



Sustainability
Report

2022

**Ever more
present**



Ever more sustainable.

Sustainability, more than a daily struggle for constant improvement, is a commitment to the future. It mustn't be something that companies just do once a year to meet the goals and achieve the minimum standards in the parameters evaluated. There is something more important, something bigger than certifications that ensures that companies' actions are sustainable: a collective clean conscience.

Within CTT, sustainability is a cultural value. It is present in the day-to-day business, every day, in every action by its employees and in every project.

More than its impact on environmental solutions, sustainability also relies on a human and social approach. It is the guarantee that the future belongs to everyone and is for everyone.

CTT is ever more sustainable, much more than meets the eye.

1 Sustainable Company

2	Creation Of Value For The Stakeholders	36
2.1. Shareholder		45
2.1.1. hareholder composition		45
2.1.2. Shareholder returns		45
2.2. Suppliers		45
2.2.1. Business relations		45
2.2.2. Qualification and selection of suppliers (quality and environment)		46
2.3. Customers		47
2.3.1. Customer relations management		47
2.3.2. Customer satisfaction		52
2.4. Regulatory and supervisory entities		55
2.5. Society (social responsibility)		56
2.6. Employees		63
2.6.1. Characterization of human assets (CTT, SA)		63
2.6.2. Labour, recruitment and selection practices		65
2.6.3. Integrated management of human capital		66
2.6.4. Social Reporting		78

3 Environmental Management

3.1. Environment management policy	85
3.1.1. Analysis of the environmental impact of the Company's products and services	85
3.1.2. Definition of environmental standards for suppliers and partners	85
3.1.3. Environmental management objectives and targetss	85
3.1.4. Certification of compliance with international environmental management standards	86
3.2. Environmental management reporting: monitoring target achievement and trend analysis	87
3.2.1. CTT, SA	87

4 Subsidiaries 110

5 Commitments 162

Table of Environmental, Social and Economic performance Indicators according to the GRI	170
Methodological note	180
Glossary	180
Survey	182
Assurance Report	184



REPORT SCOPE AND BOUNDARY

CTT has published Sustainability Reports (SR) on an annual basis since 2005. It has added progressively more detailed information on CTT companies. However, CTT companies are rather diversified in nature, both in terms of their dimension and business. Hence, their contribution towards CTT's overall social and environmental performance may significantly vary. However, in the interests of scope and transparency, and for the second year running, three of the largest CTT companies are included in the perimeter of assurance undertaken by an external and independent entity. This report covers data for the financial year ended on 31 December 2012 of CTT. The State, as shareholder of CTT, by written unanimous decision dated 24 August 2012, elected the statutory bodies of CTT for the three-year period 2012-2014, with the new Board of Directors being composed of five members. In September, the functioning and duties of the Procurement Table Committee and Regulation were suspended, as well as the application of the Procurement Manual regarding the intervention of the Procurement Table in the leasing/acquisition process of goods and services and of contract works. In November, the Board of Directors approved the Statutes of CTT's Customer Ombudsman. The Board of Directors defined a new macrostructure for the company, with effect from 1 January 2013. Following the definition of the new macrostructure, the Board of Directors decided to extinguish the Shared Services Management Unit and its Management Committee and Executive Committee. It should be noted that these changes have no impact on the reading or interpretation of the data in relation to the previous year's report.

GRI 3.10 GRI 2.9 GRI 3.1 GRI 3.6 GRI 3.7 GRI 3.8 GRI 3.11

Undertaking

This is the eighth Annual Sustainability Report issued by CTT – Correios de Portugal, S.A. (Portuguese Postal Operator), which covers CTT's activities, i.e., of CTT, SA and its subsidiaries, although the activities of the latter companies are not reported on in great detail. It should, however, be pointed out that always with the objective of enhancing data reliability, the perimeter of assurance of contents by external entity was widened, for the second consecutive time, to three CTT companies, i.e. CTT Expresso, EAD and Mailtec, covering a larger number of verified indicators in comparison to the previous year. The data included in this Report is based on data obtained from CTT's information systems and conforms to generally accepted accounting principles in Portugal, applicable Portuguese labour legislation, the Code of Ethics adopted by CTT, and the performance indicator protocols to calculate GRI indicators. Contrary to previous years, this document is published separately from the 2012 Annual Report and Accounts (AR). However, it should be perused in conjunction with the aforementioned report, its Annex I – Corporate Governance, and information published on CTT's website (www.ctt.pt). CTT also publishes a shorter version of the Sustainability Report which can also be consulted on the company's website.

GRI 3.9 GRI 2.1 GRI 3.2 GRI 3.3

The report structure and contents follow instructions issued by the shareholder and equally conform to the GRI (Global Reporting Initiative) Guidelines, namely those regarding the compilation of Sustainability Reports, version 3.1 (and respective protocols to calculate indicators). The report was independently reviewed by PricewaterhouseCoopers, for compliance with the principles of ISAE 3000 and GRI Directives concerning the credibility and reliability of its contents. Taking into account the quality of work that went into its preparation, the Group believes that its degree of compliance with the aforementioned standards is coherent with an A+ rating.

With regards to its materiality, the report incorporates input obtained from a stakeholder survey conducted in compliance with the guidelines of the AA1000SES Standard, whereby the company's critical stakeholders were identified as well as the issues deemed to be of relevance to them.

In essence, transparency, relevance, comprehensive-ness, and completeness principles were followed when defining the contents of this SR in order to produce an objective document that can be easily read by the Stakeholders that might use it (refer to Table 5 – Stakeholders). The Company can be contacted by e-mail at: sustentabilidade@ctt.pt with regards to the contents of this report. This Report and its shorter version are only published on-line and, therefore, are carbon-free.

		C	C+	B	B+	A	A+
Optional	Mandatory	Self Declared		Report Externally Assured		Report Externally Assured	✓
	Third Party Checked		Report Externally Assured		Report Externally Assured		✓
	GRI Checked		Report Externally Assured		Report Externally Assured		Report Externally Assured

GRI 3.13 GRI 3.5

GRI EN18 GRI 3.4

Chairman's statement

GRI 1.1

These are certainly difficult times, both nationally and internationally. If the primary obligation of companies, particularly at times such as these, is to ensure their financial survival, we know that prosperous businesses in devastated natural societies or systems are not possible. That is why CTT wishes to reaffirm its commitment to Sustainability, based on all three fundamental pillars: economic, social and environmental. For reasons of corporate citizenship, but also because we believe that Sustainability helps to reduce costs, identify and develop new sources of revenue, make the Company more competitive and, above all, because it gives meaning and a purpose to the activity of CTT among stakeholders and society.

In spite of the extremely unfavourable market environment, with obvious repercussions on mail traffic volumes and consequently on income, we managed to close 2012 with a consolidated net income of 38,554,000 Euros and, as in previous years, create financial value for the shareholder. The net consolidated operating income margin came to 5.4% and we recorded a return on equity of 14.1%. We presented exigent commitments and a thorough assessment of the previous year's activity, accompanied by transparent and rigorous financial reporting. Our sustainability reporting was once again subject to external independent assurance.

During 2012 our customers benefitted from a wide-ranging offer of traditional and electronic communication services, supported by a technological customer service platform which was completely overhauled and by a dynamic sales structure, with constant training. Financial services, where CTT is positioned as an important operator in the market for capitalisation products (namely public debt), toll collection services (former SCUTS – shadow toll motorways) and document dematerialisation solutions are among the most dynamic areas. Our positioning in the Eco offer segment was consolidated with an increase of 6% in traffic volumes of the ecological portfolio. As a result, DM Eco currently represents 18% of the total mail traffic volume of Direct Mail.

Once again, we achieved and surpassed the quality objectives agreed with the Regulator – about 95% of priority mail and 98% of standard mail were delivered up to 1 and 3 days, respectively – an area where we achieved a performance level that matches that of the best worldwide peers. A record percentage (71%) of customers said they were satisfied or very satisfied with the overall service of CTT (against only 6% of dissatisfied customers), which rises to almost 80% in mail delivery and close to 90% in counter service.

We pushed ahead with our innovation policy, with a view to modernising our infrastructures and information systems. We undertook a total volume of investment of 14,247,000 Euros, which enabled the automation of the pre-sorting of mail until the postman's round, to be completed at the end of 2012, as well as the survey of one million doors and more than 10 thousand new toponyms, to be included in automatic letter mail sequencing files.

We renewed the fleet, by acquiring 26 EEV-standard vehicles (about 1/6 of the heavy duty vehicle fleet) and substituting 185 light duty vehicles. We continued to invest in alternative motoring with the acquisition of 150 electricity-assisted bicycles. At present, 8% of CTT's fleet is composed of alternative vehicles (close to 240 units), possibly the highest value at national level.

This year we certified the Environmental Management System of Tourline in accordance with the ISO 14001 standard and the Security and Information Management System of Mailtec in accordance with the standard ISO 27001 – Information Security Management Systems. CTT continues to be the Portuguese company with the highest number of operational units (859) covered by the certification of services.

The sustainable management processes, supported by a reporting system and environmental scorecards that already cover all the operational units, are progressively being improved and we are pleased to announce a reduction of power consumption, fuel consumption and direct and indirect emissions of CO₂ of 7.5%, 6.3% and 7.1%, respectively. We improved our energy efficiency once again, incorporating increasingly less carbon per delivered item.

Our leading-edge performance in environmental issues has enabled CTT to achieve a leadership position in various criteria of the carbon proficiency rating of the IPC (International Post Corporation), the most relevant in the sector, at a worldwide level. We were selected for the shortlists of the Last Mile Delivery Innovation of The Year and of the Environmental Achievement of the Year (for the second time), both promoted by the Postal Technology International Awards.

Accessibility to postal services, a crucial issue for the stakeholder community, has been assured through an extensive retail network with a density above the European average cover rate, although at a significant cost. With a view to adjusting supply to existing demand, CTT has been moving towards solutions involving the outsourcing of agencing services to third parties, in particular Parish Offices, partnerships that preserve the relations of proximity and trust that CTT has always maintained with all its customers and the population in general.

The budgetary tightening measures applicable to the State-owned enterprise sector continued to have a significant impact on the remunerations of the internal stakeholder, the employees. The Company has sought to minimise these impacts, securing jobs and investing in the enhancement of its human capital and professional development. With more than 304,000 hours of training ministered, we covered 90% of employees and validated/certified the skills of more than 179 employees (9th year and 12th year), with more than 1,126 certifications having been concluded to date.

The health and safety of our employees and their families are extremely important to CTT. This year, we recorded a reduction of 11% in the number of occupational accidents and of 22% in the number of days lost. We also recorded, for the second year running, zero fatal occupational accidents. CTT offers almost 50 thousand beneficiaries access to a private health insurance system consisting of more than 9,200 health care providers, with more than 1.1 million clinical treatments having been carried out in 2012.

With regards to the involvement with the community, we also made important commitments. We highlight the assignment of 2 senior personnel, for the period of one year, to support the movement in favour of Zero Food Waste. We continued to sponsor social and environmental intervention projects and initiatives, in the amount of about 400 thousand Euros. We built more access ramps for handicapped individuals, organised a dozen volunteer initiatives and collected 7.2 tons of donations internally for Welfare Organisations. We maintained our Project to Combat Poverty and Social Exclusion active, having collected and transported more than 33 thousand solidarity parcels.

The privatisation process is our immediate priority. In that regard, the Company needs to explore new businesses, build customer loyalty, streamline costs and mobilise employees for that important challenge. Something in which Sustainability can help considerably. Hence, and in spite of the difficult period that we are going through, we are determined to continue to create value for our stakeholders and wish to affirm it publicly. Proof of such determination is evident in our 82 Commitments to all the stakeholders that are so eloquently expressed in chapter 5 of this Report.

Francisco de Lacerda
Chairman of the Board of Directors
Chief Executive Officer

The following highlights summarise the most relevant events and achievements of 2012.

