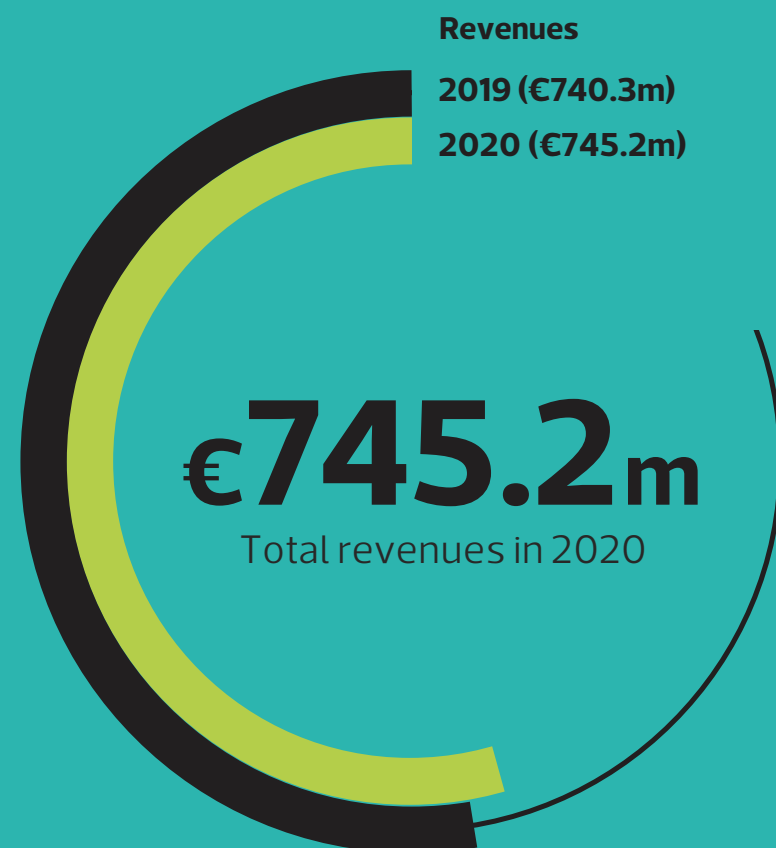


# Integrated Report



## Financial Indicators



## Operational indicators



516.9 m  
Items  
Addressed Mail

Portugal



Spain



Express & Parcels volumes growth



Banco CTT  
517 k  
No. of current accounts



Banco CTT reaches net profit  
in its fifth year of operation

## Community Indicators

## Sustainability Indicators



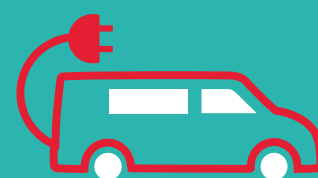
12,234  
CTT  
Employees



2,366  
CTT access  
points



-5.6%  
Decrease  
in energy  
consumption



335  
Ecological  
vehicles in fleet

## Guidance delivered

✓ Revenues  
+0.7%

✓ EBITDA  
€90.5m

✓ EBIT  
€34.5m

# Table of Contents

<b>1. INTRODUCTION TO CTT</b>	6	<b>4. PERFORMANCE</b>	80
<b>1.1</b> Statement of the Chairman of the Board of Directors	10	<b>4.1</b> Financial Capital	84
<b>1.2</b> Statement of the CEO	14	<b>4.2</b> Human Capital	92
<b>1.3</b> Explanation of the Nature of the Integrated Report	22	<b>4.3</b> Intellectual Capital	97
<b>1.4</b> Key Figures	23	<b>4.4</b> Social Capital	98
<b>1.5</b> External Awards and Distinctions	26	<b>4.5</b> Natural Capital	101
<b>1.6</b> ESG Commitments (Environmental, Social and Governance)	28	<b>5. CORPORATE GOVERNANCE</b>	114
<b>2. STRATEGIC BACKGROUND</b>	32	<b>6. PROPOSAL FOR THE APPROPRIATION OF RESULTS</b>	196
<b>2.1</b> Economic, Sectoral and Regulatory Environment	36	<b>7. CONSOLIDATED AND INDIVIDUAL FINANCIAL STATEMENTS</b>	202
<b>2.2</b> Strategic Lines	50	<b>8. DECLARATION OF CONFORMITY</b>	354
<b>2.3</b> Sustainable Development Goals	51	<b>9. REPORTS – AUDIT REPORT, REPORT AND OPINION OF THE AUDIT</b>	
<b>2.4</b> Materiality analysis	52	COMMITTEE AND INDEPENDENT LIMITED ASSURANCE REPORT	360
<b>2.5</b> Stakeholder Engagement	55	<b>10. INVESTOR SUPPORT</b>	390
<b>2.6</b> Corporate Ethics	59	<b>11. WEBSITE</b>	396
<b>2.7</b> Risk Management	61	<b>ANNEX I – CURRICULA</b>	400
<b>3. CTT BUSINESS UNITS</b>	68	<b>ANNEX II – MANAGEMENT TRANSACTIONS OF CTT SHARES</b>	436
<b>3.1</b> Mail	72	<b>ANNEX III – GRI INDICATORS</b>	446
<b>3.2</b> Express & Parcels	76	<b>ANNEX IV – GRI INDEX</b>	454
<b>3.3</b> Banco CTT	77	<b>ANNEX V – NON-FINANCIAL INFORMATION</b>	466
<b>3.4</b> Financial Services	78		
<b>3.5</b> Future perspectives	79		





# From a high-street store to E-commerce

Committed to Deliver







01

# Introduction to CTT



**Committed to Deliver**

# 1.1 Statement of the Chairman of the Board of Directors

## Committed to Deliver



**Raul Galamba de Oliveira,**  
Chairman of the Board of Directors

# Raul Galamba Statement



With the commemoration of the 500<sup>th</sup> anniversary of the Post Office in Portugal, 2020 was always meant to be a special year. This unique legacy distinguishes CTT for the historical, as well as contemporary, role it has played in the country's territorial integration and economy. Following the sudden outbreak of the pandemic in the first quarter, however, the year ended up being marked by the health crisis and by the restrictions imposed on citizens and businesses, with profound economic and social implications.

