(213,857)	(362,346)
Depreciation/amortisation and impairment of investments, net	47	(68,413,148)	(65,735,145)	(20,339,956)	(13,824,557)	(44,433,236)	(38,830,229)	(13,663,996)	(4,928,510)
Net gains/(losses) of assets and liabilities at fair value through profit or loss	15/48	11,110,025	852,271	(1,161,505)	358,687	—	—	—	—
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 amortised cost	48	—	(44,730)	—	(44,730)	—	—	—	—
Other operating costs	49	(20,187,292)	(39,874,904)	(5,095,301)	(24,698,304)	(10,604,283)	(18,816,808)	(2,879,088)	(11,494,791)
Gains/losses on disposal/ remeasurement of assets	50	3,568,276	187,206	2,292,192	132,039	3,700,990	139,776	2,279,037	121,407
		(850,497,980)	(907,441,480)	(230,725,326)	(249,104,958)	(491,231,503)	(477,971,898)	(129,487,701)	(107,277,880)
		56,127,015	**77,777,844**	**13,109,226**	**20,692,128**	**27,778,228**	**48,723,552**	**8,791,385**	**20,904,147**
Interest expenses	51	(9,256,346)	(16,869,829)	(2,324,492)	(4,582,693)	(7,456,104)	(15,178,822)	(1,810,926)	(4,532,247)
Interest income	51	30,127	630,582	16,213	(19,577)	1,337,480	3,776,298	523,630	687,015
Gains/losses in subsidiary, associated companies and joint ventures	10/11/12	(186,962)	(458)	10,860	(452)	18,791,995	29,650,816	2,784,731	10,298,216
		(9,413,181)	(16,239,706)	(2,297,419)	(4,602,722)	12,673,372	18,248,292	1,497,435	6,452,984
Earnings before taxes		**46,713,834**	**61,538,139**	**10,811,807**	**16,089,406**	**40,451,600**	**66,971,844**	**10,288,820**	**27,357,131**
Income tax for the period	52	(10,371,649)	(1,095,699)	(2,751,515)	8,854,402	(3,144,342)	3,833,545	(2,193,381)	7,952,011
Net profit for the period		**36,342,185**	**60,442,439**	**8,060,292**	**24,943,808**	**37,307,258**	**70,805,389**	**8,095,439**	**35,309,142**
Net profit for the period attributable to:									
Equity holders		36,406,519	60,511,368	8,100,659	24,983,983	—	—	—	—
Non-controlling interests	30	(64,334)	(68,929)	(40,367)	(40,175)	—	—	—	—
Earnings per share:	29	**0.25**	**0.43**	**0.06**	**0.18**	**0.25**	**0.50**	**0.06**	**0.25**

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 2022 AND 31 DECEMBER 2023

Euros

		Group				Company			
	NOTES	Twelve months ended		Three months ended		Twelve months ended		Three months ended	
		31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023
Net profit for the period		**36,342,185**	**60,442,439**	**8,060,292**	**24,943,808**	**37,307,258**	**70,805,389**	**8,095,439**	**35,309,142**
Adjustments from application of the equity method (non re-classifiable adjustment to profit and loss)	27	(4,678)	32,674	(76,091)	30,903	502,214	(14,081)	95,660	(15,852)
Changes to fair value reserves	27	(26,746)	—	2,406	—	—	—	—	—
Employee benefits (non re-classifiable adjustment to profit and loss)	27/32	70,558,124	(5,716,054)	23,282,407	(5,716,054)	69,891,919	(5,713,716)	23,117,981	(5,713,716)
Deferred tax/Employee benefits (non re-classifiable adjustment to profit and loss)	27/52	(19,702,304)	1,555,423	(6,468,115)	1,555,423	(19,569,738)	1,599,841	(6,473,035)	1,599,841
Other changes in equity	27/30	827,244	(40,907)	(27,189)	(42,678)	—	—	—	—
Other comprehensive income for the period after taxes		**51,651,640**	**(4,168,864)**	**16,713,418**	**(4,172,406)**	**50,824,395**	**(4,127,956)**	**16,740,606**	**(4,129,727)**
Comprehensive income for the period		**87,993,824**	**56,273,576**	**24,773,710**	**20,771,402**	**88,131,653**	**66,677,433**	**24,836,045**	**31,179,415**
Attributable to non-controlling interests		762,910	(109,836)	(67,556)	(82,853)				
Attributable to shareholders of CTT		87,230,914	56,383,412	24,841,266	20,854,255				

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 2022 AND 31 DECEMBER 2023

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 2021		**75,000,000**	**(6,404,963)**	**67,078,351**	**(43,998,612)**	**43,904,074**	**38,404,113**	**563,106**	**174,546,069**
Share capital decrease	26/27	(2,325,000)	17,152,548	(14,827,548)	—	—	—	—	—
Appropriation of net profit for the year of 2021		—	—	—	—	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)**	**—**	**20,747,672**	**(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**
Share capital decrease	26/27	(717,500)	5,293,313	(4,575,813)	—	—	—	—	—
Appropriation of net profit for the year of 2022	27	—	—	—	—	36,406,519	(36,406,519)	—	—
Dividends	28	—	—	—	—	(17,817,109)	—	—	(17,817,109)
Acquisition of own shares	27	—	(10,541,092)	—	—	—	—	—	(10,541,092)
Attribution of own shares	27	—	449,537	(1,155,000)	705,463	—	—	—	—
Other movements	27/30	—	—	—	—	—	—	408,000	408,000
		(717,500)	**(4,798,242)**	**(5,730,813)**	**705,463**	**18,589,410**	**(36,406,519)**	**408,000**	**(27,950,201)**
Other movements	27/30	—	—	—	—	—	—	(40,907)	(40,907)
Actuarial gains/losses - Health Care, net from deferred taxes	15	—	—	—	(4,160,631)	—	—	—	(4,160,631)
Adjustments from the application of the equity method	27	—	—	—	—	32,674	—	—	32,674
Net profit for the period		—	—	—	—	—	60,511,368	(68,929)	60,442,439
Comprehensive income for the period		**—**	**—**	**—**	**(4,160,631)**	**32,674**	**60,511,368**	**(109,836)**	**56,273,576**
Balance on 31 December 2023		**71,957,500**	**(15,624,632)**	**48,113,244**	**3,402,039**	**83,269,152**	**60,511,368**	**1,624,181**	**253,252,852**

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 2022 AND 31 DECEMBER 2023

Euros

	NOTES	Share capital	Own Shares	Reserves	Other changes in equity	Retained earnings	Net profit for the year	Total
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**
Share capital decrease		(2,325,000)	17,152,548	(14,827,548)	—	—	—	—
Appropriation of net profit for the year of 2021		—	—	—	—	37,680,272	(37,680,272)	—
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**	**223,832,044**
Appropriation of net profit for the year of 2022	27	—	—	—	—	37,307,258	(37,307,258)	—
Share capital decrease	26/27	(717,500)	5,293,313	(4,575,813)	—	—	—	—
Dividends	28	—	—	—	—	(17,817,109)	—	(17,817,109)
Acquisition of own shares	27	—	(10,541,092)	—	—	—	—	(10,541,092)
Attribution of own shares	27	—	449,537	(1,155,000)	705,463	—	—	—
Other movements	27	—	—	—	—	(9,598,253)	—	(9,598,253)
		(717,500)	**(4,798,242)**	**(5,730,813)**	**705,463**	**9,891,896**	**(37,307,258)**	**(37,956,454)**
Actuarial gains/losses - Health Care, net from deferred taxes	27	—	—	—	(4,113,875)	—	—	**(4,113,875)**
Adjustments from the application of the equity method	27	—	—	—	—	(14,081)	—	(14,081)
Net profit for the period		—	—	—	—	—	70,805,389	70,805,389
Comprehensive income for the period		**—**	**—**	**—**	**(4,113,875)**	**(14,081)**	**70,805,389**	**66,677,433**
Balance on 31 December 2023		**71,957,500**	**(15,624,632)**	**48,113,244**	**2,971,088**	**74,330,434**	**70,805,389**	**252,553,023**

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 2022 AND 31 DECEMBER 2023
Euro

	NOTES	Group		Company	
		31.12.2022	31.12.2023	31.12.2022	31.12.2023
Cash flow from operating activities					
Collections from customers		822,216,311	861,167,090	506,671,718	534,966,290
Payments to suppliers		(442,640,303)	(432,065,542)	(165,685,663)	(158,279,950)
Payments to employees		(333,526,412)	(361,411,760)	(264,486,791)	(275,825,335)
Banking customer deposits		123,738,597	833,574,737	—	—
Credit to bank clients		(242,912,761)	203,606,686	—	—
Cash flow generated by operations		**(73,124,568)**	**1,104,871,210**	**76,499,264**	**100,861,005**
Payments/receivables of income taxes		(16,360,094)	(1,582,874)	(13,290,780)	747,740
Other receivables/payments		249,493,641	(96,516,278)	166,974,469	(197,744,279)
Cash flow from operating activities (1)		**160,008,978**	**1,006,772,058**	**230,182,953**	**(96,135,534)**
Cash flow from investing activities					
Receivables resulting from:					
Tangible fixed assets		233,440	13,440	6,873,440	461,152
Investment properties		181,100	—	181,100	1,102,538
Investment subsidies		—	103,028	—	87,555
Financial investments		292	—	25,502	—
Investment in securities at fair value through other comprehensive income	14	7,193,951	—	—	—
Investment in securities at amortised cost	14	452,081,491	210,961,600	—	—
Investment in securities at fair value through profit or loss		—	27,468,531	—	—
Other banking financial assets	16	8,625,000	34,720,000	—	—
Interest income		147,988	2,362,479	56,478	2,143,231
Dividends		—	—	1,150,000	62,620
Loans granted		—	—	6,542,000	12,000,000
Payments resulting from:					
Tangible fixed assets		(16,059,208)	(14,832,739)	(8,524,682)	(9,290,065)
Intangible assets		(17,821,957)	(16,008,104)	(8,563,602)	(7,859,712)
Investment properties		—	—	—	—
Financial investments	8	(650,000)	(2,249,180)	(7,200,000)	(29,212,146)
Investment in securities at fair value through other comprehensive income	14	(1,146,911)	—	—	—
Investment in securities at amortised cost	14	(661,922,859)	(405,659,071)	—	—
Demand deposits at Bank of Portugal		(3,248,100)	(5,439,600)	—	—
Applications at the Central Bank		(450,200,000)	(809,457,000)	—	—
Other banking financial assets		(4,800,000)	(36,750,000)	—	—
Loans granted	53	—	—	(2,442,000)	(3,550,000)
Cash flow from investing activities (2)		**(687,385,773)**	**(1,014,766,616)**	**(11,901,764)**	**(34,054,827)**
Cash flow from financing activities					
Receivables resulting from:					
Loans obtained	31	51,533	94,757,177	—	94,686,630
Capital realisations and other equity instruments		867,000	408,000	—	—
Other credit institutions' deposits		1,084,308	1,000,000	—	—
Debt securities issued	35	201,500,000	—	—	—
Payments resulting from:					
Loans repaid	31	(15,812,839)	(16,964,205)	(15,364,146)	(16,641,983)
Other credit institutions' deposits		(1,084,308)	(1,000,000)	—	—
Interest expenses		(433,312)	(2,557,800)	(246,678)	(2,731,931)
Lease liabilities	31	(33,708,341)	(37,045,659)	(23,150,398)	(25,266,623)
Acquisition of own shares	27	(21,573,976)	(10,153,539)	(21,573,976)	(10,153,539)
Debt securities issued	35	(32,015,401)	(98,130,907)	—	—
Dividends	28	(17,656,441)	(17,888,170)	(17,656,441)	(17,817,109)
Cash flow from financing activities (3)		**81,218,224**	**(87,575,103)**	**(77,991,640)**	**22,075,445**
Net change in cash and cash equivalents (1+2+3)		(446,158,570)	(95,569,661)	140,289,549	(108,114,915)
Cash and equivalents at the beginning of the period		856,957,546	410,798,975	189,818,607	330,108,157
Cash and cash equivalents at the end of the period	23	410,798,975	315,229,314	330,108,157	221,993,241
Cash and cash equivalents at the end of the period		**410,798,975**	**315,229,314**	**330,108,157**	**221,993,241**
Sight deposits at Bank of Portugal		23,185,900	28,625,500	—	—
Outstanding checks of Banco CTT / Checks clearing of Banco CTT		22,492,340	7,758,807	—	—
Impairment of slight and term deposits		(7,917)	(3,988)	(7,699)	(3,768)
Cash and cash equivalents (Statement of financial position)		**456,469,298**	**351,609,634**	**330,100,458**	**221,989,472**

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)

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 privatisation 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 privatisation 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.

Subsequently, at the Annual General Meeting held on 20 April 2023 and still following the share buyback programme mentioned above, and whose scope was extended on 27 July 2022, the share capital reduction of 717,500 Euros was approved. On 21 April 2023, the share capital reduction of the aforementioned amount was entered in the commercial register, through the extinction of 1,435,000 own shares representing 0.997% of the acquired CTT share capital.

Thus, CTT's share capital now amounts to 71,957,500 Euros, represented by 143,915,000 shares with a nominal value of fifty cents per share, with the Company's Articles of Association being consequently amended.

The financial statements attached herewith are expressed in Euros, as this is the functional currency of the **Group** and the **Company**.

The shares of CTT are listed on Euronext Lisbon.

These financial statements were approved by the Board of Directors and authorised for issue on 19 March 2024.

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., 1520 Innovation Fund (formerly known as Fundo 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 once again 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 activity begin to incorporate 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 merchandise 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, only 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.

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, that 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 2022 and 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;

- In the context of the regulatory framework in force since February 2022 and the Agreement on the criteria to be met in setting the prices of the postal services that make up the universal service basket (Universal Postal Service Price Convention) for the three-year period 2023-2025, of 27 July 2022, the prices of these services were updated on 1 March 2023, as communicated to the market on 26 January 2023. The update corresponded to an average annual price change of 6.58%. The overall average annual price variation, which also reflects the effect of updating the special bulk mail prices, was 6.24%.

- Effective from 1 February 2024, in the context of the Universal Postal Service Price Convention for 2023-2025, which was entered into on 27 July 2022, the prices of the basket of letter mail, editorial mail and parcels services were updated, corresponding to an average annual price change of 9.49%. As part of the company's pricing policy for 2024, this update corresponds to an average annual price variation of 8.91%, which also reflects the effect of the update of the special prices for bulk mail.

2. With regard to quality of service indicators and performance targets:

- The indicators and performance targets defined by ANACOM on 29 April 2021 remain in force until the definition of new indicators and respective performance targets;

- On 24 October 2023, ANACOM approved the draft proposal for quality of service parameters and performance targets associated with the provision of the universal postal service, on which CTT commented on 27 December 2023. The quality criteria will be approved by the Government on a proposal from ANACOM, following a set of clear guidelines: to guarantee high levels of quality of service in line with current best practices in the European Union and the relative importance of the postal services that make up the universal postal service, and taking into account the average figures applicable to each indicator in European Union countries;

- With regard to the compensation mechanism applicable for any non-compliance with the quality of service indicators, as long as the current indicators remain in force, if penalties are applied, they will be translated into investment obligations that result in improvements for the benefit of the provision of services and end users, without prejudice to the possibility of applying other fines or contractual penalties provided for in the law and the concession agreement. Following the definition of the new quality indicators, the penalties to be applied by the government will take the form of investment obligations or price revisions, in accordance with the principles of proportionality, adequacy, non-discrimination and transparency.

3. **Density of the postal network:**

- The criteria for density and minimum service offers remain in force, and it is up to CTT to propose changes, which depend on ANACOM's approval;

- On 7 November 2023, ANACOM approved changing the reporting of postal network density targets and minimum service offers by reference to the 2021 Census, replacing the 2011 Census, in order to update the data with recent information.

Under Article 6 of Regulation (EU) 2018/644 on cross-border parcel delivery services and the respective communication to the European Commission, ANACOM approved on 27 June 2023 the assessment of cross-border single-piece parcel tariffs for the year 2023.

2. Material accounting policies

The material 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 2023.

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 2023, 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 2023 and described in Note 2.2 through Note 2.31, 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 2023.

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:

- **IFRS 17 – Insurance Contracts -** IFRS 17 replaces IFRS 4 and applies to all insurance contracts (i.e., life, non-life, direct insurance and reinsurance), regardless of the type of entity that issues them, as well as to some guarantees and some financial instruments with discretionary participation characteristics. In general terms, IFRS 17 provides an accounting model for insurance contracts that is most useful and 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.

- **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 of financial assets in the initial application of IFRS17. The amendment adds a transition option that allows an entity to apply an 'overlay' to 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 relation to non-contract activities within the scope of IFRS 17, to be classified, instrument by instrument, in the comparative period(s) in a manner aligned with how the entity expects these assets to be classified in the initial application of IFRS 9.

- **Amendments to IAS 1 – Disclosure of accounting policies -** These amendments are intended to assist an entity in disclosing ‘material’ accounting policies, previously known as ‘significant’ policies. However, due to the non-existence of this concept in IFRS standards, it was decided to replace it with the concept “materiality”, a concept already known by users of financial statements. When assessing the materiality of accounting policies, the entity must consider not only the size of the transactions but also other events or conditions and their nature.

- **Amendments to IAS 8 – Definition of accounting estimates -** The amendment clarifies the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. Additionally, it clarifies how an entity uses measurement techniques and inputs to develop accounting estimates.

- **Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction -** IAS 12 now requires an entity to recognise deferred tax when its initial recognition gives rise to equal amounts of taxable temporary differences and deductible temporary differences. However, it is a matter of professional judgment whether such deductions are attributable to the liability that is recognised in the financial statements or the related asset. This fact is particularly important in determining the existence of temporary differences in the initial recognition of the asset or liability, as the initial recognition exception is not applicable to transactions that give rise to equal taxable and deductible temporary differences. Among the applicable transactions are the registration of (i) assets under right of use and lease liabilities; (ii) provisions for dismantling, restoration or similar liabilities, and the corresponding amounts recognised as part of the cost of the related asset, when on the date of initial recognition they are not relevant for tax purposes. This change is applicable retrospectively.

- **Changes to IAS 12 – International Tax Reform – Second Pillar Model Rules -** These changes arise within the scope of the implementation of the OECD Global Anti-Base Erosion (“Globe”) rules, which may have significant impacts on the calculation of deferred taxes that at the date of issuance of these changes they are difficult to estimate. These changes introduce a temporary exception to the accounting of deferred taxes arising from the application of the OECD second pillar model rules, and additionally establish new specific disclosure requirements for affected entities.

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 and 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:

- **Amendments to IAS 1 – Presentation of financial statements – Classification of current and non-current liabilities** – This amendment aims to clarify the classification of liabilities as current or non-current balances depending on the rights that an entity has to defer their 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 that right), or by events occurring after the reporting date, such as default of a “covenant”. However, if the right to defer settlement for at least twelve months is subject to compliance with certain conditions after the balance sheet date, these criteria do not affect the right to defer settlement the purpose of which is to classify a liability as current or non-current. This change also includes a new definition of “settlement” of a liability and is applicable retrospectively.

  These changes must be applied retrospectively for annual periods beginning on or after 1 January 2024.

- **Amendments to IFRS 16 - Lease liabilities in sale and leaseback transactions -** This amendment to IFRS 16 introduces guidance regarding the subsequent measurement of lease liabilities related to sale and leaseback transactions that qualify as “sale ” in accordance with the principles of IFRS 15, with greater impact when some or all of the lease payments are variable lease payments that do not depend on an index or a rate. When subsequently measuring lease liabilities, seller-lessees must determine “lease payments” and “revised lease payments” in such a way that they will not recognise gains/(losses) in relation to the right of use they retain.

  These changes must be applied retrospectively for annual periods beginning on or after 1 January 2024.

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 2023. 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 7 and IFRS 7 - Disclosures: Supplier financing agreements -** These amendments to IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments: Disclosures, aim to clarify the characteristics of a supplier financing agreement and introduce additional disclosure requirements where such agreements exist. Disclosure requirements are intended to help users of financial statements understand the effects of supplier financing arrangements on the entity's liabilities, cash flows and liquidity risk exposure.

The changes are effective for the period beginning on or after 1 January 2024. Early adoption is permitted, but must be disclosed.

- **Amendments to IAS 21 - The Effects of Changes in Exchange Rates: Lack of exchangeability** - This change aims to clarify how to assess the exchangeability of a currency, and how the exchange rate should be determined when it is not exchangeable for a long period. The amendment specifies that a currency should be considered exchangeable when an entity is able to obtain the other currency within a period that allows normal administrative management, and through an exchange or market mechanism in which an exchange transaction creates rights, obligations capable of execution. If a currency cannot be exchanged for another currency, an entity must estimate the exchange rate on the measurement date of the transaction. The objective will be to determine the exchange rate that would be applicable, on the measurement date, for a similar transaction between market participants. The amendments also state that an entity may use an observable exchange rate without making any adjustment.

  The changes are effective for the period beginning on or after 1 January 2025. Early adoption is permitted, however the applicable transition requirements must be disclosed.

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 2023. 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 recognised as goodwill. If the difference between the acquisition value 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 recognised 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 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 recognised in the Equity, in “Other changes in equity”.

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 unrealised 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.

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 distinct 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.

Favourable and unfavourable 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 recognised 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:

	2022		2023	
	Close	Average	Close	Average
Mozambican Metical (MZN) (1)	67.45000	66.38000	69.87000	68.49417
United States Dollar (USD) (1)	1.06660	1.04998	1.10500	1.08285
Special Drawing Right (SDR) (2)	1.25291	1.25651	1.21753	1.22668

(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 2.21 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 amortisation and impairment losses, when applicable. Intangible assets are only recognised 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 recognised through profit or loss when incurred.

Intangible assets are amortised 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 amortised over the period of time during which their exclusive use takes place and intangible assets with indefinite useful life, which are not amortised, 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 recognised as costs for the period in which they are incurred. Improvements which are expected to generate additional future economic benefits are capitalised.

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 recognised. The impairment loss is recorded in the Consolidated and individual income statement.

The reversal of impairment losses recognised in prior years is recorded whenever there is evidence that the recognised impairment losses no longer exist or have decreased, being recognised in the Consolidated and individual income statement. However, the reversal of the impairment loss is made up to the amount that would have been recognised (net of amortisation 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 amortised, but subject to impairment tests. In the assessment of the goodwill impairment, this amount 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 companies

Investments in subsidiary companies are recorded in the individual statement of financial position by the equity method (Note 10).

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.

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 recognised 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 recognised 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 2.21).

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.

Unrealised 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. Unrealised 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 recognised.

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 recognise 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 amortised 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 and **Company**'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 realising 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 amortised cost

Classification

A financial asset is classified in the category "Financial assets at amortised 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 amortised 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 recognised at the date the funds are made available to the counterparty (settlement date). Debt securities are recognised on the trade date, that is, on the date the **Group** commits itself to acquire them.

Financial assets at amortised cost are initially recognised at fair value, plus transaction costs, and subsequently measured at amortised 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 amortised cost is recognised under the caption "Financial margin", based on the effective interest rate method and in accordance with the criteria described in note 2.22.

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 amortised 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 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 amortised 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 amortised 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 recognising the gains and losses on them on different basis.

The **Group** classifies equity instruments, which are held for trading, at fair value through profit or loss.

2.11.3 Derecognition of financial assets

i) The **Group** and the **Company** derecognises 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 derecognises the financial asset and separately recognises 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 recognise 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 derecognise the financial asset and recognise 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 recognise 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.

2.11.4 Loans written off

The **Group** recognises 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.

2.11.5 Modification of financial assets

If the conditions of a financial asset are modified, the **Group** and the **Company** 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 2.11.3 Derecognition of financial assets.

If the modification of a financial asset measured at amortised 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 recognises 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 amortised 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 recognised 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 recognised 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 amortised 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 amortised 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, fact 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 programme,

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 recognised 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 recognised in profit or loss. These embedded derivatives are measured at fair value, with subsequent changes recognised 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 recognised (i) initially at their fair value less the transaction costs and (ii) subsequently at amortised cost, based on the effective interest rate method.

The **Group** derecognise 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 recognised amounts and there is an intention to settle on a net basis or realise 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 amount 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 Securitisation operations

The **Group** has three consumer credit securitisation operations in progress (Chaves Funding No.8, Ulisses Finance No.2 and Ulisses Finance No.3) and one finance lease securitisation operation (Fénix 1), in which it was the originator of the securitised assets. Regarding the 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.

2.17 Impairment of financial assets

Impairment losses

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 Harmonised 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 behaviour 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 rate, Harmonised 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 behaviour 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 instalments 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 with economic loss;
- 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 non-existent.

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 and Supranationals		Eurozone public debt securities and European institutions
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 realisable value, using the weighted average cost as the costing method.

The acquisition cost includes the invoice price and transport and insurance costs.

Net realisable value corresponds to the normal selling price less costs to complete production and costs to sell.

Whenever cost exceeds net realisable value, the difference is recorded in the operating costs caption "Cost of sales".

2.19 Distribution of dividends

The distribution of dividends, when approved by the shareholders at the Annual General Meeting of the **Company**, is recognised as a liability.

2.20 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 recognised 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** recognise in the "Staff Costs" caption the costs of current and past services. The net interest on the liability is recognised as a financial result in the caption "Interest expenses".

Liabilities for Past Services or plan changes are recognised in the income statement when incurred under Personnel Expenses.

Post-employment benefits – healthcare

- Plan of Social Action

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 CTT Social Works Regulation 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.

With the aim of ensuring the future sustainability of the Social Works Regime, as well as its maintenance and quality, the Company entered into a negotiation process with the Workers' Collective Representation Structures (Estruturas de Representação Coletiva dos Trabalhadores - “ERCT”) to reach an agreement with them, proposing and accommodating a set of measures to amend the aforementioned Regime. As it was not possible to reach an agreement with all ERCT and with the aim of having a continuity solution, the Social Works Regulation was denounced, with effect on 31 December 2023, and an equivalent internal regulation was approved where some healthcare conditions were adjusted, with the Plan of Social Action coming into force on 1 January 2024.

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 2.75% 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 Plan of Social Action and the management is ensured by Wellbeing Management of the CTT Human Resources Department,, 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.

- <u>Insurance policy</u>

Following the Human Resources Optimisation Programme, 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 Plan of Social Action (“PAS”), in accordance with the following criteria:

- Workers aged 50 and over: maintenance of healthcare benefits for themselves and their family members enrolled according to PAS, through a health insurance policy, with payment of quotas in the same amount as they were paying (2.75% 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 “PAS”, 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 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 Labor and Employment Bulletin ("BTE") nº 38 of 2017 of 15 October.

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 specialised 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 2023, there were 157 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 specialised 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 2023, there were 14 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 recognised 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 (3,529 beneficiaries as at 31 December 2022 and 3,541 beneficiaries as at 31

December 2023) 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 of 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 2022 and 31 December 2023 there were 65 and 58 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. This supplement was in force until 31 December 2023 and, therefore, from 2024 onwards, it will no longer be paid by CTT.

On 31 December 2022, there were 6 beneficiaries in these conditions, receiving a monthly amount of 177.64 Euros, 12 months a year, until the end of 2023.

- End of Career Awards

Under clause 69 of the ACT of the banking sector published in BTE nº 38 of 2017 of 15 October, 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 specialised and independent entity and measured using the projected credit unit method.

- Death allowance resulting from an accident at work

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 specialised and independent entity and measured using the projected unit credit method.

- Defined contribution plan – Open Pension Fund or Retirement Savings Plan

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 recognised 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.

2.21 Provisions and contingent liabilities

Provisions (Note 33) are recognised 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.

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 recognised 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 recognised 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 recognised 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 recognised in the financial statements of the period when the change will probably occur.

The **Group** does not recognise contingent assets and liabilities.

2.22 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 recognised 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) Recognise revenue.

The revenue is recognised 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 recognised only when the performance obligation is satisfied, i.e., only at the moment of the effective utilisation 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised in temporary accounts in the month that the traffic occurs. The initial revenue amount is recognised 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 recognised 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 recognised on the date that the client is charged. Only the fee from collections charged by CTT is recognised as revenue, as CTT acts as an agent. The recognised 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 recognised only when the product is delivered to the customer. Revenue from outsourcing projects is recognised 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 recognised 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.**

The definition of prices for services provided within the scope of the Universal Postal Service concession, it is explained in detail in note 1.2 - Activity.

The revenue from interest is recognised 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 recognised as operating cash flow.

Within the scope of banking activity, the income from services, fees and commissions is recognised as follows:

- Fees and commissions that are earned in the execution of a significant act, are recognised as income when the significant act has been completed;
- Fees and commissions earned over the period in which the services are provided are recognised 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 amortised cost and at fair value through other comprehensive income are recognised 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 recognised, 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 recognise 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 2.28.

2.23 Subsidies obtained

Subsidies are recognised 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 recognised 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 recognised in the income statement, within the periods necessary to match them with the expenses incurred, to the extent that these subsidies are not refundable.

2.24 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 recognised 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 amortised 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** recognise 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 recognised 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 recognised 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 recognised 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** derecognise 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.

2.25 Borrowing costs

Financial charges related to loans are recognised in net profit, when incurred. However, interest expenses are capitalised 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.

2.26 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 recognised for all taxable temporary differences. Deferred tax assets are recognised 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, 1520 Innovation Fund (previously designated as 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 several 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.

2.27 Accrual basis

The revenues and costs are recorded according to the accrual basis, and therefore, are recognised 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.

2.28 Provision of the insurance mediation service

CTT, S.A., Banco CTT, 321 Crédito, and MedSpring, S.A. are entities authorised 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 recognised 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.

2.29 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/amortisation is calculated on the acquisition cost using the straight-line method, from the month when the asset is available for use. The depreciation/amortisation 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)

The **Group** and the **Company** test the 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 2.9. 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 amortised cost and at fair value through other comprehensive income that are derecognised 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 amortised 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.

<u>Fair value of derivative financial instruments (note 15)</u>

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) <u>Deferred taxes (note 52)</u>

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) <u>Employee benefits (note 32)</u>

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) <u>Provisions (note 33)</u>

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 impact the **Group**'s activities in several ways and will continue to influence business transformation in the future. The Integrated Report provides a broad discussion of the **Group**'s approach to identifying, assessing and managing risks and opportunities associated with climate change. Greater attention from different stakeholders to issues related to responding to climate change can affect the perception and image that they have of the CTT **Group**, with a potential impact, negative or positive, on the reputation and revenues of the **Group**. Additionally, European regulations on non-financial reporting have been increase in demand and complexity, bringing reporting requirements related to climate change and the value chain, among others, particularly demanding for companies. Therefore, it is essential to address the challenges associated with the energy transition and digital transformation to respond to multiple external forces and make informed and duly considered at all levels of the **Group**.

In this sense, the **Group** continues to advance in its commitment to leading the energy transition, having defined a strong decarbonisation plan to reduce its carbon emissions, both direct and indirect, by more than half by 2030 (base year 2021), offsetting the remainder with a view to achieving a carbon-neutral balance sheet. It is also fully committed to developing a business model sustainable medium and long term, being one of the signatory companies of the 10 principles of the UNGC – United Nations Global Compact. In particular, the Group considered the risks related to the respective ESG performance, energy transition and climate change and prioritised the contribution for the pursuit of the Sustainable Development Goals established by the United Nations in the preparation of the consolidated financial statements as of 31 December 2023, which adequately reflect the effect of these objectives on assets, liabilities, gains and losses, incorporating, if necessary, material and predictable impacts as required by regulations IFRS.

The Group also carefully assessed whether climate change issues affected the assumptions used to estimate expected cash flows. When necessary, the Group also took into account the long-term impact of changes climate.

ii) Economic situation

The year 2023 was marked, above all, by the continuation of the armed conflict in Ukraine and the escalation of violence in the Middle East, which culminated in an armed conflict that has been going on since October 2023, which was followed by a new conflict in the Red Sea, with economic and social consequences at a global level. The latest projections from Banco de Portugal predicted a gradual recovery of economic activity over the next year, benefiting from the acceleration of external demand, the effect of falling inflation on household income and the boost in European funds in investment. However, the escalation of conflicts in the Middle East and the Red Sea, where an important world trade route passes, make the impacts of these conflicts on world economy, and consequently on the Portuguese economy.

Next year will, therefore, once again be a challenging and uncertain year, with the economy conditioned by geopolitical uncertainty, whose impacts on the group are not quantifiable at the moment.

However, to face the current economic context, the **Group** continued to explore some mechanisms adopted in previous years that aim to mitigate the adverse impacts that arise therefrom, namely:

a. Diversification in terms of contracted suppliers;

b. Diversification in the Group's supply of goods and services;

c. Control and efficiency initiatives in internal cost management; and

d. As communicated to the market on 4 January 2024, the update of the prices for the basket of letter mail services, editorial mail and parcels services was established from 1 February 2024, corresponding to a 9.49% average annual price variation. This update is carried out in the context of the Universal Postal Service Price Convention for the 2023-2025 period entered into on 27 July 2022. As part of the **Company**'s pricing policy for 2024, this update corresponds to an average annual price variation of 8.91%, which also reflects the effect of the update of the special prices for bulk mail.

2.30 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).

2.31 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 2023, no accounting policy changes and no prior year's material errors were recognised 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.

The **Group** and the **Company** recognised, prospectively, the following change in estimate in the preparation of financial statements:

- The **Group** reviewed the useful lives of some asset classes intangible assets, highlighting application software, belonging to the class of computer, extending them from 3 to 6 years. Service life review has been carried out as at 1 January 2023 and was based on the analysis of the history of the effective average use of assets allocated to the class underlying asset taking into account its current estimated economic life. The changes in Useful lives are accounted for prospectively. The impact of this change results in a reduction in the annual amortisation of 2023 of 1,772 thousand euros for the **Group** (note 6);

- The **Group** and the **Company** also reviewed the useful lives of some classes of tangible fixed assets, highlighting the following: computer equipment of the administrative equipment, essentially extending them from 3 to 6 years; ii) treatment machines of the basic equipment class, extending the same, essentially, from 8 to 15 years; and iii) works on other buildings in the class of Buildings and other constructions, in this case their useful life was evaluated together with the term of the underlying lease. The useful life review was carried out as at 1 January 2023 and based on historical analysis of the effective average use of assets allocated to the underlying class, taking into account the its current estimated economic life, as well as the analysis of the useful lives practiced for similar assets by CTT Group Peer Groups. Changes in useful lives, such as referred to above, are accounted for prospectively. The impact of this change results in a reduction in the depreciation of the period ended 31 December 2023 of 1,830 thousand of euros for the **Group** and 1,039 thousand Euros for the **Company**. (note 5).

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.

The CTT business is organised in the following segments:

- **Mail** – CTT Contacto, S.A., CTT Soluções Empresariais, S.A., New Spring Services S.A., CTT IMO - Sociedade Imobiliária, 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.,1520 Innovation Fund (formerly known as Fundo 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 2022 and 2023 are as follows:

Thousand Euros	31.12.2022				
	Mail	Express & Parcels	Financial Services & Retail	Bank	Total
Revenues	**460,920**	**259,014**	**60,713**	**125,978**	**906,625**
Sales and services rendered	452,632	258,409	59,499	18,041	788,582
Services rendered	*417,257*	*258,386*	*45,247*	*18,041*	*738,932*
Sales	*35,375*	*23*	*14,252*	*—*	*49,650*
Financial Margin	—	—	—	74,357	74,357
Other operating income	8,288	605	1,214	33,580	43,686
Operating costs - EBITDA	**409,280**	**234,695**	**29,757**	**103,603**	**777,335**
Staff costs	293,488	29,756	1,017	27,582	351,843
External supplies and services	92,691	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/amortisation and impairment of investments, net	40,942	15,795	109	7,931	64,777
EBIT recurring	**10,697**	**8,525**	**30,847**	**14,444**	**64,512**
Specific items	14,198	3,113	10	(8,936)	8,385
Business restructurings	4,205	764	—	—	4,968
Strategic studies 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)**	**5,411**	**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**

Thousand Euros	31.12.2023 Mail	Express & Parcels	Financial Services & Retail	Bank	Total
Revenues	**434,113**	**340,586**	**62,780**	**147,740**	**985,219**
Sales and services rendered	425,558	339,497	61,116	18,435	844,606
Services rendered	*417,871*	*339,358*	*54,097*	*18,435*	*829,761*
Sales	*7,687*	*140*	*7,019*	*—*	*14,846*
Financial Margin	—	—	—	98,791	98,791
Other operating income	8,555	1,088	1,664	30,514	41,821
Operating costs - EBITDA	**388,184**	**305,025**	**26,249**	**113,880**	**833,338**
Staff costs	308,905	39,934	3,040	30,769	382,648
External supplies and services	81,792	263,008	2,188	44,480	391,467
Other costs	14,033	1,936	7,089	10,331	33,389
Impairment and provisions	(1,447)	1,672	7	25,603	25,835
Internal services rendered	(15,098)	(1,526)	13,927	2,697	—
EBITDA	**45,929**	**35,561**	**36,531**	**33,860**	**151,881**
Depreciation/amortisation and impairment of investments, net	39,950	15,826	136	8,419	64,330
EBIT recurring	**5,980**	**19,735**	**36,395**	**25,441**	**87,551**
Specific items	5,987	3,665	—	122	9,773
Business restructurings	(17,779)	384	—	—	(17,395)
Strategic studies and projects costs	1,694	412	—	—	2,106
Other non-recurring income and expenses	22,071	2,869	—	122	25,062
EBIT	**(7)**	**16,070**	**36,395**	**25,319**	**77,778**
Financial results					(16,240)
Interest expenses					*(16,870)*
Interest income					*631*
Gains/losses in subsidiary, associated companies and joint ventures					—
Earnings before taxes (EBT)					**61,538**
Income tax for the period					1,096
Net profit for the period					**60,442**
Non-controlling interests					69
Equity holders of parent Company					**60,511**

As at 31 December 2023, specific items amounted to 9.8 million euros due to (i) restructuring, namely agreements to suspend employment contracts (+21.3 million euros), (ii) new conditions defined in the Plan of Social Action (PAS) (-38.7 million euros), (iii) strategic projects (+2.1 million euros), (iv) reinforcement of impairment losses (+13.9 million euros), including extraordinary, and expenses related to early termination of the lease agreement with the former head office and (v) transaction costs associated with starting the Real Estate business (+10.9 million euros), including taxes paid on the acquisition of properties. Regarding the scope of the agreements to suspend employment contracts, it should be noted that the amount of 21.3 million euros refers to (i) a cost related to the exit that occurred during the year 2023 (116 employees for the global cost of 7.9 million euros) and (ii) a provision in the amount of 13.4 million euros already recorded in 2023, for the exit of around 200 employees, which is estimated to happen in 2024.

As at 31 December 2023, the revenue of “Mail”, “Express & Parcels” and “Bank” segments represented 44%, 35% and 15%, respectively, of the consolidated revenue. However, the external supplies and services costs allocated to those segments amounted to 21%, 67% and 11%, respectively, and the Staff costs amounted to 81%, 10% 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	2022	2023
Mail & Others	**460,920**	**434,113**
Transactional mail	341,650	342,620
Editorial mail	12,343	11,692
Parcels (USO)	7,690	7,575
Advertising mail	17,506	12,957
Philately	4,561	4,427
Business Solutions	67,258	44,751
Other	9,912	10,092
Express & Parcels	**259,014**	**340,586**
Portugal	132,185	149,078
Parcels	118,886	135,830
Cargo	4,889	3,950
Banking network	4,279	4,266
Logistics	3,433	3,895
Other	698	1,137
Spain	122,950	186,814
Mozambique	3,880	4,694
Financial Services & Retail	**60,713**	**62,780**
Savings & Insurance	34,152	44,862
Money orders	5,982	4,167
Payments	1,519	1,470
Retail	18,049	10,786
Other	1,011	1,494
Bank	**125,978**	**147,740**
Net interest income	74,357	98,791
Interest income (+)	80,960	132,653
Interest expense (-)	(6,602)	(33,862)
Fees & commissions income (+)	45,470	46,183
Credits	5,209	5,008
Savings & Insurance	7,660	8,114
Accounts and Cards	13,956	14,010
Payments	18,541	18,963
Other commissions received	105	89
Other	6,151	2,765
	906,625	**985,219**

The main changes in the **Group's** revenue compared with the previous year, are explained as follows:

- The 6% decrease in the "Mail and Others" segment was, above all, influenced by two effects recorded in 2022: revenue from the computer sales project from the business solutions business and additional revenue from outgoing international mail in February 2022, due to the repetition of legislative elections in the circle of Europe.

- The "Express & Parcels" segment saw an increase of 32% compared to the same period last year, mainly due to an increase in traffic in both Portugal and Spain. This growth was supported, essentially, by e-commerce (B2C) customers, with a particular focus on large global marketplaces and international e-sellers.

- The "Financial Services & Retail" segment saw an increase of 3%, when compared to 2022, mainly due to the subscription of public debt securities by consumers, especially savings certificates, which registered different behaviour throughout the year. In the first five months of 2023, public debt securities reached historic maximum issuance levels, driven by the greater attractiveness of the product. In the remaining months, with the change in marketing conditions, namely with lower maximum interest rates, the increase in the subscription period and the decrease in the maximum amount that can be applied, they reversed their position in the market, leading to a decrease of your subscription.

- The "Bank" segment saw a 17% increase in revenue. This growth included an increase in interest received from mortgage loans and auto loans, benefiting from the rise in interest rates and volume growth.

- The decrease shown in the line of retail products and services was mainly due to a strategy of repositioning the retail network, which included, in particular, the decision to discontinue the marketing of some products, such as "scratch cards" in July 2023, which impacted the evolution of this activity in 2023.

The revenue detail, related to sales and services rendered and financial margin, for the year ended 31 December 2022 and 31 December 2023, by the revenue's sources identified in note 2.22 – Revenue, are detailed as follows:

Nature	2022				
	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

Nature	2023				
	Mail	Express & Parcels	Financial Services & Retail	Bank	Total
Postal Services	409,334,969	—	—	—	409,334,969
Express services	—	339,497,401	—	—	339,497,401
Merchandising products sales	—	—	1,363,871	—	1,363,871
PO Boxes	—	—	1,448,803	—	1,448,803
International mail services (*)	16,223,054	—	—	—	16,223,054
Financial Services fees	—	—	58,303,484	117,226,284	175,529,769
"Sales and Services rendered" and "Financial Margin" total	**425,558,023**	**339,497,401**	**61,116,157**	**117,226,284**	**943,397,866**

(*) Inbound Mail

The assets by segment are detailed as follows:

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 amortised 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**

Assets (Euros)	31.12.2023 Mail	Express & Parcels	Financial Services & Retail	Bank	Non allocated assets	Total
Intangible assets	33,064,911	9,372,295	370,257	25,116,537	2,715,785	70,639,785
Tangible fixed assets	211,328,362	78,938,956	2,440	5,589,055	1,135,853	296,994,666
Investment properties	—	—	—	—	5,975,987	5,975,987
Goodwill	16,216,237	2,955,753	—	61,084,749	—	80,256,739
Deferred tax assets	—	—	—	—	71,395,868	71,395,868
Accounts receivable	—	—	—	—	153,061,555	153,061,555
Credit to bank clients	—	—	—	1,593,213,895	—	1,593,213,895
Financial assets at fair value through profit or loss	—	—	—	13,532,000	—	13,532,000
Debt securities at amortised cost	—	—	—	729,465,998	—	729,465,998
Other banking financial assets	—	—	—	1,274,575,121	—	1,274,575,121
Other assets	14,782,642	33,497,865	14,756,030	36,747,820	16,136,151	115,920,508
Cash and cash equivalents	—	34,360,429	—	97,737,671	219,511,534	351,609,634
Non-current assets held for sale	—	—	—	200	—	200
	275,392,152	**159,125,299**	**15,128,727**	**3,837,063,045**	**469,932,733**	**4,756,641,954**

The non-current assets acquisitions by segment, are detailed as follows:

	2022				
	Mail	**Express & Parcels**	**Financial Services & Retail**	**Bank**	**Total**
Intangible 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**

	2023				
	Mail	**Express & Parcels**	**Financial Services & Retail**	**Bank**	**Total**
Intangible assets	8,694,521	3,417,750	173,119	6,114,698	18,400,088
Tangible fixed assets	13,644,454	15,872,734	26,888	1,778,632	31,322,707
	22,338,975	**19,290,484**	**200,006**	**7,893,330**	**49,722,794**

The detail of the underlying reasons to the non-allocation of the following assets to any segment, is as follows:

- “Intangible assets” (2,715,785 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” (1,135,853 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” (5,975,987 Euros): These assets are not allocated to the operating activity, which is why they are not allocated to any segment;
- “Deferred tax assets” (71,395,868 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” (153,061,555 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” (16,136,151 Euros): This amount is mainly related to 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 (219,511,534 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:

	31.12.2022				
	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**

	31.12.2023				
	Mail	Express & Parcels	Financial Services & Retail	Bank	Total
Non-current debt	**112,604,706**	**46,244,965**	**18,990**	**2,211,445**	**161,080,105**
Bank loans	33,390,061	—	—	—	33,390,061
Commercial Paper	34,947,466	—	—	—	34,947,466
Lease liabilities	44,267,179	46,244,965	18,990	2,211,445	92,742,578
Current debt	**89,576,284**	**17,185,189**	**6,940**	**1,166,439**	**107,934,852**
Bank loans	74,541,219	7,854,338	—	—	82,395,558
Commercial Paper	22,067	—	—	—	22,067
Lease liabilities	15,012,997	9,330,851	6,940	1,166,439	25,517,227
	202,180,990	**63,430,153**	**25,930**	**3,377,884**	**269,014,958**

The **Group** is domiciled in Portugal. The result of its Sales and services rendered by geographical segment is disclosed below:

Thousand Euros	2022	2023
Revenue - Portugal	602,999	582,827
Revenue - other countries	185,582	261,779
	788,582	844,606

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 178,893 thousand Euros (2022: 118,875 Euros).