Highlights – corporate social responsibility

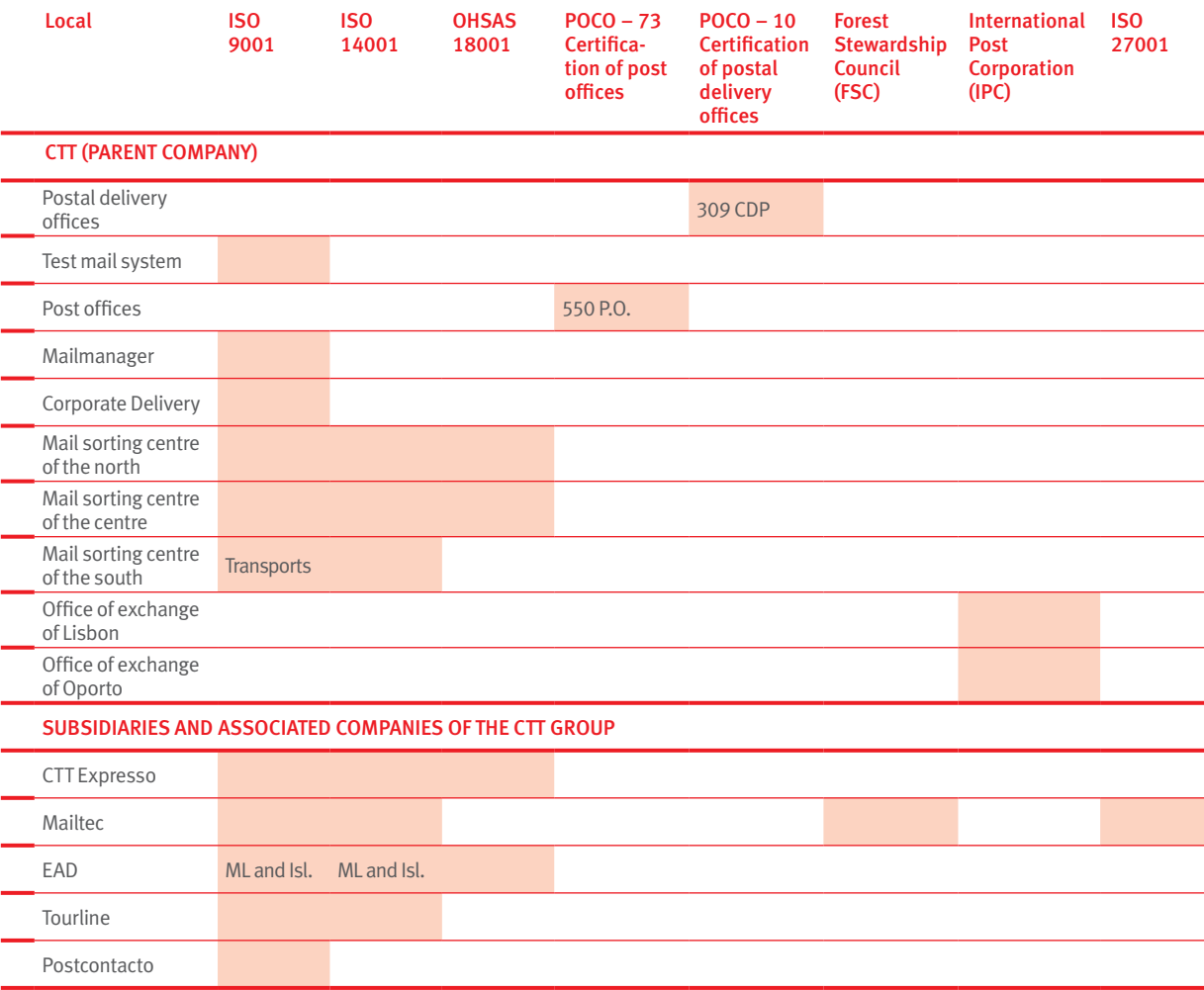
- The organisation's performance assessment benchmark, at each management layer, was maintained. The scorecard of the company's divisions and operational units includes sustainability objectives.
- The company paid 53.9 million Euros in dividends to the State.
- Environmental certification (ISO 14001) of Tourline
- Information Security Management Systems certification (ISO 27001) of Mailtec
- Consolidation of the company's ecological positioning
- Increases in mail traffic volumes and income of the Correio Verde Eco mail service and direct mailing Eco services
- Publication of the 2012 postal sector sustainability report by the International Post Corporation, dedicated to the management of emissions across the value chain, in which CTT presents an article on commuting (travelling to and from work).
- Production of 1.6 million stamps and a Thematic book with a print run of 4.5 thousand copies on the themes of the environment and biodiversity.
- Renewal of the fleet with the acquisition of 26 EEV-standard vehicles, 150 electricity-assisted bicycles and the substitution of 185 light duty vehicles for more efficient vehicles
- First Portuguese company to test the new 100% electric Renault Kangoo vehicle
- Conclusion of the energy certification of 88 buildings
- Reduction of the consumption of printing paper by 5.5%
- Reduction of the consumption of electricity, fuel and direct and indirect emissions by 7.5%, 6.3% and 7.1%, respectively
- Continuity of the negotiation process involving the review of the Company Agreements of January and September 2010. In 2012, 99.9% of employees became covered by instruments of collective representation

- Holding of focus group sessions with groups of employees representing the company to arrive at a more in-depth understanding of the critical and relevant issues for this interested party, in the context of enagement with stakeholders
- Preparation of the Equality Plan and participation in the Business Forum for Gender Equality, promoted by the Commission for Equality in Labour and Employment
- Preparation of the training package on equal opportunities which includes themes such as gender, harassment and age
- Internal design of distance-learning courses, with the latter already representing 9.2% of the total volume of training, with 28,025 hours and 4,096 participants
- A further 1,864 employees received training on the prevention of money laundering and terrorism financing
- Validation and certification of skills of another 179 employees who obtained their 3rd Cycle Diploma (9th grade of the Portuguese basic schooling system) and their High School Certificate (12th grade) at CTT's New Opportunities Centre, which brings the total number of certified staff to 1,126 to date
- 90% of employees received training, in a total of 304.5 thousand hours. Total hours of training increased by 5.5%
- Launch of the School Library, to promote the exchange of school books and manuals between staff parents that have sons attending basic or secondary education. A total of 90 families have already benefitted from this scheme
- Organisation of free cardiovascular screenings in 10 CTT buildings, in partnership with the Fundação Portuguesa de Cardiologia (Portuguese Cardiology Foundation)
- Organisation of yet another blood donation session, in partnership with the Centro de Histocompatibilidade do Sul (Southern Histocompatibility Centre), for screening and recruitment of bone marrow donors
- Reduction of total absenteeism to 6.7% (7.2% in the previous year)
- Overall reduction in occupational accidents of 11% and 0 fatal accidents registered
- Assignment of two senior managers, for a period of one year and on a full-time basis, to support the coordination and operational work of DariAcordar, a movement that supports zero food waste

- Extension of the Project to Combat Poverty and Social Exclusion until December 2012 (start in October 2008), with 25 member institutions. In addition to the current implementation of the project, CTT organised donation initiatives and others, promoting the free delivery of more than 33,450 parcels
- Participation in the national collection of batteries in the company's large buildings for the Instituto Português de Oncologia (Portuguese Institute of Oncology), promoted by Ecopilhas
- Construction of 5 more access ramps at CTT post offices for people with impaired mobility
- "Communicate in Colour" philatelic issue, dedicated to the colour identification code for colour-blind individuals
- Promotion of Payshop agreements with 11 welfare organisations and launch of 12 temporary campaigns. 7.8 thousand Euros in donations were collected, through its approximately 4,000 agents

- Renewal of the logistics collaboration agreement between Tourline Express (in Spain) and the Save the Children NGO, involving the sponsorship of the "Kilómetros de Solidaridad" race. Support provided to the 2nd "En Marcha por la Parálisis Cerebral" solidarity race
- "Adding Up to Divide" solidarity campaign, which collected internally 7.2 tons of clothes, books, school materials and toys for 23 welfare organisations in mainland Portugal and Islands, for the 7th year running
- Organisation of ten corporate volunteer initiatives of a social and environmental nature – 1,050 hours
- 6th edition of the Project to Promote Writing and Reading, which covered 237 schools and 16,428 students. The main motto of this edition of the programme was "Imagine a better Portugal". A total of 6,558 works were evaluated and the works of the winners were commissioned into stamps

FIGURE 1 | CERTIFICATIONS OF CTT



ISO 09001 – Quality management system; ISO 14001 – Environment management system; OHSAS 18001 – Health and Safety management system; POCO – Certification of services in conformance with the technical specification (Postal & Courier); IPC – International sector association that holds its own certification systems; FSC – Forest Stewardship Council .

GRI 2.10

Awards and distinctions

- Fulfilment of the environmental objectives applicable to tender processes, within the scope of the National Public Procurement System. With regards to the targets established (>= 50%), the results obtained in terms of the value of procurement contracts awarded incorporating environmental management criteria and of the number of procurement tender procedures requiring compliance with environmental management criteria came to 98% and 70%, respectively.
- 7th position in the European international mail quality ranking, with close to 94% of incoming cross-border mail items delivered the next day
- World leaders in the postal sector in the Disclosure & Reporting criterion of the 2012 EMMS carbon management proficiency rating exercise of the IPC – International Post Corporation. We occupied the 6th position among the world's 21 top operators
- Selected for the second time for the shortlist of the Environmental Achievement of the Year of the Postal Technology International Awards 2012 ,
- Selected for the shortlist of the Last Mile Delivery Innovation of the Year of the Postal Technology International Awards 2012
- Highly Commended certificate awarded to the Geo-mail – Geographical Information Mail project under the World Mail Awards 2012 in the Innovation Award category
- CTT was awarded the Prize for the “Best Annual Report and Accounts and Corporate Governance Information”, attributed at the 25th edition of the Investor Relations & Governance Awards for the sixth year running
- Winners of the Gourmand World Cookbook Awards 2012 for the "Tradition of Bread in Portugal" launched by CTT's Collector's Club
- CTT was awarded the Prize for the "Best Mail Stamp in Offset" in the world for the philatelic block "200 years of the Peninsular War (1810-2010) Battle of Pombal and Grijó", attributed by the Associação de Produtores Governamentais de Selos Postais (Government Postage Stamp Printers' Association). CTT was awarded this distinction for the third time
- CTT was awarded the Gold Prize at the Festival of Creativity of the Creatives Club, in the Environmental Design and Commercial Space Equipment category, for the Parque das Nações Post Office, in Lisbon – an innovative project that brings together various concepts such as the 24-hour service, the dematerialisation of many processes and services, self-service and environmentally-friendly materials.

We are nationally and internationally recognised

- CTT was awarded three distinctions for the "Portugal With Us – A Postman's View" project: 1st place in the OCI Award 2011 for Excellence in Internal Communications in the "Best Innovative Practices in Internal Communications" category, "Gold" in the Media & Advertising Creativity Award in the "Public Relations – Internal Communication" category, and the APCE 2012 Grand Prix of the Portuguese Association for Corporate Communication in the Special Edition category.
- 1st APCE 2012 Grand Prix in the category: Corporate Television – "Via TV"; and five distinctions for commendable work in the following categories: Video and Webcast; Internal communication campaign; Internal Publication; Cover; and Intranet
- CTT was awarded the "2012 Brand of Excellence", attributed by Superbrands, which recognises CTT as an innovative, dynamic and trusted company
- The "Solidarity Santa Claus" programme was nominated by the European Excellence Awards 2012 in the Corporate Social Responsibility category
- The Customer Service of CTT Expresso was awarded the Call Center trophy, attributed by the International Faculty for Executives
- CTT Expresso was distinguished by the Neurónio Awards with an Honourable Mention in the Business to Business category, for its Extension mailing service
- CTT was awarded the "Exame" prize attributed by the Exame business magazine, which elected CTT Expresso as the best company in the transport and delivery sector, among the 500 largest companies operating in Portugal
- Payshop, national finalist and one of the 9 companies nominated for the European Business Awards 2012/13 prize, in the Customer Focus category
- EAD was awarded the PME Líder status, attributed by the FINCRESCE Programme of IAPMEI – Instituto de Apoio às Pequenas e Médias Empresas e à Inovação (Institute of Support to Small and Medium-sized Enterprises and Innovation) – which distinguishes national companies with exceptional performance profiles

Company profile

CTT is a limited company subject to private law, with the legal status of a limited liability company that is fully held by the Portuguese State. With a total staff complement of about 13,200 employees - a turnover rate of 20.7% and an average global age of 44.8, in which 33.6% are women and 54.3% have completed the 12th year or have a university degree - , the Company is one of the country's largest employers. It serves 141,000 customers every day at 748 CTT post offices and 1,814 postal agencies countrywide and processes 5 million postal items a day which are delivered by about 5,300 postmen over 5,708 delivery rounds and from 326 postal delivery offices to more than 5.5 million residences. In 2008, it achieved a consolidated operating income of 711.7 million Euros and occupies more than 1,000 installations and facilities, of which 54.3% are rented premises, having maintained a ratio of renovations to and relocations of premises of about 3.4%, involving expenditure of 2.0 million Euros. Its total investment expenditure came to about 14.2 million Euros.

The following Table lists the main subsidiary and associated companies of CTT – Correios de Portugal, S.A. (Portuguese Postal Operator) in 2012:

TABLE 1 | CTT

Subsidiary companies	% holdings
CTT – Correios de Portugal, SA (Portuguese Postal Operator)	
CTT EXPRESSO – Serviços Postais e Logística, SA	100%
CTT GEST – Gestão de Serviços e Equipamentos Postais, SA	100%
EAD – Empresa de Arquivo e Documentação, SA	51%
Grupo Mailtec	100%
PayShop (Portugal), SA	100%
PostContacto – Correio Publicitário, Lda.	100%
Tourline Express Mensajería, SLU	100%
CORRE – Correio Expresso de Moçambique, SA	50%
Associated companies	% holdings
Multicert	20%
PayShop Moçambique, SA	35%
AB ADA Courier, SL (Spain)	50%
Mensajería Urgente Rioja Portalada, SL	25%
Urpacsur, SL	30%
Mafelosa, SL (Spain)	25%

GRI LA2 GRI 2.8 GRI 2.6
GRI 3.6
GRI 2.1

GRI 2.3
GRI 2.7



A sustainable company

Being sustainable is to maintain the equilibrium, creating the perfect balance between the different environmental, social and economic paradigms. A sustainable company ensures this balance and the constant evolution of the business through innovation. This is a reality at CTT. Besides modernising the traditional mail services, it is also able to adapt quickly to market needs, creating new products and services. A sustainable dynamic is shown in a willingness to be increasingly better, without compromising the future, that takes it right to the top. That's why CTT is in 6th place in quality of service, in the group of the best postal operators in the world.

