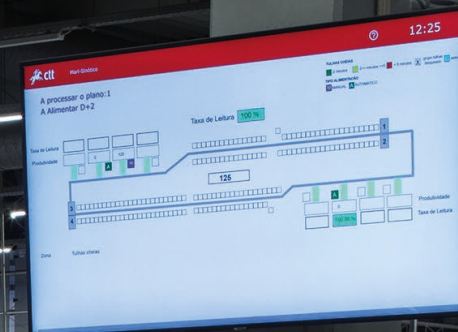




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05

Corporate Governance



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05

CORPORATE GOVERNANCE⁶⁸

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

5.1 SHAREHOLDER STRUCTURE

5.1.1 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. 245-A(1)(a))

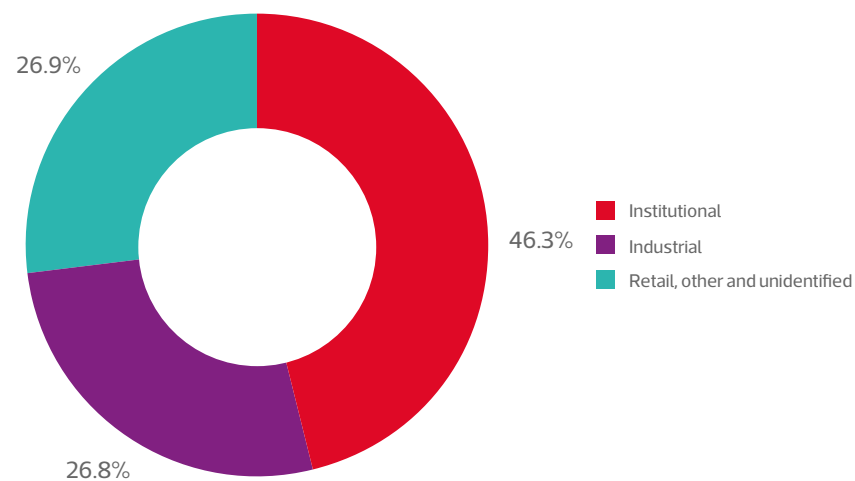
CTT's share capital is €75,000,000.00, fully paid-up and underwritten, being represented by 150,000,000 ordinary (there are no different categories), registered, book-entry shares with nominal value of €0.50 each, listed for trading on the regulated market managed by Euronext Lisbon - Sociedade Gestora de Mercados Regulamentados, S.A. ("Euronext Lisbon").

Characterization of the capital structure

At the end of 2020, a study was conducted aimed at characterizing CTT's capital structure. This study identified 139 institutional shareholders holding over 46% of the Company's capital and 2 industrial shareholders holding around 27%, the latter percentage similar to that held by retail and other investors.

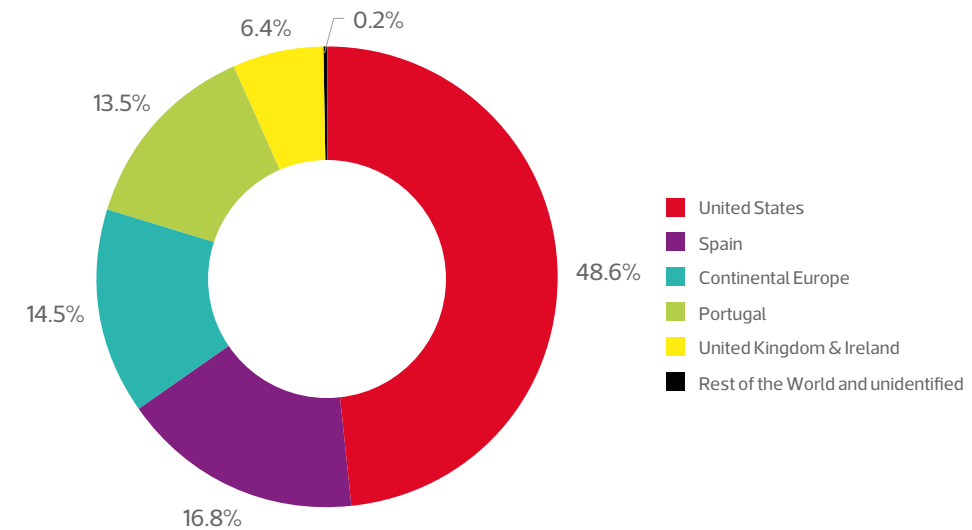
According to this survey, CTT shareholder composition in terms of investor profile was as follows:

CAPITAL STRUCTURE BY INVESTOR PROFILE



With regard to **geographical breakdown**, according to the same survey, CTT's **institutional shareholders** were mainly based in the **United States of America** (circa 49%), followed by **Spain** (approximately 17%), **Continental Europe** (including France and Germany) with about 15% and **Portugal** with around 14%. Finally, the percentage of CTT's share capital held by institutional investors in the **United Kingdom and Ireland** was higher than 6%. This geographical breakdown is illustrated in the following graph:

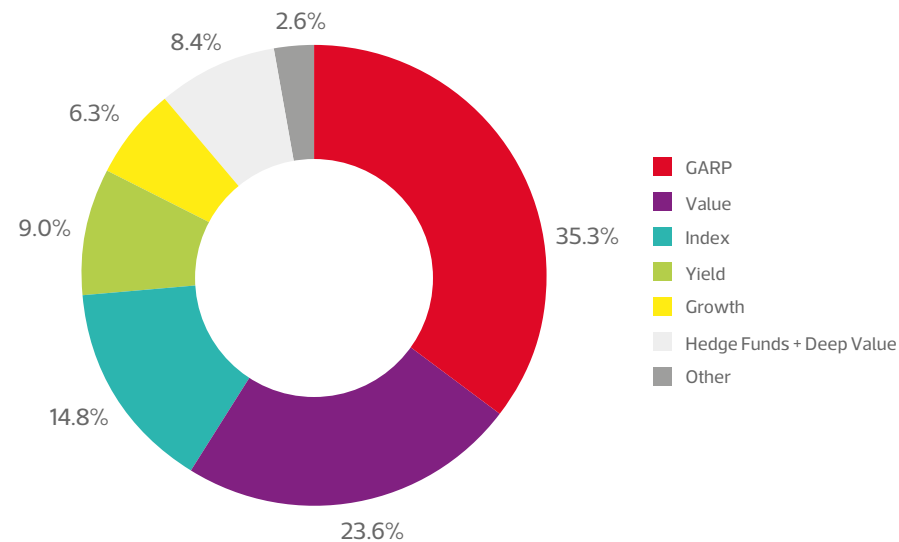
GEOGRAPHICAL BREAKDOWN



The study also included an analysis of CTT's shareholder composition by **investment strategy**. According to this analysis, at the end of 2020, institutional investors with a **GARP** (Growth at A Reasonable Price) investment strategy represented over 35% of the Company's institutional investment, while those with a **Value** type of investment strategy represented circa 24%, followed by **Index** investors which represented approximately

15% of the total. Investors with a **Yield** strategy represented 9% of the institutional investment in CTT and those with a **Growth** strategy more than 6%, while institutional investment from **Hedge Funds** (4.6%) and **Deep Value** (3.8%) summed up over 8%, as illustrated graphically below:

INSTITUTIONAL SHARES BY INVESTMENT STRATEGY



Finally, the study demonstrated that, at the end of 2020, the 10 largest shareholders of CTT (including institutional and industrial) held circa 51% of the Company's capital (compared to 50% at the end of 2019), while the 25 largest held a total of more than 63% (at the end of 2019, this percentage was 65%).

2. Restrictions on the transfer of shares, such as clauses on consent for disposal, or limits on the ownership of shares (Art. 245-A(1)(b))

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

Although CTT's shares are freely transferable, their acquisition implies, as of the commercial registration date of Banco CTT (a credit institution fully owned by CTT), **compliance with the legal requirements on direct or indirect qualified shareholdings** established in the Legal Framework of Credit Institutions and Financial Companies laid down in Decree-Law No. 298/92, of 31 December, in its current version.

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

3. Number of own shares, the percentage of share capital that it represents and corresponding percentage of voting rights that corresponded to own shares (Art. 245-A(1)(a))

As of 31 December 2020, and on the present date, **CTT held, and holds, 1 own share, with the nominal value of €0.50, corresponding to 0.000% of the 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").

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. 245-A(1)(j))

As of 31 December 2020, 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 contract for **selling Cetelem credit products** in the CTT Retail Network and on its website concluded on 23 June 2014 with **BNP Paribas Personal Finance, S.A.**, whose scope was extended to Banco CTT on 31 August 2016. This contract was given an Amendment on 20 December 2018 but remained unchanged as to the possibility of unilateral termination by any of the parties, under certain circumstances, in the event of a change of shareholder control;
- The contract concluded on 16 July 2013 with **Fidelidade – Companhia de Seguros, S.A.** for the brokerage of this entity's insurance, whose scope was extended to Banco CTT on 22 July 2016, was revoked by the parties and replaced by a new contract concluded on 2 September 2020 with **Fidelidade – Companhia de Seguros, S.A.** for the brokerage of this entity's insurance. The possibility of termination by any of the parties in the event of change of the counterpart's shareholder structure was maintained, as well as the possibility of unilateral termination by Fidelidade if CTT should lose control of Banco CTT;
- The contract concluded on 20 September 2018 with **Western Union Payment Services Network EU/EEA Limited ("Western Union")** and **Western Union Payment Services Ireland Limited ("WUPSIL")** for the provision of fund transfer services, which establishes the possibility of unilateral termination of the contract by Western Union in the event of a change of CTT's shareholder structure, remains in force.
- The 3 **contracts concluded on 18 November 2015 between CTT and Banco CTT** (institution entirely held by CTT and which exercises its activity through personal attendance predominantly 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 remain in force, establishing the possibility, by initiative of any of the parties, of a renegotiation of the respective bargaining/financial balance, of good faith and based on normal market conditions, in case of the end of the controlling

or group relations or an event leading to CTT being controlled by a competitor of Banco CTT.

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

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

No measures have been adopted and 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. 245-A(1)(g))

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

5.1.2 Shareholdings and bonds held

7. Details of the natural or legal persons who, directly or indirectly, are holders of qualifying holdings (Art. 245-A(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 of 31 December 2020, **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, 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
Manuel Champalimaud SGPS, S.A. ⁽¹⁾	19,330,084	12.887%	12.887%
Manuel Carlos de Melo Champalimaud	353, 185	0.235%	0.235%
Manuel Carlos de Melo Champalimaud ⁽¹⁾	Total	19,683,269	13.122%
Global Portfolio Investments, S.L. ⁽²⁾	15,057,937	10.039%	10.039%
Indumenta Pueri, S.L. ⁽²⁾	Total	15,057,937	10.039%
GreenWood Builders Fund I, LP ⁽³⁾	10,020,000	6.680%	6.680%
GreenWood Investors LLC⁽³⁾	Total	10,020,000	6.680%
Norges Bank ⁽⁴⁾	Total	5,250,000	3.500%
BBVA Asset Management, SA SGIIIC ⁽⁵⁾	Total	3,495,499	2.330%
BPI Gestão de Activos ⁽⁶⁾	Total	3,044,307	2.030%
CTT, S.A. (own shares)	Total	1	0.000%
Remaining shareholders ⁽⁷⁾	Total	93,448,987	62.299%
TOTAL	150,000,000	100.000%	100.000%

⁽¹⁾ Includes 19,246,815 shares held by Manuel Champalimaud SGPS, S.A. and 83,269 shares held by the members of its Board of Directors of which Duarte Palma Leal Champalimaud, Non-Executive Director of CTT, is Vice-Chairman. Qualified shareholding directly and indirectly attributable to Manuel Carlos de Melo Champalimaud.

⁽²⁾ Global Portfolio Investments, S.L. is controlled by Indumenta Pueri, S.L.

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

⁽⁴⁾ As the exact amount of shares was not communicated by the shareholder, the amount presented corresponds to a calculation based on the total percentage indicated in the corresponding notification. On 05.01.2021, Norges Bank communicated an increase in its shareholding to 3.51% and on 19.01.2021 a reduction of such shareholding to 2.83%, according to the press releases on qualifying holdings available on CTT's website (https://www.ctt.pt/content/Asset/raw-data/d62924d6-0a5b-464c-b46e-232489d94acd/ficheiroPdf/Norges%20Bank%2005Jan2021_EN.pdf?bylnode=true) and (https://www.ctt.pt/content/Asset/rawdata/24d4fcd9-8fd8-45ff-b7dc-1e2ae0b9b75f/ficheiroPdf/Norges%20Bank%2019Jan2021_EN.pdf?bylnode=true).

⁽⁵⁾ BBVA ASSET MANAGEMENT, SA, SGIIIC exercises the voting rights not in its own name but on behalf of the funds BBVA BOLSA FI, BBVA BOLSA EURO FI, BBVA BOLSA EUROPA FI and BBVA BOLSA PLUS FI as their management company. Cidessa Uno, SL is the direct controlling entity of BBVA ASSET MANAGEMENT, SA, SGIIIC.

⁽⁶⁾ This holding corresponds to the number of shares held by Portuguese securities investment funds managed by BPI Gestão de Activos- Sociedade Gestora de Fundos de Investimento Mobiliário, S.A., as well as held by portfolios regarding which BPI Gestão de Activos -Sociedade Gestora de Fundos de Investimento Mobiliário, S.A. carries out the discretionary management, as per press release on qualifying holdings of 31.10.2019 available on CTT website (https://www.ctt.pt/content/Asset/raw-data/3284b20d-d2e6-4571-a9f2-ff6e5f2c2ad3/ficheiroPdf/BPI%2031Oct2019_EN.pdf?bylnode=true).

⁽⁷⁾ On 04.01.2021, Citigroup Global Markets Limited submitted a notification of major holdings in CTT as it considered that after 31 December 2020 it no longer satisfied the criteria to rely on the trading book exemption, following the United Kingdom's departure from the European Union and the conclusion of the Brexit transition period (see press release on CTT website, at <https://www.ctt.pt/grupoctt/investidores/comunicados/index?topic=participacao&year=2021&search=>). On 22.02.2021, Citigroup Global Markets Limited communicated a decrease in its shareholding to 1.9042%, so it no longer holds a qualifying shareholding in CTT (see press release on CTT website, at <https://www.ctt.pt/grupo-ctt/investidores/comunicados/index?topic=participacao&year=2021&search=>).

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 2020 (both within the scope of the 2017–2019 term of office and within the 2020–2022 term of office, which is on-going since 29 April 2020) and who are persons discharging managerial responsibilities according to article 248-B of the Portuguese Securities Code and to Regulation (EU) No 596/2014, of 16 April ("Regulation EU"), as per communications made to the Company in 2020, 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 of 31.12.2019	Date	Acquisition	Encumbrance	Disposal	Price (€)	Number of shares as of 31.12.2020
Raul Catarino Galamba de Oliveira	0 ^(b)	14/05/2020	2,500			1.9160	
		14/05/2020	2,500			1.9180	
		14/05/2020	2,500			1.9060	
		14/05/2020	2,500	---	---	1.9200	
		15/05/2020	1,750			1.9860	
		15/05/2020	3,250			1.9880	
		15/05/2020	5,000			1.9660	20,000
João Afonso Ramalho Sopas Pereira Bento	20,000 ^(c)	20/03/2020	2,000			1.913	
		20/03/2020	2,000			1.960	
		20/03/2020	2,000			1.908	
		06/11/2020	1,000	---	---	2.1750	
		06/11/2020	1,500			2.1750	
		09/11/2020	1,000			2.1550	
		09/11/2020	1,000			2.1900	
		11/11/2020	1,000			2.1650	31,500
António Pedro Ferreira Vaz da Silva	3,500 ^(d)	13/05/2020	3,500	---	---	1.96	7,000
Guy Patrick Guimarães de Goyri Pacheco	6,000 ^(e)	19/03/2020	1,000			1.871	
		19/03/2020	1,000	---	---	1.875	8,000
João Carlos Ventura Sousa	300 ^(f)	13/05/2020	2,551	---	---	1.9400	2,851
João Miguel Gaspar da Silva	0 ^(g)	11/05/2020	11,435	---	---	2.055	11,435
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	0	---	---	---	---	---	0
Steven Duncan Wood	0	---	---	---	---	---	0
Duarte Palma Leal Champalimaud	15,000	---	---	---	---	---	15,000
Isabel Maria Pereira Aníbal Vaz	0	---	---	---	---	---	0
João Eduardo Moura da Silva Freixa ^(h)	0	---	---	---	---	---	0
Jürgen Schröder	0	---	---	---	---	---	0
Margarida Maria Correia de Barros Couto	0	---	---	---	---	---	0
Maria del Carmen Gil Marín	0	---	---	---	---	---	0
Susanne Ruoff	0	---	---	---	---	---	0

(a) Composition of the Board of Directors as of 31/12/2020. Includes the members of the Executive Committee and the Audit Committee.

(b) Number of shares held as at the date of his election as Chairman of the Board of Directors at the 2020 AGM, on 29/04/2020. Acquisitions disclosed to the market in a management transactions press release of 18.05.2020 available on CTT website, at https://www.ctt.pt/content/Asset/rawdata/0f80d1dd-df4f-46a6-9d1e-ac66fef66c9a/ficheiroPdf/Mgmt.%20transactions_RGalamba%2018May20_EN.pdf?bylnode=true.

(c) Acquisitions disclosed to the market in management transactions press releases of 20/03/2020, 09/11/2020, 10/11/2020 and 22/01/2021 available on CTT website, at https://www.ctt.pt/content/Asset/raw-data/f51d439b-fd26-41ae-89f0-7be4068bcab8/ficheiroPdf/Management%20transactions-CEO%2020mar2020_EN.pdf?bylnode=true, https://www.ctt.pt/content/Asset/raw-data/d5d06f96-89e2-4667-9d17-4571b43a2ad1/ficheiroPdf/CEO%20Jo%20C3%A3o%20Bento%2009Nov2020_EN.pdf?bylnode=true and https://www.ctt.pt/content/Asset/raw-data/daa5adbe-e089-48a8-ad98-29dbba3ab0f/ficheiroPdf/CEO%20Jo%20C3%A3o%20Bento%2010Nov2020_EN.pdf?bylnode=true and https://www.ctt.pt/content/Asset/raw-data/61aec5f0-1bc0-40dd-aa37-5d27b6da771c/ficheiroPdf/CEO%20Joao%20Bento%2022Jan2021_EN.pdf?bylnode=true.

(d) Acquisition disclosed to the market in a management transactions press release of 15/05/2020 available on CTT website, at https://www.ctt.pt/content/Asset/raw-data/dcl4552-be06-4cf9-8212-b8cfd8a825cc/ficheiroPdf/Mgmt.%20transactions_APSilva%2015May20_EN.pdf?bylnode=true.

(e) Acquisitions disclosed to the market in a management transactions press release of 19/03/2020 available on CTT website, at https://www.ctt.pt/content/Asset/raw-data/3f3bbecd-e4af-4b8a-bdfe-cf70909d44d0/ficheiroPdf/Management%20Transaction%20-%20CFO%2019Mar2020_EN.pdf?bylnode=true.

(f) Acquisition disclosed to the market in a management transactions press release of 15/05/2020 available on CTT website, at https://www.ctt.pt/content/Asset/raw-data/f1e7a368-9eb5-495f-9bee-40d531570a33/ficheiroPdf/Mgmt.%20transactions_JSousa%2015May20_EN.pdf?bylnode=true.

(g) Acquisition disclosed to the market in a management transactions press release of 12/05/2020 available on CTT website, at https://www.ctt.pt/content/Asset/raw-data/6d2d915a-c59f-4ec3-9639-bf7131a221e6/ficheiroPdf/Management%20Transactions%20-%20ADJGS%2012May2020_EN.pdf?bylnode=true.

(h) Announced his resignation from the position of Member of the Board of Directors of CTT on 10/12/2020, which took effect on 31/01/2021 as provided by law.

Board of Directors ^(a)	Number of shares as of 31.12.2019	Date	Acquisition	Encumbrance	Disposal	Price (€)	Number of shares as of 31.12.2020
António Sarmento Gomes Mota	0	---	---	---	---	---	0 ^(b)
Nuno de Carvalho Fernandes Thomaz	0	---	---	---	---	---	0 ^(b)
José Manuel Baptista Fino	0	---	---	---	---	---	0 ^(b)
Céline Dora Judith Abecassis-Moedas	0	---	---	---	---	---	0 ^(b)
Maria Belén Amatriain Corbi	0	---	---	---	---	---	0 ^(b)
Rafael Caldeira de Castiel-Branco	0	---	---	---	---	---	0 ^(b)
Francisco Maria da Costa de Sousa de Macedo Simão	0	---	---	---	---	---	0 ^(c)

(a) Members of the Board of Directors who terminated duties before 31/12/2020, including Executive Committee and Audit Committee.

(b) Number of shares held at the date of termination of duties, on 29/04/2020.

(c) Number of shares held as of 06/12/2020, effective date of resignation from office by the Executive Director, communicated to the market on 18/12/2019.

Closely Related Parties	Number of shares as of 31.12.2019	Date	Acquisition	Encumbrance	Disposal	Price (€)	Number of shares as of 31.12.2020
Manuel Champalimaud SGPS, S.A. ^(a)	19,146,815	(c)	---	---	---	---	19,246,815
GreenWood Builders Fund I, LP ^(b)	8,759,082	(c)	---	---	---	---	10,020,000

(a) Entity closely related to Duarte Palma Leal Champalimaud, in which the Non-Executive Director of CTT is Vice-Chairman of the Board of Directors.

