

Corporate governance

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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	<p>Improvement of responsiveness and involvement with the customer - customer care</p> <p>Need to improve self-care tools, in order to simplify the problem-solving process</p> <p>Increase of service detail, such as parcel tracking, delivery events, transport links</p> <p>Improvement of customer communication</p> <p>More effective incident management process</p> <p>Need for better management of customer expectations, complying with procedures and programmed/communicated events</p> <p>Reliability and trust</p> <p>Satisfaction</p> <p>Security of mail items (liability)</p> <p>Security of banking operations</p> <p>Geographic coverage and accessibility</p> <p>Responsibility and environmental image</p> <p>Closer and more frequent relationships (newsletters, portals, focus groups, satisfaction surveys, etc.)</p>	<p>Listening channels related to quality of service</p> <p>SMS/e-mail</p> <p>Social media</p> <p>NPS surveys</p> <p>Information campaigns</p> <p>Personalised and permanent communication</p> <p>Advertising and accessibility of information</p> <p>Call centre /hotlines</p> <p>Regular surveys on delivery and customer services</p> <p>Satisfaction survey of Business Customers with a contractual commercial relationship with CTT</p> <p>Decentralised meetings of the Management with business customers</p> <p>School sessions and book signing at CTT post offices</p> <p>Campaigns to support the community and the environment, such as: "Solidary Father Christmas" and "A Tree for the Forest"</p>	<p>Improved customer satisfaction</p> <p>Launch and reformulation of new customised business solutions</p> <p>2,375 CTT contact points</p> <p>Environmentally more responsible operating model (fleet and buildings)</p> <p>Studies on the adequacy of the offer of products and services</p> <p>Consolidation of the eco-friendly portfolio (products and services)</p>
Suppliers	<p>Equal opportunities and transparency (clear rules)</p> <p>Compliance with payment deadlines</p> <p>Increased volume of new supplies</p> <p>Tightening of relations</p> <p>Registration of suppliers for the different purchasing categories</p> <p>Supplier qualification</p> <p>Supplier evaluation</p>	<p>Supplier portal - ctt.pt/grupo-ctt/a-empresa/fornecedores</p> <p>Regular evaluation meetings to draw up action plans</p> <p>Information and communication of company projects</p> <p>Sustainable procurement policy – contractual clauses</p> <p>Regular communication on non-compliance in supplies – opportunity for improvement</p> <p>Electronic platform</p>	<p>High standards in social, human rights and environmental requirements</p> <p>Eco-friendly Procurement Policy – compliance with objectives</p> <p>Participation in the development of new products/services and improvement of existing ones</p> <p>Invitation of suppliers to meetings for presentation of products/services provided</p> <p>Implementation of an electronic platform</p>

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	<p>Proximity in the relationship with the organisations representing the workers aiming at their involvement</p> <p>Feedback and proposals for approaches on labour issues</p> <p>Management of collective bargaining</p> <p>Respect for their opinions/ positions</p> <p>Transparent negotiation</p> <p>Consultation on matters of corporate responsibility</p> <p>Participation in collective bargaining and contracting processes</p> <p>Compliance with Public Service Obligations</p> <p>Maintenance of social support measures to employees and their families</p>	<p>Monthly and/or extraordinary meetings with senior management</p> <p>Written internal communication (magazine, electronic formats, letters, intranet)</p> <p>Meetings with Trade Unions, Workers' Committees, Workers' Sub-Committees and Associations</p> <p>Representing Functional Groups, whenever needed</p> <p>Relevant management communication</p>	<p>Signing and entry into force of the Wage Review Agreement of the CTT Company Agreement 2023</p> <p>Signing of the Wage Review Agreement of the CTT Company Agreement 2024</p> <p>Signing and entry into force of the Wage Review Agreement of the CTT Expresso Company Agreement 2023</p> <p>Start and end (without agreement) of the negotiation process regarding the revision of the Social Works Regulation (ROS)</p>
Community	<p>Compliance with Public Service obligations</p> <p>Proximity/presence on the ground</p> <p>Stimulation of the local economy</p> <p>Capacity of communication/ dialogue with local partners</p> <p>Accessibility to services</p> <p>Good corporate citizenship, in social and environmental terms</p>	<p>Direct/personalised information</p> <p>CTT website</p> <p>Presence in local and national press and social networks</p> <p>Direct contact with the postman and customer service personnel</p> <p>Philatelic issues and book publishing, among other items. Topics: culture, history, national and international events, and good sustainability habits</p> <p>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</p>	<p>Sale of Pirlampo 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</p> <p>15 participations in voluntary, both targeted and ongoing actions, in favour of the environment and people</p> <p>Renovation of CTT post offices premises</p> <p>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"</p> <p>Targeted measures to improve energy efficiency in electricity and fuels, including enhancing sustainable mobility</p> <p>Increase of the waste recovery rate</p> <p>Initiatives to protect biodiversity and raise environmental awareness</p>