1.1. THE COMPANY – CORPORATE VISION AND STRATEGY (BUSINESS SEGMENTS; MARKETS; STRATEGIES)

1.1.1. Business segments and markets

GRI 2.1

CTT is no longer a mere traditional postal operator that restricts its business to the provision of universal postal service, i.e., the provision of the physical mail and parcel delivery service. Although this business constitutes its basic mission, CTT has been diversifying its portfolio of services over time and extending its value chain into the digital world.

GRI 2.2

CTT thus operates in the so-called traditional business segments, such as the mailing of addressed items (standard mail, correio azul express mail service, registered mail, correio verde mail service, and editorial mail service), direct mailing services, parcel deliveries and unaddressed mail. Furthermore, and either directly or through its subsidiary and associated companies, CTT offers courier services, digital and company solutions (printing & finishing, fulfilment, business process outsourcing solutions, document management and logistics services, geomarketing services, mailmanager, etc.), mobile telecommunication services, financial services, convenience and neighbourhood services.

GRI 2.7 GRI 2.5

With the full liberalisation of the postal services market and as market leader in all the business segments in which it operates, in addition to the current economic context and the reduced dimension of the domestic market, it has become imperative for CTT to focus on internationalisation in order to continue its expansion path. The CTT Group operates in Spain and Mozambique and over the next few years it intends to establish or intensify its presence in relevant markets defined, in terms of priorities, by their natural geographical contiguity (Iberian market), linguistic and cultural affinities or comparative advantages in technological or business expertise terms.



Illustration of CTT's typical postal service beginning with acceptance and collection of letter mail and parcels, which are subsequently processed, conveyed and delivered to their destination.

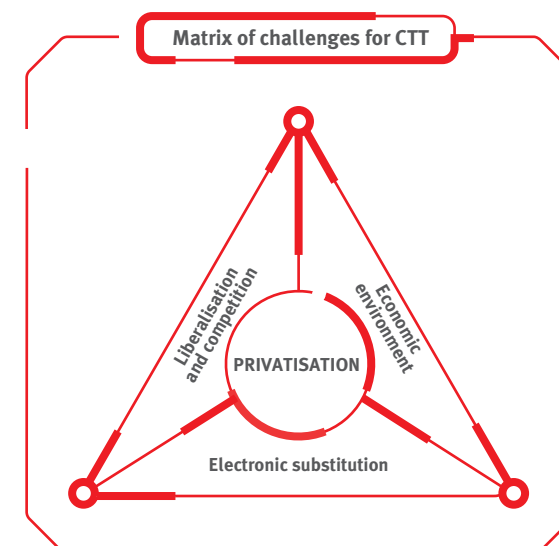
GRI 1.2

1.1.2. Company strategy

Challenges and Trends

CTT is currently at a key moment in its history, faced with very significant changes of its external environment that constitute key challenges to be taken into account in the definition of its future business strategy:

FIGURE 2 | MATRIX OF CHALLENGES FOR CTT



Sustainable Company

Two structural trends, which are taking place across Europe and which are and will continue to have a decisive impact on the pace and development of the business and postal operations, are particularly noteworthy:

- **the deepening of the full liberalisation process of the postal services market**, in the wake of the European Directives and their full introduction in Portugal through the approval of Law No. 17/2012, of 26 April, with the subsequent liberalisation of the market;
- and the electronic **substitution of physical mail** movement, which is a structural and systematic trend, that has been accelerated by the climate of economic and financial crisis that the country is going through.

The liberalisation process and decrease in mail traffic volumes throughout Europe have led to a call for an urgent definition of a regulatory framework that ensures the provision of universal postal service and, at the same time, is coherent with the technological evolution affecting the sector, is flexible and provides for the costs inherent to the provision of such services that will need to be compensated to ensure their sustainability.

Alongside these global structural trends throughout the Western world, a recessionary economic environment, strongly conditioned by the Financial Assistance Programme, has aggravated the pace of change and depressed CTT's main markets, resulting in strong downward pressure on prices and margins, as well as higher competitive pressure.

The privatisation of CTT, to take place in 2013, will certainly constitute the key driver of its business activity. It is a commitment of the Portuguese State shareholder and will become an unquestionable challenge and opportunity for CTT. The postal business is eminently privatisable and the ensuing results are positive, as evidenced by the successful experiences of Holland, Belgium and Austria, whose incumbent postal operators register high levels of return on invested capital that are clearly above the average in international terms, with a strategy oriented towards corporate development, integrated within the obligations of the Universal Postal Service.

Privatisation processes, from a general and economic viewpoint, generate three key benefits or gains: they represent a cash inflow for the State and contribute to the emergence of a business group of reference; they accelerate significant efficiency gains, enable stronger growth and generate financial returns above the average of the sector; and contribute, via increased market efficiency, to the transfer of value to consumers.

Strategy

The CTT Group is recognised for its distinctive set of assets and expertise:

- It is a reference in Europe in terms of profitability and quality of service, well above the minimum reference indicators;
- It has and operates post office and delivery networks with strong capillarity;
- It is the country's largest logistics operation, reaching every single home in the country;
- It performs consistently with a high proximity to citizens, through a wide range of operations;
- It is a recognised and trusted brand, holding enormous credibility with the Portuguese population;
- It has technological and innovation capacities and a wide range of services.

Given the challenges and opportunities before us, taking into account its distinctive set of assets and expertise and having as major objectives the preparation of CTT's transition to the private context, promoting the emergence of new core businesses in growth areas in which CTT is a natural owner and protecting the value of its basic postal business, a strategy was formulated based on four business units:

• Defend the core postal business

CTT is developing approaches integrated with the large mail issuers, with mail confirmation programmes as an effective means of communication, thus reducing the pace of electronic substitution.

It is also working on the price variable, with the introduction of geographical segmentation, to guarantee a competitive positioning which, at the same time, supports a sustainable universal system. Striving for a balanced and flexible regulatory framework is of particular importance.

The continuation and deepening, in a more accelerated manner, of the ongoing efficiency improvement in the operational development of business is a critical condition in this area – without which CTT will never be competitive and profitable -, guaranteeing CTT's future.

GRI 1.2

• Establish a reference player in the Iberian courier and parcel delivery services

Focus on the development of a new core business based on the courier and parcel delivery services, driven by the expansion in e-commerce. This development is underpinned by a leadership position in Portugal and an increasingly strong position in Spain, with strong ambitions of growth in Spain in terms of cross-border flows and in Portugal, through both future market growth (expected strong development of e-commerce, upturn following the recession) and the conquest (organic or not) of more significant market shares, in an economic environment in which a company with a robust financial situation such as CTT has obvious advantages. In the Courier and parcel delivery services, the domestic market of CTT already encompasses the Iberian Peninsula.

CTT has an efficient operation in Mozambique (in partnership with the Mozambican postal services) and is actively involved in the pursuit of other business ventures outside the Iberian Peninsula, including partnerships to capture European mail flow volumes between countries with which Portugal and Spain have more business relations and affinities.

In Mozambique, where the geographic scale transcends us and where infrastructures are still rare, the need to integrate value chains is mandatory. This is the context within which CORRE operates, in a mix of cooperation and competition with other providers, developing solutions that we consider innovative for the more sophisticated customers, such as Rede Banca, but also guaranteeing the provision of services that meet the specific needs of the population, namely in its relationship, via courier services, with the national authorities, within a framework of social responsibility involving participation in initiatives supporting the more deprived local communities.



Nelson Tomaz
Director of International Projects and Business

• Develop a comprehensive financial services platform

Financial services is an area with high growth potential that maximises the return from CTT's retail network. It is also an area where CTT has a long tradition, contributing to the population's access to financial services.

CTT is already an important distributor of Postal Savings Certificates of the Public Treasury and of insurance products, and also plays a significant role in payments and collections, both through CTT post offices and the Payshop networks. Expanding the offer, in terms of scope and consistency to meet customers' preferences, and modernising the operation are vital objectives aimed at increasing the contribution of this business segment.

In this business segment, CTT invests in deepening the partnerships it has with leading companies in the insurance sector and in express international transfers, as well as consolidating its relations with IGCP, the managing entity for Portuguese public debt products. The objective will be to grow with our partners by offering increasingly better products, with a wide-ranging choice of options for CTT customers.

• Develop company solutions and solutions for Public Administration (combining the physical and digital worlds)

CTT has been innovating in this domain, providing solutions underpinned by its core competencies that meet customer needs.

Solutions combining convenience and proximity to citizens, increasingly integrated and comprehensive solutions that combine the current physical mail platforms with the new digital platforms, and end-to-end solutions that free companies and the Public Administration from non-core activities represent a world of opportunities for CTT to exploit based on its competencies and experience.

Such solutions are already being exploited, so as to enable intervening in the transition of physical to electronic mail (e.g. Business Process Outsourcing, fulfilment, printing & finishing solutions, among others). The objective of this area is to continue to capitalise on these opportunities, in an integrated and global manner and in close collaboration with the other units of CTT.

GRI EN 6

Based on this definition, a Transformation Programme was defined and is being implemented, which encompasses various areas and objectives:

- Focus attention on the various stakeholders, with the objective of maintaining high levels of quality of service and customer satisfaction, motivating employees' participation in this ambitious project and maximising the creation of value, to benefit the current shareholder (indeed, the entire Portuguese population) and attract new shareholders to the privatisation operation;
- The reorganisation of the CTT Group, promoting a more transparent organisation, greater integration of the various companies and departments that make up the Group and the reduction and simplification of senior and middle management, as well as total integration of the core areas and shared services of CTT, including the subsidiary and associated companies.
- The launch of Strategic Action Programmes, initiatives that deepen the defined guidelines and whose execution is being monitored by a Project Office that provides support to the work, oversees its development and facilitates interaction, in addition to disclosing information on overall progress to enable multi-level oversight.

The strategic definition and execution of the Transformation Programme are key drivers for the enhancement of CTT's value, as well as important pillars for the design of an "investment case" that can attract investors available to invest at prices that recognise its significant value. This Programme is a new phase in the strategy that has been followed by CTT, but focused on the generation of income and results through the consolidation and development of the business segments that the company has created over the last few years. In addition to continuing to invest in the improvement of human capital, fundamental for the success of a company such as CTT.

Strategic Guidelines for the State-owned Company Sector and its impact on CTT

CTT is a company that belongs to the State-owned Company Sector. As such, it is subject to a set of strategic guidelines and rules that, due to their relevance, are summarised below.

The reform of the public business sector is of fundamental importance within the scope of the commitments assumed by the Portuguese State within the context of the Economic and Financial Adjustment Programme concluded with the International Monetary Fund, the European Commission and the European Central Bank. In this regard, measures involving spending cuts, the maximisation of operating efficiency and the optimisation and reduction of cost structures were outlined for the State-owned Company Sector.

On 30 August 2012, Law No. 106/XII, embodied in Law No. 18/2013, of 18 February, was approved by the Council of Ministers, constituting an important step in the future definition of rules to address the abovementioned concerns.

The measures for the restructuring of the State-owned Company Sector included in the Major Options of the Plan for 2013 and in compliance with the Economic and Financial Adjustment Programme are:

- CTT, as a non-financial public company that belongs to the State-owned Company Sector, requires authorisation from the Ministry of Finance to access financing exceeding one year.
- It has to make a sustained cut of at least 15% in staff costs and external supplies and services relative to 2009, in view of the exceptional measures implemented by the State (reduction of subsidies).
- In the area of human resource management, there is a staff reduction programme underway, which includes voluntary contract terminations.
- Within the scope of the employment and labour market measures, the following main alterations to the Labour Code are of particular reference:
 - o Increased flexibility of the organisation of working time;
 - o Alterations to the regime of employment contract termination due to objective reasons;
 - o Extension of the regime of employment contracts on commission.
- Continuity will be given to the liberalisation of the postal sector and the execution of a new universal postal service concession contract with CTT. The privatisation model of CTT will also be determined, with the objective of concluding its process by the end of 2013.

The companies of the State-owned Company Sector must also apply the following State Budget measures for 2013 (Law No. 66-B/2012, of 31 December):

- The initiatives taken by the Government, in coordination with the social partners, that allow one of the bonuses, either holiday or Christmas, of employees under an employment contract regulated by Labour Law, to be paid in twelfths.
- Salary increases and other remuneratory supplements, as well as payment of management bonuses to public managers, directors or members of governing bodies, management bodies or other corporate bodies, are forbidden;

- The reduction of the total monthly gross remunerations established in the previous two years is maintained;
- During 2013, public companies and corporate public entities of the State-owned company sector, with the exception of corporate public hospitals, will collectively reduce the number of employees by at least 3% relative to those on 31 December 2012;
- Public companies may not recruit employees to establish legal employment relations for an indefinite, definite and determinable term, except in exceptional situations, founded on the existence of relevant public interest and authorised by a Government member responsible for the area of finance;
- Public companies must pursue a policy of optimisation of their operating cost structures to achieve operational equilibrium, ensuring the reduction of the weight of operating costs on turnover.

Generate growth through Innovation

The challenges of globalisation and liberalisation, the electronic substitution effect and announced privatisation require a response from CTT that demands more innovation, adjusted to new business paradigms in which it is the final consumer who, via the evolution of the web, the dissemination of mobile devices (smartphones, iPads, etc.) and the explosion of e-commerce, defines "when", "how" and "where", instead of the postal operator.