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

(c) The details of the transactions are presented in Annex II of this Report.

Statutory Auditor	Number of shares as of 31.12.2019	Date	Acquisition	Encumbrance	Disposal	Price (€)	Number of shares as of 31.12.2020
KPMG & Associados, SROC, S.A.	0	---	---	---	---	---	0
Paulo Alexandre Martins QuintasPaixão	0	---	---	---	---	---	0
Vitor Manuel da Cunha Ribeiro ⁽¹⁾	0	---	---	---	---	---	0

⁽¹⁾ Alternate Statutory Auditor

9. Special powers of the Board of Directors, especially as regards resolutions on the capital increase (Art. 245-A(1)(i)) with an indication as to the allocation date, time period within which said powers may be carried out, the upper ceiling for the capital increase, the amount already issued pursuant to the allocation of powers and mode of implementing the powers assigned

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

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

The significant commercial relations maintained between the Company and its holders of qualifying holdings during the 2020 financial year correspond to **transactions with related parties** identified in point 92 of Part I below.

5.2 CORPORATE BODIES AND COMMITTEES

5.2.1 General Meeting

a) **Composition of the Presiding Board of the General Meeting**

Members	Position	Term of office ⁽¹⁾
Júlio de Lemos de Castro Caldas ⁽²⁾	Chairman	2017/2019
Francisco Maria Freitas de Moraes Sarmento Ramalho	Vice Chairman	2017/2019

⁽¹⁾ Members initially elected on 12/11/2013 to complete the term of office 2012/2014, with the General Meeting of 24/03/2014 having deliberated to extend their duties to the term of office 2014/2016.

Re-elected for the 2017/2019 term of office at the Annual General Meeting of 20/04/2017.

⁽²⁾ Júlio de Lemos de Castro Caldas passed away on 04/01/2020.

At the General Meeting held on 29 April 2020, the members of the Board of the General Meeting were elected for the term of office 2020/2022, which, as of 31 December 2020 and on the present date, is composed of:

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

Pursuant to that same statutory provision, the members of the Board of the General Meeting are assisted by the Secretary of the Company, duties performed in 2020 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 245-A(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 sub-recommendation

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

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

As at the date of the Annual General Meeting held on 29 April 2020, the composition of the Board of the General Meeting was as follows:

II.1.(1) as complied with, and sub-recommendation II.1.(2) as not applicable, both within the scope of Recommendation II.1. of the IPCG Code.

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

In 2020, and considering on the one hand the **“Recommendations within the scope of General Meetings”** published on the website of the Portuguese Securities Market Commission (“CMVM”) at www.cmvm.pt and on the other hand the recommendations, in the same sense, published by the Portuguese Institute of Corporate Governance (“IPCG”), under which it

was recommended that alternative ways of holding General Meetings should be preferred, the participation in CTT's General Meeting was exclusively carried out by electronic means, whereby Shareholders wishing to participate and vote at the General Meeting should qualify for such purpose under the terms described in the call notice and exercise such rights by electronic correspondence or electronic means.

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 Portuguese Securities Code (CVM).

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 take resolutions beyond those prescribed by law.

5.2.2 Management and Supervision

a) Composition

15. Details of corporate governance model adopted

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

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

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

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.

Until the date of the Annual General Meeting held on 29 April 2020, the Board of Directors was composed of **14 Directors**, of whom 5 were members of the Executive Committee:

Members	Board of Directors	Executive Committee	Audit Committee	Independence ⁽¹⁾	Date of 1 st Appointment ⁽²⁾
António Sarmiento Gomes Mota ⁽⁸⁾	Chairman			Yes	12/11/2013
João Afonso Ramalho Sopas Pereira Bento ⁽³⁾	Member	Chairman			20/04/2017
Nuno de Carvalho Fernandes Thomaz ⁽⁸⁾	Member		Member	Yes	24/03/2014
José Manuel Baptista Fino ⁽⁸⁾	Member			Yes	19/12/2014
Céline Dora Judith Abecassis-Moedas ⁽⁸⁾	Member			Yes	04/08/2016
António Pedro Ferreira Vaz da Silva	Member	Member			20/04/2017
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	Member		Chairman	Yes	20/04/2017
Maria Belén Amatriain Corbi ⁽⁸⁾	Member		Member	Yes	20/04/2017
Rafael Caldeira de Castel-Branco Valverde ⁽⁸⁾	Member			Yes	20/04/2017
Guy Patrick Guimarães de Goyri Pacheco	Member	Member			19/12/2017
Steven Duncan Wood ⁽⁴⁾	Member				23/04/2019
Duarte Palma Leal Champalimaud ⁽⁵⁾	Member				19/06/2019
João Carlos Ventura Sousa ⁽⁶⁾	Member	Member			18/09/2019
João Miguel Gaspar da Silva ⁽⁷⁾	Member	Member			06/01/2020

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

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

⁽³⁾ João Afonso Ramalho Sopas Pereira Bento was appointed Chief Executive Officer ("CEO") on 13/05/2019, taking effect on 22/05/2019, having up to that date and since 20/04/2017 held office as Member of the Board of Directors of CTT.

⁽⁴⁾ Elected to the position of Member of the Board of Directors at the Annual General Meeting of 23/04/2019.

⁽⁵⁾ Co-opted by resolution of the Board of Directors of 19/06/2019, with immediate effect, ratified at the General Meeting of 29/04/2020, to the position of Member of the Board of Directors.

⁽⁶⁾ Co-opted by resolution of the Board of Directors of 03/09/2019, taking effect on 18/09/2019, ratified at the General Meeting of 29/04/2020, to the position of Member of the Board of Directors and Executive Committee.

⁽⁷⁾ Co-opted by resolution of the Board of Directors of 18/12/2019, taking effect on 06/01/2020, ratified at the General Meeting of 29/04/2020, to the position of Member of the Board of Directors and Executive Committee.

⁽⁸⁾ Left office on 29/04/2020.

At the Annual General Meeting on 29 April 2020, the members of the Board of Directors were elected for the new 2020/2022

term of office. From that date onwards and as of 31 December 2020, the Board of Directors consisted of the following 15 Directors:

Members	Board of Directors	Executive Committee	Audit Committee	Independence ⁽¹⁾	Date of 1 st Appointment ⁽²⁾
Raul Catarino Galamba de Oliveira	Chairman			Yes	29/04/2020
João Afonso Ramalho Sopas Pereira Bento	Member	Chairman			20/04/2017
António Pedro Ferreira Vaz da Silva	Member	Member			20/04/2017
Guy Patrick Guimarães de Goyri Pacheco	Member	Member			19/12/2017
João Carlos Ventura Sousa	Member	Member			18/09/2019
João Miguel Gaspar da Silva	Member	Member			06/01/2020
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	Member		Chairman	Yes	20/04/2017
Steven Duncan Wood	Member		Member		23/04/2019
Duarte Palma Leal Champalimaud	Member				19/06/2019
Isabel Maria Pereira Aníbal Vaz	Member			Yes	29/04/2020
João Eduardo Moura da Silva Freixa ⁽³⁾	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 in Recommendation III.4. of the IPCG Code and in Article 414(5) of the PCC for non-executive members of the Audit Committee.

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

⁽³⁾ Communicated his resignation as Member of the Board of Directors of CTT on 10/12/2020, which took effect on 31/01/2021 as provided by law.

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

As of 31 December 2020, the Board of Directors was composed of 5 executive members and 10 non-executive members, including 7 independent members. On the present date, and following the resignation of the non-executive member João Eduardo Moura da Silva Freixa on 10 December 2020, taking effect on 31 January 2021, the Board of Directors is composed of 5 executive members and 9 non-executive members, including 6 independent members, among whom the Chairman of the Board of Directors, indicated in the table of point 17 of Part I above.

47% percent of the total number of members of the Board of Directors and 70% of its non-executive members, in office as of

31 December 2020, are deemed independent, pursuant to the criteria defined in point 18.1 of Annex I of CMVM Regulation No. 4/2013, and with respect to the members of the Audit Committee, pursuant to article 414(5) of the PCC (and pursuant to international criteria and practices).

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

The Company believes that it has a sufficient number of non-executive and independent members to efficiently perform the functions entrusted to them, appropriate to its size and the complexity of the risks inherent to its activity, taking into account, namely, the diversity of academic skills, career and professional experience of each of those members, thus allowing an integrated vision of CTT’s activity and the safeguarding of 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 allow for an effective supervision and evaluation of the executive performance, which the

Company considers to be suited and balanced to its interests, and therefore it is considered that Recommendations III.2, III.3 and III.4 of the IPCG Code are broadly complied with.

With a view to ensuring coordination and effectiveness in the

performance of duties by the non-executive Directors, the Company has adopted, in addition to the mechanisms aimed at making the Executive Committee’s supervision effective (see point 21.2 of Part I below), the following procedures:

The non-executive Directors (including the members of the Audit Committee) may request:

- a. From the Chairman of the Board of Directors or from the Chairman of the Executive Committee the provision of the necessary or convenient information to carry out their tasks, competences and duties, in particular, information relative to the competences delegated to the Executive Committee and its performance, the implementation of the budget, annual and multiannual 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

Under its Diversity and Inclusion Policy, available for consultation at “Group CTT”, “Sustainability”, “Strategy and Principles”, “Policies and other regulations”, “Principles, policies and other regulations”, 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 February 2017 and March 2020 available for consultation in “Group CTT” “Investors” “General Meetings” on the CTT website (www.ctt.pt), for the electoral processes of the members of the corporate bodies and specifically for the 2017/2019 and 2020/2022 terms of office, CTT’s Diversity Policy seeks to foster an appropriate

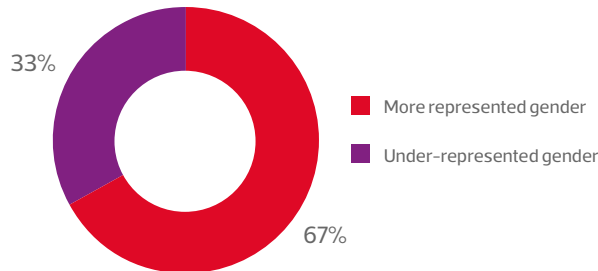
gender and age diversity, as well as complementary academic and professional skills and experience within its management and supervisory bodies. Particular reference is made to the following aspects taken into account in the selection processes:

- 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 nationalities and role in civil society, etc.);
- Representation in these bodies of a diverse range of knowledge and academic experience considering the strategic challenges facing CTT, namely in the following areas of knowledge and professional 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.

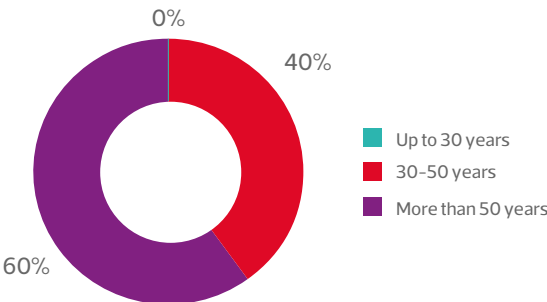
The proposal of a group of shareholders for the election of members of the management and supervisory bodies for the term of office 2020/2022 was supported by the opinion of the Corporate Governance, Evaluations and Nominating Committee on the individual attributes (independence and conditions for the 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 on gender diversity, balance of skills, experience and knowledge), which may contribute to the effective performance of these corporate bodies.

The graphs below reflect this action, see Annex I of this Report which presents the *curricula* of the members of the Board of Directors of CTT, highlighting the following level of **diversity of this board in terms of gender, age, independence and professional background** as of 31 December 2020:

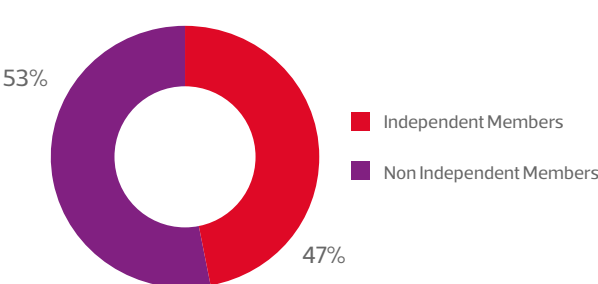
GENDER:
33% OF DIRECTORS OF THE
UNDER-REPRESENTED GENDER



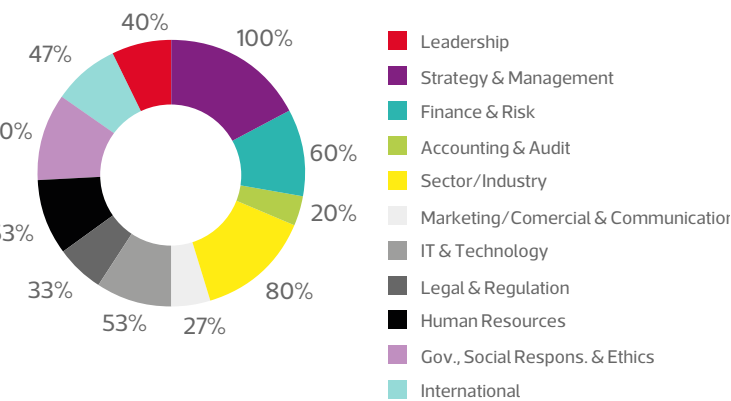
AGE:
AVERAGE AGE OF 52 YEARS



INDEPENDENCE:
47% OF INDEPENDENT DIRECTORS, CORRESPONDING
TO 70% 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 performs the duties of Vice-Chairman of the Board of Directors of Manuel Champalimaud SGPS, S.A., qualified shareholder of CTT.

The **Non-executive Director** Steven Duncan Wood performs the duties of Director of GreenWood Investors LLC, the management company of GreenWood Builders Fund I, LP, qualified shareholder of CTT.

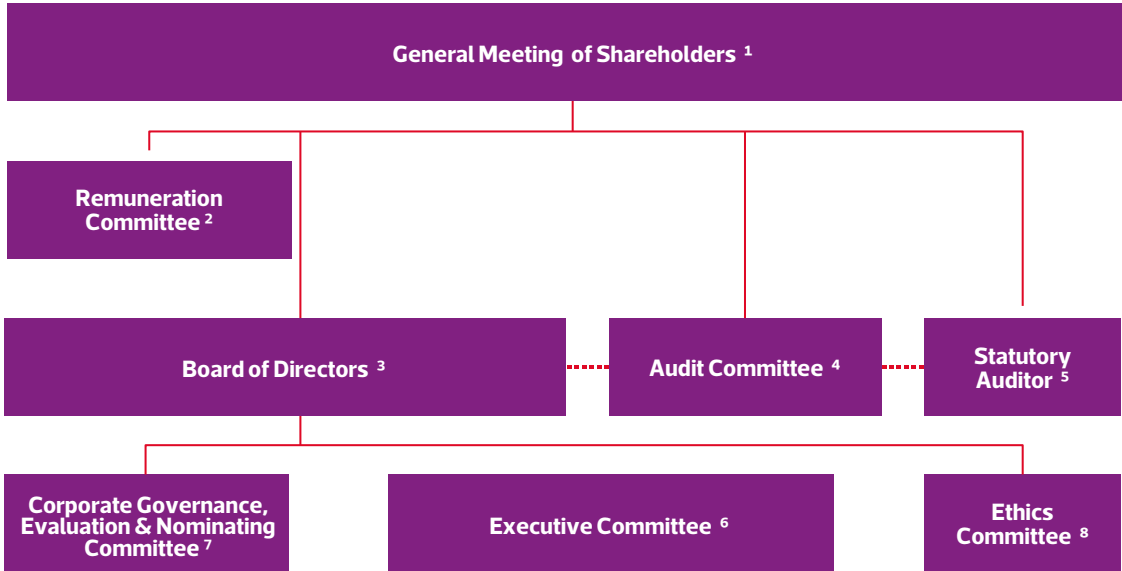
The shareholder structure may be consulted at “Group CTT”, “Investors”, “Shareholder Structure” on the CTT website (www.ctt.pt).

Save as stated in the previous paragraphs, CTT received no notice of any other regular significant family, professional or commercial relationships between Board members and qualified Shareholders with more than 2% of voting rights in CTT, either as of 31 December 2020 or the present date.

21. Organisational charts or flowcharts concerning the allocation of powers between the various corporate boards, committees and/or departments within the company, includ-

ing information on delegating powers, particularly as regards the delegation of the company’s daily management

As of 31 December 2020 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 chapter.
⁽³⁾ See in particular the powers of the Board of Directors described in point 21.1 of this chapter.
⁽⁴⁾ See in particular the powers of the Audit Committee described in points 15, 37 and 38 of this chapter.
⁽⁵⁾ See in particular the powers of the Statutory Auditor described in points 15 and 38 of this chapter.
⁽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 chapter.
⁽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 chapter.
⁽⁸⁾ See in particular the duties of the Ethics Committee, described in point 21.5 of this chapter as a committee supporting the Audit Committee and the Board of Directors.

In addition to the bodies and committees indicated above, it should be noted that the Committee for Monitoring the Implementation of the Operational Transformation Plan, created in the term of office 2017/2019, remained in office until 29 April 2020, the date of CTT's General Meeting.

The composition of the corporate bodies and internal committees may be consulted in “Group CTT”, “The Company”, “Corporate Governance”, “Governing Bodies”, on CTT's website (www.ctt.pt)

Main powers of the Board of Directors		
<ul style="list-style-type: none">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,	<ul style="list-style-type: none">as provided by law;Define, with the prior binding opinion of the Audit Committee, the procedure for approval, disclosure and verification of transactions with related parties and the conflicts of interest policy of the CTT Group;Establish the policies on selection and diversity and the standards of conduct enforced in the CTT Group;Present notices to convene the General Meetings of the Company;Co-opt Directors of the Company;Appoint the Company Secretary and his/her alternate;Annually assess the overall performance of the Board of Directors, its internal committees and members;Prepare the annual report on remuneration of the members of the management and supervisory bodies, or chapter in the annual report on corporate governance that replaces it, to be submitted annually for consideration by the General Meeting and to be disclosed on the Company's website.	

Role of the Independent Chairman of the Board of Directors		
<ul style="list-style-type: none">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 meetingOversee the correct 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;Oversee the correct implementation of the Board of Directors' resolutions;Follow-up and consult the Executive Committee on the performance of the competences delegated thereto;	<ul style="list-style-type: none">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.	

21.1 Board of Directors

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.

21.2 Executive Committee

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		
<ul style="list-style-type: none">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 business unit, or (ii) whose value per operation is greater than €20m;	<ul style="list-style-type: none">Taking on debt, in the form of financing or the issue of securities, in a value per operation greater than €150m or whose maturity exceeds 5 years;Any other business or operation that entails liabilities or obligations greater than €50m, per transaction or act, for the Group;The matters indicated as main powers in point 21.1 above, except for powers related to the provision of bonds and personal or asset-backed guarantees under the legal terms.	

Role of the Chairman of the Executive Committee		
<ul style="list-style-type: none">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;	<ul style="list-style-type: none">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 analyzed 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:

<ul style="list-style-type: none">In order to ensure that all members of the Board of Directors and other corporate bodies and committees are up to date on the status of the Company's management, the Executive Committee's agendas and meeting minutes are sent to non-executive Directors;At the Board of Directors' meetings, the Executive Committee presents the summarized information deemed relevant on the activities carried out 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;	<ul style="list-style-type: none">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 directly involved.	