5. Tangible fixed assets

During the years ended 31 December 2022 and 31 December 2023, the movements occurred in Tangible fixed assets, as well as the respective accumulated depreciation, regarding the **Group** were as follows:

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**	**104,366,120**	**36,046,441**	**143,862**	**6,008,257**	**5,980,396**	**4,018,810**	**152,577**	**114,442,219**	**303,205,780**

Group	2023									
	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	35,608,901	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
Acquisitions	—	377,331	5,907,723	38,854	4,397,337	992,122	5,963,623	18,583	—	17,695,573
New contracts	—	—	—	—	—	—	—	—	13,627,135	13,627,135
Disposals	—	—	(988,366)	(4,053)	(502)	—	—	—	—	(992,921)
Transfers and write-offs	—	3,575,999	2,315,415	—	195,229	(208,079)	(8,175,333)	(100,908)	(14,766,030)	(17,163,708)
Terminated contracts	—	—	—	—	—	—	—	—	(1,667,586)	(1,667,586)
Remeasurements	—	—	—	—	—	—	—	—	21,942,433	21,942,433
Adjustments	—	(1,000)	(85,934)	(1,893)	(1,903)	22,119	52,144	—	150,020	133,554
Closing balance	35,608,901	347,206,781	188,307,741	3,682,410	78,897,996	29,373,413	1,859,244	70,252	276,890,540	961,897,279
Accumulated depreciation										
Opening 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
Depreciation for the period	—	10,259,034	4,874,132	65,497	1,820,743	1,469,622	—	—	33,667,816	52,156,843
Disposals	—	—	(685,376)	(3,725)	(309)	—	—	—	—	(689,410)
Transfers and write-offs	—	(1,203,258)	(24,940)	—	(12,843)	(101,548)	—	—	(5,151,501)	(6,494,090)
Terminated contracts	—	—	—	—	—	—	—	—	(1,574,152)	(1,574,152)
Adjustments	—	(461)	(30,400)	(1,268)	(1,514)	(1,315)	—	—	59,681	24,724
Closing balance	3,561,803	247,724,805	149,245,878	3,566,144	70,105,656	23,937,490	—	—	166,747,031	664,888,807
Accumulated impairment										
Opening balance	—	218,840	—	—	—	16,125	—	—	3,417,162	3,652,127
Increases	—	280,550	—	—	—	—	—	—	4,896,310	5,176,860
Reversals	—	(499,390)	—	—	—	(2,319)	—	—	(8,313,472)	(8,815,181)
Closing balance	—	—	—	—	—	13,806	—	—	—	13,805
Net Tangible fixed assets	**32,047,098**	**99,481,976**	**39,061,863**	**116,266**	**8,792,340**	**5,422,117**	**1,859,244**	**70,252**	**110,143,510**	**296,994,666**

The depreciation recorded in the **Group** amounting to 52,156,843 Euros 48,607,942 Euros on 31 December 2022), is booked under the heading Depreciation/amortisation and impairment of investments, net (Note 47).

During the years ended 31 December 2022 and 31 December 2023, the movements occurred in Tangible fixed assets, as well as the respective accumulated depreciation, regarding the **Company** were as follows:

	2022									
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	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**	**92,188,720**	**15,785,203**	**41,381**	**4,894,186**	**4,753,164**	**2,567,203**	**51,668**	**62,031,058**	**211,273,202**

Company	2023									
	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	32,522,423	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
Acquisitions	—	—	1,903,992	38,854	3,738,840	736,994	2,533,736	18,583	—	8,971,000
New contracts	—	—	—	—	—	—	—	—	57,553,755	57,553,755
Disposals	(25,760,202)	(208,996,323)	(521,727)	—	—	—	—	—	—	(235,278,252)
Transfers and write-offs	—	2,333,242	(3,786)	—	(18,298)	(180,703)	(4,034,847)	—	(14,276,953)	(16,181,346)
Remeasurements									22,554,425	22,554,425
Adjustments	—	—	—	—	—	21,147	—	—	—	21,147
Closing balance	6,762,221	112,267,883	130,988,036	2,561,288	68,636,675	26,350,915	1,066,091	70,252	238,178,335	586,881,696
Accumulated depreciation										
Opening 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
Depreciation for the period	—	5,661,307	2,263,415	13,413	1,444,786	1,241,160	—	—	23,514,120	34,138,202
Disposals	(2,640,049)	(148,952,541)	(479,919)	—	—	—	—	—	—	(152,072,510)
Transfers and write-offs	—	(1,125,542)	(1,010)	—	(6,271)	(111,674)	—	—	(4,761,331)	(6,005,828)
Adjustments	—	79,155	(79,155)	—	—	—	—	—	59,681	59,681
Closing balance	921,754	82,185,784	115,527,685	2,494,467	61,460,461	22,133,674	—	—	125,711,359	410,435,183
Accumulated impairment										
Opening balance	—	218,840	—	—	—	16,125	—	—	3,417,162	3,652,127
Increases	—	280,550	—	—	—	—	—	—	4,896,310	5,176,860
Reversals	—	(499,390)	—	—	—	(2,319)	—	—	(8,313,472)	(8,815,181)
Closing balance	—	—	—	—	—	13,806	—	—	—	13,806
Net Tangible fixed assets	**5,840,467**	**30,082,100**	**15,460,351**	**66,821**	**7,176,213**	**4,203,436**	**1,066,091**	**70,252**	**112,466,976**	**176,432,707**

The depreciation recorded in the **Company** amounting to 34,138,202 Euros (34,588,766 Euros on 31 December 2022), is booked under the caption Depreciation/amortisation and impairment of investments, net (Note 47).

As part of the real estate asset transaction, described in detail in note 8, on 27 November 2023, the **Company** transferred 360 properties to CTT IMO Yield, resulting in the derecognition of tangible fixed assets at a net book value of 83,163 thousand Euros and investment properties with a net book value of 4,691 thousand Euros (note 7). The **Company** then carried out a leaseback operation for the properties used within the scope of its operational activity. This operation resulted in the recognition of a right of use of 54,050 thousand euros, as well as the respective lease liability of 85,578 thousand euros. The capital gains generated in the operation total 1,625 thousand euros for the Company. Considering that this is an operation between group companies, no impacts were recognised on the **Company**'s results for the period. It should also be noted that this operation had no impact on the **Group**'s consolidated accounts.

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.

As mentioned in Note 3, in the period ended 31 December 2023, the Group reviewed the useful lives of some classes of tangible fixed assets as at 1 January 2023, with the impact of this change resulting in a reduction of the depreciation in period ended 31 December 2023 for the year 2023 of 1,830 thousand euros in the **Group** and 1,039 thousand euros for the **Company.**

During the year ended 31 December 2023, the most significant movements in Tangible Fixed Assets were the following:

Buildings and other constructions:

The movements associated with acquisitions and transfers concern to capitalisation works in own and third-party buildings in several CTT and CTT Expresso facilities.

Basic equipment:

The amount related to acquisitions mainly relates to the acquisition of motorcycles in the amount of 1,325 thousand euros by CTT, the acquisition of several postal equipment amounting to 839 thousand euros and the upgrade of processing machines amounting approximately 572 thousand euros by CTT Expresso and to the acquisition of lockers amounting to 1,350 thousand euros by Open Lockers.

Office equipment:

The amount relating to acquisitions mainly relates to the acquisition of furniture worth 217 thousand euros, several medium and large IT equipment worth 1,281 thousand euros and microcomputer equipment worth 2,222 thousand euros at CTT, as well as the acquisition of several microcomputer equipment worth 352 thousand euros and the acquisition of furniture worth 61 thousand euros at CTT Expresso.

Other tangible fixed assets:

The acquisitions caption essentially records prevention and safety equipment worth approximately 430 thousand euros and the acquisition of fixed communication equipment for an approximate value of 158 thousand euros at CTT and the acquisition of prevention and safety equipment worth 113 thousand euros at CTT Expresso.

Tangible fixed assets in progress and advance payments to suppliers:

Under the caption of acquisitions of tangible fixed assets in progress and advances payment on suppliers, are essentially booked the construction works on the new headquarters building - Green Park at CTT, however, transferred to the related nature caption upon completion.

Rights of Use

The **Group** and **Company** recognised rights of use, detailed by type of asset, as follows:

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
Adjustments	(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)
Adjustments	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**	**114,442,219**

Group	2023			
	Buildings	Vehicles	Other assets	Total
Tangible fixed assets				
Opening balance	214,083,554	38,787,250	4,733,764	257,604,568
New contracts	11,501,538	2,125,596	—	13,627,135
Transfers and write-offs	(14,678,516)	(87,514)	—	(14,766,030)
Terminated contracts	(1,398,631)	(268,955)	—	(1,667,586)
Remeasurements	20,056,802	1,885,631	—	21,942,433
Adjustments	143,433	6,588	—	150,020
Closing balance	229,708,181	42,448,596	4,733,764	276,890,540
Accumulated depreciation				
Opening balance	113,723,712	24,204,805	1,816,670	139,745,187
Depreciation for the period	24,192,899	8,421,222	1,053,695	33,667,816
Transfers and write-offs	(5,053,679)	(97,821)	—	(5,151,501)
Terminated contracts	(1,316,765)	(257,387)	—	(1,574,152)
Adjustments	59,681	—	—	59,681
Closing balance	131,605,848	32,270,818	2,870,365	166,747,031
Accumulated impairment				
Opening balance	3,417,162	—	—	3,417,162
Increases	4,896,310	—	—	4,896,310
Reversals	(8,313,472)	—	—	(8,313,472)
Closing balance	—	—	—	—
Net Tangible fixed assets	**98,102,333**	**10,177,778**	**1,863,399**	**110,143,510**

The depreciation recorded, in the **Group,** in the amount of 33,667,816 Euros (29,389,515 Euros on 31 December 2022), is booked under the caption Depreciation/amortisation and impairment of investments, net.

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 amortisations 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 recognised 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 recognised under “Remeasurements” caption, in the same amount. Also with reference to 31 December 2022, an impairment loss was recognised 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 recognised under the caption “New Contracts”, relating to the lease agreement for the new CTT headquarters building – Green Park.

As the building was not occupied during the year, the impairment loss initially recognised on 31 December 2022 was, on 30 June 2023, increased by 5.177 thousand Euros. On 31 December 2023, an early termination of this lease contract was agreed with the counterparty, which resulted in the derecognition of the existing lease and the reversal of the remaining amount of impairment recorded and which had been partially reversed during the year in proportion to the depreciation of the right of use. The costs of ending the contract, in the amount of 8,005 thousand Euros, are recorded under the caption “Other Expenses and Losses” (note 49).

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)
Adjustments	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**

Company	2023			
	Buildings	Vehicles	Other assets	Total
Tangible fixed assets				
Opening balance	136,743,089	34,172,304	1,431,716	172,347,109
New contracts	56,189,330	1,364,425	—	57,553,755
Transfers and write-offs	(14,276,953)	—	—	(14,276,953)
Remeasurements	20,761,675	1,792,750	—	22,554,425
Closing balance	199,417,141	37,329,479	1,431,716	238,178,335
Accumulated depreciation				
Opening balance	84,399,714	21,624,854	874,320	106,898,889
Depreciation for the period	15,883,556	7,379,856	250,709	23,514,120
Transfers and write-offs	(4,761,331)	—	—	(4,761,331)
Adjustments	59,681	—	—	59,681
Closing balance	95,581,620	29,004,710	1,125,029	125,711,359
Accumulated impairment				
Opening balance	3,417,162	—	—	3,417,162
Increases	4,896,310	—	—	4,896,310
Reversals	(8,313,472)	—	—	(8,313,472)
Closing balance	—	—	—	—
Net Tangible fixed assets	**103,835,521**	**8,324,769**	**306,687**	**112,466,976**

The depreciation recorded, in the **Company**, in the amount of 23,514,120 Euros (20,433,241 Euros on 31 December 2022), is booked under the caption “Depreciation/amortisation 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 2023, no interest on loans was capitalised, 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 2023.

The tangible and intangible assets impairment allocated to the cash-generating unit Mailtec (Printing&Finishing), Transporta (Carga), 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.

Therefore, according to the impairment tests carried out and the analysis of signs of impairment, no other events or circumstances were identified that indicate that the amount at which the tangible fixed assets of the **Group** and the **Company** are recorded may not be recovered.

There are no carrying amounts with restricted ownership or carrying amounts of tangible fixed assets given as collateral for liabilities.

The **Group** and the **Company** contractual commitments, related to Tangible fixed assets at 31 December 2023, amount to 6,136,083 Euros and 3,618,341 Euros, respectively.

Sustainable investment

In 2023, the Group continued its programme of operating investments, which amounted to 40 million Euros that included acquisitions of tangible assets, intangible assets and investment properties, as disclosed in notes 5, 6, and 7.

As part of its work on the European taxonomy for sustainable activities, the Group has estimated its rate of investments validated as sustainable investments by the Green Taxonomy. In 2023, 16.0% (12.7% in 2022) of the Group's investments were compliant with the European taxonomy, that is, where considered aligned, representing 54.2% (56.5% in 2022) of the investments classified as eligible according to the European taxonomy.

The investments validated as sustainable ("aligned activities") correspond essentially to investments in electric fleet, locker systems installation, installation of vehicles electrical chargers, improvements in the air conditioning environment of the facilities, improvements of lighting systems, improvements of electrical panels, replacement of compressed air compressors and review of the compressed air distribution network, software that allows route optimisation and the reduction of greenhouse gas emissions, and replacement of the hot water system with solar panels.

See more information about the European Green Taxonomy in section 4.7.

6. Intangible assets

During the years ended 31 December 2022 and 31 December 2023, the movements which occurred in the main categories of the **Group** Intangible assets, as well as the respective accumulated amortisation, were as follows:

	2022					
Group	**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	74,564
Other movements - PPA New Spring	—	—	—	1,864,330	—	1,864,330
Closing balance	4,380,552	169,466,935	19,591,397	2,309,070	9,434,984	205,182,938
Accumulated amortisation						
Opening balance	4,379,539	102,371,559	13,099,884	1,497,893	—	121,348,875
Amortisation 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 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**

Group	2023					
	Development projects	Computer Software	Industrial property	Other intangible assets	Intangible assets in progress	Total
Intangible assets						
Opening balance	4,380,552	169,466,935	19,591,397	2,309,070	9,434,984	205,182,938
Acquisitions	—	2,025,284	699,454	—	15,675,350	18,400,088
Transfers and write-offs	—	21,508,320	(440,115)	—	(21,198,220)	(130,015)
Adjustments	—	—	(14,639)	—	—	(14,639)
Closing balance	4,380,552	193,000,538	19,836,097	2,309,070	3,912,114	223,438,371
Accumulated amortisation						
Opening balance	4,380,552	115,896,437	14,571,483	925,857	—	135,774,330
Amortisation for the period	—	15,455,209	1,217,770	360,838	—	17,033,818
Transfers and write-offs	—	418,966	(418,966)	—	—	—
Adjustments	—	—	(9,561)	—	—	(9,561)
Closing balance	4,380,552	131,770,613	15,360,727	1,286,695	—	152,798,587
Net intangible assets	**—**	**61,229,926**	**4,475,370**	**1,022,375**	**3,912,114**	**70,639,785**

The amortisation in the **Group** for the year ended 31 December 2023, amounting to 17,033,818 Euros (16,265,834 Euros as at 31 December 2022) was recorded under Depreciation / amortisation and impairment of investments, net (Note 47).

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 2022 and 31 December 2023, the movements which occurred in the main categories of the **Company** Intangible assets, as well as the respective accumulated amortisation, were as follows:

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 amortisation					
Opening balance	3,717,326	63,891,279	6,144,400	—	73,753,005
Amortisation 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**

Company	2023				
	Development projects	Computer Software	Industrial property	Intangible assets in progress	Total
Intangible assets					
Opening balance	3,717,326	92,456,490	10,584,142	6,375,169	113,133,128
Acquisitions	—	135,034	699,454	8,046,910	8,881,399
Transfers and write-offs	—	11,706,294	—	(11,706,294)	—
Closing balance	3,717,326	104,297,819	11,283,596	2,715,785	122,014,526
Accumulated amortisation					
Opening balance	3,717,326	68,772,958	7,404,015	—	79,894,299
Amortisation for the period	—	7,215,944	1,061,868	—	8,277,813
Closing balance	3,717,326	75,988,902	8,465,883	—	88,172,111
Net intangible assets	**—**	**28,308,917**	**2,817,713**	**2,715,785**	**33,842,415**

The amortisation in the **Company,** for the year ended 31 December 2023, amounting to 8,277,813 Euros (6,141,294 Euros as at 31 December 2022) was recorded under Depreciation / amortisation and impairment of investments, net (Note 47).

As mentioned in note 3, in the year ended 31 December 2023, the **Group** reviewed the useful lives of some classes of intangible assets, in particular application software, as at 1 January 2023. The impact of this change results in a reduction for the year 2023 of 1,772 thousand euros for the **Group**.

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 amortised, 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 2023 from Intangible assets in progress to Computer software refer to IT projects, which were completed during the year.

The amounts of 2,270,912 Euros and 1,550,479 Euros were capitalised in computer software or in Intangible assets in progress as at 31 December 2022 and 31 December 2023, respectively, related to **Company** staff costs incurred in the development of these projects.

During the year ended 31 December 2023, the most significant movements of the **Group** companies in Intangible assets were the following:

Computer software:

The acquisitions caption essentially records the acquisitions by CTT Expresso of the "Application Integration" software amounting 754 thousand Euros, the "Micro IO" software amounting 270 thousand Euros, and Micro IO migration consultancy amounting of 487 thousand Euros, in the "SalesForce" software amounting 304 thousand Euros.

Industrial property:

The acquisitions caption essentially records the acquisitions, by CTT, of "Desk Management" licenses worth 162 thousand euros and "Tenable-Redshift" licenses worth approximately 531 thousand euros.

As at 31 December 2023 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
Super App CTT	659,428	659,428
Client Area B2B - Software	625,891	625,891
MB Cards at Agents	371,324	—
Fleet management - Software	132,824	132,824
Upgrade software DSX	116,572	—
	1,906,038	**1,418,142**

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 amounts 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 be recovered.

Most of the projects are expected to be completed in 2024.

Regarding the economic period of 2023, the **Group** and the **Company** are still identifying and quantifying the expenses incurred with R&D, as disclosed in Note 52.

There are no Intangible assets with restricted ownership or any carrying amount relative to any Intangible assets which have been given as a guarantee of liabilities.

In 2023, no interest on loans was capitalised, 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 2023, amount to 6,892,706 Euros and 1,343,273 Euros, respectively.

7. Investment properties

As at 31 December 2022 and 31 December 2023, the **Group** have the following assets classified as investment properties:

Group	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**

Group	2023 Land and natural resources	Buildings and other constructions	Total
Investment properties			
Opening balance	2,862,247	11,052,892	13,915,139
Additions	—	—	—
Closing balance	**2,862,247**	**11,052,892**	**13,915,139**
Accumulated depreciation			
Opening balance	155,569	7,322,410	7,477,979
Depreciation for the period	—	183,591	183,591
Other movements	—	25,189	25,189
Closing balance	**155,569**	**7,531,191**	**7,686,759**
Accumulated impairment			
Opening balance	—	253,181	253,181
Impairment for the period	—	(788)	(788)
Closing balance	—	252,393	252,393
Net Investment properties	**2,706,679**	**3,269,308**	**5,975,987**

Depreciation for the year ended on 31 December 2023, of 183,591 Euros (210,263 Euros on 31 December 2022) was recorded in the caption Depreciation/amortisation and impairment of investments, net (Note 47) for the Group.

As at 31 December 2022 and 31 December 2023, the **Company** have the following assets classified as investment properties:

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**

Company	2023 Land and natural resources	Buildings and other constructions	Total
Investment properties			
Opening balance	2,862,247	11,052,892	13,915,139
Disposals	(1,514,883)	(9,910,560)	(11,425,443)
Closing balance	**1,347,365**	**1,142,332**	**2,489,696**
Accumulated depreciation			
Opening balance	155,569	7,322,410	7,477,979
Depreciation for the period	—	53,322	53,322
Disposals	(141,050)	(6,593,303)	(6,734,354)
Closing balance	**14,518**	**782,429**	**796,947**
Accumulated impairment			
Opening balance	—	253,181	253,181
Impairment for the period	—	(788)	(788)
Closing balance	—	252,393	252,393
Net Investment properties	**1,332,847**	**107,509**	**1,440,356**

Depreciation for the year ended on 31 December 2023, of 53,322 Euros (210,263 Euros on 31 December 2022) was recorded in the caption Depreciation/amortisation and impairment of investments, net (Note 47) for the **Company**.

These assets are not allocated to the **Group** and the **Company** operating activities, being in the market available for lease.

The amount recorded in disposals corresponds to the transfer of investment properties with a net book value of 4,691 thousand euros, within the scope of the transaction of real estate assets to CTT IMO Yield, explained in detail in note 5.

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 2023 which were conducted by independent entities, amounts to 10,437,353 Euros (10,200,003 Euros as at 31 December 2022).

As at 31 December 2023, the rents amount charged by the **Group** and **Company** for properties and equipment leases classified as investment properties was 33,773 Euros (31 December 2022: 38,135 Euros).

For the period ended 31 December 2022, impairment losses, amounting to (139,754) Euros, were booked in the caption “Depreciation/amortisation and impairment of investments, net” and are explained by properties transferred to tangible fixed assets.

8. Companies included in the consolidation

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Subsidiary companies

As at 31 December 2022 and 31 December 2023, 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	2022			2023		
			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, Building 24, nr 1097, 3rd 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
1520 Innovation Fund ("TechTree")	Portugal	Av Conselheiro Fernando de Sousa, 19 13º Left 1070-072 Lisbon	60	40	100	37.50	62.50	100
321 Crédito - Instituição Financeira de Crédito, S.A. ("321 Crédito")	Portugal	Avenida da Boavista, Nr 772, 1.º, Boavista Prime Bulding 4100-111 Oporto	—	100	100	—	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	—	66	66	—	66	66
MedSpring, S.A. ("MEDS")	Portugal	Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon	—	100	100	—	100	100
CTT Services, S.A. ("Serv")	Portugal	Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon	—	100	100	—	100	100
CTT Imo Yield, S.A. ("IMOY")	Portugal	Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon	100	—	100	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 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 and CTT - Soluções Empresariais proceeded with the sale of their investments in Open Lockers, of 25.5% and 15%, respectively, to CTT Expresso, 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 was subject to a merger by incorporation into the company CTT Soluções Empresariais, 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 an ongoing corporate reorganisation within 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. As of 31 December 2022, at the level of Banco CTT's individual and consolidated accounts, Payshop's assets and liabilities were classified as discontinued assets and liabilities. This reclassification did not, however, have an impact on the consolidated accounts of the CTT Group. The completion of this operation was dependent on the regulator's non-opposition, a fact that occurred on 7 July 2023. The transfer of shares occurred on 11 August 2023. The sale of the investment in Payshop to CTT will allow for the capture synergies with the remaining areas of CTT, namely product areas, commercial forces (B2B and store networks, points and agents), as well as full integration into the Group's strategy of a comprehensive value proposition for e-commerce and business solutions. The sale of the investment in Payshop by Banco CTT to CTT was carried out at the value of its own capital and had no impact on the **Group**'s consolidated accounts. In the case of the **Company**'s accounts, it was also not necessary to carry out any fair value measurement, nor was there any recognition of goodwill.

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 established the subsidiary CTT IMO Yield, S.A. This company's corporate purpose is the leasing and exploitation of real estate assets, as well as the purchase and sale of real estate assets, the operation of which It is explained in detail in the “CTT IMO Yield” section of this note.

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.

On 29 March 2023 and 29 May 2023, Open Lockers was subject to capital increases in the form of a supplementary capital in the amount of 396,000 Euros in each of the periods.

CTT IMO Yield

Real Estate Assets

CTT's real estate assets are organised into two different portfolios, depending on their respective characteristics and functionality (Yield Portfolio and Development Portfolio).

Yield Portfolio

In 2022, CTT began exclusive negotiations, with a third party, to manage this portfolio, which essentially comprises:

1. properties associated with CTT’s retail network; and

2. warehouses and logistics and distribution centres of CTT’s operational network in Portugal.

As a result of this negotiation, the company CTT IMO Yield was created on 31 October 2022, with the purpose of holding and managing this yield portfolio.

On 4 May 2023, CTT entered into a Share Sale and Purchase Agreement with Sierra Investments, SGPS, S.A. ("Sierra"), under which Sierra and a group of institutional investors would acquire an investment of 30.1% of the share capital of CTT IMO Yield (assuming the carve-in of all properties in the yield portfolio), an operation that was concluded at the beginning of 2024, as disclosed in note 58 - Subsequent Events.

On 10 October 2023, and applying the provisions of paragraph b) of number 3 of article 22 of the Asset Management Regime, CMVM issued the SIC (collective investment company) registration code for CTT IMO Yield.

On 17 October 2023, the AdC (Competition Authority) also adopted a decision according to which the Transaction is not covered by the merger control procedure.

On 27 November 2023, the **Company** transferred its yield real estate portfolio, corresponding to 332 properties, to CTT IMO Yield in the form of a capital contribution in kind, in the amount of 116,858,055 Euros. This operation resulted in the issuance of 116,858,055 new shares with a nominal value of 1 Euro each. The remaining 31 properties were transferred to CTT IMO Yield through a purchase and sale transaction.

The amount of the contribution in kind corresponds to the fair value of the properties determined through an external assessment carried out by two independent experts. For each property subject to transfer, the average amount of the two valuations prepared by each of the independent experts was considered to determine its fair value. Subsequently, this operation was subject to evaluation by an Official Auditor independent of the Company, as established in the Commercial Companies Code.

On 9 November 2023 and 27 December 2023, CTT IMO Yield was subject to a capital increase through a cash contribution, in the amount of 17,600,000 Euros and 576,945 Euros, respectively. The capital increases resulted in the issuance of new shares in the amount of 17,600,000 shares and 576,945 shares, respectively, with a nominal value of 1 Euro each.

On 27 December 2023, the conversion of shareholders loans into share capital at CTT Expresso and CTT Soluções Empresariais was decided, through the conversion of 14,950,000 Euros of shareholders loans into capital at CTT Expresso and 14,500,000 of shareholders loans into capital at CTT Soluções

Empresariais. The capital increase in CTT Expresso was achieved through an increase in the nominal amount of the 1,150,000 shares, which increased from 5 Euros to 18 Euros each, with their global nominal amount being 20,700,000 Euros. The capital increase of CTT Soluções Empresariais took place through the issuance of 14,500,000 new shares with a nominal amount of 1 Euro each, with the global nominal value of the share capital as of 31 December 2023 being 14,750,000 Euros.

As also disclosed in note 58 - Subsequent events, CTT IMO Yield concluded at the beginning of January 2024, a conversion process into an alternative real estate investment organisation (OIA) in the form of a fixed capital and private subscription company, managed by a management entity that integrates the corporate universe of Sierra Investments, the company Sierra IG - SGOIC, S.A.

Joint ventures

As at 31 December 2022 and 31 December 2023, the **Group** held the following interests in joint ventures, registered through the equity method:

Company name	Place of business	Head office	2022			2023		
			Percentage of ownership			Percentage of ownership		
			Direct	Indirect	Total	Direct	Indirect	Total
NewPost, ACE	Portugal	Av. Fontes Pereira de Melo, 40 Lisbon	49	—	49	49	—	49
PTP & F, ACE	Portugal	Estrada Casal do Canas Amadora	51	—	51	51	—	51
Wolfspring, ACE	Portugal	Urbanização do Passil, nr 100-A 2890-1852 Alcochete	—	50	50	—	50	50

Associated companies

As at 31 December 2022 and 31 December 2023, the **Group** held the following interests in associated companies accounted for by the equity method:

Company name	Place of business	Head office	2022			2023		
			Percentage of ownership			Percentage of ownership		
			Direct	Indirect	Total	Direct	Indirect	Total
Mafelosa, SL (a)	Spain	Castellon - Spain	—	25	25	—	25	25
Urpacksur, SL (a)	Spain	Málaga - Spain	—	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 in the scope of securitisation operations, recorded in the consolidated financial statements in accordance with the Group's continued involvement, determined based on the percentage held in the residual interests (equity piece) of the respective vehicles and to the extent that the Group substantially owns the risks and rewards associated with the underlying assets and has the ability to affect these same risks and rewards.

(**) Entities left the consolidation perimeter during the period of 2023.

On 1 June 2022, the **Group** issued a new securitisation operation named Ulisses Finance nº 3, through its subsidiary 321 Crédito. This operation aimed to finance the growth of Banco CTT's activity, optimising its capital and diversifying its sources of liquidity, through the securitisation of 200 million euros of car loans. Considering the provisions of IFRS10, this operation became part of the **Group**'s consolidation perimeter.

The credit securitisation operation Ulisses No1, originated by 321 Crédito in 2017, included a consumer credit portfolio amounting to 141.2 million euros. The operation included a clean-up call option clause that could be exercised by the originator when the securitised portfolio dropped below 10% of the initial amount, i.e., 14.1 million euros. This occurred after the IPD ("interest payment date") of June 2023, with the clean-up call being exercised at the IPD of July 2023, with the **Group** reacquiring the entire securitised portfolio, closing the operation.

Following the termination of the partnership with Universo, described in greater detail in note 20, in December 2023, Banco CTT sold the note Next Funding Nº1 to Universo, IME, S.A. leaving on that date no exposure to this portfolio. Additionally, the overdraft line (Liquidity Facility) was cancelled. As part of the sale agreement, Banco CTT no longer granted this line of credit to the aforementioned securitisation operation.

The main impacts of the consolidation of these structured entities on the **Group's** accounts are the following:

	31.12.2022	31.12.2023
Cash and cash equivalents	22,640,074	14,947,776
Financial assets at fair value through profit and loss (Derivatives) - Note 15	26,219,905	13,532,000
Financial assets at amortised cost (Loans and advances to customers - Credit cards) - Note 20	353,815,583	—
Financial assets at amortised cost (Loans and advances to customers - Other credits)	(40,672,436)	—
Financial assets at amortised cost (Debt securities)	(319,776,400)	—

The captions related to Financial Assets do not show a balance on 31 December 2023 as they are related to the sale of the Next Funding No. 1 note in the current year, as explained previously.

Changes in the consolidation perimeter

On 16 June 2021, CTT, through its subsidiary CTT Soluções Empresariais, entered into a purchase agreement for the entire share capital of NewSpring Services and its holding company HCCM – Outsourcing Investment, which operate in the Business Process Outsourcing (BPO) and Contact Center market. The Purchase Price Allocation (PPA), which was in progress on 31 December 2021, was concluded during the financial year of 2022, as provided for in IFRS 3 – Business combinations.

The Goodwill recognition on the acquisition date of HCCM - Outsourcing Investment and NewSpring Services was 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**

(*) Acquisition by CTT-SE of 4,84% of the share capital of NSS, with the remaining 95,16% belonging to HCCM.

The contingent components related to the contractually established earnouts, and with reference to 31 December 2022, were already materialised, with no discrepancies from the initial estimate having been found.

The goodwill is mainly attributable to NewSpring Services' human capital skills and the synergies expected to be achieved with the integration of the company into the Group's existing businesses.

The fair value measurement methods applied by the Group was 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.

In the period ended 31 December 2022, the entities MedSpring, CTT IMO Yield e CTT Services were established and the structured entity Ulisses Finance no.3 was created, having both integrated the consolidation perimeter. The company HCCM - Outsourcing Investment was merged by incorporation into the company CTT Soluções Empresariais, 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.

During the period ended 31 December 2023, the structured entities Ulisses Finance Nº.1 and Next Funding Nº. 1 left the consolidation perimeter. There were no other changes to the consolidation perimeter.

9. Goodwill

As at 31 December 2022 and 31 December 2023, the **Group** Goodwill was made up as follows:

Group	Year of acquisition	2022	2023
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.	2004	2,955,753	2,955,753
HCCM - Outsourcing Investment, S.A. / NewSpring Services, S.A.	2021	10,054,911	10,054,911
		80,256,739	**80,256,739**

During the years ended 31 December 2022 and 31 December 2023, the movements in Goodwill were as follows:

Group	2022	2023
Opening balance	81,471,314	80,256,739
PPA Movements	(1,342,317)	—
Other movements	127,741	—
Closing balance	**80,256,739**	**80,256,739**

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 portfolio 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 materialisation of a contingent amount related to the purchase of NewSpring Services shares, paid to sellers, as stipulated in the share purchase and sale agreement.

<u>Goodwill impairment assessment</u>

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 2022 and 31 December 2023 based on the following assumptions:

Company name	Activity	2022				
		Base for determining the recoverable amount	Explicit period for cash flows	Discount rate (WACC)	Discount rate (Cost of Equity)	Perpetuity 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/ DDM	10 years	— %	10.00%	1.5%
NewSpring Services, S.A.	Back office technical services	Equity Value/DCF	5 years	9.50 %	—%	2.0%

Company name	Activity	2023				
		Base for determining the recoverable amount	Explicit period for cash flows	Discount rate (WACC)	Discount rate (Cost of Equity)	Perpetuity rate growth
Mailtec Comunicação, S.A.	Documental services	Equity Value/DCF	5 years	8.60%	—%	2.0%
Transporta - Transportes Porta a Porta, S.A.	Cargo and Logistics	Equity Value/DCF	5 years	8.70%	—%	2.0%
Payshop (Portugal), S.A.	Payment network management	Equity Value/DCF	5 years	7.80%	—%	2.0%
321 Crédito - Instituição Financeira de Crédito, S.A.	Consumer Credit	Equity Value/ DDM	10 years	—%	10.00%	1.5%
NewSpring Services, S.A.	Back office technical services	Equity Value/DCF	5 years	8.60 %	—%	2.0%

The generalised decrease in the discount rate (WACC) in the period ending 31 December 2023 resulted mainly from decrease in the country's risk estimate, which is incorporated in the calculation of cost of equity and cost of debt. The upward revision of the debt rating of the Portuguese Republic that took place during 2023 contributed to this.

Cash flow projections were based on historical performance and 5-year business plans, approved by the Board of Directors, with the exception of 321 Crédito, whose period is 10 years, which is applied consistently from the moment of acquisition of 321 Crédito and which, in Management's judgment, best captures the nature of the activity and investment.

In the case of 321C, cash flows were estimated based on projections of results and activity evolution, based on the business plan associated with the cash generating unit, as approved by Management. The aforementioned projections cover a period of 10 years (until 2033) which has been consistently applied since the moment of acquisition of 321 Crédito and which, in Management's judgment, best reflects the nature of the investment, the maturity of the portfolio and economic cycles / interest rate. Projections consider a compound annual asset growth rate of 4.3% over this period. 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, the binomial dividends/capital reinforcement and the value of future dividends in perpetuity. The discount rate of 10.0% (after taxes) is consistent with internal references for evaluating projects and investments, remaining within the range typically used for the banking sector.

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 2023.

As a consequence of this impairment analysis, the **Group** concluded that as at 31 December 2022 and 31 December 2023 there were no indications of impairment losses to be recognised.

As at 31 December 2022 and 31 December 2023, the impairment losses registered in the **Group** are as follows:

	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**

	2023			
	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 analyses 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 analyses 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 or (ii) increase of 50 points in the different interest rates discount used.

For Mailtec Comunicação (Printing&Finishing) and despite Management being committed to the Business Plan of this unit, given the ambition and increased risk of achievement, the results of the sensitivity analyzes reveal the first signs of impairment, even if immaterial at this stage. Over the next year, management will continue to monitor the evolution of the business and assess the need to carry out a new impairment test.

With the exception of the above mentioned, the results of the sensitivity analyse carried out do not determine the existence of signs of impairment in Goodwill.

10. Investments in subsidiary companies

During the years ended 31 December 2022 and 31 December 2023, the movements occurred in the **Company** in Investments in subsidiary companies were as follows:

	2022			2023		
	Investments in subsidiary companies	Provisions for investments in subsidiary companies	Total	Investments in subsidiary companies	Provisions for investments in subsidiary companies	Total
Opening balance	271,702,900	—	271,702,900	295,250,006	—	295,250,006
Equity method	18,787,944	—	18,787,944	31,016,357	—	31,016,357
Equity Method Adjustments (intra-group)	4,050	—	4,050	(1,365,540)	—	(1,365,540)
Distribution of dividends	(480,017)	—	(480,017)	(298,110)	—	(298,110)
Share capital increase	—	—	—	164,485,000	—	164,485,000
Supplementary Capital	7,150,000	—	7,150,000	—	—	—
Acquisitions and new investment	50,000	—	50,000	11,035,201	—	11,035,201
Disposals	(25,500)	—	(25,500)	—	—	—
Other	(1,939,369)	—	(1,939,369)	(11,237,353)	—	(11,237,353)
Closing balance	**295,250,006**	**—**	**295,250,006**	**488,885,561**	**—**	**488,885,561**

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 "Acquisitions and New shares" includes the share capital subscription of the subsidiary CTT IMO Yield, S.A., established in 2022, in the amount of 50,000 Euros. The amount recognised 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 of 31 December 2023, the capital increases item consists of: 1) Capital increase in kind at CTT IMO Yield in the amount of 116,858,055 Euros; 2) Capital increases in cash in the global amount of 18,176,945 Euros at CTT IMO Yield; 3) Conversion of supplies into capital at CTT Expresso and CTT Soluções Empresariais, in the amount of 14,950,000 Euros and 14,500,000 Euros, respectively. The operations are explained in detail in note 8.

The amount of acquisitions relates to the acquisition of the investment in Payshop from Banco CTT. In the case of a combination of business activities between entities under common control, the stake was acquired at the value of Payshop's equity at the date of the transaction, with no need to carry out any measurement of fair value, nor is there any recognition of goodwill.

As of 31 December 2023, the amount recorded under the caption "Other" essentially relates to variations in the subsidiaries' equity captions, highlighting the transaction costs of increasing capital through contributions in kind in CTT IMO Yield, as explained in greater detail, in note 27.

The amount recorded in "Equity method adjustments" refers to the adjustment in the equity method of transactions between Group companies and the standardisation of accounting policies of subsidiaries. In 2023, the main highlights are the impacts with the elimination of transactions between CTT IMO Yield and CTT arising from the asset transfer operation, described in notes 8 and 5.

As at 31 December 2022 and 31 December 2023, the detail by **Company** of Investments in subsidiaries of the Company was as follows:

	2022							
Company	**% 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	181,248,497	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
1520 Innovation Fund ("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**

	2023							
Company	**% held**	**Assets**	**Liabilities**	**Equity**	**Net profit**	**Goodwill (note 9)**	**Investments**	**Proportion of net profit**
CTT Expresso,S.A.	100%	225,267,711	185,338,838	39,928,873	8,571,788	2,955,753	40,956,481	9,597,142
CTT Contacto, S.A.	100%	8,130,940	1,860,449	6,270,490	686,623	—	6,270,491	686,421
CORRE - Correio Expresso Moçambique, S.A.	50%	3,127,898	1,985,150	1,142,749	319,067	—	653,466	159,534
Banco CTT, S.A.	100%	3,488,289,785	3,218,092,116	270,197,670	17,935,330	—	269,869,579	16,700,097
1520 Innovation Fund ("TechTree")	37.5%	7,820,939	35,481	7,785,456	21,411	—	2,873,817	11,484
CTT Soluções Empresariais, S.A.	100%	26,245,026	7,099,735	19,145,291	2,275,223	—	19,145,291	2,275,223
CTT IMO - Sociedade Imobiliária, S.A.	100%	7,754,443	106,839	7,647,604	159,949	—	4,891,948	6,937
CTT Imo Yield, S.A.	100%	130,814,708	3,130,731	127,683,977	2,200,729	—	123,669,798	(188,431)
Payshop, S.A.	100 %	21,507,379	10,476,013	11,031,366	1,565,691	406,101	11,031,511	402,410
Mailtec Comunicação S.A.		—	—	—	—	6,161,326	—	—
						9,523,180	**479,362,381**	**29,650,816**

The amount of investments in subsidiaries is assessed whenever there are indications of an eventual loss of value. 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 2022 and 31 December 2023, the gains and losses 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 recognised against the following items on the balance sheet:

Company	2022	2023
Investment in subsidiaries		
CTT Expresso,S.A.	1,348,360	9,597,142
CTT Contacto, S.A.	431,028	686,421
CORRE - Correio Expresso Moçambique, S.A.	45,489	159,534
Banco CTT, S.A.	15,557,704	16,700,097
1520 Innovation Fund ("TechTree")	(72,392)	11,484
CTT Soluções Empresariais, S.A.	1,512,379	2,275,223
CTT IMO - Sociedade Imobiliária, S.A.	(27,074)	6,937
CTT Imo Yield, S.A.	(3,500)	(188,431)
Payshop, S.A.	—	402,410
	18,791,995	**29,650,816**

CTT Expresso, S.A. includes CTT Expresso Portugal and its branch in Spain. The Branch in Spain presented, in 2023, a net profit for the year of 3,802,359 Euros (2022: (4,131,376) Euros). This very relevant increase in the branch's results is due to a notable increase in both revenue and volumes, with emphasis on the 4th quarter of 2023, which more than doubled volumes of the 4th quarter of 2022.

The **Company** appropriated the net profit of Payshop from the acquisition date (11 August 2023) until 31 December 2023. In the previous period, the net profit of Payshop was recognised through the application of Banco CTT's equity method.

The company 321 Crédito – Instituição Financeira de Crédito, S.A. is owned by Banco CTT, and the bank's financial investment amount includes the gains and losses of this company.

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 2022 and 31 December 2023, the **Group** and the **Company** investments in associated companies had the following movements:

	Group		Company	
	2022	2023	2022	2023
Gross carrying value				
Opening balance	481	481	—	—
Closing balance	**481**	**481**	**—**	**—**

As at 31 December 2022 and 31 December 2023, the detail by company of the **Group** and the **Company** investments in associated companies were as follows:

	Group		Company	
	2022	2023	2022	2023
Urpacksur, S.L.	481	481	—	—
	481	**481**	**—**	**—**

Group	2022						
	% held	Assets	Liabilities	Equity	Net profit	Investments	Proportion of net profit
Mafelosa, SL (b) (c)	25%	n.a.	n.a.	n.a.	n.a.	—	n.a.
Urpacksur (b) (c)	30%	n.a.	n.a.	n.a.	n.a.	481	n.a.
						481	**—**

[a] Company held by CTT Expresso - Serviços Postais e Logística, S.A., branch in Spain.
[b] Companies without activity

Group	2023						
	% held	Assets	Liabilities	Equity	Net profit	Investments	Proportion of net profit
Mafelosa, SL (a) (b)	25%	n.a.	n.a.	n.a.	n.a.	—	n.a.
Urpacksur (a) (b)	30%	n.a.	n.a.	n.a.	n.a.	481	n.a.
						481	**—**

[a] Company held by CTT Expresso - Serviços Postais e Logística, S.A., branch in Spain.
[b] Companies without activity

12. Investments in joint ventures

As at 31 December 2022 and 31 December 2023, the detail of the **Group** investments in joint ventures were as follows:

Group	2022								
	% held	Assets	Liabilities	Equity	Net profit	Investment	Impairment	Provisions	Proportion of net profit
PTP & F, ACE	51%	—	—	—	—	—	—	—	—
NewPost, ACE	49%	399,223	399,223	—	—	—	—	—	—
Wolfspring, ACE	50%	256,238	582,099	(325,861)	(373,929)	—	—	(168,972)	(186,964)
						—	**—**	**(168,972)**	**(186,964)**

Group	2023								
	% held	Assets	Liabilities	Equity	Net profit	Investment	Impairment	Provisions	Proportion of net profit
PTP & F, ACE	51%	—	—	—	—	—	—	—	—
NewPost, ACE	49 %	616,868	616,868	—	—	—	—	—	—
Wolfspring, ACE	50%	238,798	182,366	56,432	(916)	22,174	—	—	(458)
						22,174	**—**	**—**	**(458)**

As at 31 December 2022 and 31 December 2023, the detail of the **Company** investments in joint ventures were as follows:

Company	2022								
	% held	Assets	Liabilities	Equity	Net profit	Investment	Impairment	Provisions	Proportion of net profit
PTP & F, ACE	51%	—	—	—	—	—	—	—	—
NewPost, ACE	49%	399,223	399,223	—	—	—	—	—	—
						—	**—**	**—**	**—**

Company	2023								
	% held	Assets	Liabilities	Equity	Net profit	Investment	Impairment	Provisions	Proportion of net profit
PTP & F, ACE	51 %	—	—	—	—	—	—	—	—
NewPost, ACE	49%	—	—	—	—	—	—	—	—
						—	—	—	—

13. Other investments

The amount of Other investments as at 31 December 2022 and 31 December 2023, in the **Group** and the **Company**, were as follows:

Entity	Head office	Group	
		2022	2023
IPC-International Post Corporation	Brussels - Belgium	6,157	6,157
Lisgarante - SGM, S.A.	Lisbon - Portugal	5,000	5,000
KIT-AR LIMITED	London - UK	300,000	481,828
Sensefinity, Lda	Lisbon - Portugal	150,000	150,000
Habitat Analytics, Inc.	Delaware - USA	500,000	500,000
NeuralShift	Lisbon - Portugal	—	500,000
Ubirider, S.A.	Porto - Portugal	—	507,575
Paynest Portugal Unipessoal	Lisbon - Portugal	—	500,000
Fraudio Portugal Unipessoal	Lisbon - Portugal	—	550,000
CEPT	Copenhagen - Denmark	237	237
		961,394	**3,200,797**

Entity	Head office	Company	
		2022	2023
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 should be noted the investments made by the 1520 Innovation Fund (previously designated as 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.

On 31 December 2023, in the **Group**, the four new investments made by the 1520 Innovation Fund stand out.

During the year, no impairment loss was recognised in these investments.

On 31 December 2023, the fair value of the investment in the entity “KIT-AR” was updated in the amount of 181,827 Euros. This amount was calculated based on a “*Pre-Money*” assessment carried out as part of a new investment in the entity by external investors. For the remaining investments, there are still no market prices available and it is also not possible to determine fair value using comparable transactions. These instruments were not measured using discounted cash flows as these could not be determined reliably.

14. Debt securities

As at 31 December 2022 and 31 December 2023, the caption Debt securities, in the **Group**, showed the following composition:

	31.12.2022	31.12.2023
Non-current		
Financial assets at amortised cost		
Government bonds	409,510,672	364,773,835
Impairment	(121,927)	(67,657)
	409,388,745	**364,706,177**
	409,388,745	**364,706,177**
Current		
Financial assets at amortised cost		
Government bonds	128,401,573	284,175,167
Supranational bonds	—	80,614,379
Impairment	(9,674)	(29,726)
	128,391,899	**364,759,821**
	128,391,899	**364,759,821**
	537,780,644	**729,465,998**

The financial assets in this portfolio are managed based on a business model whose purpose is to receive contractual cash flows.