This means that CTT, as a trusted intermediary for a vast range of services, must innovate its traditional activity, resorting to ICT to continue to be a hub of communications, transactions and services with a unique capacity to interconnect/combine the "physical" and "digital" worlds.

In this regard, CTT has been focusing particular attention on e-commerce and the adjustments to be made, so that its offer of services corresponds to the expectations of e-merchants and e-buyers in terms of collection, delivery and logistics services, as well as (possible) and means of payment on offer so that each one can focus on doing better what they already do well. E-merchants must focus on their sales activity and CTT on providing solutions that ensure the timely delivery of the goods acquired by e-buyers.

The participation of CTT in the PME Digital government initiative (sponsored by the Ministry of Economy and that has already conducted numerous road shows throughout the country) is a clear example of this concern.

But the substitution effect – “everything that can be digital ... will be digital” – has been driving many solutions already offered by CTT and that have undergone continuous improvements, as in the case of ViaCTT (as an EDP – Electronic Document Presentment and Payment – platform), the offer of hybrid mail services (EasyMail) and Mailmanager (Reverse Hybrid Mail).

Thus, in 2012 the company undertook, or is currently undertaking, various development and innovation projects, which came to 630 million Euros, and which include some of the initiatives described below:

Broadening its portfolio of toll collection products with the launch of new forms of payment for customers with foreign-registered vehicles, payment of tolls at ATMs under a post-paid regime and payment with credit card.

Participation in COTEC/CEDT (Centre of Excellence in Transaction Dematerialisation) activities, with a view to generate new ideas and projects associated to transaction dematerialisation, with emphasis on the participation, as Member of the Advisory Board, in the MobiPag (National Initiative for Mobile Payments) project and the participation in the project, which involved public entities and CTT companies, aimed at promoting the publication of legislation that grants legal value to various types of scanned documents.

Conception of a modular and integrated E-commerce solution of CTT with the aim of meeting the needs of companies in this area, already available within the context of the PME Digital government initiative.

Participation in the e-Justice II initiative – “The Information and Communication Technologies in the Justice sector”, promoted in July by APDSI – Associação Portuguesa para o Desenvolvimento da Sociedade de Informação (Portuguese Association for the Development of the Information Society), through a study on the offer of secure communication solutions with legal value, among the various agents of the Justice area.

Development of a Business Plan for the upgrade of the current MDDE service, through new features, among which the use of the Citizen Card for the purposes of authentication and generation of confirmation to the sender of delivery is noteworthy, thus creating a service which, in some way, will be the electronic equivalent of registered post with acknowledgement of receipt.

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Continuation of the work of the Fórum Permanente de Inovação e Criatividade (Permanent Innovation and Creativity Forum) with a view to collecting, selecting and analysing the ideas of CTT employees that may lead, based on viable Business Plans, to new solutions, services and products for the company to offer its customers. This Forum promoted the:

- Proactivity of subcommittees specialised in feasibility analysis. Application of proactive methodologies to harness the creative potential of employees;
- Holding of two workshops where proposals related to themes raised by employees for discussion are presented;
- Reception of 56 proposals. Of these, 6 were selected for presentation and for discussion during the workshop;
- Consolidation of processes that stimulate the corporate community to recognise the merit of proposals submitted, thereby increasing the motivation of potential proponents, namely by:
 - Including information regarding achievements in internal newsletter;
 - Affixing posters bearing photos of the authors of selected suggestions and proposals at their respective workplaces;
- Implementation of products resulting from proposals presented by employees.

In line with the objective of modernising the automation of mail until the postman's round, CTT conducted a survey of one million doors and more than 10 thousand new toponyms, to be included in automatic letter mail sequencing files, which will guarantee the provision of a much faster service for the customer.

The technological platform of the retail network was also renewed, with about 4 thousand positions having been intervened, with the aim of, firstly, reducing equipment, and secondly, substituting equipment for other more energy-efficient equipment and updating software for a better use of the most recent features available in the market.

At the end of 2012, 97% of small format mail was automated, as well as 64% of medium format mail.

The division by delivery routes of small format mail was extended to all delivery routes and assisted by the implementation of new features in address recognition, having reached at the end of the year about 87% of total automated mail, 5% more than in 2011.

The division according to postmen's delivery rounds exceeds 4,200 delivery rounds and represents approximately 1.53 million items per day.

Memberships and significant participations

In addition to the fulfilment of the obligations arising from international commitments resulting from the accession of the Portuguese State to treaties, conventions and agreements and those resulting from the voluntary accession of the company to international associations, CTT is governed by all applicable international, community and national legislation and its strict fulfilment is one of the structuring cultural characteristics of its corporate culture. In addition to the legal obligations, which represent inalienable commitments, in the human resources area, CTT has established guidelines and policies incorporated in the Code of Ethics, Company Labour Agreements, Charter of Professional Values and Skills and in the CTT Plan 2012.

Within the scope of the company's sustainability strategy, CTT is a member of and develops activities in collaboration with BCSD Portugal – Conselho Empresarial para o Desenvolvimento Sustentável (Business Council for Sustainable Development), APEE – Associação Portuguesa de Ética Empresarial (Portuguese Corporate Ethics Association), APVE – Associação Portuguesa do Veículo Elétrico (Portuguese Electric Vehicle Association), CCLA – União das Cidades Capitais Luso-Afro-Américo-Asiáticas (Union of the Portuguese, African, American and Asian Capitals), CCIPA – Câmara de Comércio e Indústria Portugal-Angola (Portugal-Angola Chamber of Commerce), AIP-CCI – Associação Industrial Portuguesa/Câmara de Comércio e Indústria (Portuguese Industrial Association/Chamber of Commerce and Industry), APCE – Associação Portuguesa de Comunicação de Empresa (Portuguese Association of Business Communication), APRITEL – Associação dos Operadores de Telecomunicações (Association of Telecommunication Operators), COTEC – Associação Empresarial para a Inovação (Business Association for Innovation) and APEL – Associação Portuguesa de Editores e Livreiros (Association of Portuguese Book Publishers), among others.

As a founding member of UPU – União Postal Universal (Universal Postal Union), CTT has adopted the principles that guide the practices of this specialised agency of the United Nations. In this respect it has subscribed to the principles of UN Global Compact since 2004, to which all its members are committed.

During 2012, at an Institutional level, CTT continued to attend international organisations of which it is a member, namely UPU, PostEurop, PUASP and IPC, among others.

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UPU – Universal Postal Union

Intergovernmental agency of the United Nations, of which Portugal has been a member since its foundation in 1874. The main role of this organisation of 192 member countries is the development of communications between peoples,

through the effective functioning of postal services. It establishes and updates the rules for the exchange of international mail and issues recommendations that stimulate the growth of mail traffic, parcel deliveries and financial postal services and improve the quality of the service provided to customers.

Its structure is composed of four bodies, with CTT being a member of COP - Conselho de Operações Postais (Postal Operators Committee), comprising 40 postal operators of the 5 continents, incumbents of the universal postal service in their countries.

CTT participates actively in groups that deal with end service charges, parcels, quality of service, security, postal financial services, standardisation, electronic products, philately and development cooperation. CTT also chairs the World Association for the Development of Philately and was a member of the Fiduciary Board of the Quality of Service Improvement Fund.

The 25th Congress of UPU, in which the Portuguese delegation, which included CTT elements, submitted several proposals for amendments of legal texts of the Union, was held this year. These focused on payment postal services, protection of personal data, security and remunerations. The Worldwide Postal Strategy which considers the postal sector as an essential component of the world economy, was approved, establishing as target the sustainability of the sector, through, for example, better access of all segments of the population to postal services, the promotion of social responsibility and the preservation of the environment.



POSTEUROP – Association of European Public Postal Operators

An association of 52 European public postal operators, which collectively employ 2.1 million people and serve 800 million citizens on a daily basis. Due

to the significant impact of the postal sector in social and environmental issues, there is in this organisation a clear concern with the themes of social responsibility, being one of the four pillars of its activity. The remaining three pillars are Operations, Markets and Regulation. There is a Social Responsibility Committee, whose main objective is to endow members with the capacity to fulfil their social responsibilities, namely within the scope of social dialogue, the development and training of human resources, as well as the reduction of the environmental impact of companies.

PostEurop has also developed important twinning projects among its members, which have been financed by the EU and which have translated into training courses and seminars on Community Directives, with CTT having participated as trainer in several of these courses.



EUROGIRO

The company Eurogiro was created during the 1990's, with its founding members having been various Eurioean postal operators, namely CTT. It's

mission is to promote swiftness of financial transactions, in an efficient and effective manner, using a global platform for the electronic transfer of funds. This company uses its own data network, similar to and competitive with SWIFT. It's governance model is based on a management committee and a Board of Directors, which represent its partners, i.e. various operators and banks. Currently, the member countries are spread over Africa, Europe, America and Asia Pacific.

International Post Corporation

IPC – International Post Corporation

Founded in 1989, it is a cooperative association of 24 postal operators in Europe, North America and Asia-Pacific which, in total, delivers more than 330 billion letters per year, i.e. 80% of the total world mail volume. Geared primarily toward the quality of the international postal service, the interoperability between its members and the exchange of corporate information with influence

for the business and sector, it is dedicated to the development of sophisticated systems of measurement and control, management of payment systems between postal companies and the organisation of forums for the exchange of knowledge and experience between the senior executives of its members.

CTT participates actively in different working groups and projects of this association, as well as in audits conducted regularly to assess Quality of service, not only internally but also of other operators.



PUASP – União Restrita das Américas, Espanha e Portugal (Postal Union of the Americas, Spain and Portugal)

It is an intergovernmental association, having no specific body in its structure to deal with social responsibility issues. There is, however, a significant concern with human resources and development cooperation, since countries with major deficiencies make up this Union.

For this reason, the exchange of experiences is particularly encouraged among member countries, with CTT having a cooperation agreement with that organisation within the framework of which every year training courses are ministered to senior executives on different postal service areas.

CTT presided over the preparation group of the UPU Congress and co-presided over the Reform Group. This year the Union has organised a seminar dedicated to sustainable development, in which CTT participated and made a presentation on the theme.



AICEP - Associação Internacional das Comunicações de Expressão Portuguesa (International Association of Portuguese-Speaking Communications) (includes East Timor and Macau)

Created in 1990, CTT is one of the founding members and has held the presidency since 2009. Based on the needs demonstrated by the majority of its members, aspects related to training are very important, such that CTT seeks to contribute to the improvement of the human resources of member postal operators of this association, offering training courses for senior management on different postal themes every year.

In this regard, CTT has developed a long-term training programme, with a view to the sustainable development of the human resources of the postal services of the member countries of these organisations, with the ultimate objective being the improvement of the quality of the postal services and of the operational collaboration between the operators. In addition, local Quality of service audits were conducted with CTT technicians.

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1.1.3. Commitment towards Excellence in the Management of CTT

The State, single shareholder, evaluates the performance of the company through the conclusion of management contracts that include objectives for each mandate/three-year period. These are expected to be defined by the new Board of Directors.

According to Portugal's Public Company Manager Statute, the remuneration of directors is determined in accordance with the complexity, exigency and responsibilities inherent to each position and takes into account the normal market practices in the communications sector, as well as the principles and guidelines established by the shareholders and the market situation.

Within the framework of the Economic and Financial Assistance Programme to Portugal, the current remuneration regime of managers of companies involved in a privatisation, extinction or liquidation process was maintained. The remuneration policy of members of the boards of administration must adjust to the provisions of the regulations, pursuant to the declaration made by the Remuneration Committee, at the General Meeting of 30 May 2012. In accordance with article 37 of Law No. 66-B/2012, of 31 December (2013 State Budget), the companies of the State-owned Company Sector cannot attribute variable performance-based remunerations to its managers, directors or members of governing, management or other corporate bodies.

Every year, CTT is instructed by the shareholder to participate in the Sustainable Development Award which, according to the established rules, in combination with the reporting assessment (Sustainability Report), functions as the basis for the annual assessment of the company's sustainability performance, attributing the company points relative to a pre-established objective, which has been met. Up to the present moment, the shareholder has not communicated its assessment, relative to the year under consideration.

Among the guiding management principles, the implementation of a model that renders the company more sustainable from an economic, environmental and social perspective is of particular note.

Its economic pillar has to do with customer relations, risk management, the implementation of a code of ethics and rules of conduct, the Discipline manual, Investments, Cash Management and Procurement, as well as the implementation of a corporate governance model that conforms to domestic and international best practices. In terms of the environmental pillar, it is necessary to define and implement an environmental management policy that is monitored by means of an environmental reporting system that renders the achievement of environmental management objectives transparent. Lastly, its social pillar requires the definition and implementation of a strategy to adequately manage human resources and the company's social responsibility.

GRI 4.8

1.2. CORPORATE ETHICS

Since February 2006, CTT has had a Code of Ethics covering the entire CTT Group which became a standard of reference on the values and standards of conduct by which all Group employees must abide.

There are defined procedures regarding the communication of irregularities related to situations of failure to comply with the rules of conduct. In this regard, the Audit and Quality Department (AQ) is responsible for providing technical support to the Ethics Committee, in the reception, analysis and processing of communications received.

The Ethics Committee, which reports to the Board of Directors through the Director responsible for finance, in collaboration with the various "Ethics Officers" of the CTT companies, is responsible for the interpretation and clarification of any doubts arising with regard to the Code of Ethics. In 2012, the Committee was called upon to comment on only one occasion, relative to a situation involving the payment of commissions, having issued its opinion in line with existing procedures.