Under its delegated competences, the Executive Committee can entrust one or more of its members to deal with certain matters and subdelegate 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:

	Guy Pacheco CFO	António Pedro Silva B2C	João Bento CEO	João Sousa B2B	João Gaspar da Silva COO
Executive Committee support offices	Investor Relations	Philately	Institutional Relations	e-commerce	Lean Operations Projects
Departments	Procurement & Logistics	Management of B2C External Channels	Audit & Quality		Customer Support & Quality of Operations
	Accounting & Taxes	Retail Network Management	Digital & Innovation	Commercial Departments	Operations Control
	Planning & Control	Management of B2C Products	Strategy & Business Development	Management of B2B Products	Express, Cargo & Logistics Operations
	Information Systems	Management of B2C Segment	Legal Office & General Secretariat	Express, Cargo & Logistics Product Management	International & Autonomous Regions Operations
		Physical Assets	Regulation & Competition	Management of B2B Segment	Mail Production Operations
Transformation		People & Culture	Communication & Sustainability <div><div>Institutional & sustainability</div><div>marketing & advertising</div></div>		Business Solutions Operations
	Transformation				Transport & Delivery Operations
					Operations Planning & Development
Subsidiaries				CORRE	
				CTT Expresso Espanha	
Other Corporate Offices	Data Protection Officer		Ombudsman		

21.3 Executive Committee support Committees

The Executive Committee's support Committees as of 31 December 2020, and on the present date, were, and are, as follows:

MANAGEMENT SUPPORT COMMITTEES AND THEIR GOALS	
Risk Management Committee	
Composed of the members of the Executive Committee and of Head of Audit & Quality, who is responsible for risk management. The Committee is chaired by the Director in charge of Audit & Quality, which integrates risk management, and coordinated by the Head of Audit & Quality. Other Heads of Department may participate whenever invited.	Strengthen organizational 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 2.7.1. Description of the risk management process, chapter 2.7. Risk Management, of this Report, as referred to in paragraph 52 of Part I below.
Management Support Committes and their Gols	
Executive Committee and other Heads of Department participate whenever invited	
Credit Committee	
Composed of the executive Director in charge of the Financial area, the executive Directors in charge of the commercial areas and the Heads of Accounting and Taxes, Finance, Risk & M&A, Small Enterprises, Large Enterprises South, Large Enterprises North, Medium-sized Enterprises, Public Administration, Management of the Retail Network, B2B Commercial Support and B2C Commercial Support. The Committee is chaired by the Director in charge of the Financial area and coordinated by the Head of Accounting and Taxes. The members of the Executive Committee and other Heads of Department participate whenever invited.	Define and submit to the Executive Committee the Customer credit policies. Appraise and review the risk levels and credit limits. Decide on granting/ reviewing/ suspending credit prior to the formalization of the respective contracts. Assess proposals to conclude payment agreements, when the amounts in question are relevant. Monitor and evaluate the results of the implementation of customer credit policy and identification of measures to achieve the defined goals.
Investment Committee	
Composed of the executive Director in charge of the Financial area, the Directors proposing eligible projects and the heads of the Planning & Control department, and the Finance, Risk & M&A office. The Committee is chaired by the Director in charge of the Financial area and coordinated by the Head of Finance, Risk & M&A. The members of the Executive Committee and other Heads of Department participate whenever invited.	Carry out the analysis of investments whenever requested by the Executive Committee, in order to ensure stronger efficiency of the action of the Executive Committee or Board of Directors in important projects.
Sustainability Committee	
Composed of the executive Directors, the Heads of the Brand & Sustainability, Human Resources, Physical Assets, Procurement & Logistics, Transport & Delivery Operations, and Audit & Quality Departments and by the head of Sustainability within the Communication & Sustainability Department. The Committee is chaired by the Chairman of the Executive Committee and coordinated by the Head of Communication & Sustainability. Other Heads of Department may participate when invited by any of the Directors.	Strengthen the CTT organization's engagement in the diverse aspects of sustainability, as a pillar of economic, social and environmental development.
Human Resources Committee	
Composed of the executive Directors, the Heads of the Brand & Sustainability, Human Resources, Physical Assets, Procurement & Logistics, Transport & Delivery Operations, and Audit & Quality Departments and by the head of Sustainability within the Communication & Sustainability Department. The Committee is chaired by the Chairman of the Executive Committee and coordinated by the Head of Communication & Sustainability. Other Heads of Department may participate when invited by any of the Directors.	Strengthen the CTT organization's engagement in the diverse aspects of sustainability, as a pillar of economic, social and environmental development.
Innovation Committee	
Composed of the executive Directors, the heads of the Digital, Transformation & Innovation, Mail Product Management, Management of Retail Products, Savings & Payments, Management of Express Products, Cargo & Logistics, Management of Business Solutions & Advertising, and Planning & Operations Development Departments. The Committee is chaired by the Chairman of the Executive Committee and coordinated by the Director of Digital, Transformation & 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, organizational, etc.).a se desdobra (tecnológica, económico, cultural, social, organizacional, etc.).

In addition to the abovementioned Committees supporting the Executive Committee, the following Committees were created:

Business Units Executive Committees and their goals	
Mail Executive Committee	
Composed of the Executive Director responsible for the Mail P&L, who performs the duties of Committee Chairman, the Operations Director (COO) and the heads of Mail Product Management, B2B Segment Management, Transport & Delivery Operations, Planning & Control and Mail Production Operations. The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) participate whenever they wish or are invited by the Chairman of the Committee.	Ensure a single vision of Mail P&L. Manage the current business activity, supervising the activity's development projects and monitoring quality of service. Discuss and align key points for decision-making by the Executive Committee and Board of Directors. Prepare the monthly reviews for discussion by the Executive Committee.
Express Executive Committee	
Composed of the Executive Director responsible for the Express, Mail & Logistics P&L, who chairs the Committee, the Operations Director (COO), the representative of the CTT Espresso Branch in Spain, the CTT Heads of Express, Cargo & Logistics Product Management and Planning & Control and the Financial and Operations Directors of the Branch in Spain of CTT Espresso. The members of the Executive Committee participate whenever they wish or are invited by the Chairman of the Committee.	Ensure a single vision of the Iberian express business. Manage current business activity, supervising the activity's development projects and monitoring quality of service. Discuss and align key points for decision-making by the Board of Directors of CTT Espresso. Prepare the monthly reviews for discussion by the Board of Directors of CTT Espresso.
Retail & Postal Financial Services Executive Committee	
Composed of the Executive Director responsible for the Retail & Postal Financial Services P&L, who chairs the Committee, as well as the Heads of Management of the Retail Network, B2C Segment, Retail Product Management, B2C Commercial Support and Corporate Solutions & Advertising Management. The CEO and the CFO participate whenever they wish or are invited by the Chairman of the Committee.	Ensure a single vision of retail and financial services P&L which are specific to CTT as a postal operator. Manage the current business activity, supervising the activity's development projects and monitoring quality of service. Discuss and align key points for decision-making by the Executive Committee and Board of Directors. Prepare the monthly reviews for discussion by the Executive Committee.
Business Solutions and Advertising Executive Committee	
Composed of the Executive Director responsible for the B2B commercial area, who chairs the Committee, the Heads of Corporate Solutions & Advertising Management, Corporate Solutions Operations, B2B Commercial Support, B2B Segment Management and the head of the Management Reporting & Analytics area. The CEO and the CFO participate whenever they wish or are invited by the Chairman of the Committee.	Ensure a single vision of the P&L of the corporate solutions and advertising business area. Manage the current business activity, supervising the activity's development projects and monitoring quality of service. Discuss and align key points for decision-making by the Executive Committee and Board of Directors. Prepare monthly reviews for discussion by the Executive Committee.

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	
<ul style="list-style-type: none">Assist the Board of Directors in the definition and assessment of CTT's governance model, principles and practices;Collaborate in preparing the annual corporate governance report of the Company;Oversee the definition and monitoring of the ethics and conduct standards within the Group;Draft recommendations to the Board of Directors concerning corporate governance requirements and good practices, conflicts of interest, incompatibilities, independence and specialization;	<ul style="list-style-type: none">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	
<ul style="list-style-type: none">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 annual report on remuneration of the members of the management and supervisory bodies, or of a chapter in the annual report on corporate governance that replaces it, to be submitted annually for consideration by the General Meeting;	<ul style="list-style-type: none">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	
<ul style="list-style-type: none">Draft and update recommendations ("Terms of reference") on qualifications, knowledge and experience (including proposals for a selection and diversity policy to be approved by the Board of Directors, considering both the individual profile and diversity requirements for each position, including gender) in carrying out corporate duties for selecting members for CTT's management and supervisory bodies, after hearing the Chairman and, in the case of executive Directors, the CEO;Monitor, support and make recommendations within the scope of the processes of selection and appointment of members of the management and supervisory bodies of CTT and its subsidiaries (including in situations of filling vacant positions), after hearing the Chairman and, in the case of executive members, the Chief Executive Officer (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 organization, adequate diversity, including of gender, are chosen for proposal);	<ul style="list-style-type: none">Monitor the processes of selecting the group's top managers and corporate bodies' members of other companies that CTT is entitled to appoint;Monitor the drafting, together with the Executive Committee, of succession plans regarding the internal structures and bodies of the Company;Propose to the Board of Directors the termination of office of Executive Committee's members, following an assessment and consultation with the CEO;Issue opinions relative to the performance, by members of the Executive Committee, of executive duties in companies which are not part of the Group.

21.5 Ethics Committee

The mission of the Ethics Committee is to monitor and supervise all the matters related to the application of CTT and Subsidiaries' Code of Conduct, in the context of the Internal Regulations, as

well as the legislative changes related to these matters and always in articulation with the governing bodies, committees and structures of the Group.

This Committee is responsible for:

Group's Code of Conduct
<ul style="list-style-type: none"> Promoting the disclosure, application and compliance with the Group's Code of Conduct, for this purpose defining plans and channels of communication for all hierarchical levels, as well as preventive training actions for their dissemination and compliance, supporting the Board of Directors, the Executive Committee and the Corporate Governance, Evaluation and Nominating Committee in performing their duties.
Code of Good Conduct to Prevent and Fight Harassment at the Workplace
<ul style="list-style-type: none"> Promoting disclosure, implementation and compliance with the Code of Good Conduct to prevent and fight harassment at the workplace by all those who work there, including the members of the corporate bodies and top management in their relationship with superiors, fellow workers and subordinates.

21.6 Committee for the Monitoring of the Implementation of the Operational Transformation Plan

The Committee for the Monitoring of the Implementation of the Operational Transformation Plan, which ceased functions on 29 April 2020, was composed of the Chairman of the Board of Directors, António Sarmento Gomes Mota, who chaired, and the non-executive Directors Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia and Rafael Caldeira de Castel-Branco Valverde, Steven Duncan Wood and Duarte Palma Leal Champalimaud. It was an *ad hoc* committee created to monitor the implementation of this plan, thus improving the information given to the Board of Directors and reinforcing the continued supervisory activity by all the non-executive members of the Board of Directors.

During the 2020 financial year and until its termination, this Committee held 1 meeting to monitor the execution of the various initiatives of the Operational Transformation Plan and the development of other issues within its duties (See **CTT website** (www.ctt.pt), "Group CTT", "About Us", "Corporate Governance", "Corporate Bodies", "Meetings").

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 at "Group CTT", "About Us", "Corporate Governance", "Articles of Association & Regulations", 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

- Members of the management and supervisory bodies and of their corporate committees shall inform this body/committee (through the respective Chairman if the conflict does not concern said Chairman and through the Legal Office and General Secretariat) 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 also has 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 Legal Department and General Secretariat 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 at "Group CTT", "About Us", "Corporate Governance", "Articles of Association & Regulations", 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 **18 meetings in 2020** (see "Group CTT", "About Us", "Corporate Governance", "Corporate Bodies", "Meetings" on **CTT website** (www.ctt.pt) with the following attendance by its members:

Members ⁽¹⁾	Percentage attendance ⁽²⁾	Attendance	Representation	Absences
Raul Catarino Galamba de Oliveira	100%	13	0	0
João Afonso Ramalho Sopas Pereira Bento	100%	18	0	0
António Pedro Ferreira Vaz da Silva	100%	18	0	0
Guy Patrick Guimarães de Goyri Pacheco	100%	18	0	0
João Carlos Ventura Sousa	100%	18	0	0
João Miguel Gaspar da Silva	100%	18	0	0
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	94%	17	1	0
Steven Duncan Wood	100%	18	0	0
Duarte Palma Leal Champalimaud	94%	17	0	1
Isabel Maria Pereira Aníbal Vaz	100%	13	0	0
João Eduardo Moura da Silva Freixa ⁽³⁾	62%	8	0	5
Jürgen Schröder	92%	12	0	1
Margarida Maria Correia de Barros Couto	100%	13	0	0
María del Carmen Gil Marín	100%	13	0	0
Susanne Ruoff	100%	13	0	0

⁽¹⁾ Percentage in relation to attendance.

⁽²⁾ Elected members of the Board of Directors for the 2020/2022 term of office at the Annual General Meeting of 29/04/2020.

⁽³⁾ Communicated his resignation as Member of the Board of Directors of CTT on 10/12/2020, which took effect on 31/01/2021, as provided by law.

Members	Percentage attendance ⁽¹⁾	Attendance	Representation	Absences
António Sarmento Gomes Mota ⁽²⁾	100%	5	0	0
Nuno de Carvalho Fernandes Thomaz ⁽³⁾	100%	5	0	0
José Manuel Baptista Fino ⁽⁴⁾	100%	5	0	0
Céline Dora Judith Abecassis-Moedas ⁽⁴⁾	80%	4	1	0
Maria Belén Amatriain Corbi ⁽³⁾	100%	5	0	0
Rafael Caldeira de Castel-Branco Valverde ⁽⁴⁾	100%	5	0	0

⁽¹⁾ Percentage in relation to attendance..

⁽²⁾ Left office as Chairman of the Board of Directors on 29/04/2020.

⁽³⁾ Left office as Member of the Board of Directors and of the Audit Committee on 29/04/2020

⁽⁴⁾ Left office as Member of the Board of Directors on 29/04/2020..

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

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

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

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

For this issue points 66 and following of Part I below present details on the remuneration policy and principles for the management body, including a description of the criteria, objectives and limits of the variable remuneration of the executive Directors, in particular in **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 2020, which can be confirmed by their 100% attendance of the 18 meetings of the Board of Directors and 99% attendance at the 56 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 2020, as shown by their 97% average attendance of the 18 meetings of the Board of Directors, 21 meetings of the Audit Committee and 7 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 at “Group CTT”, “About Us”, “Corporate Governance”, “Articles of Association & Regulations”, on **CTT website (www.ctt.pt)**.

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

As of 31 December 2020, and on today’s date, the Executive Committee was, and is, composed of **5 members, as follows:**

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

As previously mentioned, Francisco Maria da Costa de Sousa de Macedo Simão served on CTT’s Executive Committee until 6 January 2020, when the resignation to the position, communicated to the market on 18 December 2019, took effect.

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 2020, the Executive Committee held **56 meetings** (see “Group CTT”, “About Us”, “Corporate Governance”, “Corporate Bodies”, “Meetings”, on **CTT’s website (www.ctt.pt)** having passed resolutions on various matters within its powers, namely the following:

- The implementation of the turnaround strategy in Spain.
- The implementation of specific initiatives regarding the express & parcels business profitability in Portugal.
- The full structural revision pricing mechanisms.
- The incorporation of the company CTT Soluções Empresariais for new business development and strengthening of the new commercial dynamics.

Members	Position
António Sarmiento Gomes Mota	Chairman
José Manuel Baptista Fino	Member
Céline Dora Judith Abecassis-Moedas	Member
Rafael Caldeira de Castel-Branco Valverde	Member

- Implementation of a new post office concept with emphasis on 24x7 and selfservice.

- At digital level, implementation of the “CTT comércio local” app aimed at very small businesses in a partnership with municipalities, launch of the solution to create online shops, as well as digital reconstruction of countless regional markets.

- In terms of distribution and proximity services offered by the Company, home delivery of medicines in a partnership with the National Association of Pharmacies, delivery to nursing homes and health establishments of sanitizer gel, home delivery of citizen cards, streamlined access to individual protection products to deal with the pandemic, and offer of the service to pay pension cheques at home during the peak of the health crisis.

- Launch of the campaign CTT #FiqueEmCasa.

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

Until 29 April 2020, this Committee was composed of **4 independent non-executive Directors:**

As of 31 December 2020 and on the present date, the Corporate Governance, Evaluation and Nomination Committee was, and is, composed of **3 non-executive Directors, most of whom are independent**:

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

This Committee held **7 meetings** in **2020**, (see “Group CTT”, “About Us”, “Corporate Governance”, “ Corporate Bodies”, “Meetings”, on **CTT’s website** (www.ctt.pt)), with the following attendance by its members:

Members ⁽¹⁾	Percentage attendance ⁽²⁾	Attendance	Representation	Absences
Raul Catarino Galamba de Oliveira (Chairman)	100%	4	0	0
Duarte Palma Leal Champalimaud	100%	4	0	0
Isabel Maria Pereira Aníbal Vaz	100%	4	0	0

⁽¹⁾ Took up office on 29 /04/ 2020.

⁽²⁾ Percentage in relation to attendance.

Members ⁽¹⁾	Percentage attendance ⁽²⁾	Attendance	Representation	Absences
António Sarmento Gomes Mota (Chairman)	100%	3	0	0
José Manuel Baptista Fino	100%	3	0	0
Céline Dora Judith Abecassis-Moedas	100%	3	0	0
Rafael Caldeira de Castel-Branco Valverde	100%	3	0	0

⁽¹⁾ Left office on 29/04/2020.

⁽²⁾ Percentage in relation to attendance.

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

- Monitoring of election process of the CTT corporate bodies for the 2020/2022 term of office, particularly through the **formulation of recommendations called “Terms of Reference” and the appraisal of the proposal submitted by a group of shareholders**;
- Monitoring and support in the processes of **annual assessment of the overall performance of the Board of Directors, qualitative assessment of the Executive Committee and its members**, and self-assessment of the Committee, with information subsequently reported to the Remuneration Committee on the outcome of the qualitative assessment of the performance of the members of the Executive Committee, and approval of the standard questionnaires to be used for the purpose;

• **Definition of the models for assessment of independence and the absence of incompatibilities by the members of the CTT corporate bodies** and appraisal of **compliance with the requirements of independence of the Non-Executive Directors who are not part of the Audit Committee**, for purposes of the Annual Report on Corporate Governance;

• Preparation of the **annual Report on appraisal of the operation and efficacy of the Company’s corporate governance model, principles and practices and the annual assessment of the overall performance of the Board of Directors relative to the financial year**;

• **Issue of an annual opinion on the annual statement of the Remuneration Committee** relative to the remuneration policy of the corporate bodies submitted to the General Meeting of 29 April 2020 and monitoring of the preparation by the

Remuneration Committee of the Remuneration regulation of the corporate bodies for the 2020/2022 term of office;

• Appraisal of the initiatives developed by CTT under its **sustainability and social responsibility policies**;

• Submission to the Board of Directors of the Ethics Committee membership proposal for the 2020/2022 term of office. Definition of the internal Regulations of the Corporate Governance, Evaluation and Nominating Committee and reappraisal of this Regulation with a view to accommodate the amendments to the CVM arising from Law no. 50/2020, of 25 August;

• Revision of the Regulation on Assessment and Control of Transactions with Related Parties and Conflicts of Interest Prevention aiming to accommodate the amendments to the CVM arising from Law no.50/2020, of 25 August.

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

As of 29 April 2020, this Committee was composed of the following **3 members**:

Members ⁽¹⁾	Position
Nuno de Carvalho Fernandes Thomaz ⁽²⁾	Chairman
Julieta Aurora Barracho Gomes Jorge Cainço ⁽³⁾	Member
Marisa Luz Bento Garrido Marques Oliveira ⁽⁴⁾	Member

⁽¹⁾ António Augusto Labrincha Correia Marques left office on 31/01/2020.

⁽²⁾ In the capacity of independent non-executive director and member of the Audit Committee.

⁽³⁾ In the capacity of Head of Audit & Quality.

⁽⁴⁾ She integrated this Committee on 19 / 01/2020 in the capacity of Director of Human Resources.

As of 14 July 2020 and 31 December 2020, the composition of the Ethics Committee was as follows:

Members	Position
Margarida Maria Correia de Barros Couto	Chair
Raul Catarino Galamba de Oliveira	Member
Marisa Luz Bento Garrido Marques Oliveira ⁽¹⁾	Member
Julieta Aurora Barracho Gomes Jorge Cainço ⁽²⁾	Member

⁽¹⁾ In the capacity of Head of People & Culture, formerly Human Resources.

⁽²⁾ She left office on 31/01/2021, having been replaced by Rui Pedro Dias Fonseca Silva who joined this Committee as Head of Audit & Quality.

During 2020, this Committee held **3 meetings** (see “Group CTT”, “About Us”, “Corporate Governance”, “Corporate Bodies”, “Meetings”, on **CTT website** (www.ctt.pt)), its activity during 2020 having focused on monitoring the communications received in the existing channels for possible situations of violation of the Code of Conduct, as well as the monitoring of the rate of effective training carried out on the CTT and Subsidiaries Code of Conduct and the Code of Good Conduct to Prevent and Fight Harassment at the Workplace, and in monitoring the status of the proceedings in the disciplinary and litigation areas related to the topic of harassment.

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

5.2.3 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, whe-

re 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

Members	Position	Date of 1 st appointment ⁽¹⁾	Independence ⁽²⁾
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	Chair	20/04/2017	Yes
Nuno de Carvalho Fernandes Thomaz	Member	19/12/2014	Yes
Maria Belén Amatriain Corbi	Member	20/04/2017	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 article 414(5) of the PCC.

As of 29 April 2020, the new members of the Audit Committee were elected for the 2020/2022 term of office, so since that date, as well as of 31 December 2020 and, on the present date, the Audit Committee is composed of the following **non-executive Directors, who meet the applicable requirements on incompatibilities, independence and expertise**, possessing the

Pursuant to article 19 of CTT’s Articles of Association, the Audit Committee is composed of 3 Directors, 1 of whom is its Chairman. All are elected at the General Meeting (for a renewable term of office of 3 years), together with all the other directors, where the proposed lists for the composition of the Board of Directors should detail the members that are intended to be part of the Audit Committee and indicate its Chairman.

Until 29 April 2020, the Audit Committee of the Company was composed of the following 3 members:

academic qualifications that are legally required and appropriate to the performance of their duties and with at least 1 of its members having knowledge of accounting, in compliance with article 423-B of the PCC, article 3 of Law no. 148/2015, of 9 September, and article 19 of the Articles of Association:

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

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

⁽²⁾ The assessment of independence was conducted in accordance with the provisions in 414(5) of the PCC.

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

32. Details of the members of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where

applicable, which are considered to be independent pursuant to Article 414(5) CSC and reference to the section of the report where said information already appears pursuant to paragraph 18

See point 31 of Part I above.

33. Professional qualifications of each member of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, and

other important curricular information, and reference to the section of the report where said information already appears pursuant to paragraph 21

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 com-

petence, independence, integrity, availability and experience relative to the profile that the Board of Directors’ members, including the Audit Committee members, should have and which, pursuant to the legal and regulatory terms, are mandatory requirements for the appropriate performance of these duties.