The increase in Debt securities balance caption is justified by the acquisition of 81 million euros of supranational debt, 61 million euros of Spanish public debt, 70 million euros of French public debt and 37 million euros of German public debt , as well as the sale of 37 million euros of Portuguese public debt.

The analysis of the Financial assets at amortised cost, by remaining maturity, as at 31 December 2022 and 31 December 2023 is detailed as follows:

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 amortised cost							
Government bonds							
National	3,011,149	17,990,243	21,001,392	38,028,368	162,664,338	200,692,706	221,694,098
Foreign	1,461,711	105,938,471	107,400,182	10,027,009	198,790,957	208,817,966	316,218,148
	4,472,860	**123,928,714**	**128,401,574**	**48,055,377**	**361,455,295**	**409,510,672**	**537,912,246**

31.12.2023	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 amortised cost							
Government bonds							
National	6,729,393	—	6,729,393	18,576,142	143,668,654	162,244,796	168,974,189
Foreign	1,437,251	276,008,524	277,445,775	9,967,700	192,561,338	202,529,039	479,974,813
Supranational Bonds	408,333	80,206,046	80,614,379	—	—	—	80,614,379
	8,574,977	**356,214,570**	**364,789,547**	**28,543,843**	**336,229,992**	**364,773,835**	**729,563,381**

The impairment losses, for the period ended 31 December 2022 and 31 December 2023, are detailed as follows:

	2022					
	Opening balance	Increases	Reversals	Utilisations	Transfers	Closing balance
Non-current assets						
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
	114,525	**39,065**	**(31,356)**	**—**	**(307)**	**121,927**
Current assets						
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
	9,174	**3,100**	**(2,907)**	**—**	**307**	**9,674**
Financial assets at fair value through other comprehensive income	***3,195***	***—***	***(3,195)***	***—***	***—***	***—***
Financial assets at amortised cost	***120,504***	***42,165***	***(31,068)***	***—***	***—***	***131,602***
	123,698	**42,165**	**(34,262)**	**—**	**—**	**131,602**

	2023					
	Opening balance	Increases	Reversals	Utilisations	Transfers	Closing balance
Non-current assets						
Debt securities at amortised cost	121,927	20,146	(43,919)	—	(30,497)	67,657
	121,927	**20,146**	**(43,919)**	**—**	**(30,497)**	**67,657**
Current assets						
Debt securities at amortised cost	9,674	8,851	(19,296)	—	30,497	29,726
	9,674	**8,851**	**(19,296)**	**—**	**30,497**	**29,726**
Financial assets at fair value through other comprehensive income	***—***	***—***	***—***	***—***	***—***	***—***
Financial assets at amortised cost	***131,601***	***28,997***	***(63,215)***	***—***	***—***	***97,384***
	131,601	**28,997**	**(63,215)**	**—**	**—**	**97,384**

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 2022 and 31 December 2023, they are detailed as follows:

	2022	2023
	Stage 1	Stage 1
Opening balance	**3,194**	**—**
Change in period:		
Increases due to origination and acquisition	—	—
Changes due to change in credit risk	—	—
Derecognised financial assets excluding write-offs	(3,194)	—
Impairment - Financial assets at fair value through other comprehensive income	**—**	**—**

The reconciliation of accounting movements related to impairment losses is presented below:

	2022	2023
	Stage 1	Stage 1
Opening balance	**3,194**	**—**
Change in period:		
ECL income statement change for the period	(3,194)	—
Impairment - Financial assets at fair value through other comprehensive income	**—**	**—**

For the impairment losses of Financial assets at amortised cost, the movements by stages, in the periods ended on 31 December 2022 and 31 December 2023, they are detailed as follows:

	2022	2023
	Stage 1	Stage 1
Opening balance	**120,505**	**131,602**
Change in period:		
Increases due to origination and acquisition	26,972	28,628
Changes due to change in credit risk	(7,324)	(41,239)
Derecognised financial assets excluding write-offs	(8,552)	(21,607)
Impairment - Financial assets at amortised cost	**131,602**	**97,384**

The reconciliation of accounting movements related to impairment losses is presented below:

	2022	2023
	Stage 1	Stage 1
Opening balance	**120,505**	**131,602**
Change in period:		
ECL income statement change for the period	11,097	(34,218)
Impairment - Financial assets at amortised cost	**131,602**	**97,384**

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 amortised cost, following the criteria described in Note 2.29.

15. Financial Assets and Liabilities at fair value through profit and loss

As at 31 December 2022 and 31 December 2023, 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:

	31.12.2022	31.12.2023
Non-current assets		
Derivatives	26,219,905	13,532,000
	26,219,905	**13,532,000**
Current assets		
Shares - Real Estate Investment Fund	26,478,525	—
	26,478,525	**—**
	52,698,430	**13,532,000**
Non-current liabilities		
Derivatives	26,344,517	13,744,154
	26,344,517	**13,744,154**
	26,344,517	**13,744,154**

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 securitisation 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 2 securitisation operation) and

Interest Rate SWAP (associated with the Ulisses 3 securitisation operation and a derivative existing at Banco CTT).

As of 31 December 2022, the caption Real Estate Investment Funds in the amount of 26,479 thousand euros concerns an investment in a real estate investment fund domiciled in Portugal, representing 10.4% of the total participation units issued on 31 December 2022. This position was sold during the 2023 financial year.

Associated with derivative contracts, Banco CTT has, as at 31 December 2023, a cash and cash equivalents account with another Financial Institution, with an amount of 25,830 thousand euros (2022: 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:

	31.12.2022			31.12.2023		
	Notional	Fair Values		Notional	Fair Values	
		Asset	Liability		Asset	Liability
Over-the-count						
Interest rate Contracts						
Interest rate Swaps						
Purchase	200,000,000	12,658,056	12,810,255	175,153,541	6,272,144	6,380,184
Sell	200,000,000			175,153,541		
Interest rate Options						
Purchase	263,790,387	13,561,849	13,534,262	200,575,978	7,259,856	7,363,970
Sell	237,002,644			200,575,978		
	—	**26,219,905**	**26,344,517**	**—**	**13,532,000**	**13,744,154**

The impact on results for the period of financial assets and liabilities at fair value through profit or loss is presented as follows:

	31.12.2022	31.12.2023
Profits from transactions with assets and liabilities at fair value through profit or loss		
Derivatives	22,744,056	5,501,463
Shares	1,479,387	990,005
	24,223,443	**6,491,468**
Losses from transactions with assets and liabilities at fair value through profit or loss		
Derivatives	(13,113,417)	(5,639,197)
	(13,113,417)	**(5,639,197)**
Results of Assets and Liabilities at Fair Value Through Profit or loss	**11,110,025**	**852,271**

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 2022 and 31 December 2023, the **Group** captions “Other banking financial assets” and “Other banking financial liabilities” showed the following composition:

	31.12.2022	31.12.2023
Non-current assets		
Loans to credit institutions	961,721	—
Impairment	(274)	—
	961,446	**—**
Current assets		
Investments in central banks	450,250,022	1,260,076,886
Investments in credit institutions	4,700,523	11,049,500
Loans to credit institutions	4,277,698	961,721
Impairment	(1,394)	(8,143)
Other	3,805,177	4,316,633
Impairment	(1,805,945)	(1,821,475)
	461,226,081	**1,274,575,121**
	462,187,528	**1,274,575,121**
Current liabilities		
Other	46,210,667	47,759,822
	46,210,667	**47,759,822**
	46,210,667	**47,759,822**

Investments in credit institutions and Loans to credit institutions

Regarding the above-mentioned captions, the scheduling by maturity is as follows:

	31.12.2022	31.12.2023
Up to 3 months	455,572,501	1,260,688,003
From 3 to 12 months	3,655,742	11,400,103
From 1 to 3 years	961,721	—
	460,189,964	**1,272,088,106**

The caption "Investments at credit institutions" showed an annual average return of 2,435% in 2023 (2022: 1.314%).

The amount of 1,260,076,886 Euros recorded in applications with central banks corresponds to overnight deposits with the Bank of Portugal. The increase in the balance compared to the previous period is related to the raising of funds from customers during the 2023.

Impairment

The impairment losses, for the period ended 31 December 2022 and 31 December 2023, are detailed as follows:

	2022					
	Opening balance	Increases	Reversals	Utilisations	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	1,395
Other	1,800,306	52,283	(4,548)	(42,097)	—	1,805,944
	1,802,504	**52,995**	**(7,129)**	**(42,097)**	**1,067**	**1,807,340**
	1,804,213	**53,135**	**(7,637)**	**(42,097)**	**—**	**1,807,614**

	2023					
	Opening balance	Increases	Reversals	Utilisations	Transfers	Closing balance
Non-current assets						
Investments and loans in credit institutions	274	—	—	—	(274)	—
	274	**—**	**—**	**—**	**(274)**	**—**
Current assets						
Investments and loans in credit institutions	1,394	8,099	(1,625)	—	274	8,143
Other	1,805,945	30,962	(8,982)	(6,450)	—	1,821,475
	1,807,339	**39,061**	**(10,607)**	**(6,450)**	**274**	**1,829,618**
	1,807,614	**39,061**	**(10,607)**	**(6,450)**	**—**	**1,829,618**

Regarding the movements in impairment losses on investments and loans to credit institutions by stages, in the periods ended on 31 December 2022 and 31 December 2023, they are detailed as follows:

	2022	2023
	Stage 1	Stage 1
Opening balance	**3,906**	**1,669**
Change in period:		
Increases due to origination and acquisition	852	8,099
Changes due to change in credit risk	(892)	(230)
Decrease due to derecognition repayments and disposals	(2,197)	(1,394)
Impairment	**1,669**	**8,143**

The reconciliation of accounting movements related to impairment losses is presented below:

	2022	2023
	Stage 1	Stage 1
Opening balance	**3,906**	**1,669**
Change in period:		
ECL income statement change for the period	(2,237)	6,474
Impairment	**1,669**	**8,143**

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 centralised 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, Compliance and Risk department is 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 analysing 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 specialised 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 regularise the effective default and to create conditions that maximise 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.

The biggest driver of the Bank's credit risk is the mortgage loan product. As at 31 December 2023, the exposures (net of impairment and including off-balance exposures) to this type of loan of credit stood at 727,484 thousand Euros (658,628 thousand Euros as at 31 December 2022).

The retail segment credit, more specifically in auto loans at point of sale, is of 864,362 thousand Euros of exposures (net of impairment and including off-balance exposures) compare with 763,725 thousand Euros of 2022.

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, Germany and Spain), debt instruments of other issuers (credit institutions and companies), securitisation 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:

	2022		2023	
	Loans and advances to customers	Fair value of the collateral	Loans and advances to customers	Fair value of the collateral
Mortgage loans	659,541,150	1,128,545,679	728,888,426	1,350,180,108
Auto loans	792,870,585	825,483,271	905,849,232	925,846,938
Credit Cards	373,812,649	—	—	—
Other	6,076,794	48,212,742	6,292,236	42,311,141
	1,832,301,179	**2,002,241,692**	**1,641,029,894**	**2,318,338,186**

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 behaviour 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 2023, 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 2023, related to these types of assets (Cash and cash equivalents as stated in Note 23, excluding the cash amount) whose counterparties are financial institutions are detailed as follows:

Rating [1]	2023	
	Group	Company
Aa3	4,536	4,536
A1	15,152,650	204,873
A2	95,518	—
A3	81,789,736	40,669,952
Baa1	37,070,288	25,667,506
Baa2	37,618,836	6,186,212
Ba1	42,372,283	35,469,347
Ba2	40,730,595	40,711,304
Ba2 (2)	101	101
Ba3 (3)	3,728	—
Caa1	7,079	—
Outros (4)	10,628,595	12,383,892
	265,473,944	**161,297,724**

(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 2023, the **Group** and the **Company** caption Cash and cash equivalents included term deposits, net of impairments, of 107,049,550 Euros e 102,446,674 Euros, respectively (126,769,299 Euros and 124,606,988 Euros as at 31 December 2022) (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	
	2022	2023	2022	2023
Non-current				
Financial assets at fair value through profit or loss	26,219,905	13,532,000	—	—
Debt securities at amortised cost	409,388,745	364,706,177	—	—
Accounts receivable	—	—	617,421	596,036
Other assets	1,177,648	3,533,009	463,657	2,764,552
Credit to bank clients	1,287,676,223	1,444,412,021	—	—
Other banking financial assets	961,446	—	—	—
Current				
Accounts receivable	147,130,876	153,061,555	98,063,438	77,599,554
Credit to bank clients	489,888,789	148,801,874	—	—
Financial assets at fair value through profit or loss	26,478,525	—	—	—
Debt securities at amortised cost	128,391,899	364,759,821	—	—
Other assets	10,202,255	12,435,400	7,142,008	13,518,535
Other banking financial assets	459,242,817	1,272,087,916	—	—
Cash and cash equivalents	384,682,541	265,473,944	283,859,584	161,297,724
	3,371,441,669	**4,042,803,716**	**390,146,108**	**255,776,401**

The main changes in financial assets subject to credit risk are explained as follows:

- The increase in investments in debt securities at amortised cost, current and non-current, essentially concerns investment in Portuguese, Spanish, French and supranational debt securities.

- The increase in the caption “other banking financial assets” is explained by the increase in investments in central banks, namely in overnight deposits with the Bank of Portugal, due to an increase in available cash-flow.

- The decrease in the item “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 2022 and 31 December 2023:

	2022	2023
Central administrations or Central banks	1,026,811,351	1,938,028,734
Multilateral developments banks	—	9,853,484
International organisations	—	70,755,998
Credit Institutions	68,143,012	58,561,158
Companies	399,764,137	5,828,301
Retail Clients	324,204,383	505,935,005
Real estate secured loans	672,246,535	743,460,667
Loans in default	47,779,757	28,007,367
Claims in the form of CIU	31,962,328	—
Other elements	84,669,017	70,926,949
Risk items	**2,655,580,521**	**3,431,357,663**

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:

	2022								
	Central Authorities or Central Banks	Credit institutions	Companies	Retail customers	Loans secured by immovable assets	Non-performing 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**	**2,655,580,520**

	2023									
	Central Authorities or Central Banks	Multilateral development banks	International organisations	Credit institutions	Companies	Retail customers	Loans secured by immovable assets	Non-performing loans	Other Items	Total
Portugal	1,458,119,073	—	—	33,124,108	5,828,301	505,935,005	743,460,667	28,007,367	70,926,949	2,845,401,470
Spain	167,622,867	—	—	—	—	—	—	—	—	167,622,867
France	169,892,769	—	—	18,281,558	—	—	—	—	—	188,174,327
Italy	105,594,967	—	—	—	—	—	—	—	—	105,594,967
United Kingdom	—	—	—	7,155,492	—	—	—	—	—	7,155,492
Germany	36,799,059	—	—	—	—	—	—	—	—	36,799,059
Luxembourg	—	9,853,484	70,755,998	—	—	—	—	—	—	80,609,482
Total	**1,938,028,734**	**9,853,484**	**70,755,998**	**58,561,158**	**5,828,301**	**505,935,005**	**743,460,667**	**28,007,367**	**70,926,949**	**3,431,357,663**

The gross credit exposure and related impairment detail for banking activity, by stages (excluding off-balance exposures) is as follows:

		2022								
		Central Authorities or Central Banks	Credit institutions	Other securities	Credit Portfolio					Total
					Mortgage Loans	Overdrafts	Car Credit	Credit Cards	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

		2023							
		Central Authorities or Central Banks	Supranational	Credit institutions	Credit Portfolio				Total
					Mortgage Loans	Overdrafts	Car Credit	Others	
Stage 1	Gross Exposure	1,937,701,600	80,614,379	48,079,771	692,108,277	2,711,727	770,155,909	1,379,289	3,532,750,953
	Impairment Losses	(92,752)	(4,897)	(7,886)	(279,532)	(38,938)	(3,356,448)	(23,432)	(3,803,884)
	Net exposure	1,937,608,848	80,609,482	48,071,884	691,828,746	2,672,790	766,799,461	1,355,857	3,528,947,069
Stage 2	Gross Exposure	—	—	—	33,314,539	715,743	63,339,149	90,706	97,460,137
	Impairment Losses	—	—	—	(790,259)	(57,975)	(5,596,366)	(90)	(6,444,691)
	Net exposure	—	—	—	32,524,280	657,767	57,742,783	90,616	91,015,446
Stage 3	Gross Exposure	—	—	—	3,465,610	946,166	71,272,830	4,292	75,688,897
	Impairment Losses	—	—	—	(349,665)	(694,606)	(36,050,074)	(92)	(37,094,437)
	Net exposure	—	—	—	3,115,944	251,560	35,222,756	4,200	38,594,460
POCI (Stage 3)	Gross Exposure	—	—	—	—	—	1,081,344	444,313	1,525,657
	Impairment Losses	—	—	—	—	—	(578,502)	(20)	(578,523)
	Net exposure	—	—	—	—	—	502,842	444,292	947,134
Total	Gross Exposure	1,937,701,600	80,614,379	48,079,771	728,888,426	4,373,636	905,849,232	1,918,600	3,707,425,644
	Impairment Losses	(92,752)	(4,897)	(7,886)	(1,419,456)	(791,519)	(45,581,390)	(23,634)	(47,921,534)
	Net exposure	1,937,608,848	80,609,482	48,071,884	727,468,970	3,582,117	860,267,842	1,894,966	3,659,504,110

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:

	2022		2023	
	Other financial assets at amortised cost	Total	Other financial assets at amortised cost	Total
Portugal	221,627,387	221,627,387	168,946,854	168,946,854
Spain	106,420,662	106,420,662	167,622,867	167,622,867
Italy	109,840,122	109,840,122	105,594,967	105,594,967
France	99,892,472	99,892,472	169,892,769	169,892,769
Germany	—	—	36,799,059	36,799,059
	537,780,644	**537,780,644**	**648,856,515**	**648,856,515**

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 2022 and 31 December 2023, generated interest income of 30,127 Euros and 630,502 Euros, respectively (Note 51). Additionally, interest income is recorded for financial services in the caption Other operating income, in the years of 2022 and 2023, amounting to 51,832 Euros and 1,099,280 Euros, respectively (Note 43).

In the **Company** the investment of surplus liquidity, on 31 December 2022 and 31 December 2023, generated interest income of 13,316 Euros and 1,019,380 Euros, respectively (Note 51). Additionally, interest income is recorded for financial services in the caption Other operating income, in the years of 2022 and 2023, amounting to 51,832 Euros and 1,099,280 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 2023, the effect in the interest would have been 1260 thousand Euros in the **Group** and 878 thousand Euros in the **Company** (418 thousand Euros and 822 thousand Euros as at 31 December 2022, 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 the banking activity, as at 31 December 2023, 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 2022 and 31 December 2023, 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:

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	325,177	(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	75,115	(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	500,905	(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	(9,996)	311	(328)
2 – 3 years	172,516	197,452	31,061	6,125	(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	1,448	(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**	**786,756**	**3,361**	**(7,262)**

2023						(amounts in thousand Euros)
Timeframe	**Assets**	**Liabilities**	**Off-balance Sheet**	**Net position**	**Economic Value Delta (+200 bps)**	**Economic Value Delta (-200 bps)**
At sight	1,462,774	524,959	(90,281)	847,534	(45)	46
At sight – 1 month	126,754	368,088	(146,758)	(388,092)	328	(335)
1 – 3 months	162,261	285,035	14,552	(108,222)	341	(349)
3 – 6 months	245,988	463,732	17,298	(200,446)	1,407	(1,445)
6 – 9 months	234,186	427,656	15,082	(178,388)	2,065	(2,131)
9 – 12 months	413,334	441,089	14,155	(13,600)	219	(227)
1 – 1,5 years	138,724	110,870	23,499	51,353	(1,166)	1,218
1,5 – 2 years	218,336	107,194	21,587	132,729	(4,162)	4,390
2 – 3 years	209,701	160,074	29,090	78,717	(3,449)	3,692
3 – 4 years	185,217	127,762	18,782	76,237	(4,538)	4,954
4 – 5 years	152,179	103,517	11,842	60,504	(4,484)	4,991
5 – 6 years	118,551	84,868	7,020	40,703	(3,565)	4,047
6 – 7 years	95,697	70,446	3,922	29,173	(2,917)	3,376
7 – 8 years	66,198	58,974	1,754	8,978	(1,000)	1,180
8 – 9 years	81,531	51,034	112	30,609	(3,726)	4,484
9 – 10 years	41,914	46,550	34	(4,602)	604	(741)
10 – 15 years	69,673	153,130	109	(83,348)	12,859	(16,729)
15 – 20 years	5,150	—	116	5,266	(953)	1,367
> 20 years	2,827	—	228	3,055	(628)	1,044
	4,030,995	**3,584,978**	**(57,857)**	**388,160**	**(12,810)**	**12,832**

In view of the interest rate gaps observed, as at 31 December 2023, the impact on the economic value of instantaneous and parallel shifts of the interest rates by -200 basis points is (12,810) thousand Euros (2022: (6,210) thousand Euros).

The main assumptions used in 2022 in the Bank's analyses were the following:

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 Mortgage Loan, of 1.27%, proportionally distributed by each time interval bucket;

In 2023, they were revised and the following changes were introduced:

a. For Demand Deposits: 18.20% in cash, 81.80% distributed non-linearly over 15 years, giving it a duration of 3.6 years;

b. Savings Accounts: 51.45% in cash, 48.50% distributed non-linearly over 15 years, giving it a duration of 2.1 years;

c. Increase in the annual prepayment rate for Mortgage Loan, from 8.6% to 10%, distributed proportionally over 12 months;

d. Reduction in the annual prepayment rate for Car Loan, from 10% to 9%, distributed proportionally over 12 months;

e. Modelling of non-productive exposures in order to reflect the expected cash flows of these exposures based on the specific assumptions of the impairment model relating to each of the types considered, indicating the default date of each contract and the projection of the amount in debt, net of impairment and at the reference date of the analysis, receivable by time band until the Loss Given Default (LGD) parameter reaches 100% via monthly linear interpolation, that is, the recognition of total loss of the remaining capital associated with the contract.

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 2023, the net interest income would have increase by 3,071 thousand euros (2022: decrease of 264.5 thousand euros), while a negative rate variation of 50 b.p. would imply a decrease in the margin of 2,453 thousand euros (2022: decrease of 1 489 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. This situation will no longer occur in 2023 due to the increase in remuneration for customer resources.

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 2022 and 31 December 2023, the net exposure (assets minus liabilities) of the **Group** amounted to (15,852,830) SDR ((19,862,170) Euros at the exchange rate €/SDR 1.25291), and (14,912,427) SDR ((18,156,328) Euros at the exchange rate €/SDR 1.21753), respectively.

As far as the **Company** is concerned, as at 31 December 2022 and 31 December 2023, the net exposure (assets minus liabilities) amounted to (15,524,784) SDR ((19,451,157) Euros at the exchange rate €/SDR 1.25291), and (14,416,819) SDR ((17,552,909) Euros at the exchange rate €/SDR 1.21753), respectively.

In the sensitivity analysis performed for the balances of accounts receivable and payable to foreign Postal Operators, on 31 December 2022 and 31 December 2023, assuming an increase / decrease of 10% in the exchange rate € / SDR, the **Group's** profit and losses would have been higher by (1,986,217) Euros and by (1,815,633) Euros, respectively. The impact on the **Company's** profit and losses would have been higher by (1,945,116) Euros and by (1,755,291) 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 2023 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 2022 and 31 December 2023 for the **Group** and the **Company** and do not reconcile with the balance sheet:

	2022			
Group	**Due within 1 year**	**Over 1 year and less than 5 years**	**Over 5 years**	**Total**
Financial liabilities				
Debts	63,110,244	104,767,260	41,692,362	209,569,866
Accounts payable	491,966,724	—	—	491,966,724
Banking client deposits and other loans	2,245,329,918	—	—	2,245,329,918
Debt securities issued at amortised cost	351,654	445,226,206	—	445,577,860
Other current liabilities	50,938,850	—	—	50,938,850
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 recognised in the balance sheet (Notes 5 and 6).

	2023			
Group	**Due within 1 year**	**Over 1 year and less than 5 years**	**Over 5 years**	**Total**
Financial liabilities				
Debts	111,598,815	135,267,697	37,807,781	284,674,293
Accounts payable	344,342,348	—	—	344,342,348
Banking client deposits and other loans	3,090,962,551	—	—	3,090,962,551
Debt securities issued at amortised cost	243,468	347,131,609	—	347,375,077
Non-financial liabilities				
Non-contingent financial commitments (1)	12,767,987	—	—	12,767,987
	3,559,915,169	**482,399,306**	**37,807,781**	**4,080,122,255**

(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 recognised 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 recognised in the balance sheet (Notes 5 and 6).

Company	2023 Due within 1 year	Over 1 year and less than 5 years	Over 5 years	Total
Financial liabilities				
Debts	100,422,478	139,842,731	118,390,895	358,656,104
Accounts payable	283,442,438	309,007	—	283,751,445
Shareholders	3,663,372	—	—	3,663,372
Other current liabilities	35,057,618	—	—	35,057,618
Non-financial liabilities				
Non-contingent financial commitments (1)	4,951,346	—	—	4,951,346
	427,537,252	**140,151,738**	**118,390,895**	**686,079,885**

(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 recognised 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 analysing 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) analyses, 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 18 meetings in 2023, 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 2023, the ALMM shows a positive liquidity mismatch (difference between contracted outflows and inflows) of 227,159 thousand Euros (261,695 thousand years at 31 December 2022).

Additionally, this positive liquidity mismatch is reinforced by the financial assets and reserves at the Central Bank of close to 1,949,971 thousand Euros (1,463,855 thousand years at 31 December 2022).

Market Risk

Regarding the banking activity, Market Risk generally represents the possibility of negative impacts on results or capital, due to unfavourable movements in the market price of instruments in the trading portfolio, including fluctuations in interest rates, exchange rates, stock quotes, and commodity prices. Market risk arises mainly from short-term positions in debt and equity securities, foreign currency, commodities and derivatives.

The Group does not have a trading portfolio, and as of 31 December 2023, its entire debt securities portfolio is accounted for at amortised cost, with the main risk arising from its investments being credit risk and not the risk of Marketplace.

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 2022 and 31 December 2023, were as follows:

	Group		Company	
	2022	2023	2022	2023
Equity	224,929,476	253,252,852	223,832,044	252,553,022
Liabilities	3,832,558,723	4,503,389,102	911,600,028	890,373,258
Amounts of third parties	362,607,756	191,333,681	362,607,764	191,318,407
Adjusted solvency ratio (1)	6.5%	5.9%	40.8%	36.1%

(1) Equity / (Liabilities - Amounts of third parties in Cash and cash equivalents)

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 capitalisation 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. 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 recognise in stages the respective impacts of the static component in accordance with article 473-A of the CRR.

As at 31 December 2022 and 31 December 2023, the Bank had the following capital ratios, calculated pursuant to the transitory provisions set out in the CRR:

	2022		2023	
	CRR Phasing in	*CRR Fully Implemented*	*CRR Phasing in*	*CRR Fully Implemented*
OWN FUNDS				
Capital	**296,400,000**	**296,400,000**	**296,400,000**	**296,400,000**
Retained Earnings	**(59,348,171)**	**(59,348,171)**	**(46,098,200)**	**(46,098,200)**
Legal Reserves	**1,570,927**	**1,570,927**	**3,036,522**	**3,036,522**
Eligible Earnings	**14,715,565**	**14,715,565**	**17,023,433**	**17,023,433**
Other Reserves	**347,757**	**347,757**	**350,497**	**350,497**
Prudential Filters	**—**	**—**	**(23,231)**	**(23,231)**
Fair value reserve (1)	—	—	—	—
Additional Valuation Adjustment (AVA) (2)	—	—	(23,231)	(23,231)
Deduction to the main Tier 1 elements	**(68,809,596)**	**(76,171,372)**	**(71,793,078)**	**(74,549,381)**
Losses for the period	—	—	—	—
Intangible assets	(14,796,022)	(14,796,022)	(13,174,030)	(13,174,030)
Goodwill	(60,678,648)	(60,678,648)	(60,678,648)	(60,678,648)
IFRS 9 adoption	6,667,074	(694,703)	2,061,600	(694,703)
Securitisation deduction (1250%)	(2,000)	(2,000)	(2,000)	(2,000)
Items not deducted from Own Funds according to article 437 of CRR	**1,732,475**	**1,732,475**	**1,753,401**	**1,753,401**
Deferred tax assets	1,732,475	1,732,475	1,753,401	1,753,401
Common Equity Tier 1	**184,876,483**	**177,514,707**	**198,895,943**	**196,139,640**
Tier 1 Capital	**184,876,483**	**177,514,707**	**198,895,943**	**196,139,640**
Total Own Funds	**184,876,483**	**177,514,707**	**198,895,943**	**196,139,640**
RWA	1,182,594,054	1,176,297,814	947,577,336	945,528,243
Credit Risk	1,000,303,421	1,000,303,421	728,876,876	728,876,876
Operational Risk	148,924,759	148,924,759	188,984,037	188,984,037
Market Risk	—	—	—	—
CVA	33,365,873	33,365,873	29,716,423	29,716,423
IFRS 9 Adjustments	—	(6,296,240)	—	(2,049,093)
CAPITAL RATIOS				
Common Equity Tier 1	15.63%	15.09%	20.99%	20.74%
Tier 1 Ratios	15.63%	15.09%	20.99%	20.74%
Total Capital Ratio	15.63%	15.09%	20.99%	20.74%
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:

		2022			2023			
Rating	Credit Quality Degree	Institutions, residual maturity > 3m	Sovereign	Central Bank	Institutions, residual maturity > 3m	Sovereign	Central Bank	Supranational
AAA AA	1	—	—	—	—	206,707,460	—	80,614,379
A	2	5,239,419	206,334,463	—	961,721	167,646,135	—	—
BBB	3	4,700,523	331,577,782	—	11,049,500	274,581,840	—	—
BB	4	—	—	—	—	—	—	—
B	5	—	—	—	—	—	—	—
<B	6	—	—	—	—	—	—	—
Without rating	Without rating	—	—	450,250,022	—	—	1,260,076,886	—
		9,939,942	**537,912,245**	**450,250,022**	**12,011,221**	**648,935,435**	**1,260,076,886**	**80,614,379**

18. Inventories

As at 31 December 2022 and 31 December 2023, the **Group** and the **Company** Inventories are detailed as follows:

	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**

	2023					
	Group			Company		
	Gross amount	Impairment losses	Net amount	Gross amount	Impairment losses	Net amount
Merchandise	5,377,720	2,234,919	3,142,801	4,888,923	2,234,919	2,654,004
Raw, subsidiary and consumable materials	4,572,481	901,944	3,670,537	4,514,760	901,944	3,612,816
Advances on purchases	(149,869)	—	(149,869)	(149,869)	—	(149,869)
	9,800,332	**3,136,863**	**6,663,470**	**9,253,814**	**3,136,863**	**6,116,951**

Cost of sales

During the years ended 31 December 2022 and 31 December 2023, the details of Cost of sales related to the **Group** and the **Company**, were as follows:

	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
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**

	2023					
	Group			Company		
	Merchandise	Raw, subsidiary and consumable materials	Total	Merchandise	Raw, subsidiary and consumable materials	Total
Opening balance	7,644,305	4,314,685	11,958,991	6,604,998	4,276,475	10,881,473
Purchases	7,524,671	5,028,916	12,553,587	5,977,921	4,983,998	10,961,919
Offers	(22,975)	(24,768)	(47,743)	(22,975)	(24,768)	(47,743)
Adjustments	(31,828)	(46,863)	(78,691)	(32,143)	(46,863)	(79,006)
Impairment of inventories	(283,414)	92,783	(190,632)	(283,414)	92,783	(190,632)
Closing balance	(5,377,720)	(4,572,481)	(9,950,201)	(4,888,923)	(4,514,760)	(9,403,683)
Cost of sales	**9,453,040**	**4,792,271**	**14,245,311**	**7,355,463**	**4,766,865**	**12,122,329**

Impairment

During the years ended 31 December 2022 and 31 December 2023, the movements in the **Group** and the **Company** Accumulated impairment losses (Note 25) were as follows:

	2022				
Group and Company	Opening balance	Increases	Reversals	Utilisations	Closing balance
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**

	2023				
Group and Company	Opening balance	Increases	Reversals	Utilisations	Closing balance
Merchandise	2,747,401	—	(283,414)	(229,068)	2,234,919
Raw, subsidiary and consumable	922,314	92,783	—	(113,152)	901,944
	3,669,714	**92,783**	**(283,414)**	**(342,220)**	**3,136,863**

For the years ended 31 December 2022 and 31 December 2023, impairment losses of inventories were recorded in the **Group** and the **Company** net of reversals amounting to (157,261) Euros and (190,632) Euros, respectively, in the caption “Cost of sales”.

19. Accounts receivable

As at 31 December 2022 and 31 December 2023 the **Group** and the **Company** heading Accounts receivable showed the following composition:

	Group		Company	
	31.12.2022	31.12.2023	31.12.2022	31.12.2023
Non-current				
Group companies (1)	—	—	617,421	596,036
	—	**—**	**617,421**	**596,036**
Current				
Third parties	125,451,093	130,969,841	50,910,203	37,860,117
Postal operators	21,469,695	21,680,644	19,526,611	19,344,916
Group companies (1)	210,088	411,070	27,626,623	20,394,521
	147,130,876	**153,061,555**	**98,063,438**	**77,599,554**
	147,130,876	**153,061,555**	**98,680,859**	**78,195,590**

(1) Includes subsidiary, associated and joint-ventures companies.

As at 31 December 2022 and 31 December 2023, the ageing of accounts receivable is detailed as follows:

	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.

Accounts receivable	2023					
	Group			Company		
	Gross amount	Accumulated impairment losses	Net amount	Gross amount	Accumulated impairment losses	Net amount
Non-overdue	88,529,203	(56,422)	88,472,781	38,189,373	(33,790)	38,155,584
Overdue (1):						
0-30 days	23,611,584	59,398	23,670,983	8,813,129	(4,600)	8,808,530
31-90 days	9,975,361	(584,767)	9,390,594	10,159,199	(1,563)	10,157,636
91-180 days	5,703,708	(27,300)	5,676,409	2,916,841	(828)	2,916,013
181-360 days	3,543,777	(483,323)	3,060,454	360,665	(17,863)	342,802
> 360 days	66,973,577	(44,183,242)	22,790,335	21,460,590	(3,645,565)	17,815,025
	198,337,211	**(45,275,655)**	**153,061,555**	**81,899,798**	**(3,704,208)**	**78,195,590**

(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	
	31.12.2022	31.12.2023	31.12.2022	31.12.2023
Other accounts receivable	8,767,791	5,547,464	2,960,794	1,353,783
Foreign operators	10,941,989	17,242,871	10,153,776	16,461,242
Total	**19,709,780**	**22,790,335**	**13,114,570**	**17,815,025**
Foreign operators - payable (Note 34)	**22,526,001**	**27,630,583**	**22,526,001**	**27,146,897**

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 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 accounts receivable and payable from foreign postal operators' detail by ageing (reference year) with reference of 31 December 2023 were as follows:

Group	2023	2022	2021 and previous	Total
Nature				
Customers	13,587,544	5,005,881	3,087,219	21,680,644
Suppliers	(16,650,509)	(18,136,634)	(11,816,709)	(46,603,852)

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 recognise 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 2023 for the **Group** at 0.6% (31 December 2022: 0.9%), and 1.7% in the **Company** (31 December 2022: 1.4%). 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	
	31.12.2022	31.12.2023	31.12.2022	31.12.2023
Advance deposits	976,870	977,821	660,771	645,955
Bank guarantees	26,500	—	26,500	—
Total	**1,003,370**	**977,821**	**687,271**	**645,955**

Impairment losses

During the years ended 31 December 2022 and 31 December 2023, the movement in the **Group** Accumulated impairment losses caption (Note 25) was as follows:

Group	2022					
	Opening balance	Increases	Reversals	Utilisations	Other movements	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**

Group	2023					
	Opening balance	Increases	Reversals	Utilisations	Other movements	Closing balance
Accounts receivable	41,409,047	6,063,033	(1,580,637)	(614,647)	(1,140)	45,275,655
	41,409,047	**6,063,033**	**(1,580,637)**	**(614,647)**	**(1,140)**	**45,275,655**

For the years ended 31 December 2022 and 31 December 2023, impairment losses of accounts receivable were recorded in the **Group** (net of reversals) amounting to 2,193,598 Euros and 4,482,396 Euros, respectively, in the caption Impairment of accounts receivable, net (Note 46).

As at 31 December 2022 and 31 December 2023, 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, 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 2022 and 31 December 2023, the movement in Accumulated impairment losses caption (Note 25) of the **Company** was as follows:

Company	2022				
	Opening balance	Increases	Reversals	Utilisations	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**

Company	2023				
	Opening balance	Increases	Reversals	Utilisations	Closing balance
Accounts receivable	3,648,820	1,442,846	(1,048,000)	(339,458)	3,704,208
	3,648,820	**1,442,846**	**(1,048,000)**	**(339,458)**	**3,704,208**

For the years ended 31 December 2022 and 31 December 2023, impairment losses of accounts receivable were recorded in the **Company** (net of reversals) amounting to (282,392) Euros and 394,846 Euros, respectively, in the caption Impairment of accounts receivable, net (Note 46).

20. Credit to banking clients

As at 31 December 2022 and 31 December 2023, the **Group** caption Credit to banking clients was detailed as follows:

	31.12.2022	31.12.2023
Performing loans	**1,808,576,514**	**1,616,912,775**
Mortgage Loans	659,528,828	728,846,938
Auto Loans	780,322,145	882,757,623
Credit Cards	364,276,261	—
Leasings	3,098,317	1,819,790
Overdrafts	1,350,964	3,488,425
Overdue loans	**23,724,664**	**24,117,118**
Overdue loans - less than 90 days	1,407,206	1,384,695
Overdue loans - more than 90 days	22,317,458	22,732,423
	1,832,301,179	**1,641,029,894**
Credit risk impairment	**(54,736,167)**	**(47,815,999)**
	1,777,565,012	**1,593,213,895**

The maturity analysis of the Credit to bank clients as at 31 December 2022 and 31 December 2023 is detailed as follows:

	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
Overdrafts	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**

	31.12.2023								
	Current					Non-current			Total
	At sight	Due within 3 months	>3 months - < 1 year	Overdue Loans	Total	> 1 year - > 3 years	Over 3 years	Total	
Mortgage loans	—	4,850,143	8,998,954	41,489	13,890,586	25,126,922	689,870,918	714,997,840	728,888,426
Auto Loans	—	35,075,222	92,025,117	23,091,609	150,191,948	246,411,072	509,246,212	755,657,284	905,849,232
Leasings	—	194,548	647,891	98,810	941,249	520,532	456,819	977,351	1,918,600
Overdrafts	3,488,425	—	—	885,211	4,373,636	—	—	—	4,373,636
	3,488,425	**40,119,913**	**101,671,962**	**24,117,118**	**169,397,418**	**272,058,526**	**1,199,573,950**	**1,471,632,475**	**1,641,029,894**

The Credit Cards caption, essentially, represents a portfolio of credit cards acquired within the scope of the Universo Partnership with Universo, IME, S.A.. This portfolio was recognised in the Group's financial statements to the extent that the Group is a sole investor in the Next Funding No.1 securitisation operation and, therefore, in compliance with the conditions set out in IFRS 10 - Consolidated Financial Statements, the securitisation operation is consolidated.

In December 2022, Banco CTT and Universo, IME, SA ("Universo") revised the terms of the Partnership Agreement in the area of financial services, communicated to the market on 1 April 2021. In this context, the Banco CTT and Universo agreed the terms for the termination of the Agreement with a view to ending the partnership in December 2023. Notwithstanding this agreement, the conditions set out in IFRS 10 for recognising the credit card portfolio in the Group's financial statements continued to be occur on 31 December 2022. Under this agreement, Banco CTT was entitled to compensation of 2,000 thousand euros, settled in December 2023. In December 2023, the entire exposure to credit cards was sold to Universe, in accordance with the principles agreed in December 2022.

The breakdown of this heading by type of rate is as follows:

	31.12.2022	31.12.2023
Fixed rate	1,147,499,141	1,039,230,174
Floating rate	684,802,038	601,799,720
	1,832,301,179	**1,641,029,894**
Credit risk impairment	(54,736,167)	(47,815,999)
	1,777,565,012	**1,593,213,895**

As at 31 December 2022 and 31 December 2023, the analysis of this caption by type of collateral, is presented as follows:

	2022				
	Performing Loans	Overdue Loans	Gross amount	Impairment	Net amount
Asset-backed Loans	662,647,627	146,757	662,794,383	(1,036,479)	661,757,904
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	**23,724,665**	**1,832,301,178**	**(54,736,167)**	**1,777,565,011**

	2023				
	Performing Loans	Overdue Loans	Gross amount	Impairment	Net amount
Asset-backed Loans	730,695,033	134,536	730,829,570	(1,514,397)	729,315,173
Other guaranteed Loans	861,229,849	5,404,733	866,634,583	(31,046,824)	835,587,759
Unsecured Loans	24,987,892	18,577,849	43,565,741	(15,254,779)	28,310,963
	1,616,912,775	**24,117,118**	**1,641,029,894**	**(47,815,999)**	**1,593,213,895**

The credit type analysis of the caption, as at 31 December 2022 and 31 December 2023 is detailed as follows:

	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	**23,724,665**	**1,832,301,179**	**(54,736,167)**	**1,777,565,012**

	2023				
	Performing Loans	Overdue Loans	Gross amount	Impairment	Net amount
Mortgage Loans	728,846,938	41,489	728,888,426	(1,419,456)	727,468,970
Auto Loans	882,757,623	23,091,609	905,849,232	(45,581,390)	860,267,842
Leasings	1,819,790	98,810	1,918,600	(23,634)	1,894,966
Overdrafts	3,488,425	885,211	4,373,636	(791,519)	3,582,117
	1,616,912,775	**24,117,118**	**1,641,029,894**	**(47,815,999)**	**1,593,213,895**

The analysis of credit to bank clients as at 31 December 2022 and 31 December 2023, by sector of activity, is as follows:

	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 and defence, compulsory 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)**	**1,777,565,014**

	2023				
	Performing Loans	Overdue Loans	Gross amount	Impairment	Net amount
Companies	**95,619,127**	**2,570,833**	**98,189,960**	**(4,480,668)**	**93,709,293**
Agriculture, forestry and fishing	13,093,378	278,240	13,371,618	(677,075)	12,694,544
Mining and quarrying	1,514,584	4,063	1,518,646	(46,335)	1,472,312
Manufacturing	7,293,078	210,506	7,503,584	(329,907)	7,173,677
Electricity, gas, steam and air conditioning supply	8,313	—	8,313	(37)	8,276
Water supply	110,309	—	110,309	(461)	109,848
Construction	17,289,012	598,350	17,887,362	(934,282)	16,953,081
Wholesale and retail trade	13,804,106	268,963	14,073,069	(456,131)	13,616,938
Transport and storage	11,255,827	358,412	11,614,239	(586,252)	11,027,987
Accommodation and food service activities	7,186,598	142,029	7,328,627	(349,892)	6,978,735
Information and communication	1,214,554	6,923	1,221,477	(29,124)	1,192,352
Financial and insurance activities	341,563	33,415	374,978	(25,942)	349,037
Real estate activities	2,007,274	42,301	2,049,575	(49,053)	2,000,522
Professional, scientific and technical activities	2,516,816	58,613	2,575,429	(111,079)	2,464,351
Administrative and support service activities	4,827,494	230,701	5,058,195	(311,788)	4,746,408
Public administration and defence, compulsory social security	84,877	206	85,084	(2,494)	82,589
Education	844,145	12,967	857,112	(15,932)	841,180
Human health services and social work activities	1,803,171	21,167	1,824,339	(39,544)	1,784,794
Arts, entertainment and recreation	1,851,294	147,756	1,999,049	(129,751)	1,869,298
Other services	8,572,733	156,221	8,728,954	(385,589)	8,343,365
Individuals	**1,521,293,648**	**21,546,285**	**1,542,839,933**	**(43,335,332)**	**1,499,504,602**
Mortgage Loans	728,930,142	41,498	728,971,639	(1,421,117)	727,550,522
Consumer Loans	792,363,506	21,504,787	813,868,294	(41,914,214)	771,954,079
	1,616,912,775	**24,117,118**	**1,641,029,894**	**(47,815,999)**	**1,593,213,895**

The total credit portfolio, split by stage according to IFRS 9, is analysed as follows:

	2022	2023
Stage 1	**1,660,385,770**	**1,462,656,854**
Gross amount	1,667,898,411	1,466,355,203
Impairment	(7,512,642)	(3,698,349)
Stage 2	**82,154,887**	**91,015,446**
Gross amount	89,109,896	97,460,137
Impairment	(6,955,009)	(6,444,691)
Stage 3	**35,024,355**	**39,541,594**
Gross amount	75,292,871	77,214,554
Impairment	(40,268,516)	(37,672,959)
	1,777,565,012	**1,593,213,895**

The caption credit to bank clients includes the effect of traditional securitisation transactions, carried out through securitisation 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:

	2022	2023
Amount of future minimum payments	3,548,810	2,244,282
Interest not yet due	(450,493)	(424,492)
Present value	**3,098,317**	**1,819,790**

The amount of future minimum payments of lease contracts, by maturity terms, is analysed as follows:

	2022	2023
Due within 1 year	1,580,023	1,272,469
Due between 1 to 5 years	1,632,323	686,206
Over 5 years	336,463	285,607
Amount of future minimum payments	**3,548,810**	**2,244,282**

The analysis of financial leases contracts, by type of client, is presented as follows:

	2022	2023
Individuals	**403,140**	**242,458**
Home	83,393	74,602
Others	319,747	167,857
Companies	**2,695,176**	**1,577,331**
Equipment	178,712	161,061
Real Estate	2,516,465	1,416,271
	3,098,317	**1,819,790**

Impairment losses

During the year ended 31 December 2022 and 31 December 2023, the movement in the **Group** under the Accumulated impairment losses caption (Note 25) was as follows:

	2022						
	Opening balance	Increases	Reversals	Utilisations	Transfers	Other movements	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**

	2023						
	Opening balance	Increases	Reversals	Utilisations	Transfers	Other movements	Closing balance
Non-current assets							
Credit to banking clients	22,074,965	29,865,366	(15,637,839)	(18,335,628)	9,084,969	168,623	27,220,455
	22,074,965	**29,865,366**	**(15,637,839)**	**(18,335,628)**	**9,084,969**	**168,623**	**27,220,455**
Current assets							
Credit to banking clients	32,661,202	22,596,738	(11,831,904)	(13,873,106)	(9,084,969)	127,583	20,595,544
	32,661,202	**22,596,738**	**(11,831,904)**	**(13,873,106)**	**(9,084,969)**	**127,583**	**20,595,544**
	54,736,167	**52,462,104**	**(27,469,743)**	**(32,208,734)**	**—**	**296,206**	**47,815,999**

For the years ended 31 December 2022 and 31 December 2023, impairment losses of Credit to banking clients were recorded in the **Group** (net of reversals) amounting to 24,718,701 Euros and 24,992,361 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 2022 and 31 December 2023, they are detailed as follows:

	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
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)
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	—	—	*926,910*	*926,910*

	2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Opening balance	**7,512,642**	**6,955,009**	**40,268,516**	**54,736,167**
Change in period:				
Increases due to origination and acquisition	1,331,542	1,416,045	961,291	3,708,878
Changes due to change in credit risk	(5,673,996)	2,324,258	26,532,908	23,183,170
Decrease due to derecognition repayments and disposals	(1,106,458)	(2,500,481)	(29,152,813)	(32,759,752)
Write-offs	—	—	(1,348,669)	(1,348,669)
Transfers to:				
Stage 1	2,606,546	(1,456,726)	(1,149,820)	—
Stage 2	(702,546)	2,620,554	(1,918,007)	—
Stage 3	(279,413)	(2,931,365)	3,210,779	—
Foreign exchange and other	10,032	17,398	268,777	296,206
Impairment	**3,698,349**	**6,444,691**	**37,672,959**	**47,815,999**
Of which: POCI	—	—	*578,523*	*578,523*

The reconciliation of accounting movements related to impairment losses is presented below:

	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)	—
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**

	2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Opening balance	**7,512,642**	**6,955,009**	**40,268,516**	**54,736,167**
Change in period:				
ECL income statement change for the period	(5,127,980)	3,438,509	26,681,832	24,992,361
Stage transfers (net)	1,624,587	(1,767,538)	142,951	—
Disposals	(320,931)	(2,198,687)	(27,517,324)	(30,036,942)
Utilisations during the period	—	—	(823,123)	(823,123)
Write-offs	—	—	(1,348,669)	(1,348,669)
Foreign exchange and other	10,032	17,398	268,777	296,206
Impairment	**3,698,349**	**6,444,691**	**37,672,959**	**47,815,999**

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 analyses were carried out on the distribution of the portfolio by stage and the respective impact on impairment.