As a critical provider of logistics and communications infrastructures in Portugal, CTT was particularly exposed to the challenges posed by the pandemic. The response combined the protection of its workers with maintaining the provision of essential services to the population and demonstrated the vitality and deep sense of mission of the organization. To a large extent, the crisis was a test of resilience for the Company, which was overcome in an exemplary manner. The Company came out of the crisis stronger and more confident about the future.

It is worth noting, in this regard, the capacity shown by the Company to meet the ambitious goals set for the year, despite the enormous difficulties faced from the internal point of view of its operations, as well as by its customers and suppliers. It was thus possible to respond to the very high growth in demand in parcels, ensuring the provision of services within controlled quality standards. The Financial Services & Retail and Banco CTT businesses also achieved their objectives, despite mobility restrictions throughout the year, partially offsetting the strong negative impact of the accelerated erosion of mail volumes.

These results were not the result of chance, but rather reflect the organization's ability to face the challenges stemming from the crisis, promoting an unprecedented operational adaptation effort. In parallel, as the CEO explains in more detail in his statement, CTT took advantage of the context to unleash an innovation surge, supporting its clients' digitalization efforts and expanding its scope to new business areas, without ever neglecting sustainability objectives. Beyond the results, the commitment of our operational and commercial teams and the leadership evidenced by our managers provide a clear sign of confidence for the future.

It is in this context of great challenge, but also of enormous resilience, that I congratulate the Executive Committee and all the teams, for the results obtained and for the feeling they certainly have of "mission accomplished".

The process of renewing CTT's corporate bodies was also completed in 2020. Throughout the year, the Board of Directors dedicated particular attention to all aspects related to the management of the crisis, while also supporting the Executive Committee in defining the strategic framework and policies required to ensure the long-term success of the Company. Within the scope of their mandates, the specialized Audit and Corporate Governance committees complemented the work of the Board of Directors, overseeing with diligence the integrity of the internal control model and of the governance and sustainability policies in place.

With one of the most challenging years in the Company's recent history behind us, it is now time to accelerate the pace of CTT's transformation, completing the effort to adapt the Company and its business model to a new market reality marked by digitalization and e-commerce. In this context, the Company's priorities include: the growth and operational consolidation of the CEP business at Iberian level; the diversification of Banco CTT into the personal credit and payments areas, reinforcing growth and profitability; and the definition of a new concession agreement for the universal postal service adapted to the post-pandemic mail reality. As we engage in this agenda, the aspiration for excellence and the "committed to deliver" spirit of the Company's employees and senior staff will ultimately be the key factors determining CTT's success going forward.

**Raúl Galamba de Oliveira,**  
Chairman of the Board of Directors



## 1.2 Statement of the CEO

# João Bento Statement

**João Bento,**  
*Chief Executive Officer*





2020 will be marked in everyone's memory by how the widespread COVID-19 pandemic impacted people and companies' daily lives. For CTT, the year was characterized by the magnitude of the challenge generated by the consequent crisis, but also by the extraordinary way we reacted to difficulties and found opportunities in adversity. It is also marked by the 500 years of the postal service in Portugal hallmark, a very relevant moment in the company's history.

The unique situation caused by the adverse pandemic context came, particularly from March onwards, to significantly change consumers' and companies' habits, accelerating the ongoing changes in the postal sector paradigm. We have witnessed a historical growth in parcels volumes, boosted by the rapid adoption of e-commerce as a substitute of physical retail. On the other hand, we have also observed a very significant acceleration of the decrease in mail volumes through increased digitalization in corporate communication, driven by the distancing circumstances imposed by the pandemic.

We have put forward in the early days of the lockdown period, and in a very agile manner, a plan to respond to the created circumstances based on six key pillars: 1) protecting our people; 2) adapting operations to the "new normal"; 3) ensuring liquidity; 4) reducing costs and preserving the financial structure; 5) intensifying commercial action; 6) "counterattacking" by developing new business opportunities.

In a context in which we had to simultaneously manage a very adverse operational crisis and the need to ensure continuity alternatives, we maintained high levels of effectiveness, supporting the Iberian economy, and keeping our participation in essential logistics chains fully and permanently operational. In Portugal, we reacted even more widely to the difficulties, launching, at an early stage of the pandemic, an innovative set of solutions for the development of e-commerce, with particular emphasis on SMEs, which proved to be a key positioning to face the crisis.

This innovative wave included very impactful measures for the development of e-commerce. I would highlight: the launch of the tool to create online shops – *Criar Lojas Online CTT* –, today, with more than 1,800 registered stores; the campaign to attract new e-sellers and e-buyers to the *Dott* marketplace; the digital reconstruction of countless regional fairs – where more than 75,000 local products were already traded; and the speedy implementation of the "*CTT Comércio Local*" app, aimed at very small businesses, in a partnership with municipalities. The scope and impact of these initiatives were such that one might state that, in response to the COVID-19 crisis, CTT emerged as the foremost e-commerce promoter in Portugal and the most prominent agent for Portuguese SMEs' effective digitalization.