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

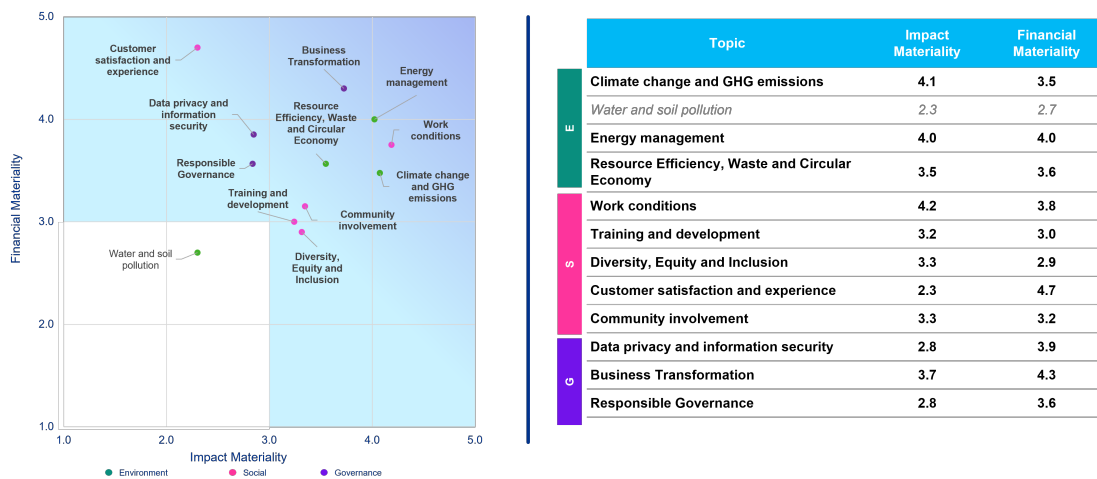
This project was contextualised in view of the new disclosure and reporting requirements demanded by the European Sustainability Reporting Standards (ESRS), under the aforementioned CSRD Directive. Launched at the end of 2023, its main objective was to prepare CTT for the requirements of the new European 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



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 Report⁸²

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

5.2.1 SHAREHOLDER STRUCTURE

5.2.1.1 Capital Structure

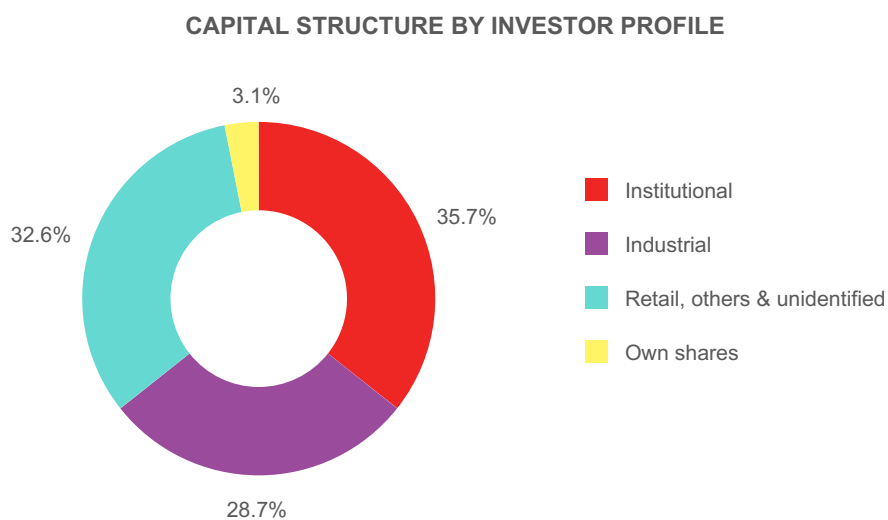
1. **Capital Structure (share capital, number of shares, distribution of capital among shareholders, etc.), including an indication of shares not admitted to trading, different classes of shares, rights and duties of same and the capital percentage that each class represents (Art. 29-H(1)(a))**