The **Group** considers that the most sensitive or susceptible 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, the sensitivity analysis carried out to determine what would be the impairment of the global portfolio if those parameters suffered a relative deterioration of 10%, concluded that the increase in impairment would be 740 thousand euros, corresponding to about 1,5%.

21. Prepayments

As at 31 December 2022 and 31 December 2023, the Prepayments included in current assets and current and non-current liabilities of the **Group** and the **Company** showed the following composition:

	Group		Company	
	31.12.2022	**31.12.2023**	**31.12.2022**	**31.12.2023**
Deferred Assets				
Current				
Rents payable	861,806	389,421	535,949	54,062
Meal allowances	1,360,349	1,315,703	1,360,349	1,315,703
Other	6,789,720	8,241,648	2,450,055	3,452,197
	9,011,875	**9,946,772**	**4,346,353**	**4,821,962**
Deferred Liabilities				
Non-current				
Investment subsidy	260,886	671,689	260,885	656,216
	260,886	**671,689**	**260,885**	**656,216**
Current				
Investment subsidy	11,201	11,201	11,201	11,201
Contractual liabilities	1,165,324	2,212,896	877,484	792,237
Other	2,501,616	2,886,001	2,182,957	1,572,659
	3,678,140	**5,110,098**	**3,071,642**	**2,376,096**
	3,939,026	**5,781,787**	**3,332,527**	**3,032,312**

The change in the caption "Other deferred assets" essentially results from the renewal of software license contracts and insurance contracts.

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 recognised as revenue because the performance obligations have not yet been met as recommended by the standard.

The “Contractual liabilities” recognised by the **Group** essentially refer to amounts related to stamps and prepaid postage of priority mail in the amount of 792,237 Euros (877,484 Euros on 31 December 2022), whose revenue is expected to be recognised in January 2024 (estimate of 80% of the item's value) and the remaining during 2024, and to objects invoiced and not delivered on 31 December 2023 in the express segment, in the amount of 1,420,660 Euros (287,840 Euros as of 31 December 2022), whose revenue is recognised upon delivery in the following month.

The revenue recognised by the **Group** and **Company** in the period, included in the balance of Contractual liabilities at the beginning of the period amounted to 1,165,324 Euros and 877,484 Euros, respectively.

No “Assets resulting from contracts” associated with the application of IFRS 15 - Revenue from contracts with customers were recognised.

22. Non-current assets held for sale and Discontinued operations

As at 31 December 2022 and 31 December 2023, the amounts recorded under this caption, in the **Group,** are detailed as follows:

	31.12.2022	31.12.2023
Non-current assets held for sale		
Real estate	—	—
Equipment	838	838
	838	**838**
Impairment	(638)	(638)
	200	**200**

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 2022 and 31 December 2023, the movement in impairment losses in the Group recognised under the caption “Depreciation / amortisation and impairment of investments (losses / reversals)” (Note 47) was as follows::

	2022				
	Opening balance	Increases	Reversals	Utilisations	Closing balance
Current assets					
Non-current assets held for sale	164,441	8,236	(172,038)	—	638
	164,441	**8,236**	**(172,038)**	**—**	**638**

	2023				
	Opening balance	Increases	Reversals	Utilisations	Closing balance
Current assets					
Non-current assets held for sale	638	—	—	—	638
	638	**—**	**—**	**—**	**638**

As at 31 December 2022 and 31 December 2023, there were no operations classified as discontinued operations.

23. Cash and cash equivalents

As at 31 December 2022 and 31 December 2023, 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	
	31.12.2022	31.12.2023	31.12.2022	31.12.2023
Cash	71,794,674	86,139,678	46,248,572	60,695,516
Demand deposits	160,127,945	93,256,266	159,244,898	58,847,282
Deposits at Central Banks	38,636,396	29,095,592	—	—
Deposits at other credit institutions	59,140,984	36,068,548	—	—
Term deposits	126,769,299	107,049,550	124,606,988	102,446,674
Cash and cash equivalents (Statement of Financial Position)	**456,469,298**	**351,609,634**	**330,100,458**	**221,989,472**
Demand deposits at Banco de Portugal	(23,185,900)	(28,625,500)	—	—
Checks for collection / Checks clearing	(22,492,340)	(7,758,807)	—	—
Impairment of Demand and term deposits	7,917	3,988	7,699	3,768
Cash and cash equivalents (Cash Flow Statement)	**410,798,975**	**315,229,314**	**330,108,157**	**221,993,241**

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 December 2023,, the daily average of the minimum mandatory availability for the period in force was 28,625,500 Euros.

Therefore, the item Demand deposits at Bank of Portugal includes, as at 31 December 2023, a total amount of demand deposits of 29,095,592 Euros (31 December 2022: 38,636,396 Euros).

The Eurozone banks are required to hold a certain amount of funds in their current accounts with the national central bank. These funds are called “mandatory minimum reserves”. The amount of funds to be held as minimum reserves is calculated based on banks' balance sheets before the start of each maintenance period. Currently, banks are obliged to hold, at their respective national central bank, a minimum of 1% of specific liabilities, mainly customer deposits of up to 2 years.

From the reserve counting period starting 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. 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. Until October 2022, the interest rate paid was linked to the interest rate on main refinancing operations. It was then reduced to reflect the deposit facility rate, and in July 2023 it was set at 0%.

The caption “Outstanding checks/ Checks clearing” represents checks drawn by third parties on other credit institutions, which are in collection.

In 2023, the **Group’**s Cash-flows decrease 95,569,661 Euros. The main changes in the **Group's** cash flow statement captions that contribute to the global change, are explained as follows:

- The caption “Deposits from bank customers”, from operational activities, amounts to 833,574,737 Euros (2022: 123,738,597 Euros). The increase is mainly explained by the growth in Banco CTT's activity with greater deposit capture compared to 2022.

- The caption “Credit to bank customers” of operational activities amounts to 203,606,686 Euros (2022: (242,912,761) Euros). The value of receipts in 2023 is due to the run-off of the credit card portfolio throughout 2023, which ended with its sale in December 2023.

- The caption “Other receipts/payments” of operational activities amounts to (95,393,472) Euros, compared to 249,493,641 Euros, explained mainly by a significant flow of subscription to savings certificates by consumers at the end of 2022, driven by the increase in rates Euribor, and consequent impact on the profitability of this investment product.

- The caption investments in the Central Bank, of investment activities, amounts to (809,457,000) Euros (2022: (450,200,000 Euros). The change compared to the previous period is related to the capture of resources from customers during 2023, which allowed a greater volume of applications at the Central Bank.

In 2023, the **Company’** Cash-flows decrease 108,114,916 Euros. The main changes in the **Company'**s cash flow statement captions that contribute to the global change, are explained as follows:

- The item “Other receipts/payments”, of operational activity, mainly records the amounts paid in relation to order vouchers, vouchers issued in stores, subscription and amortisation of savings/ treasury certificates and respective payments to the IGCP, tax collections, payment and receipts of foreign postal operators, among others. This caption recorded an amount of (197,744,279) Euros in 2023 (2022: 166,974,469 Euros), explained mainly by a significant flow of subscriptions to savings certificates by consumers at the end of 2022, driven by the increase in Euribor rates, and consequent impact on the profitability of this investment product.

- “Receipts relating to financing obtained” amounted (94,686,630) Euros, compared to a zero balance in 2022. The variation is explained, above all, by new bank financing in the form of commercial paper, as well as short-term financing in the amount of around 60 million euros (note 31).

- The variation in the item “Acquisition of own shares”, of financing activities, refers to the own share buyback programme, explained in detail in note 27.

Impairment

In the period ended 31 December 2022 and 31 December 2023, the movement recorded under the caption “Impairment of sight and term deposits” (Note 25) related to the **Group** is detail as follows:

	2022				
Group	**Opening balance**	**Increases**	**Reversals**	**Utilisations**	**Closing balance**
Slight and term deposits	24,913	1,715	(18,711)	—	7,917
	24,913	**1,715**	**(18,711)**	**—**	**7,917**

	2023				
Group	**Opening balance**	**Increases**	**Reversals**	**Utilisations**	**Closing balance**
Slight and term deposits	7,917	38	(3,967)	—	3,988
	7,917	**38**	**(3,967)**	**—**	**3,988**

For the year ended 31 December 2022 and 31 December 2023 impairment losses (increases net of reversals) of sight and term deposits amounted to (16,996) Euros and (3,930) Euros, respectively, and were booked under the caption Impairment of accounts receivable, net (Note 46).

Regarding the **Company,** in the period ended 31 December 2022 and 31 December 2023, the movement recorded under the caption “Impairment of sight and term deposits” (Note 25) related to the **Company** is detail as follows:

	2022				
Company	**Opening balance**	**Increases**	**Reversals**	**Utilisations**	**Closing balance**
Slight and term deposits	24,501	1,696	(18,499)	—	7,699
	24,501	**1,696**	**(18,499)**	**—**	**7,699**

	2023				
Company	**Opening balance**	**Increases**	**Reversals**	**Utilisations**	**Closing balance**
Slight and term deposits	7,699	—	(3,930)	—	3,768
	7,699	**—**	**(3,930)**	**—**	**3,768**

For the year ended 31 December 2022 and 31 December 2023 impairment losses (increases net of reversals) of sight and term deposits amounted to (16,803) Euros and (3,930) 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 2022 and 31 December 2023, the captions “Other non-current assets” and “Other current assets” of the **Group** and the **Company** had the following composition:

	Group		Company	
	31.12.2022	**31.12.2023**	**31.12.2022**	**31.12.2023**
Non-current				
Advances to staff	1,943	—	1,943	—
Other receivables from staff	2,497,656	2,210,093	2,497,656	2,210,093
Labour compensation fund	1,143,305	1,217,461	561,897	619,487
Other non-current assets	441,590	485,949	309,007	309,007
Impairment	(2,906,847)	(380,493)	(2,906,847)	(374,036)
	1,177,648	**3,533,009**	**463,657**	**2,764,552**
Current				
Advances to suppliers	256,409	257,860	256,409	257,860
Advances to staff	4,122,243	4,838,230	4,007,527	4,633,733
Postal financial services	1,717,260	4,836,892	1,717,259	4,836,891
State and other public entities	5,362,367	8,928,251	—	—
Debtors by accrued revenues	8,713,153	4,733,134	5,505,466	5,712,315
Amounts collected on CTT behalf	567,598	1,935,706	170,665	150,917
Guaranteed	1,108,469	1,116,247	—	—
Advances to lawyers	42,716	3,809	—	—
Debtors by asset disposals	29,534	16,094	29,534	16,094
Payshop agents	262,156	308,452	—	—
Mobility allowances for Autonomous Regions	6,647,062	11,224,439	6,647,062	11,224,439
Office for media	540,679	1,530,334	540,679	1,530,334
Sundry debtors	200,143	216,547	200,143	196,147
Collections	15,029,996	15,082,031	10,418,895	11,729,377
Deposits	27,234,053	27,043,588	251,430	235,830
Customs	2,437,022	4,724,859	2,437,022	4,724,859
Non-core billing	1,193,245	1,099,714	735,345	880,527
Billing to partners	1,366,601	2,178,264	—	—
Automatic payment terminals	—	3,221,868	—	—
Other current assets	11,199,512	10,898,628	10,554,442	10,356,256
Impairment	(11,547,796)	(11,649,410)	(10,371,352)	(10,377,497)
	76,482,423	**92,545,537**	**33,100,526**	**46,108,082**

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.

<u>Deposits</u>

The amount in the caption "”Deposits” in the current year essentially concerns to a cash account with a Financial Institution, with a captive amount of 25,830 thousand euros (margin call) related to Banco CTT's derivative contracts.

<u>Mobility allowances for Autonomous Regions</u>

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 evolution seen in this balance is justified by the fact that the values of mobility subsidies relating to the Azores are experiencing a sharp increase. Remember that, contrary to what happens in the Autonomous Region of Madeira, where the law determined a maximum limit on the amounts to be reimbursed per trip, such a limitation is not included in the legislation for this subsidy for the Autonomous Region of the Azores.

The caption "Other current assets" is mainly constituted by several long-standing debt balances, for which were created the related impairment losses in previous years.

Debtors by accrued revenues

As at 31 December 2022 and 31 December 2023, 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 2022 and 31 December 2023, the movement in the **Group** Accumulated impairment losses (Note 25) was as follows:

Group	2022				
	Opening balance	Increases	Reversals	Utilisations	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**

Group	2023				
	Opening balance	Increases	Reversals	Utilisations	Closing balance
Other current and non-current assets	14,454,642	344,272	(2,650,885)	(118,126)	12,029,903
	14,454,642	**344,272**	**(2,650,885)**	**(118,126)**	**12,029,903**

For the years ended 31 December 2022 and 31 December 2023, impairment losses (increases net of reversals) of Other current and non-current assets amounted to 1,492,885 Euros and (2,306,613) Euros, respectively, were booked under the caption "Impairment of accounts receivable, net" (Note 46).

Regarding the **Company,** during the years ended 31 December 2022 and 31 December 2023 the movement in the Accumulated impairment losses caption (Note 25) was as follows:

Company	2022				
	Opening balance	Increases	Reversals	Utilisations	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**

Company	2023				
	Opening balance	Increases	Reversals	Utilisations	Closing balance
Other current and non-current assets	13,278,200	182,704	(2,602,213)	(107,157)	10,751,534
	13,278,200	**182,704**	**(2,602,213)**	**(107,157)**	**10,751,534**

For the years ended 31 December 2022 and 31 December 2023, impairment losses of Other current and non-current assets were recorded in the **Company** (net of reversals) amounting to 1,387,049 Euros and (2,419,509) Euros, respectively in the caption Impairment of accounts receivable, net (Note 46).

25. Accumulated impairment losses

During the years ended 31 December 2022 and 31 December 2023, the following movements occurred in the **Group**'s impairment losses:

	2022						
Group	**Opening balance**	**Increases**	**Reversals**	**Utilisations**	**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)	—	—	—	253,181
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**

Group	2023 Opening balance	Increases	Reversals	Utilisations	Transfers	Other movements	Closing balance
Non-current assets							
Tangible fixed assets	3,652,127	5,176,860	(8,815,181)	—	—	—	13,806
Investment properties	253,181	60,000	(60,788)	—	—	—	252,393
	3,905,309	**5,236,860**	**(8,875,970)**	**—**	**—**	**—**	**266,199**
Debt securities at amortised cost	121,927	20,146	(43,919)	—	(30,497)	—	67,657
Other non-current assets	2,906,847	6,458	(1,841,299)	—	(691,512)	—	380,493
Credit to banking clients	22,074,965	29,865,366	(15,637,839)	(18,335,628)	9,084,969	168,623	27,220,455
Other banking financial assets	274	—	—	—	(274)	—	—
	25,104,013	**29,891,969**	**(17,523,057)**	**(18,335,628)**	**8,362,686**	**168,623**	**27,668,606**
	29,009,322	**35,128,829**	**(26,399,026)**	**(18,335,628)**	**8,362,686**	**168,623**	**27,934,805**
Current assets							
Accounts receivable	41,409,047	6,063,033	(1,580,637)	(614,647)	—	(1,140)	45,275,655
Credit to banking clients	32,661,202	22,596,738	(11,831,904)	(13,873,106)	(9,084,969)	127,583	20,595,544
Debt securities at amortised cost	9,674	8,851	(19,296)	—	30,497	—	29,726
Other current assets	11,547,796	337,814	(809,586)	(118,126)	691,512	—	11,649,410
Other banking financial assets	1,807,339	39,061	(10,607)	(6,450)	274	—	1,829,618
Sight and term deposits	7,917	38	(3,967)	—	—	—	3,988
	87,442,978	**29,045,535**	**(14,255,998)**	**(14,612,329)**	**(8,362,686)**	**126,443**	**79,383,943**
Non-current assets held for sale	638	—	—	—	—	—	638
	638	**—**	**—**	**—**	**—**	**—**	**638**
Merchandise	2,747,401	—	(283,414)	(229,068)	—	—	2,234,919
Raw, subsidiary and consumable	922,313	92,783	—	(113,152)	—	—	901,944
	3,669,714	**92,783**	**(283,414)**	**(342,220)**	**—**	**—**	**3,136,863**
	91,113,329	**29,138,317**	**(14,539,412)**	**(14,954,549)**	**(8,362,686)**	**126,443**	**82,521,443**
	120,122,649	**64,267,146**	**(40,938,438)**	**(33,290,178)**	**—**	**295,066**	**110,456,246**

The amounts classified as “Other movements”, with reference to 31 December 2022 and 31 December 2023, 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.

Regarding the **Company,** during the years ended 31 December 2022 and 31 December 2023, the movement in the Accumulated impairment losses was as follows:

	2022					
Company	**Opening balance**	**Increases**	**Reversals**	**Utilisations**	**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)	—	—	253,181
	412,396	**3,636,002**	**(143,089)**	**—**	**—**	**3,905,309**
Other non-current assets	2,749,010	—	—	—	157,837	—
	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**

	2023					
Company	**Opening balance**	**Increases**	**Reversals**	**Utilisations**	**Transfers**	**Closing balance**
Non-current assets						
Tangible fixed assets	3,652,127	5,176,860	(8,815,181)	—	—	13,806
Investment properties	253,181	60,000	(60,788)	—	—	252,393
	3,905,309	**5,236,860**	**(8,875,969)**	**—**	**—**	**266,199**
Other non-current assets	2,906,847	—	(1,841,299)	—	(691,512)	374,036
	2,906,847	**—**	**(1,841,299)**	**—**	**(691,512)**	**374,036**
	6,812,156	**5,236,860**	**(10,717,268)**	**—**	**(691,512)**	**640,235**
Current assets						
Accounts receivable	3,648,820	1,442,846	(1,048,000)	(339,458)	—	3,704,208
Other current assets	10,371,352	182,704	(760,914)	(107,157)	691,512	10,377,497
Slight and term deposits	7,699	—	(3,930)	—	—	3,768
	14,027,871	**1,625,550**	**(1,812,844)**	**(446,615)**	**691,512**	**14,085,474**
Merchandise	2,747,401	—	(283,414)	(229,068)	—	2,234,919
Raw, subsidiary and consumable	922,314	92,783	—	(113,152)	—	901,944
	3,669,714	**92,783**	**(283,414)**	**(342,220)**	**—**	**3,136,863**
	17,697,585	**1,718,332**	**(2,096,258)**	**(788,835)**	**691,512**	**17,222,337**
	24,509,741	**6,955,192**	**(12,813,526)**	**(788,835)**	**—**	**17,862,572**

26. Equity

On 16 March 2022, the implementation of a share buyback programme was approved, with the sole purpose of reducing the **Company**'s share capital, through the extinction of the acquired shares. The implementation of this programme is explained in detail in note 27.

Subsequently, on 7 November 2022, the **Compa**ny'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 was fully underwritten and paid-up.

Subsequently, at the Annual General Meeting held on 20 April 2023 and also within the scope of the share buyback programme mentioned above, the share capital reduction of 717,500 Euros was approved. On 21 April 2023, the capital reduction of the aforementioned amount was registered in the

Commercial Register, through the extinction of 1,435,000 shares representing 0.997% of the share capital of CTT acquired.

Thus, on 31 December 2023, CTT's share capital was 71,957,500 Euros, represented by 143,915,000 shares with a nominal value of fifty cents per share, and the Company's Articles of Association were consequently amended. The capital was fully subscribed 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 2022, the following movements were made in the **Group** caption "Own Shares":

	Quantity	Value	Average price
Balance at 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 at 31 December 2022	**2,935,000**	**10,826,390**	**3.69**

As of 31 December 2023, the following movements were made in the **Group** caption "Own Shares":

	Quantity	Amount	Average Price
Balance 31 December 2022	2,935,000	10,826,390	3.69
Acquisitions	3,031,168	10,541,092	3.48
Cancellation (due to share capital reduction)	(1,435,000)	(5,293,313)	3.69
Shares Delivery - Long-term variable remuneration ("LTVR")	(121,868)	(449,537)	3.69
Balance at 31 December 2023	**4,409,300**	**15,624,632**	**3.54**

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 programme. The maximum monetary amount of the approved Buyback Programme was 18,000,000 Euros.

Subsequently, on 27 July 2022, and still within the scope of the authorisation 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 programme 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 Programme approved by the Board of Directors and the Annual General Meeting held in 2022 and communicated on 16 March 2022 remained unchanged.

The Buyback Programme 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 Programme 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 authorised 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.

Considering that the Company's Annual General Meeting held in 2022 only approved the extinction of up to 4,650,000 own shares corresponding to 3.1% of the share capital, the General Meeting held on 20 April 2023 approved the capital reduction for cancellation of the remaining 1,435,000 shares acquired under the buy-back programme referred to above. On 21 April 2023, the capital reduction of the aforementioned amount was registered in the Commercial Register, through the extinction of 1,435,000 shares representing 0.997% of the share capital of CTT acquired.

Also on 21 April 2023, 121,868 of own shares were delivered to the Board of Directors and Top Management of CTT, corresponding to the first tranche of the Long-Term variable remuneration, as explained in detail in note 45 - Staff Costs.

At the Company's Board of Directors meeting held on 21 June 2023, and as communicated to the market on the same date, it was decided to approve the implementation of a new buy-back programme of the Company's own shares, in the global amount of up to 20,000,000 euros.

This programme, to be implemented over the following 12 months (beginning on 26 June 2023 and ending on 25 June 2024, without prejudice to ending on an earlier date if the maximum number of shares to be acquired or the pecuniary amount is reached), has the following purposes:

1. Repurchasing a maximum of up to 7,650,000 shares, representing a maximum nominal amount of 3,825,000 Euros, which corresponds to 5.3% of the share capital, and

2. Reducing the same amount of the share capital through cancellation of the acquired shares.

The programme will be carried out in the context of the authorisation for the acquisition of own shares conferred by the General Meeting. The reduction of capital through the extinction of the own shares acquired under the programme will be subject to approval by the next General Meeting of CTT.

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.

As of 31 December 2023, the **Company** held an accumulated amount of 4,409,300 own shares, representing 3.064% of the share capital, 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.

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 2022 and 31 December 2023, the **Group**'s and **Company**'s caption Reserves showed the following composition:

	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	45,646,642	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 acquisitions	—	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**	**10,826,391**	**—**	**28,017,666**	**53,844,057**	**15,000,000**	**10,826,391**	**28,017,666**	**53,844,057**

	2023								
	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	10,826,391	—	28,017,666	53,844,057	15,000,000	10,826,391	28,017,666	53,844,057
Share capital decrease	—	(5,293,313)	—	717,500	(4,575,813)	—	(5,293,313)	717,500	(4,575,813)
Own shares acquisitions	—	10,541,092	—	(10,541,092)	—	—	10,541,092	(10,541,092)	—
Own shares attribution	—	(449,537)	—	449,537	—	—	(449,537)	449,537	—
Share Plan (share delivery)	—	—	—	(1,155,000)	(1,155,000)	—	—	(1,155,000)	(1,155,000)
Closing balance	**15,000,000**	**15,624,633**	**—**	**17,488,611**	**48,113,244**	**15,000,000**	**15,624,633**	**17,488,611**	**48,113,244**

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

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 2023, this caption includes the amount of 15,624,633 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.

On 31 December 2023, an amount of reserves of (1,155,000) Euros was derecognised, corresponding to the proportional amount of the options awarded during the period within the scope of the long-term variable remuneration, as described in note 45 - Staff Costs.

Retained earnings

During the years ended 31 December 2022 and 31 December 2023, the following movements were made in the **Group** and the **Company** caption Retained earnings:

	Group		Company	
	2022	2023	2022	2023
Opening balance	43,904,074	64,647,067	43,926,574	64,452,619
Application of the net profit of the prior year	38,404,113	36,406,519	37,680,272	37,307,258
Distribution of dividends (Note 28)	(17,656,441)	(17,817,109)	(17,656,441)	(17,817,109)
Adjustments from the application of the equity method	(4,678)	32,674	502,214	(14,081)
Other movements	—	—	—	(9,598,253)
Closing balance	**64,647,067**	**83,269,152**	**64,452,619**	**74,330,434**

The amount of (9,598,253) Euros recognised under the caption “Other movements”, in the **Company**, is related to the costs of the capital increase transaction by contribution in kind, which occurred in the subsidiary CTT IMO Yield, SA. and they essentially concern expenses with transaction taxes (Municipal Real Estate Transfer Tax (“IMT”) and stamp duty), deeds and consultants directly related to the transaction. As costs incurred with the issuance of its own equity instruments, and in accordance with the provisions of IAS 32, they should be recognised as a deduction from equity as they are incremental costs directly attributable to the capital increase transaction.

Other changes in equity

The actuarial gains/losses associated to post-employment benefits, as well as the corresponding deferred taxes, are recognised in this caption (Note 32).

Thus, for the years ended 31 December 2022 and 31 December 2023, the movements occurred in this heading in the **Group** and in the **Company** were as follows:

	Group		Company	
	2022	2023	2022	2023
Opening balance	(43,998,612)	6,857,207	(43,942,681)	6,379,500
Actuarial gains/losses (Note 32)	70,558,124	(5,716,054)	69,891,919	(5,713,716)
Tax effect (Note 52)	(19,702,304)	1,555,423	(19,569,738)	1,599,841
Share Plan (share delivery) (Note 45)	—	705,463	—	705,463
Closing balance	**6,857,207**	**3,402,039**	**6,379,500**	**2,971,088**

As at 31 December 2023, the amount of 705,463 Euros related to the Share Plan, corresponds to the difference between the amount of (1,155,000) Euros derecognised from the caption “Reserves”, corresponding to the proportional value of the options attributed (note 27) and the amount of own shares delivered within the scope of this operation in the amount of 449,537 Euros. The difference between the two amounts was recognised under the caption “Other changes in equity”, under the terms of the IFRS.

28. Dividends

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.

According to the dividend distribution proposal included in the 2022 Annual Report, at the General Meeting of Shareholders, which was held on 20 April 2023, a dividend distribution of 17,817,109 Euros, corresponding to a dividend per share of 0.125 Euros (amount that excludes the dividend attributable to own shares in the portfolio at that date), regarding the financial year ended 31 December 2022 was proposed and approved. The dividend amount assigned to own shares was transferred to Retained earnings, amounting to 172,267 Euros.

29. Earnings per share

During the years ended 31 December 2022 and 31 December 2023, the earnings per share for the **Group** and the **Company** were calculated as follows:

Group	2022	2023
Net income for the period	36,406,519	60,511,368
Average number of ordinary shares	147,179,218	141,773,213
Earnings per share		
Basic	0.25	0.43
Diluted	0.25	0.43

Company	2022	2023
Net income for the period	37,307,258	70,805,389
Average number of ordinary shares	147,179,218	141,773,213
Earnings per share		
Basic	0.25	0.50
Diluted	0.25	0.50

The average number of shares is detailed as follows:

	2022	2023
Shares issued at beginning of the period	150,000,000	145,350,000
Effect of extinction of shares during the period	(350,342)	(1,002,534)
Average number of actions taken	149,649,658	144,347,466
Own shares effect	2,470,440	2,574,252
Average number of shares during the period	147,179,218	141,773,213

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 2023, the number of own shares held is 4,409,300 and its average number for the year ended 31 December 2023 is 2,574,252, 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 2022 and 31 December 2023, the following movements occurred in non-controlling interests:

	2022	2023
Opening balance	563,106	1,326,016
Net profit for the year attributable to non-controlling interest	(64,334)	(68,929)
Distribution of dividends	(80,017)	(28,935)
Share capital increase	865,574	408,000
Other movements	41,687	(11,971)
Closing balance	**1,326,016**	**1,624,181**

As 31 December 2023, non-controlling interests are related to Correio Expresso de Moçambique, S.A. and Open Lockers, S.A.. As at 31 December 2022 and 31 December 2023, 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 2022 and 31 December 2023, Debt of the **Group** and the **Company** showed the following composition:

	Group		Company	
	31.12.2022	**31.12.2023**	**31.12.2022**	**31.12.2023**
Non-current liabilities				
Bank loans	40,706,101	33,390,061	39,927,397	32,933,579
Commercial Paper	—	34,947,466	—	34,947,466
Lease liabilities	95,491,822	92,742,578	45,331,771	127,240,734
	136,197,923	**161,080,105**	**85,259,168**	**195,121,779**
Current liabilities				
Bank loans	29,372,066	82,395,558	21,265,947	74,218,997
Commercial Paper	—	22,067	—	22,067
Lease liabilities	30,384,677	25,517,227	21,682,343	18,313,565
	59,756,744	**107,934,852**	**42,948,290**	**92,554,629**
	195,954,667	**269,014,957**	**128,207,458**	**287,676,408**

As at 31 December 2023, the interest rates applied to bank loans were between 4,861% and 5,736% (31 December 2022: 3.693% and 4.568%).

Bank loans

As at 31 December 2022 and 31 December 2023, the details of the **Group** and **Company** bank loans were as follows:

Group	31.12.2022			31.12.2023		
	Limit	Amount used		Limit	Amount used	
		Current	Non-current		Current	Non-current
Bank loans						
Millennium BCP	12,350,926	8,106,120	778,704	12,028,704	8,176,561	456,482
BBVA / Bankinter	33,250,000	14,136,880	18,944,129	26,125,000	7,069,572	18,943,702
Novo Banco	28,000,000	7,129,066	20,983,268	21,000,000	7,196,811	13,989,877
Commercial Paper						
BBVA / Bankinter	—	—	—	15,000,000	8,886	14,976,038
Novo Banco	—	—	—	20,000,000	13,181	19,971,429
Bank overdrafts						
Novo Banco	—	—	—	—	59,952,614	—
	73,600,926	**29,372,066**	**40,706,101**	**94,153,704**	**82,417,625**	**68,337,527**

Company	31.12.2022			31.12.2023		
	Limit	Amount used		Limit	Amount used	
		Current	Non-current		Current	Non-current
Bank loans						
Millennium BCP	50,000	—	—	50,000	—	—
BBVA / Bankinter	33,250,000	14,136,880	18,944,129	26,125,000	7,069,572	18,943,702
Novo Banco	28,000,000	7,129,066	20,983,268	21,000,000	7,196,811	13,989,877
Commercial Paper						
BBVA / Bankinter	—	—	—	15,000,000	8,886	14,976,038
Novo Banco	—	—	—	20,000,000	13,181	19,971,429
Bank overdrafts						
Novo Banco	—	—	—	—	59,952,614	—
	61,300,000	**21,265,947**	**39,927,397**	**82,175,000**	**74,241,064**	**67,881,045**

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. Subsequently, due to the non-use of all the funds, the limit was reduced throughout the contract period. As at 31 December 2023, 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 26,013,274 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 2023, 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 21,186,688 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.

As at 31 December 2023, the amount used presented in the statement of financial position, net of commissions and plus the amount of interest to be paid in the following period, amounts to 14,984,924 Euros in the case of BBVA/Bankinter and 19,984,610 Euros in Novo Banco. These commercial paper programmes are shown in non-current liabilities, since the Group's practice/expectation will be to use the contracts during their period of validity and having the right to roll-over these loans.

On 31 December 2023, the **Group** presented a bank overdraft with Novo Banco Bank, in the amount of 59,952,614 Euros, corresponding to short-term financing to meet specific treasury needs, regularised at the beginning of January 2024.

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 2023, 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	
	31.12.2022	31.12.2023	31.12.2022	31.12.2023
Due within 1 year	33,738,178	29,181,190	22,885,261	26,181,414
Due between 1 to 5 years	64,061,159	66,930,170	33,678,076	71,961,686
Over 5 years	41,692,362	37,807,781	14,521,388	118,390,895
Total undiscounted lease liabilities	**139,491,699**	**133,919,141**	**71,084,725**	**216,533,995**
Current	30,384,677	25,517,227	21,682,343	18,313,565
Non-current	95,491,822	92,742,578	45,331,771	127,240,734
Lease liabilities included in the statement of financial position	**125,876,499**	**118,259,806**	**67,014,114**	**145,554,298**

The increase in the **Company**'s lease liabilities is mainly related to the Sale & Leaseback operation carried out within the scope of the transaction of real estate assets to CTT IMO Yield, detailed in note 5.

The discount rates used in lease contracts range between 0.68% and 11.50%, depending on the characteristics of the contract, namely their duration.

The amounts recognised in the income statement are detailed as follows:

	Group		Company	
	2022	2023	2022	2023
Lease liabilities interests (note 51)	3,167,709	3,549,120	1,468,414	1,939,845
Variable payments not included in the measurement of the lease liability	2,099,923	1,872,866	1,644,582	1,463,497

The amounts recognised in the Cash flow statement are as follows:

	Group		Company	
	2022	2023	2022	2023
Total of lease payments	(33,708,341)	(37,045,659)	(23,150,398)	(25,266,623)

The movement in the rights of use underlying these lease liabilities can be analysed 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 2022 and 31 December 2023, in the **Group** and the **Company**, are detailed as follows:

Group	**2022**	**2023**
Opening Balance	201,119,450	195,954,666
Movements without cash	44,304,863	32,312,978
Contract changes	40,529,793	25,679,408
IFRS 16 Interests	3,124,941	3,396,453
Others	650,130	3,237,118
Loans:		
Inflow	51,533	94,757,177
Outflow	(15,812,839)	(16,964,205)
Lease liabilities:		
Inflow	—	—
Outflow	(33,708,341)	(37,045,659)
Closing balance	**195,954,667**	**269,014,957**

Company	**2022**	**2023**
Opening Balance	147,657,276	128,207,458
Movements without cash	19,064,727	106,690,927
Contract changes	16,078,364	101,958,483
IFRS 16 Interests	1,468,414	1,888,597
Others	1,517,948	2,843,847
Loans:		
Inflow	—	94,686,630
Outflow	(15,364,146)	(16,641,983)
Lease liabilities:		
Inflow	—	—
Outflow	(23,150,398)	(25,266,623)
Closing balance	**128,207,458**	**287,676,408**

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 2022 and 31 December 2023, the **Group** and the **Company** liabilities presented the following movement:

	2022									
	Group						**Company**			
	Healthcare	**Healthcare - SAMS**	**Pension Plan**	**Other long-term employee benefits**	**Other long-term benefits statutory bodies**	**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	411,429	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**

	2023									
	Group						Company			
	Healthcare	Healthcare - SAMS	Pension Plan	Other long-term employee benefits	Other long-term benefits statutory bodies	Total	Healthcare	Other long-term employee benefits	Other long-term benefits statutory bodies	Total
Opening 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
Movement of the period	(36,131,000)	101,871	(13,747)	662,558	(179,582)	(35,559,900)	(36,131,000)	606,836	(179,583)	(35,703,747)
Closing balance	**154,234,367**	**1,054,109**	**209,728**	**16,291,193**	**—**	**171,789,398**	**154,234,367**	**16,062,694**	**—**	**170,297,062**

The caption Other long-term employee benefits essentially refers to the benefit Pensions for work accidents, to the on-going staff reduction programme 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	
	2022	2023	2022	2023
Non-current liabilities	185,257,617	149,740,115	183,936,635	148,302,105
Current liabilities	22,091,681	22,049,283	22,064,174	21,994,957
	207,349,298	**171,789,398**	**206,000,809**	**170,297,062**

As at 31 December 2022 and 31 December 2023, the costs related to employee benefits recognised in the consolidated and individual income statement and the amount recognised directly in Other changes in equity were as follows:

	Group		Company	
	2022	2023	2022	2023
Costs for the period				
Healthcare	7,880,000	(29,448,534)	7,880,000	(29,448,534)
Healthcare - SAMS	130,557	106,709	—	—
Pension plan	3,748	7,692	—	—
Other long-term employee benefits	3,273,936	7,189,420	3,305,159	7,172,052
Other long-term benefits statutory bodies	(231,847)	—	(231,847)	—
	11,056,393	**(22,144,714)**	**10,953,311**	**(22,276,483)**
Other changes in equity				
Healthcare	(69,891,919)	5,713,716	(69,891,919)	5,713,716
Healthcare - SAMS	(645,097)	(3,728)	—	—
Pension Plan	(21,042)	6,066	—	—
	(70,558,058)	**5,716,054**	**(69,891,919)**	**5,713,716**

As at 31 December 2022 and 31 December 2023, the amounts recognised as actuarial gains or losses detailed by nature, in the **Group** and in the **Company**, were as follows:

Group	2022			2023	
	Changes Financial Assumptions	Experience	Total	Experience	Total
Healthcare	(64,783,291)	(5,108,628)	(69,891,919)	5,713,716	5,713,716
Healthcare - SAMS	(647,855)	2,758	(645,097)	(3,728)	(3,728)
Pension Plan	(34,297)	13,255	(21,042)	6,066	6,066
Other benefits	(49,971)	1,185	(48,786)	(1,377)	(1,377)
Other long-term employee benefits	(1,302,559)	(48,144)	(1,350,703)	327,191	327,191
	(66,817,973)	**(5,139,574)**	**(71,957,547)**	**6,041,868**	**6,041,868**

Company	2022			2023	
	Changes Financial Assumptions	Experience	Total	Experience	Total
Healthcare	(64,783,291)	(5,108,628)	(69,891,919)	5,713,716	5,713,716
Other long-term employee benefits	(1,302,559)	(48,144)	(1,350,703)	327,191	327,191
	(66,085,850)	**(5,156,772)**	**(71,242,622)**	**6,040,907**	**6,040,907**

In 2022, actuarial gains/losses associated with changes in financial assumptions reflected the revision of the discount rate from 1.42% to 3.60%.

<u>Healthcare - Plan of Social Action (“PAS”) and Insurance policy</u>

As mentioned in Note 2.20, CTT is responsible for financing each healthcare plans applicable to certain employees – Plan of Social Action and Insurance policy.

In order to obtain the estimate of the liabilities and costs to be recognised 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 2023.

The main assumptions followed in the **Group** and the **Company** actuarial study of both plans were:

	2022	2023
Financial assumptions		
Discount rate	3.60%	3.60%
Salaries expected growth rate	2.25%	2.25%
Pensions growth rate	Law no. 53-B/2006 (with ∆ GDP < 2%)	Law no. 53-B/2006 (with ∆ GDP < 2%)
Inflation rate	1.50%	1.50%
Health costs growth rate	3.30%	3.60%
Stop-Loss	949.50	n.d
Duration	12.6	13.3
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 based on the analysis carried out by the **Group** and the **Company** of the evolution of the macroeconomic reality and the constant need to adapt actuarial and financial assumptions to this same reality, which is why the rate, in the year 2023, remained unchanged at 3.60%.

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.

At the beginning of 2021, the entity that currently manages the Plan, Médis, accepted the introduction of Stop-loss coverage, with the introduction of a cap corresponding to an average annual cost per beneficiary of 949.50 Euros. Stop-Loss means insurance coverage where the risk is transferred from the policyholder (CTT) to the insurer (Médis) above a reference amount, in this case defined by the average annual cost per beneficiary. The contract between Médis and CTT had a minimum duration of 3 years, starting on 1 January 2021 and ending on 31 December 2023. Since these conditions ended on 31 December 2023 and did not occur, until the end from the year 2023, the renegotiation of the average annual cost amount per beneficiary with Médis, the application of Stop-Loss coverage was not considered in determining the responsibilities in the assessment. The impacts of this change were booked in equity, under the caption "Other changes in equity".

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	2023	2022	2021	2020	2019
Liabilities at the end of the period					
Plan of Social Action	149,430,070	183,727,343	254,937,950	261,776,888	265,509,580
Insurance policy	4,804,297	6,638,024	8,588,665	9,381,426	8,918,960
	154,234,367	**190,365,367**	**263,526,615**	**271,158,313**	**274,428,540**

For the years ended 31 December 2022 and 31 December 2023, the movement which occurred in the present value of the defined benefits liability regarding the healthcare plans was as follows:

Group and Company	Total		Plan of Social Action		Insurance Policy	
	2022	2023	2022	2023	2022	2023
Opening balance	263,526,615	190,365,367	254,937,950	183,727,343	8,588,665	6,638,024
Service cost of the year	4,221,000	2,577,000	4,221,000	2,577,000	—	—
Interest cost of the year	3,659,000	6,658,000	3,540,000	6,425,000	119,000	233,000
Plan amendment	—	(38,683,534)	—	(37,051,640)	—	(1,631,894)
Pensioners contributions	4,889,650	4,980,984	4,622,171	4,737,693	267,479	243,292
(Payment of benefits)	(15,541,938)	(16,912,471)	(14,859,194)	(16,198,800)	(682,744)	(713,671)
(Other costs)	(497,041)	(464,695)	(476,327)	(446,014)	(20,714)	(18,681)
Actuarial (gains)/losses	(69,891,919)	5,713,716	(68,258,257)	5,659,489	(1,633,662)	54,227
Closing balance	**190,365,367**	**154,234,367**	**183,727,343**	**149,430,070**	**6,638,024**	**4,804,297**

The total costs for the period were recognised as follows:

Group and Company	Total		IOS Plan		Insurance policy	
	2022	2023	2022	2023	2022	2023
Staff costs/employee benefits (Note 45)	3,723,959	(36,571,229)	3,744,673	(34,920,655)	(20,714)	(1,650,575)
Other costs	497,041	464,695	476,327	446,014	20,714	18,681
Interest expenses (Note 51)	3,659,000	6,658,000	3,540,000	6,425,000	119,000	233,000
	7,880,000	**(29,448,534)**	**7,761,000**	**(28,049,640)**	**119,000**	**(1,398,894)**

As disclosed in note 2.20, at the end of 2023, CTT made changes to the conditions set out in the Health Plan, in order to improve the sustainability of healthcare offered to employees, with effect from 1 January 2024.

The introduction of these changes resulted in a decrease in the present value of the defined benefit obligation relating to CTT's health care plan, recognised as a “Plan amendment”, with a gain of (38,683,534) Euros in the period ended 31 December 2023, recognised under the caption “Staff costs – Employee benefits” (Note 45).

As at 31 December 2022 and 31 December 2023, regarding the Plan of Social Action, the actuarial (gains)/losses in the amount of (68,258,257) Euros and 5,659,489 Euros, respectively, were recognised in equity under “Other changes in equity”, net of deferred taxes of 19,112,312 Euros and -1,584,657 Euros as at 31 December 2022 and 31 December 2023, respectively.

Regarding the Plan of Social Action, the amount of actuarial (gains)/losses for the year 2022 essentially resulted from an increase in the discount rate from 1.42% to 3.60%. As of 31 December 2023, the discount rate remained at 3.60%.

In what refers to the Insurance Policy, as at 31 December 2022 and 31 December 2023, the amounts of (1,633,662) Euros and 54,227 Euros, respectively, related to the actuarial (gains)/losses were recognised in equity under “Other changes in equity”, net of deferred taxes of 457,425 Euros and -15,184 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 recognise in the next annual period is 8,167 thousand Euros.

The sensitivity analysis performed for the Plan of Social Action 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 189,787 thousand Euros, increasing by approximately 23.1%.

(ii) If the discount rate was reduced 25 b.p. and keeping all the remaining variables constant, the liabilities would increase by approximately 3.3%, amounting to 159,324 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 1.6% amounting to a total of 156,644 thousand Euros.

Healthcare - SAMS

As mentioned in Note 2.20, 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 15 October.

In order to obtain the estimate of the liabilities and costs to be recognised 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 2023.