In terms of the conduct of Business Practices in compliance with ruling legislation and regulations, the Code of Ethics also calls for strict compliance with all legislation and regulations applicable to the business of all CTT companies. In this regard, it is important to mention the activity developed by Compliance (of the Audit and Quality Department), whose mission is to ensure that the provision of financial services is carried out in conformity with the deontological rules and in accordance with the legislation and regulations that govern financial activity.

In the year under analysis, and following the application of the existing procedures regarding the identification and reporting of suspicions of money laundering and terrorist financing, 151 reports were made to the entities laid down in current legislation (DCIAP – Departamento Central de Investigação e Ação Penal (Central Department for Investigation and Penal Action) and UIF/PJ – Unidade de Informação Financeira da Polícia Judiciária (Financial Intelligence Unit of the Criminal Investigation Police)), covering financial service operations that came to about 8.6 million Euros.

There are proceedings in force at the company to identify persons who might actively or passively be guilty of bribery and corruption with a view to legally prosecute such persons. In this context, all complaints and allegations are investigated and any procedures and practices which might permit or correspond to irregular conduct and corruption, namely embezzlement, fraud and bribery, are thoroughly reviewed. All the processes that internal audits might detect as fraud, or internally denounced by any department of the company, are the object of disciplinary action and prosecution with a view to recover any monies for which the Company may have suffered damages.

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Following the audits undertaken (256 post offices, 166 postal agencies and 184 postal delivery offices, representing 35%, 10% and 57% of the universe, respectively) and the reports from various departments, 276 disciplinary hearings were conducted, 17 (6%) of which led to subsequent dismissal of the staff members and 7 (3%) to unilateral termination of contracts on the initiative of the employees in question. In addition, there were also 7 other unilateral terminations of contracts, within the scope of previous investigations related to disciplinary hearings. As a result of the audits and inspections conducted, about 49,347 Euros were recovered.

Awareness raising and training oriented towards an ethical and socially responsible conduct, with emphasis on staff development and environmental protection, have assumed a wide-ranging nature both in terms of thematic areas and the target populations of the basic, continuing and professional development training courses.

With a view to adopting ethical and non-discriminatory behaviour by management, an e-learning course was prepared on “Good practices in human resource management – equal opportunities and non-discrimination”, which deals with themes such as gender equality, disability and social inclusion, active ageing and harassment in the workplace, which shall be ministered during 2013.

CTT is periodically subject to inspections and audits by the Secretaria Geral do Ministério da Economia e do Emprego (General Secretariat of the Ministry of Economy and Employment) (entity that took over the duties that had previously been assigned to IGOPTC – Inspeção-Geral das Obras Públicas, Transportes e Comunicações (Inspectorate-general for Public Works, Transport and Communications)), the IGF – Inspeção-Geral de Finanças (Inspectorate-general for Finance) and the Tribunal de Contas (Court of Auditors). These activities are part of the ordinary and extraordinary activity plans of these entities, some of which arose due to complaints filed or news in the media.

Compliance with ethical requirements

CTT neither had to defend against any legal suits alleging unfair competition or antitrust practices, nor was it found guilty of any failure to comply with environmental legislation and regulations for which significant fines or non-monetary sanctions might have been applied. Similarly, it was not fined for any failure to comply with ruling legislation or regulations regarding the provision and use of products and services.

CTT was applied non-monetary sanctions in three instances related to its failure to comply with ruling labour legislation and regulations (on the matter of staff appointments to permanent staff by court order, which came to 14,411.33 Euros), and paid 1,121.25

Euros in non-tax fines relative to vehicles, 24,533.99 Euros in tax fines and 1,916.70 Euros relative to other minor sanctions. It was not the object of any legal sanctions or fines for failure to comply with environmental and with occupational safety and health legislation.

Through the Associação Portuguesa de Anunciantes (Portuguese Advertisers Association), of which CTT is a member, and the advertising agencies and media the company's marketing department deals with, CTT is indirectly represented in the Instituto Civil da Autodisciplina da Publicidade (Civil Advertising Self-discipline Agency), which ensures that the interests of the company in legal matters are safeguarded and conform to the International Advertising Practices Code of the International Chamber of Commerce (ICC).

CTT complies with the following codes/regulations: Code of Conduct regarding Advertising, Code of Fair Practices on Environmental Advertising, Regulations of the Ethics Jury on Advertising, the Technical Legal Office and the Mediation Office of the Civil Advertising Self-discipline Agency.

CTT abides by the self-discipline that the industry imposes upon itself, with the objective of ensuring, quickly and efficiently, respect for the rules in advertising communication, as an area marked by a deep sense of social responsibility.

It is also important to mention the compliance with the rules of conduct of the Code of Ethics relative to marketing and advertising practices, which impose the obligation of disclosing correct information regarding commercialised products and services, namely their technical characteristics, after-sales assistance, prices and payment terms.

Along the same lines, reference is made to the fact the advertising messages must be correct, true and respect the rights of third parties. The Code of Ethics refers to the duty to comply with the Code of Advertising, which states that institutional or advertising campaigns and the promotion of CTT products and services must respect existing rules, which as mentioned above is ensured by the participation of CTT in organisations with strong self-regulatory codes.

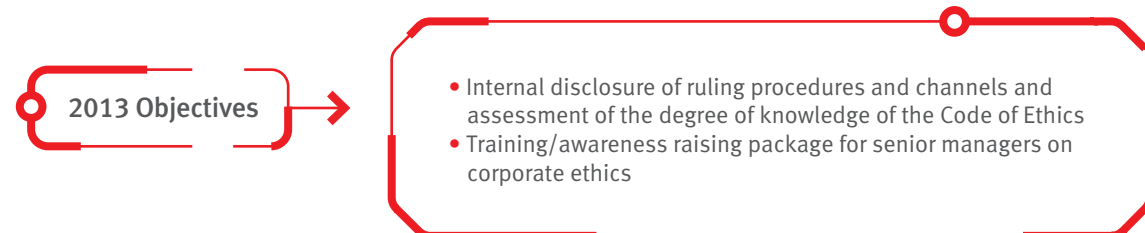
The sale of prospect databases fully complies with ruling legislation on the right to the protection of personal information, whereby the rights to information, access, rectification and elimination, opposition, and other rights in conformity with notifications and/or authorisations issued by the CNPD – Comissão Nacional de Proteção de Dados (National Commission on Data Protection) have been fully complied with and did not give rise to the application of any sanctions.

Within the scope of national legislation, it should be mentioned that Ordinance No. 1297/2010 approves

GRI PR9

the technical rules and specifications necessary for the management and functioning of the database of institutional advertising, through Resolution of the Council of Ministers No. 47/2010 which determined the introduction of mechanisms for the control and dissemination of elements relative to the activity of

placement of institutional advertising of the State and of other public legal persons. In this regard, CTT must inform the Gabinete de Meios de Comunicação Social (Media Office) every year regarding any communication action that uses media worth over 15 thousand Euros.



1.3. CORPORATE GOVERNANCE (REFER TO CORPORATE GOVERNANCE REPORT)

The State (shareholder) is responsible for appointing the members of the BD and defining the qualifications and professional skills that are required of them¹. Under the legal regime of the State-owned Company Sector and of the Public Company Manager Statute, the State, as shareholder of CTT, by written unanimous decision dated 24 August 2012, elected the statutory bodies of CTT for the three-year period 2012-2014.

• The **General Assembly** comprises shareholders entitled to voting rights and holds an Annual General Meeting or assembles upon request to the Chair of the General Assembly by the Board of Directors, the Audit Committee, or shareholders representing at least 5% of share capital.

The Board of the General Assembly is composed of two male members and one female, all between 30 and 50 years of age.

Chairman: Pedro Miguel Nascimento Ventura
Vice-Chairman: Maria Onilda Sousa
Company Secretary: Paula Alexandra Caetano da Silva

• The **Board of Directors** may comprise five or seven Directors appointed by the General Assembly for a term of service of three years. A Director may serve up to four successive appointments to the Board. The General Assembly Meeting which appoints the Board of Directors shall also appoint the Chairman and may also appoint a Vice-Chairman from among the remaining Directors.

The management team is comprised of Francisco de Lacerda (Chairman of the Board of Directors and

CEO), Manuel Castelo-Branco (Vice-Chairman), André Gorjão Costa (CFO), Ana Maria Jordão (member) and Dionísia Ferreira (member). Three members of the team are male and two members are female. Two people are aged over 50 and three are aged between 30 and 50.

According to the best corporate governance practices the Board of Directors appointed, on 18 September, Graça Carvalho as Company Secretary.

• The **Audit Committee and Statutory Auditor** are responsible for supervising CTT's business activities under the general terms of the Commercial Company Code.

The supervision of CTT's financial performance is currently attributed to an Audit Committee and a Statutory Auditor comprising three female members, two of which are aged over 50 and one is aged between 30 and 50.

Chairman: Elsa Maria Roncon Santos
Members: Maria Fernanda Joanaz Silva Martins, Maria de Lurdes Pereira Moreira Correia de Castro
Alternate Member: Sara Alexandra Ribeiro Pereira Simões Duarte Ambrósio

The Statutory Auditor is a company:
Statutory Auditor: PriceWaterhouseCoopers & Associados, SROC, Lda., represented by José Pereira Alves or João Rui Fernandes Ramos
Alternate Statutory Auditor: José Manuel Henriques Bernardo, ROC

The Corporate Governance Report, attached as Annex I to the 2012 Annual Report and Accounts (AR 2012) contains a detailed description of the duties and responsibilities of the Company's corporate governance bodies.

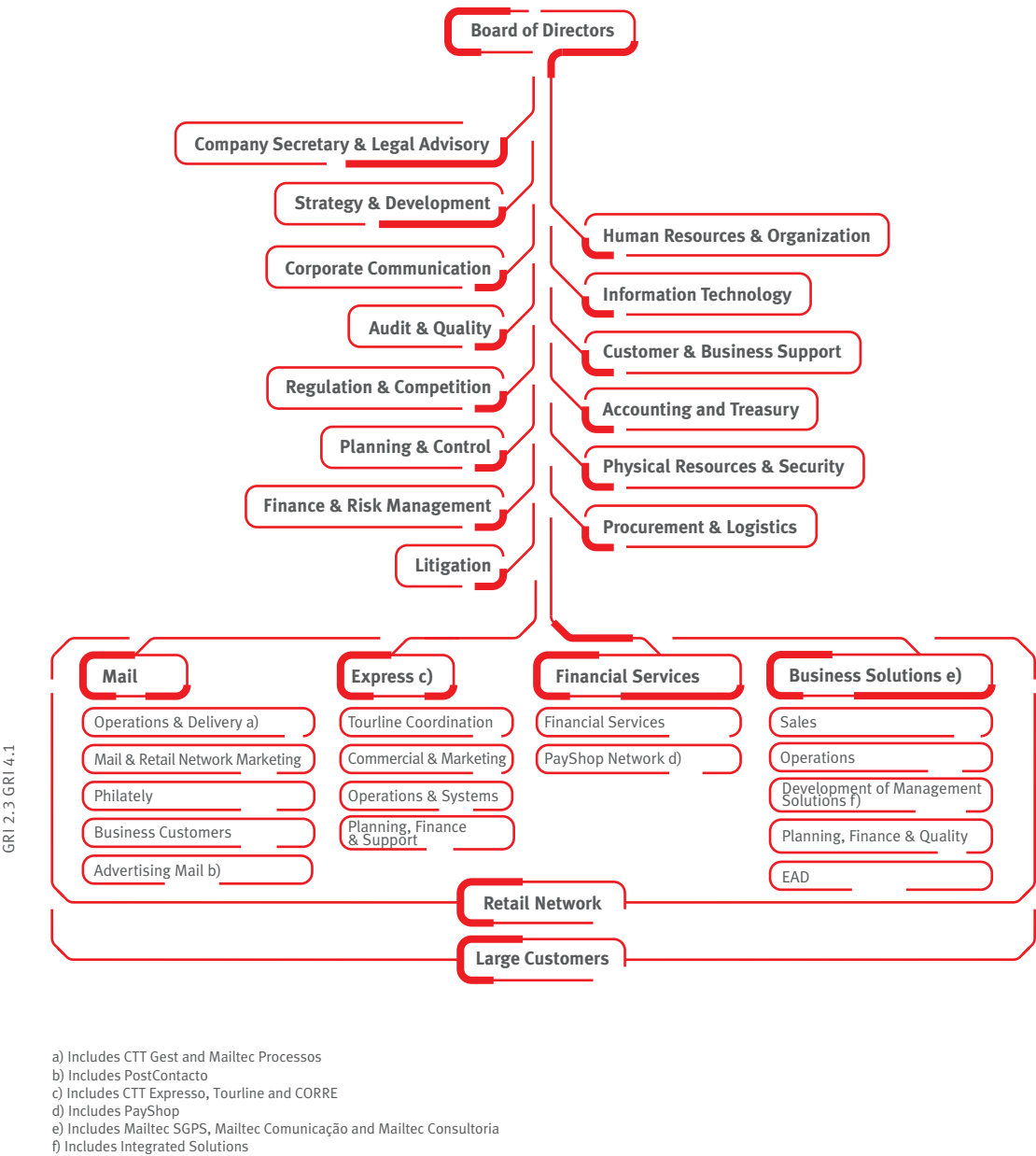
¹ Resolution of the Council of Ministers No. 5/2011 approves the 4th National Plan for Equal Opportunities – Gender, Citizenship and Non-discrimination, which includes 97 measures to be adopted. The measures of sub-paragraphs i) and v) are the following: “Include the gender perspective in all areas of political action;”, and “Promote the implementation of plans for equal opportunities in companies of the State-owned Company Sector;”

1.4. MANAGEMENT MODEL

The Board of Directors approved a new macrostructure which entered into force on 1 January 2013.