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.

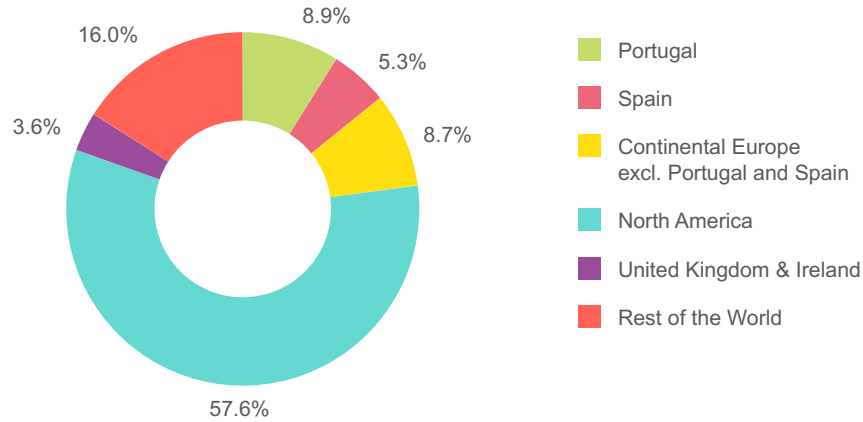
With regard to the **profile of CTT's investors**, the study identified 110 institutional shareholders holding around 36% of the company's share capital, two industrial shareholders who held around 29%, while more than 32% was held by retail and other investors. As at 31 December 2023, 3.1% of the share capital were CTT treasury shares, as can be seen in the following graph:



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

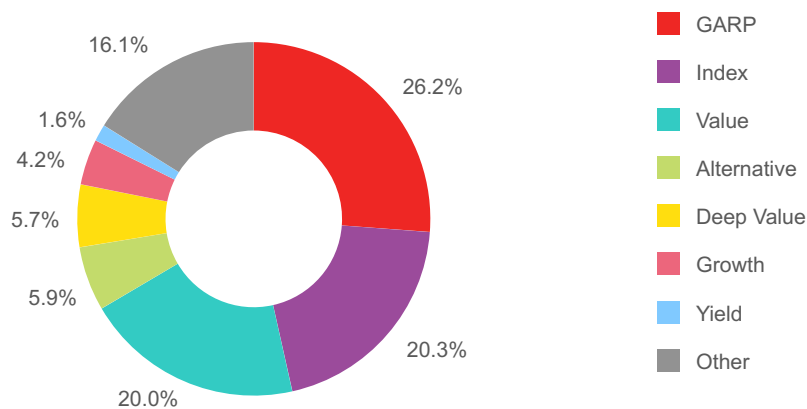
dispersed throughout the rest of the world. This geographical breakdown is illustrated in the following graph:

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 Anibal 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. Statorily, **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 5th 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 1 st 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 1 st 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:

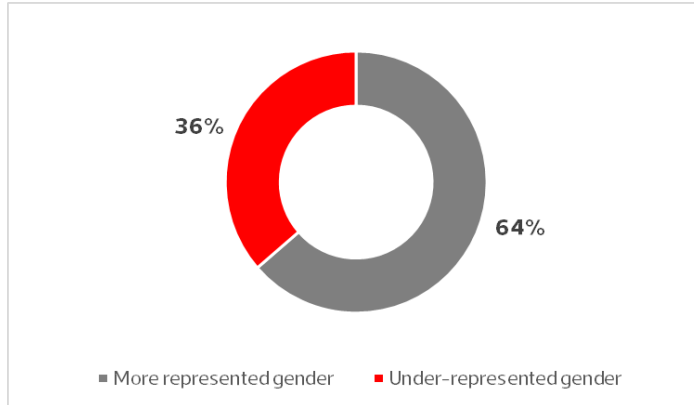
- Diversity of skills, knowledge, experience and gender as a crucial factor for the successful performance of these duties;
- A suitable balance of ages and cultural background (arising, for example, from nationality and role in civil society, etc.);
- Representation in these bodies of a diverse range 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.

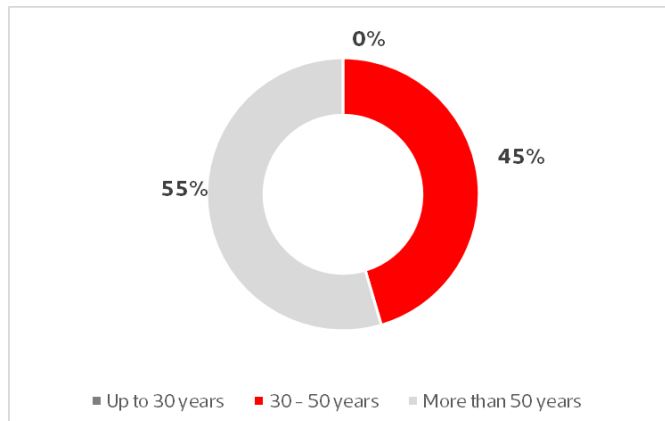
The graphs below present the result of this action by referring in this point to [Annex I](#) of this Report, where the curricula of the members of the Board of Directors of CTT are available for consultation. The

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:

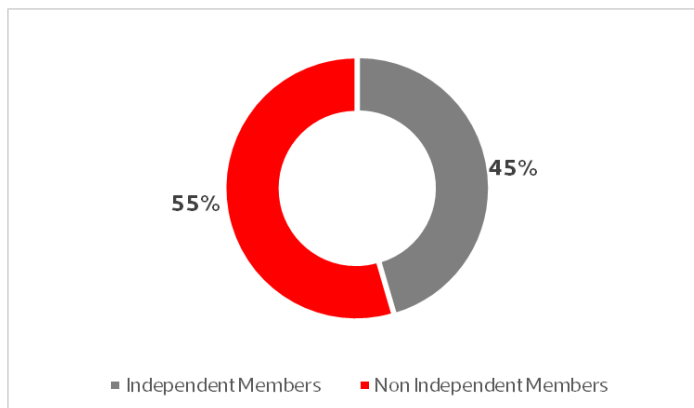
Gender:
36% of Directors of the under-represented gender



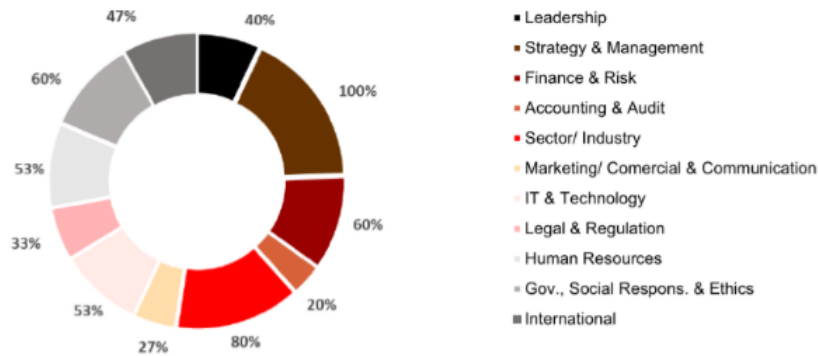
Age:
Average age of 54 years



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.