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

Members	Position	Academic Qualifications	Professional experience
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	Chairwoman	1991: Degree in Management, Universidade Católica Portuguesa(UCP) 1999: Master in Economics, Universidade do Porto 2002: Statutory Auditor, Ordem dos Revisores Oficiais de Contas (OROC) 2009: PhD in Management, ISCTE-Instituto Universitário de Lisboa	She has over 25 years of academic experience, namely as a Professor of Accounting and Tax at Faculdade de Economia e Gestão of UCP and Scientific Coordinator of the Católica Porto Business School of the UCP, and over 10 years of experience of functions in supervisory bodies of large (listed and non-listed) companies in Portugal. She is currently a member of the Audit Committee of Impresa, SGPS, S.A., Chairwoman of the Fiscal Board of Fiscal Board of Sogrape, SGPS, S.A, Member of the Board of Directors of SFS – Gestão de Fundos, SGOLC, S.A. (formerly Sonaegest - Sociedade Gestora de Fundos de Investimento, S.A.) and Chairwoman of the Fiscal Board of Centro Hospitalar Universitário de S. João, EPE. As a Statutory Auditor, she was member of the Management Board of Ordem dos Revisores Oficiais de Contas (Statutory Auditors Bar (OROC)) between 2012 and 2018 and represented this entity at the Comissão de Normalização Contabilística (Commission of Accounting Standards). Since 2011 she has been Tax Arbitrator at CAAD (Portuguese Administrative Arbitration Centre) and Member of the Scientific Council of Associação Fiscal Portuguesa.
Steven Duncan Wood	Member	2005: BA in Economics, Political Economy and International Relations, Tulane University, USA	He is a Chartered Financial Analyst, having started his professional career in the special situations team at Kellogg Capital Group. Later, he worked as an Investment Banking Analyst for RBC Capital Markets in the Syndicated and Leveraged Finance group, where he deepened his knowledge of special investment strategies (deep value investment). He was also an Analyst at Carr Securities between 2009 and 2013. The experience acquired in these areas led him to create GreenWood Investors. Since 2016, he has served on the Investment Advisory Board of Cortland Associates, a St. Louis-based investment management firm, in the United States of America. In 2017, he founded Builders Institute, Inc. a non-profit educational organization dedicated to long-term value creation, transparent corporate strategies and conscious capitalist principles. He currently performs management duties at several GreenWood companies founded by him.

Members	Position	Academic Qualifications	Professional experience
María del Carmen Gil Marín	Member	1996: Higher Degree in Electro-technical Engineering, Universidad Pontificia Comillas (ICAI), Spain (National Award)	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.
		1999: Academic cycle of the PhD in Environment and Alternative Energies, UNED, Spain	
		1999: MBA Program, INSEAD, France (Dean's List)	
		2019: The Women's Leadership Forum, Harvard Business School, USA	She started in 2001 her professional career at Novabase Group as responsible for the launch of the Venture Capital area with a technological focus, within the scope of her duties as member of the management body of Novabase Capital, Sociedade de Capital de Risco, S.A., with direct involvement in the innovation and M&A processes of the Group. At the same time she has been coordinating the investment and valuation, financial supervision, risk assessment and operational monitoring processes of the participated entities.
		2019: Corporate Governance The Leadership of Boards, Nova School of Business & Economics Executive Education	
		2019: Santander-UCLA W50, UCLA Anderson School of Management, USA	
		2020: Cyber Security and Executive Strategy, Stanford University, USA	She is currently a member of the Board of Directors and of the Executive Committee of Novabase, SGPS, S.A., with the functions of Chief Operations Officer of the Value Portfolio segment , Chief Cybersecurity Officer and Chief Investors Officer. Appointed in 2018 to these positions, she coordinated the work of the Executive Committee in the strategic reformulation process, which resulted in a new transformation plan with a strong focus on new generation technological services and on international markets in Europe and the Middle East.
		2021-...: Enrolled in the International Directors Program (IDP), INSEAD, France	

Most of the members of the Audit Committee are independent, according to the annual statements submitted to CTT. On this issue, refer to point 31 of Part I above as well as Annex I of this Report (see pages 400 to 435) 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 24

The full text of the internal regulations of the Audit Committee can be consulted at “Group CTT”, “About Us”, “Corporate Governance”, “Articles of Association and Regulations”, 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 25

The Audit Committee held **21 meetings in 2020**, (see “Group CTT”, “About Us”, “Corporate Governance”, “Corporate Bodies”, “Meetings”, **on 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 (Presidente) ⁽²⁾	100%	21	0	0
Steven Duncan Wood ⁽³⁾	100%	14	0	0
María del Carmen Gil Marín ⁽³⁾	100%	14	0	0

⁽¹⁾ Percentage in relation to attendance.

⁽²⁾ Elected to the position of Chairwoman of the Audit Committee, for the 2017/2019 term of office, at the General Meeting held on 20/04/2017, and re-elected to the same position, for the 2020/2022 term of office, at the General Meeting held on 29/04/2020.

⁽³⁾ Elected members of the Audit Committee for the 2020/2022 term of office at the Annual General Meeting held on 29/04/2020.

Members ⁽¹⁾	Percentage attendance ⁽²⁾	Attendance	Representation	Absences
Nuno de Carvalho Fernandes Thomaz	100%	7	0	0
Maria Belén Amatriain Corbi	100%	7	0	0

⁽¹⁾ Left office as Members of the Audit Committee on 29/04/2020.

⁽²⁾ Percentage in relation to attendance.

During 2020, the Audit Committee carried out the following main activities:

- Regular monitoring of the Company's activity in compliance with the law, the regulations and the articles of association, in particular the decisions of fundamental importance for CTT, namely with respect to the definition of strategic lines, the impact of the COVID-19 pandemic on the Company and the future universal postal service concession agreement through (i) the participation of its members in the meetings of the Board of Directors, (ii) contacts and meetings with members of the Executive Committee of CTT and with the Heads of the competent Departments and divisions and the Statutory Auditor;

- Oversight of the quality and integrity of the financial information contained in the documents presenting CTT's accounts, particularly through the (i) regular monitoring of the process of preparation and disclosure of the financial information and assessment of the accounting policies and standards and amendments thereto, supervising compliance, estimates and judgements, the proceedings and the valuation criteria used, in order to ensure their consistent enforcement throughout each financial year; (ii) Assessment of compliance with the annual budget ; (iii) Analysis of individual and consolidated quarterly and half-yearly financial statements; (iv) Analysis of the Annual Reports of CTT subsidiary companies; (v) Assessment of the half-yearly and annual Integrated Reports of CTT and opinion on same as well as on the proposal for the appropriation of results;

- Supervision of the internal control system, including internal audit, compliance and risk management of the activity, namely through: (i) Follow-up of the work of the Audit & Quality Department related to internal audit and compliance issues, and of the compliance with its Activity Plan; (ii)

Monitoring of the risk policy and governance model; (iii) Appraisal of the CTT internal control systems for the prevention and combat of money laundering and terrorist financing, and cybersecurity in financial information systems; (iv) Follow-up of the main litigation underway related to workers and third parties; (v) Prior or subsequent assessment of transactions with related parties in accordance with the provisions of the corresponding regulation; and (vi) Verification of any reported irregularities (whistle-blowing);

- Supervision of the performance of duties by the Statutory Auditor, including in particular: (i) appraisal of the proposed hiring of statutory audit services and prior authorization/ approval of non-audit services; (ii) Monitoring, analysis and discussion with the Statutory Auditor on its annual work plan, the conclusions of the interim and half-yearly limited review work, the main audit issues, namely impairment tests and models and liabilities related to long-term employee benefits, and the evaluation of the general internal control environment, and the preliminary and final conclusions of the review of the annual accounts, as well as on the recommendations regarding accounting and internal control aspects; (iii) Analysis of the Limited Review Report regarding the Interim Consolidated Financial Statements, of the Statutory Audit Report on the consolidated and individual Financial Statements, and annual Statutory Auditor's Additional Report; (iv) Annual assessment of the independence and work carried out by KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A.;

- Conclusion of the process of selection of the new Statutory Auditor for the CTT Group companies (except Banco CTT and its subsidiaries) for the term of office 2021/2023, culminating in the appointment, at CTT's AGM of 29 April 2020, of Ernst & Young Audit & Associados - SROC, S. A. as CTT's Statutory Auditor for the 2021/2023 term

of office, represented by Luís Pedro Magalhães Varela Mendes (Statutory Auditor registered with the Statutory Auditors' Association (OROC) under no. 1841 and registered with CMVM under no. 20170024), or by Rui Abel Serra Martins (Statutory Auditor registered with the OROC under no. 1119 and registered with CMVM under no. 20160731), as well as the appointment of João Carlos Miguel Alves (Statutory Auditor registered with the OROC under no. 896 and registered with CMVM under no. 20160515) as Alternate Statutory Auditor.

Minutes of the meetings of the Audit Board 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. (see pages 400 to 435). 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 and Banco CTT, as entities of public interest held entirely by CTT, observe the rules in the respective Regulation on the Provision of Services by the Statutory Auditor, according to which **CTT's Audit Committee and Banco CTT's Audit Committee** are responsible for assessing the requests for engaging the Statutory Auditor for non-audit services by CTT, by its parent company or by the entities under its control (as applicable), with its engagement being subject to the **prior authorization** of these bodies, except for the services required by law from the Statutory Auditor of the Company. The referenced oversight bodies take into account therein, mainly the following aspects:

- Whether the services are prohibited and whether the provision of the services will affect the Statutory Auditor's independence;
- Whether the engagement of this service from the Statutory Auditor does not exceed the maximum limits of fees legally applicable to non-audit services;
- 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 matters referred to in article 245-A of the Portuguese Securities Code.

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

Oversight of the statutory auditor

- Select the Statutory Auditor, after appraisal of qualifications and independence for the performance of duties, and proposing to the General Meeting its nomination and issuing an opinion to the Executive Committee on the terms of the contract for provision of services in conformity with the terms detailed in the specific procedure that has been approved on the topic by the Audit Committee;
- Annually assess the work conducted by the Statutory Auditor and its adequacy to perform the duties, and proposing its dismissal to the General Meeting and termination of the contract for provision of services of the Statutory Auditor to the Board of Directors, when on the grounds of fair cause;
- Verify, monitor, oversee and assess the Statutory Auditor's independence as prescribed by law and assess the annual confirmation of its independence vis à vis the Company (including the Statutory Auditor's own independence and that of his/her partners and other senior officers/managers, as prescribed by law);
- Verify the adequacy of and give prior consent, in a substantiated manner, to the Statutory Auditor's providing non-audit services to CTT and to the entities under its direct or indirect control, as well as assess the Statutory Auditor's annual statement therein related, in conformity with the terms detailed in the specific procedure that has been approved on the topic by the Audit Committee;
- Discuss threats to its independence with the Statutory Auditor and the safeguards implemented to mitigate them;
- Propose the Statutory Auditor's remuneration to the competent bodies;
- Permanently monitor the activity and contractual ties with the Statutory Auditor, in particular as regards financial information and the effectiveness of internal control mechanisms, namely by (i) procuring the latter is endowed with the conditions necessary to carry out its activity, (ii) being the Statutory Auditor's main liaison within the Company, and (iii) receiving all its reports (never after any other body or committee), and being aware of the exchange of correspondence with the Statutory Auditor relative to the Company and the companies in controlling or group relations with the Company;
- Monitor and oversee the annual individual and consolidated statutory audit, namely its execution, and assess the content of the annual statutory audit reports and audit reports with the Statutory Auditor, namely as regards any possible reservations presented thereby, in order to make recommendations to the Board of Directors and Executive Committee;
- Assess the Statutory Auditor's additional report, which namely sets out the results/issues deemed fundamental to the statutory audit that has been carried out (including debating with the Statutory Auditor those fundamental results/issues);
- Include, in the Audit Committee's annual report on its activities, information about the results of the legal review of accounts and the way that it contributed to the integrity of the process of preparation and disclosure of financial information, as well as the role of the Audit Committee in the process;
- Monitor the situation of the work involved in the legal review of accounts least on a quarterly basis in order to supervise the integrity and quality of the quarterly and half-yearly financial information.

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

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

5.2.4. Statutory auditor

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

At the Annual General Meeting held on 18 April 2018, **KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A.** ("KPMG"), (statutory audit firm registered with the Portuguese Institute of Chartered Accountants ("OROC") under no. 189 and with the CMVM under no. 20161489), represented by the

partner Paulo Alexandre Martins Quintas Paixão (statutory auditor registered with the OROC under no. 1427 and with the CMVM under no. 20161037), was re-elected as the Company's Statutory Auditor for the 2018/2020 term of office. At this same General Meeting, Vítor Manuel da Cunha Ribeirinho (statutory auditor registered with the OROC under no. 1081 and with the CMVM under no. 20160693) was elected Alternate Statutory Auditor.

In turn, in 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) was elected as the Company's Statutory Auditor for the 2021/2023 term of office and, in the same General Meeting, João Carlos Miguel Alves (statutory auditor registered with the OROC under no. 896 and with the CMVM under no. 20160515) was appointed as alternate statutory auditor, with the aforementioned appointments of Effective and Alternate Statutory Auditor only becoming effective on 1 January 2021.

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

KPMG has been CTT's Statutory Auditor **since 5 May 2014**. It was elected on that date to complete the 2012/2014 term of office, reelected on 5 May 2015 (for the 2015/2017 threeyear period) and on 18 April 2018 (2018/2020 threeyear period).

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 without prejudice to KPMG's performance of its legal responsibilities relative to the 2020 financial year.

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 2020

5.2.5 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

In line with Law no. 148/2015, of 9 September, in its current wording, and with the amendments made to the Portuguese Securities Code in that regard, in 2020 the duties of CTT's Auditor were performed by KPMG, **registered with the CMVM under no. 20161489** and represented by the partner Paulo Alexandre Martins Quintas Paixão.

As of 1 January 2021, and as resolved in the General Meeting held on 29 April 2020, the referred duties were assumed by 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.

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

KPMG has been the Statutory Auditor/(external) Auditor since 2014. It was represented by its partner Maria Cristina Santos Ferreira until 1 May 2017 and, since then, by its partner Paulo Alexandre Martins Quintas Paixão.

In 2012 and 2013, KPMG was the Company's independent auditor.

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

Law No. 140/2015, of 7 September ("Statutes of the Portuguese Institute of Statutory Auditors"), sets out mandatory rules on the rotation of the Statutory Auditor and the partner involved, which apply to CTT as a "public interest company". These rules are reflected in the Regulation for the Provision of Services by the Statutory Auditor approved by the Company.

In this regard, considering that KPMG (i) was engaged as the **independent auditor in 2012 and 2013 and as Statutory Auditor from 2014 onwards**, and that (ii) the partner in charge was replaced taking effect on 1 May 2017, as indicated in point 43 of Part I above, the Company is in compliance with the legal rotation period of the Statutory Auditor and respective audit partner defined in the Statutes of the Portuguese Institute of Statutory Auditors.

Considering, however, that the current Statutory Auditor term of office would end in 2020 and in order to ensure (i) that the new Statutory Auditor to be appointed fully complied with the legal requirements regarding independence, as provided for in the Statutes of the Portuguese Institute of Statutory Auditors, approved by Law No. 140/2015, of 7 September, and in the Legal System of Audit Supervision, approved by Law No. 148/2015, of 9 September, and (ii) a better transition in the performance of its duties, allowing for the new Statutory Auditor to start the statutory audit work of the 2021 financial year in a timely manner, EY was elected as Statutory Auditor of the Company for the 2021/2023 term of office, taking effect on 1 January 2021, by the Annual General Meeting of CTT held on 29 April 2020.

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 2020 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 2020, KPMG and entities within its network/group carried out for CTT and the companies in a control relationship with CTT for the following non-audit services (considering the understanding expressed by the 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”), hereinafter “**Non-Audit Services rendered in 2020**”:

- Services of limited review of the interim consolidated financial statements of CTT for the six-month period ended on 30 June 2020;
- Quality assurance services on the sustainability information of CTT for the year 2020;
- Services relative to the adequacy of the process regarding the impairment quantification of the Banco CTT and 321 Crédito credit portfolio and reasonableness of the impairment pursuant to the Instruction 5/2013 of BoP, and corresponding additional services requested by the BoP reported as of 30 June 2020;
- Services to assess the adequacy and the effectiveness of the part of the internal control system underlying the process of preparation and disclosure of financial information in Banco CTT, 321 Crédito and Payshop, pursuant to article 25(5)(b) of Notice 5/2008 of BoP;
- Technical support services on the adequacy and effectiveness of the internal control system of Banco CTT, 321 Crédito and Payshop, to their supervisory body in order to support the issue of this body’s opinion in accordance with article 25(5)(b) of Notice 5/2008 of BoP;
- Technical support services to the management and supervisory bodies as well as to the control functions of Banco CTT and 321 Crédito, in the adoption of Notice 3/2020 of BoP and Instruction 18/2020 which regu-

lates the governance and internal control systems and defines the minimum standards on which the organizational culture of the institutions should be based; and

- Technical support services to Banco CTT in the remediation process of alerts of anti-money laundering and terrorist financing in a secondment format.

The **Regulations on the Provision of Services by the Statutory Auditor** includes procedures for the engagement of non-audit services by CTT and the entities under its control, subjecting them to the prior authorization of the CTT Audit Committee and the Audit Committee of Banco CTT (as a public interest entity 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, which were followed for the Non-Audit Services Engaged in 2020.

Accordingly, the authorization for engaging these Non-Audit Services Engaged in 2020: (a) was based in particular on analysis and confirmation (i) 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 KPMG within the context of statutory auditing work, and do not generate any personal interest situation, and (ii) that the engagement of such services does not exceed the annual amount recommended for the engagement of the aforementioned services from the Statutory Auditor when they are not required by law; and (b) was grounded in general on KPMG’s knowledge of the Company and the entities it controls, thus assuring adequate possession of the relevant information for the provision of such services (in particular given the nature of the vast majority of the Non-Audit Services Engaged in 2020) and its experience in carrying out similar work.

Besides the Non-Audit Services Engaged in 2020, non-audit services engaged in 2019 were partially provided by KPMG in 2020, with the total amount of these services being reflected under “Accounted Services” in the table shown in point 47 below.

As seen from the analysis of the information in the aforesaid table, the **Non-Audit Services Engaged in 2020 represent 34.7% of the total amount of the services hired from the Statutory Auditor**, with the entire amount of the non-audit services accounting for **32.8%** of the total amount of the services provided by the Statutory Auditor and entities of its network/group in 2020.

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 indicates the amounts corresponding to the fees of KPMG and entities of its network/group in 2020:

	Engaged Services ¹		Accounted Services ²		Paid Services ¹	
	Amount (€)	%	Amount (€)	%	Amount (€)	%
By the Company	373,090	44.5%	388,102	33.4%	195,435	19.5%
Amount of Statutory Audit	336,190	40.1%	349,321	30.1%	186,130	18.5%
Amount of Quality Assurance Services	36,900	4.4%	35,727	3.1%	6,150	0.6%
Amount of Tax Consultancy Services	0	0.0%	0	0.0%	0	0.0%
Amount of Non-audit services	0	0.0%	3,055	0.3%	3,155	0.3%
Other Companies within CTT Group	464,605	55.5%	773,646	66.6%	808,268	80.5%
Amount of Statutory Audit	210,770	25.2%	430,846	37.1%	478,726	47.7%
Amount of Quality Assurance Services	200,429	23.9%	292,591	25.2%	263,835	26.3%
Amount of Tax Consultancy Services	0	0.0%	0	0.0%	0	0.0%
Amount of Non-audit services	53,407	6.4%	50,209	4.3%	65,707	6.5%
TOTAL	837,695	100%	1,161,748	100%	1,003,703	100%
Total Audit Services	546,960	65.3%	780,167	67.2%	664,856	66.2%
Total Non-Audit Services³	290,735	34.7%	381,581	32.8%	338,847	33.8%

⁽¹⁾ Includes VAT at the applicable legal rate.
⁽²⁾ Includes invoiced amounts and specialized amounts of the financial year.
⁽³⁾ See point 46 of this chapter above.

The table above was prepared based on the classification arising from the CMVM’s understanding as mentioned in point 46 of Part I above.

5.3 INTERNAL ORGANIZATION

5.3.1 Articles of Association

48. The rules governing amendment to the articles of association (Article 245-A(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, i.e. such resolution must be passed by a General Meeting:

- In which, on the first call, Shareholders holding shares corresponding to at least one third of the Company’s share

capital are present or represented; and

- By a two thirds majority of votes cast, either on the first or second call, unless, on the second call, Shareholders holding shares corresponding to at least half of the Company’s share capital are present or represented, in which case the resolution may be taken by simple majority of votes cast.

5.3.2 Reporting irregularities (whistleblowing)

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

Pursuant to the Regulation on the Whistleblowing System that 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

Company's Shareholders, employees and others, in ordeto 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, 1804-001LisbonOnce an irregularity communication has been received and recorded, the Audit Committee carries out 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 & Quality 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">It is the Audit Committee that makes the final decision on whether the process is to be closed or other measures adopted, under the terms of the referenced Regulation on the Whistleblowing System. .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 safeguards** are granted to anyone presenting a complaint:

- Confidential handling of irregularity communications;
- Confidential, secure handling and safeguarding of the records and the information;
- Right to information, access and correction of personal data; and
- Prohibition on CTT from retaliating against any whistleblower under this mechanism.