The main assumptions followed in the **Group** actuarial study were:

	2022	2023
Financial assumptions		
Discount rate	3.60%	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 2022 and 31 December 2023, the movement of **Group** liabilities with the Healthcare – SAMS was as follows:

Group	2022	2023
Opening balance	1,467,881	952,238
Service cost of the year	109,729	72,472
Interest cost of the year	20,828	34,237
(Payment of benefits)	(1,103)	(1,110)
Actuarial (gains)/losses	(645,097)	(3,728)
Closing balance	**952,238**	**1,054,109**

The total costs for the period were recognised as follows:

Group	2022	2023
Staff costs/employee benefits (Note 45)	109,729	72,472
Interest expenses (Note 51)	20,828	34,237
	130,557	**106,709**

The best estimate the **Group** has at this date for costs related to the Healthcare – SAMS, which it expects to recognise in the next annual period, is 118,682 Euros.

The sensitivity analysis performed in the year ended 31 December 2023 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 5.1%, amounting to 1,107,869 Euros.

<u>Pension Plan</u>

As mentioned in Note 2.20, 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 recognised 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 2023.

The main assumptions followed in the **Group** actuarial study were:

	2022	2023
Financial assumptions		
Discount rate	3.60%	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 2022 and 31 December 2023, the movement of **Group** liabilities with the Pension Plan was as follows:

Group	2022	2023
Opening balance	268,954	223,475
Service cost of the year	125	142
Interest cost of the year	3,623	7,550
(Payment of benefits)	(28,185)	(27,505)
Actuarial (gains)/losses	(21,042)	6,066
Closing balance	**223,475**	**209,728**

The total costs for the period were recognised as follows:

Group	2022	2023
Staff costs/employee benefits (Note 45)	125	142
Interest expenses (Note 51)	3,623	7,550
	3,748	**7,692**

The best estimate the **Group** has at this date for costs related to the pension plan, which it expects to recognise in the next annual period, is 7,174 Euros.

As at 31 December 2022 and 31 December 2023, the amounts of (21,042) Euros and 6,066 Euros, respectively, related to the actuarial (gains)/losses were recognised in equity under Other changes in equity, net of deferred taxes of 5,383 Euros and -1,626 Euros, respectively.

The sensitivity analysis performed in the year ended 31 December 2023 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 212,874 Euros.

Other long-term employee benefits

Following the mentioned note 2.20, 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 15 October, clauses 69 and 72, respectively.

In order to obtain the estimate of the liabilities and costs to be recognised 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 2023.

The main assumptions followed in the **Group** actuarial study were:

	2022	2023
Financial assumptions		
Discount rate	3.60%	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 2022 and 31 December 2023, 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	2022	2023
End of Career Awards		
Opening balance	197,170	166,561
Service cost of the year	13,900	11,834
Interest cost of the period	2,773	5,915
Actuarial (gains)/losses	(47,282)	(724)
Closing balance	**166,561**	**183,586**
Death Allowance resulting from Work Accidents		
Opening balance	6,829	6,215
Service cost of the year	798	787
Interest cost of the period	92	209
Actuarial (gains)/losses	(1,504)	(653)
Closing balance	**6,215**	**6,558**
Total	**172,776**	**190,144**

The total costs for the period were recognised as follows:

Group	2022	2023
Staff costs/employee benefits (Note 45)		
End of Career Awards	(33,382)	11,110
Death Allowance resulting from Work Accidents	(706)	134
	(34,088)	**11,244**
Interest expenses (Note 51)	2,865	6,124
	(31,223)	**17,368**

The best estimate the **Group** has at this date for costs related to the Other post-employment benefits, which it expects to recognise in the next annual period, is 20,674 Euros.

The sensitivity analysis performed in the year ended 31 December 2023, 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 200,222 Euros.

Additionally, and as mentioned in Note 2.20, 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 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 recognised 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 2023, 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:

	2022	2023
Financial assumptions		
Discount rate	3.60%	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 2022 and 31 December 2023, the movement of **Group** and the **Company** liabilities with other long-term employee benefits, was as follows:

Group and Company	2022	2023
Suspension of contracts, redeployment and release of employment		
Opening balance	9,493,686	10,337,560
Interest cost of the period	119,616	327,973
Liabilities relative to new beneficiaries	4,447,043	6,341,245
Transfers of Provisions (Note 33)	1,250,000	—
(Payment of benefits)	(4,636,496)	(6,144,128)
Actuarial (gains)/losses	(336,289)	560,327
Closing balance	**10,337,560**	**11,422,976**
Telephone subscription fee		
Opening balance	383,961	285,252
Interest cost of the period	5,121	9,532
(Payment of benefits)	(30,490)	(16,037)
Actuarial (gains)/losses	(73,340)	(8,419)
Closing balance	**285,252**	**270,328**
Pension for work accidents		
Opening balance	6,113,602	4,820,286
Interest cost of the period	83,808	165,885
(Payment of benefits)	(438,220)	(356,279)
Actuarial (gains)/losses	(938,904)	(222,147)
Closing balance	**4,820,286**	**4,407,745**
Monthly life annuity		
Opening balance	25,760	12,762
Interest cost of the period	274	226
(Payment of benefits)	(11,102)	(10,418)
Actuarial (gains)/losses	(2,170)	(2,570)
Closing balance	**12,762**	**—**
Total	**15,455,859**	**16,101,048**

During the years ended 31 December 2022 and 31 December 2023, the total costs for the year were recognised as follows:

Group and company	2022	2023
Staff costs/employee benefits (Note 45)		
Suspension of contracts, redeployment and release of employment	4,110,754	6,901,572
Telephone subscription fee	(73,340)	(8,419)
Pension for work accidents	(938,904)	(222,147)
Monthly life annuity	(2,170)	(2,570)
	3,096,340	**6,668,436**
Interest expenses (Note 51)	208,819	503,616
	3,305,159	**7,172,052**

The liabilities related to new beneficiaries on 31 December 2023, in the Suspension of contracts, redeployment and release of employment benefit occur under the referred human resources optimisation process, following agreements of suspension of employment contracts entered into or terminated in the meantime.

The actuarial (gains)/losses regarding long-term employee benefits recognised as at 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 recognised 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 recognise in the next year is 463,423 Euros.

The sensitivity analysis performed on 31 December 2023 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 0.7%, increasing to 16,214 thousand Euros.

33. Provisions, Guarantees provided, Contingent liabilities and commitments

Provisions

For the years ended 31 December 2022 and 31 December 2023 in order to face legal proceedings and other liabilities arising from past events, the **Group** and the **Company** recognised provisions, which showed the following movement:

Group	2022						
	Opening balance	Increases	Reversals	Utilisations	Transfers	Regularisations	Closing balance
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
Commitments 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 subsidiary 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**

Group	2023					
	Opening balance	Increases	Reversals	Utilisations	Transfers	Closing balance
Litigations	3,145,696	988,027	(744,147)	(118,951)	(9,082)	3,261,544
Onerous contracts	160,148	—	(75,162)	(84,986)	—	—
Other provisions	6,019,982	1,000,439	(89,788)	(495,249)	9,082	6,444,466
Commitments provisions	124,457	103,423	(74,189)	—	—	153,691
Sub-total - caption "Provisions (increases)/reversals"	**9,450,283**	**2,091,889**	**(983,286)**	**(699,185)**	**—**	**9,859,701**
Investments in subsidiary and associated companies	168,972	6,480	—	(175,452)	—	—
Restructuring	199,386	13,441,228	—	—	—	13,640,614
Other provisions	2,813,626	25,924	—	(1,000)	—	2,838,550
	12,632,267	**15,565,521**	**(983,286)**	**(875,637)**	**—**	**26,338,865**

The net amount between increases and reversals of provisions was recorded in the consolidated income statement under the caption “Provisions, net” and amounted to (448,929) Euros as at 31 December 2022 and 1,108,602 Euros as at 31 December 2023.

Company	2022						
	Opening balance	Increases	Reversals	Utilisations	Transfers	Regularisations	Closing balance
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**

Company	2023					
	Opening balance	Increases	Reversals	Utilisations	Transfers	Closing balance
Litigations	2,386,923	959,317	(625,243)	(76,276)	—	2,644,721
Onerous contracts	160,148	—	(75,162)	(84,986)	—	—
Other provisions	822,996	108,322	(11,809)	(9,724)	—	909,785
Sub-total - caption "Provisions (increases)/reversals"	**3,370,067**	**1,067,639**	**(712,214)**	**(170,986)**	**—**	**3,554,506**
Restructuring	9,451	13,441,229	—	—	—	13,450,679
Other provisions	2,336,859	23,956	—	(1,000)	—	2,359,815
	5,716,377	**14,532,823**	**(712,214)**	**(171,986)**	**—**	**19,365,000**

The net amount between increases and reversals of provisions was recorded in the individual income statement under the caption “Provisions, net” and amounted to (3,063,907) Euros as at 31 December 2022 and 355,424 as at 31 December 2023.

A provision should only be used for expenditures for which the provision was originally recognised, 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 (1,304,899) Euros as at 31 December 2022 and (744,147) Euros as at 31 December 2023, essentially results from lawsuits whose decision, which was made known in the course of 2022 or 2023, 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).

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 recognised 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, 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. 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. As at 31 December 2023, no relevant developments had occurred, with the provision remaining in the amount of 3,200,000 Euros.

The amount provisioned in 321 Crédito, S.A. amounting to 879,205 Euros as at 31 December 2023 (907,030 Euros at 31 December 2022) mainly results from the management assessment regarding the possibility of materialising contingencies and other processes.

As at 31 December 2023, in addition to the previously mentioned situations, this caption, essentially, also includes, in the **Group** and the **Company**:

- the amount of 268,827 Euros in the **Group** and 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 materialising contingent amounts to be paid to third parties under the scope of contracts entered into;
- the amount of 309,007 Euros regarding the liability, recognised in the company CTT Expresso, with a labour legal proceeding;
- the amount of 2,051,590 Euros in the **Group** and 1,881,856 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 153,691 Euros in the period ended 31 December 2023 (31 December 2022: 124,457 Euros).

Restructuring

It is essential for the **Group** to implement policies that promote rationalisation, adaptation and increased productivity of all available resources, with reflection in the organisational management model of its human resources. In this context, actions were taken leading to the reorganisation of services, which led to the approval of a Human Resources optimisation programme. This programme is based on the conclusion of Suspension Agreements, Pre-Retirements and Termination Agreements by Mutual Agreement, and on 31 December 2023, a provision in the amount of 13,441,229 Euros was created for the respective operationalisation. This provision was recognised under the caption Staff Costs.

Guarantees provided

As at 31 December 2022 and 31 December 2023, the **Group** and the **Company** had provided bank guarantees to third parties as follows:

Description	Group		Company	
	31.12.2022	31.12.2023	31.12.2022	31.12.2023
Wiiv Portugal - SIC Imobiliária Fechada, S.A.	—	5,089,792	—	5,089,792
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
Autoridade Tributária e Aduaneira (Portuguese Tax and Customs Authority)	4,389,246	2,974,242	2,327,956	912,952
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	1,500,000	—	—
AMBIMOBILIÁRIA- INVESTIMENTOS E NEGÓCIOS, S.A. (Real estate company)	480,000	480,000	480,000	480,000
MARATHON (Closed investment fund)	810,435	432,000	—	—
O Feliz - Real State Company	—	378,435	—	—
Courts	339,230	339,230	333,230	333,230
EUROGOLD (Real estate company)	318,299	318,299	—	—
CIVILRIA (Real estate company)	224,305	224,305	—	—
TRANSPORTES BERNARDO MARQUES , S.A.	220,320	220,320	220,320	220,320
Repsol (Oil and Gas Company)	15,000	215,000	—	—
Garantia KTP Packaging Solutions (Packaging Solutions Supplier)	—	211,740		
TIP - Transportes Intermodais do Porto, ACE (Oporto intermodal transport)	150,000	150,000	—	—
Via Direta	150,000	150,000	—	—
Municipalities	118,658	79,362	118,658	79,362
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)	68,386	68,386	—	—
ANA - Aeroportos de Portugal (Airports of Portugal)	34,000	34,000	34,000	34,000
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
Alegro Alfragide	—	16,837		
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
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 Porto)	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	—	—
GNB Companhia de seguros vida SA (Insurance company)	25,000	—	—	—
Instituto do Emprego e Formação Profissional (Employment and Professional Training Institute)	3,719	—	3,719	—
	15,635,616	**20,148,131**	**10,731,476**	**14,363,248**

Bank guarantees

As at 31 December 2023, the bank guarantees provided in favour of “Autoridade Tributária e Aduaneira” (Portuguese Tax and Customs Authority), in a global amount of 2,974,242 Euros, were essentially provided for the suspension of tax enforcement proceedings.

On 31 December 2023, a bank guarantee was provided to the entity Wiiv Portugal in the amount of 5,089,792 as part of the costs to be settled with the early termination of the lease contract with the former Head Office.

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 2022 and 31 December 2023, 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 2022, the **Group** subscribed promissory notes amounting to approximately 44.4 thousand Euros, respectively, for several credit institutions intended to secure complete and timely compliance with the corresponding financing contracts. On 31 December 2023, the underlying debts were settled, meaning that the promissory notes were cancelled with the respective banking entities.

The **Group** and the **Company** engaged guarantee insurances in the total amount of 5,985,951 Euros and 3,154,698 Euros, respectively (31 December 2022: 5,444,387 Euros and 2,713,642 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 2022 and 31 December 2023, the **Group** and the **Company** caption “Accounts payable” showed the following composition:

	Group		Company	
	31.12.2022	31.12.2023	31.12.2022	31.12.2023
Non-current				
Other accounts payable	—	—	309,007	309,007
	—	—	**309,007**	**309,007**
Current				
Advances from customers	2,175,341	1,877,771	2,166,577	2,164,120
CNP money orders	—	106,269,099	—	106,269,099
Suppliers	97,417,126	114,269,770	76,504,150	73,180,845
Invoices pending confirmation	12,194,096	12,368,179	6,233,718	5,052,991
Fixed assets suppliers	4,900,077	5,334,120	3,804,439	2,825,917
Invoices pending confirmation (fixed assets)	6,495,524	8,165,808	5,468,120	7,632,578
Values collected on behalf of third parties	10,069,404	17,707,682	5,692,303	8,268,592
Postal financial services	360,890,497	80,227,690	360,890,505	80,212,416
Deposits	676,504	678,080	—	—
Charges	14,844,784	14,664,320	12,596,851	12,347,745
Compensations	1,105,808	669,708	90,403	57,573
Postal operators - amounts to be settled	680,423	538,979	680,423	538,979
Amounts to be settled to third parties	1,659,136	1,229,091	1,659,136	1,229,091
Amounts to be settled in stores	3,012,730	765,242	3,012,730	765,242
Other accounts payable	9,090,299	9,195,564	4,972,187	6,803,544
	525,211,751	**373,961,102**	**483,771,541**	**307,348,732**
	525,211,751	**373,961,102**	**484,080,548**	**307,657,739**

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 suppliers item is justified, above all, by the CTT Expresso Branch in Spain, related to the increase in its activity, especially in the last quarter of the year.

Postal financial services

This caption 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 decrease in this caption is explained mainly by a higher balance at the end of 2022, due to a significant flow in the subscription of savings certificates by consumers, driven by the increase in Euribor rates, and the consequent impact on the profitability of this product of investment.

Suppliers and fixed assets suppliers

As at 31 December 2022 and 31 December 2023, the **Group** and the **Company** caption Suppliers showed the following composition:

	Group		Company	
	31.12.2022	31.12.2023	31.12.2022	31.12.2023
Other suppliers	47,228,848	67,561,198	26,878,497	28,281,285
Postal operators	50,108,410	46,603,852	48,327,499	43,869,753
Group companies (1)	79,868	104,721	1,298,153	1,029,807
	97,417,126	**114,269,770**	**76,504,150**	**73,180,845**

(1) Includes subsidiary, associated and joint-ventures companies.

As at 31 December 2022 and 31 December 2023, the ageing of the **Group** and the **Company** balance of the captions Suppliers and Fixed assets suppliers is detailed as follows:

Suppliers	Group		Company	
	31.12.2022	31.12.2023	31.12.2022	31.12.2023
Non-overdue	35,701,637	58,944,706	18,585,413	23,293,726
Overdue (1):				
0-30 days	5,443,613	5,400,407	3,872,825	3,493,666
31-90 days	12,290,673	7,776,578	11,429,188	6,330,522
91-180 days	4,773,279	4,614,796	4,426,144	4,119,206
181-360 days	15,922,400	9,654,543	15,430,400	8,790,187
> 360 days	23,285,524	27,878,741	22,760,180	27,153,537
	97,417,126	**114,269,770**	**76,504,150**	**73,180,845**

(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	
	31.12.2022	31.12.2023	31.12.2022	31.12.2023
Non-overdue	3,045,920	4,650,481	2,145,243	2,337,935
Overdue:				
0-30 days	1,415,810	482,404	1,393,485	324,177
31-90 days	215,117	116,653	161,986	84,433
91-180 days	—	10,897	—	10,897
181-360 days	68,179	13,250	36,526	8,040
> 360 days	155,051	60,435	67,199	60,435
	4,900,077	**5,334,120**	**3,804,439**	**2,825,917**

The current amount of accounts payable overdue over 360 days is as follows:

	Group		Company	
	31.12.2022	31.12.2023	31.12.2022	31.12.2023
Other suppliers	759,523	248,159	234,179	6,640
Foreign operators	22,526,001	27,630,583	22,526,001	27,146,897
Total	**23,285,524**	**27,878,741**	**22,760,180**	**27,153,537**
Foreign operators - receivable (Note 19)	**(10,941,989)**	**(17,242,871)**	**(10,153,776)**	**(16,461,242)**

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 recognise any amount.

There are no ongoing judicial or extrajudicial proceedings to regularise the balances of suppliers that were past due on 31 December 2023.

35. Debt securities issued at amortised cost

This caption showed the following composition:

	31.12.2022	31.12.2023
Non current liabilities		
Debt securities issued	445,226,206	347,131,609
	445,226,206	**347,131,609**
Current liabilities		
Debt securities issued	351,654	243,468
	351,654	**243,468**
	445,577,860	**347,375,077**

As at 31 December 2022 and 31 December 2023, the Debt securities issued are analysed as follows:

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
				445,280,608	**445,577,860**

31.12.2023					
Issue	Issue date	Maturity date	Remuneration	Nominal value	Book value
Ulisses Finance No.2 – Class A	September 2021	September 2038	Euribor 1M + 70 bps	140,142,471	141,123,335
Ulisses Finance No.2 – Class B	September 2021	September 2038	Euribor 1M + 80 bps	6,879,846	6,878,045
Ulisses Finance No.2 – Class C	September 2021	September 2038	Euribor 1M + 135 bps	13,759,693	13,757,142
Ulisses Finance No.2 – Class D	September 2021	September 2038	Euribor 1M + 285 bps	7,774,226	7,774,405
Ulisses Finance No.2 – Class E	September 2021	September 2038	Euribor 1M + 368 bps	2,545,543	2,545,895
Ulisses Finance No.2 – Class F	September 2021	September 2038	Euribor 1M + 549 bps	894,380	894,729
Ulisses Finance No.3 - Class A	June 2022	June 2039	Euribor 1M + 90 bps	147,128,975	147,012,162
Ulisses Finance No.3 - Class B	June 2022	June 2039	Euribor 1M + 200 bps	7,006,142	6,902,717
Ulisses Finance No.3 - Class C	June 2022	June 2039	Euribor 1M + 370 bps	10,509,212	10,352,450
Ulisses Finance No.3 - Class D	June 2022	June 2039	Euribor 1M + 525 bps	5,254,606	5,052,713
Ulisses Finance No.3 - Class E	June 2022	June 2039	Euribor 1M + 650 bps	4,378,839	4,232,861
Ulisses Finance No.3 - Class F	June 2022	June 2039	Euribor 1M + 850 bps	875,768	848,624
				347,149,701	**347,375,077**

During the period ended at 31 December 2022 and 31 December 2023, the movement of this item is as follows:

2022					
Denomination	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 securitisation operation called Ulisses Finance nº 3, carried out through 321 Crédito.

2023					
Denomination	Opening balance	Issues	Repayments	Other movements	Closing balance
Ulisses Finance No.1	11,350,744	—	(11,333,007)	(17,736)	—
Ulisses Finance No.2	234,868,353	—	(61,351,441)	(543,362)	172,973,550
Ulisses Finance No.3	199,358,764	—	(25,446,459)	489,222	174,401,527
	445,577,860	**—**	**(98,130,907)**	**(71,876)**	**347,375,077**

The credit securitisation operation Ulisses No1, originated by 321 Crédito in 2017, included a consumer credit portfolio amounting to 141.2 million euros. The operation included a clean-up call option clause that could be exercised by the originator when the securitised portfolio dropped by 10% of the initial amount, i.e., 14.1 million euros. This occurred after the IPD (“interest payment date”) of June 2023, with the clean-up call being exercised at the IPD of July 2023, with the Company reacquiring the entire securitised portfolio, closing the operation, during the period ended 31 December 2023.

The scheduling by maturity regarding this caption is as follows:

	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**

	31.12.2023						
	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	243,468	—	243,468	—	347,131,609	347,131,609	347,375,077
	243,468	**—**	**243,468**	**—**	**347,131,609**	**347,131,609**	**347,375,077**

Asset securitisation

Ulisses Finance No.1

This securitisation operation was originated in July 2017 and issued by Sagres - Sociedade de Titularização de Créditos, S.A. and corresponds to a public Credit securitisation programme (Ulisses) with the Ulisses Finance No.1 operation being placed on the market. The operation was put together with the collaboration of Citibank and Deutsche Bank, and included a Consumer Credit portfolio originated 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 were retained. This operation obtained rating ratings from DBRS and Moody's for the tranches placed on the market, Tranches A, B and C.

This operation includes an optional early amortisation 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 securitisation operation (clean- up call).

This clean-up call was exercised in July 2023, with the Group reacquiring the entire securitised portfolio at that time, closing the operation.

The operation had incorporated an interest rate cap, a mechanism to mitigate interest rate risk for the operation and its investors, which includes the Group, but which was not contracted directly by the **Group**, but rather by the issuer of the securitisation operation (Sagres – STC, S.A.).

The **Group** guaranteed the debt service (servicer) of the operation, assuming the collection of assigned credits and channelling the amounts received, through the respective deposit to the credit securitisation company.

While the operation was alive, the underlying assets of the Ulisses Finance No.1 operations were not derecognised from the Statement of Financial Position as the Group substantially maintained the risks and benefits associated with their holding.

Chaves Funding No.8

This private securitisation 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 amortisation 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 securitisation 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 securitisation operation was created in September 2021 and issued by Tagus - Sociedade de Titularização de Créditos, S.A. and corresponds to a public credit securitisation programme (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 collateralised 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 standardised) 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 approached), the company reduced its “Risk Weight Assets” with regard to the contracts securitised 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 securitisation 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, S.A. in April 2021 and in which Banco CTT was, until December 2023, the sole investor, has as its underlying asset the balances of credit cards originated by the credit card Universo issued by Sonae Financial Services (now Universo, IME, S.A.). Additionally, Banco CTT granted the operation an overdraft line (Liquidity Facility) with the sole purpose of acquiring receivables (credit card balances) between interest payment dates. At each interest payment date (IPD), the Liquidity Facility balance was settled by conversion into the amount of the note.

Following the termination of the partnership with Universo, in December 2023 Banco CTT sold the note to Universo, IME, S.A. leaving on that date no exposure to this portfolio. Additionally, the overdraft line (Liquidity Facility) was cancelled.

In the consolidated accounts, taking into account the conditions set out in IFRS 10 (Consolidated Financial Statements), the securitisation operation is consolidated, to the extent that Banco CTT substantially holds the risks and benefits associated with the underlying assets and has the capacity to affect these same risks and benefits.

As of 31 December 2023, there was no on-balance sheet or off-balance sheet position in relation to this portfolio.

Ulisses Finance No. 3

This securitisation operation was created in June 2022 and issued by Tagus - Sociedade de Titularização de Créditos, S.A. and corresponds to a public credit securitisation programme (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 collateralised 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 standardised) 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 approached), the company reduced its “Risk Weight Assets” regarding to the contracts securitised 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 securitisation 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 unrecognised securitisation 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 2022 and 31 December 2023, the composition of the heading Banking clients' deposits and other loans in the **Group** is as follows:

	31.12.2022	31.12.2023
Sight deposits	1,608,322,164	1,343,297,943
Term deposits	184,027,482	1,409,082,838
Savings deposits	452,980,272	338,581,770
	2,245,329,918	**3,090,962,551**

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 sight deposits, which can be mobilised 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 2023, the average rate of return on customer funds was 0.86% (2023: 0.54%).

As at 31 December 2022 and 31 December 2023, the residual maturity of banking client deposits and other loans, is detailed as follows

	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**

	31.12.2023					
	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	1,681,879,712	—	—	—	—	1,681,879,712
Term deposits	—	359,591,003	1,049,491,83!	—	—	1,409,082,838
	1,681,879,712	**359,591,003**	**1,049,491,83!**	**—**	**—**	**3,090,962,551**

37. Other current liabilities

As at 31 December 2022 and 31 December 2023, the **Group** and the **Company** caption Other current liabilities showed the following composition:

	Group		Company	
	31.12.2022	31.12.2023	31.12.2022	31.12.2023
Current				
Estimated holiday pay, holiday subsidy and other remunerations	49,206,004	54,969,096	38,343,840	42,989,562
Estimated supplies and external services	50,938,468	74,218,189	20,585,755	34,822,673
State and other public entities				
Value Added Tax	2,301,090	4,083,608	1,421,194	2,602,558
Personal income tax withholdings	3,710,562	3,299,151	2,893,514	2,219,223
Social Security contributions	4,859,016	5,972,284	3,536,311	4,077,460
Caixa Geral de Aposentações	1,600,731	1,529,301	1,588,739	1,492,486
Local Authority taxes	530,392	180,685	491,604	445,185
Other taxes	1,014,631	787,485	5,651	4,797
Other	382	284,471	382	234,945
	114,161,276	**145,324,271**	**68,866,991**	**88,888,890**

The increase in the “Estimated supplies and external services” item is mainly due to the accrual of the costs with the early termination of the contract for the former headquarters building, in the amount of 8,005 thousand Euros, to be settled in the subsequent period (note 5), as well as the increase in activity of CTT – Expresso, S.A., branch in Spain.

38. Income taxes receivable /payable

As at 31 December 2022 and 31 December 2023 the **Group** and the **Company** heading Income taxes receivable and Income taxes payable showed the following composition:

	Group		Company	
	31.12.2022	31.12.2023	31.12.2022	31.12.2023
Current assets				
Corporate income tax	1,102,700	8,268	2,244,123	—
	1,102,700	**8,268**	**2,244,123**	**—**
Current liabilities				
Corporate income tax	—	6,666,412	—	5,047,516
	—	**6,666,412**	**—**	**5,047,516**

The **Company**’s current assets and current liabilities relative to corporate income tax were calculated as follows:

Company	31.12.2022	31.12.2023
Estimated income tax	(5,183,499)	(2,454,481)
Estimated Group companies' income tax	(1,579,986)	(8,669,087)
Payments on account	8,872,607	5,405,194
Withholding taxes	363,481	899,894
Others	(228,480)	(229,036)
	2,244,123	**(5,047,516)**

39. Financial assets and liabilities

As at 31 December 2022 and 31 December 2023, the categories of financial assets and liabilities regarding the **Group** were broken down as follows:

Group	31.12.2022					
	Amortised 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 amortised 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
Current financial assets at fair value through profit or loss (Note 15)	—	—	26,478,525	—	—	26,478,525
Current debt securities at amortised 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	—	—	—	1,983,265	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 amortised 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 amortised cost (Note 35)	351,654	—	—	—	—	351,654
Other current liabilities (Note 37)	—	—	—	50,938,850	63,222,427	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**

Group	31.12.2023 Amortised cost	Fair value through Profit and Loss	Other financial liabilities	Non-financial assets/ liabilities	Total
Assets					
Other investments (Note 13)	—	—	—	3,200,797	3,200,797
Non-current financial assets at fair value through profit or loss (Note 15)	—	13,532,000	—	—	13,532,000
Non-current debt securities at amortised cost (Note 14)	364,706,177	—	—	—	364,706,177
Other non-current assets (Note 24)	3,533,009	—	—	—	3,533,009
Non-current credit to bank clients (Note 20)	1,444,412,021	—	—	—	1,444,412,021
Current accounts receivable (Note 19)	153,061,555	—	—	—	153,061,555
Current credit to bank clients (Note 20)	148,801,874	—	—	—	148,801,874
Current debt securities at amortised cost (Note 14)	364,759,821	—	—	—	364,759,821
Other current assets (Note 24)	12,435,400	—	—	80,110,137	92,545,537
Other current banking financial assets (Note 16)	1,272,087,916	—	—	2,487,205	1,274,575,121
Cash and cash equivalents (Note 23)	351,609,634	—	—	—	351,609,634
Total Financial assets	**4,115,407,406**	**13,532,000**	**—**	**85,798,139**	**4,214,737,545**
Liabilities					
Non-current debt (Note 31)	—	—	161,080,105	—	161,080,105
Non- current debt Securities issued at amortised cost (Note 35)	347,131,609	—	—	—	347,131,609
Current accounts payable (Note 34)	—	—	344,342,348	29,618,755	373,961,102
Banking client deposits and other loans (Note 36)	3,090,962,551	—	—	—	3,090,962,551
Current debt (Note 31)	—	—	107,934,852	—	107,934,852
Financial liabilities at fair value through profit and losses (Note 15)	—	13,744,154	—	—	13,744,154
Current debt securities issued at amortised cost (Note 35)	243,468	—	—	—	243,468
Other current liabilities (Note 37)	—	—	74,502,660	70,821,610	145,324,271
Other current banking financial liabilities (Note 16)	—	—	—	47,759,822	47,759,822
Total Financial liabilities	**3,438,337,628**	**13,744,154**	**687,859,965**	**148,200,187**	**4,288,141,934**

The assets and liabilities fair value, for the captions that differ from the book value, as at 31 December 2022 and 31 December 2023, is analysed as follows:

	31.12.2022		31.12.2023	
	Book value	Fair Value	Book value	Fair Value
Financial assets				
Credit to bank clients	1,777,565,012	1,775,576,151	1,593,213,895	1,599,416,283
Debt securities - Financial assets at amortised cost	537,780,644	498,547,340	729,465,998	700,064,668
Financial liabilities				
Banking client deposits and other loans	2,245,329,918	2,280,391,994	3,090,962,551	3,106,178,673
Debt Securities issued at amortised cost	445,577,860	438,818,502	347,375,077	346,971,442

The amounts booked as “Debt securities – Financial assets at amortised 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 2022, is analysed as follows:

Caption	31.12.2022 Valuation Method 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 amortised 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 amortised 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**

The fair value of the financial assets and liabilities, as at 31 December 2023, is analysed as follows:

Caption	31.12.2023 Valuation Method Level 1	Level 2	Level 3	Total
Other Investments	—	—	3,200,797	3,200,797
Financial Assets at fair value through profit or losses	—	—	13,532,000	13,532,000
Debt securities at amortised cost	700,064,668	—	—	700,064,668
Other non-current assets	—	—	3,533,009	3,533,009
Credit to bank clients	—	—	1,599,416,283	1,599,416,283
Other banking financial assets	—	—	1,274,575,121	1,274,575,121
Accounts receivables	—	—	153,061,555	153,061,555
Other current assets	—	—	92,545,537	92,545,537
Cash and cash equivalents	351,609,634	—	—	351,609,634
Total Financial Assets Fair Value	**1,051,674,302**	**—**	**3,139,864,302**	**4,191,538,604**
Debt	—	—	269,014,957	269,014,957
Debt Securities issued at amortised cost	—	346,971,442	—	346,971,442
Other banking financial liabilities	—	—	47,759,822	47,759,822
Accounts payable	—	—	373,961,102	373,961,102
Banking clients' deposits and other loans	—	—	3,090,962,551	3,090,962,551
Financial liabilities at fair value through profit or losses	—	—	13,744,154	13,744,154
Other current liabilities	—	—	145,324,270	145,324,270
Total Financial Liabilities Fair Value	**—**	**346,971,442**	**3,940,766,857**	**4,287,738,299**

Sensitivity analysis

The caption “Credit to bank clients” which, as at 31 December 2023, has a fair value of 1,599,416 thousand Euros has a sensitivity of +14,433 thousand Euros and -14,211 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 Amortised Cost

The fair value is estimated based on the expected future principal and interest cash flows for these instruments.

Credit to banking clients

The fair value determination, by credit type, is detailed as follows:

Credits to clients 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 clients 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 organised 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.

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 2022 and 31 December 2023, the categories of financial assets and liabilities were broken down as follows:

	31.12.2022					
Company	**Amortised 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-current 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**

Company	31.12.2023					
	Amortised 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)	11,980,000	—	—	—	—	11,980,000
Non-current accounts receivable (Note 19)	596,036	—	—	—	—	596,036
Other non-current assets (Note 24)	2,764,552	—	—	—	—	2,764,552
Current accounts receivable (Note 19)	77,599,554	—	—	—	—	77,599,554
Current Group Companies (Note 53)	4,207,339	—	—	—	—	4,207,339
Other current assets (Note 24)	13,518,535	—	—	—	32,589,547	46,108,082
Cash and cash equivalents (Note 23)	221,989,472	—	—	—	—	221,989,472
Total Financial assets	**332,655,488**	**—**	**—**		**32,595,941**	**365,251,429**
Liabilities						
Non-current accounts payable (Note 34)	—	—	—	309,007	—	309,007
Non-current debt (Note 31)	—	—	—	195,121,779	—	195,121,779
Current accounts payable (Note 34)	—	—	—	283,442,438	23,906,294	307,348,732
Group Companies (Note 53)	—	—	—	3,663,372	3,975,984	7,639,356
Current debt (Note 31)	—	—	—	92,554,629	—	92,554,629
Other current liabilities (Note 37)	—	—	—	35,057,618	53,831,271	88,888,890
Total Financial liabilities	**—**	**—**	**—**	**610,148,843**	**81,713,549**	**691,862,393**

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 2022 and 31 December 2023, the information regarding subsidies or grants obtained (Note 2.24) to the **Group** and the **Company** was as follows:

	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**

	2023									
	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	10,308,318	9,732,999	575,319	9,625,428	682,890	10,274,552	9,714,706	559,846	9,607,136	667,417
Operating subsidy	1,156,772	984,450	172,322	991,432	165,340	177,045	177,045	—	177,045	—
	11,465,090	**10,717,449**	**747,641**	**10,616,861**	**848,230**	**10,451,597**	**9,891,751**	**559,846**	**9,784,181**	**667,417**

The amounts received as investment subsidy – FEDER - are recognised in the income statement, under the heading Other operating income, as the corresponding assets are amortised.

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 Programme configures the typology of Grants related to income or operational expenses and is recognised as revenue in the same period of the related expense.

41. Sales and services rendered

For the years ended 31 December 2022 and 31 December 2023, the significant categories of the **Company** revenue were as follows:

Company	2022	2023
Sales	20,782,410	13,240,182
Mail services rendered	374,492,093	371,514,907
Postal financial services	48,393,416	57,507,150
Electronic vehicle identification devices	5,209,273	5,437,410
Other services	17,152,435	18,970,296
	466,029,627	**466,669,945**

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:

	2022	2023
Photocopies Certification	223,978	206,238
Reg. Aut. Madeira and Azores transport allowance	1,045,847	1,271,260
Others Philately	147,158	54,942
Costums presentation tax	982,912	1,574,104
Corfax	9,155	5,661
Non-adressed mail	161,373	131,384
Digital mailRoom	761,341	881,184
Printing & Finishing	7,411,834	6,928,183
BPO Services and other business solutions	4,008,658	5,396,096
Via CTT	1,119,218	1,342,605
Other miscellaneous services	1,280,961	1,178,639
	17,152,435	**18,970,296**

In the periods ended 31 December 2022 and 31 December 2023, there are no variable components associated with contracts with customers with associated uncertainty.

42. Financial margin

As at 31 December 2022 and 31 December 2023, the composition of the **Group** heading Financial margin was as follows:

Group	2022	2023
Interest and similar income calculated using the effective interest method	**80,959,814**	**132,653,133**
Interest on loans and advances to credit institutions repayable on demand	168,799	971,744
Interest on financial assets at amortised cost	—	—
Loans and advances to credit institutions	1,982,621	24,341,917
Loans and advances to customers	72,710,873	98,350,285
Debt securities	6,002,276	7,924,558
Interest on financial assets at fair value through other comprehensive income		
Debt securities	34,194	—
Other interest	61,051	1,064,629
Interest expense and similar charges	**6,602,423**	**33,861,673**
Interest on financial liabilities at amortised cost		
Resources from credit institutions	477	729
Resources from customers	492,703	15,891,945
Debt securities issued	4,877,342	17,546,308
Interest on deposits at the Bank of Portugal (assets)	1,202,125	—
Other interest	29,776	422,691
Financial Margin	**74,357,391**	**98,791,460**

The caption Interest and similar income for the year ended 31 December 2023 includes the amount of 2,887 thousand Euros related to impaired financial assets - Stage 3 (2022: 2,034 thousand Euros).

The caption Interest on loans and advances to customers includes the amount of (15,784) thousand Euros (31 December 2022: (11,943) 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 2.22.

The item Interest on deposits at Banco de Portugal (assets) presented an amount of 1,202 thousand euros on 31 December 2022, which represents interest expenses on amounts deposited at the Central Bank that exceed the minimum mandatory reserves. From the reserve counting period starting 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 value. Until October 2022, the interest rate paid was linked to the interest rate on main refinancing operations. It was then reduced to reflect the deposit facility rate, and in July 2023 it was set at 0%.

43. Other operating income

For the years ended 31 December 2022 and 31 December 2023, the composition of the **Group** and the **Company** heading Other operating income was as follows:

	Group		Company	
	2022	2023	2022	2023
Supplementary revenues	2,671,531	3,004,687	45,603,519	51,921,611
Early settlement discounts received	39,221	61,156	4,068	3,745
Gains inventories	30,754	113,213	30,635	112,584
Favourable exchange rate differences of assets and liabilities other than financing	720,403	627,677	685,912	597,240
Income from financial investments	1,907,268	2,199,822	1,973,894	2,183,600
Income from non-financial investments	81	5,392	—	—
Income from fees and commissions	26,929,487	27,220,700	—	—
Interest income and expenses - financial services	51,832	1,099,280	51,832	1,099,280
VAT adjustments	2,377,721	1,847,047	2,377,721	1,847,047
Other	8,957,572	5,642,485	2,252,524	2,260,398
	43,685,870	**41,821,459**	**52,980,104**	**60,025,506**

In the **Group** the caption “Income from fees and commissions” is detailed as follows:

Group	2022	2023
Income from fees and commissions		
From banking services	16,514,705	16,655,202
From credit intermediation services	2,741,298	2,437,072
From insurance mediation services	7,673,484	8,124,242
From other commissions	—	4,184
	26,929,487	**27,220,700**

Regarding the **Company,** the caption Supplementary revenues fundamentally relates to:

Company	2022	2023
Royalties	500,000	—
Services rendered to Group companies (1)	42,001,151	49,232,632
Rental of spaces in urban buildings	1,852,655	1,488,791
Other	1,249,712	1,200,188
	45,603,519	**51,921,611**

(1) Includes subsidiary, associated and joint-ventures companies.

44. External supplies and services

For the years ended 31 December 2022 and 31 December 2023, the composition of the **Group** and the **Company** heading External supplies and services was as follows:

	Group		Company	
	2022	2023	2022	2023
Subcontracts	16,280,467	16,658,189	2,369,322	3,860,858
Specialised services	82,679,608	97,381,182	32,069,759	32,021,770
Specialised services rendered by Group companies (1)	—	—	2,943,460	3,266,284
Materials	3,058,618	3,187,208	2,003,916	1,832,607
Energy and fuel	16,007,660	15,414,520	13,422,286	12,118,860
Staff transportation	87,509	102,607	86,463	100,216
Transportation of goods	142,545,571	178,815,203	15,412,648	14,483,364
Rents				
Vehicle operational lease	2,099,923	1,872,866	1,644,582	1,463,497
Other rental charge	9,332,365	11,417,991	7,509,041	8,697,557
Communication	1,457,383	1,558,371	230,069	241,421
Insurance	2,838,243	2,056,209	847,444	832,922
Litigation and notary	369,911	403,399	187,472	161,325
Cleaning, hygiene and confort	5,712,543	5,840,201	4,185,678	3,875,639
Postal Agencies	9,726,653	9,650,492	9,736,384	9,660,837
Postal operators	26,157,712	24,088,329	24,712,238	22,035,134
Delivery subcontracting	4,573,504	4,426,769	4,573,504	4,426,769
Other services	20,288,363	21,030,162	8,951,021	8,759,848
Other services rendered by Group companies (1)	—	117,324	6,065,516	4,695,085
	343,216,032	**394,021,022**	**136,950,803**	**132,533,993**

(1) Includes subsidiary, associated and joint-ventures companies.

(i) "Specialised services" refer to outsourcing contracts for the provision of IT services, maintenance of IT equipment, use of temporary work and external consultants. The change in this caption is, above all, explained by the increase in expenses at CTT Express Spain using temporary work, 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 item is mainly due to the notable growth of the “Express and Parcels” segment;

(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.; and

(v) Postal operators refer to costs with peer postal operators.

45. Staff costs

During the years ended 31 December 2022 and 31 December 2023, the composition of the **Group** and the **Company** caption Staff Costs was as follows:

	Group		Company	
	2022	2023	2022	2023
Remuneration	277,913,231	303,000,227	220,308,356	231,429,688
Employee benefits	8,441,277	(29,680,916)	8,406,152	(29,759,229)
Indemnities	1,506,216	14,858,810	589,718	14,638,352
Social Security charges	58,635,785	64,743,406	46,759,438	49,504,661
Occupational accident and health insurance	3,813,537	3,819,193	3,399,941	3,340,395
Social welfare costs	7,614,223	8,110,313	6,871,878	7,144,032
Other staff costs	312,825	169,005	306	—
	358,237,092	**365,020,038**	**286,335,789**	**276,297,899**

The global increase in staff costs is essentially due to wage increases and the increase in the national minimum wage, in response to the current economic situation. Additionally, the growth in the average number of employees also contributed to this evolution, due to the growth in *contact centre* activity and document management, as well as the increase in activity in Express and Parcels.

Employee benefits

The amount recorded under the caption "Employee Benefits" essentially refers to the impacts of changes to the benefits provided for in the Health Care Plan (currently known as the Plan of Social Action - PAS), detailed in point 2.20 and note 32.

Indemnities

In the period ended 31 December 2023, the caption "Indemnities" includes the amount of 13,441,229 Euros in the **Group** and the **Company** within the scope of the Human Resources optimisation programme explained in greater detail in note 33 – Provisions, Guarantees provided, Contingent liabilities.

Remuneration of the statutory bodies of CTT, S.A.

As at 31 December 2022 and 31 December 2023, the fixed and variable remunerations attributed to the members of the statutory bodies of CTT, SA, were as follows:

	2022				
Company	Board of Directors	Audit Committee	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**
Long-term remuneration					
Defined contribution plan RSP	197,700	—	—	—	197,700
Long-term variable remuneration	668,153	—	—	—	668,153
	865,853	**—**	**—**	**—**	**865,853**
	4,956,962	**153,214**	**19,800**	**14,000**	**5,143,976**

Company	2023				
	Board of Directors	Audit Committee	Remuneration Board	General Meeting of Shareholders	Total
Short-term remuneration					
Fixed remuneration	2,270,217	159,692	44,800	14,000	2,488,709
Annual variable remuneration	980,387	—	—	—	980,387
	3,250,604	**159,692**	**44,800**	**14,000**	**3,469,096**
Long-term remuneration					
plan RSP	181,567	—	—	—	181,567
Long-term variable remuneration	—	—	—	—	—
	181,567	**—**	**—**	**—**	**181,567**
	3,432,171	**159,692**	**44,800**	**14,000**	**3,650,663**

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 programme addressed to CTT’s top management, using the same terms of the programme 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 net cash 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 setted 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 setted five tranches of options that differed 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 was 1 January 2023, given the end of the 3-year term of office 2020/2022;

e. The number of CTT shares awarded to the participants (via physical or net cash 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, was depended 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 resulted 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 net cash settlement of 25% of the options (cash settlement) and the net share settlement of 75% of the options (equity settlement). The plan for CTT's Top Management provides for the net share 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 RVLP was settled on the fifth trading day immediately after the date of annual general meeting of the Company that approved the accounts for the 2022 financial year which occurred on 20 April 2023, half through net cash settlement in cash, in the case of the Executive Committee and the other half (i.e. 25% of the options) by way of net share settlement through the delivery of CTT shares. In the case of management staff, 50% of RVLP settled on this date were made through 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 (net share 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 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 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.

As mentioned in note 2.15, for the net cash settlement component, the liability amount was 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 for the year 2022.

In the period ended 31 December 2022, the amount recognised 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 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	104,952	233,226

In the case of Top Management, a total of 139,937 shares to be awarded were calculated.

The Option Plan provides, in the case of corporate bodies, the net cash settlement of 25% of the shares awarded (net cash settlement) and the net share settlement of 75% of these shares (net share settlement), 50% of the shares awarded as LTVR was settled in the fifth trading day immediately following the date of the Company's Annual General Meeting that approves the accounts for the 2022 financial year, held on 20 April 2023, half by way of net cash settlement in cash and the other half way through net share settlement through the delivery of CTT shares to participants. The remaining 50% of the allocated shares are subject to the deferral and retention mechanisms explained above.

As of 31 December 2023, and considering that the plan options were exercised on 1 January 2023, there was no change in the fair value of the cash settlement component, proceeding to the payment of the amount and consequent settlement of liabilities on 20 April 2023. In the case of the net share settlement component, considering that this was fully recognised in 2021 and 2022, with reference to 31 December 2023, an amount of 1,155,000 Euros was derecognised in the caption "Reserves" in equity, corresponding to the proportional amount of the physical liquidation that occurred (note 15). This amount was derecognised against to the amount of the own shares delivered within the scope of this operation. The difference in the amount of 705,463 Euros, was recognised under the caption “Other changes in equity” (Note 27), pursuant to the provisions of the IFRS.

<u>Annual variable remuneration ("AVR"):</u>

In the period ended 31 December 2022, the amount of 1,492,467 Euros was recognised as an estimated annual variable remuneration for members of the Governing Bodies. In 2023, 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 2023, the amount of 980,387 Euros was recognised as an estimated annual variable remuneration for members of the Governing Bodies.