But, besides companies, this repositioning has also targeted individual customers with a wide offer which included not only awareness campaigns such as CTT #FiqueEmCasa, but also: promotions to collection and delivery services without face-to-face contact; home delivery of medicines – more than 30,000 so far – in a partnership with the National Association of Pharmacies; delivery to nursing homes and health establishments of sanitizer gel manufactured and offered by Hovione; an innovative solution designed for home delivery of citizen cards, under which more than 150,000 cards have been delivered to this date; streamlined access to individual protection products to deal with the pandemic; as well as the very significant effort to pay pension cheques at home. An excellent example of agility and time-to-market was the partnership with the National Association of Pharmacies for delivering medicines at home, which was drafted, designed, negotiated, and operationalized in just one week immediately after the start of the first mandatory lockdown period.

The vigorous reaction to a situation of great adversity and with significant declines in mail demand – our most significant source of income and margin until this year – makes us proud and with a feeling of accomplishment. The vital role in the outbreak and evolution of the crisis symbolically marks the year 2020 and illustrates how 500 years of history generated an intrinsically innovative company capable of renewing and repositioning itself.

But the disruption to the normal flow of events caused by the pandemic crisis has not only affected the normal business flow. The government also invoked this context to justify the impossibility of launching the process to grant the new Universal Postal Service concession, given that the current one should have terminated on 31 December. In these circumstances, the contract was unilaterally extended by the grantor until the end of 2021, under an exceptional circumstances' consideration, to enable defining the conditions under which the next contract should be in force and develop an adequate awarding procedure during the current year. For this purpose, a governmental working group was set up in February 2021 to reflect on the postal sector's new reality and the contemporary vocation of a public postal service while streamlining the preparatory work for the new concession. CTT remained very active throughout the year to search for solutions that may ensure a balanced and sustainable concession contract, necessary conditions for it to become a concessionaire in the next cycle. We remain very firm on this route, and will continue to mobilize all the initiatives deemed appropriate.

The adverse context that worsened in March forced the company to reformulate its priorities and set extremely demanding objectives, which were shared with the market, with a new ambitious full-year guidance announced in August in the presentation of 1<sup>st</sup> half 2020 results, following the most challenging semester in the company's recent history. But the remarkable work carried out and the restless reaction to the crisis allowed us to comply

with this guidance, both in EBITDA and EBIT – €90.5m and €34.5m, respectively –, even reaching a marginal increase in revenues to €745.2m (+0.7%). Of note was the performance in the 4<sup>th</sup> quarter, which enabled the highest operating result in a quarter since the beginning of 2016.

From the point of view of the results, I would highlight some very significant aspects. On the one hand, the extraordinary accomplishment achieved by Banco CTT, in obtaining a positive net result for the year, in line with the announced target, but despite the large unfavorable impacts of the crisis affecting the financial sector. Secondly, Spain's parcels operation continued to converge towards the turnaround, with very expressive growth in volumes and revenues, albeit with a more unfavorable B2C-B2B mix in terms of price and cost. The performance of CTT Express in Spain, associated with the sustained growth and the improvement in market share and productivity in Portugal, allowed for a very significant jump in this business area's contribution to the consolidated results of CTT. Thirdly, the size already achieved and, especially, the unprecedented growth in Business Solutions, built upon the original opportunities in mail BPO (mail management) and printing & finishing, which provides reasonable indications that it may become a new growth path for the company. Finally, a word on the exceptional performance in the Financial Services & Retail business area, as levels of success in placing savings products, and in particular, public debt, remained very promising.

In addition to the financial performance aspects, the year was marked by a permanent focus on environment and climate change concerns. The company achieved a leadership position in sustainability, obtaining the maximum score of Leadership A, thus integrating the A-List of the 2020 Carbon Disclosure Project, the most relevant international carbon stock exchange rating. It positions CTT as one of only four companies in Portugal with this distinction and nine worldwide in the transport and distribution sector. In the same line, CTT ranked second amongst postal operators in the sustainability program of IPC – International Postal Corporation. These recognitions enshrine the work carried out and progress achieved in terms of carbon management and combating climate change.

2020 was also a year in which we reinforced the brand's value, renewing it in Portugal and Spain while various recognitions were awarded. Amongst others I would emphasize the distinction, for the 17<sup>th</sup> time, as a "Portuguese Brand of Trust," the Human Resources magazine "Diversity and Inclusion" category award, and the selection as one of the finalists to the "Project of the Year" of the European Logistics Association. Finally, Banco CTT was elected leader in Customer satisfaction by ECSI Portugal.

### A look to the future

After a very atypical year, 2021 should set up, despite the persistence of the pandemic crisis, a year of recovery and relaunch of CTT on a transformation path in which we intend to continue to assert ourselves as the agent that best combines the physical and digital dimensions in order to support companies' digitalization, with particular emphasis on e-commerce, positioning ourselves as the right partner in providing business and commerce services.

We want to act and be seen as being *faster, better and greener*. **Faster**, in the diversification of the portfolio and acceleration of CTT growth levers. **Better**, in the efficiency levels in comparison with our peers. And **greener**, due to the continued progress in reducing the carbon footprint, in line with a leading performance in Portugal and within the sector.

For this purpose, it is crucial to preserve **Mail** business sustainability either through the unrelenting search for operational redesign leading to greater efficiency, or through the restitution of balance and sustainability factors to the Universal Postal Service, within a new concession in which we can participate.

We also want to remain focused on being more than the best logistics partner for B2B, with the increased diversification of our offer, leveraging the combination of physical and digital. We intend to continue developing our value proposition in **Business Solutions** focusing on SMEs and municipalities, on the consolidation and growth of BPO, advertising and document management solutions, and exploring solutions to promote the digital presence of companies and management tools.

In **Express & Parcels**, we want to continue to lead in the development of e-commerce in Portugal and to make progress in establishing a distinctive and more profitable Iberian CEP platform. We want to lead through a value proposition of integrated services for customers, ranging from improving and expanding the presence of online sales channels (*dott.pt*; creation of online shops, local commerce app) to payment services, instant delivery, pick-up, and returns solutions, which are innovative and convenient for the customer, but also for the recipients – customers of our customers. We want to boost our Iberian CEP platform, leveraging on 20 new sorting centers and new automatic sorters in Spain and Portugal and strengthening the distribution network to accommodate increased volumes, thus ensuring best-in-class performance. Besides, we will continue to develop relevant adjacent business lines for fulfillment already in 2021.