- Processes for the monitoring and continuous improvement of the Internal Control System, underpinned by 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;
- Internal information and reporting mechanisms, allowing the organization's performance to be monitored, observed and improved at all levels;
- Processes for identifying and responding to risks in order to pursue the Company's strategic objectives, as defined by the Board of Directors.

During 2020, no occurrence of any irregularity was communicated to the Audit Committee.

5.3.3 Internal control and risk management

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

Aligned with the best practices, the **Board of Directors** is the corporate body responsible for ensuring the effectiveness of the Company's internal control, risk management and internal audit systems, encouraging a culture of control throughout the organization, based on an internal control system that aims to ensure the efficient and sustainable conduct of business and operations, the protection of resources and assets, and compliance with applicable policies, plans, procedures and regulations, as well as with:

The Audit Committee, as CTT's supervisory body, is responsible for monitoring and assessing (i) the process of preparing and disclosing financial information, (ii) the effectiveness of the risk management, internal audit and internal control systems, (iii) the independence of the Statutory Auditor, monitoring the activity of the statutory auditor and external audit.

The **internal audit function** is ensured by the Audit division integrated in the Audit & Quality Department, which is responsible for the independent assessment of CTT and other Group companies' internal control systems, through the continuous monitoring of major risks and timely reporting to the Management and Supervisory Bodies of action plans to mitigate the identified risks, whose implementation is systematically monitored through follow-up actions.

Therefore, (i) the **Board of Directors** is responsible for stipulating the Company's strategic goals and risk limits and for creating systems for their control, in order to ensure that risks incurred are consistent with those objectives, and (ii) the **Audit Committee** is responsible for assessing the operation of internal control and risk management systems, which was carried out in 2020 as

described in this point and in points 51 and 55 of Part I below and subchapters 2.7.1. Description of the risk management process, and 2.7.2. Identification of risks (risk matrix) and CTT response of chapter 2.7 Risk Management of this Integrated Report.

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

The **Audit & Quality Department** reports hierarchically to the Executive Committee (through its CEO) and functionally to the Audit Committee.

In compliance with the Articles of Association and the Audit Committee Regulation, the **Audit Committee** has the following responsibilities:

- Monitoring and evaluating annually the internal controls relating to: (i) the process of preparing and disclosing financial information; (ii) accounting and auditing matters; and (iii) matters of preventing and combating money laundering and the financing of terrorism, proposing to the Executive Committee any measures to improve their functioning that may be necessary;
- Issue an opinion on the work plans and resources of the Company's Audit & Quality Department, including the compliance services and assess their objectivity and independence;
- Receive reports from the Audit & Quality Department, 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 conjunction with the Board of Directors and the Executive Committee, the internal audit and compliance matters: (i) assessing the contents of the reports of the Audit and Quality department, including the Company's Compliance services and (ii) requesting the Audit and Quality department to provide information considered relevant, including information regarding internal audit procedures and controls;
- Supervising the efficacy and adequacy of the risk management system, by annually assessing said system and proposing, to the Executive Committee, measures aimed at improving their functioning as deemed necessary.

52. Other functional areas responsible for risk control

See subchapter 2.7.1. Description of the risk management process of chapter 2.7. 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 2.7.2. Identification of risks (risk matrix) and CTT response of chapter 2.7 Risk Management.

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

See subchapter 2.7.1. Description of the risk management process of chapter 2.7. Risk Management.

55. Core details on the internal control and risk management systems implemented in the company regarding the procedure for reporting financial information (Article 245-A(1)(m))

The disclosure of financial information is monitored by both the management and Supervisory Bodies and by the Business Units and Corporate Departments. The financial reporting documents and other financial information are prepared by the Planning & Control Department and the Investor Relations area, based on information provided by the Accounting & Taxes Department and the Business Units.

All the financial reporting documents are approved by the **Board of Directors and reviewed by the Audit Committee and the Statutory Auditor**.

In particular, the Audit Committee is responsible for supervising the adoption of the principles and policies regarding the identification and management of the main financial and operational risks associated with CTT's activity, namely by monitoring the activities of the Audit & Quality Department.

The Audit Committee is also responsible for overseeing the independence of the Statutory Auditor and the preparation and disclosure of the Company's financial information. In this context, this body:

- Holds meetings to monitor these processes with members of the Executive Committee, the Statutory Auditor and with the Heads of Accounting & Taxes, Planning & Control and Investor Relations Departments;
- Assesses the Audit & Quality Department's reports (specifically with respect to internal audit and internal control of the financial report), in order to make any proposals to the Executive Committee;
- Monitors internal audit, together with the Executive Committee, namely with respect to the procedures related to financial reporting, detection of risks, irregularities and conflicts of interest, and the safeguarding of assets;
- Monitors the main vulnerabilities identified by the Company and the mitigation plans.

The work carried out by the Audit Committee during 2020 sought, above all, to supervise the suitability of the preparation and disclosure of financial information and ensure that the internal and external auditors were able to perform their duties with independence and impartiality. In turn, to issue the legal certification of accounts and the audit report, the Statutory Auditor assesses the internal control mechanisms of the main business processes of the Group companies with an impact on financial reporting.

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.

5.3.4 Website

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 com-

pany's General Meetings, share capital and voting results relating to the preceding three years are available

See chapter 11. Website.

5.4 REMUNERATION

5.4.1 Power to establish

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

Setting the remuneration of corporate bodies, members of the Executive Committee and Company senior officers - given that CTT's Board of Directors only qualifies as "officers of the Company", within the meaning of article 248-B of the Portuguese Securities Code and article 3 of EU Regulation, the members of CTT's management and supervisory bodies - is the responsibility of the **Remuneration Committee**, appointed for such purpose by the General Meeting pursuant to article 9 of the Articles of Association and in compliance with **Recommendation V.2.2. of the IPCG Code**.

According to article 26-B of the Portuguese Securities Code, introduced by Law no. 50/2020, of 25 August, 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.

5.4.2 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

Until the date of CTT's Annual General Meeting, on 29 April 2020, the composition of the Remuneration Committee was as follows:

Members ^(*)	Position	Date of 1 st appointment
João Luís Ramalho de Carvalho Talone	Chairman	24/03/2014
Rui Manuel Meireles dos Anjos Alpalhão	Member	24/03/2014
Manuel Fernando Macedo Alves Monteiro	Member	28/04/2016

^(*) Members re-elected at the General Meeting held on 20/04/2017 for the 2017/2019 term of office.

All members of the Remuneration Committee were independent from the CTT Board of Directors, since none of them (i) was part of any corporate body of the Company nor of any company within a control or group relationship with CTT and / or (ii) had any family relationship (i.e., through his spouse, relatives and/or kin in a direct line up to the third degree inclusive) with any Board member.

The Chairman of the Remuneration Committee attended the Annual General Meeting held on 29 April 2020, and therefore it is considered that **Recommendation V.2.4. of the IPCG Code** is complied with.

On 29 April 2020, the new members of the Remuneration Committee for the 2020/2022 term of office were elected at the General Meeting, and since then and up to the present date, the composition of said Committee has been as follows:

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

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

The said Remuneration Committee is **composed of three members, the majority of whom are independent members vis-à-vis the management of CTT** taking into account the criteria referred to in (i) and (ii) above. Only the Member Manuel Champalimaud is not independent vis-à-vis CTT’s management as he is a direct relative of the non-executive Director Duarte Champalimaud.

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

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

In 2020 and until the termination of duties on 29 April 2020, CTT’s Remuneration Committee maintained Mercer’s support, for the exercise of its functions, as a consultant specialized in remuneration and human resources matters, and the Remuneration Committee considered, in the context of the engagement process, the experience accumulated by Mercer in the definition of the remuneration policy for the previous term of office, as well as the rigor and professionalism with which it always carried out the work requested to it.

In turn, Mercer was engaged to provide other services to the Company on 18 December 2020. On this date, the Remuneration Committee to which it had provided support, as referred to in the previous paragraph, was no longer in office.

After 29 April 2020, the Remuneration Committee engaged the services of EY to define the remuneration policy of CTT’s corporate bodies. This provision of services ended on 31 December 2020. As detailed in point 39 above of this Report, EY was elected as CTT’s Statutory Auditor by the General Meeting held on 29 April 2020, and this election only took effect as from 1 January 2021.

In this context, the Company considers that it has fully complied with **Recommendations V.2.5. and V.2.6. of the IPCG Code**.

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

The *curricula vitae* of the members of the Remuneration Committee elected on 29 April 2020 are presented in Annex I of the Report (see pages 400 to 435). As shown therein, all the members of this Committee have **appropriate knowledge** to analyse and decide on the matters within their power, in view of their training and extensive professional experience, namely via:

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

5.4.3 Remuneration structure

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

Following its election at the General Meeting of 29 April 2020, **CTT’s Remuneration Committee resolved to maintain in force the remuneration policy applicable to the members of the management and supervisory bodies for the term of office ending in 2019 until the approval of a new remuneration policy**, as well as to initiate a process of reflection and study, with the support of specialized consultants, for the purposes of preparing said new policy.

The remuneration policy applied in 2020 continued to be based on the following main principles contained in the declaration approved at the General Meeting of 29 April 2020:

- Operate as an instrument of the talent management policy;
- Compensate work, stimulate performance, reward outcomes, in view of individual performance and merit;
- Contribute to attract, develop and retain competent professionals, seeking to be competitive in relation to Portuguese market practices by companies of similar complexity;
- Promote the alignment of interests with the values and culture of CTT, with the business strategy, with the Company’s shareholders and, in general, with all the other stakeholders;
- Contribute to the creation of value, especially in the medium and long-term, following sustained management practices.

The policy applied in 2020 thus maintained as a basis the **benchmarking analysis** carried out for the purposes of the 2017/2019 term of office, which was based on a peer group composed of 20 companies selected according to 3 non-cumulative criteria: sector, regulated/non-regulated market and cash flow stability, thus covering the remuneration practices applied:

- By 8 European companies of the sector (Bpost, Deutsche Post DHL, La Poste, Poste Italiane, PostNL, Post Nord, Royal Mail and TNT);
- By the 12 most significant companies in Portugal at that date, including large Portuguese companies and PSI-20

companies (BPI, Brisa, EDP, EDP Renováveis, Galp, Jerónimo Martins, Millennium BCP, NOS, Navigator, REN, Sempap and Sonae);

- Specifically in the case of the benefits detailed in points 75 and 76 below, a different peer group was considered, focused on the top management positions in Portuguese companies; and
- Specifically with respect to the members of the Board of the General Meeting, a different peer group was also considered, composed of Portuguese companies, including those listed in the PSI-20.

Additionally, the work initiated by the Remuneration Committee in 2020 included an update of the benchmarking study of European companies’ remuneration practices in the sector (i.e., Austrian Post, PostNL, bpost, Royal Mail, Deutsche Post and Kuehne+Nagel) and companies in the PSI-20 (i.e., Altri, Millennium BCP, Corticeira Amorim, EDP, EDP Renováveis, Galp, Jerónimo Martins, Mota-Engil, NOS, Novabase, Pharol, REN, Sempap, Sonae, Sonae Capital and The Navigator). This study was considered for the purposes of the proposal relative to the executive Directors remuneration policy.

The **remuneration policy proposal to be submitted to the next Annual General Meeting by the Remuneration Committee also represents an evolution towards continuous alignment with the best governance practices**, by considering the following aspects:

- The **economic and financial situation of the Company** and its structure and size;
- The promotion of the alignment of management interests with CTT’s current strategic goals (through performance assessment criteria and financial and non-financial objectives) and with the pursuit of the Company’s **long-term sustainability** and the sustainable development of its businesses (including in terms of environmental sustainability);
- Consideration by the management of the interests of the Company’s various **stakeholders**, in particular the interests of employees (promoting measures towards a better balance of remuneration conditions for employees and members of the corporate bodies) and the interests of shareholders (contributing to the creation of value for shareholders); and
- The **efficient functioning and relations** of the various corporate bodies of CTT.

In view of the above, the remuneration of the **executive Directors** includes a **fixed component and a variable component, as explained below.**

The **fixed component** applied since April 2020 and included in the remuneration policy to be submitted by the Remuneration Committee to the next Annual General Meeting was defined taking into account, in particular, the following criteria:

- The sustainability of CTT’s performance;
- The nature and complexity of the duties (which is why the remuneration of the CEO, CFO and other executive Directors is differentiated), with special emphasis on the skills required and the responsibilities inherent to these duties; and
- The conclusions of the benchmarking analysis carried out and the Company’s recent remuneration practice, as well as the objective of greater balance in the remuneration conditions of employees and members of the corporate bodies, with a reduction of the annual base remuneration (“ABR”) by 15% for the CEO and 10% for the other members of the Executive Committee, when compared to the policy approved by the Remuneration Committee then in office for the 2017/2019 term of office (this reduction is due to a partial waiver of fixed remuneration by the executive Directors since April 2020 and is included in the remuneration policy to be presented by the Remuneration Committee to the next Annual General Meeting).

This component includes the annual base remuneration 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 ,whose attribution, as regards 2021 and 2022, will take into account the remuneration policy to be submitted to the next Annual General Meeting by the Remuneration Committee and, as regards 2020, will take into account the remuneration policy in force for the term of office ending in 2019 (as indicated in the said proposal to the next Annual General Meeting); and
- A **long-term component (Long-Term Variable Remuneration or LTVR)**, through participation in a share as-

signment plan of CTT, in accordance with the rules and subject to the conditions described in points 71, 72 and 74 below and contained in the remuneration policy proposal to be submitted for approval at the next Annual General Meeting by the Remuneration Committee.

In accordance with the remuneration policy applied in 2020 and contained in the proposal to be submitted by the Remuneration Committee to the next Annual General Meeting for the term of office underway, the **non-executive Directors exclusively earn an annual fixed remuneration**, paid 14 times a year.

Since April 2020, there has been a 15% ABR of the Chairman of the Board of Directors when compared to the remuneration policy approved by the Remuneration Committee then in office for the 2017/2019 term of office. This reduction is due to a partial waiver.

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

In this context, the remuneration policy that the Remuneration Committee will submit to the next General Meeting 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 physical (75%) and financial 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, also considering 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 variable remuneration (cap of AVR and number of stock option attributed within the plan as LTVR);]• Deferral and withholding mechanisms of the VR;• Adjustment mechanisms to determine the reduction or reversal of the attribution and/or payment of variable remuneration (malus/ claw-back provisions);• Absence of dilution effect since the LTVR is based on a stock option plan of CTT shares to be acquired based on an authorization to acquire and dispose of own shares (subject to shareholder approval);• Prohibition on the executive Directors entering into agreements or other instruments, either with the Company or with third parties that have the effect of mitigating the risk inherent to the variability of VR.
Transparency	<ul style="list-style-type: none">• Remuneration Committee composed of three members, mostly independent in relation to CTT’s management, assisted by specialized consultants and by a specialized internal Board of Directors’ committee;• Alignment with the strategic goals of the Company;• Overall remuneration set by CTT’s Remuneration Committee, in the event of the performance of duties in companies in a controlling or group relationship with CTT;• Presence of the Chairman or, in his absence, another member of the Remuneration Committee, at the Annual General Meeting and in any others, if the agenda includes an issue related to the remuneration of members of the Company’s bodies and committees, or if this presence has been requested by the shareholders.

These principles and structural elements of the remuneration policy of the members of the management and supervisory bodies of CTT are detailed in the following points of this chapter 5 and are also included in the **remuneration policy proposal to be submitted by the Remuneration Committee, under the terms and for the purposes of Articles 26-A and following of the Portuguese Securities Code, for approval at the Annual General Meeting** to be held on 21 April 2021, which will be subject to the favorable opinion of the Corporate Governance, Evaluation and Nominating Committee.

The remuneration policy to be submitted by the Remuneration Committee for approval by the Annual General Meeting includes disclosure of the information required under Article 26-C of the Portuguese Securities Code, introduced by Law No. 50/2020. of 25 August, and also information on the rules in force on matters of termination of duties.

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

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

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

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

In turn, the **AVR of the executive Directors** is subject to maximum caps defined in the remuneration policy, namely by reference to the annual base remuneration 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 2020** is 55% of the annual base remuneration 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 annual base remuneration. If the goals attained surpass

this target, the maximum AVR each executive Director may receive is 85% of his/her annual base remuneration.

- These limits will be maintained for the **remaining years** of the current term of office in accordance with the remuneration policy proposal to be submitted to the next Annual General Meeting;
- The **weight of the non-financial performance evaluation criteria** that, for the purposes of the performance evaluation in 2020, are reflected in the qualitative assessment and, for the purposes of the evaluation of the financial years 2021 and 2022, take the form of quantifiable key performance indicators with a weight of 30% focused on long-term sustainability objectives, as described in point 71 below;
- If the minimum limits of accomplishment described in point 71 below are not achieved, there is no entitlement to annual variable remuneration. If an AVR is to be awarded, it is subject to a **cap** and the **payment of 50% is deferred**, as provided for in the remuneration policy proposal to be submitted to the next Annual General Meeting, thus contributing to balancing the pursuit of sustained performance and discouraging excessive risk-taking.

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

The **LTVR model for executive Directors** through participation in the share option plan that grants the right to acquire CTT shares subject to the conditions of the plan, to be submitted for approval at the next Annual General Meeting by the Remuneration Committee, promotes an alignment of interests with the Company's performance and provides the following incentives to pursue sustainable performance without excessive risktaking, as described in points 72 and 74 below:

- The plan sets out the number of options allocated that may be exercised by each executive Director, as well as the allocation price with **different tranches**, which are distinguished only by their distinct allocation price or strike price (establishing five differentiated strike prices, with an identical number of options attached to each strike price, in a gradual logic);
- The plan also provides for mechanisms for **deferring the exercise of options** (the date of exercise is 1 January 2023 considering the end of the 2020/2022 term of office) and **retaining** part of the shares to be delivered (throughout the period from the exercise date

and the fifth trading day immediately following the end of the month after the date of approval of the accounts for 2024 at the annual general meeting to be held in 2025, or as of 31 May 2025 whichever occurs later);

- In the event that the **target AVR objectives are met and an exercise price of €3.30 per CTT share occurs** (this value is only for illustrative purposes and corresponds to the average CTT share price as of 31 December 2017, 2018 and 2019), the **fixed component of the annual remuneration will represent on average 53%** and the annualized AVR and LTVR will represent on average 47% of the overall annual remuneration for the whole of the executive Directors.

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

70.2 Performance assessment criteria and resulting alignment of interests

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

- The degree of achievement of a series of goals established according to financial and non-financial performance evaluation criteria, focused either on the implementation of **CTT's long-term strategic objectives** or on the **promotion of best ESG** (Environmental, Social and Governance) **practices**;
- The balance between **financial and non-financial evaluation criteria**, bearing in mind that: (i) if the minimum limits of the financial criteria are not met, no AVR will be attributed; and that (ii) the non-financial criteria are reinforced to the extent that that will correspond to a quantifiable key performance indicator weighing 10% (Net Promoter score) and to 4 additional quantifiable targets weighing 20% (related to sustainability, strategic performance, operating and commercial, and environmental objectives, as well as the attributions of each Director to the extent possible);
- The payment of the AVR in cash and, according to the remuneration policy to be proposed to the General Meeting for this term of office, will take place 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 (including the non-verification of the situations that give rise to the application of the adjustment mechanisms mentioned below).

In turn, the **LTVR for the 2020/2022 term of office in the form of participation in CTT's stock option plan**, 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 plan sets out the **number of options** allocated that may be exercised by the CEO, the CFO and the remaining executive Directors and their allocation or strike price;
- The number of shares to be received depends on the **difference between the strike price and the market price**, i.e., the average price, weighted by trading volume, of the Company's shares traded on the Euronext Lisbon regulated market in the sessions held in the 45 days prior to the exercise date (i.e. 1 January 2023);
- The LTVR attributed under the 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 plan;
- The plan also provides for mechanisms for **deferring** the exercise of options and **retaining** shares which result from the combination of two aspects: (i) the date of the exercise of all options (1 January 2023 considering the end of the 2020/2022 term of office); and (ii) a retention period of part of the shares allocated (throughout the period from the exercise date and the fifth trading day immediately following the end of the month after the date of approval of the accounts for 2024 at the annual general meeting to be held in 2025, or as of 31 May 2025 whichever occurs later).

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

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

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

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

Therefore, the remuneration policy applied in 2020 and the policy contained in the proposal to be submitted by the Remuneration Committee to the next Annual General Meeting for the current term of office **fully complies with the Recommendations V.2.7. to V.2.10 of the IPCG Code**.