As at 31 December 2022 and 31 December 2023, the **Group** and the **Company** caption Staff costs includes the amounts of 605,946 Euros and 936,096 Euros, respectively, related to expenses with workers' representative bodies.

For the year ended 31 December 2023, the average number of staff of the **Group** and the **Company** was 13,224 and 10,037 employees, respectively, (12,665 and 10,051 employees e in the year ended 31 December 2022).

As at 31 December 2022 and 31 December 2023, the **Company** incurred in staff costs in a global amount of 185,103 Euros and 187,488 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 2022 and 31 December 2023, 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	
	2022	2023	2022	2023
Impairment of accounts receivable				
Impairment losses				
Accounts receivable	3,835,005	6,063,033	984,939	1,442,846
Other current and non-current assets	1,796,674	344,272	1,686,929	182,704
Slight and term deposits	1,715	38	1,696	—
	5,633,395	**6,407,342**	**2,673,565**	**1,625,550**
Reversals of impairment losses				
Accounts receivable	1,641,407	1,580,637	1,267,331	1,048,000
Other current and non-current assets	303,789	2,650,885	299,880	2,602,213
Slight and term deposits	18,711	3,967	18,499	3,930
	1,963,907	**4,235,489**	**1,585,709**	**3,654,143**
Bad debts	222,634	1,454,582	149,590	1,183,586
Net movement of the period	**(3,892,122)**	**(3,626,435)**	**(1,237,446)**	**845,007**
Impairment of other financial banking assets				
Impairment losses				
Debt securities at amortised cost	42,165	28,997	—	—
Other banking financial assets	53,135	39,061	—	—
Credit to banking clients	42,592,906	52,462,104	—	—
	42,688,205	**52,530,162**	**—**	**—**
Reversals of impairment losses				
Debt securities at fair value through other comprehensive income	3,194	—	—	—
Debt securities at amortised cost	31,068	63,215		
Other banking financial assets	7,637	10,607	—	—
Credit to banking clients	17,874,204	27,469,743	—	—
	17,916,103	**27,543,565**	**—**	**—**
Net movement of the period	**(24,772,102)**	**(24,986,597)**	**—**	**—**
	(28,664,224)	**(28,613,032)**	**(1,237,446)**	**845,007**

47. Depreciation/amortisation (losses/ reversals)

For the years ended 31 December 2022 and 31 December 2023, the detail of Depreciation/ amortisation and impairment losses, net, regarding the **Group** and the **Company** was as follows:

	Group		Company	
	2022	**2023**	**2022**	**2023**
Tangible fixed assets				
Depreciation (Note 5)	48,607,942	52,156,843	34,588,766	34,138,202
Impairment losses (Note 5)	3,632,667	(3,638,321)	3,632,667	(3,638,321)
Intangible assets				
Amortisation (Note 6)	16,265,834	17,033,818	6,141,294	8,277,813
Investment properties				
Depreciation (Note 7)	210,263	183,591	210,263	53,322
Impairment losses (Note 7)	(139,754)	(788)	(139,754)	(788)
Non-current assets held for sale				
Impairment losses (Note 7)	(163,803)	—	—	—
	68,413,148	**65,735,145**	**44,433,236**	**38,830,229**

48. Net gains/ (losses) of financial banking assets and liabilities

In the periods ended 31 December 2022 and 31 December 2023, the detail of "Net gains/ (losses) of financial banking assets and liabilities related to the **Group** is detailed as follows:

	2022	**2023**
Net gains/(losses) of assets and liabilities at fair value through profit or loss	11,110,025	852,271
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 amortised cost	—	(44,730)
	11,108,539	**807,541**

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 securitisation operations Ulisses Finance No.1, Ulisses Finance No.2 and Ulisses Finance No.3.

49. Other operating costs

For the years ended 31 December 2022 and 31 December 2023, the breakdown of the **Group** and the **Company** caption “Other operating costs” was as follows:

	Group		Company	
	2022	2023	2022	2023
Taxes and other fees	2,951,755	3,440,016	1,960,964	2,142,609
Losses in inventories	54,817	191,904	54,812	191,590
Costs and losses from non-financial investments	—	659,908	—	659,894
Expenses and losses from financial investments	3,586	—	—	—
Unfavourable exchange rate differences of assets	771,604	252,247	739,186	212,572
Donations	639,368	576,433	626,114	557,364
Banking services	5,271,904	4,748,282	4,907,746	4,182,225
Interest on arrears	34,420	30,707	24,188	27,174
Contractual penalties	—	58,951	—	58,951
Subscriptions	841,926	912,673	756,987	834,633
Expenses of fees and commissions	4,530,171	4,855,590	—	—
Deposits Guarantee Fund/Resolution unified Fund	350,800	369,837	—	—
Indemnities	482,028	644,231	372,023	265,504
Contractual penalty for contract termination	—	8,005,209	—	8,005,209
Transaction costs	—	10,940,513	—	—
Other costs	4,254,913	4,188,403	1,162,263	1,679,083
	20,187,292	**39,874,904**	**10,604,283**	**18,816,808**

The caption “Taxes and other fees” in the **Group** includes the amounts of 1,342,225 Euros and 1,384,183 Euros, for the years ended 31 December 2022 and 31 December 2023, respectively, relating to ANACOM fees.

The caption "Deposits Guarantee Fund/ Resolution unified Fund" essentially includes:

a) The amounts of 269,623 Euros and 284,112 Euros as at 31 December 2022 and 31 December 2023, 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 54,303 Euros and 54,730 Euros as at 31 December 2022 and 31 December 2023, 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 2022 and 31 December 2023, these amounts were, respectively, 157,910 Euros and 312,546 Euros and are booked under the caption “Taxes and other fees”.

The amount recognised under the caption “Transaction costs” corresponds to the costs of transferring real estate assets from CTT to CTT IMO Yield, namely Municipal Real Estate Transfer Tax (“IMT”) and Stamp Tax, assumed by CTT IMO Yield (note 8).

The caption “Expenses of fees and commissions” is detailed as follows:

Group	2022	2023
Expenses of fees and commissions		
From banking services	4,392,533	4,714,809
From securities operations	107,754	108,080
From other services	29,884	32,700
	4,530,171	**4,855,590**

50. Gains/losses on disposal/ remeasurement of assets

For the years ended 31 December 2022 and 31 December 2023, the heading Gains/losses on disposal/ remeasurement of assets of the **Group** and the **Company** had the following detail:

	Group		Company	
	2022	2023	2022	2023
Losses on disposal of assets	(238,415)	(44,829)	(228)	(41,570)
Gains on disposal of assets	3,806,691	232,035	3,701,218	181,346
	3,568,276	**187,206**	**3,700,990**	**139,776**

As at 31 December 2022, 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 Head Office - Edifício Báltico, as explained in detail in note 5.

51. Interest expenses and Interest income

For the years ended 31 December 2022 and 31 December 2023, the caption "Interest Expenses" of the **Group** and the **Company** had the following detail:

	Group		Company	
	2022	**2023**	**2022**	**2023**
Interest expenses				
Bank loans	1,702,759	5,578,745	1,659,763	5,510,530
Lease liabilities	3,167,709	3,549,120	1,468,414	1,939,845
Other interest	183,227	32,934	307,827	139,235
Interest costs from employee benefits	3,895,135	7,209,527	3,867,819	7,161,616
Other interest costs	307,517	499,504	152,281	427,596
	9,256,346	**16,869,829**	**7,456,104**	**15,178,822**

The increase in interest expenses on bank loans is mainly due to the contracting of new loans (note 31) and the increase in interest rates, as a result of the current macroeconomic context. The increase in financial expenses with employee benefits is essentially due to the increase in the discount rate in the 2022 assessment.

During the years ended 31 December 2022 and 31 December 2023, the **Group** and the **Company** heading Interest income was detailed as follows:

	Group		Company	
	2022	**2023**	**2022**	**2023**
Interest income				
Deposits in credit institutions	30,127	630,502	13,316	1,109,380
Loans to Group companies (1)	—	—	1,324,164	2,666,838
Other supplementary income	—	80	—	80
	30,127	**630,582**	**1,337,480**	**3,776,298**

(1) Includes subsidiary, associated and joint-ventures companies.

52. Income tax for the period

GRI 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., CTT IMO – Sociedade Imobiliária, S.A., NewSpring Services, S.A., MedSpring, S.A., CTT IMO Yield, S.A. and CTT Services, 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 entity CTT IMO – Sociedade Imobiliária, S.A. joined the RETGS in the previous year and the entities NewSpring Services, S.A., MedSpring, S.A., CTT IMO Yield, S.A. and CTT Services, S.A. integrated the RETGS in this financial year.

Reconciliation of the income tax rate

For the years ended 31 December 2022 and 31 December 2023, the reconciliation between the nominal rate and the effective income tax rate of the **Group** and the **Company** was as follows:

	Group		Company	
	2022	**2023**	**2022**	**2023**
Earnings before taxes (a)	46,713,834	61,538,139	40,451,600	66,971,844
Nominal tax rate	21.0%	21.0%	21.0%	21.0%
	9,809,905	**12,923,009**	**8,494,836**	**14,064,087**
Tax Benefits	(275,859)	(453,817)	(219,035)	(115,637)
Accounting capital gains/(losses)	(68,426)	420,380	(57,513)	210,190
Tax capital gains/(losses)	33,797	(3,147,260)	28,341	(2,488,758)
Equity method	—	—	(3,911,190)	(6,226,671)
Provisions not considered in the calculation of deferred taxes	590,249	90,690	31,862	20,478
Impairment losses and reversals	314,700	(316,093)	291,280	(507,887)
Compensation for insurable events	101,091	229,538	77,990	55,105
Depreciation and car rental charges	34,234	92,932	26,332	81,759
Credits uncollectible	46,749	282,544	31,414	248,553
Difference between current and deferred tax rates	116,890	597,704	116,890	597,704
Fines, interest, compensatory interest and other charges	188,584	78,831	162,038	54,520
Difference between tax asset amount and contract amount	—	1,393,735	—	1,393,735
Tangible assets sale & leaseback transactions	—	(8,784,280)	—	(8,784,280)
Other situations, net	612,232	765,859	(483,784)	6,963
Adjustments related with - autonomous taxation	586,707	549,932	429,686	446,473
Adjustments related with - undistributed variable remuneration	1,426	—	—	—
SIFIDE tax credit	(2,916,626)	(5,202,784)	(2,290,385)	(1,962,304)
Insufficiency / (Excess) estimated income tax	(774,540)	(1,470,055)	(559,139)	(1,253,285)
Subtotal (b)	8,401,114	(1,949,136)	2,169,623	(4,159,256)
(b)/(a)	17.98%	(3.17%)	5.36%	(6.21%)
Adjustments related with - Municipal Surcharge	636,612	881,146	269,935	120,164
Adjustments related with - State Surcharge	1,333,922	2,163,689	704,784	205,547
Income taxes for the period	**10,371,649**	**1,095,699**	**3,144,342**	**(3,833,545)**
Effective tax rate	22.20%	1.78%	7.77%	(5.72%)
Income taxes for the period				
Current tax	7,475,153	14,897,328	5,183,499	2,454,481
Deferred tax	6,587,663	(7,128,790)	810,367	(3,072,437)
SIFIDE tax credit	(2,916,626)	(5,202,784)	(2,290,385)	(1,962,304)
Insufficiency / (Excess) estimated income tax	(774,540)	(1,470,055)	(559,139)	(1,253,285)
	10,371,649	**1,095,699**	**3,144,342**	**(3,833,545)**

As at 31 December 2023, the caption “Sale and leaseback transactions of tangible fixed assets” refers to the deferred tax assets related to the temporary difference generated in the sale & leaseback operation, described in note 5.

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, recognised under with IFRIC 23 standards, considering its specificities and estimation of the probability of its effective attribution. The “Insufficiencies / (Excess) estimation income tax” caption 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.

For the period ending on 31 December 2023, the caption “SIFIDE Tax Credit” refers, essentially, to the remaining amount of the SIFIDE tax credit relating to the years 2020 and 2021 (1,618,016 Euros), and to tax credits in the global amount of 2,475,000 Euros related to contributions to the 1520 Innovation Fund (previously designated by Fundo TechTree). These credits were recognised in line with the provisions of IFRIC 23, considering their specificities and estimates of the probability of their effective attribution.

Deferred taxes

As at 31 December 2022 and 31 December 2023, the balance of the **Group** and the **Company** deferred tax assets and liabilities was composed as follows:

	Group		Company	
	31.12.2022	**31.12.2023**	**31.12.2022**	**31.12.2023**
Deferred tax assets				
Employee benefits - healthcare	53,302,302	43,185,623	53,302,302	43,185,623
Employee benefits - pension plan	51,604	66,831	—	—
Employee benefits - other long-term benefits	5,090,460	5,338,079	4,327,641	4,497,554
Impairment losses and provisions	2,400,419	6,417,768	1,272,789	5,359,144
Tax losses carried forward	2,765,595	2,902,461	—	—
Impairment losses in tangible fixed assets	1,594,826	671,318	1,594,826	671,318
Long-term variable remuneration (Board of directors)	1,049,729	816,443	1,049,729	816,443
Land and buildings	332,610	51,529	332,610	51,529
Tangible assets' tax revaluation regime	962,147	527,549	962,147	527,549
Sale & Leaseback Transactions	—	8,784,280	—	8,784,280
Early termination of contracts	—	2,241,459	—	2,241,459
Other	273,917	392,527	2,514	—
	67,823,608	**71,395,868**	**62,844,558**	**66,134,899**
Deferred tax liabilities				
Revaluation of tangible fixed assets before IFRS	1,519,019	484,578	1,519,019	484,578
Suspended capital gains	631,893	284,397	631,893	284,397
PPA Movements - New Spring Services	387,300	286,265	—	—
Fair value adjustments	7,108,430	3,420,343		
Other	200,835	195,125	—	—
	9,847,476	**4,670,707**	**2,150,912**	**768,975**

The deferred tax asset related to Tangible assets tax revaluation regime was recognised following the Companies’ accession to the regime established in Decree-Law no. 66/2016, of 3 November. In the year ended 31 December 2023 the deferred tax asset amounts to 527,549 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).

As at 31 December 2023, the expected amount of deferred tax assets and liabilities to be settled within 12 months is 6.3 million Euros and 6.2 million Euros, respectively, regarding the **Group** and the **Company**.

During the years ended 31 December 2022 and 31 December 2023, the movements which occurred under the deferred tax headings of the **Group** and the **Company** were as follows:

	Group		Company	
	2022	**2023**	**2022**	**2023**
Deferred tax assets				
Opening balances	87,255,087	67,823,608	83,416,006	62,844,558
Effect on net profit				
Employee benefits - healthcare	(414,767)	(11,716,520)	(369,231)	(11,716,520)
Employee benefits - pension plan	(11,597)	14,012	—	—
Employee benefits - other long-term benefits	359,712	247,619	(423,302)	169,913
Impairment losses and provisions	(1,738,614)	4,017,349	(1,575,334)	4,086,355
Tax losses carried forward	686,684	136,866	—	—
Impairment losses in tangible fixed assets	1,113,639	(923,508)	1,113,639	(923,508)
Share plan	594,329	(233,286)	594,329	(233,286)
Land and buildings	(11,042)	(281,081)	(11,042)	(281,081)
Tangible assets' tax revaluation regime	(320,715)	(434,598)	(320,715)	(434,598)
Sale & Leaseback Transactions	—	8,784,280	—	8,784,280
Contract termination costs	—	2,241,459	—	2,241,459
Other	(89,819)	118,611	(10,054)	(2,514)
Effect on equity				
Employee benefits - healthcare	(19,593,906)	1,599,841	(19,569,738)	1,599,841
Employee benefits - pension plan	(5,383)	1,216	—	—
Closing balance	**67,823,608**	**71,395,868**	**62,844,558**	**66,134,899**

	Group		Company	
	2022	**2023**	**2022**	**2023**
Deferred tax liabilities				
Opening balances	2,427,513	9,847,476	2,342,255	2,150,912
Effect on net profit				
Revaluation of tangible fixed assets before IFRS adoption	(165,194)	(1,034,441)	(165,194)	(1,034,441)
Suspended capital gains	(26,149)	(347,496)	(26,149)	(347,496)
Non-current assets held for sale	(42,718)	—	—	—
PPA Movements - New Spring Services	(134,713)	(101,035)	—	—
Fair value adjustments	7,108,430	(3,296,270)	—	—
Other	15,818	(378,345)	—	—
Effect on equity				
Other	142,477	(19,182)	—	—
Other effects			—	
PPA Movements - New Spring Services	522,013	—	—	—
Closing balance	**9,847,476**	**4,670,707**	**2,150,912**	**768,975**

During the year ended 31 December 2022 and in the 31 December 2023, the tax losses carried forward are detailed as follows:

	31.12.2022		31.12.2023	
Group	**Tax losses**	**Deferred tax assets**	**Tax losses**	**Deferred tax assets**
CTT – Expresso, S.A., branch in Spain	77,006,639	—	76,206,218	—
CTT Expresso/Transporta	13,133,872	2,758,113	12,535,630	2,632,482
CTT Soluções Empresariais/HCCM	—	—	1,285,613	269,979
Total	**90,140,511**	**2,758,113**	**90,027,461**	**2,902,461**

Regarding CTT – Expresso, S.A., branch in Spain, the tax losses of the years 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 recognised, 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 may be reported in one or more subsequent tax periods, in accordance with the rules established in the income tax code. 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 business plan. 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, 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, 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 2023. Therefore, the related deferred tax asset was recorded. It should be noted that, as previously mentioned, HCCM – Outsourcing Investment was merged by incorporation into the entity CTT - Soluções Empresariais, with reference to 1 January 2022.

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 has considered this 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 2.37 million Euros in the **Group** and 2.28 million euros in the **Company**.

SIFIDE

The Group recognises an estimate of the tax credit that was submitted for certification by the competent authority (ANI – Agência Nacional de Inovação) in the period to which the investments relate.

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** estimating an income tax deduction of 3,850,195 Euros and 1,889,956 Euros respectively. As of 31 December 2023, the tax credit for the year 2020 was already fully deferred by the Certification Committee.

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** estimating a deductionf of income taxof 3,816,703 Euros and 3,238,810 Euros. As of 31 December 2023, the tax credit for the year 2021 was already fully deferred by the Certification Committee.

Regarding the expenses incurred with R&D by the **Group** and the **Company** in the 2022 financial year, with the submission of the application, these amounted to 4,169,551 Euros and 2,654,735 Euros respectively, with the **Group** and the **Company** estimating a deduction of income tax estimated at 1,648,061 Euros and 862,789 Euros.

As for the 2023 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 2024.

Pillar II

The transition of the world to a global village, the increasing speed of transactions, the streamlining of commercial relations, among other phenomena, challenge current tax rules, forcing an inevitable renewal and combination of efforts between jurisdictions, governments and national tax policies.

In this context, the OECD initiated the BEPS (Base Erosion and Profit Shifting) project, which resulted in the adoption of 15 actions/plans to be followed and which indicate tax standards to be adopted and implemented by national governments in order to abolish avoidance and evasion. tax, aiming at the effective taxation of economic activities in the jurisdiction(s) where the respective profits are generated and in which the added value is actually generated.

In 2021, an agreement was reached between the members of the G20 to implement what is commonly known as Pillar II, referring to the method and criteria for taxing profits obtained by multinational entities, as well as the way in which tax collection power is allocated between states. of tax revenue.

According to Pillar II, companies included in multinational groups with an annual global turnover exceeding 750 million euros will be subject, regardless of the jurisdiction to which they belong, to a minimum corporate income tax rate of 15%.

The imposition of this minimum rate aims to prevent, based on abusive tax practices and policies, imbalances between tax rates and regimes in different jurisdictions or illicit exploitation due to lack of liability to or payment of tax.

Setting up an innovative regime, a transitional regime is foreseen, particularly in terms of deadline, for the application of the standards and allowing progressive adaptation to this new regime.

Furthermore, certain jurisdictions will be excluded from the scope of application of such standards.

On the other hand, safe-harbour clauses are provided for, which are characterised by waiving, as long as certain requirements and/or limits are met, the effective application of compliance with certain obligations and removing the subjection to the aforementioned minimum rate.

EU Directive 2022/2523 provided for its transposition by the acceding Member States by 31 December 2023, which did not occur in some jurisdictions, including Portugal.

The CTT Group, as it falls within the subjective scope of the Directive, is carrying out an analysis of the possible impact in each of the jurisdictions in which it is present (Portugal, Spain and Mozambique). As national diplomas are published, their specificities will be analysed and the tasks to be carried out in this context will be defined.

Compliance with tax and reporting obligations relating to Pillar II must be carried out in conjunction with the information reported in the CbCR (Country by Country Report) that has been submitted and prepared by the CTT Group.

As mentioned in note 2.1.1, the amendment to IAS 12 introduces a mandatory temporary exception to the recognition of deferred taxes within the scope of Pillar II.

Other information

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 2020 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 2023.

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 favourable 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 2022 and 31 December 2023, the following transactions took place and the following balances existed with related parties, regarding the **Group:**

Group	2022					
	Accounts receivable	Accounts payable	Revenues	Costs	Dividends	Financial investments / Increase in share capital
Shareholders	—	—	—	—	17,656,441	—
Group companies						
Associated companies	—	—	—	—	—	—
Jointly controlled	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**	**—**

Group	2023					
	Accounts receivable	Accounts payable	Revenues	Costs	Dividends	Financial investments / Increase in share capital
Shareholders	—	—	—	—	17,817,109	—
Group companies						
Associated companies	—	—	—	—	—	—
Jointly controlled	411,070	104,721	789,316	314,430	—	—
Members of the (Note 45)						
Board of Directors	—	—	—	3,250,604	—	—
Audit Committee	—	—	—	159,692	—	—
Remuneration Committee	—	—	—	44,800	—	—
General Meeting	—	—	—	14,000	—	—
	411,070	**104,721**	**789,316**	**3,783,526**	**17,817,109**	**—**

During the years ended 31 December 2022 and 31 December 2023, the following transactions took place and the following balances existed with related parties, regarding the **Company**:

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

Company	2023										
	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	—	—	—	—	—	—	—	—	—	17,817,109	—
Group companies											
Subsidiaries	20,969,825	15,496,305	55,349,384	86,940,271	2,888,405	7,278,907	51,692,992	8,154,134	3,170,624	—	175,114,100
Joint Ventures	251,648	—	—	—	—	—	540,613	111,726	—	—	—
Other related parties	90,702	691,034	—	—	231,861	360,449	478,047	1,903,817	930	—	—
Members of the (Note 45)											
Board of Directors	—	—	—	—	—	—	—	3,250,604	—	—	—
Audit Committee	—	—	—	—	—	—	—	159,692	—	—	—
Remuneration Committee	—	—	—	—	—	—	—	44,800	—	—	—
General Meeting	—	—	—	—	—	—	—	14,000	—	—	—
	21,312,175	**16,187,339**	**55,349,384**	**86,940,271**	**3,120,266**	**7,639,356**	**52,711,652**	**13,638,774**	**3,171,554**	**17,817,109**	**175,114,100**

DB - Debit balance; CB - Credit balance

Regarding the **Company,** as at 31 December 2022 and 31 December 2023, the nature and detail, by company of the Group**,** of the main debit and credit balances was as follows:

	2022							
Company	**Accounts receivable**	**Shareholders and Group companies (DB)**	**Total accounts receivable**	**Rights-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

	2023							
Company	**Accounts receivable**	**Shareholders and Group companies (DB)**	**Total accounts receivable**	**Rights-of-Use**	**Lease liabilities**	**Accounts payable**	**Shareholder s and Group companies (CB)**	**Total accounts payable**
Subsidiaries								
Banco CTT, S.A.	590,090	—	590,090	—	—	10,751	3,663,372	3,674,123
CTT Expresso,S.A.	18,176,022	11,514,769	29,690,791	10,421	10,536	2,185,499	—	2,185,499
CTT Contacto, S.A.	242,434	1,269,175	1,511,609	—	—	164,064	1,691,591	1,855,655
Payshop Portugal, S.A.	243,594	—	243,594	—	—	503,737	80,808	584,545
CORRE - Correio Expresso Moçambique, S.A.	937,605	28,935	966,540	—	—	—	—	—
CTT Soluções Empresariais, S.A.	779,397	2,000,000	2,779,397	—	—	—	1,843,136	1,843,136
CTT IMO - Sociedade Imobiliária, S.A.	683	49,856	50,539	1,613,265	1,613,604	—	—	—
CTT IMOYIELD, S.A.	—	633,570	633,570	53,725,699	85,316,132	24,355	—	24,355
Joint Ventures								
NewPost, ACE	251,648	—	251,648	—	—	—	—	—
Other related parties								
321 Crédito – Instituição Financeira de Crédito, S.A.	89,596	—	89,596	—	—	—	—	—
NewSpring Services, S.A.	1,091	550,000	551,091	—	—	231,361	357,449	588,811
CTT Services, S.A.	—	—	—	—	—	—	3,000	3,000
Medspring, S.A	—	141,034	141,034	—	—	—	—	—
Open Lockers, S.A.	15	—	15	—	—	500	—	500
	21,312,175	**16,187,339**	**37,499,514**	**55,349,384**	**86,940,271**	**3,120,266**	**7,639,356**	**10,759,622**

DB - Debit balance; CB - Credit balance

As far as the **Company** is concerned, during the years ended 31 December 2022 and 31 December 2023, the nature and detail, by company of the **Group**, of the main transactions was as follows:

	2022										
Company	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	Interest expenses	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
CTT IMOYIELD, 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	—	—	—	—	—
	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**

	2023										
Company	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	Interest expenses	Financial investments / Increase in share capital
Subsidiaries											
Banco CTT, S.A.	—	—	—	1,416,808	4,050,160	—	70,128	—	504,715	106,334	—
CTT Expresso,S.A.	143,273	47,302	508,883	550,743	41,486,332	1,957,924	104	65,567	1,877,941	—	14,950,000
CTT Contacto, S.A.	—	33,714	—	61,574	1,968,978	720,769	—	—	706	—	—
CORRE - Correio Expresso Moçambique, S.A.	—	—	—	—	234,643	—	—	—	—	—	—
Payshop Portugal, S.A.	—	—	26,777	188,300	1,016,857	3,730,561	—	—	—	—	10,629,100
CTT Soluções Empresariais, S.A.	—	—	—	285,996	425,937	—	—	—	787,261	—	14,500,000
CTT IMO - Sociedade Imobiliária, S.A.	—	—	—	—	6,665	—	—	353,623	—	—	—
CTT IMOYIELD, S.A.	—	—	—	—	—	—	288,485	860,639	—	—	135,035,000
Joint Ventures											
NewPost, ACE	—	—	—	—	540,613	—	—	—	—	—	—
Wolfspring, ACE	—	—	—	—	—	111,726	—	—	—	—	—
Other related parties											
321 Crédito – Instituição Financeira de Crédito, S.A.	—	—	—	471,230	—	—	—	—	—	—	—
NewSpring Services, S.A.	—	—	—	6,803	—	1,903,817	—	—	930	—	—
Open Lockers, S.A.	—	—	—	15	—	—	—	—	—	—	—
	143,273	**81,016**	**535,660**	**2,981,468**	**49,730,184**	**8,424,798**	**358,717**	**1,279,829**	**3,171,554**	**106,334**	**175,114,100**

In the context of transactions with related parties, no commitments were made, nor were any guarantees given or received.

No provision was recognised for doubtful debts or expenses recognised 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 2023 related to all companies' annual accounts that integrate the **Group**, amounted to 725,187 Euros. In addition, other assurance services fees, which include the half-yearly review, and other non-review or audit services amounted to 243,629 Euros.

The information concerning the fees and services provided by the external auditors is detailed in chapter 4 and 5.1 of the Integrated Report, as well as on note 5.

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 2.28.

b) Indication of total revenue received detailed by nature.

	Group		Company	
By nature	**2022**	**2023**	**2022**	**2023**
Cash	8,844,304	10,579,844	694,049	387,941
	8,844,304	**10,579,844**	**694,049**	**387,941**

	Group		Company	
By type	**2022**	**2023**	**2022**	**2023**
Commissions	8,844,304	10,579,844	694,049	387,941
	8,844,304	**10,579,844**	**694,049**	**387,941**

c) Indication of total revenues relating to insurance contracts intermediated by the **Company** detailed by Branch Life and Non-Life

	Group		Company	
	2023		2023	
By entity	**Branch Life**	**Branch Non-Life**	**Branch Life**	**Branch Non-Life**
Insurance Companies	7,425,615	1,086,568	125,738	262,204
Customers (other)	—	2,067,661	—	—
	7,425,615	**3,154,228**	**125,738**	**262,204**

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	**2022**	**2023**	**2022**	**2023**
Insurance Companies	—	—	—	—
FIDELIDADE	—%	—%	44.79%	34.20%
ZURICH	47.09%	39.95%	—	—
MAPFRE	—	—	38.71	38.98%
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'	**2022**	**2023**	**2022**	**2023**
Open Balance	—	—	—	—
Closing Balance	—	—	—	—
Volume handled				
Debt	89,463,987	26,196,800	82,674,487	17,770,193
Credit	27,248,927	7,145,743	20,181,468	214

f) Accounts receivable and payable broken down by source

	Group			
	Accounts receivable		Accounts payable	
By entity	**2022**	**2023**	**2022**	**2023**
Policyholders, insureds or beneficiaries	—	—	—	—
Insurance companies	2,207,724	2,816,513	1,658,565	851,859
Reinsurance undertakings	—	—	—	—
Other mediators	—	—	—	—
Customers (other)	—	—	—	—
	2,207,724	**2,816,513**	**1,658,565**	**851,859**

By entity	Company			
	Accounts receivable		Accounts payable	
	2022	2023	2022	2023
Policyholders, insureds or beneficiaries	—	—	—	—
Insurance companies	1,292,947	620,658	200,127	162,918
Reinsurance undertakings	—	—	—	—
Other mediators	—	—	—	—
Customers (other)	—	—	—	—
	1,292,947	**620,658**	**200,127**	**162,918**

g) Indication of the aggregate amounts included in accounts receivable and payable

By entity	Group			
	Accounts receivable		Accounts payable	
	2022	2023	2022	2023
Funds received in order to be transferred to insurance companies for payment of insurance premiums	22,109,894	2,314,462	22,919,149	3,140,756
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)	289,699,297	17,916,768	82,674,487	17,770,193
Remuneration in respect of insurance premiums already collected and to be collected	8,844,304	8,242,579	—	—
Other mediators	—	—	—	—
Total	**320,653,495**	**28,473,809**	**105,593,636**	**20,910,950**

By entity	Company			
	Accounts receivable		Accounts payable	
	2022	2023	2022	2023
Funds received in order to be transferred to insurance companies for payment of insurance premiums	20,181,468	214	20,753,248	16,017
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)	289,699,297	17,916,768	82,674,487	17,770,193
Remuneration in respect of insurance premiums already collected and to be collected	694,049	387,941	—	—
Other mediators	—	—	—	—
Total	**310,574,814**	**18,304,923**	**103,427,735**	**17,786,211**

Note: The remaining paragraphs of the standard do not apply.

The amounts presented above are amounts moved during the year 2022 and 2023.

57. Other information

Within the regulatory framework in force since February 2022 and the agreement on the criteria to be met for the pricing of postal services that make up the basket of services within the universal service obligation (Universal Postal Service Price Convention) for the 2023-2025 period, of 27 July 2022, the prices of these services were updated on 1 March 2023, as announced to the market on 26 January 2023. The update corresponds to an average annual price variation of 6.58%. The overall average annual price variation, also reflecting the effect of the update of special prices for bulk mail, is 6.24%.

Regarding 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, the Government's appeal against the decision of the Arbitration Court continues. It acknowledges that ANACOM's decision constituted an abnormal and impressionable change in circumstances, causing damages amounting to 1,869,482 euros. The administrative actions against ANACOM, the first concerning the same decision and the second concerning the deliberation of December 2018 regarding the new measurement procedures to be applied to the indicators, had no relevant developments. On 24 January 2024, CTT was notified of the court decision ordering the State to pay CTT the sum of 2,410,413 euros. The appeal period is currently running.

As CTT appealed the decision to apply a fine of 153,750 euros for twenty-six administrative offences related to the non-compliance with postal network density targets and minimum service offers, and the publication of quality of service indicators and information on prices charged at various postal establishments in 2014 and 2015, the Lisbon Court of Appeal reduced the fine and ordered CTT to pay 57 thousand Euros. 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, which came to consider that the admissibility requirements of the appeal were not met. Since CTT considered that important guarantees of defence were at stake (e.g., the conviction of an administrative offence based on the mere indication of facts and the remedy of the nullity arising from the omission of the examination of a witness at the administrative stage), filed a complaint with the European Court of Human Rights. An appeal was also filed before the Supreme Court of Justice based on contradictions in judgments on the application of the rules for counting the limitation period, an appeal that was not admitted. The administrative offence process in which CTT was accused by ANACOM is ongoing, for alleged violation of the procedure for measuring service quality indicators (IQS) in 2016 and 2017.

Following the proposal to apply contractual fines in the amount of 753 thousand euros, on 4 August 2022, CTT requested the constitution of an arbitration court, under the terms of the concession agreement and the process is underway, waiting for the decision. 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. On 23 February 2023, CTT was notified to comment on a new proposal for the application of contractual fines submitted by ANACOM to the Government, in relation to the alleged contractual breach of the quality of service obligation in the years 2016, 2017, 2018 and 2019. CTT submitted its statement on 6 April 2023, in which it defends there is no basis in fact or in law for establishing any contractual liability and requests additional evidence. The application of contractual fines and the respective amount depends on the further steps of the administrative procedure, which has not yet been developed. On 5 June 2023, CTT was notified of the opening of an administrative offence procedure by ANACOM, for non-compliance with the quality of service indicators (QSI) in 2017, 2018 and 2019. Although CTT is in total disagreement with the application of this administrative offence, it has paid the fine of at least 140 thousand euros, as proposed by ANACOM, for exclusively financial reasons of saving resources, given the risks and costs inherent in litigation. The payment of the fine was followed by the sending of a communication setting out the reasons for disagreement, which is largely related to the same reasons that are at the origin of the litigation concerning ANACOM's 2018 Decision, which approved the quality parameters and performance targets in question.

On 11 June 2021, CTT initiated arbitration proceedings against the Portuguese State to protect its rights, specifically: (a) the impacts and contractual effects, namely compensatory (which CTT estimates to be approximately 23 million euros), 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. As communicated to the market on 1 October 2023, CTT has been notified of the Decision delivered by the Arbitration Court (dated 27 September 2023) regarding these proceedings. As for the impact of the COVID-19 pandemic, the Court unanimously decided to order the State to pay CTT the amount of 6,785,781 Euros, calculated according to equity principles and which corresponds to the amount necessary to cover the "losses actually suffered by CTT" in the year 2020, because it considers that the pandemic constitutes an abnormal change in circumstances that had a negative impact on the execution of the Concession Agreement. Furthermore, with regard to the unilateral extension of the Concession Agreement, the Court unanimously concluded that the extension decision disturbed the financial balance of the Concession Agreement (to the detriment of CTT) and, as such, ordered the State to restore that balance, for the year 2021, by paying the amount of 16,769,864 Euros. Therefore, the State was ordered to pay the total amount of 23,555,645 Euros, plus accrued civil interests, in the case of the amount relating to the first request and commercial, for the second, from the date of initiation of the process. The State filed a review appeal with the Supreme Administrative Court, which was admitted on 11 January 2024.

The lawsuits filed on 18 January 2022 by the companies Vasp Premium – Entrega Personalizada de Publicações, LDA. (Vasp) and Iberomail – Correio Internacional, S.A., (Iberomail) against CTT before the Competition, Regulation & Supervision Court, seeking the conviction of CTT for abuse of dominant position continue, still awaiting the start of the evidence phase. CTT follows the best market practices and considers the request to be totally unfounded, as these lawsuits concern facts assessed by the Competition Authority (AdC) in the scope of a proceeding that was closed with the imposition of commitments, which CTT has implemented and reports annually to the AdC.

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 during 2024.

58. Subsequent events

On 4 January 2024, CTT completed the sale of a 26.3% shareholder position in CTT IMO Yield to Sonae Investment SGPS, S.A. and other investors, as provided for in the Share Purchase and Sale Agreement, which translated into in a gross receipt of 32.45 million euros.

As from 1 February 2024, in the context of the Universal Postal Service Price Convention for 2023-2025, which was entered into on 27 July 2022, the prices of the basket of letter mail, editorial mail and parcels services were updated, corresponding to an average annual price change of 9.49%. As part of the company's pricing policy for 2024, this update corresponds to an average annual price variation of 8.91%, which also reflects the effect of the update of the special prices for bulk mail.

With the exception of those mentioned above, after 31 December 2023 and up to the date that the financial statements were approved for issue, 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, 19 March 2024

The Board of Directors

The (non-executive) Chair of the Board of Directors

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Raúl Catarino Galamba de Oliveira

The Member of the Board of Directors and 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 (CCO)

____

João Carlos Ventura Sousa

The (non-executive) Member of the Board of Directors and Chair of the Audit Committee

____
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia

The (non-executive) Member of the Board of Directors

____
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 and of the Audit Committee

____
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)

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Audit reports

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 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 2023 (showing a total of 4,756,641,954 euros and a total equity of 253,252,852 euros, including a net profit for the year of 60,511,368 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 material 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 2023, 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 2023, sales and services rendered in the consolidated financial statements of CTT – Correios de Portugal, S.A. amounts to 845 million euros, of which 826 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 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;

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 2.22 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.	▶ Tests of detail for a sample of transactions, obtaining contractual support documentation when applicable and evidence of 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; ▶ Analysis of the accounting counterparts related to the recognition of revenue and verification of its reasonableness; ▶ 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 2023; and ▶ External confirmations for a representative sample of accounts receivable transactions. Our approach has also included checking the adequacy of the applicable disclosures included in notes 2.22 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 2023, employee benefits liabilities in the consolidated financial statements of CTT - Correios de Portugal, S.A. amounts to 172 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 2.20, 2.29 vi) and 32 of the consolidated financial statements.	Our approach included carrying out the following procedures: ▶ Understanding and evaluation of the design 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 2023 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; ▶ Understanding the changes in the Healthcare plan benefits, obtaining the impact with reference to 31 December 2023 and verifying the corresponding accounting recognition; ▶ Reconciliation of the information included in the actuarial study with the consolidated financial statements as at 31 December 2023;

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
Additionally, during the 2023 financial year, changes have occurred in the healthcare plan benefits provided by CTT - Correios de Portugal, S.A., with effect from 1 January 2024. The impact of the change amounting to 39 million euros was recognised as income for the year. 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 benefit liabilities, determines that we consider this topic as a key audit matter.	▸ 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 2023. Our approach has also included checking the adequacy of the applicable disclosures included in notes 2.20, 2.29 vi) 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 2023, 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 2023, 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, 2.29 ii) 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 2023, Credit to banking clients, according to note 20 of the notes to the consolidated financial statements, amounts to 1,593 million euros corresponding to credit to bank customers net of impairment charges (note 25 and 46) amounting to 47,8 million euros. The detail of impairment on credit to banking clients and 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.	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 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, Risk and Sustainability 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 Group, 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 Group 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 Group'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

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
	Our approach has also included checking the adequacy of the applicable disclosures included in notes 2.11, 2.17, 25 and 46 of the financial statements.

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 13 March 2024;
- 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 2023;
  - Limited review of the interim consolidated financial statements of Banco CTT, S.A., for the six-month period ended 30 June 2023;
  - Independent limited assurance report on the sustainability information of CTT - Correios de Portugal, S.A. for the year ended 31 December 2023;
  - Agreed Upon Procedures related with information of Plano de Recuperação e Resiliência ("PRR") of CTT - Correios de Portugal, 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.;
  - Independent limited assurance report related to the map of expenses financed under the Community Programs of Portugal 2020 Productive Innovation of CTT Expresso - Serviços Postal 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. 1/2022;
  - 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. 1/2022;
  - 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.; and
  - Verification of the data, for the calculation of the contribution to the Single Resolution Fund ("SRF"), of Banco CTT, S.A. and 321 Crédito - Instituição 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 2023 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, 19 March 2024

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
Registered with the Portuguese Securities Market Commission under license nr. 20170024

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 2023 (showing a total of 1,142,926,281 euros and a total equity of 252,553,022 euros, including a net profit for the year of 70,805,389 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 material 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 2023, 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 2023, sales and services rendered in the individual financial statements of CTT - Correios de Portugal, S.A. amounts to 467 million euros related to the business segments Mail and Financial Services & Retail (note 41).	Our approach included carrying out the following procedures: ► Understanding and evaluation of the design 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;

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 2.22 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.	► Tests of detail for a sample of transactions, obtaining contractual support documentation when applicable and evidence of 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; ► Analysis of the accounting counterparts related to the recognition of revenue and verification of its reasonableness; ► 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 2023; and ► External confirmations for a representative sample of accounts receivable transactions. Our approach has also included checking the adequacy of the applicable disclosures included in notes 2.22 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 2023, employee benefits liabilities in the individual financial statements of CTT - Correios de Portugal, S.A., amounts to 170 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 2.20, 2.29 vi) and 32 of the individual financial statements.	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 2023 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; ► Understanding the changes in the Healthcare plan benefits, obtaining the impact with reference to 31 December 2023 and verifying the corresponding accounting recognition; ► Reconciliation of the information included in the actuarial study with the individual financial statements as at 31 December 2023;

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
Additionally, during the 2023 financial year, changes have occurred in the healthcare plan benefits provided by CTT – Correios de Portugal, S.A., with effect from 1 January 2024. The impact of the change amounting to 39 million euros was recognised as income for the year. 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 benefit liabilities, determines that we consider this topic as a key audit matter.	▶ 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 2023. Our approach has also included checking the adequacy of the applicable disclosures included in notes 2.20, 2.29 vi) and 32 of the notes to the financial statements.

3. Sale and subsequent lease of real estate assets ("*sale and leaseback*")

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As part of the sale and leaseback transaction, CTT – Correios de Portugal, S.A. transferred 360 properties to its subsidiary CTT IMO Yield, S.A., through a capital contribution in kind amounting to 117 million euros (note 8). The sale and leaseback transaction resulted in the derecognition of tangible fixed assets and investment properties amounting to 83 million euros and EUR 4,7 million euros respectively (net book value) and the recognition of the corresponding right of use, lease liability and deferred tax assets in the amount of 54 million euros, 86 million euros and 8,8 million euros respectively, as disclosed in note 2.24, 5, 7, 8, 31 and 52. The relevance of this matter in our audit, taking into account the materiality of the amounts involved, the complexity and high level of judgment of the transaction, determines that we consider this topic as a key audit matter.	Our approach included carrying out the following procedures: ▶ Meetings with Management to understand the sale & leaseback transaction; ▶ Reading, for a sample of properties, the external valuations prepared by two independent experts and assessment of the reasonableness of the main assumptions used, namely, gross leasable areas, contractual and potential rents, capitalization yield, as well as the valuation model of the properties transferred in the form of a capital contribution, for which we involve our team members with specialized knowledge in real estate valuations; ▶ Review, for a sample, of real estate contracts of sale and lease and verification of the information consistency with the individual financial statements; ▶ Verification of the calculations associated with the sale & leaseback transaction and respective impacts recorded in the financial statements as at 31 December 2023; ▶ Verification of the calculations related with the transaction of real estate assets within the scope of the equity method of accounting of CTT IMO Yield, S.A., with reference to 31 December 2023; ▶ Verification of the tax impacts associated with the transaction of real estate assets, for which we involve our tax specialists; and ▶ Confirmation of the professional credentials of the independent experts and their independence in relation to the evaluations prepared.

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
	Our approach has also included checking the adequacy of the applicable disclosures included in notes 5, 7, 8, 31 and 52 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 13 March 2024;
- 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 2023;
  - Limited review of the interim consolidated financial statements of Banco CTT, S.A., for the six-month period ended 30 June 2023;
  - Independent limited assurance report on the sustainability information of CTT - Correios de Portugal, S.A. for the year ended 31 December 2023;
  - Agreed Upon Procedures related with information of Plano de Recuperação e Resiliência ("PRR") of CTT - Correios de Portugal, 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.;
  - Independent limited assurance report related to the map of expenses financed under the Community Programs of Portugal 2020 Productive Innovation of CTT Expresso - Serviços Postal 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. 1/2022;
  - 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. 1/2022;
  - 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.; and
  - Verification of the data, for the calculation of the contribution to the Single Resolution Fund ("SRF"), of Banco CTT, S.A. and 321 Crédito - Instituição 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 2023 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, 19 March 2024

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

– 2023 Financial Year –

In accordance with the provisions of article 423.-F(1)(g) of the Portuguese Companies Code ("PCC") and of 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 hereby:

i. Submits its report on oversight activities carried out during the 2023 financial year;
ii. Gives its opinion on the management report, the corporate governance report, the non-financial information, the consolidated and individual accounts of CTT 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 2023; and
iii. Discloses the declaration of conformity on 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 the anglo-saxon type of governance model, which includes the BoD, as the management body of the Company, and CAUD and the Statutory Auditor, as responsible for its supervision and oversight.

The CAUD elected at the General Meeting of April 20, 2023, for the 2023/2025 term of office, included the following non-executive Directors:

- Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia (Chair);
- María del Carmen Gil Marín (Member); and
- Jürgen Schröder (Member).

Until the date of the General Meeting of April 20, 2023, CAUD included the following non-executive Directors, elected for the 2020/2022 term:

- Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia (Chair);
- Steven Duncan Wood (Member); and

- María del Carmen Gil Marín (Member).

In accordance with the criteria defined in article 414(5) of the PCC, in point 18.1 of Annex I to CMVM Regulation no. 4/2013 on Corporate Governance, in recommendation IV.2.4 of the 2018 Corporate Governance Code of the Portuguese Institute of Corporate Governance revised in 2023 ("IPCG Code revised in 2023") and in the Institutional Shareholder Services Guidelines ("ISS "), all CAUD members elected by the General Meeting held on April 20, 2023 are independent.

The three Directors who are members of CAUD meet the compatibility criteria for the exercise of their functions, measured in accordance with the definition provided for in article 414-A by reference to article 423-B(3) of the PCC, as well as the composition requirements required by article 3(2) of Law no. 148/2015, of September 9 ("Legal Framework for Audit Supervision"), amended by Law no. 35/2018 , of July 20 and by Law No. 99-A/2021, of December 31.