In B2C, the aim is to maximize the value generated in the **digital and physical channels – CTT post offices, CTT agents, and Payshop Agents**. We will further the modernization, digitalization, and convenience across our incomparable retail network, accelerating 24x7 and self-service offer of core products. We will

proceed with a route of proximity to the population by strengthening our retail network following the reopening of 23 post offices in municipalities during 2020. We also aim to expand and grow the supply of **financial services** by developing a full CTT-branded offer, leveraging on the extraordinary savings placement capacity consistently demonstrated with public debt securities.

At **Banco CTT**, and after the first year it contributed positively to CTT's net result, we will continue to accelerate the profitability of a retail, predominantly digital bank for people. We will be active in attracting new business partnerships, developing the current business lines and expanding into new ones, continuing to consolidate an equity story sufficiently attractive to consider value-creating capital partnerships.

To support growth, it will be critical to further improving the organization, with a focus on four main **transformation** axes: **operations**, through the modernization plan for infrastructures under implementation, the systematic review of the distribution model, and the improvement of customer support and incident management; **people**, by maximizing professional development and experience, allowing all workers to be agents of change and to contribute to the transformation of CTT; **technology**, with the structural transformation of our application ecosystem and the development of agile working methodologies; and finally, **processes**, by enhancing digitalization, internal processes, and interaction with customers, accelerating innovation and expanding a more **agile** way of operating.

Last but not least, we want to continue to lead and set an example of **sustainability** in our sector, on an international level, and in the general Portuguese business landscape. We will continue to strengthen our ecological fleet, implement more efficient solutions in our buildings and expand the development of green initiatives, particularly in the last mile, contributing to the reduction of the carbon footprint and a more sustainable future.

### Final Notes

2020 was undoubtedly a challenging year for CTT. A year with unexpected and severe challenges due to the pandemic context, but it is my view that we can be proud of having risen to the events and the role played with our daily presence in the economy and in supporting our customers. This would not have been possible without our employees' unparalleled commitment, either towards the company – by closing ranks to overcome adverse moments – or in the social role, the public service, and support to the population which were daily led by those who were always at the forefront. Thanking all of them and not forgetting anyone, I must highlight our postmen and front office staff. But I would like to express my profound gratitude to everyone – our customers, our suppliers, our partners, our shareholders, our new Board of Directors and Chairman and, finally, my great executive team.

2021 will be a year to reinforce our role as a vital agent in the markets where we operate. We will continue to consolidate roots for the future, ensuring that a new concession contract of which we can be a part guarantees conditions for providing a balanced and sustainable public service in the long term.

It will be a critical year to define the future in the medium term and reinforce our business diversification levers. We will strengthen the growth cycle, helped by changes in consumption habits and the growth of e-commerce, together with the expansion of our portfolio of products and services for companies. We will continue to assert ourselves as the shortest path – physical and digital – for everyone to send and receive items and for their savings, credit, and insurance. We count on the strength of our retail network and the constant affirmation of Banco CTT. And we hope to alleviate the crisis that has disturbed the economy so much and has eroded mail revenues.

Being **faster, better** and **greener**, we keep, increasingly so, **connecting people and companies, committed to deliver!**

**João Bento,**  
Chief Executive Officer



## Executive committee



João Bento  
CEO  
Executive Director

António Pedro Silva  
Executive Director

Guy Pacheco  
CFO  
Executive Director

João Sousa  
Executive Director

João Gaspar da Silva  
Executive Director



## 1.3 Explanation of the Nature of the Integrated Report

### Scope and boundary

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

The integrated report contains information on the strategy, management and performance of the Group's main business units, with a view to creating sustainable value. The risks inherent to the activity are also analyzed and a review is made of the way CTT incorporates the different capitals (financial, human, intellectual, social and natural), following the *Guidelines* proposed by the *International Integrated Reporting Council* (IIRC). Additionally, this report contains information about Corporate Governance, the Individual and Consolidated Financial Statements of CTT and the performance of the main sustainability aspects.

The 2020 integrated report communicates CTT's strategic vision and commitment to generate value over time and promote environmental protection and social integration. It includes information on issues that significantly affect CTT's ability to generate value in the short, medium and long term.

This report discloses the results relative to the financial year ended on 31 December 2020, whenever possible presenting aggregate information on CTT, S.A. and all its subsidiaries, jointly referred to as CTT.

During the reporting period, the new company CTT Soluções Empresariais, S.A., fully held by CTT, was incorporated and the participation in the companies Multicert - Serviços de Certificação Electrónica, S.A. and Taguspark was cancelled. However, these transactions do not significantly change the scope of the reporting in relation to the previous year.

CTT - Correios de Portugal, S. A. - Public Company, a public limited liability company listed on the stock exchange since 2013, with 100% of its capital dispersed among institutional and private shareholders. The Board of Directors was composed of fifteen executive and non-executive Directors on 31 December 2020<sup>1</sup>. The corporate bodies were elected for the 2020-2022 three-year period at the General Meeting held on 29 April 2020.

### Commitment

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

This is CTT's sixteenth annual sustainability Report. The reporting structure and contents comply with the Global Reporting Initiative (GRI) guidelines as a reference for the preparation of sustainability reports and respective protocols for the calculation of indicators. This report adopted the fourth generation of guidelines for sustainability reports, having obtained COMPREHENSIVE validation, attributed by the verifying entity KPMG & Associados. In order to access the GRI Table with the location of each indicator, see Annex IV.