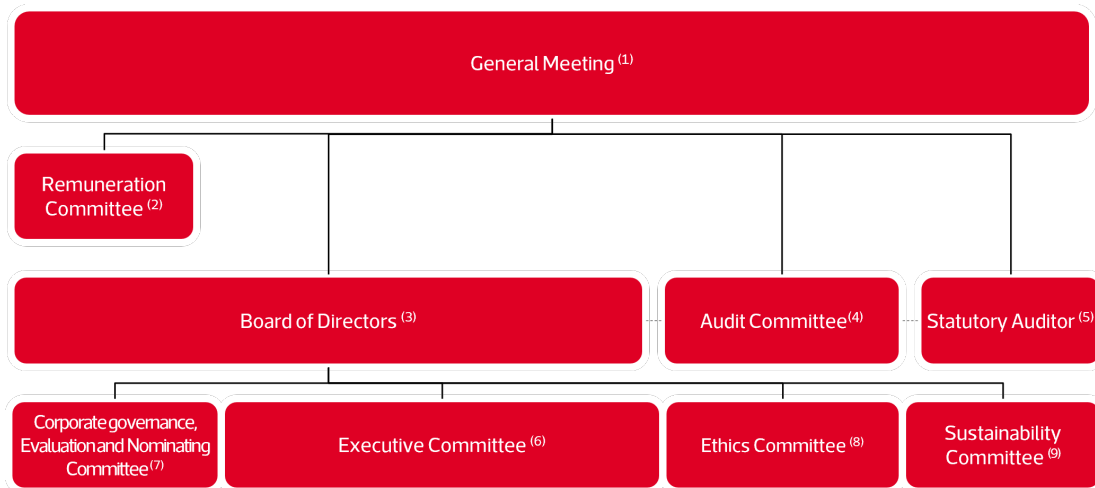
The **Non-Executive Director** Steven Duncan Wood is the founder and Managing Member of Greenwood Investors LLC, the management company of Greenwood Builders Fund I, LP, qualified shareholder of CTT.

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

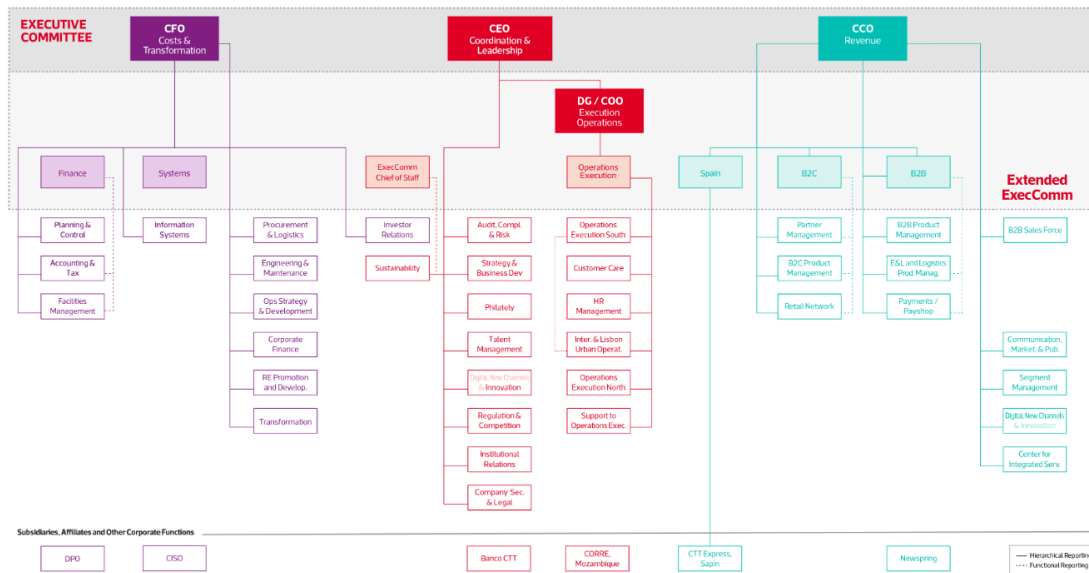
- Ensure that all information on the Executive Committee's activity and resolutions is provided to the other members of the Board;
- Ensure compliance with the limits to the delegation of power and the Company's strategy and proposing to the Board of Directors a list of the management issues that should 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 ⁽¹⁾ 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	<p>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.</p> <p>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.</p> <p>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.</p> <p>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).</p>