2. Activities Carried Out

During the 2023 financial year, CAUD held fifteen meetings wherein 96% of its members were present.

The meetings were attended, at the invitation of CAUD, and when appropriate, by the Chef Financial Officer of CTT, the Statutory Auditor, the Heads of Accounting & Tax, Planning & Control, Audit, Compliance & Risk, Investor Relations, Company Secretary and Legal Services, Information Systems, Head of Regulation & Competition, Head of Sustainability, Human Resources Management and Talent Management and the managers of Accounting, Internal Audit, Risk and Compliance Departments, as well as members of the Board of directors of Banco CTT.

With the aim of ensuring full compliance with the powers that are legally and statutorily attributed to it and which are set out 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, regulations and articles of association**

The regular monitoring of the activity and the business evolution of the Company and its subsidiaries, in particular the decisions of fundamental importance for CTT, namely regarding strategic lines and associated risk factors, as well as the monitoring of the legal, statutory and regulatory framework applicable to it , was carried out by the Committee 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 the Company's heads of departments and managers; ***(iv)*** meetings with CTT' Statutory Auditor, Ernst & Young, Audit & Associados – SROC, S.A. ("EY"); ***(v)*** analysis pf the documentation distributed to support its work, and information on and clarifications to the questions raised by this analysis; ***(vi)*** assessment of the adequacy of the Regulations of the Audit Committee, of the Provision of Services by the Statutory Auditor, on the Procedures regarding the Report of Irregularities (Whistleblowing), on the Function for Monitoring Compliance in the prevention of money laundering and terrorist financing, and on Assessment and Monitoring of Transactions with Related Parties and Prevention of Situations of Conflict of Interest, of the Prevention of Money Laundering and Terrorist Financing Policy and the Code of Conduct on the Prevention of Corruption and Related Infringements, to the legislation in force and the purposes they are meant for; and ***(vii)*** the consideration of the proposal for the Corruption and Related Offenses Risk Prevention Plan.

The Committee did not come across any constraints or limitations to its action when performing its duties.

- **Supervising the quality and integrity of the financial information in the statements of accounts' documentation**

Within the scope of the powers set out in article 423-F(1)(c) to (f) of the PCC and article 3(3)(a) and (b) of the Legal Framework for Audit Supervision, in particular for the purposes of supervising compliance with accounting policies, criteria and practices and the reliability of financial information, the following activities were carried out: ***(i)*** regular monitoring of the process of preparation and disclosure of financial information and evaluation of accounting policies and standards and respective amendments, supervising their compliance, estimates and judgments, procedures and valuation criteria used, in order to ensure their consistent application between exercises; ***(ii)*** assessment of compliance with the annual budget; ***(iii)*** analysis of CTT's quarterly, semi-annual and annual financial statements, at an individual and consolidated level; ***(iv)*** analysis of annual Reports and Accounts of subsidiary companies; and ***(v)*** analysis of the semi-annual and annual Integrated Reports, with issuance of an opinion on the annual Integrated Report and the proposal for appropriation of results.

- **Supervising the internal control system, including internal audit, compliance and risk management of the activity**

  In the role of monitoring the effectiveness of the internal control system, in its risk management, compliance and internal audit components, as well as evaluating its adequacy and functioning and respective procedures, it is worth highlighting the: ***(i)*** monitoring of the activity carried out by the Audit, Compliance and Risk Department and compliance with the respective 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 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)*** monitoring the evolution of the main existing litigation actions with workers, regulators and third parties; ***(vi)*** monitoring information security initiatives; ***(vii)*** posteriori assessment of transactions with related parties that were submitted to it, under the terms defined in the respective regulations, with no commercial transactions with related parties that required its prior opinion coming to the attention of this Committee; and ***(viii)*** assessment of the complaints received, none of which was classified as irregularities covered by the Regulation on Procedures for Reporting Irregularities (whistleblowing).

- **Supervising the performance of the duties of the Statutory Auditor**

  In terms of follow-up and monitoring CTT' Statutory Auditor and monitoring compliance with the respective independence rules that the applicable law and regulations impose, as well as its audit work, the following activities carried out by this Committee stand out in its capacity as main interlocutor: ***(i)*** analysis of the Legal Certifications of Accounts to the consolidated and individual Financial Statements and the annual Additional Report, and analysis of the Limited Review Report to the interim consolidated Financial Statements; ***(ii)*** assessment of how the statutory audit contributed to the integrity of the process of preparing and disclosing financial information through analysis and discussion with the Statutory Auditor about its annual work plan and materiality levels used in the statutory audit, accounting policies and monitoring the conclusions of the interim work and limited biannual review, the main audit issues and assessment of the general internal control environment, as well as recommendations on aspects of an accounting and internal control nature; ***(iii)*** previous approval of non-audit services, in order to ensure these are not prohibited by European Union legislation; and ***(iv)*** appraisal of the services provided by the Statutory Auditor and the additional information received from it under the terms of article 78(2) of Law no. 140/2015, of 7 September (Bylaws of the Portuguese Institute of Statutory Auditors), amended by Law no. 99-A/2021, of 31 December, in order to assess that they do not harm its independence or condition its opinion.

Declaration of Conformity

Under the provisions of article article 29-G(1)(c) of PSC, the members of the Audit Committee identified below declare, in the capacity and scope of their duties, that, to the best of their knowledge, the information contained in the Integrated Report relating to 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 financial reporting documents, required by law or regulation, for the fiscal year ending December 31, 2023:

i. Was prepared in accordance with applicable accounting standards, giving a true and appropriate image of the assets and liabilities, the financial situation and results of CTT and the companies included in the respective consolidation perimeter; and

ii. In particular, the management report faithfully presents the evolution of the business, performance and position of CTT and the companies included in the respective consolidation perimeter, including a description of the main risks and uncertainties that these entities face.

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 2023, including the statement of financial position, the statement of results by nature, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows, as well as the respective attached notes.

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 on 31 December 2023.

As components of the Integrated Report, CAUD also analyzed the corporate governance report, taking into account what is established in article 420(5) of the PCC, by reference to the provisions of article 423-F(2), and in article 29-H, and the non-financial information, in accordance with articles 66-B and 508-G of the PCC. CAUD also verified the disclosure of key performance indicators of 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 the Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021.

CAUD verified that the presentation of the consolidated financial statements included in the Integrated Report for the financial year 2023 was carried out in accordance with the requirements established by Commission Delegated Regulation (EU) 2019/815 of 17 December 2018.

CAUD assessed with special attention the Statutory Auditor's Report issued by EY on 19 March 2024 on: ***(i)*** the audit of the consolidated and individual financial statements approved by the Board of Directors, having verified that they express a favorable opinion, with no limitations or qualifications, on these financial statements; and ***(ii)*** compliance with other legal and regulatory requirements applicable to the management report, corporate governance report and non-financial information, which express compliance with the requirements in force. CAUD also noted that the Statutory Auditor's Report also includes the elements provided for in article 10 of Regulation (EU) no. 537/2014 of April 16, namely, regarding "Relevant Audit Matters", the description of most significant 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 effective in detecting irregularities, including fraud.

In view of the elements mentioned and the action developed, and to comply with the provisions of article 423-F(1)(g), and 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 attests that, to the best of its knowledge, the information contained in the Integrated Report of CTT – Correios de Portugal, S.A. as of 31 December 2023 regarding:

- The management report, the corporate governance report and the non-financial information,
- The consolidated and individual financial statements,
- The Statutory Auditor's Report of Consolidated Accounts and the Statutory Auditor's Report of Individual Accounts dated as of 19 March 2024, and
- The proposal for appropriation of results,

are in accordance with the applicable legal, statutory and accounting provisions, therefore this Committee expresses its agreement with them and recommends their approval to the General Meeting of CTT.

Lisboa, 19 March, 2024

The Audit Committee of CTT – Correios de Portugal, S.A.,

Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia (Chair)

María del Carmen Gil Marín (Member)

Jürgen Schröder (Member)

Building a better working world

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Portugal

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Fax: +351 217 957 586
www.ey.com

(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 2023 (the "Sustainability Information"), for the year ended 31 December 2023.

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.°-G of the Commercial Companies Code (*Código das Sociedades Comerciais*) and article 29.°-H, n°1, 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

EY applies the International Standard on Quality Management ISQM 1, which requires that we design, implement, and operate a system of quality management including policies or 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 2023, has not been prepared, in all material respects, in accordance with the Criteria.

Lisboa, 19 March 2024

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
Registered with the Portuguese Securities Market Commission under license nr. 20161020

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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 Investor Relations 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 5 people and is managed by Nuno Vieira. Its **contacts** are as follows:

Address: Avenida dos Combatentes, 43 - 14th floor
1643-001 Lisboa
Portugal
investors@ctt.pt
Telephone: +351 210 471 087
Website: www.ctt.pt

The **Market Relations Representative of CTT** is the Executive Director and CFO, Guy Patrick Guimarães de Goyri Pacheco.

In 2023, within the above-mentioned mission, the IR team carried out the following initiatives:

- In addition to the regular publication of financial accounts (2022 Integrated Report and Interim Integrated Report of the 1st half of 2023), 51 press releases with material information (including press releases and presentations of quarterly results) were issued, of which 29 press releases regarding CTT Share Buy-back Programme that started in June 2023. Also noteworthy in this context were the announcements on the company's real estate strategy and the update of Banco CTT's strategy on sustainable financing, as well as on the new health benefits plan. There were also nine announcements on management transactions and one announcement on the payment of dividends, totalling 61 communications to the market during the 2023 financial year.

- Various e-mails were received and processed from institutional investors, research analysts and the general public in 2023. There were no emails from previous years. The team responded to the majority of the information requests received within 24 hours (1 workday), on average. At the end of 2023, no email or other query was left unanswered.

- During the year, CTT met with 42 investors in four conferences, five roadshows and several other meetings held both online and in-person, summing up a total of 60 contacts with institutional and retail investors from Portugal and various other countries such as Spain, Germany, the United Kingdom,Luxembourg, Poland, Denmark and Switzerland, as well as the United States of America.

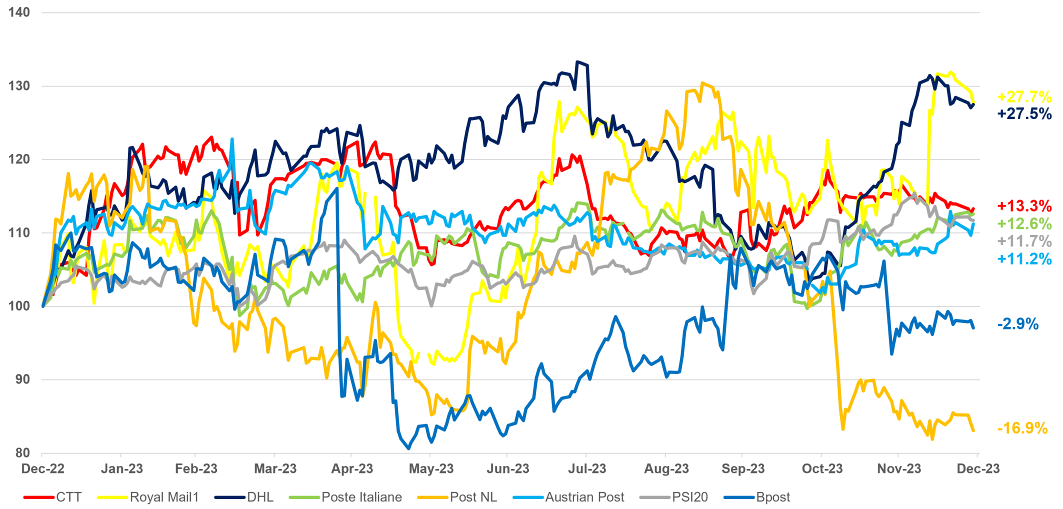
As at 31 December 2023, the coverage of CTT shares was provided by six research analysts. As at that date, the average target price of those analysts was €5.08. Five analysts issued a positive recommendation on the share and one a neutral recommendation.

Throughout the year 2023, circa 71.2 million CTT shares were traded, corresponding to a daily average of circa 280 thousand shares, which translates into an annualised turnover ratio of around 49.3% of the share capital. As at 29 December 2023, in the last trading session of the year, the closing price of the CTT share was €3.49.

In 2023, CTT distributed a dividend of €0.125 per share and the share price increased by 13.3%. 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 2022) was 17.4%. During this period, the PSI 20 appreciated by 11.7% and recorded a total shareholder return of 16.1%.

As shown in the graph below, most peers of the European postal sector experienced positive share price variation and total shareholder return in 2023. Despite the sector's good performance, PostNL was the company that saw the biggest drop in share price (-16.9%), while DHL and Royal Mail outperformed. As mentioned in the previous paragraph, CTT followed the trajectory of the sector, increasing its share price by 13.3% in 2023, above the 11.7% increase of PSI20.

CTT share performance vs. PSI 20 & EU postal sector
(Year 2023 - rebased at 100 as of 30 Dec 2022)



[1] Royal Mail share price in GBP
Source: Bloomberg as at 31 Dec 2023.

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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 2024 includes the following corporate events:

Event	Date
2023 Annual Results and Integrated Report	19 March 2024*
2024 Annual Shareholders' Meeting	23 April 2024
1st Quarter 2024 Results	2 May 2024*
Ex-dividend date	14 May 2024
Dividend payment	16 May 2024
1st Half 2024 Results and Interim Report	29 July 2024*
9 months 2024 Results	29 October 2024*

* After market close

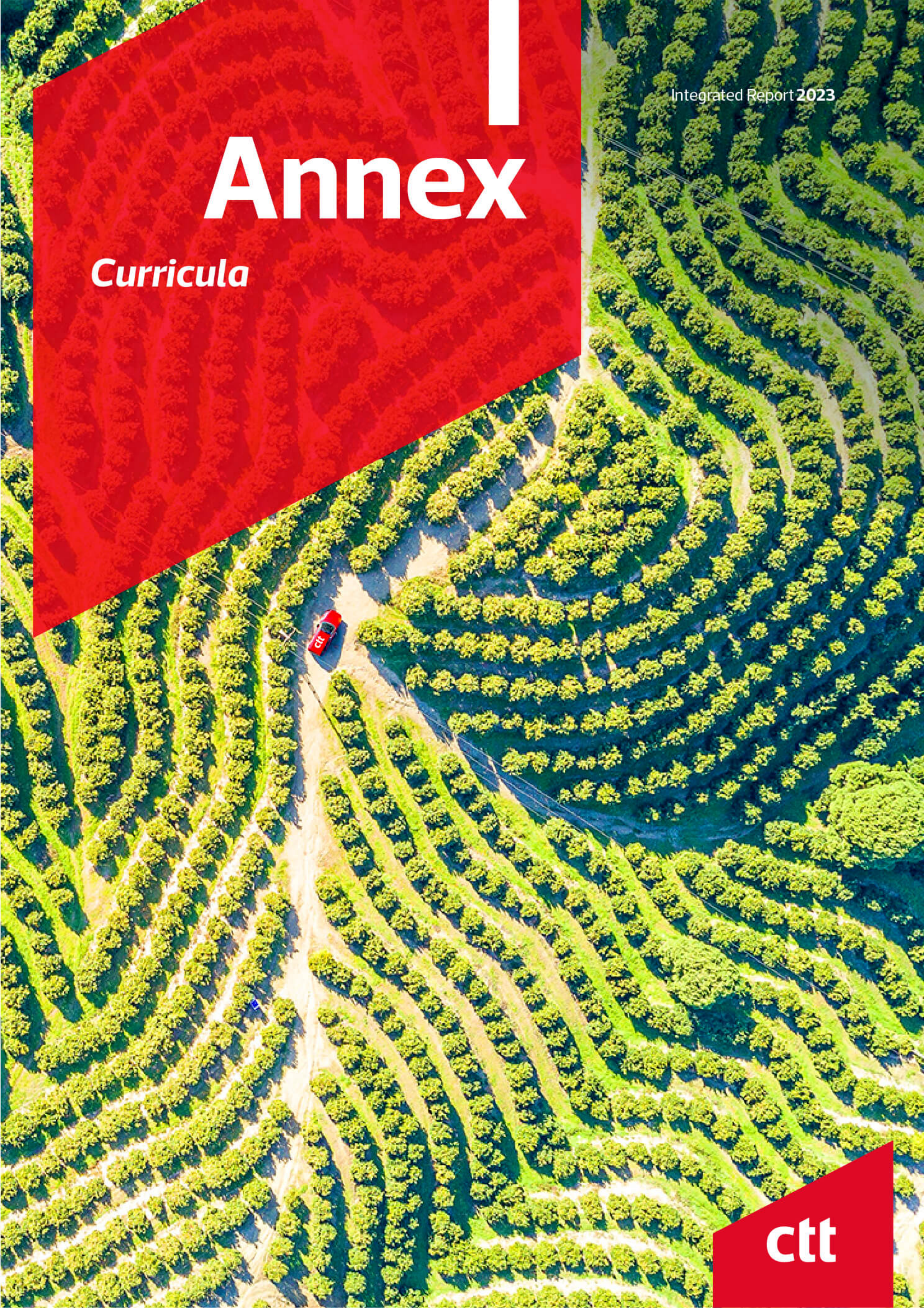
Place where the notice convening the general meeting and all the preparatory and subsequent information related thereto is disclosed
This information may be found on CTT's website (www.ctt.pt).

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.

Annex

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	2023-2025

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 area, 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)

- ✓ **2023-…:** Member of the Board of Trustees of Fundação Alfredo de Sousa
- ✓ **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	2023-2025

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

- ✓ **2024-**…: Chairman of the Board of Directors of CTT IMO YIELD - SIC Imobiliária Fechada, S.A.
- ✓ **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)
- ✓ **2019-2019:** Chairman of the Remuneration Committee of Banco CTT, S.A.
- ✓ **2019-2019:** Member of the Selection Committee of Banco CTT, S.A.
- ✓ **2017-2019:** Member of the Committee for the Monitoring of the Implementation of the Operational Transformation Plan of CTT
- ✓ **2017-2019:** 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 and the leadership of the executive activity, 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., CTT IMO - Sociedade Imobiliária, S.A. and CTT IMO YIELD - SIC Imobiliária Fechada, 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)
- ✓ **2019-2019:** Chairman of the Board of Directors of I.-Charging, Mobilidade Eléctrica, S.A.
- ✓ **2016-2019:** Chairman of the Board of Directors of OZ Energia, S.A.
- ✓ **2016-2019:** Manager of Manuel Champalimaud Serviços, Unipessoal, Lda.
- ✓ **2015-2019:** Vice-Chairman of the Board of Directors and Chief Executive Officer of Manuel Champalimaud, SGPS, S.A.
- ✓ **2016-2016:** Member of the Board of Directors of Sogestão, S.A.
- ✓ **2014-2016:** Member of the Board of Directors of CCB - Fundação Centro Cultural de Belém
- ✓ **2012-2015:** Member of the Board of Directors and of the Executive Committee of Grupo José de Mello, SGPS, S.A.
- ✓ **2011-2015:** Member of the Board of Directors and Chief Executive Officer of Efacec Capital, SGPS, S.A.
- ✓ **2011-2015:** 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
- ✓ **2015-2020:** President of Quinta do Perú Golf Club
- ✓ **2014-2020:** Member of the Advisory Council of ANI (National Innovation Agency)
- ✓ **2014-2019:** Member of the General Council of Universidade de Lisboa
- ✓ **2012-2018:** President of COTEC Portugal, the Business Association for Corporate Innovation (2012-15) and Member of the Board (2015-18)
- ✓ **2014-2015:** Chairman of the General Meeting of APGEI (Portuguese Association of Industrial Management and Engineering)
- ✓ **2012-2015:** 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	2023-2025

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 the Costs, 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)

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	2023-2025

Academic qualifications

- ✓ **2023**: Qualification course for Insurance Agent, Insurance Broker or Reinsurance Mediator - Non-Life and Life Branches, APS – Associação Portuguesa de Seguradores
- ✓ **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

- ✓ **2023-…**: Member of the Board of Directors of Payshop (Portugal), S.A.
- ✓ **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 areas 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., CTT IMO - Sociedade Imobiliária, S.A. and Payshop (Portugal), 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

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	2023-2025

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 and in April 2023 for the term of office 2023-2025.
- ✓ 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 Chairwoman (since June 2023) of the Audit Committee of Banco Português de Fomento, 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.
- ✓ **2021-2023:** Member of the Board of Associação de Promoção e Defesa da Vida e Família - Vida Norte
- ✓ **2016-2023:** Non-Executive Member of the Board of Directors of SierraGest – Gestão de Fundos, SGOIC, S.A. (previous SFS – Gestão de Fundos, SGOIC, S.A. and Sonaegest - Sociedade Gestora de Fundos de Investimento, 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 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	2023-2025

Academic qualifications

- ✓ **2005:** BA in Economics, Political Economy and International Relations, Tulane University, USA

Management and supervisory positions held internally

- ✓ **2019-…:** Non-executive Member of the Board of Directors of CTT
- ✓ **2020-2023**: Member of the Audit Committee 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 investment), 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)

- ✓ **2023-...**: Member of the Board of Directors of Leonardo, S.P.A
- ✓ **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	2023-2025

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)

Jürgen Schröder

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	2 October 1963, born in Germany
Date of 1st appointment at CTT	29 April 2020
Term of office	2023-2025

Academic qualifications

- ✓ **1993:** PhD in Economics, Ruhr-Universität Bochum, Germany
- ✓ **1988:** Degree in Economics, Ruhr-Universität Bochum, Germany

Management and supervisory positions held internally

- ✓ **2023-…**: Member of the Audit Committee of CTT
- ✓ **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 from 2007 to 2020 he was 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 was also a member of the German Client Committee and the German OpCo (Board).
- ✓ Until 2020, he was responsible for the Global Marketing and Sales practice at McKinsey & Company and the transport and logistics sector in Germany and was 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)

- ✓ **2023-…:** Managing Director of LPS Hospitality & Investment GmbH (Germany)
- ✓ **2020-…:** Executive Partner of JS-Rat&Tat GmbH (Germany)

Other external positions held (last 5 years)

- ✓ **2023-…**:Board of “Rotary Club Düsseldorf” (Germany)
- ✓ **2014-…**: Member of the Board of Marketing Club Düsseldorf (Germany)
- ✓ **2015-2023**: Member of the Board of ISR (International School on the Rhine) (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	2023-2025

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

- ✓ **2023-…**: Member of the Corporate Governance, Evaluation and Nominating Committee of CTT
- ✓ **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 was a Senior Partner in the PI & Digital Group and a Partner in the ICT (Information, Communications and Technology) area, having been involved in the main transactions in the communications, media and privacy sectors as part of her professional activity, monitoring both economic and transactional regulatory matters. She has also worked extensively on infrastructure projects and monitoring public procurement procedures in regulated and non-regulated sectors.
- ✓ She is a Partner in the Social Economy practice, which provides legal and strategic advice to the most important Foundations and Associations active in Portugal and to various social impact projects. Between 2015 and 2023 she was President of the VdA Academia Association, the firm's corporate academy, where she was responsible for the Women on Boards Executive Program and the ESG Executive Program.
- ✓ 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 and Sustainability.
- ✓ She is the author of several articles on economic regulation, telecommunications, social economy and sustainability published in both national and international specialized editions. She is a frequent guest speaker at conferences related to her areas of practice in Portugal and abroad, and has been distinguished throughout her career by the main international law directories as a leader in her areas of practice.

Management and supervisory positions held in other companies (last 5 years)

- ✓ **2023-…**:Non-executive Member of the Board of Directors of Luz Saúde, S.A.

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
- ✓ **2016-…:** Secretary of the General Assembly of BCSD Portugal – *Business Council for Sustainable Development*
- ✓ **2015-2023:** Chairwoman of the Board of Associação VdA Academia
- ✓ **2017-2021:** Secretary of the General Assembly of Fórum Oceano - Associação da Economia do Mar (Association of Maritime Economy)

- ✓ **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	2023-2025

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 Officers) 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	2023-2025

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

- ✓ **2023-…:** Member of the Corporate Governance, Evaluation and Nominating Committee of CTT

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 Chairwoman of Organisation & Compensation Committee of Eldora AG (Gastronomy Companies in Switzerland)
- ✓ **2019-…:** Chief Executive Officer (CEO) of Ruoff Advisory GmbH (Switzerland)
- ✓ **2013-2018:** Member of the Board of Directors and Chairwoman of the Corebanking Transformation Committee of PostBank (Switzerland)
- ✓ **2012-2018**: Chief Executive Officer (CEO) of Swiss Post, LTD (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	2023-2025

Academic qualifications

- ✓ **1994:** MBA, Faculdade de Gestão, Universidade Católica Portuguesa
- ✓ **1989:** Degree in Human Resources Management and Work Psychology, Universidade Europeia

Management and supervisory positions held internally

- ✓ ---

Other internal positions 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 positions held in other companies (last 5 years)

- ✓ **1993-…:** Manager of Neves de Almeida Consultores, Unipessoal, Lda.

Other external positions 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	2023-2025

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 positions held internally

- ✓ **2016-2017:** Non-executive Member of the Board of Directors of CTT

Other internal positions 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 positions 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 positions 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	2023-2025

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 positions held internally

- ✓ ---

Other internal positions 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. Since 2020 he has been a member of CTT's Remuneration Committee.
- ✓ 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 positions held in other companies (last 5 years)

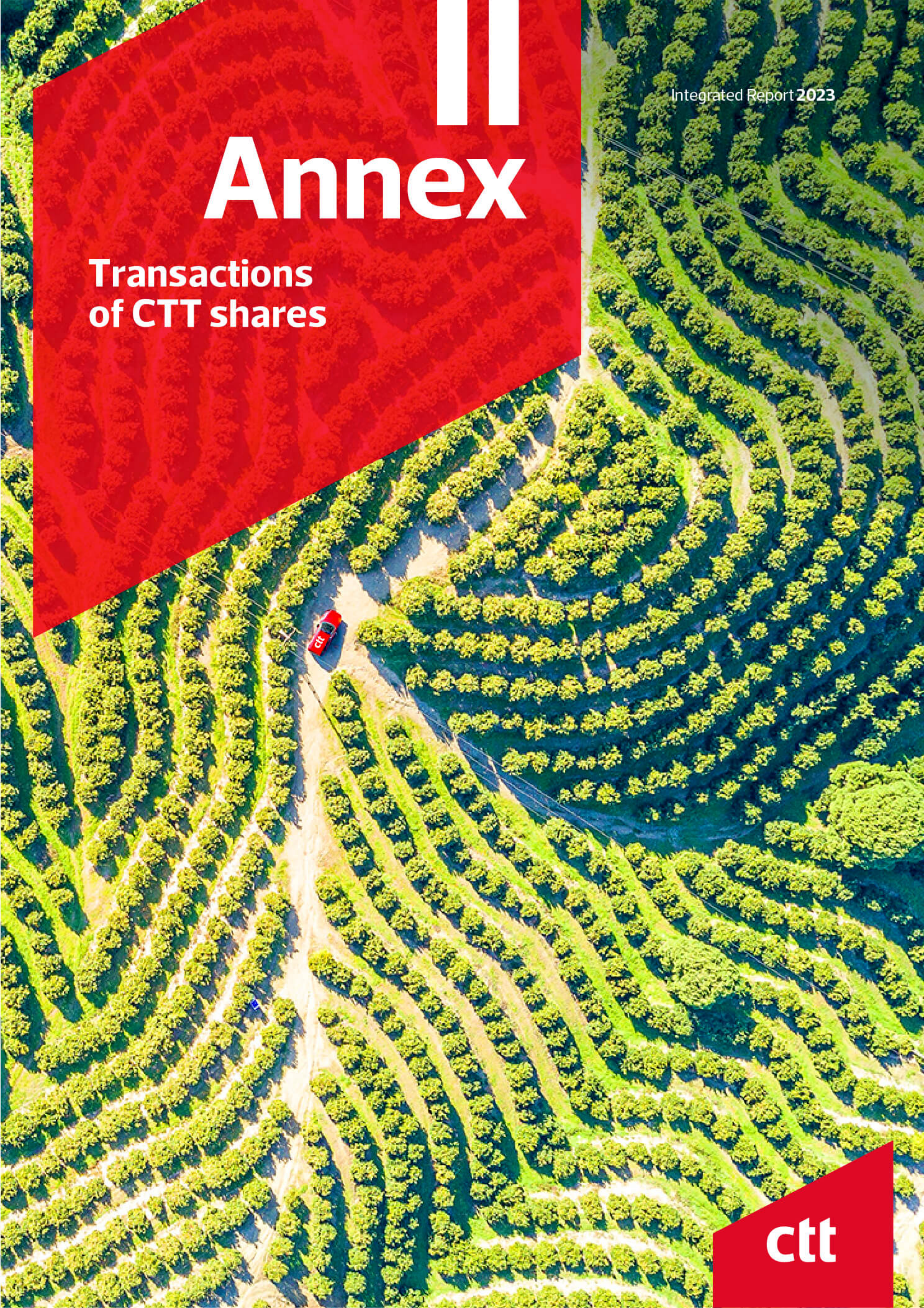
- ✓ **2018-2018:** Vice-President at Lazard Asset Management, LLC

Other external positions held (last 5 years)

- ✓ **2018-…:** Partner at GreenWood Investors, LLC
- ✓ **2012-2018:** Analyst at LRV Capital Management, LLC

II Annex

Transactions of CTT shares



ANNEX II – TRANSACTIONS OF CTT SHARES

Detail of the transactions of CTT shares carried out in 2023 by Steven Wood, non-executive member of the Board of Directors of CTT, as per the communications sent to the Company:

Date of the transaction	Volume (shares)	Price per share (€)	Type of business	Trading Venue
14-06-2023	117	3.340	Acquisition	XLIS
14-06-2023	42	3.34496	Acquisition	XLIS
14-06-2023	38	3.344975	Acquisition	XLIS
14-06-2023	43	3.34509128	Acquisition	XLIS
14-06-2023	37	3.34509514	Acquisition	XLIS
14-06-2023	35	3.34629071	Acquisition	XLIS
14-06-2023	39	3.34641526	Acquisition	XLIS
14-06-2023	629	3.350	Acquisition	XLIS
15-06-2023	24	3.354965	Acquisition	XLIS
15-06-2023	38	3.354975	Acquisition	XLIS
15-06-2023	33	3.35512652	Acquisition	XLIS
15-06-2023	27	3.35515019	Acquisition	XLIS
15-06-2023	29	3.35755287	Acquisition	XLIS
15-06-2023	26	3.35765897	Acquisition	XLIS
16-06-2023	191	3.340	Acquisition	XLIS
16-06-2023	348	3.375	Acquisition	XLIS
16-06-2023	108	3.380	Acquisition	XLIS
16-06-2023	597	3.390	Acquisition	XLIS
16-06-2023	136	3.3925	Acquisition	XLIS
16-06-2023	66	3.3932	Acquisition	XLIS
16-06-2023	70	3.3934	Acquisition	XLIS
16-06-2023	139	3.395	Acquisition	XLIS
23-06-2023	55	3.38506758	Acquisition	XLIS
23-06-2023	45	3.38508311	Acquisition	XLIS
23-06-2023	41	3.38509395	Acquisition	XLIS
23-06-2023	64	3.38704125	Acquisition	XLIS
23-06-2023	71	3.38705225	Acquisition	XLIS
23-06-2023	73	3.39356664	Acquisition	XLIS
23-06-2023	65	3.39367931	Acquisition	XLIS
23-06-2023	135	3.39554556	Acquisition	XLIS
23-06-2023	64	3.400	Acquisition	XLIS
23-06-2023	40	3.404976	Acquisition	XLIS
23-06-2023	45	3.40508711	Acquisition	XLIS
23-06-2023	39	3.40718349	Acquisition	XLIS
23-06-2023	43	3.4072133	Acquisition	XLIS
23-06-2023	866	3.410	Acquisition	XLIS
23-06-2023	71	3.41027669	Acquisition	XLIS
23-06-2023	64	3.4103075	Acquisition	XLIS
23-06-2023	102	3.41497667	Acquisition	XLIS

Date of the transaction	Volume (shares)	Price per share (€)	Type of business	Trading Venue
26-06-2023	3,500	3.400	Acquisition	XLIS
26-06-2023	500	3.420	Acquisition	XLIS
27-06-2023	6,000	3.410	Acquisition	XLIS
27-06-2023	500	3.4125	Acquisition	XLIS

Detail of the transactions of CTT shares carried out in 2023 by the GreenWood Builders Fund I, entity closely related with Steven Wood, non-executive member of the Board of Directors of CTT, as per the communications sent to the Company:

Date of the transaction	Volume (shares)	Price per share (€)	Type of business	Trading Venue
14-06-2023	10,000	3.3450	Acquisition	XLIS
15-06-2023	4,000	3.3550	Acquisition	XLIS
15-06-2023	2,000	3.3592	Acquisition	XLIS
15-06-2023	4,000	3.3650	Acquisition	XLIS
15-06-2023	2,000	3.3700	Acquisition	XLIS
16-06-2023	4,000	3.3850	Acquisition	XLIS
16-06-2023	6,000	3.3900	Acquisition	XLIS
16-06-2023	2,000	3.3950	Acquisition	XLIS
16-06-2023	1,000	3.3991	Acquisition	XLIS
16-06-2023	2,000	3.3993	Acquisition	XLIS
21-06-2023	300,000	3.4100	Transfer	XLIS

Details of the daily transactions on CTT shares carried out in 2023 and until 14 March 2024, the date of the most recent press release issued on the Company's share buyback programme referred to in point 3 of subchapter 5.2.1 of this Integrated Report. Further details on all the daily transactions carried out under this programme are available on the CTT website at CTT Investors.

Date of the transaction	Aggregated Volume (shares)	Weighted average price (€)	% of session's total volume	% of share capital
26-06-2023	17,000	3.396	7.96%	0.01%
27-06-2023	13,000	3.436	6.81%	0.01%
28-06-2023	16,502	3.464	11.75%	0.01%
29-06-2023	15,072	3.478	11.27%	0.01%
30-06-2023	25,900	3.514	11.14%	0.02%
03-07-2023	25,700	3.497	10.89%	0.02%
04-07-2023	12,300	3.502	11.18%	0.01%
05-07-2023	28,800	3.505	9.87%	0.02%
06-07-2023	25,900	3.511	17.14%	0.02%
07-07-2023	12,300	3.492	8.31%	0.01%
10-07-2023	20,000	3.508	9.13%	0.01%
11-07-2023	15,400	3.524	8.24%	0.01%
12-07-2023	17,000	3.552	6.77%	0.01%
13-07-2023	23,100	3.583	8.54%	0.02%
14-07-2023	9,220	3.599	7.87%	0.01%
17-07-2023	8,000	3.589	7.33%	0.01%
18-07-2023	26,080	3.611	7.06%	0.02%
19-07-2023	22,544	3.624	8.67%	0.02%

Date of the transaction	Aggregated Volume (shares)	Weighted average price (€)	% of session's total volume	% of share capital
20-07-2023	23,000	3.675	7.84%	0.02%
21-07-2023	18,000	3.668	9.41%	0.01%
24-07-2023	5,900	3.641	5.30%	0.00%
25-07-2023	10,295	3.692	5.46%	0.01%
26-07-2023	9,600	3.691	6.19%	0.01%
27-07-2023	8,350	3.687	6.38%	0.01%
28-07-2023	48,000	3.706	10.52%	0.03%
31-07-2023	22,350	3.642	4.04%	0.02%
01-08-2023	20,223	3.565	8.09%	0.01%
02-08-2023	32,000	3.502	9.36%	0.02%
03-08-2023	22,300	3.492	8.63%	0.02%
04-08-2023	20,674	3.463	9.28%	0.01%
07-08-2023	20,000	3.449	7.27%	0.01%
08-08-2023	17,402	3.445	8.04%	0.01%
09-08-2023	11,050	3.448	7.07%	0.01%
10-08-2023	8,150	3.455	9.58%	0.01%
11-08-2023	9,530	3.431	9.59%	0.01%
14-08-2023	6,650	3.422	8.52%	0.00%
15-08-2023	10,425	3.415	14.04%	0.01%
16-08-2023	10,000	3.398	7.76%	0.01%
17-08-2023	9,300	3.372	7.81%	0.01%
18-08-2023	10,281	3.362	7.19%	0.01%
21-08-2023	22,850	3.341	4.06%	0.02%
22-08-2023	18,000	3.315	6.02%	0.01%
23-08-2023	18,350	3.315	8.34%	0.01%
24-08-2023	15,320	3.299	8.45%	0.01%
25-08-2023	37,600	3.337	14.62%	0.03%
28-08-2023	45,629	3.360	10.45%	0.03%
29-08-2023	37,332	3.416	13.20%	0.03%
30-08-2023	12,500	3.392	12.71%	0.01%
31-08-2023	14,923	3.387	9.05%	0.01%
01-09-2023	18,500	3.397	15.74%	0.01%
04-09-2023	6,800	3.399	10.92%	0.00%
05-09-2023	17,900	3.385	18.07%	0.01%
06-09-2023	23,650	3.358	17.04%	0.02%
07-09-2023	35,000	3.322	14.81%	0.02%
08-09-2023	16,000	3.347	9.71%	0.01%
11-09-2023	28,000	3.379	13.30%	0.02%
12-09-2023	15,200	3.376	10.37%	0.01%
13-09-2023	13,991	3.346	11.34%	0.01%
14-09-2023	6,000	3.378	7.03%	0.00%
15-09-2023	24,000	3.386	1.22%	0.02%
18-09-2023	22,912	3.343	10.21%	0.02%
19-09-2023	52,566	3.335	19.86%	0.04%
20-09-2023	14,173	3.344	7.99%	0.01%
21-09-2023	21,900	3.356	10.97%	0.02%

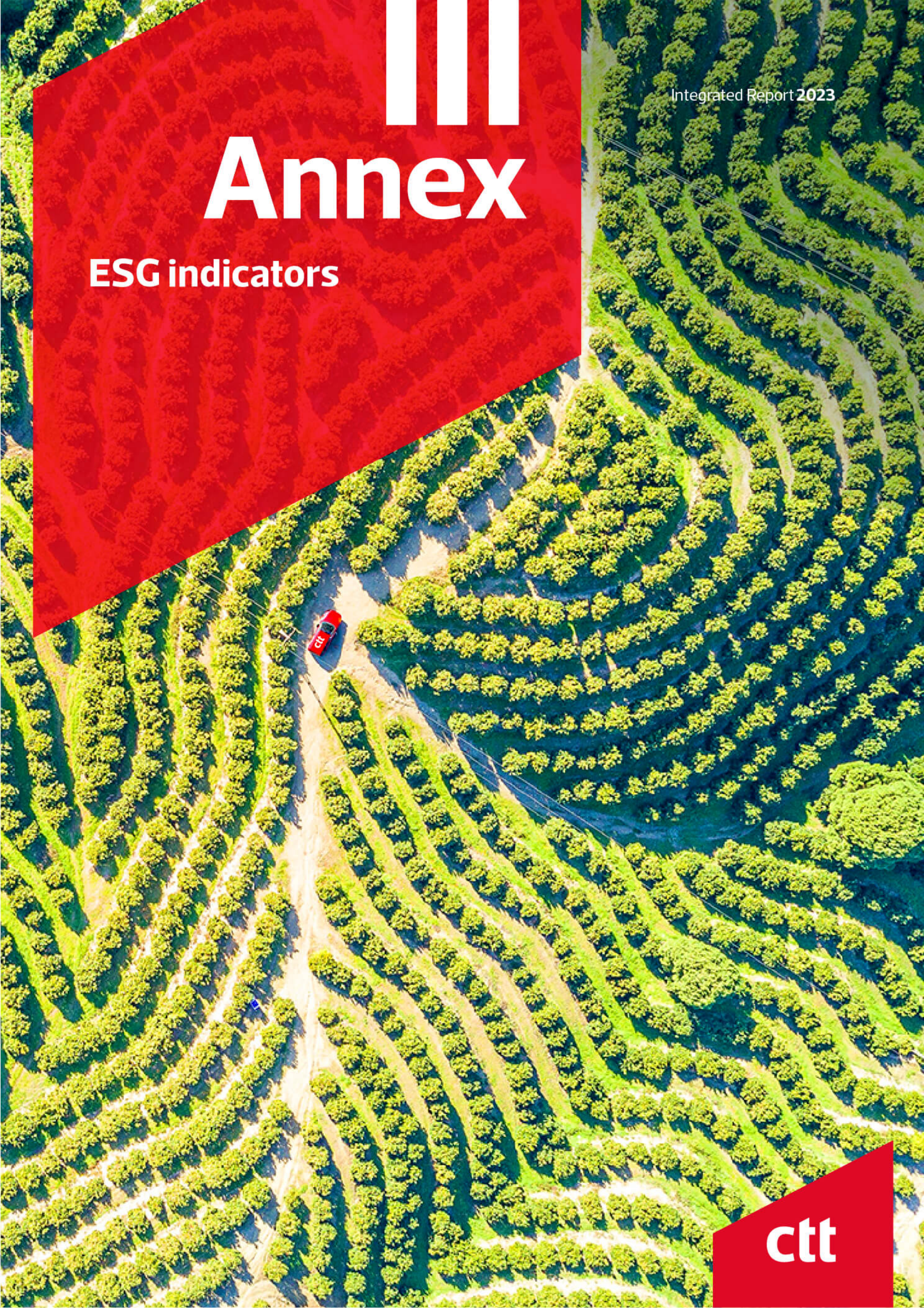
Date of the transaction	Aggregated Volume (shares)	Weighted average price (€)	% of session's total volume	% of share capital
22-09-2023	8,201	3.352	9.66%	0.01%
25-09-2023	44,501	3.297	13.64%	0.03%
26-09-2023	13,960	3.281	7.62%	0.01%
27-09-2023	15,030	3.319	13.46%	0.01%
28-09-2023	17,400	3.345	14.49%	0.01%
29-09-2023	27,200	3.404	3.68%	0.02%
02-10-2023	24,750	3.519	5.93%	0.02%
03-10-2023	50,600	3.413	14.89%	0.04%
04-10-2023	31,652	3.347	13.52%	0.02%
05-10-2023	17,150	3.318	10.21%	0.01%
06-10-2023	8,550	3.314	8.96%	0.01%
09-10-2023	67,000	3.320	14.62%	0.05%
10-10-2023	17,200	3.344	9.55%	0.01%
11-10-2023	17,351	3.387	5.59%	0.01%
12-10-2023	22,950	3.417	9.52%	0.02%
13-10-2023	21,800	3.391	9.86%	0.02%
16-10-2023	12,602	3.458	2.98%	0.01%
17-10-2023	36,150	3.503	10.34%	0.03%
18-10-2023	17,500	3.493	12.08%	0.01%
19-10-2023	22,601	3.453	10.00%	0.02%
20-10-2023	37,000	3.420	22.15%	0.03%
23-10-2023	7,820	3.397	7.23%	0.01%
24-10-2023	9,589	3.455	3.61%	0.01%
25-10-2023	17,900	3.484	9.90%	0.01%
26-10-2023	29,000	3.508	7.73%	0.02%
27-10-2023	17,951	3.515	7.54%	0.01%
30-10-2023	20,700	3.547	6.95%	0.01%
31-10-2023	20,000	3.590	6.03%	0.01%
01-11-2023	25,210	3.607	9.44%	0.02%
02-11-2023	34,000	3.627	5.86%	0.02%
03-11-2023	67,200	3.671	6.40%	0.05%
06-11-2023	26,400	3.564	7.96%	0.02%
07-11-2023	58,960	3.468	11.20%	0.04%
08-11-2023	40,000	3.513	14.55%	0.03%
09-11-2023	10,213	3.549	7.11%	0.01%
10-11-2023	13,303	3.542	10.01%	0.01%
13-11-2023	8,870	3.532	6.95%	0.01%
14-11-2023	14,914	3.538	9.35%	0.01%
15-11-2023	12,314	3.529	6.75%	0.01%
16-11-2023	28,500	3.537	9.48%	0.02%
17-11-2023	18,720	3.551	9.52%	0.01%
20-11-2023	15,000	3.537	7.73%	0.01%
21-11-2023	11,577	3.528	8.79%	0.01%
22-11-2023	24,600	3.538	15.17%	0.02%
23-11-2023	20,900	3.541	18.21%	0.01%
24-11-2023	16,287	3.544	12.04%	0.01%

Date of the transaction	Aggregated Volume (shares)	Weighted average price (€)	% of session's total volume	% of share capital
27-11-2023	11,107	3.539	10.97%	0.01%
28-11-2023	11,000	3.546	7.90%	0.01%
29-11-2023	21,500	3.563	9.29%	0.01%
30-11-2023	20,120	3.562	7.33%	0.01%
01-12-2023	11,050	3.553	5.57%	0.01%
04-12-2023	32,200	3.552	11.59%	0.02%
05-12-2023	50,000	3.544	23.48%	0.03%
06-12-2023	19,650	3.556	9.15%	0.01%
07-12-2023	30,290	3.518	14.12%	0.02%
08-12-2023	16,200	3.539	7.95%	0.01%
11-12-2023	30,457	3.506	20.90%	0.02%
12-12-2023	35,000	3.517	10.55%	0.02%
13-12-2023	29,080	3.534	17.54%	0.02%
14-12-2023	43,800	3.552	8.70%	0.03%
15-12-2023	42,177	3.534	9.39%	0.03%
18-12-2023	28,401	3.528	17.93%	0.02%
19-12-2023	33,601	3.502	16.12%	0.02%
20-12-2023	34,850	3.517	18.30%	0.02%
21-12-2023	24,000	3.516	19.17%	0.02%
22-12-2023	28,000	3.506	19.50%	0.02%
27-12-2023	39,926	3.494	19.16%	0.03%
28-12-2023	53,289	3.468	25.21%	0.04%
29-12-2023	58,000	3.496	19.36%	0.04%
02-01-2024	35,001	3.533	19.26%	0.02%
03-01-2024	23,100	3.548	15.08%	0.02%
04-01-2024	56,000	3.565	13.19%	0.04%
05-01-2024	49,000	3.562	13.98%	0.03%
08-01-2024	60,500	3.556	33.21%	0.04%
09-01-2024	48,500	3.542	25.39%	0.03%
10-01-2024	60,000	3.567	18.23%	0.04%
11-01-2024	61,000	3.563	29.14%	0.04%
12-01-2024	62,000	3.612	10.80%	0.04%
15-01-2024	47,186	3.661	14.40%	0.03%
16-01-2024	47,188	3.591	27.79%	0.03%
17-01-2024	57,000	3.563	15.64%	0.04%
18-01-2024	30,000	3.642	15.21%	0.02%
19-01-2024	32,760	3.640	17.12%	0.02%
22-01-2024	23,500	3.661	8.18%	0.02%
23-01-2024	23,686	3.683	5.93%	0.02%
24-01-2024	20,000	3.708	5.08%	0.01%
25-01-2024	14,700	3.702	5.79%	0.01%
26-01-2024	21,200	3.692	7.59%	0.01%
29-01-2024	16,500	3.652	9.16%	0.01%
30-01-2024	13,400	3.659	5.86%	0.01%
31-01-2024	15,800	3.684	7.96%	0.01%
01-02-2024	14,249	3.685	7.98%	0.01%