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

In 2020 and as in previous years, based on the reporting model featured in the Portuguese Securities Market Commission (CMVM) Regulations and the recommendations of the Portuguese Corporate Governance Institute (IPCG) Code as amended, CTT continues to comply with a significant set of recommendations relative to corporate governance.

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

### Contacts

Registered office  
Avenida D. João II, no. 13  
1999-001 Lisboa PORTUGAL  
Telephone: +351210 471836

Media  
Communication & Sustainability Department  
Media Advisory  
Miguel Salema Garção  
E-mail: gabinete.imprensa@ctt.pt  
Telephone: +351210 471800

## 1.4 Key Figures

### 1.4.1 Economic and financial indicators

€ thousand or %, except where otherwise indicated

	'19	'20	Δ 20/19
Revenues	740,286	745,240	0.7%
Operating costs <sup>(1)</sup>	638,824	654,736	2.5%
EBITDA <sup>(1)</sup>	101,462	90,504	-10.8%
EBIT	47,285	34,507	-27.0%
EBT	35,527	23,126	-34.9%
Net profit for the period	29,285	16,767	-42.7%
Net profit for the period attributable to CTT equity holders	29,197	16,669	-42.9%
Earnings per share (euro) <sup>(2)</sup>	0.19	0.11	-42.9%
EBITDA margin	13.7%	12.1%	-1.6 p.p.
EBIT margin	6.4%	4.6%	-1.8 p.p.
Net profit margin	3.9%	2.2%	-1.7 p.p.
Capex	45,442	33,438	-26.4%
Operating cash flow	44,481	42,920	-3.5%
Free cash flow	32,335	21,843	-32.4%

	'31.12.19	'31.12.20	Δ 20/19
Cash and cash equivalents	442,996	518,180	17.0%
Own cash	115,376	135,424	17.4%
Assets	2,513,441	2,894,903	15.2%
Equity	131,415	150,275	14.4%
Liabilities	2,382,026	2,744,628	15.2%
Share capital	75,000	75,000	0.0%
Number of shares	150,000,000	150,000,000	0.0%

<sup>1</sup> Excluding depreciation, amortization, impairments, provisions, IFRS 16 impact and specific items.

<sup>2</sup> Considering the number of shares outstanding excluding 1 own share.

<sup>1</sup> One Director left on 31/01/2021, being thereafter the Board of Directors composed of fourteen Directors.



## 1.4.2 Operating Indicators

	'19	'20	Δ 20/19
<b>Mail</b>			
Addressed mail volumes (million items)	619.0	516.9	-16.5%
Transactional mail	536.0	447.2	-16.6%
Editorial mail	34.8	30.0	-13.7%
Advertising mail	48.2	39.7	-17.6%
Unaddressed mail volumes (million items)	521.4	412.3	-20.9%
<b>Express &amp; Parcels</b>			
Portugal (million items)	22.0	28.4	29.2%
Spain (million items)	15.8	24.9	57.7%
<b>Financial Services</b>			
Payments (number of transactions; millions)	1.2	1.5	28.4%
Savings and insurance (subscriptions; Cm)	3,971.7	3,837.9	-3.4%
<b>Banco CTT</b>			
Number of current accounts	461,271	517,431	12.2%
Customer deposits (Cm)	1,283,567.3	1,689,110.3	31.6%
Payments (number of transactions; millions)	52.2	43.6	-16.5%
Mortgage loans book, net (Cm)	405,074.1	524,584.1	29.5%
Consumer credit production (Cm)	43,901.9	32,283.1	-26.5%
LTD (including 321 Crédito)	69.0%	64.8%	-4.2 p.p.
Number of branches	212	212	0.0%
Cost of risk	50.0 b.p.	100.0 b.p.	50.0 b.p.
<b>Staff</b>			
Staff as of 31 December	12,355	12,234	-1.0%
FTE <sup>1)</sup>	12,392	12,255	-1.1%
<b>Retail, Transport and Distribution Networks</b>			
CTT access points	2,370	2,366	-0.2%
Retail network (post offices)	539	562	4.3%
Postal agencies	1,831	1,804	-1.5%
Payshop agents	4,821	5,133	6.5%
Postal delivery offices	226	225	-0.4%
Postal delivery routes	4,660	4,648	-0.3%
Fleet (number of vehicles)	3,804	3,511	-7.7%

<sup>1</sup> FTE = Full-Time Equivalent; as from 1 January 2020 the methodology for calculating the FTEs changed, the 2019 FTEs were restated to be comparable.

## 1.4.3 Sustainability Indicators

	'19	'20	Δ 20/19
<b>Customers</b>			
Customer satisfaction (%)	79.1	83.0	3.9 p.p.
<b>Staff</b>			
Number of accidents	1,080	805	-25.5%
Training (hours)	251,032	187,598	-25.3%
Women in management positions (1 <sup>st</sup> management level) (%)	20.0	20.4	0.4 p.p.
<b>Community/Environment</b>			
Value chain - contracts with environmental criteria (%)	98.9	98.5	-0.4 p.p.
Total CO <sub>2</sub> emissions, scope 1 and 2 (kton.) <sup>1) 4)</sup>	16.7	16.0	-4.3%
Energy consumption (TJ) <sup>1) 2) 4)</sup>	381.7	360.4	-5.6%
Eco-friendly vehicles	315	335	6.3%
Weight of Eco product range in Direct Mail line (%) <sup>3)</sup>	43.5	45.7	2.2 p.p.
Investment in the community (Ck)	1,018	883	-13.3%

<sup>1</sup> Provisional figures.

<sup>2</sup> Update of 2019 data.

<sup>3</sup> Volumes.

<sup>4</sup> Including green energy.

