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Integrated Report 2023

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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



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 ₂ e emissions, <i>scopes 1, 2 & 3 (ton.)</i> 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 (MERCOS), 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 Espresso 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 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

Board of the General Meeting

CHAIR

Teresa Sapiro Anselmo Vaz Ferreira Soares

VICE-CHAIR

José Luís Pereira Alves da Silva

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
Sílvia 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