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

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

71.1. Criteria for performance assessment of the AVR for 2020 in line with the remuneration policy in force in the term of office ended in 2019 (as indicated in the remuneration policy proposal to be submitted to the next Annual General Meeting)

The amount of the **AVR** to be earned by the executive Directors with reference to performance in 2020 is **70% of the assessment of the following criteria and quantitative goals**, established by the Remuneration Committee based on the business plan and budget of the CTT Group and on the benchmarking carried out:

- The amount of the annual recurring EBITDA margin of each CTT business unit: (i) mail; (ii) express & parcels; (iii) financial services; and (iv) Banco CTT (30%);
- The growth percentage of the recurring consolidated EBITDA of CTT (as defined by CTT's Audit Committee) vis-à-vis the previous calendar year (25%);
- The ROI growth percentage (ratio between the recurring consolidated EBITDA and invested capital), in comparison to the previous calendar year (25%);
- An annual total shareholder return ("TSR") of Company shares equal to or greater than 0 and its comparison to the weighted average TSR of a peer group (20%). This peer group consists of 2 subgroups: (i) 60% weight to the TSR for the PSI-20 index and (ii) 40% weight to the (simple average) TSR for a set of relevant sector peers (Austrian Post, Bpost, PostNL and Royal Mail, notwithstanding changes defined by the Remuneration Committee due to relevant corporate restructuring

The awarding of AVR in terms of these goals is also dependent on the observance of (i) a **weighted average of these goals above 80%** and (ii) a **recurring EBITDA margin that complies with at least 85% of the established goal**.

When these conditions are met, the recorded performance in 2020 in terms of the quantitative criteria and goals is remunerated **in a graduated way, according to the degree of accomplishment and parameters defined** by the Remuneration Committee, in particular:

- If the recorded performance meets the set goal in less than 80% (90% in the case of the TSR goal), no AVR will be awarded for that quantitative target, nor will it be awarded if the qualitative individual targets are met;
- If the recorded performance is between 80% and 90% of the set goal (between 90% and 95% in the case of the TSR goal), that amount will be between 24.75% and 33% of the

annual base remuneration of each executive Director;

- If the recorded performance is between 90% and 130% of the set goal (between 95% and 110% in the case of the TSR goal), that amount will be between 33% and 85% of the annual base remuneration of each executive Director;
- If the recorded performance meets the set goal by more than 130% (over 110% in the case of the TSR goal), that amount will correspond to 85% of the annual base remuneration of each executive Director.

The AVR amount to be granted with reference to performance in 2020 is **30% of the assessment of the individual qualitative goals** defined and subject to assessment by the Corporate Governance, Evaluation and Nominating Committee based on the parameters set by the Remuneration Committee and with a view to fostering the Company's values and sustainability, functioning and efficient relationship with CTT's various corporate bodies and committees and the relationship with its stakeholders. However, this component will only impact the attribution and calculation of the AVR when the **assessment of the quantitative goals of CTT leads to the attribution and payment of the AVR**. According to these **parameters**, the recorded performance in terms of these goals is **remunerated in a graduated way**, as follows:

- The AVR on this account is based on a percentage of the annual base remuneration between 55% and a maximum of 85%, according to the degree of accomplishment. There is only entitlement to this if the general performance recorded corresponds to an assessment of at least the target 3 (on a scale of accomplishment of 1 to 5); and
- The annual qualitative assessment of the CEO cannot exceed, by more than one level, the annual average assessment of all the other members of the Executive Committee.

In this context, the Corporate Governance, Evaluation and Nominating Committee defined an assessment model in which the relevant criteria are the composition, image and activity of the Executive Committee, as well as its relationship with the various corporate bodies and stakeholders (including aspects such as sustainability and environment, organizational culture, corporate reputation and relationship with Shareholders, employees, regulators and customers), as well as each member's individual contribution to the Executive Committee's performance.

71.2. Criteria for performance assessment of the AVR for 2021 and 2022 included in the remuneration policy proposal to be submitted to the next Annual General Meeting

The amount of the **AVR** to be earned by the executive Directors with reference to their performance in 2021 and 2022, as proposed by the Remuneration Committee to be submitted to the next General Meeting is **70% of the assessment of the following quantifiable criteria and objectives 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 allocation and calculation of the AVR** (established by the Remuneration Committee based on the business plan or budget of the CTT Group for the period in question):

- Free Cash Flow per Share (30%): quantifiable financial performance criterion related to the ability of the business to generate cash flows. Excluded from the calculation of this criterion are amounts related to Financial Services and deposits and loans of Banco CTT's clients;
- Recurring Consolidated EBIT (20%): quantifiable financial performance criterion related to the operational performance of the business.
- Earnings per Share (10%): quantifiable financial performance criterion related to the capacity to pay dividends per share;
- Revenue (10%): quantifiable financial performance criterion related to the revenue generated by sales and services;
- Net Promoter Score (10%): quantifiable non-financial performance criterion related to customer experience and business growth capacity;
- Four additional non-financial targets (20%): 4 quantifiable non-financial performance criteria, each with a weight of 5%, to be applied to each or all executive Directors, in relation to each financial year or to the three-year period, by the Remuneration Committee (following a proposal from the Board of Directors and opinion of the Corporate Governance, Evaluation and Nominating Committee) and aimed at promoting long-term performance and the interests of the Company's stakeholders through performance criteria/objectives aligned with the business plan and budget of the 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 duties of each executive Director.

The attribution of the AVR is also dependent on the observance of a weighted average of the objectives of the financial performance evaluation criteria referred to above of more than 80%.

Once this condition is met, the recorded performance in each financial year in terms of the aforesaid criteria and goals of a financial and non-financial nature is remunerated weighting 70% and 30% respectively, of the amount of the AVR and in a **graduated way and according to the degree of accomplishment**, in particular:

- If the recorded performance meets the set goal in less than 80%, no AVR will be awarded for that target;
- If the recorded performance is between 80% and 130% of the set goal, between 35% and 85% of the annual base remuneration of each executive Director, on a straight-line basis, is payable;
- If the recorded performance is more than 130% of the established goal, 85% of the annual base remuneration of each executive Director is payable.

71.3. Criteria for evaluation of LTVR performance for the 2020/2022 term of office, under the share option 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 is based on the participation in a **plan for the award of options on shares representing CTT's share capital**, whose award, exercise and delivery rules are indicated in point 74 below and which is **subject to the approval of the General Meeting of Shareholders**, and is included in the remuneration policy proposal to be submitted by the Remuneration Committee to the General Shareholders' Meeting and still dependent on the approval of the proposal to acquire and dispose of own shares to be submitted by the Board of Directors to the General Shareholders' Meeting, which takes into account the CTT share performance as well as the positive sustained performance of the Company as described in points 72 and 74 below.

72. The deferred payment of the remuneration's variable component and specify the relevant deferral period

According to the remuneration policy to be proposed to the General Meeting for the 2020/2022 term of office, the **payment of the AVR** that may eventually be awarded, under the terms described in points 69 and following above, takes place in cash and in **two tranches**, i.e:

- The payment of 50% of the AVR occurs in the month following the date of approval by the General Meeting of the accounts relating to the financial year corresponding to the assessment period; and

- The payment of **the remaining 50% of the AVR is deferred proportionately over a period of 3 years** from the said date of approval of accounts and is **subject to the positive performance and sustainable financial situation of the Company and the positive performance of each executive Director**, including the non-verification of the situations that give rise to the application of the adjustment mechanisms mentioned below.

In turn, the option allocation plan also provided for in the aforementioned remuneration policy proposal also establishes a **deferral period of the exercise of the options and a retention period of the awarded as LTVR**, as follows:

- The automatic **exercise date** of all options is 1 January 2023, given the end of the 3-year term 2020/2022;
- If stock options are granted based on stock market performance and the Company's positive performance is verified, the options will be subject to settlement over the deferral/retention period;
- **50% of the LTVR** is settled on the fifth trading day immediately following the date of the annual general meeting of the Company approving the accounts for the 2022 financial year to be held in 2023, subject to verification of positive performance with respect to each of the 2021 and 2022 financial years, half by way of financial settlement in cash (i.e. 25% of the options on a pro rata basis with respect to each of its 5 tranches) and the other half (i.e. 25% of the options also on a pro rata basis with respect to each of its 5 tranches) by way of physical settlement through the delivery of CTT shares;
- The **remaining 50% of the LTVR** (i.e. 50% of the options equally on a pro rata basis with respect to each of its 5 tranches) are settled through the delivery of CTT shares (physical settlement), in 2 tranches of 1/2 of the shares retained, respectively: (i) on the fifth trading day immediately following the end of the month after the date of approval of the accounts relating to financial year 2023 at the annual general meeting of the Company to be held in 2024, or on 31 May 2024 (whichever date occurs later) and subject to the positive performance of the Company in each of the financial years 2021 to 2023; and (ii) on the fifth trading day immediately following the end of the month after the date of approval of the accounts for the financial year 2024 at the annual general meeting of the Company to be held in 2025, or on 31 May 2025 (whichever date occurs later) and subject to the positive performance of the Company in each of the financial years 2021 to 2024, respectively for each tranche.

In addition, the award of the AVR and the exercise and settlement of the options relating to the LTVR are conditional (as a condition of eligibility) on **the executive Director remaining with the Company**, as follows:

- If the executive Director leaves the company for any reason, with the exception of dismissal for cause or another situation that gives rise to the application of an adjustment mechanism (as described below), after the assessment period but before payment of the **AVR**, it will be paid in full to the extent corresponding to that period;
- The payment of the **AVR** in respect of an assessment period in which there is termination of duties will not be due, nor will the settlement of the **LTVR** under the above mentioned option 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 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 to be proposed to the General Meeting for the 2020/2022 term of office (in line with that applicable to the AVR under the policy approved for the previous term of office):

The AVR and LTVR are also subject to the following adjustment mechanisms, in accordance with the remuneration policy to be proposed to the General Meeting for the 2020/2022 term of office (in line with that applicable to the AVR under the policy approved for the previous term of office):

- The **reduction of the VR** whose attribution and/or payment/settlement does not yet constitute an established right (malus provision) and/or the reversion 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 **RV (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 the said adjustment mechanisms (conditions for eligibility of VR), as a result of which it may, as applicable:

- **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 plan, in which terms, should such situations occur until the meetings of the Remuneration Committee called to decide on its application (to be held as of the exercise and before the settlement of the LTVR or the end of each retention period pursuant to the plan), there may be no payment of the amount due as financial settlement of the LTVR or the delivery of the retained shares, or they may have to be returned by the Director, under the terms set forth in the plan.

These rules thus seek to align the interests of the management team in a long-term perspective with the interests of the Company, the Shareholders and all other stakeholders, whose

pursuit, in view of the particularities of the Company and sector, also **fully complies with Recommendations V.2.7 to V.2.9 of the IPCG Code**.

73. The criteria whereon the allocation of variable remuneration on shares is based, and also on maintaining company shares that the executive directors have had access to, on the possible share contracts, including hedging or risk transfer contracts, the corresponding limit and its relation to the total annual remuneration value

Not applicable. See point 71 above.

74. The criteria whereon the allocation of variable remuneration on options is based and details of the deferral period and the exercise price

The LTVR model for the 2020/2022 term of office is based on the participation of executive Directors in a **share option plan representing CTT's share capital, which is subject to approval by the General Meeting of Shareholders**, and is set out in the remuneration policy proposal to be submitted by the Remuneration Committee (subject to a favorable opinion by the Corporate Governance, Evaluation and Nominating Committee) and also dependent on the approval of the proposal to acquire and dispose of own shares to be submitted by the Board of Directors, in both cases to the General Meeting of Shareholders.

The said plan provides the following main rules applicable to the allocation and exercise of the options and the financial settlement, and delivery and retention of the shares within the LTVR:

- The plan regulates the allocation to its participants (the executive Directors of CTT that adhere to the plan) of **options which confer the right to acquire 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 plan sets out the **number of options granted** to be allocated to 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 plan's approval at the General Meeting;

- The plan also sets the **strike price** for five tranches that differ only by their different strike price, as shown in the table below:

Tranche	Number of Options per participant			Strike Price
	CEO	CFO	Other Executive Directors	
1	700,000	400,000	300,000	EUR 3.00
2	700,000	400,000	300,000	EUR 5.00
3	700,000	400,000	300,000	EUR 7.50
4	700,000	400,000	300,000	EUR 10.00
5	700,000	400,000	300,000	EUR 12.50

- The **date of exercise** of all the options is 1 January 2023, given the end of the **3-year term of office 2020/2022** (relevant date for purposes of calculating the number of allocated shares, since the exercise of the options is automatic);
- The **number of CTT shares eventually to be awarded to the participants**, (via physical or financial settlement pursuant to the terms of the plan), following the automatic exercise of the options as foreseen on the plan, depends on the difference between the **strike price** and the **exercise price** (i.e., the average price, weighted by the trading volume, of the Company's shares traded on the Euronext Lisbon regulated market in the sessions carried out in the 45 days prior to the exercise date, i.e., on 1 January 2023) and results from the application of the following formula (rounded down):

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

Thus, subject to the eligibility conditions and the retention mechanism referred to in this point 74 and in point 72, each participant is entitled to receive the total number of CTT shares resulting from the sum of the number of shares due for each tranche, calculated according to the referred formula.

- The strike and exercise 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 plan that are likely to significantly affect the value of the shares, to the extent necessary to neutralize the effect of these transactions and preserve the economic value of the options (such as a reduction or increase

in share capital, stock splits, distribution of shareholder remuneration, mergers or other corporate restructuring);

- The plan provides for the **financial settlement of 25% of the options** (net cash settlement) and the **physical settlement of 75% of the options** (net share settlement), without prejudice to, exceptionally and in a scenario where the number of own shares held by CTT is not sufficient, determining that the Remuneration Committee establishes a compensation mechanism through the allocation of a cash amount and financial settlement of the options whose physical settlement is not possible;

- In the event that shares are granted depending on stock market performance and the Company's positive performance as defined in the plan, the options will be subject to settlement over the deferral/retention period;

- **50% of the LTVR** is settled on the fifth trading day immediately following the date of the annual general meeting of the Company approving the accounts for the 2022 financial year to be held in 2023, subject to verification of positive performance with respect to each of the 2021 and 2022 financial years, half by way of financial settlement in cash (i.e. 25% of the options on a pro rata basis with respect to each of its 5 tranches) and the other half (i.e. 25% of the options also on a pro rata basis with respect to each of its 5 tranches) by way of physical settlement through the delivery of CTT shares;

- The **remaining 50% of the LTVR** (i.e. 50% of the options equally on a pro rata basis with respect to each of its 5 tranches) are settled through the delivery of CTT shares (physical settlement), in 2 tranches of 1/2 of the shares retained, respectively: **(i)** on the fifth trading day immediately following the end of the month after the date of approval

of the accounts relating to financial year 2023 at an annual general meeting of the Company to be held in 2024, or on 31 May 2024 (whichever date occurs later) and subject to the positive performance of the Company in each of the financial years 2021 to 2023; and **(ii)** on the fifth trading day immediately following the end of the month after the date of approval of the accounts for the financial year 2024 at an annual general meeting of the Company to be held in 2025, or on 31 May 2025 (whichever date occurs later) and subject to the positive performance of the Company in each of the financial years 2021 to 2024, respectively for each tranche.

- The plan thus provides for **deferral and retention** mechanisms that, combined, ensure compliance with the **Recommendation V.2.9. of the IPCG Code**: **(i)** the automatic exercise date of all options (i.e., 1 January 2023 in order to consider the 3-year term of office 2020/2022) which determines the calculation of the number of shares acquired under the plan; **(ii)** the settlement of 50% of the options after the date of the annual general meeting of the Company approving the accounts for the 2022 financial year to be held in 2023; **(iii)** the aforementioned retention period until 2025 during which the participant does not acquire ownership or the social or economic rights attached to 50% of the shares awarded until the end of each retention period; and **(iv)** the conditions to which the award and settlement of the LTVR are subject in connection with the stock market performance as well as the positive performance of the Company;
- The exercise of the options and their settlement are also subject to the **eligibility conditions** referred to in point 72 above (i.e., remaining in office during the term of office by rule, absence of situations of material non-compliance with the plan, and no situations giving rise to the application of the adjustment mechanisms);
- This plan will not have a diluting effect on shareholders, since it is intended that the shares eventually to be delivered under the plan will be **own shares** to be acquired by the Company, under the authorization of the General Shareholders' Meeting to acquire and dispose of own shares, to be considered at the General Meeting following a proposal from the Board of Directors.

75. Main parameters and grounds of any annual bonus scheme and any other noncash benefits

The Company has not adopted any system of annual bonuses or other non-cash benefits, without prejudice to the following paragraph.

Supplementing the provisions in point 76 below, the executive Directors earn the following **non-cash supplementary benefits, of 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.

The Chairman of the Board of Directors was also entitled to use a vehicle (including fuel and tolls) until 29 April 2020.

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 2020, as well as the remuneration policy proposal for the current term of office to be submitted by the Remuneration Committee to the next Annual General Meeting, do not consider the attribution of supplementary pensions or the attribution of any compensation in the event of the early retirement of its Directors, without prejudice to the matter referred to in the following paragraph.

The monthly fixed remuneration 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).

5.4.4 Disclosure of remuneration

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 2020 by the Company to the **members of the Board of Directors and Audit Committee**:

Member	Position	Amounts		
		Fixed Remuneration ⁽¹⁾	AVR 2019 ⁽²⁾	Total
João Afonso Ramalho Sopas Pereira Bento	Chief Executive Officer (CEO)	542,131.79 €	0.00 €	542,131.79 €
António Pedro Ferreira Vaz da Silva	Executive Director	391,576.30 €	0.00 €	391,576.30 €
Guy Patrick Guimarães de Goyri Pacheco	Executive Director (CFO)	420,747.34 €	0.00 €	420,747.34 €
João Carlos Ventura Sousa	Executive Director	391,576.30 €	0.00 €	391,576.30 €
João Miguel Gaspar da Silva ⁽³⁾	Executive Director	414,587.70 €	0.00 €	414,587.70 €
Francisco Maria da Costa de Sousa de Macedo Simão ⁽⁴⁾	Executive Director	4,537.86 €	0.00 €	4,537.86 €
Total remuneration of the Executive Committee		2,165,157.29 €	0.00 €	2,165,157.29 €

Member	Position	Amounts ⁽⁵⁾
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia ⁽⁶⁾	Non-executive Director and Chairwoman of the Audit Committee	85,574.97 €
Steven Duncan Wood ^{(6) (7)}	Non-executive Director and Member of the Audit Committee	0.00 €
María del Carmen Gil Marín	Non-executive Director and Member of the Audit Committee	50,416.64 €
Nuno de Carvalho Fernandes Thomaz ⁽⁸⁾	Non-Executive Director, Member of the Audit Committee and Chairman of a Committee other than the Audit Committee	21,072.92 €
Maria Belén Amatriain Corbi ⁽⁸⁾	Non-executive Director and Member of the Audit Committee	21,072.92 €
Total remuneration of the Audit Committee		178,137.45 €
Raul Catarino Galamba de Oliveira	Chairman of the Board of Directors and Chairman and Member of Committees other than the Audit Committee	199,986.11 €
Duarte Palma Leal Champalimaud ⁽⁶⁾	Non-executive Director and Member of a Committee other than the Audit Committee	61,804.21 €
Isabel Maria Pereira Aníbal Vaz	Non-executive Director and Member of a Committee other than the Audit Committee	43,694.46 €
João Eduardo Moura da Silva Freixa ⁽⁹⁾	Non-executive Director	33,611.03 €
Jürgen Schröder	Non-executive Director	33,611.03 €
Margarida Maria Correia de Barros Couto ⁽¹⁰⁾	Non-executive Director and Chairwoman of a Committee other than the Audit Committee	45,416.62 €
Susanne Ruoff	Non-executive Director	33,611.03 €
António Sarmento Gomes Mota ⁽¹¹⁾	Chairman of the Board of Directors and of Committees other than the Audit Committee	86,770.84 €
José Manuel Baptista Fino ⁽⁸⁾	Non-executive Director and Member of a Committee other than the Audit Committee	18,263.20 €
Céline Dora Judith Abecassis-Moedas ⁽⁸⁾	Non-executive Director and Member of a Committee other than the Audit Committee	18,263.20 €
Rafael Caldeira de Castel-Branco Valverde ^{(6) (8)}	Non-executive Director and Member of Committees other than the Audit Committee	18,263.20 €
Total remuneration of the non-executive Directors who are not members of the Audit Committee		593,294.93 €
Total remuneration of the non-executive Directors		771,432.38 €
Total remuneration of the Board of Directors and of the Audit Committee members		2,936,589.67 €

⁽¹⁾ Amount of the fixed remuneration of the executive Directors in proportion to the time they performed duties in 2020. This amount includes: (i) the annual base remuneration ("ABR"), (ii) the annual meals allowance (€9.01 per business day of each month, 12 times a year), and (iii) the fixed amount paid annually allocated to the retirement savings plan corresponding to 10% of the ABR. Since April 2020, the ABR decreased compared to the amount defined in the remuneration policy approved for the 2017/2019 term of office (which remained in force in 2020 due to a resolution of the Remuneration Committee referred to in point 69 above), following the waiver of part of the ABR, corresponding to 15% in the case of the Chief Executive Officer, and 10% for the remaining executive Directors.

⁽²⁾ Although the result of the assessment for the 2019 financial year is the awarding of an AVR to the executive directors, the payment has not yet been made.

⁽³⁾ Co-opted to perform the duties of executive Director by resolution of the Board of Directors taken at its meeting of 18/12/2019, taking effect on 06/01/2020. The amount of fixed remuneration disclosed includes the amount of €27,675.00 paid as extraordinary performance bonus for the financial year 2019 as Chief Operating Officer, a position he held until his co-option took effect.

⁽⁴⁾ Tendered his resignation to the position of Executive Director which took effect on 06/01/2020, as communicated to the market in a press release of 18/12/2019.