Members	Position	Academic Qualifications	Professional experience
María del Carmen Gil Marín	Member	<p>1996: Higher Degree in Electrotechnical Engineering, Universidad Pontificia Comillas (ICAI), Spain (National Award)</p> <p>1999: Academic cycle of the PhD in Environment and Alternative Energies, UNED, Spain</p> <p>1999: MBA Programme, INSEAD, France (Dean's List)</p> <p>2019: The Women's Leadership Forum, Harvard Business School, USA</p> <p>2019: Corporate Governance: The Leadership of Boards, Nova School of Business & Economics Executive Education</p> <p>2019: Santander-UCLA W50, UCLA Anderson School of Management, USA</p> <p>2020: Cyber Security and Executive Strategy, Stanford University, USA</p> <p>2021: Enrolled in the International Directors Programme (IDP), INSEAD, France</p>	<p>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.</p> <p>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..</p> <p>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.</p>
Jürgen Schröder	Member	<p>1988: Degree in Economics, Ruhr-Universität Bochum, Germany</p> <p>1993: PhD in Economics, Ruhr-Universität Bochum, Germany</p>	<p>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).</p> <p>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.</p>

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%
<i>Required by law or equivalent</i>	67,597	21.9%	144,230	14.9%	62,607	6.0%
<i>Not required by law or equivalent</i>	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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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)(I))

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 1 st 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 these 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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

GRI 2-20

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

The **amount of fixed remuneration** is defined according to the criteria indicated in point 69 above, focused on the sustainability of CTT's performance, 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. 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

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%					
Growth sustainability ⁽⁵⁾	5%					
Operational/commercial performance ⁽⁵⁾	5%	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%
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):

$$\text{No. of Shares} = \text{No. of Options Exercised} \times \left[\frac{\text{Share Price} - \text{Exercise Price (Strike Price)}}{\text{Share Price}} \right]$$

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

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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							Personal Income Tax (IRS) withheld
		Fixed Remuneration ⁽¹⁾	AVR 2021 ⁽²⁾	AVR 2022 ⁽³⁾	LTVR ⁽⁴⁾	Total VR ⁽⁵⁾	% ⁽⁶⁾	Total	
João Afonso Ramalho Sogas 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	1 st tranche of retained shares ⁽²⁾	2 nd 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 1 st Appointment ⁽¹⁾	Position ⁽²⁾	Remuneration										
			2023 vs 2022			2022 vs 2021		2021 vs 2020		2020 vs 2019		2019 vs 2018	
			FIXED ⁽³⁾	VR ⁽⁴⁾		FIXED ⁽³⁾	AVR	FIXED ⁽³⁾	AVR ⁽⁵⁾	FIXED ⁽³⁾	AVR ⁽⁵⁾	FIXED ⁽³⁾	AVR ⁽¹²⁾
AVR	LTVR												
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.
Maria 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 comparison 2018 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 Anibal 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 Espresso 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 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.	<p>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.</p> <p>I.1.(1) The company specifies in what terms its strategy seeks to ensure the fulfilment of its long-term objectives</p> <p>I.2.(2) and what are the main contributions resulting herefrom for the community at large.</p>	<p>I.1.(1) Adopted</p> <p>I.1.(2) Adopted</p> <p>2.2. Strategic lines</p> <p>4.1. ESG Commitments and Sustainable Development Goals</p> <p>4.5. People Engagement</p> <p>4.6. Community engagement</p>
I.2.	<p>The company identifies the main policies and measures adopted with regard to the fulfilment of its environmental and social objectives.</p> <p>I.2.(1) The company identifies the main policies and measures adopted with regard to the fulfilment of its environmental objectives</p> <p>I.2.(2) and for the fulfilment of its social objectives.</p>	<p>I.2.(1)</p> <p>2.2. Strategic lines</p> <p>4.1. ESG Commitments and Sustainable Development Goals</p> <p>4.4. Decarbonisation towards net zero</p> <p>I.2.(2)</p> <p>2.2. Strategic lines</p> <p>4.1. ESG Commitments and Sustainable Development Goals</p> <p>4.6. Community engagement</p>