The new macrostructure reflects the strategic guidelines for the State-owned Company Sector, with the reduction of senior management positions and the need to adapt the company's organisation to the strategic objectives and business dynamics, with the efficiency and streamlining of areas and services and the reduction of the number of departments and senior managers as underlying principles.

FIGURE 3 | CTT ORGANISATION CHART



CTT is organised along four business segments: Mail Services, Courier Services, Financial Services and Business Solutions, under which its subsidiary and associated companies are classified, covering three major markets: (mail and business solutions), express and financial services. The Retail Network and Large Clients provide services to all the business segments with sales networks and commercial teams. The corporate services support the Board of Directors in the management, control, and supervision of the different activities and companies. The Customer Ombudsman is an independent entity that reports directly to the Board of Directors.

All members of the Board of Directors of CTT act as Executive Directors – the Chairman is also CEO – who have been allocated responsibilities to manage specific business segments and units and are also engaged in administering or managing other CTT companies.

The following specialised Committees report directly to the BD:

- Communication Committee
- Real Estate Management Committee
- Credit Committee
- Investment Committee
- Sales Committee
- Ethics Committee
- Procurement Table Committee (was suspended on 30 September 2012)

Other duties and responsibilities of the BD and the Company's Divisions and units are detailed in the Corporate Governance Report (Part III of AR2012) under paragraphs 2.2 and 1.1, respectively.

1.5. RISK AND CRISIS MANAGEMENT

The impact of risk management on the business conducted by CTT is becoming increasingly important in the face of the dynamic nature of the business segments where it operates.

CTT believes that risk management is a responsibility attributable to every division (namely its Corporate Centre Unit, Shared Services Unit and Business Divisions), as well as a duty of each of the Division Heads, in mutual cooperation with staff in general.

Further to identifying the risks arising in the conduct of its business operations and the allocation of specific duties and responsibilities to ensure that all identified action plans are duly and timely carried out and implemented, formal and informal reporting channels and channels of communication have been set up in order to continuously monitor the Company's performance.

In this regard, in 2009 the Board of Directors of CTT, following up a specific request of the Audit Commit-

tee, decided to develop and implement a Risk Management System. The purpose is therefore to respond to current market challenges, designing a formal process of systematic management of the main corporate risks of CTT, materialised in a suitable governance model.

In terms of main outputs of the project, the following are noteworthy:

- Risk Profile of CTT – Identification of the main corporate risks that can compromise the attainment of the strategic objectives and sustainable growth of CTT;
- Risk Management Framework – Elaboration of the Risk Management Policy and Manual that define the guidelines, procedures and duties to be observed at every level of the organisation;
- Mitigation Action Plan – Identification of the 21 actions that form part of a strategic emergency programme to respond to the main weaknesses identified;
- Corporate Risk Management Organisational Structure – a centralised Corporate Risk Management function that coordinated the Risk Management process of CTT and collaborated in the creation of a Risk Management culture. It also forms part of the Programme and Project Management function, responsible for managing the implementation process of the Action Plan to mitigate corporate risks;
- Risk Management Committee – Creation of a collegiate body which shall assume a driving role in the activity of the Corporate Risk Management function and will serve as an instrument to leverage the entire operationalisation process of the Risk Management System in CTT, underlining the strategic importance that the systematised management of risks represents in the current context of an organisation, as guarantor of its sustainability.

For a more detailed overview of the set of actions taken in line with the precautionary principle, refer to Corporate Compliance and other risk management systems in chapter 5 of the Corporate Governance Report (Part III of AR2012)

The Board of Directors supervises the manner in which the organisation identifies and manages economic, environmental, and social performance, including risks and opportunities, by means of the following instruments:

- CTT Medium-term Strategic Plan;
- Annual Plan & Budget;
- Monthly performance control indicators;
- Monthly control meetings;
- Annual and Half-year Reports & Accounts;
- Quarterly budget performance reports.

The main risk factors identified as being inherent to the business conducted by CTT are the following:

TABLE 2 | RISK SOURCES

External risks	Financial risks	Operational risks
Competition	Appraisal of investments	Business continuity
Compliance	Employee benefits	Environmental factor
Political factor	Cash flows	Fraud management
Liberalisation	Taxation and working capital	Innovation
Partners	Financial markets	Integrity of information
Relations with stakeholders	Interest rate	Human resources
		Credit to customers

Associated to these sources of risk, the most relevant corporate risks likely to have an adverse impact on the targets established by CTT were identified and evaluated, associated to the following opportunities and responsibilities:

TABLE 3 | CTT RISK FACTORS, OPPORTUNITIES, AND RESPONSIBILITIES

Corporate risks	Details	Opportunities
Markets and Competition	<p>In a context of a decrease in mail traffic volumes, the full opening of the market represents a challenge for CTT, taking into account the forthcoming new legal and regulatory environment</p> <p>The segmentation of markets and internationalisation are fundamental themes in the response to the entry of new players and increased competition</p> <p>Responsible Divisions/Units – Regulatory Compliance and Competition Unit, and Business Segments</p>	<ul style="list-style-type: none">• Market leadership position• Capillarity of the retail and delivery networks (proximity, convenience and accessibility)• Increased CTT efficiency vis-à-vis pricing• Strong potential for growth in relational marketing, courier, and parcel delivery services• Permanent benchmark of CTT performance relative to the entire group of European peers• Greater sales aggressiveness• Commitment to market diversification• Geographic segmenting of prices, by destination
Innovation and Development	<p>Innovation and modernisation in terms of new ideas, products, processes and market approaches is a critical success factor for CTT's development</p> <p>Responsible Division/Unit – Strategy and Development Unit, Business Segments and Network Marketing</p>	<ul style="list-style-type: none">• Reinforcement and extension of activities within its logistical and communicational vocation (ViaCTT, mailmanager and Phone-ix virtual mobile telecommunications operator)• Offering customised online, outsourcing, and value-adding services of high quality at affordable prices• Growth of the parcel deliveries market (integrated logistics and delivery services), associated to the growth of electronic commerce• Development of the financial services supported by CTT's retail network• Expanding foreign business and opportunities to sell postal know-how and technology abroad

Corporate risks	Details	Opportunities
Stakeholder State	<p>As part of the State-owned Company Sector, CTT is heavily affected by the guidelines and decisions of the stakeholder State which performs a multiplicity of – at times, conflicting – roles</p> <p>The definition of the privatisation model of CTT and its effective fulfilment, projected for 2013, are of vital importance for the future of the company</p> <p>Responsible Division/Unit – Board of Directors</p>	<ul style="list-style-type: none">• Shareholder as a facilitator of the business, management excellence and sustainability• Increased internal efficiency• Creation of shareholder value• Solidity and reliability of the company• Synergies for the development of Government Services• Sustainability and future growth of the company
Universal Service Obligation	<p>Assuring provision of the universal postal service under the concession contract in force until 2020 represents a high cost and, on the other hand, an opportunity in terms of strategic objective</p> <p>Responsible Division/Unit – Regulation and Competition Units, Board of Directors and Mail</p>	<ul style="list-style-type: none">• Only shareholder with the required capillarity for the provision of the service• Concession contract with the State, to be reviewed in 2013• Considerations for the provision of universal postal service, namely through compensation funds• Creation of rules of competitive behaviour
Customer Focus and Retention	<p>The growth and sustainability of CTT is strongly dependent on the provision of a service focused on customer satisfaction. In this regard, it is of fundamental importance to anticipate, evaluate, respond and stay tuned to their needs, offering adequate products and services of high quality at competitive prices</p> <p>Responsible Division/Unit – Business Segments</p>	<ul style="list-style-type: none">• Record of offer of a service focused on customer satisfaction• Company viewed as trustworthy and provider of a relevant service for society• High national and international quality service• Prices suited to the service rendered
Human Resource Management	<p>Human resources are the main assets of CTT. The production processes are strongly dependent on CTT staff, who must be managed adequately, fomenting their motivation and involvement in the fulfilment of the company's strategy.</p> <p>Responsible Division/Unit – Human Resources and Organisation Unit, Board of Directors</p>	<ul style="list-style-type: none">• Qualified and motivated staff• Training for skills enhancement and career development• Improve the work/family relationship• Multi-tasking, flexibility and staff rotation• Approach to the theme of equal opportunities• Performance evaluation and merit-based remuneration systems• Reduction of staff conflicts and social dialogue
Partnerships	<p>The appropriate selection of partners, whether in terms of core business, financial services or new business, i.e. service providers and suppliers, is an increasingly determinant factor in the ability to compete and in the creation of value for stakeholders</p> <p>Responsible Division/Unit – Business Segments, Board of Directors and Strategy and Development</p>	<ul style="list-style-type: none">• Establishment or strengthening of agreements or partnerships that might enhance CTT's competitive capability• Creation of value for stakeholders• Skills reinforcement through adequate selection of partners that protect CTT's interests and values• Partnerships with entities that strengthen corporate citizenship and the brand
Information Management	<p>Analysis and decision-making based on critical, relevant, reliable, consistent and confidential information are crucial for an efficient definition, implementation and management of business strategy</p> <p>Responsible Division/Unit – Accounting and Treasury, Planning and Control and Information Technologies Unit</p>	<ul style="list-style-type: none">• Existence of planning, monitoring and control mechanisms• Reliability and consistency in management information• Information in due time for decision-making

Corporate risks	Details	Opportunities
Information Technologies	<p>The growth of the business requires the existence of robust and flexible technologies, aligned with needs, suited to greater commercial efficiency and that support the business strategy</p> <p>In addition, the focus on electronic business requires the development of appropriate information systems and technologies</p> <p>Responsible Division/Unit – Information Technologies Unit</p>	<ul style="list-style-type: none">• Flexible information systems• CTT with internal skills for development of solutions• Focus on electronic business and solutions• Continuous investment• Development and/or strengthening of the partnerships with the main players of the sector
Strategic alignment	<p>The fulfilment of the business strategy implies the existence of a clear and constant alignment with the vision and mission, strategic objectives, critical success factors, strategic action programmes and operations undertaken by the various business segments.</p> <p>Responsible Division/Unit – Board of Directors and Strategy and Development Unit</p>	<ul style="list-style-type: none">• Set of defined policies and principles• Deployed, integrated and coherent corporate scorecard• Continuous updating of micro actions and behaviour (short term) in order to achieve the macro strategy (medium and long term)
Profitability analysis culture	<p>The existence of a profitability analysis culture is crucial for the sustainable growth of CTT</p> <p>The regular and systematic cost-benefit analysis of products and services, customers, and investment projects is a critical success factor</p> <p>Responsible Division/Unit – Finance and Risk Management Units, Business Segments, and Planning and Control</p>	<ul style="list-style-type: none">• Implementation of management information and internal control systems that are adequate to the size and complexity of CTT• Improvement of risk management• Improvement and increased autonomy provided to contract sourcing and management functions• Cost-benefit evaluation structures and procedures for investments

Specifically in terms of the environmental pillar, and given its relevance, its risks and opportunities are listed below.

TABLE 4 | RISKS AND OPPORTUNITIES OF THE ENVIRONMENTAL PILLAR

Risk factor	Risks	Opportunities
Environment/Climate Change	<ul style="list-style-type: none">• Multinational operators which have already implemented sustainable policies• Legal and regulatory requirements• Increase in energy costs associated to the evolution of prices in the international market• Operational disruptions due to extreme climate phenomena• Perception as a not very environmental-friendly operator, subject to pressure to reduce paper-based information <p>Responsible Division/Unit – Institutional Communication Unit</p>	<ul style="list-style-type: none">• Reinforcement of brand and reputation• Increased pricing power• More efficient use of resources and cost-cutting• Optimisation of the supply chain• Increased customer loyalty• Development of ecological businesses• Improved risk management

Occupational safety and security

Numerous contacts and negotiations were held with the national, regional, and local command units of the Police and security forces as a means of enhancing the security of premises, assets and staff. The Public Security Police reinforced its highly effective support of CTT, with a more regular presence, whenever possible, at our post offices. It is a continuous, vital and indispensable service.

The reinforcement of partnership actions with national security services was continued, contributing most effectively to the capture of various criminal elements and groups of assailants who targeted CTT premises and banking institutions. This was achieved by notifying the appropriate departments and their swift response, enabling the competent security services to, in turn, be notified promptly and directly of occurrences concerning the security of people and/or assets.

Several security and training courses were held in partnership with national security forces and services, related to exceptional internal and external measures, regarding the growing national and international security regulations of material impact and applicable in Portugal.