## 1.5 External Awards and Distinctions

### Leadership Level A in the Carbon Disclosure Project 2020

CTT achieved the Leadership A level, the maximum score in the CDP – Carbon Disclosure Project rating of 2020, the most important international carbon stock market rating. Among 205 participants, there are only four companies in Portugal with this distinction and nine worldwide in the transport and distribution sector. This result is an important recognition of the work that CTT has been developing on matters of carbon management and combat of climate change.

### CTT 2<sup>nd</sup> best in the world in sustainability

CTT ranked 2<sup>nd</sup> among 19 postal operators worldwide in IPC – International Post Corporation’s sustainability program, the Sustainability Measurement and Management System (SMMS), which focuses on climate change and other issues in line with United Nations’ Sustainable Development Goals.

### CTT continues to be a Trusted Brand of the Portuguese

For the 17<sup>th</sup> time, CTT was distinguished as one of the Trusted Brands of the Portuguese population, in a study carried out by Reader’s Digest magazine, achieving first place in the “Postal and Logistics Services” category, with 90% of the votes.

### OnStrategy Reputation Award

CTT was invited to participate in the event “The Strength and Value of Brands”, organized by the consulting firm On-Strategy to distinguish several brands for their reputation, consistency and sustainability. CTT, represented by its Chief Executive Officer João Bento, was awarded for its reputational consistency in the last three years.

### Human Resources Portugal Awards

CTT was once more distinguished in the Human Resources Portugal 2020 awards, in the Diversity and Inclusion category, which recognizes best practices in workplace diversity and inclusion. This is an initiative of the Human Resources Portugal magazine that distinguishes the companies in Portugal with the best performance in several areas related with People Management.

### Banco CTT wins the Five Stars award for the 2<sup>nd</sup> time

The Banco CTT’s Mortgage Loan is again a Five Stars Product in 2020, among the five banks assessed in the category, with an overall rating of 74.2%. The evaluation criteria are the five main variables that influence consumers in their purchasing decision: Satisfaction-Experimenting; Value for Money; Intention to Recommend; Innovation, with emphasis on the Trust in the Brand.

### Banco CTT elected No. 1 in Customer Satisfaction

Banco CTT again received the ECSI (European Customer Satisfaction Index) Portugal award in the Banking sector, with a score of 8.01 (on a scale of 1 to 10). This award is the result of an internationally recognized study, conducted in Portugal by Universidade Nova, and assesses the degree of customer satisfaction in relation to goods and services available in different sectors.

### Banco CTT Account awarded the Right Choice seal

The Banco CTT Account was awarded the Right Choice 2020 seal by DECO, the Portuguese consumer watchdog association, in the category “Current Accounts”.

### Two Kaizen Awards – Kaizen™ Lean Portugal and Global Kaizen

The Kaizen Institute awarded two prizes to CTT: the KAIZEN Lean award in the category “Excellence in the Continuous Improvement System 2019”; and the first place in the international Global Kaizen Award, in the category “Excellence in the Continuous Improvement System” with the MUDAR (Change) program, the continuous improvement system in the CTT Retail Network since 2007.

### “A Letter to the Postman” receives two awards

With the “A Letter to the Postman” campaign, CTT was the winner in the “Tactical Communication” category of the XVI Awards for Communication Effectiveness, from APAN, the Portuguese Advertisers Association, and the COVID-19 Special Grand Prize, awarded by APCE 2020. This campaign demonstrates the critical role that CTT plays in maintaining communication and logistics chains, vital to the economy and society, a role that is most evident in the pandemic context.

### Parcel & Postal Technology International Awards

The Dott platform received the Highly Commended distinction in the 12<sup>th</sup> edition of the Parcel & Postal Technology International Awards.

### APCE Grand Prize

CTT was the winner of the Grand Prize of the Portuguese Corporate Communication Association, in the category “Internal Campaign of National Scope – CTT Academy Flight Simulation” and was also a finalist with three projects: Pai Natal Solidário CTT (Solidarity Santa Claus), Better than Recycling is Not Spending, and CTT Assessment Day.

### Grémio Literário Prize for the “The Liberal Revolution of 1820”

The Grémio Literário Prize was awarded to the work “The Liberal Revolution of 1820”, by José Luís Cardoso. This is a CTT edition, which is a rigorous, accessible and educational repository on the foundation of constitutionalism in Portugal. With this award, CTT now boasts eight edition awards.

### CTT Contact Center awarded at the APCC Best Awards 2020

CTT Contact Center, in partnership with Reditus, received the bronze medal in the category “Services and Distribution” at the APCC Best Awards 2020 of the Portuguese Association of Contact Centers, which has 92 members.

### CTT “Order Now” nominated for the 2020 ELA Awards

The CTT project “Order Now – Automation in the Logistics Process as a Response to E-commerce” was one of six finalists for the Project of the Year – ELA Award 2020. This is the second time in three years that CTT has been chosen by ELA for having one of the best European projects in Logistics.

### Asiago International Award for Philatelic Art

For the 12<sup>th</sup> time, CTT was honored with one of the oldest and most prestigious awards for philatelic design in the world. The philatelic souvenir sheet of the “Christmas” issue, which is the first in the world with a LED light stamp, has won the Asiago Award 2019. Since 1962, CTT has received 65 international awards for philatelic design and editions, making the CTT philately one of the most awarded in the world.

### Distinction

#### CTT Chief Executive Officer, João Bento, appointed to the Board of the International Post Corporation (IPC)

João Bento will represent the operators of the South of the Alps countries (Portugal, Spain, Italy, Greece, Cyprus and Croatia) during a three-year term. IPC gathers 25 operators from among the most important in Europe, North America and Asia-Pacific, represents 80% of the global mail volume and leads projects that have a decisive influence on the future of the world postal industry.