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 its powers, chairmanship, the frequency of meetings, operation and the duties framework of its members – fully disclosed on the website of the company II.2.2.(2) <i>Idem</i> for the supervisory body. II.2.2.(3) <i>Idem</i> for internal committees. II.2.2.(4) Minutes of the meetings of the management body shall be drawn up. II.2.2.(5) <i>Idem</i> for the supervisory body. II.2.2.(6) <i>Idem</i> 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
<p>II.2.3.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>II.2.3.(1) Adopted II.2.3.(2) Adopted</p>	<p>21, 23, 26, 29, 35 and 61 (for point 61, see Chapter 11. Website).</p>
<p>II.2.4.</p> <p>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.</p> <p>II.2.4.(1) The companies adopt a whistle-blowing policy that specifies the main rules and procedures to be followed for each communication</p> <p>II.2.4.(2) and an internal reporting channel that also includes access for non-employees, as set forth in the applicable law.</p>	<p>II.2.4.(1) Adopted II.2.4.(2) Adopted</p>	<p>49</p>
<p>II.2.5.</p> <p>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.</p> <p>II.2.5.(1) The companies have specialised committees for matters of corporate governance.</p> <p>II.2.5.(2) <i>Idem</i> on remuneration.</p> <p>II.2.5.(3) <i>Idem</i> on the appointment of members of the corporate bodies.</p> <p>II.2.5.(4) <i>Idem</i> on performance assessment.</p>	<p>II.2.5.(1) Adopted II.2.5.(2) Adopted II.2.5.(3) Adopted II.2.5.(4) Adopted</p>	<p>21 and 29</p>
<p>II.3. Relations between Corporate Bodies GRI 2-13, 2-26</p>		
<p>Principle II.3.A.</p>	<p>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.</p>	

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.	<p>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.</p> <p>III.1.(1) The company does not set an excessively large number of shares to be entitled to one vote,</p> <p>III.1.(2) and informs in the corporate governance report of its choice whenever each share does not carry one vote.</p>	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
<p>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.</p> <p>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;</p> <p>IV.1.1.(2) (ii) organisation and coordination of the corporate structure;</p> <p>IV.1.1.(3) (iii) matters that shall be considered strategic due to the amounts, risk and particular characteristics involved.</p>	<p>IV.1.1.(1) Adopted IV.1.1.(2) Adopted IV.1.1.(3) Adopted</p>	<p>21</p>
<p>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.</p>	<p>Adopted</p>	<p>26</p>
<p>IV.2. Management Body and Non-Executive Directors</p>		
<p>Principle IV.2.A.</p>	<p>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.</p>	
<p>Principle IV.2.B.</p>	<p>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.</p>	
<p>IV.2.1.</p>	<p>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.</p>	<p>n.a.</p> <p>17, 18 and 21</p>
<p>IV.2.2.</p>	<p>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.</p>	<p>Adopted</p> <p>17 and 18</p>
<p>IV.2.3.</p>	<p>The number of non-executive directors is greater than the number of executive directors.</p>	<p>Adopted</p> <p>17 and 18</p>

Recommendations of the IPCG Code	Comply or explain	Points of Chapter 5 - Corporate Governance
<p>IV.2.4.</p> <p>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:</p> <p>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;</p> <p>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;</p> <p>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;</p> <p>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;</p> <p>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;</p> <p>vi. Being a holder of a qualifying stake or representative of a shareholder that is holder of a qualifying stake.</p>	<p>Adopted⁽¹⁾</p>	<p>17, 18, 19, 20 and 78</p>
<p>IV.2.5.</p> <p>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).</p>	<p>n.a.</p>	<p>17 and 18</p>
<p>V. Supervision</p>		
<p>Principle V.A.</p>	<p>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.</p>	
<p>Principle V.B.</p>	<p>The composition of the supervisory body provides the company with a balanced and adequate diversity of professional skills, knowledge and experience.</p>	