Date of the transaction	Aggregated Volume (shares)	Weighted average price (€)	% of session's total volume	% of share capital
02-02-2024	7,600	3.668	6.14%	0.01%
05-02-2024	24,000	3.711	4.65%	0.02%
06-02-2024	23,000	3.709	6.51%	0.02%
07-02-2024	27,200	3.722	7.56%	0.02%
08-02-2024	16,000	3.732	4.87%	0.01%
09-02-2024	9,380	3.685	6.49%	0.01%
12-02-2024	22,001	3.698	12.04%	0.02%
13-02-2024	37,600	3.680	15.28%	0.03%
14-02-2024	17,828	3.669	15.52%	0.01%
15-02-2024	24,010	3.644	13.79%	0.02%
16-02-2024	16,104	3.645	9.84%	0.01%
19-02-2024	33,667	3.699	12.65%	0.02%
20-02-2024	25,000	3.703	26.17%	0.02%
21-02-2024	25,000	3.701	19.18%	0.02%
22-02-2024	25,000	3.726	10.64%	0.02%
23-02-2024	25,000	3.709	23.27%	0.02%
26-02-2024	25,000	3.682	15.21%	0.02%
27-02-2024	25,000	3.667	14.43%	0.02%
28-02-2024	25,000	3.649	17.44%	0.02%
29-02-2024	25,000	3.647	10.37%	0.02%
01-03-2024	25,000	3.650	9.88%	0.02%
04-03-2024	25,000	3.576	11.08%	0.02%
05-03-2024	25,000	3.578	11.78%	0.02%
06-03-2024	25,000	3.576	11.85%	0.02%
07-03-2024	25,000	3.597	9.42%	0.02%
08-03-2024	25,000	3.605	13.76%	0.02%
11-03-2024	25,000	3.578	16.15%	0.02%
12-03-2024	25,000	3.609	9.18%	0.02%
13-03-2024	25,000	3.624	10.52%	0.02%
14-03-2024	25,000	3.660	10.84%	0.02%

III
Annex

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		'22			'23		CTT
Indicators	CTT	CTT SA	Subsidiaries	CTT	CTT SA	Subsidiaries	Annual variation %
Labour Indicators (number of people)							
Employees	**12,506**	**9,763**	**2,743**	**13,670**	**10,135**	**3,535**	**9.3**
Female	4,747	3,376	1,371	5,326	3,511	1,815	**12.2**
Male	7,759	6,387	1,372	8,344	6,624	1,720	**7.5**
Type of contract (number of people)							
Permanent	**11,192**	**9,028**	**2,164**	**11,386**	**8,794**	**2,592**	**1.7**
Female	4,126	3,081	1,045	4,252	3,027	1,225	**3.1**
Male	7,066	5,947	1,119	7,134	5,767	1,367	**1.0**
Fixed-term	**1,314**	**735**	**579**	**2,284**	**1,341**	**943**	**73.8**
Female	621	295	326	1,074	484	590	**72.9**
Male	693	440	253	1,210	857	353	**74.6**
Full-time	**12,081**	**9,630**	**2,451**	**13,136**	**10,001**	**3,135**	**8.7**
Female	**4,534**	**3,322**	**1,212**	**5,067**	**3,468**	**1,599**	**11.8**
Permanent	3,992	3,056	936	4,082	3,003	1,079	**2.3**
Fixed-term	542	266	276	985	465	520	**81.7**
Male	**7,547**	**6,308**	**1,239**	**8,069**	**6,533**	**1,536**	**6.9**
Permanent	7,001	5,937	1,064	7,014	5,756	1,258	**0.2**
Fixed-term	546	371	175	1,055	777	278	**93.2**
Part-time	**425**	**133**	**292**	**534**	**134**	**400**	**25.6**
Female	**213**	**54**	**159**	**259**	**43**	**216**	**21.6**
Permanent	134	25	109	170	24	146	**26.9**
Fixed-term	79	29	50	89	19	70	**12.7**
Male	**212**	**79**	**133**	**275**	**91**	**184**	**29.7**
Permanent	65	10	55	120	11	109	**84.6**
Fixed-term	147	69	78	155	80	75	**5.4**
Age group (number of people)							
<30	**1,030**	**495**	**535**	**1,602**	**830**	**772**	**55.5**
Female	444	186	258	671	279	392	**51.1**
Male	586	309	277	931	551	380	**58.9**
30 to 50	**6,431**	**4,600**	**1,831**	**6,654**	**4,410**	**2,244**	**3.5**
Female	2,734	1,753	981	2,953	1,724	1,229	**8.0**
Male	3,697	2,847	850	3,701	2,686	1,015	**0.1**
>50	**5,045**	**4,668**	**377**	**5,414**	**4,895**	**519**	**7.3**
Female	1,569	1,437	132	1,702	1,508	194	**8.5**
Male	3,476	3,231	245	3,712	3,387	325	**6.8**
Professional category (number of people)							
Senior personnel	**1,422**	**982**	**440**	**1,477**	**1,025**	**452**	**3.9**
Female	**722**	**505**	**217**	**741**	**534**	**207**	**2.6**
<30	45	25	20	72	49	23	**60.0**
30 to 50	477	295	182	440	280	160	**(7.8)**
>50	200	185	15	229	205	24	**14.5**
Male	**700**	**477**	**223**	**736**	**491**	**245**	**5.1**
<30	46	21	25	56	29	27	**21.7**
30 to 50	382	228	154	374	217	157	**(2.1)**
>50	272	228	44	306	245	61	**12.5**

Human Resources	'22			'23			CTT
Indicators	**CTT**	**CTT SA**	**Subsidiaries**	**CTT**	**CTT SA**	**Subsidiaries**	**Annual variation %**
Middle management	**575**	**376**	**199**	**585**	**366**	**219**	**1.7**
Female	**220**	**152**	**68**	**215**	**147**	**68**	**-2.3**
<30	3	0	3	10	2	8	**233.3**
30 to 50	103	49	54	89	41	48	**-13.6**
>50	114	103	11	116	104	12	**1.8**
Male	**355**	**224**	**131**	**370**	**219**	**151**	**4.2**
<30	8	0	8	15	0	15	**87.5**
30 to 50	168	78	90	170	75	95	**1.2**
>50	179	146	33	185	144	41	**3.4**
Counter service	**2,246**	**2,166**	**80**	**2,285**	**2,149**	**136**	**1.7**
Female	**1,579**	**1,522**	**57**	**1,621**	**1,518**	**103**	**2.7**
<30	89	82	7	121	102	19	**36.0**
30 to 50	740	697	43	728	654	74	**-1.6**
>50	750	743	7	772	762	10	**2.9**
Male	**667**	**644**	**23**	**664**	**631**	**33**	**-0.4**
<30	39	37	2	55	52	3	**41.0**
30 to 50	214	198	16	203	179	24	**-5.1**
>50	414	409	5	406	400	6	**-1.9**
Delivery	**5,362**	**4,573**	**789**	**6,124**	**5,007**	**1,117**	**14.2**
Female	**879**	**687**	**192**	**1,108**	**809**	**299**	**26.1**
<30	98	46	52	178	101	77	**81.6**
30 to 50	577	453	124	694	501	193	**20.3**
>50	204	188	16	236	207	29	**15.7**
Male	**4,483**	**3,886**	**597**	**5,016**	**4,198**	**818**	**11.9**
<30	325	159	166	571	363	208	**75.7**
30 to 50	2,227	1,866	361	2,279	1,806	473	**2.3**
>50	1,931	1,861	70	2,166	2,029	137	**12.2**
Other groups	**2,901**	**1,666**	**1,235**	**3,199**	**1,588**	**1,611**	**10.3**
Female	**1,347**	**510**	**837**	**1,641**	**503**	**1,138**	**21.8**
<30	209	33	176	290	25	265	**38.8**
30 to 50	837	259	578	1,002	248	754	**19.7**
>50	301	218	83	349	230	119	**15.9**
Male	**1,554**	**1,156**	**398**	**1,558**	**1,085**	**473**	**0.3**
<30	168	92	76	234	107	127	**39.3**
30 to 50	706	477	229	675	409	266	**-4.4**
>50	680	587	93	649	569	80	**-4.6**
Leadership by gender (number of people)	**233**	**172**	**61**	**245**	**171**	**74**	**5.2**
Executive Committee	**5**	**5**	**0**	**3**	**3**	**0**	**-40.0**
Female	0	0	0	0	0	0	**—**
Male	5	5	0	3	3	0	**-40.0**
Leadership - 1st level	**48**	**35**	**13**	**52**	**39**	**13**	**8.3**
Female	8	8	0	11	11	0	**37.5**
Male	40	27	13	41	28	13	**2.5**
Leadership - 2nd level	**180**	**132**	**48**	**190**	**129**	**61**	**5.6**
Female	85	66	19	86	63	23	**1.2**
Male	95	66	29	104	66	38	**9.5**
Diversity (number of people)							
Foreign employees	**230**	**94**	**136**	**763**	**400**	**363**	**231.7**
Female	110	36	74	346	150	196	**214.5**
Male	120	58	62	417	250	167	**247.5**

Human Resources		'22			'23			CTT
Indicators		CTT	CTT SA	Subsidiaries	CTT	CTT SA	Subsidiaries	Annual variation %
Employees with special needs		**305**	**278**	**27**	**317**	**293**	**24**	**3.9**
Female		145	128	17	148	134	14	**2.1**
Male		160	150	10	169	159	10	**5.6**
Schooling level (number of people)								
University education		2,277	1,498	779	2,557	1,566	991	**12.3**
12th year		6,303	4,853	1,450	6,972	5,139	1,833	**10.6**
3rd cycle elementary education		2,875	2,456	419	3,074	2,563	511	**6.9**
< 3rd cycle of elementary education		1,051	956	95	1,067	867	200	**1.5**
Turnover rate	**c)**	**18.5**	**16.9**	**24.4**	**18.7**	**17.4**	**22.7**	**0.2 p.p.**
Female		**17.8**	**16.1**	**21.6**	**19.4**	**17.8**	**22.5**	**1.6 p.p.**
<30		6.1	4.9	8.7	53.1	74.9	37.5	**47.0 p.p.**
30 to 50		9.1	7.9	12.0	18.0	16.9	19.6	**8.9 p.p.**
>50		2.6	3.3	0.9	8.6	8.3	10.8	**6.0 p.p.**
Male		**19.0**	**17.3**	**27.1**	**18.3**	**17.1**	**23.0**	**-0.7 p.p.**
<30		7.7	6.8	12.1	65.2	78.2	46.3	**57.5 p.p.**
30 to 50		7.9	6.9	13.0	16.3	16.0	17.2	**8.4 p.p.**
>50		3.4	3.7	1.9	8.6	8.1	13.5	**5.2 p.p.**
Contracting rate		**29.9**	**24.9**	**47.5**	**37.5**	**33.4**	**49.4**	**7.6 p.p.**
Female		**31.8**	**25.5**	**47.0**	**39.9**	**35.0**	**49.5**	**8.1 p.p.**
<30		12.3	10.0	17.9	124.9	176.7	88.0	**112.6 p.p.**
30 to 50		18.3	14.7	26.9	40.3	40.3	40.4	**22.0 p.p.**
>50		1.2	0.8	2.2	5.7	2.7	29.4	**4.5 p.p.**
Male		**28.7**	**24.6**	**48.0**	**36.0**	**32.6**	**49.2**	**7.3 p.p.**
<30		14.1	12.2	23.1	156.5	196.9	97.9	**142.4 p.p.**
30 to 50		13.0	11.1	21.9	36.6	36.0	38.4	**23.6 p.p.**
>50		1.6	6.2	3.1	5.2	3.2	26.2	**3.6 p.p.**
Rate of return		**95.1**	**—**	**—**	**93.6** [83]	**—**	**—**	**-1.5 p.p.**
Female		93.8	—	—	94.3	—	—	**0.5 p.p.**
Male		96.6	—	—	92.9	—	—	**-3.7 p.p.**
Rate of retention		**90.1**	**—**	**—**	**93.6**	**—**	**—**	**3.5 p.p.**
Female		91.6	—	—	95.9	—	—	**4.3 p.p.**
Male		88.8	—	—	91.3	—	—	**2.5 p.p.**
Prevention & safety								
Total number of work accidents		**801**	**706**	**95**	**865**	**755**	**110**	**8.0**
Female		194	169	25	237	201	36	**22.2**
Male		607	537	70	628	554	74	**3.5**
Injury rate due to work accidents	**$*10^6$**	**34.0**	**0.3**	**0.3**	**34.9**	**37.0**	**23.8**	**0.9 p.p.**
Female		23.0	23.0	25.0	25.7	27.5	17.4	**2.7 p.p.**
Male		40.0	40.0	36.0	39.8	42.0	27.7	**-0.2 p.p.**
Rate of occupational diseases	**$*10^6$**	**2.1**	**2.4**	**0.0**	**1.7**	**2.0**	**0.6**	**-0.4 p.p.**
Female		3.2	3.8	0.0	2.3	2.7	0.8	**-0.9 p.p.**
Male		1.5	1.7	0.0	1.4	1.6	0.5	**-0.1 p.p.**

[83] 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		‘22			‘23			CTT
Indicators		**CTT**	**CTT SA**	**Subsidiaries**	**CTT**	**CTT SA**	**Subsidiaries**	**Annual variation %**
Rate of days lost due to work accidents[84]	*10^6	**1,218.0**	**1,336.0**	**437.0**	**1,230.2**	**1,367.6**	**519.0**	**12.2 p.p.**
Female		659.0	722.0	276.0	764.0	863.6	300.4	**105.0 p.p.**
Male		1,513.0	1,657.0	5.8	1,481.9	1,632.5	654.6	**-31.1 p.p.**
Deaths		**0**	**0**	**0**	**0**	**0**	**0**	**0.0 p.p.**
Absenteeism (%)[85]	c)	**8.1**	**9.1**	**5.5**	**7.4**	**8.3**	**4.6**	**-0.7 p.p.**
Training[86]	c)							
Number of training hours	*10^4	**13.8**	**12.1**	**1.7**	**15.6**	**12.7**	**2.9**	**13.0**
Average training hours		**11.8**	**12.4**	**9.1**	**12.5**	**12.5**	**12.2**	**104.9**
Female		18.2	19.8	10.8	18.8	19.5	14.8	**102.3**
Male		8.4	8.5	8.0	8.9	8.8	10.1	**105.0**
Average hours per category								
Senior personnel		**17.0**	**14.6**	**22.7**	**20.7**	**21.2**	**19.6**	**120.8**
Female		18.0	16.1	22.9	20.9	21.0	20.5	**115.1**
Male		16.0	13.0	22.6	20.6	21.3	18.8	**127.8**
Middle management		**14.6**	**16.1**	**11.5**	**13.0**	**16.7**	**3.3**	**88.0**
Female		15.2	17.1	10.4	14.9	18.4	1.6	**97.0**
Male		14.2	15.4	12.0	11.9	15.5	3.9	**82.8**
Counter service		**31.4**	**31.4**	**32.3**	**31.3**	**30.2**	**53.4**	**98.7**
Female		31.8	31.7	34.4	31.7	30.6	51.3	**98.7**
Male		30.7	30.8	27.1	30.5	29.3	60.8	**98.3**
Delivery		**3.2**	**3.4**	**2.0**	**4.6**	**4.9**	**2.0**	**142.8**
Female		3.4	3.9	1.5	4.7	5.8	0.6	**137.2**
Male		3.1	3.3	2.2	4.6	4.7	2.9	**147.4**
Other		**8.9**	**10.2**	**4.0**	**6.2**	**6.1**	**8.1**	**68.7**
Female		7.7	9.9	2.7	6.9	6.9	6.5	**88.6**
Male		9.5	10.3	5.4	5.8	5.7	10.4	**60.1**
Wage ratio by gender (F/M)		**1.00**	**1.06**	**0.86**	**1.00**	**1.10**	**0.90**	**0.00 p.p.**
Senior personnel		**0.78**	**0.85**	**0.63**	**0.80**	**0.80**	**0.70**	**0.02 p.p.**
Female (€)		1,951.5	2,053.0	1,715.3	2,039.8	2,109.7	1,859.4	**4.5**
Male (€)		2,514.5	2,420.0	2,716.4	2,623.9	2,601.5	2,668.8	**4.4**
Middle management		**0.97**	**0.94**	**0.98**	**1.00**	**0.90**	**1.00**	**0.03 p.p.**
Female (€)		1,299.1	1,377.1	1,124.6	1,350.8	1,437.8	1,162.7	**4.0**
Male (€)		1,342.6	1,459.7	1,142.4	1,373.0	1,530.2	1,145.2	**2.3**
Counter service		**0.94**	**0.93**	**1.25**	**0.90**	**0.90**	**1.00**	**-0.04 p.p.**
Female (€)		1,087.9	1,095.9	875.8	1,132.2	1,143.7	963.0	**4.1**
Male (€)		1,156.9	1,173.2	701.3	1,208.8	1,221.8	960.7	**4.5**
Delivery		**0.93**	**0.90**	**1.26**	**0.90**	**0.90**	**1.20**	**-0.03 p.p.**
Female (€)		869.4	863.6	889.9	901.9	891.9	929.2	**3.7**
Male (€)		930.7	964.8	708.8	966.5	1,000.8	790.2	**3.8**
Other		**0.87**	**0.96**	**0.88**	**0.90**	**1.00**	**0.90**	**0.03 p.p.**
Female (€)		872.1	985.7	802.9	903.8	1,041.8	842.8	**3.6**
Male (€)		997.4	1,026.7	912.0	1,038.4	1,078.9	945.5	**4.1**

[84] 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.

[85] The 2023 data is an estimate based on the first 10 months of the year. In October a new management system was set up, making different calculations and not allowing for comparability with the rest of the year. The 2022 data was updated and now excludes absences due to work accidents or injuries, a pattern that was kept for 2023..

[86] CORRE, NewSpring Services data not included, as these subsidiaries did not, as of 2023, use the same platform for gathering data. 321 Crédito’s data is parcially accounted for, as these figures started being accounted in the same platform during 2023.

Human Resources	'22			'23			CTT
Indicators	CTT	CTT SA	Subsidiaries	CTT	CTT SA	Subsidiaries	Annual variation %
Labour relations (%)[87]							
Collective labour agreements	98.9	99.5	66.4	96.3	99.4	66.1	**-2.6 p.p.**
Union membership	72.2	78.3	50.1	69.9	72.1	48.5	**-2.3 p.p.**

[87] 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	'22			'23			
Indicators[88]	**CTT**	**CTT SA**	**Subsidiaries**	**CTT**	**CTT SA**	**Subsidiaries**	**Annual variation %**
Energy consumption (GJ)	**365,603.8**	**321,435.8**	**44,167.0**	**363,427.4**	**316,600.0**	**46,827.4**	**-0.6 %**
Total electricity consumption	**131,368.4**	**110,469.2**	**20,899.1**	**120,518.7**	**100,015.3**	**20,503.5**	**-8.3 %**
Conventional electricity consumption	0.0	0.0	0.0	0.0	0.0	0.0	—
Green electricity consumption	131,368.4	110,469.2	20,899.1	120,518.7	100,015.3	20,503.5	**-8.3 %**
Solar panel power consumption	2,275.3	118.9	2,156.4	6,708.1	3,834.3	2,873.8	**194.8 %**
Thermal power consumption	5,619.6	5,619.6	0.0	0.0	0.0	0.0	**-100.0 %**
Total fuel consumption	225,386.3	204,274.9	21,111.4	235,513.2	212,063.0	23,450.2	**4.5 %**
Total gas consumption	954.2	954.2	0.0	687.4	687.4	0.0	**-28.0 %**
Average fleet consumption (l/100)	**9.5**	**9.7**	**7.4**	**9.7**	**10.0**	**7.8**	**2.1 %**
Less pollutant vehicles (unit)	**596.0**	**570.0**	**26.0**	**736.0**	**684.0**	**52.0**	**23.5 %**
Less pollutant vehicles in the last mile (%)	**15.3**	—	—	**19.6**	—	—	4.3 p.p.
Total direct atmospheric emissions of CO_2e (*scope* 1) (tons CO_2)	**18,356.8**	**16,632.9**	**1,723.9**	**19,146.1**	**17,235.6**	**1,910.6**	**4.3 %**
Fuel consumption	18,309.5	16,585.6	1,723.9	19,112.3	17,201.8	1,910.6	**4.4 %**
Gas consumption	47.3	47.3	0.0	33.8	33.8	0.0	**-28.5 %**
Total indirect atmospheric emissions (*scope* 2) (tons CO_2e)	**9.9**	**9.9**	**0.00**	**0.0**	**0.0**	**0.00**	**-100.0 %**
Electricity consumption	0.0	0.0	0.0	0.0	0.0	0.0	**0.0 %**
Thermal power consumption	9.9	9.9	0.0	—	—	0.0	**-100.0 %**
Total other indirect atmospheric emissions (*scope* 3) (tons CO_2e)	**66,198.0**	**15,806.4**	**57,057.7**	**63,204.3**	**14,758.2**	**48,497.8**	**-4.5 %**
Air transport	15,629.0	9,419.0	6,210.0	14,668.8	7,998.1	6,670.8	**-6.1 %**
Sea transport	66.9	3.3	63.6	80.7	1.8	78.8	**20.6 %**
Road transport by outsourced fleet	45,048.2	1,803.2	49,911.6	42,892.7	2,296.8	40,583.1	**-4.8 %**
Delivery by motorcycle	1,014.1	1,014.1	0.0	940.7	940.7	0.0	**-7.2 %**
Air and rail travel on company business[89]	48.7	48.7	0.0	83.6	82.2	1.4	**71.7 %**
Commuting	4,391.1	3,518.6	872.5	4,537.8	3,386.9	1,150.9	**3.3 %**
Offset CO_{2e} emissions (tons CO_{2e})	**5,732.1**	**5,075.2**	**656.8**	**7,224.9**	**6,451.6**	**773.3**	**26.0 %**
Scopes 1+2 (tons CO_{2e})	**18,366.7**	**16,642.8**	**1,723.9**	**19,146.1**	**17,235.6**	**1,910.6**	**4.2 %**
Scopes 1+2+3 (tons CO_{2e})	**84,564.8**	**32,449.8**	**58,781.6**	**82,350.4**	**31,942.1**	**50,408.4**	**-2.6 %**
Scopes 1+2+3 (tons CO_{2e}) SBTi target	**57,836.6**	—	—	**55,482.1**	—	—	**-4.1 %**
Carbon incorporation by postal item (*scopes* 1 and 2) (g CO_{2e}/item)	**19.0**	**35.9**	**3.4**	**23.6**	**40.3**	**5.0**	**24.2 %**

[88] CORRE data not included.

[89] CTT Express data not included

Environment	'22			'23			
Indicators[88]	**CTT**	**CTT SA**	**Subsidiaries**	**CTT**	**CTT SA**	**Subsidiaries**	**Annual variation %**
Carbon incorporation by postal item (*scopes* 1, 2 and 3) b) (g CO_{2e}/item)	**87.5**	**69.9**	**117.1**	**101.6**	**74.9**	**131.5**	**16.1 %**
Carbon intensity per €1000 turnover (*scopes* 1+2) (kg CO_{2e}/€1000)	**20.3**	**32.1**	**3.7**	**78.0**	**34.4**	**4.2**	**284.2 %**
Captured water by source (m^3)	**38,452.0**	**24,069.7**	**14,382.3**	**39,228.3**	**21,844.7**	**17,383.6**	**2.0 %**
Well	2,021.0	2,021.0	0.0	2,162.0	2,162.0	0.0	**7.0 %**
Public network	35,366.0	20,983.7	14,382.3	36,194.7	18,811.1	17,383.6	**2.3 %**
Rainwater	1,065.0	1,065.0	0.0	871.6	871.6	0.0	**-18.2 %**
Spillage (unit)	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	—
Consumption of materials (tons)	**3,772.9**	**2,818.0**	**955.0**	**2,378.2**	**1,108.6**	**1,269.6**	**-37.0 %**
Paper	3,042.6	2,660.8	381.7	1,467.6	933.7	533.9	**-51.8 %**
Plastic	641.1	133.6	507.5	852.6	123.1	729.5	**33.0 %**
Metal	4.2	3.6	0.6	6.4	3.2	3.2	**53.3 %**
Other materials	85.1	19.9	65.2	51.5	48.6	2.9	**-39.4 %**
Waste routed to final destination	—	—	—	—	—	—	—
Total waste (tons)	3,286.7	760.1	2,526.6	5,525.9	855.8	4,670.1	**68.1 %**
Recovery rate (unit/100)	0.99	0.96	1.00	0.99	0.97	1.00	**—**
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)	**5,235.2**	**5,151.6**	**83.6**	**8,878.0**	**8,776.2**	**101.9**	**69.6 %**

IV Annex

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 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, 417-2, 417-3,418-1

Statement of use	CTT has reported in accordance with the GRI standards for the period from 1 January 2023 to 31 December 2023
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.*	15, 23, 178, 276, 498		SDG 16
2-2	Entities included in the organisation's sustainability reporting	15, 37		SDG 16
2-3	Reporting period, frequency and contact point	15, 16, 214, 495, 498, 554		
2-4	Restatements of information *202-1: In 2023, workers in Spain and Mozambique were not considered.* *204-1: The accounting of suppliers started to be done by the volume of purchases and not by the absolute number of supplier companies.* *305: Carbon emissions started to be accounted for in tons of CO_2e, instead of tons of CO_2. Due to changes in the collection methodology, emissions from the own fleet were revised due to changes in the emission factor; and emissions from the subcontracted fleet were revised due to the use of euro class emission factors at CTT Express, and a review of the distance traveled by CTT Express vehicles.* *404-1: Training hours started to count with 321 Credit. Some of the values recorded by 321 Credit still do not have the disambiguation achieved for the remaining companies.* *Whenever 2022 values were updated or their collection methodology was revised, even if not linked to GRI indicators (as is the case with absenteeism), there is an explicit mention next to the new value.*			
2-5	External assurance	16, 469	GC 10	SDG 16
ACTIVITIES AND WORKERS				
2-6	Activities, value chain, and other business relationships	15, 17, 18, 27, 28, 37, 47, 48, 52, 54, 56, 57, 58, 128, 132, 276, 337		
2-7	Employees	18, 100, 533	GC 6	SDG 5
2-8	Workers who are not employees	100	GC 6	SDG 5
GOVERNANCE				
2-9	Governance structure and composition	7, 9, 23, 178, 179, 185, 186, 188	GC 10	SDG 16
2-10	Nomination and selection of the highest governance body	178, 182, 500	GC 10	SDG 16

Indicator	Description	Page(s)	Global Compact	SDG
2-11	Chair of the highest governance body	7, 9, 181, 186	GC 10	SDG 16
2-12	Role of the highest governance body in overseeing the management of impacts	185, 186, 191, 245, 251		SDG 16
2-13	Delegation of responsibility for managing impacts	159, 185, 188, 211, 244, 495		SDG 16
2-14	Role of the highest governance body in sustainability reporting	185, 188, 211		SDG 16
2-15	Conflicts of interest	191, 245	GC 10	SDG 16
2-16	Communication of critical concerns	40, 155		SDG 16
2-17	Collective knowledge of the highest governance body	182, 200, 500	GC 10	SDG 16
2-18	Evaluation of the performance of the highest governance body	193	GC 10	SDG 16
2-19	Remuneration policies	9, 102, 189, 215, 217, 230	GC 6	SDG 5 SDG 8 SDG 10
2-20	Process to determine remuneration	102, 189, 215, 217, 220, 230	GC 6	SDG 5 SDG 8 SDG 10
2-21	Annual total compensation ratio	102	GC 6	SDG 5 SDG 8 SDG 10
STRATEGY, POLICIES AND PRACTICES				
2-22	Statement on sustainable development strategy	61	GC 1-10	SDG 1-17
2-23	Policy commitments	42, 61, 159, 190	GC 1-10	SDG 1-17
2-24	Embedding policy commitments	61	GC 1-10	SDG 1-17
2-25	Processes to remediate negative impacts	40, 48, 159, 162		SDG 1-17
2-26	Mechanisms for seeking advice and raising concerns	27, 159, 190		SDG 17
2-27	Compliance with laws and regulations *In 2023, 35 administrative offence proceedings were completed and filed, some of which were initiated in previous years, the oldest dating back to 2013 and which has since expired, as have two others. The expenses associated with these offences fell within a very wide range, from cases with expenses between € 102.00 and € 140,000.00. The average value of the fines applied was € 6,887.35 and the total amounted to € 158,096.46. Of all the cases, only three had associated expense values above € 1,000.00. These three outliers alone represented 99.4% of the total expense with fines. The fine attributed by a process initiated ANACOM in the amount of € 140,000.00, for non-compliance with service provision standards under the Universal Postal Service Concession Contract, stands out. The second most relevant value, of € 11,438.20, referred to the absence of electronic communication in CTT Stores and a fine of only € 5,700.00 (of an initial value of € 1,000,000.00 requested, still in 2022, by ANACOM) was applied for alleged non-compliance with postal density requirements.*	130, 161	GC 1-5	SDG 16
2-28	Membership associations	157		SDG 8
STAKEHOLDER ENGAGEMENT				
2-29	Approach to stakeholder engagement	42, 55, 57, 106, 128, 149, 150, 155, 495		SDG 1-17
2-30	Collective bargaining agreements	102, 106, 533	GC 3	SDG 8
MATERIAL TOPICS				
DISCLOSURES IN MATERIAL TOPICS				
3-1	Process to determine material topics	16, 150, 155		SDG 1-17
3-2	List of material topics	155	GC 6	SDG 5 SDG 8

Indicator	Description	Page(s)	Global Compact	SDG
3-3	Management of material topics	68, 85, 128, 149, 150, 155, 161, 162		SDG 1-17
3.3 Topic 1	Climate change and GHG emissions *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)* • *Increase the installation of LED lighting by 3% per year by 2030 (up to 100 m m^2)* • *Reduce electricity consumption by 4% by 2024* • *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 CO_{2e} emissions of scope 1 by 5% compared to 2022, by 2024* • *Mitigate CO_{2e} emissions of scopes 1 and 2, in relation to 2021 (+1% by 2024, -61% by 2030)* • *Mitigate the total CO_{2e} emissions of scopes 1, 2 and 3, in relation to 2021 (-11% by 2024, -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*	91	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 (80% in 2024-2025, and 100% in 2030)* • *Offsetting, every year, direct carbon emissions from CTT's offer* • *Keep the First Contact Resolution rate, in the Customer Support lines, above 90%* • *Increase the Virtual Assistants service rate to 40%* • *Keep the satisfaction degree (CSAT survey response) on Customer Support channels above 60%*	128		SDG 10
3.3 Topic 3	Business Transformation *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:* • *Average Response Time for Information Requests for the Universal Postal Service (National goal: <= 15 days or under; International goal: 56 days or under)* • *Increase the Virtual Assistants service rate to 40%*	75		SDG 10

Indicator	Description	Page(s)	Global Compact	SDG
3.3 Topic 4	Responsible Governance *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*	159	GC 10	SDG 8
3.3 Topic 5	Work conditions *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* • *Increase the attendance rate to 93%* • *Prevention of labour mortality (own responsibility): 0 deaths* • *Reduce occupational accidents by 5%* • *Reduce lost days by 5%* • *Promote corporate volunteering and corporate social support actions: 6 initiatives* • *Promote the active participation of employees in up to three volunteer days per year*	110	GC 6	SDG 4 SDG 5
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*	107		SDG 4
3.3 Topic 7	Data privacy and information security *As this is a new material subject, not present in the previous version of the Materiality Matrix, specific ESG Commitment have not yet been assigned.*	161		SDG 3
3.3 Topic 8	Diversity, Equity and Inclusion *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 gender parity in senior and middle management positions (45%) by 2025* • *Publish and implement the CTT Equality Plan every year* • *Analyse the wage gap*	115		SDG 4

Indicator	Description	Page(s)	Global Compact	SDG
3.3 Topic 9	Community involvement *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:* • *Promote corporate volunteering and corporate social support actions: 6 initiatives* • *Promote the active participation of employees in up to three volunteer days per year* • *Invest 1% of recurring EBIT in social impact projects* • *Maintain CTT capillarity for 100% of municipalities and rural areas with at least one CTT post office* • *Contract 75% of services to local suppliers (per purchase volume in the Iberian Peninsula)*	##		SDG 4
3.3 Topic 10	Resource Efficiency, Waste and Circular Economy *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:* • *Keep office paper consumption the same as the previous year* • *Maintain the waste recovery rate above 75%* • *Incorporate recycled and/or reused material in the mail and express & parcels offer* • *Release 8 philatelic issues dedicated to sustainability* • *Provide a welcome and integration programme to all new hirings* • *Reduce fuel consumption 5% by 2024*	96		SDG 4
3.3 Topic 11	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)* • *Increase the installation of LED lighting by 3% per year by 2030 (up to 100 m m2)* • *Reduce electricity consumption by 2% by 2024* • *Reduce fuel consumption 5% by 2024*	86	GC 7-9	SDG 7
	SPECIFIC DISCLOSURES			
ECONOMIC PERFORMANCE (CONSOLIDATED DATA)				
201-1	Direct economic value generated and distributed	75		SDG 8
201-2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	42, 85	GC 7	SDG 13
201-3	Coverage of the organisation's defined benefit and other pension plan obligations	110; 298; 405;		
201-4	Financial assistance received from the Government *CTT Group received €289,851.00, as tax benefits and €1,688,017.00 as tax credits.*			

Indicator	Description	Page(s)	Global Compact	SDG
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 €760 for both men and women, corresponding to a ratio 1.0 in relation to the national minimum wage.* *Note: CORRE and CTT Express data not included.* Percentage of employees earning the national minimum wage, irrespective of the type of employment contract *580 workers, corresponding to 4.7% of the full-time workforce, in the companies based in Portugal. Variable remuneration should be added to this value (meal subsidies, operational bonuses and bonuses associated with the activity).* *Note: CORRE and CTT Express data not included.*		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.*		GC 6	
INDIRECT ECONOMIC IMPACTS				
203-1	Development and impact of investment in infrastructures and services provided	19, 48, 134		
203-2	Significant indirect economic impacts, including the extent of impacts, both positive and negative	19, 37, 118, 132, 134		
PROCUREMENT PRACTICES				
204-1	Proportion of spending on local suppliers at significant business premises	132		SDG 12
ANTI-CORRUPTION				
205-1	Total number and percentage of operations assessed for risks related to corruption and the significant risks detected	159	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 4433 employees, totalling 43,793.3 hours. Of these employees, 3337 belonged to the counter service professional group, 681 were senior personnel, 184 to middle management, 86 were attributed to delivery tasks, and 145 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. If they do not sign, their process will be held up and they may not apply for tenders..* *Note: This procedure refers to processes managed by the Procurement Management team, excluding CTT Express and Corre. Processes under 5.000,00 € may also be dealt directly by the heads of department, under the Competence Delegation internal process.*	107	GC 10	SDG 4 SDG 16
205-3	Confirmed cases of corruption and measures adopted	51	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 *There were no reported cases in 2023 in which CTT Group was convicted any such wrongdoing.*			SDG 16

Indicator	Description	Page(s)	Global Compact	SDG
TAXES AND TAXATION				
207-1	Taxation approach *The CTT Group develops the tax function with the utmost rigour and professionalism, respecting and considering, among others, the following principles:* • *Integrity - Awareness of the impact of tax revenue on society, sense of duty to comply with declarative and payment obligations;* • *Transparency - Completion of all reports and communications, in addition to active participation in forums created for this purpose;* • *Collaboration - Prompt response to requests from the Tax Authority and all other agents;* • *Participation - Active participation in forums and associations where experiences and perspectives are exchanged* • *Cooperation - Pays taxes, fees and contributions due in all jurisdictions where it operates.* *On the other hand, the Group's tax policy follows guidelines that contemplate and result in:* • *Implementation of strategies and alternatives most suitable for the business, profit generation and remuneration of its shareholders, in full compliance with the Law;* • *Adoption of negotiating terms that respect the principle of full competition even in intra-group operations, in the context of the rules, written and conventional guidelines and best international practices applicable in the area of transfer pricing;* • *Disclosure of true and complete information about relevant transactions;* • *Defence of its legitimate interests through administrative means and, if necessary, judicially, when the payment of any taxes, contributions and levies raises doubts about legality.*	449		
207-2	Taxation governance structure and tax risk control *The CTT Group adopts a responsible tax policy, in order to maintain a low level of tax risk that allows avoiding procedures that may generate significant tax risks. In this sense, it has implemented a transversal risk management policy with the objective of identifying, quantifying, managing, monitoring and minimizing, among others, tax risks, in close connection with the highest levels of control and decision (among others, Board of Directors, Executive Committee and Audit Committee).* *This management is centralized in the GFI team - Tax and Tax Management, in turn inserted in the "Finance & Taxation" Directorate. Its action is transversal to the Group, interacting in a cooperative and very close way with the most diverse departments and teams. With this approach, it is intended to monitor risks and tax exposure, managing them in a prudent and cautious manner.*	449		

Indicator	Description	Page(s)	Global Compact	SDG
207-3	Approach to stakeholder involvement and management of their concerns regarding taxation *The CTT Group reconciles the responsible fulfilment of its tax obligations with the commitment to create value for its shareholders, advocating the efficient management of its tax burden through the use of legally available tax benefits and incentives applicable in each region and that are appropriate for the businesses developed. On the other hand, tax initiatives take into account the impacts and contributions of the stakeholders involved and/or impacted. Some CTT Group companies in Portugal are taxed under the Special Taxation Regime for Groups of Companies, being monitored by the Large Taxpayers Unit (UGC, in Portuguese), a department of the Tax and Customs Authority. Contacts with the UGC are constant and result in an efficient outcome of the challenges that are being created. The CTT Group is committed to maintaining a relationship with the Tax Authorities of the countries where it operates, based on principles of trust, good faith, transparency, collaboration and reciprocity, with the aim of facilitating the application of tax law and minimizing litigation - being an active member of discussion forums on government and administrative tax policies.*	150		
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. *Sure, here is the translation to English: The CTT Group, as a multinational group, fully complies with the annual communication and reporting obligation arising from the transposition into Portuguese tax law of the provisions of Action 13 of BEPS - Base Erosion and Profit Shifting (Country by Country Report), which is part of a plan to enhance transparency for tax administrations adopted by OECD and G20 countries. This obligation is fulfilled in Portugal by CTT Correios (as the dominant company), in accordance with the established legal deadlines (last reporting year: 2022, preparing the report for 2023).*	276, 449, 455		
CONSUMPTION OF MATERIALS				
301-1	Materials used by weight or volume	96, 538	GC 7-9	
301-2	Percentage of materials used that are recycled input materials	19, 96	GC 7-9	SDG 15
301-3	Recovered products and packaging	57, 538	GC 7-9	
ENERGY				
302-1	Energy consumption within the organisation	19, 86, 89, 538	GC 7-9	SDG 7 SDG 12
302-3	Energy intensity	538	GC 7-9	SDG 7 SDG 12
302-4	Reduction of energy consumption	86, 538	GC 7-9	SDG 7 SDG 9 SDG 12 SDG 13
302-5	Reductions in energy requirements of products and services	55, 57, 88, 89	GC 7-9	SDG 7 SDG 9 SDG 12 SDG 13
WATER AND EFFLUENTS				
303-1	Water sources significantly affected by withdrawal of water	96	GC 7-9	SDG 6
303-2	Management of impacts generated by wastewater *No water bodies are significantly affected by liquid effluents.*			SDG 6
303-3	Total water withdrawal	96, 538	GC 7-9	SDG 6
303-4	Wastewater *CTT does not yet make this information available. In the Materiality analysis, the theme was not identified as material.*		GC 7-9	SDG 6
303-5	Total water consumption *CTT does not yet make this information available.In the Materiality analysis, the theme was not identified as material.*		GC 7-9	SDG 6

Indicator	Description	Page(s)	Global Compact	SDG
BIODIVERSITY				
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.*		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.*		GC 7-9	SDG 15
304-3	Habitats protected or restored	51, 54, 57, 68, 118	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.*		GC 7-9	
EMISSIONS				
305-1	Direct greenhouse gas (GHG) emissions (scope 1)	19, 91, 92, 92, 538	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)	19, 91, 92, 538	GC 7-9	SDG 12 SDG 13
305-3	Other indirect greenhouse gas (GHG) emissions (scope 3)	19, 91, 92, 538	GC 7-9	
305-4	Greenhouse gas (GHG) emissions intensity	538	GC 7-9	
305-5	Reduction of greenhouse gas (GHG) emissions	51, 57, 92, 92, 538	GC 7-9	SDG 11 SDG 13
305-7	NOx, SOx and other significant air emissions, by type and weight	92	GC 7-9	
WASTE				
306-1	Generation of waste and significant impacts related to waste	97, 538	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.*	97, 538	GC 7-9	SDG 11 SDG 12 SDG 17
306-3	Total amount of waste	97, 538	GC 7-9	SDG 11 SDG 12 SDG 13
306-4	Total amount of recovered waste, by type	97, 538	GC 7-9	
306-5	Total amount of eliminated waste, by type	97, 538	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.*		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.*			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 2023, 58 people were fired, 40 of which were men.* *Regarding employee turnover, 1.034 of exits were by women and 1.529 by men. As for hiring, 2.126 new hires were women and 3.007 were men. As for age groups, 2.295 of hires were 29 years of age or under, 2.547 had between 30 and 50, and 291 were over 51. As for exists, 963 were by employee under 29* inclusive, *1.136 were between 30 and 50 years old, and 464 were over 51.*	100, 533	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	110	GC 6	SDG 8
401-3	Return to work and retention rates after parental leave, by gender	533	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.*		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	101, 110		SDG 3 SDG 8
403-2	Hazard levels, risk assessment and incident investigation	42,		SDG 3 SDG 8
403-3	Occupational health services	110		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	114	GC 3 GC 6	
403-5	Employee training in occupational health and safety	107, 110	GC 6	SDG 3 SDG 4 SDG 8
403-6	Promotion of employee health	110, 115	GC 6	SDG 3 SDG 8
403-7	Prevention and mitigation of occupational health and safety impacts directly related to products and services	110, 113	GC 6	SDG 3 SDG 8
403-8	Employees included within the scope of the occupational health and safety management system	110, 114	GC 6	SDG 3 SDG 8
403-9	Occupational accidents	19, 100, 110, 533		SDG 3
403-10	Occupational diseases *A total of 39 occupational diseases were reported (17 in men).*[90]	110, 533		SDG 3
TRAINING AND EDUCATION				
404-1	Average hours of training per year per employee, by gender and employee category	107, 533	GC 6	SDG 4 SDG 5

[90] Excluding Corre.

Indicator	Description	Page(s)	Global Compact	SDG
404-2	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	107	GC 6	SDG 4 SDG 8
404-3	Percentage of employees receiving regular performance and career development reviews, by gender and employee category	103	GC 6	SDG 5
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	19, 115, 177, 179, 182, 533	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	102, 533	GC 6	SDG 5 SDG 8 SDG 10
NON-DISCRIMINATION				
406-1	Total number of incidents of discrimination and corrective actions taken *None of the disciplinary cases in which an infraction was found to have occurred constituted a case of discrimination.*	115, 159, 533	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.*		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.*	104, 132	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.*	104, 132	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.*		GC 1	

Indicator	Description	Page(s)	Global Compact	SDG
INDIGENOUS RIGHTS				
411-1	Total number of incidents of violations involving the rights of indigenous peoples and measures adopted *Not applicable.*		GC 1 GC 2	
LOCAL COMMUNITIES				
413-1	Percentage of business premises with implemented local community engagement programmes. Assessment of the impact of local development programmes *In the absence of an exhaustive mapping of all CTT operations, it is not possible to determine the ratio of these operations that have had a significant impact on communities. In 2023, CTT initiated a study with the aim of making the social impact of internal projects tangible and intends, throughout 2024 and in the following years, to analyse all social initiatives, as well as projects and products in order to understand and maximize the positive impact they may bring to the surrounding communities.*	118		
413-2	Operations with significant actual and potential negative impacts on local communities	42, 48,128, 130		
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.*	132	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 *A supplier audit plan to assess compliance with measures to mitigate or address negative impacts on communities has not been formalized. During regular interaction with suppliers, no significant, real or potential negative impacts on society were detected.*	132		SDG 12
PUBLIC POLICY				
415-1	Total value of political contributions by country and recipient/ beneficiary *No contributions were made.*		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.*			
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.*			SDG 16
MARKETING AND PRODUCT AND SERVICE LABELLING				

Indicator	Description	Page(s)	Global Compact	SDG
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, 18 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.*			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 *There were no cases reported.*			
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 *In 2023, Banco CTT reported a case of non-compliance that resulted in a reprimand. There are no other cases reported throughout the CTT Group.*			
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.*		GC 1	SDG 16

Source: GRI Standards (2021), directives for the preparation of Sustainability Reports

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ctt

We make our path fully committed to deliver

We deliver the future by connecting people and businesses in a sustainable way.

We are close and bring people and companies together. We connect people and businesses, working with a focus on the needs and expectations of our customers.

We conduct our activity with honesty and consistency, building trust relationships that generate credibility with all stakeholders.

We protect our future and that of the new generations. We act responsibly in the social, environmental, and economic dimensions with everyone we engage with.

We work with commitment, dedication, and diligence, resiliently to achieve our goals vis-à-vis all stakeholders. We place the customer at the center of everything we do. We serve them with quality and meet their needs, aspiring to exceed their expectations.

We make our path fully committed to deliver.