## 1.6 ESG Commitments (Environmental, Social and Governance)

'20 <sup>2</sup>				
Topic	Goal	Accomplishment	Prog.	CTT Goals for 2021 and following years
<b>Policy and Strategy</b>				
UN Global Compact	Analyze participation	Participation in the Business Ambition for 1.5°C initiative	●	Analyze participation
Sustainalytics	-	-	-	Analyze participation
Carbon Disclosure Project - Climate Change	Disclosure in 2020 (position <sup>2</sup> )	Position <i>Leadership A</i>	●	Disclosure (Leadership) position
Reporting Standard	GRI4 - Comprehensive	Integrated Report 2020 Comprehensive	●	GRI4 Comprehensive
Sustainability Committee	Regular activity	Meetings with the Committee <sup>3</sup> to analyze sustainability issues. Sustainability Committee did not meet	●	Regular activity
UN Sustainable Development Goals	Implementation (continuous)	Accomplished	●	Implementation (continuous)
<b>Relations with Stakeholders</b>				
Strategy of engagement with Stakeholders	Segmented communication	Annual sustainability report; Communication to employees	●	Review of Stakeholder engagement strategy. Segmented communication
Sustainability content structure of the website	Completion	In progress	●	Completion in 2021
<b>Ethics</b>				
Code of Conduct (e-learning and on-the-job training)	Overall internal training: 1,000 employees	482	●	Expansion: ±3,500
Code of good conduct to prevent and fight harassment at the workplace	Overall internal training: 2,000 employees	837	●	Expansion: ±1,000
Prevention of money laundering and terrorist financing	Training to employees who handle monies; Law 58/2020	567; 310	●	Expansion: 250 initial training; 1,800 employees pursuant to the law
<b>Environmental management</b>				
Energy Management System ISO 50001	Feasibility analysis	Need identified	●	Project start-up in 2021
Computer application for Management Commitments	Completion	Not completed	●	-
<b>Energy efficiency</b>				
Energy audit and PRE implementation for buildings	Continuous implementation	PRE in progress for 2 Operational centers	●	To be continued in 2021
Electricity consumption	-1%	-8%	●	-1%
Energy certification of buildings	Buildings (SCE) <sup>4</sup>	EC for 13 buildings	●	To be continued in 2021
Fuel consumption	-2%	-4%	●	-1%
Fleet energy audit and PRCE implementation	Implementation in progress	PRCE in progress	●	Closing of current PRCE Renovation

<sup>2</sup> Except CORRE.  
<sup>3</sup> CGSAN – Corporate Governance, Evaluation and Nominating Committee  
<sup>4</sup> SCE – System of certification of buildings.

● Accomplished (≥ 95%)  
 ● Not accomplished  
 ● In progress/partially achieved

'20				
Topic	Goal	Accomplishment	Prog.	CTT Goals for 2021 and following years
PRCE of the CTT vehicle fleet – specific consumption	Improve efficiency (5% by 2020)	6% improvement in fleet efficiency <sup>5</sup>	●	Improve efficiency (5% by 2023)
100% LED lighting	Expansion	6 postal delivery offices	●	Continued expansion to 10 operational facilities
Specialized monitoring of energy consumption in buildings <sup>6</sup>	10% annual reduction in consumption	Installation in 38 locations <sup>7</sup>	●	Annual savings of 10% Facility expansion
<b>Sustainable Mobility</b>				
Fleet of electric and less pollutant vehicles	Testing of passenger cars, scooters and electric tricycles; Feasibility study on electrification of the support fleet; Inclusion of eco models in the catalogue of function vehicles	Fleet reinforcement with 19 electric vehicles; 10 tests were carried out with electric vehicles (bicycles, motorcycles, tricycles, and several light vans)	●	Continuation of fleet electrification
Investment in the operational fleet	Renovation of 114 motorcycles and 641 light vehicles for the transport of goods	Incorporation of 250 new motorcycles; Renovation of 2 Piaggio MP3 scooters and 5 FC16 vehicles; Contracting of 14 F4 vehicles	●	Reinforcement of fleet renewal to guarantee its safety and efficiency
Car Pooling Platform	Promotion of the use of the platform (continuous)	Discontinued platform	●	Reactivation of new solution (in post-pandemic period)
Drivers' Challenge	International participation	Event postponed due to pandemic	●	International participation in 2021 (date to be confirmed)
Road safety – number of accidents <sup>8</sup> per km travelled	-5%	-9.1% (sharp decline of absenteeism due to work related accidents)	●	-5%
Efficient driving and road safety	Program + Prevention	20 new training contents provided and 26,000 participations	●	Circa 66,000 participations (3,000 employees); Safety Days Commitment
<b>Climate Change</b>				
Direct and indirect CO <sub>2</sub> emissions (2008–20)	-33%	Accumulated var.: -65.1%	●	-- (2020 goal achieved)
Direct and indirect CO <sub>2</sub> emissions (2020–25)	--	--	●	-5%
Idem (annual)	-1%	-4.3%	●	-1%
CO <sub>2</sub> emissions for scopes 1, 2 and 3 (2013–25)	-30%	Accumulated var.: -26.9%	●	Maintain (reduce 1% until 2025)
CO <sub>2</sub> emissions for scopes 1, 2 and 3 (2005–30) <sup>9</sup>	-30%	Accumulated var.: -25.4%	●	Maintain (reduce 5% by 2030)
Idem (annual)	-1.2%	-2.5%	●	-1.2%
CO <sub>2</sub> intensity/postal item scopes 1, 2 and 3 (2013–25)	-20%	Accumulated var.: 6.6%	●	2025 goal (monitoring)
Idem (annual)	-1.2%	15.8%	●	0%
Acquisition of electricity of renewable origin	Maintain full coverage	100% green energy	●	Maintain full coverage
<b>Consumption Management</b>				
Paper consumption (except Production and Scanning)	0%	11%	●	0% in office paper consumption
<b>Waste Management</b>				
Recovery rate	Increase in recovery rate	97.5% rate (+14%)	●	75% recovery rate <sup>10</sup>

<sup>5</sup> Provisional figure.  
<sup>6</sup> Universe of most consuming CTT buildings (approx. 75% of total consumption).  
<sup>7</sup> These sites represent 90% of consumption of the facilities covered (19GWH).  
<sup>8</sup> Road accidents with material damage and occupational accidents.  
<sup>9</sup> Scope 3 includes only subcontracted road transport.  
<sup>10</sup> Sectoral target proposed by the IPC.