The National Security Centre of CTT was created, which monitors the electronic security equipment of all of CTT's premises, remotely collects images from the video surveillance equipment requested by the authorities and collects and communicates data on security incidents at CTT premises. This sorting centre is on duty 24 hours a day, every day of the year and is considered an essential element in the significant short, medium and long-term improvement of safety and security at the company

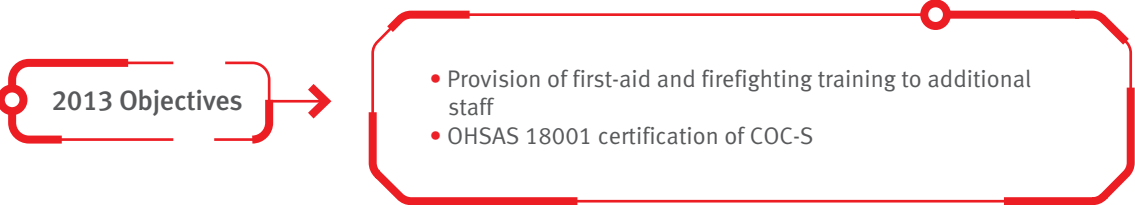
CTT's internal rules and regulations on safety and security were updated, in line with recent Portuguese and European legislation and standards.

Safety and security training and/or recycling of information through counter service was ministered to all the occupants of various large premises on mainland Portugal, namely mail sorting centres (including other departments that operate in the same premises) and the CTT Building (Lisbon). These training and awareness raising sessions focused on first response to an emergency situation, personal safety and safety of goods, fire-fighting, evacuation procedures, organisation of local security services, self-protection measures/plans, roles of safety delegates and of safety and fire-fighting coordinators, as a means of conveying both theoretical and practical knowledge on safety and security issues. These have already had a beneficial impact on the safety and security of staff.

The Safety Delegates of large buildings and members of the Teams for the elaboration of Self Protection and Security Measures/Plans received specific training, aimed at updating their knowledge on data, procedures, means of action, legislation and regulations. These completed dozens of Plans of various CTT premises, which include, among others, emergency and prevention plans, procedures, energy plants, internal and external contacts, etc.

Internationally, CTT continued to participate in European and worldwide working groups dealing with postal safety and security matters, with its participation being considered as strategic.

We continued to collaborate actively with the Security-related UN body, participating in meetings and in the Advisory Committee, forming part of the commission for the launch of the 2nd Advanced Course of Security Directors of the Business Sector, in collaboration with the Instituto Superior de Ciências Policiais e Segurança Interna (Higher Institute of Police Sciences and Internal Security) and with the Ministry of Internal Administration. This participation is strategic, both in terms of security at CTT and national and international security, since we are one of the key players among other leading major national and international companies and security forces/services of numerous countries.





Creating value

Creating value for stakeholders is the goal around which all companies gravitate. At CTT, this premise is taken up in a sustainable way, gaining a physical dimension through constant improvements for the shareholder, employees, customers and partners. But not only this. It also involves the cross-certification of services and subsidiary companies, the modernisation of infrastructure and information systems, interaction with the community and the engagement in social causes. It thrives on the attention it pays to the external environment, using all the key tools to become increasingly competitive. For a sustainable future, for quality of service and for customer satisfaction.

GRI 4.15

Involvement with the stakeholders

Integrating the concept of sustainability in the current management of a company is reflected in an attitude of continuous involvement, transparency and commitment. CTT has progressively adopted this attitude and reaped its rewards. CTT has already received numerous awards and distinctions, and the increased maturity and commitment of the different areas of the company is also visible. The shareholder and senior management have been determinant in this change, since both have actively stimulated the company to pursue this objective of integration of the concept. Thus, deepening the engagement and involvement with the stakeholders, in particular those that are most critical and identifying, understanding and meeting their expectations, is an increasingly more important challenge that is proposed to the entire organisation.

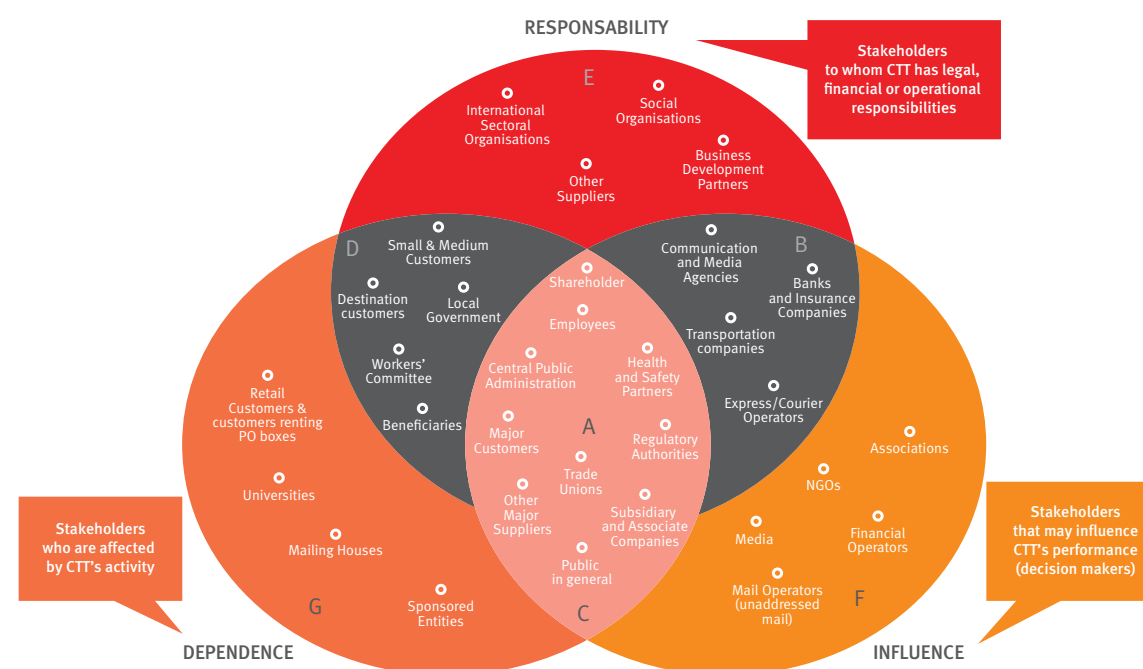
In addition to the various forms and means that have already been consolidated, reflected in practice during regular actions of consultation, involvement, engagement and monitoring of the stakeholder's needs and satisfaction, such as through the surveys, meetings, conferences, working parties, panels, newsletters, external and internal communication, both in

stricter or broader contexts, the company has also developed a variety of more specific actions.

This year, the process of engagement with its stakeholders was re-launched, which will be phased and segmented. The first action involved the employees, for whom sessions in the format of focus groups were conducted. Representative groups were selected from the company's total staff and the exercise concentrated on the need to deepen and update the results of the previous formal exercise, in relation to their needs as well as critical and relevant issues. The results do not indicate significant differences, although the data has not yet been subject to specialised processing. However, it is observed that the economic feasibility of the company, customer loyalty, privatisation, climate change, support to the community and local population, communication and training are the main concerns of the employees.

The objective of the previous exercise, carried out in 2008 and structured based on the reference standard AA1000SES, which had been the identification and mapping of the stakeholders and relevant topics so that the company could define a progressive strategy of involvement with the stakeholders, therefore remains valid.

FIGURE 4 | MAPPING OF THE STAKEHOLDERS (SOURCE: PWC)



Creation Of Value
For The Stakeholders

The results of this exercise were enlightening from two different angles, on the one hand they validated the strategic focus and directions that the company had already adopted, while on the other hand, they confirmed the suspicion that the company's activity and actions were not perceived in a manner compatible with the effort dedicated, in particular, to matters of the environment.

This fact ended up by boosting the taking of decisions on the ecological repositioning of the company, an attitude which has been consolidated with a firm commitment to improving the environmental efficiency of CTT and significant growth of traffic and revenue related to the Correio Verde portfolio, among others. The traffic and revenue from Correio Verde Eco Mail has increased by 6.2% and 9.5% respectively and DM Eco has recorded traffic growth of 6.4% and increased revenue of 0.3%, currently representing 18% of the traffic of the Direct Mail segment.

GRI 4.17

The stakeholder involvement exercise identified the following critical topics: stakeholder satisfaction, competitiveness and the liberalisation of the mail market. In turn, climate change, health and safety, and technological innovation were considered relevant topics.

In the area of control and mitigation of the company's environmental impacts, we have continued to operationalise the initiatives established in the Earth Project and Mobility programme (Mobi-E). As would be expected, the fleet area was one of the most targeted: CTT replaced 185 light vehicles by other more efficient models and the fleet of heavy vehicles was renovated with 26 vehicles compliant with standard EURO5+EEV, thus complying with stricter Community standards on emissions. In terms of alternative motor vehicles, 150 electric bicycles were purchased for the delivery service and this was the first Portuguese company to test the new Renault Kangoo Z.E. vehicle, 100% electric, following a protocol signed with Renault Portugal, as well as the undertaking of other tests.

Also in the area of preservation of the environment and biodiversity, three voluntary work initiatives were organised in partnership with Quercus, aimed at the elimination of weeds, undesirable species, in order to enable the development of indigenous species (namely oak trees) in Serras de Aires e Candeeiros Natural Park, the protection of *Leuzea longifolia*, an endemism at risk of extinction, close to Leiria, and the conservation of natural habitats in Lagoa de Albufeira.

In addition to this focus on environmental aspects, during this year the company dedicated special attention to the stakeholders, customers, employees, community and suppliers.

GRI 4.16

Regarding its customers, the company continued to focus on a structure that favours the direct management of large customers by Key Account Managers, with segmentation by type of market. The year closed with a record value of over 70% of the receiving customers being satisfied with the overall service provided by the company (and merely 6% dissatisfied), a figure which rises to almost 80% in the case of the mail delivery service and close to 90% for counter service.

We meet our Stakeholders expectations

The ongoing hearing of needs and levels of satisfaction was complemented by an effort directed towards the creation of solutions for the faster submission of commercial proposals and reduction of the average processing and response time relative to claims, in order to ensure even closer and more prompt relations with customers.

New products adapted to market needs were launched during the year, with special focus on digital solutions (boosting the customers' business) and capitalisation insurance. Second, in the leadership of this market, CTT launched three new savings insurance products "Postal Mais Futuro II", "Postal Praemium" and "Postal Futuro Junho – 2014", offering highly competitive rates and which have already raised 88 million Euros worth of sales. Adding the PPR (retirement savings plan) production, which grew by 45%year-on-year, the total placement was above 200 million Euros.

With respect to the stakeholder employees, various actions of involvement were organised, such as, for example, the workshop on sales "Quality Adds Value" and the internal dissemination of the book "Portugal With Us – A Postman's View", at various points of the country, to the distributors. This pioneer idea, winning numerous awards, involved the mobilisation of thousands of postmen and women, who were given a camera so as to capture images of their daily rounds. A very high number of employees participated and the results surpassed all expectations, both in terms of the dynamics which were established with the participants and between them and the local populations, and in terms of the attribution of various awards and distinctions.

For the employees in general, there were two Innovation and Creativity Forums, a campaign for the prevention of cardiovascular disease, in partnership with Fundação Portuguesa de Cardiologia (Portuguese Cardiology Foundation), at ten CTT buildings of mainland Portugal and the islands, and two appointments on matters of Occupational Safety and Hygiene. These actions revealed that the level of satisfaction with working conditions has increased, reaching the figure of 80.5%.

Among other initiatives directed at the employees and their children, the CTT School Library was launched, created to promote the exchange of school books and manuals between parents with children attending elementary or secondary education, which met the needs of 90 families. A protocol was also signed with Bertrand for discounts accessible to CTT employees in the purchase of school books.

Various competitions were also launched internally to promote greater interaction between employees and with the company, where there is growing participation in these initiatives. This is the case of "Discovering Talents", in the context of writing, theatre, dance, painting and other arts. In the area of balance between work and family life, the company offered enrolments for the women's race, tickets to Kidzania on Mother's Day for children and parents, and a visit to the Zoo for families.

The company has also sought to intensify its involvement with the stakeholder society and one of the best examples of this effort is reflected in the sponsorship of the movement for zero food wastage "DariAcordar", through a cooperation protocol under which CTT assign two senior personnel members on a full-time basis, per year, to support the coordination and operationalisation work of the movement. This is a sponsorship with an unusual longevity, placed in the context of long term voluntary action.

For the 4th consecutive time, we organised the "Solidarity Santa Claus" inclusion action, where children in difficult circumstances from 50 institutions wrote 2,058 letters to Santa Claus, with their wishes. Anonymous citizens sponsored 1,362 letters, indicating that

society supports these types of initiatives. At this time of the year, CTT usually also receives letters addressed to Santa Claus from many other children. In 2012, we received 175 thousand Christmas letters and none went unanswered.

The "Combat of Poverty and Social Exclusion Project" launched in 2008, is still operational. We accept and deliver, free of charge, donations to 25 institutions under protocol and have collected books and other donations for East Timor, São Tomé e Príncipe and other countries, reaching a total of 33,450 solidarity parcels. The Solidarity Postman project was also launched, through which food and other items were delivered to social solidarity institutions.

In the context of the company's relations with suppliers, the Sustainable Procurement Policy endorsed by CTT has taken on a determinant role, aimed at reflecting the principles of Sustainability in the value chain, in the areas of ethics, the environment, civic duties and human rights. The process of recording and qualification of suppliers is in progress and a pilot project has started involving visits to suppliers, emphasising socially and environmentally sustainable practices.

The communication channels, most common approaches and various measures implemented during this year aimed at meeting stakeholder expectations are listed below. Some of these measures simultaneously meet the desires of more than one stakeholder. The objective of CTT is to establish effective, ongoing and transparent engagement with the stakeholders, by strengthening all the forms and channels of hearing and involvement.