⁽⁵⁾ Amount of the fixed remuneration of the non-executive Directors in proportion to the time they performed duties in 2020. Non-executive directors do not earn any variable remuneration. The ABR earned by the Chairman of the Board of Directors since April 2020 decreased by 15% relative to the amount defined in the remuneration policy approved for the 2017/2019 term of office (which remained in force in 2020 due to a resolution of the Remuneration Committee referred to in point 69 above), following the waiver of part of the ABR. The Chairman of the Board of Directors did not use the right to use a vehicle (including fuel and tolls) after 29 April 2020.

⁽⁶⁾ She/he was also a member of a Committee other than the Audit Committee until 29/04/2020, the date on which the elective annual General Meeting was held, and the remuneration relating to these functions is included in the disclosed remuneration.

⁽⁷⁾ Re-elected to the position of non-executive Director and Member of the Audit Committee at the General Meeting of 29/04/2020, having waived the payment of remuneration for the 2020/2022 term of office.

⁽⁸⁾ Left office on 29/04/2020.

⁽⁹⁾ Tendered his resignation as a non-executive Director, which took effect as provided by law on 31/01/2021, as communicated to the market in a press release of 10/12/2020.

⁽¹⁰⁾ She was appointed Chairman of the Ethics Committee (a Committee different from the Audit Committee) by resolution of the Board of Directors taken at its meeting of 14/07/2020.

⁽¹¹⁾ Left office on 29/04/2020. The ABR earned by the Chairman of the Board of Directors between 01/01/2020 and 28/04/2020, decreased by 25% in relation to the amount defined in the remuneration policy approved for the 2017/2019 term of office (which remained in force in 2020 by virtue of a resolution of a Remuneration Committee referred to in point 69 above), following the waiver of part of the ABR.

According to the remuneration policy proposal to be submitted by the Remuneration Committee to the General Meeting of Shareholders to be held on 21 April 2021 and subject to its approval (as well as the corresponding authorization for the acquisition of own shares by the Company contained in the proposal for that purpose to be submitted by the Board of Directors to the General Shareholders' Meeting), the LTVR

model for the 2020/2022 term of office is based on the participation of executive directors in a share option plan representing CTT's share capital. Under said plan, the following options on CTT shares are granted to the executive Directors who adhere to the plan, the date of attribution corresponding to the date of the plan's approval at the General Shareholders' Meeting and exercise date of 1 January 2023 (taking into account the term of office and as detailed in point 74 above):

Tranche	Number of options per participant		
	João Afonso Ramalho Sopas Pereira Bento	Guy Patrick Guimarães de Goyri Pacheco	António Pedro Ferreira Vaz da Silva João Carlos Ventura Sousa João Miguel Gaspar da Silva
1	700,000	400,000	300,000
2	700,000	400,000	300,000
3	700,000	400,000	300,000
4	700,000	400,000	300,000
5	700,000	400,000	300,000

In 2020, there was no deviation from the application of or derogation from the remuneration policy applicable to members of the management and supervisory bodies in the term of office ending in 2019, in force until the approval of a new remuneration policy for the current term of office. Section 5 of this Report presents the remuneration policy applied in 2020 and the terms of the new remuneration policy to come into force in accordance with the proposal of the Remuneration Committee subject to approval by the General Meeting to be held on 21 April 2021.

As described throughout this section 5 of the Report, the **remuneration policy proposal for the 2020/2022 term of office to be submitted to the next Annual General Meeting is aimed at promoting** continuous alignment with best practice in ESG matters, taking specifically into account:

- The **economic and financial situation of the Company** and its structure and size;
- The promotion of the alignment of management interests with CTT's current strategic goals and with the pursuit of the Company's **long-term sustainability** and the sustainable development of its businesses, including in terms of environmental sustainability;

- Consideration for the management of the interests of the Company's various **stakeholders**, in particular the interests of employees (promoting measures towards a better balance of remuneration conditions for employees and members of the corporate bodies) and the interests of shareholders (contributing to the creation of value for shareholders).

Members	Date of 1 st appointment ⁽¹⁾	Position ⁽²⁾	Fixed Remu- neration ⁽³⁾ 2020 vs 2019	Fixed Remu- neration ⁽³⁾ 2019 vs 2018	Fixed Remu- neration ⁽³⁾ 2018 vs 2017	AVR ^{(3) (5)} 2020 vs 2019	AVR ^{(3) (4)} 2019 vs 2018	AVR ^{(3) (4)} 2018 vs 2017
João Afonso Ramalho Sopas Pereira Bento ⁽⁶⁾	20/04/2017	Chairman of the Executive Com- mittee	61.80% ⁽⁶⁾	506.44% ⁽⁶⁾	21.49%	---	---	---
António Pedro Ferreira Vaz da Silva	20/04/2017	Executive Director	-4.32%	8.80%	21.64%	---	---	---
Guy Patrick Gui- marães de Goyri Pacheco ⁽⁷⁾	19/12/2017	Executive Director	-4.33%	5.61%	--- ⁽⁷⁾	---	---	---
João Carlos Ven- tura Sousa ⁽⁸⁾	18/09/2019	Executive Director	4.00%	n.a.	n.a.	---	n.a.	n.a.
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	20/04/2017	Non-executive Director Chairman of the Audit Com- mittee	2.79%	8.82%	21.81%	n.a.	n.a.	n.a.
Steven Duncan Wood ⁽⁹⁾	23/04/2019	Non-executive Director and member of the Audit Committee	---	n.a.	n.a.	n.a.	n.a.	n.a.
Duarte Palma Leal Champali- maud ⁽¹⁰⁾	19/06/2019	Non-Executive Director	5.00%	n.a.	n.a.	n.a.	n.a.	n.a.

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

⁽²⁾ Current position in CTT.

⁽³⁾ Fixed remuneration includes annual base remuneration, the amount of the annual meal allowance and the fixed amount paid annually allocated to the retirement savings plan and its partial reduction following the waiver by the executive Directors. The variable remuneration only considers AVR, as there was no LTVR in that period.

⁽⁴⁾ The executive Directors waived their annual variable remuneration for 2017 and 2018, and for this reason and regardless of the result of the assessment conducted relative to 2017 and 2018, no AVR was paid in 2018 and 2019.

⁽⁵⁾ Although the result of the assessment for the 2019 financial year is the awarding of an AVR to the executive directors, the payment has not yet been made and no amount relative thereto has been paid in 2020.

⁽⁶⁾ 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, reflecting the annual percentage variation between 2018 and 2019, the calculation in relation to the remuneration earned as a non-executive member and subsequently as Chief Executive Officer.

⁽⁷⁾ Considering that the Director only took office on 19/12/2017, the remuneration earned between that day and 31/12/2017 was not considered for the purposes of calculating the annual variation between 2017 and 2018.

⁽⁸⁾ Co-opted by resolution of the Board of Directors dated 03/09/2019 effective as of 18/09/2019, reflecting the annual variation between 2019 and 2020, the calculation with respect to the remuneration earned in 2019 as of the effective date of his co-option.

⁽⁹⁾ Co-opted by resolution of the Board of Directors dated 19/06/2019, reflecting the annual variation between 2019 and 2020, the calculation with respect to the remuneration earned in 2019 as of the effective date of his co-option.

⁽¹⁰⁾ Director with no remuneration.

The table below shows the annual percentage variation of the following economic and financial indicators of CTT (on a consolidated basis) between 2017 and 2020:

Performance indicators	2020 vs 2019	2019 vs 2018	2018 vs 2017
Revenues	0.7%	4.6%	0.4%
Operating costs ⁽¹⁾	2.5%	3.4%	1.6%
Net profit for the year attributable to shareholders of CTT	-42.9%	35.8%	-28.0%

⁽¹⁾ Excluding depreciation / amortization, impairments and provisions, the impact of IFRS 16 and specific items.

In turn, the table below shows the annual variation between 2017 and 2020 of the average remuneration of full-time employees of the CTT Group, excluding members of the management and supervisory bodies, by professional category:

Employees ⁽¹⁾	2020 vs 2019 ^{(2) (3)}	2019 vs 2018 ⁽²⁾	2018 vs 2017 ⁽²⁾
Senior and middle management	-0.7%	0.6%	0.4%
Counter service	-0.2%	0.4%	1.5%
Delivery	-0.7%	1.6%	0.8%
Other	1.4%	1.5%	-0.4%
Total	-0.2%	0.7%	0.2%

⁽¹⁾ Excluding the employees of 321 Crédito, CTT Expresso (Sucursal en España / branch in Spain) and Correio Expresso de Moçambique (CORRE).

⁽²⁾ For comparison purposes, the following criteria were taken into account: (a) Number of employees according to headcount reported at year end and (b) base remuneration.

⁽³⁾ In 2020, the number of employees under Suspension Agreements was not accounted for, due to a methodological option, and there were no wage increases resulting from collective bargaining, without prejudice to those resulting from career progression provided for in the Company Agreement, which has an impact, in terms of value, on the variation disclosed. The higher number of fixed-term contract employees, with lower salaries, exits due to termination of employment contracts by mutual agreement, employment contract suspension agreements and natural exits due to retirement and other reasons, with higher salaries, in 2020, also had an impact in terms of value, on the variation disclosed.

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 2020, 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

The Executive Director João Miguel Gaspar da Silva received in 2020, as an extraordinary bonus for 2019, attributed for the performance of his duties as **CTT’s Head of Operations**, the amount of € 27.675,00. It should be noted in this regard that João Miguel Gaspar da Silva was CTT’s Head of Operations from 14 May 2018 to 6 January 2020, when his co-optation, resolved on 18 December 2019 by CTT’s Board of Directors, took effect.

In addition to the above, no other 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

Notwithstanding the fact that the executive Director, Francisco Maria da Costa de Sousa de Macedo Simão, tendered his resignation on 18 December 2019, as communicated to the market on that date, which took effect on 6 January 2020, no compensation was paid or is owed to him by CTT regarding said termination of office.

It is foreseen in the remuneration policy approved by CTT’s Remuneration Committee for the 2017/2019 term of office, and which remained in force until the approval of a new remuneration policy by virtue of the resolution of the Remuneration Committee referred to in section 69 above, as well as in the remuneration policy proposal for the current term of office to be submitted by the Remuneration Committee to the next Annual General Meeting, that in the event of the termination of duties of the members of the Board of Directors, the **legally established compensatory rules** shall be applicable.

Reference is also made to points 72 above and 83 below, which set out the **consequences of early termination of duties for the AVR and LTVR** and the statutory compensation rules.

81. Details of the annual remuneration paid, as a whole and individually, to the members of the company’s supervisory board for the purposes of Law No. 28/2009 of 19 June

See point 77 of Part I above with respect to the members of the Audit Committee.

82. Details of the remuneration in said year of the Chairman of the Presiding Board to the General Meeting

In view of the death of the Chairman of the Board of the General Meeting elected for the 2017/2019 term of office, Julio de Lemos de Castro Caldas, on 4 January 2020, the Annual General Meeting held on 29 April 2020 was initially conducted by its Vice-Chairman at the time, Francisco Maria Freitas de Moraes Sarmento Ramalho, after the election of the new members of the Board of the General Meeting for the 2020/2022 term of office, the first item on the agenda, to be led by Pedro Miguel Duarte Rebelo de Sousa, assisted by Teresa Sapiro Anselmo Vaz Fer-

reira Soares, elected, respectively, to the positions of Chairman and Vice-Chairman of the Board of the General Meeting.

Thus, during the 2020 financial year, only the members of the Board of the Shareholders' General Meeting elected on 29 April 2020 were remunerated for the office held, with the Chairman receiving ten thousand euros and the Vice-Chairman of the Board of the Shareholders' General Meeting receiving four thousand euros.

5.4.5 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** approved by CTT's Remuneration Committee for the 2017/2019 term of office and which remained in force until the approval of a new remuneration policy by virtue of the resolution of the Remuneration Committee referred to in section 69 above, as well as the remuneration policy proposal for the current term of office to be submitted by the Remuneration Committee to the next Annual General Meeting, in the event of termination of office of the members of the Board of Directors, the **legally established compensatory rules** shall apply.

- The compensation by law to members of the Board of Directors (including executive Directors), in the event of their dismissal without just cause, corresponds to the indemnity for damages suffered thereby, as prescribed by law and may not exceed the remuneration that the Board member would presumably receive until the end of the period for which he/she was elected.

Thus, considering the absence of individual agreements in this area and the terms of the remuneration policy in the event of a dismissal that does not arise from a serious breach of duty nor from the inability to carry out duties normally, but that is nonetheless due to inadequate performance, the Company will only be obliged to pay compensation as prescribed by law.

In turn, according to the remuneration policy proposal for the term of office underway and the options plan provided for therein to be submitted by the Remuneration Committee to the next

Annual General Meeting (which is also subject to approval by the participants), the early termination of duties determines the following **consequences in relation to the allocation and payment of the VR** to the executive Directors:

- If an executive Director leaves for any motive, with the exception of dismissal on fair grounds or any other situation which leads to the application of an adjustment mechanism (as described above), after the assessment period, but before the payment of the **AVR**, its entire payment will take place to the extent corresponding to that period;
- The payment of the **AVR** relative to an assessment period in which termination of duties occurs shall not be due, nor the settlement of the LTVR under the above mentioned option 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 plan.

In view of the **consequences of the early termination of duties described above**, the Company is considering complying with **Recommendation V.2.3. of the IPCG Code**, since the maximum amount of compensation to be paid as a result of such termination will result from the application by the Remuneration Committee (with the support of the Corporate Governance, Evaluation and Nominating Committee) of the abovementioned legal criteria and other criteria established in the abovementioned internal regulations for the situations handled therein.

84. Reference to the existence and description, with details of the sums involved, of agreements between the company and members of the board of directors and managers, pursuant to Article 248-B/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 245-A(1)(l))

On this issue, it should be noted that CTT's Board of Directors considers that the Company's directors, in acceptance of articles 248-B of the Portuguese Securities Code and of the EU Regula-

tion, correspond only to the members of the management and supervisory bodies of CTT.

Accordingly, during 2020, **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.

5.4.6 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 proposal to be submitted by the Remuneration Committee for approval at the next Annual General Meeting, it is intended that the LTVR is based on the executive Directors' participation in a stock option plan for the grant of shares representing CTT's share capital.

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 stock option plan included in the remuneration policy proposal to be submitted by the Remuneration Committee for approval at the next Annual General Meeting, including the respective attribution conditions, 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

No stock option plan for the acquisition of CTT shares benefiting the Company's employees and staff was or is in force in 2020.

88. Control mechanisms provided for in any employees share ownership scheme in as much as voting rights are not directly exercised by those employees

There were no systems of participation of the workers in the capital in force at CTT during 2020 and there are none currently in force.

5.5 TRANSACTIONS WITH RELATED PARTIES

5.5.1 Control mechanisms and procedures

89. Control mechanisms and procedures 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**.

Following the amendments introduced to the Portuguese Securities Code by Law 50/2020, of 25 August, as well as the new Recommendations of the 2018 IPCG Code, amended in 2020, regarding these matters, a new version of the **Regulation on Assessment and Control of Transactions with Related Parties and Prevention of Conflict of Interest** was approved on 21 December 2020 by the Board of Directors, with the prior favorable opinion of the Audit Committee, which is published on CTT's website, at www.ctt.pt ("Group CTT"/"About Us"/"Corporate Governance"/"Articles of Association and Regulations").

Under the new Regulation, the following are considered "Related Parties":

- Any Shareholder with at least 2% of CTT's share capital, whether directly or indirectly, pursuant to article 20 of the Portuguese Securities Code

- Members of CTT's management and supervisory bodies and any officers who, although not members of these corporate bodies are so classified under the referenced Regulation;
- Members of the management bodies of CTT subsidiaries;
- Any third-party entity that is related to any of the persons identified in the previous three points through relevant business or personal interest;
- Subsidiaries, associated companies and jointly controlled entities (joint ventures) of CTT.

According to that Regulation, "Transactions with Related Parties" (i.e. all legal transactions or acts resulting in a transfer of resources, services or obligations, regardless of whether a price is charged, between, on the one hand, CTT and/or subsidiaries and, on the other hand, a related party) shall adhere to the following principles:

- They must always be formalized in writing, specifying their terms and conditions;
- They shall be carried out (i) in accordance with the legislation in force, in particular in full respect of the interests of the Company and its subsidiaries, as applicable (ii) ensuring the fair/ equitable and reasonable character of the transaction from the point of view of the Company and shareholders who are not related parties (including minority shareholders) and (iii) within the current activity and under market conditions, as defined in the regulation, unless it is demonstrated that the transaction that does not comply with these requirements is suitable for the interests of the Company and subsidiary companies and the fair/ equitable and reasonable character mentioned above, and cumulatively the transaction is approved by the Board of Directors, with prior opinion of the Audit Committee;
- The following should be clearly and accurately disclosed (i) relevant transactions, i.e. whose value is equal to or exceeds 2.5% of CTT's consolidated assets according to the latest audited financial information approved by CTT's corporate bodies (calculated in relation to a single transaction or to the set of transactions carried out during any 12-month period or during the same financial year with the same related party), and that, cumulatively, have not been carried out within the scope of the current activity and/or under market conditions, (ii) and most Transactions with Related Parties, in the notes to the Company's financial statements, with sufficient details to identify the "Related Party" and the essential conditions related to the transactions;

- Loans and guarantees to "Related Parties" are expressly prohibited, except to subsidiaries, associated companies or jointly controlled entities (joint ventures);
- "Significant Transactions", i.e., of an amount greater than €1,000,000 relating to a single business or to a series of business transactions carried out during any 12-month period or during the same financial year with the same related party, and those intended to be carried out outside the scope of the current activity and/or outside market conditions, must be subject to a "prior opinion" by the supervisory body, unless they are exempt transactions under the terms of the Regulation (i.e. transactions entered into between CTT and a subsidiary that is in a controlling relationship with CTT and in which no related party has interests and transactions proposed to all CTT shareholders under the same terms, where the equal treatment of all shareholders and the protection of CTT's interests are ensured);
- Similarly, transactions to be carried out by CTT Directors and/or subsidiaries (directly or through an intermediary) with the company and/or subsidiaries shall be subject to a "prior favorable opinion" by the supervisory body and are subject to prior authorization from the Board of Directors, except when they are included in the actual trade of the company in question and no special advantage is granted to the director directly or through an intermediary;
- All "Transactions with Related Parties" not subject to a "prior opinion" from the Audit Committee are subject to subsequent appreciation by this body.

See point 91 of Part I below on the prior and subsequent mechanisms for the Audit Committee to control transactions with related parties.

90. Details of transactions that were subject to control in the referred year

According to the internal control procedures implemented and for the purposes of the provisions of article 66(5)(e) and article 397 of the Companies Code, in the financial year of 2020, the hiring of GLNPLAST, S.A., a company wholly owned by GLN - Engineering, Molding and Plastics, S.A., was authorized by resolution of the Board of Directors of 28 April 2020, and with the prior favorable opinion of the Audit Committee, which in turn is held by Manuel Champalimaud SGPS, S.A., a party related to CTT's non-executive director Duarte Palma Leal Champalimaud, for the provision of personal protective equipment (visors) supply services, under the procedures described in the Regulation on Assessment and Control of Transactions with Related Parties and Prevention of Conflicts of Interest in force on the date of the said transaction.

In addition, transactions were subject to **control by the said body** subsequently, almost all of which correspond to services directly and indirectly related to the postal activity.

For further details on Transactions with Related Parties, see Note 50 - Related Parties to the consolidated and individual financial statements in chapter 7 (see pages 344 to 347) of this Report.

91. Procedures and criteria applicable to the supervisory body when same provides preliminary assessment of the business deals to be carried out between the company and the holders of qualifying holdings

According to the Regulation for Assessment and Control of Transactions with Related Parties and Prevention of Conflicts of Interest, the following are submitted by the Executive Committee to the **prior opinion of the Audit Committee**:

- "Significant Transactions", i.e., transactions of an amount exceeding €1,000,000 related to a single transaction or to a set of transactions carried out during any 12-month period or during the same financial year with the same related party, and those intended to be carried out outside the scope of the current activity and/or outside market conditions, unless they are exempted transactions under the Regulation (i.e. transactions entered into between CTT and a subsidiary that is in a control relationship with CTT and in which no related party has an interest and transactions proposed to all CTT shareholders under the same terms, where the equal treatment of all shareholders and the protection of CTT's interests are ensured); and
- Transactions to be entered into between, on the one hand, members of the management bodies of CTT and/or subsidiaries (directly or through an intermediary) and, on the other hand, CTT and/or subsidiaries, pursuant to and for the purposes of the provisions of articles 397 and 423-H of the PCC, except when they are included in the actual trade of the company in question and no special advantage is granted to the director directly or through an intermediary.

In this context, the Audit Committee analyzes, 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 January, according to whether the transaction occurred in the 1st or 2nd semester of the year.

5.5.2 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 50 to the consolidated and individual financial statements in chapter 7 (see pages 344 to 347) 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 article 2(1) of CMVM Regulation No. 4/2013, CTT has adopted the Corporate Governance Code of the Portuguese Institute of Corporate Governance (“IPCG Code”) of 2018, revised in 2020, which can be consulted at www.cgov.pt.