● Accomplished (≥ 95%)  
 ● Not accomplished  
 ● In progress/partially achieved

'20

Topic	Goal	Accomplishment	Prog.	CTT Goals for 2021 and following years
<b>Biodiversity</b>				
Press releases, advertisements and mailings	Continuous activity	Participation in the Act4Nature initiative and in "A Tree for the Forest" campaign	●	Continuous activity
Initiatives to promote biodiversity	7 <sup>th</sup> edition of "A Tree for the Forest"	Launched on 30 July	●	8 <sup>th</sup> edition of "A Tree for the Forest" and extension of the offer with digital kit
<b>Environmental Awareness</b>				
Environmental Training Green Planet	Designing and launching the e-learning course	Rescheduled design and launch	●	Launch in 2021; 90% of the staff by 2025
Thematic philatelic issues and publications	6 philatelic issues	15 philatelic issues, 2 editions and 2 labels	●	10 philatelic issues
Thematic lectures on sustainability	Dissemination actions	Internal and external dissemination of the CTT program	●	To be continued in 2021
<b>Quality of service</b>				
Certification of CTT access points	Extend to another 50, totaling 350 certified access points	350 certified access points	●	Maintain certification
Certification of subsidiaries	Keep subsidiaries covered	Maintenance	●	Maintain certification
Corporate certification	Progress in corporate certification	Maintain with migration to ISO45001	●	Maintain certification
Average Response Time to Universal Service Complaints <sup>(1)</sup>	National: 10 days	21 days	●	National: 25 days
	International: 38 days	53 days	●	International 56 days
International QoS	Improve/maintain the positioning in the IRA-E, K+1 ranking	Rise from position 16 to 14 in the ranking*	●	Improve/maintain the positioning
	Maintain the inbound GMS result above the target	91.8%*	●	Keep the result
<b>Procurement</b>				
Pre-contractual procedures with environmental criteria <sup>(2)</sup>	60%	98.5%	●	70%
Contracts concluded with environmental criteria <sup>(2)</sup>	60%	99.8%	●	70%
Qualification and assessment of suppliers	Implementation of the supplier registration and qualification system on the electronic platform (continuous action)	System implemented; Supplier qualification in progress	●	To be continued in 2021
<b>Hygiene, Health and Safety</b>				
Work-related fatalities (own liability)	0 deaths	0 fatal accidents	●	0 fatal accidents
Occupational accidents	-5%	-25.5%	●	-5%
Days lost	-5%	-19.6%	●	-5%
Interior Air Quality (IAQ)	Conducting Indoor Air Quality (IAQ) audits	IAQ assessments in progress	●	To be continued in 2021 <sup>(3)</sup>
Promotion and prevention of health and well-being (3 programs)	Living (health & screenings) Star (absenteeism) Victory (health at work)	Diagnostic and design	●	Online launch Reduction of days missed <sup>(4)</sup> Reduction of staff with limitations

\* Provisional values

<sup>1</sup> Average response time for complaints related to the CTT universal service (between the date of entry into the company and the date of response to the customer - calendar days).

<sup>2</sup> Contracts processed on the supplier qualification platform (Ariba).

<sup>3</sup> In locations where preventive tests are carried out according to Law No. 52/2019

<sup>4</sup> Number of days of sick leave, or due to work-related accidents and other personal reasons.

● Accomplished (≥ 95%)

● Not accomplished

● In progress/partially achieved

'20

Topic	Goal	Accomplishment	Prog.	CTT Goals for 2021 and following years
<b>Training and Qualification</b>				
Training effort <sup>(15)</sup>	Training rate: 1.45%	0.9%	●	1.0%;
	Rate of trained staff: 90%	98%	●	90%
Self-development of skills	Promote autonomy and continuous development	Systematization of support program	●	Resource update and increased offer
Welcome and integration	Maximize employee's experience	Designing and implementing the model	●	Apply to all new staff hired
Staff satisfaction and experience	Assess the employees' satisfaction level	Designing the assessment model	●	Quarterly survey
<b>Sustainable Marketing</b>				
Participatory carbon offsetting model	Voting process for "green" mail	Accomplished	●	Voting process for express offer (in Portugal)
Implementation of social business /inverse logistics services	Evaluate expansion to new businesses and implementation	In progress	●	To be continued in 2021
<b>Community</b>				
Social and environmental voluntary work actions	12 actions	6 actions carried out	●	6 actions
Long-term voluntary work	Maintain EPIS partnership to support young people at risk of school failure and reinforce continuity volunteer actions	Launch of the 3 <sup>rd</sup> edition of EPIS mentoring and encouraging employees to be school tutors of young people at risk of school failure	●	Maintain EPIS partnership
<b>Diversity</b>				
Professional occupation for disabled persons	13 people	14 people	●	14 people
Equal opportunities and non-discrimination	E-learning training for 294 managers	Review of the training offer	●	E-learning training to managers (±800)
Gender Equality Plan	Phased implementation	In progress	●	Continuation
Wage gap analysis	Completion	Reprogramming the action	●	Completion in 2021

<sup>15</sup> Associated to CTT full-time employees.

● Accomplished (≥ 95%)

● Not accomplished

● In progress/partially achieved