Recommendations of the IPCG Code	Comply or explain	Points of Chapter 5 - Corporate Governance
<p>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.</p> <p>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.</p> <p>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.</p>	<p>V.1.(1) Adopted V.1.(2) Adopted</p>	<p>38</p>
<p>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.</p> <p>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.</p> <p>V.2.(2) <i>Idem</i> for the number of members of the financial matters committee.</p>	<p>V.2.(1) Adopted V.2.(2) Adopted</p>	<p>17, 18 and 31</p>

VI. Performance Assessment, Remuneration and Appointments

VI.1. Annual Performance Assessment

GRI 2-18

<p>Principle VI.1.A.</p>	<p>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.</p>
<p>VI.1.1.</p>	<p>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.</p>

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 - Corporate Governance
VI.1.1.	<p>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.</p> <p>VI.1.1.(2) <i>Idem</i> for the performance of the executive committee / executive directors.</p> <p>VI.1.1.(3) <i>Idem</i> for the performance of the company committees.</p>	<p>VI.1.1.(1) Adopted</p> <p>VI.1.1.(2) Adopted</p> <p>VI.1.1.(3) Adopted</p>	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, <i>senior management</i> 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

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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.
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Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 - Corporate Governance
VII.1.	<p>The management body discusses and approves the strategic plan and risk policy of the company, which includes setting limits in matters of risk-taking.</p> <p>VII.1.(1) The management body discusses and approves the strategic plan.</p> <p>VII.1.(2) The management body discusses and approves the risk policy of the company, which includes setting limits in matters of risk-taking.</p>	<p>VII.1.(1) Adopted</p> <p>VII.1.(2) Adopted</p>	<p>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)</p>
VII.2.	<p>The company has a specialised committee or a committee composed of specialists in risk matters, which reports regularly to the management body.</p>	<p>Adopted</p>	<p>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)</p>
VII.3.	<p>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.</p>	<p>Adopted</p>	<p>38</p>
VII.4.	<p>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.</p>	<p>Adopted</p>	<p>38, chapter 2.3. Risk Management</p>
VII.5.	<p>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.</p>	<p>Adopted</p>	<p>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)</p>
VII.6.	<p>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.</p> <p>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,</p> <p>VII.6.(2) (ii) the probability of their occurrence and respective impact,</p> <p>VII.6.(3) (iii) the instruments and measures to be adopted in order to mitigate such risks and</p> <p>VII.6.(4) (iv) the monitoring procedures, aimed at following them up.</p>	<p>VII.6.(1) Adopted</p> <p>VII.6.(2) Adopted</p> <p>VII.6.(3) Adopted</p> <p>VII.6.(4) Adopted</p>	<p>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)</p>

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 and 54 (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
<p>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.</p> <p>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,</p> <p>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.</p>	<p>VIII.2.2.(1) Adopted VII.2.2.(2) Adopted</p>	<p>38</p>
<p>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.</p>	<p>Adopted</p>	<p>38 and 45</p>

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 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.”*

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
iii. Health and safety: occupational health and safety and number of work-related accidents.	403	4.5.7 Diversity, inclusion and equal opportunities 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 <i>compliance system</i> , 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
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Description	GRI Indicators (see Annex IV)	Chapter of the Report
<p>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.</p>	2-22, 2-23	4.1 ESG Commitments and Sustainable Development Goals
<p>2. Identification of the scope and methodology used in the calculation of indicators</p>		
<p>Description of the calculation scope and methodology (including the calculation formula) for all indicators defined, as well as reporting limitations.</p>	2-5	1.3 Explanation of the Nature of the Integrated Report - Scope and boundary
<p>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).</p>	<p>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.</p>	
<p>3. Justification when no policies are adopted</p>		
<p>Should the Company decide not to adopt any policies regarding one or more items, an adequate justification should be included in the non-financial information report.</p>	—	Not applicable
<p>4. Other information</p>		
<p>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.</p>	—	Not applicable