2. Analysis of compliance with the adopted corporate governance code

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 – Corporate Governance
I. General Provisions			
General principle	Corporate Governance should promote and enhance the performance of companies, as well as of the capital markets, and strengthen the trust of investors, employees and the general public in the quality and transparency of management and supervision, as well as in the sustained development of the companies.		
I.1. Company’s relationship with investors and disclosure			
Principle	Companies, in particular its directors, should treat shareholders and other investors equitably, namely by ensuring mechanisms and procedures are in place for the suitable management and disclosure of information.		
I.1.1.	The Company should establish mechanisms to ensure, in a suitable and rigorous form, the production, management and timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the markets in general.	Adopted	18, 21, 35, 38, 55, 56 to 63 (see chapters 10. Investor Support and 11. Website, pages 390 to 399 of this Integrated Report)
I.2.Diversity in the composition and functioning of the company’s governing bodies			
Principle I.2.A.	Companies ensure diversity in the composition of their governing bodies, and the adoption of requirements based on individual merit, in the appointment procedures that are exclusively within the powers of the shareholders.		
Principle I.2.B.	Companies should be provided with clear and transparent decision structures and ensure a maximum effectiveness of the functioning of their governing bodies and commissions.		
Principle I.2.C.	Companies ensure that the functioning of their bodies and committees is duly recorded, namely in minutes, to allow an understanding not only of the meaning of the decisions taken, but also of their grounds and the opinions expressed by their members.		
I.2.1.	Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable for the roles to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with particular attention to gender diversity, which may contribute to a better performance of the governing body and to the balance of its composition.	Adopted	16, 18, 19, 26 and 33

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 – Corporate Governance
I.2.2.	The company’s managing and supervisory boards, as well as their committees, should have internal regulations — namely regulating the performance of their duties, their Chairmanship, periodicity of meetings, their functioning and the duties of their members —, disclosed in full on the Company’s website. Minutes of the meetings of each of these bodies should be drawn out. I.2.2.(1) The Board of Directors should have internal regulations – namely regulating the performance of their duties, their chairmanship, periodicity of meetings, their functioning and the duties of their members —, disclosed in full on the Company’s website. I.2.2.(2) Idem with regard to the supervisory body. I.2.2(3) Idem with regard to the internal committees. I.2.2.(4) Minutes of all meetings of the management body should be drawn out. I.2.2.(5) Idem with regard to the supervisory body. I.2.2(6) Idem with regard to internal committees.	I.2.2.(1) Adopted I.2.2.(2) Adopted I.2.2.(3) Adopted I.2.2.(4) Adopted I.2.2.(5) Adopted I.2.2.(6) Adopted	21, 21, 22, 23, 27, 29, 34, 35 and chapter 11. Website (pages 396 to 399 of this Integrated Report)
I.2.3.	The composition and the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company’s website. I.2.3.(1) The composition and the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company’s website. I.2.3.(2) The number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company’s website.	I.2.3.(1) Adopted I.2.3.(2) Adopted	21, 23, 29, 35 and 61 (see point 61 chapter 11. Website pages 396 to 399 of this Integrated Report)
I.2.4.	A policy for the communication of irregularities (whistleblowing) should be adopted that guarantees the suitable means of communication and treatment of those irregularities with the safeguarding the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality is requested.	Adopted	49
I.3. Relationships between the company bodies			
Principle	Members of the company’s boards, especially directors, should create, considering the duties of each of the boards, the appropriate conditions to ensure balanced and efficient measures to allow for the different governing bodies of the company to act in a harmonious and coordinated way, in possession of the suitable amount of information in order to carry out their respective duties.		
I.3.1.	The bylaws, or other equivalent means adopted by the company should establish mechanisms that, within the limits of applicable laws, permanently ensure the members of the managing and supervisory boards are provided with access to all the information and company’s collaborators, in order to appraise the performance, current situation and perspectives for further developments of the company, namely including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the managing board, without impairing the access to any other documents or people that may be requested for information.	Adopted	18 and 21

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 – Corporate Governance
I.3.2.	Each of the company's boards and committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the bylaws, of each of the remaining boards and committees.	Adopted	18 and 21
I.4. Conflicts of interest			
Principle	The existence of current or potential conflicts of interest between members of the company's bodies or committees and the company, should be prevented. The non-interference of the member in conflict in the decision process should be guaranteed.		
I.4.1.	The members of the managing and supervisory boards and the internal committees are bounded, by internal regulation or equivalent, to inform the respective board or committee whenever there are facts that may constitute or give rise to a conflict between their interests and the company's interest	Adopted	21
I.4.2.	Procedures should be adopted to guarantee that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request.	Adopted	21
I.5. Related party transactions			
Principle	Due to the potential risks that they may hold, transactions with related parties should be justified by the interest of the company and carried out under market conditions, subject to principles of transparency and adequate supervision		
I.5.1.	The managing body should disclose, in the corporate governance report or by other means publicly available, the internal procedure for verifying transactions with related parties.	Adopted	38, 89 and 91
I.5.2.	The managing body should report to the supervisory body the results of the internal procedure for verifying transactions with related parties, including transactions under analysis, at least every six months.	n.a.	91
II. Shareholders and general meetings			
Principle II.A.	As an instrument for the efficient functioning of the company and the fulfilment of the corporate purpose of the company, the suitable involvement of the shareholders in matters of corporate governance is a positive factor for the company's governance.		
Principle II.B.	The company should stimulate the personal participation of shareholders in general meetings, which is a space for communication by the shareholders with the company's boards and committees and also for reflection about the company itself.		
Principle II.C.	The company should implement adequate means for participation and remote voting by shareholders in meetings.		
II.1.	The company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote. II.1.(1) The company should not set an excessively high number of shares to confer voting rights,	II.1.(1) Adopted II.1.(2) n.a.	12
II.2.	II.1.(2) and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote. The company should not adopt mechanisms that make decision making by its shareholders (resolutions) more difficult, specifically, by setting a quorum higher than that established by law	Adopted	14

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 – Corporate Governance
II.3.	The company should implement adequate means for the remote participation by shareholders in the general meeting, which should be proportionate to its size.	Adopted	12
II.4.	The company should also implement adequate means for the exercise of remote voting, including by correspondence and electronic means.	Adopted	12
II.5.	The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution — without increased quorum in comparison to the legally established — and in that resolution, all votes cast will be counted without observation of the imposed limits.	n.a.	5 and 13
II.6.	The company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body	Adopted	4
III. Non-executive management, monitoring and supervision			
Principle III.A.	The members of corporate bodies who possess non-executive management duties or monitoring and supervisory duties should, in an effective and judicious manner, carry out monitoring duties and incentivize executive management for the full accomplishment of the corporate purpose, and such performance should be complemented by committees for areas that are central to corporate governance.		
Principle III.B.	The composition of the supervisory body and the non-executive directors should provide the company with a balanced and suitable diversity of skills, knowledge, and professional experience.		
Principle III.C.	The supervisory body should carry out a permanent oversight of the company's managing body, also in a preventive perspective, following the company's activity and, in particular, the decisions of fundamental importance.		
III.1.	Without prejudice to the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator (lead independent director), from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1..	n.a.	17 and 18 and 21.1

Recomendações constantes do Código IPCG	Comply or explain	Pontos do Capítulo 5 – Governo Societário
<p>III.2. The number of non-executive members in the management body, as well as the number of the members of the supervisory body and the number of the members of the committee for financial matters should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed. The formation of such suitability judgment should be included in the corporate governance report.</p> <p>III.2.(1) The number of non-executive members in the management body should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed. The formation of such suitability judgment should be included in the corporate governance report.</p> <p>III.2.(2) Idem with regard to the supervisory body.</p> <p>III.2.(3) Idem with regard to the number of committee members for financial matters.</p>	<p>III.2.(1) Adopted III.2.(2) Adopted III.2.(3) n.a.</p>	<p>15, 17, 18 and 31</p>
<p>III.3. In any case, the number of non-executive directors should be higher than the number of executive directors.</p>	<p>Adopted</p>	<p>17 and 18</p>
<p>III.4. Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to:</p> <p>i. Having carried out functions in any of the company's bodies for more than twelve years, either on a consecutive or non-consecutive basis;</p> <p>ii. Having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years;</p> <p>iii. Having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person;</p> <p>iv. Having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties;</p> <p>v. Having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings;</p> <p>vi. Having been a qualified holder or representative of a shareholder of qualifying holding.</p>	<p>Adopted ¹</p>	<p>17, 18, 19, 20 and 78</p>
<p>III.5. The provisions of paragraph (i) of recommendation III.4 do not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company's bodies and the new appointment, a period of 3 years has elapsed (cooling-off period).</p>	<p>n.a.</p>	<p>17 and 18</p>

Recommendations of the IPCG Code	Comply or explain	Points of Chapter 5 – Corporate Governance
<p>III.6. The supervisory body, in observance of the powers conferred to it by law, should assess and give its opinion on the strategic lines and the risk policy prior to its final approval by the management body.</p> <p>III.6.(1) The supervisory body, in observance of the powers conferred to it by law, should assess and give its opinion on the strategic lines and the risk policy prior to its final approval by the management body.</p> <p>III.6.(2) Idem with regard to the risk policy.</p>	<p>III.6.(1) Adopted III.6.(2) Adopted</p>	<p>38</p>
<p>III.7. Companies should have specialized committees, separately or cumulatively, on matters related to corporate governance, appointments and performance assessment. In the event that the remuneration committee provided for in article 399 of the Commercial Companies Code has been created and should this not be prohibited by law, this recommendation may be fulfilled by conferring competence on such committee in the aforementioned matters.</p> <p>III.7.(1) Companies should have a committee specialized in matters of corporate governance.</p> <p>III.7.(2) Idem with regard to matters of appointments.</p> <p>III.7.(3) Idem with regard to the matter of performance assessment.</p>	<p>III.7.(1) Adopted III.7.(2) Adopted III.7.(3) Adopted</p>	<p>21 and 29</p>

IV. Executive management

Principle IV.A.	As way of increasing the efficiency and the quality of the managing body's performance and the suitable flow of information in the board, the daily management of the company should be carried out by directors with qualifications, powers and experience suitable for the role. The executive board is responsible for the management of the company, pursuing the company's objectives and aiming to contribute towards the company's sustainable development.		
Principle IV.B.	In determining the number of executive directors, it should be taken into account, besides the costs and the desirable agility in the functioning of the executive board, the size of the company, the complexity of its activity, and its geographical spread.		
IV.1.	The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors applicable to their performance of executive functions in entities outside of the group.	Adopted	26
IV.2.	The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards: (i) the definition of the strategy and main policies of the company; (ii) the organization and coordination of the business structure; (iii) matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.		
	IV.2.(1) The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards: (i) the definition of the strategy and main policies of the company;	IV.2.(1) Adopted IV.2.(2) Adopted IV.2.(3) Adopted	21
	IV.2.(2) (ii) the organization and coordination of the business structure;		
	IV.2.(3) (iii) matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.		

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 – Corporate Governance
IV.3.	In the annual report, the managing body explains in what terms the strategy and main policies defined seek to ensure the long-term success of the company and which the main contributions are resulting therein for the community at large.	Adopted	Chapter 2.2 Strategic lines (pages 50 and 51) of this Integrated Report)
V. Evaluation of performance, remuneration and appointment			
V.1. Annual evaluation of performance			
Principle	The company should promote the assessment of performance of the executive body and of its members individually, and also the assessment of the overall performance of the managing body and its specialized committees.		
V.1.1.	The managing body should annually evaluate its performance as well as the performance of its committees and executive directors, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.		
	V.1.1.(1) The managing body should annually evaluate its performance, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.	V.1.1.(1) Adopted V.1.1.(2) Adopted V.1.1.(3) Adopted	21, 24, 29, 66, 70 and 71
	V.1.1.(2) Idem with regard to the managing body's committees.		
	V.1.1.(3) Idem with regard to the performance of the executive directors.		
V.2. Remuneration			
Principle V.2.A.	The remuneration policy of the members of the managing and supervisory boards should allow the company to attract qualified professionals at an economically justifiable cost in relation to its financial situation, induce the alignment of the member's interests with those of the company's shareholders — taking into account the wealth effectively created by the company, its financial situation and the market's — and constitute a factor of development of a culture of professionalization, promotion of merit and transparency within the company.		
Principle V.2.B.	Directors should receive compensation: i) that suitably remunerates the responsibility taken, the availability and competence placed at the service of the company; ii) that guarantees a performance aligned with the long-term interests of the shareholders and promotes the sustainable performance of the company; and iii) that rewards performance.		
V.2.1.	The company should create a remuneration committee, the composition of which should ensure its independence from the management, which may be the remuneration committee appointed under the terms of article 399 of the Commercial Companies Code.	Adopted	15, 21, 24, 66 and 67
V.2.2.	The remuneration should be set by the remuneration committee or the general meeting, on a proposal from that committee.	Adopted	15, 21, 24, 66 and 67
V.2.3.	For each term of office, the remuneration committee or the general meeting, on a proposal from that committee, should also approve the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office. The said situation as well as the amounts should be disclosed in the corporate governance report or in the remuneration report.	Adopted	83

Recommendations of the IPCG Code		Comply or explain	Points of Chapter 5 – Corporate Governance
V.2.4.	In order to provide information or clarifications to shareholders, the chair or, in case of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees or, if such presence has been requested by the shareholders.	Adopted	67 and 69
V.2.5.	Within the company's budgetary limitations, the remuneration committee should be able to freely decide on the hiring, by the company, of necessary or convenient consulting services to carry out the committee's duties.	Adopted	67
V.2.6.	The remuneration committee should ensure that the services are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express authorization of the committee.	Adopted	67
V.2.7.	Taking into account the alignment of interests between the company and the executive directors, a part of their remuneration should be of a variable nature, reflecting the sustained performance of the company and not stimulating the assumption of excessive risks.	Adopted	69, 70, 71 and 72
V.2.8.	A significant part of the variable component should be partially deferred in time, for a period of no less than three years, being necessarily connected to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.	Adopted	70 and 72
V.2.9.	When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the starting of the exercise period should be deferred in time for a period of no less than three years.	Adopted	69, 70, 71, 72, 74 and 85
V.2.10.	The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value.	Adopted	69 and 70
V.3. Appointments			
Principle	Regardless of the manner of appointment, the profile, the knowledge and the curriculum of the members of the company's governing bodies, and of the executive staff, should be suited to the functions carried out.		
V.3.1.	The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company's governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the curriculum vitae to the duties to be carried out.	Adopted	19, 21 and 29
V.3.2.	The overview and support to the appointment of members of senior management should be attributed to a nomination committee unless this is not justified by the company's size.	n.a. ²	21, 29 and 66
V.3.3.	This nominating committee includes a majority of non executive, independent members.	n.a. ²	21, 29 and 66

Recommendations of the IPCG Code	Comply or explain	Points of Chapter 5 – Corporate Governance
V.3.4. The nominating committee should make its terms of reference available and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organization, a suitable diversity, including gender diversity.	n.a. ²	21, 29 and 66
VI. INTERNAL CONTROL		
Principle	Based on its mid and long-term strategies, the company should establish a system of risk management and control, and of internal audit, which allow for the anticipation and minimization of risks inherent to the company's activity.	
VI.1.	The managing body should debate and approve the company's strategic plan and risk policy, which should include the establishment of limits on risk-taking.	
	VI.1.(1) The managing body shall debate and approve the strategic plan.	VI.1.(1) Adopted VI.1.(2) Adopted
	VI.1.(2) The managing body shall debate and approve the company's risk policy, which includes the establishment of limits on risk-taking.	
VI.2.	The supervisory board should be internally organized, implementing mechanisms and procedures of periodic control that seek to guarantee that risks which are effectively incurred by the company are consistent with the company's objectives, as set by the managing body.	Adopted
VI.3.	The internal control systems, comprising the functions of risk management, compliance, and internal audit, should be structured in terms adequate to the size of the company and the complexity of the inherent risks to its activity. The supervisory body should evaluate them and, within its competence to supervise the effectiveness of this system, propose adjustments where they are deemed to be necessary.	Adopted
VI.4.	The supervisory body should provide its view on the work plans and resources allocated to the services of the internal control system, including the risk management, compliance and internal audit functions, and may propose the adjustments deemed to be necessary.	Adopted
VI.5.	The supervisory body should be the recipient of the reports prepared by the internal control services, including the risk management functions, compliance and internal audit, at least regarding matters related to the approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities.	Adopted

Recommendations of the IPCG Code	Comply or explain	Points of Chapter 5 – Corporate Governance
VI.6.	Based on its risk policy, the company should establish a risk management function, identifying (i) the main risks it is subject to in carrying out its activity; (ii) the probability of occurrence of those risks and their respective impact; (iii) the devices and measures to adopt towards their mitigation; and (iv) the monitoring procedures, aiming at their follow-up.	
	VI.6.(1) Based on its risk policy, the company should establish a risk management function, identifying (i) the main risks it is subject to in carrying out its activity,	VI.6.(1) Adopted VI.6.(2) Adopted VI.6.(3) Adopted VI.6.(4) Adopted
	VI.6.(2) (ii) the probability of occurrence of those risks and their respective impact,	
	VI.6.(3) (iii) the devices and measures to adopt towards their mitigation and	
	VI.6.(4) (iv) the monitoring procedures, aiming at their follow-up.	
VI.7.	The company should establish procedures for the supervision, periodic evaluation, and adjustment of the internal control system, including an annual evaluation of the level of internal compliance and the performance of that system, as well as the perspectives for amendments of the risk structure previously defined.	Adopted
VII. FINANCIAL INFORMATION		
VII.1 Financial Information		
Principle VII.A.	The supervisory body should, with independence and in a diligent manner, ensure that the managing body complies with its duties when choosing appropriate accounting policies and standards for the company, and when establishing suitable systems of financial reporting, risk management, internal control, and internal audit.	
Principle VII.B.	The supervisory body should promote an adequate coordination between the internal audit and the statutory audit of accounts.	
VII.1.1.	The supervisory body's internal regulation should impose the obligation to supervise the suitability of the preparation process and the disclosure of financial information by the managing body, including suitable accounting policies, estimates, judgments, relevant disclosure and its consistent application between financial years, in a duly documented and communicated form.	Adopted
VII.2 Statutory audit of accounts and supervision		
Principle	The supervisory body should establish and monitor clear and transparent formal procedures on the relationship of the company with the statutory auditor and on the supervision of compliance, by the auditor, with rules regarding independence imposed by law and professional regulations.	
VII.2.1.	By internal regulations, the supervisory body should define, according to the applicable legal regime, the monitoring procedures aimed at ensuring the independence of the statutory audit.	Adopted

50 to 55(see for points 52 to 54 subchapter 2.7.1. Description of the Risk Management Process of chapter 2.7. Identification of risks (risk matrix) and CTT response, chapter 2.7. Risk Management, pages 61 to 62 of this Integrated Report)

21, 38, 50, 52 and 54 (see for points 52 and 54 subchapter 2.7.1. Description of the Risk Management Process, chapter 2.7. Risk Management pages 61 to 62 of this Integrated Report)

38

37 and 38

Recommendations of the IPCG Code	Comply or explain	Points of Chapter 5 – Corporate Governance
<p>VII.2.2. The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports, having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company.</p> <p>VII.2.2.(1) The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports,</p> <p>VII.2.2.(2) having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company.</p>	<p>VII.2.2.(1) Adopted VII.2.2.(2) Adopted</p>	<p>38</p>
<p>VII.2.3. The supervisory body should annually assess the work conducted by the statutory auditor, their independence and their suitability in carrying out their functions, and propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause.</p>	<p>Adopted</p>	<p>38 and 45</p>

Comply or Explain

⁽¹⁾ Recommendation III.4.

“Each company should include a number of nonexecutive directors that corresponds to **no less than one third**, but always plural, who satisfy the legal **requirements of independence**. For the purposes of this recommendation, an independent person is one who is not **associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision**, namely due to:

- having carried out functions in any of the company’s bodies for more than twelve years, either on a consecutive or nonconsecutive basis;
- having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years;
- having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person;
- having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director’s duties;
- having lived in a nonmarital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings;
- having been a qualified holder or representative of a shareholder of qualifying holding.”

Although there is no total coincidence of criteria for assessing the independence of nonexecutive members of the Board of Directors, between, on the one hand, CMVM Regulation No. 4/2013 (Point18.1 of Annex I to said Regulation) which, in the case of the members of the Board of Directors who are also members of the Audit Committee, refers to the Portuguese Companies Code, and, on the other hand, the IPCG Code which generally refers to independence requirements without express reference to the regime of the Portuguese Companies Code as regards the members of the Audit Committee, **the Company fully complies with Recommendation III.4. of IPCG Code** to the extent that, in accordance with the criteria defined for the purposes of this Recommendation, 47% of all its directors are independent. The percentage rises to 70% when measured solely in terms of its non-executive Directors.

⁽²⁾ Recommendations V.3.2., V.3.3. and V.3.4.

According to the Note on Interpretation of the IPCG Corporate Governance Code 2018 (Amended in 2020) – Note no. 3, it was considered that Recommendations V.3.2., V.3.3. and V.3.4. **are not applicable to CTT**, as these recommendations **refer to the nominating committee whose function is to monitor and support the appointments of senior management and CTT does not qualify as Senior Management**, within the meaning of articles 248-B of the Portuguese Securities Code and 3 of EU Regulation, **any person other than members of the management and supervisory bodies, and the appointment of these members is monitored and supported by the Corporate Governance, Evaluation and Nominating Committee** (see adoption of Recommendation III.7. of IPCG Code above).