GRI 4.16 GRI 4.14 GRI 4.17

TABLE 5 | LIST OF STAKEHOLDERS AND FORMS OF INVOLVEMENT

Critical stakeholders	Expectations and needs	Communication with stakeholders and their hearing	Adopted measures
Shareholder	<ul style="list-style-type: none">Achieved results and shareholder yieldSocial and work stabilityHarmony with ManagementManagement alignment with shareholder directionsCompliance with Public Service ObligationsRequirement of socially and environmentally responsible behaviour	<ul style="list-style-type: none">Management ContractInstitutional/ReportsRigorous and transparent reporting (Annual Report, Corporate Governance Report, Single Report and Sustainability Report)Prospective reporting(Strategic and annual plan and Budgets)Quarterly reporting	<ul style="list-style-type: none">Payment of dividendsEstablishment of management objectivesContracts of objectives between CTT and the company's managementTheir application to all operational unitsInitiatives to deepen involvement with stakeholdersSocial and environmental initiatives and investments
Regulator	<ul style="list-style-type: none">Quality and price standards and rules for products and servicesAssured provision of the universal serviceFreedom of competition	<ul style="list-style-type: none">Information on servicesRegular reporting	<ul style="list-style-type: none">Universal Service Price and Quality AgreementsCompliance with the contracted quality levelsAudit of financial aspects and Quality and Claim Indicators

GRI 4.16

Critical stakeholders	Expectations and needs	Communication with stakeholders and their hearing	Adopted measures
Customers	<ul style="list-style-type: none">• Best products at accessible prices, i.e., better quality/price relationship• Reliability/Trust/• Satisfaction• Flexibility and customisation• Security of mail items (accountability)• Geographic coverage• Environmental responsibility• Closer and more frequent relations (newsletters, portals, focus groups, satisfaction assessment studies, etc.)	<ul style="list-style-type: none">• Information campaigns• Personalised and permanent communication• After-sales actions• Advertising and accessibility of the information• Proactive management of failings• Call centre/customer service lines• Key Account Managers, managers of large accounts, customer managers• Market research• Regular surveys on delivery and counter service services• Decentralised meetings of the Management with customers	<ul style="list-style-type: none">• Improved customer satisfaction• Launch and reformulation of new customised business solutions• More and better products and services in CTT's different areas of action• Consolidation of the ecological portfolio (products and services)• Expansion of certification under various standards• Renovation of CTT post office premises
Competitors	<ul style="list-style-type: none">• Participation in initiatives of common interest• Sectorial benchmarking• Provision of access to the network upstream	<ul style="list-style-type: none">• Participation in forums• Participation in benchmarking exercises• Representation in bodies of the sector	<ul style="list-style-type: none">• Compliance with market rules• Intervention in joint projects, in the context of sectorial bodies
Employees	<ul style="list-style-type: none">• Appropriate remuneration• Stability (employment security, wage, social protection)• Opportunities for evolution and career progression• Good working conditions• Recognition of merit• Participation in decision-making processes• Information and debate• Equal opportunities and management of the diversity• Better work-family balance• Communication and work in teams	<ul style="list-style-type: none">• Information in due time• Personalised communication through the leadership/dialogue chain• Written internal communication (magazine, thematic newsletters, electronic formats, letters, intranet)• Training• Forums• Relational communication – visits of the senior management to workplaces;• Sectorial meetings• Systems for suggestions• Surveys	<ul style="list-style-type: none">• Widespread disclosure of work-related information• Continuity of the H&S programme• Assessment of working conditions• Training on safe/defensive/ ecological driving• Continuation of training on first aid and fire-fighting• New medical screening, free of charge (heart)• 90% of employees covered by training – 23h/employee• Certification and validation of competencies up to the 9th and 12th year of over 179 employees• Study on active aging• Preparation of a training package on equal opportunities, harassment, and other• Participation in the Forum "Companies for gender equality"
Unions/Workers Committee	<ul style="list-style-type: none">• Respect for their opinions/positions• Transparent negotiation• Consultation on matters of corporate responsibility• Participation in collective bargaining and contracting processes• Compliance with Public Service Obligations	<ul style="list-style-type: none">• Monthly and/or extraordinary meetings• Meetings with Union Organisations and Associations Representing Functional Groups, whenever necessary• Relevant communication management	<ul style="list-style-type: none">• Formalisation of a single Company Agreement• 99.8% of employees covered by collective bargaining agreements• Assurance of the health system for the employees• Improvement of working conditions• Meeting with the Workers Committee on the issue of sustainability at CTT

GRI 4.16

Critical stakeholders	Expectations and needs	Communication with stakeholders and their hearing	Adopted measures
Suppliers	<ul style="list-style-type: none">• Equal opportunities and transparency (clear rules)• Compliance with payment and other deadlines• Increased company investment generating new supplies• Tightening of relations• Qualification of suppliers (surveys and audits)	<ul style="list-style-type: none">• Information and communication of company projects• Sustainable procurement policy – contractual clauses	<ul style="list-style-type: none">• Stricter standards relative to social, human rights and environmental requirements• Ecological Procurement Plan – compliance with the objectives• Stricter social, human rights and environmental requirements• Visits to suppliers for deeper dialogue• Platform for recording of potential suppliers, development underway
Media	<ul style="list-style-type: none">• Access to reliable and relevant information• Visits/open days• Communication to the market	<ul style="list-style-type: none">• Press Relations Agent (direct relations with the media)• Press Releases• Press conferences	<ul style="list-style-type: none">• Presence of the senior management in media entities• Disclosure of information on the services and other aspects of corporate life
Community	<ul style="list-style-type: none">• Proximity (presence of CTT)• Employability• Capacity of communication/dialogue with local partners• Compliance with Public Service Obligations• Accessibility to the services• Good corporate citizenship, in social and environmental terms	<ul style="list-style-type: none">• Direct/personalised information• Website• Presence in the local and national press• Direct contact with the postman and counter service personnel	<ul style="list-style-type: none">• Construction of 5 more access ramps for disabled people• The Combat of Poverty and Social Exclusion Project ensure the delivery, free of charge, of 33,450 parcels• Assignment of 2 CTT senior personnel members to the DariAcordar Association• Organisation of charity actions to collect books and other items• 34 curricular and professional internships• Sponsorship of charity actions• 10 corporate voluntary work actions, 3 of environmental nature• Internal collection of 7.2 tons of donations to be offered to 23 institutions (Adding Up to Divide)• Collection of donations through PayShop agents• Environmental programme – reduction of energy consumption and emissions

The stakeholders' perception of the company's responses and adopted measures is very favourable, according to the results of the hearing of the stakeholders and various opinion studies, internal and external. The media and awards that have distinguished us as an excellent brand corroborate the recognition that CTT's contribution to society is relevant and positive.

During 2012, the company completed questionnaires on labour issues of the following entities:

- National Statistics Institute (INE):
 - "Cost of Labour Index", produced on a quarterly basis;
 - "Social Protection Survey", carried out annually;

- Strategy and Planning Bureau (GEP) – former DGEEP – General Division of Research, Statistics and Planning – of the Ministry of Labour and Social Solidarity
 - "Single Report";
 - "Labour Gains and Duration", produced on a six-monthly basis;
 - "Job Vacancy Survey", carried out quarterly;
 - "Continuous Professional Training Survey", carried out annually and of three-yearly content.

The following list presents the answers included in this report dedicated to the critical stakeholders, in relation to the topics mentioned above. The colour gradient indicates the criticality of the topic for each stakeholder (where darkest is most critical and lack of colour is non-critical).

TABLE 6 | ANSWERS TO STAKEHOLDERS RELATIVE TO CRITICAL AND RELEVANT TOPICS

Critical stakeholders	Answers to stakeholders on critical and relevant topics					
	Stakeholder satisfaction	Competitiveness	Liberalisation	Climate change	Health and safety	Technological innovation
Shareholder	2.2.1 Sustainable company Business ethics (p.25) 2. Creation of value for stakeholders 5. Commitments	2. Creation of value for stakeholders 2.3 Customers Customer satisfaction (p.52) Risk and crisis management (p.30)	Modernisation of the contact network (p.47) Offer of products and services (p.49)	3. Relationship with the environment	Employees	Generate growth through innovation (p.21) Awards (p.12) Certifications (p.11)
Large Customers	2.3 Customers 5. Commitments Certifications (p.11)	2.2.1 Sustainable company Business solutions (p.48)		3. Relationship with the environment Sustainable marketing (p.100)		Generate growth through innovation (p.21) Business solutions (p.48)
Small and medium-sized customers	2.3 Customers Customer satisfaction (p.52) Customer Service (p.51)					Generate growth through innovation (p.21) 2.3 Customers Offer of products and services (p.49)
Employees	Awards (p.12) 2.6 Employees 5. Commitments	Certifications 2. Creation of value for stakeholders Offer of new products and services (p.49)	2.2.1 Sustainable company Modernisation of the contact network (p.47)	3. Relationship with the environment Sustainable marketing (p.100)	Fringe benefits (p.72) Prevention and safety (p.75)	Generate growth through innovation (p.21)
Unions	2.6 Employees		1. Sustainable company 2. Creation of value for stakeholders		Fringe benefits (p.72) Prevention and safety (p.75)	
Suppliers	2. Creation of value for stakeholders Suppliers (p.45)			3. Relationship with the environment		Platform to record suppliers (p.46)
Regulator	1. Sustainable company 2. Creation of value for stakeholders 5. Commitments	Accessibility (p.56) Mail service density and coverage (p.58)	Compliance with the concession contract (p.56)			Generate growth through innovation (p.21)
Partners	1. Sustainable company 2. Creation of value for stakeholders 4. Participated companies 5. Commitments	2.3 Customers 3. Relationship with the environment				Generate growth through innovation (p.21)

In 2012, CTT's economic performance showed the following evolution:

TABLE 7 | DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED BY CTT

thousand Euros	2011	2012	% 12/11
Direct economic value generated	781,947	726,847	-2.80%
Revenue	781,947	726,847	-7.05%
Direct economic value distributed	766,211	741,937	-1.80%
Operating Costs	324,921	318,534	-1.97%
Wages and Employee benefits	374,546	348,751	-6.89%
Payments to capital providers	37,176	54,546	46.72%
Payment to the State	28,562	19,133	-15.01%
Investment in the Community	1,006	972,906	-3.24%
Accumulated economic value	15,736	-15,090	-34.91%

TABLE 8 | ECONOMIC PERFORMANCE OF CTT

thousand Euros	2011	2012	% 12/11
Consolidated operating income	761,074	711,691	-6.49%
Consolidated EBITDA	103,745	92,366	-10.97%
Consolidated operating profit	75,636	64,075	-15.29%
Consolidated net income	55,818	38,554	-30.93%
Consolidated GVA	422,411	385,076	-8.84%
Investment (1)	27,122	14,247	-47.47%
EBITDA margin	13.63%	12.98%	
Return on Equity (ROE)	21.97%	14.15%	
GVA / Average no. of employees	29,393	27,993	-4.76%
Consolidated assets	1,052,557	1,063,425	1.03%
Equity	271,607	273,481	0.69%
Share Capital	87,325	87,325	-

(1) Includes financial investment.

CTT closed 2012 with a consolidated net income of 38,554 thousand Euros, corresponding to a net margin over consolidated operating income of 5.4% and return on equity of 14.1%.

Consolidated EBITDA amounted to 92,366 thousand Euros, representing growth of 10.97% in relation to the previous year, and a margin of 13.0%.

2013 Objectives

- Increased and improved offer of products and services and maximisation of the operating efficiency
- Definition and publicising of multi-annual targets for key sustainability variables
- Continuation of the hearing exercise
- Focus groups with customers
- Preparation of segmented articles for different target groups

2.1. SHAREHOLDER

The creation of value for the shareholder, one of the corporate objectives pursued by CTT, constituted a central objective of the management model, providing important benefits for corporate business and for the different stakeholders.

2.1.1. Shareholder composition

CTT – Correios de Portugal, S.A. (CTT) is a fully State-owned, public limited liability company.

CTT's share capital is composed of 17,500,000 shares with a nominal value of 4.99 Euros each, fully paid-up and underwritten by the State. Through Order number 2468/12-September of the Secretary of State for the Treasury, the holding of CTT, held by the Directorate-General for the Treasury, was transferred to Parpública taking effect on 28 December 2012.

2.1.2. Shareholder returns

Pursuant to the company's articles of association, the annual net profit should be allocated as follows:

- at least 5% to the legal reserve;
- a certain percentage distributed to the shareholders as dividend, as determined by the general meeting;
- the remaining amount to be appropriated for the purposes that the general meeting decides to be of interest to society.

Under the terms of article 294, number 1 of the commercial company code, 50% of the distributable profit should be distributed, subject to the company's economic and financial condition at any given time. Distributable profit corresponds to the value of the net profit for the year, minus 5% for the legal reserve and the amount required to cover negative retained earnings.

The company has distributed dividends to the shareholder on an annual basis since 2006.

In June 2012, the State was paid dividends of the value of 53,876,585 Euros relative to the financial year of 2011, corresponding to a dividend per share of 2.13 Euros. Over six consecutive years, the company has returned to the shareholder 276% of the share capital.

2.2. SUPPLIERS

2.2.1. Business relations

Procurement activity has slowed down gradually since 2010, influenced by the known combination of factors, such as the Portuguese public debt crisis and guidelines issued for the State business sector, the focus on efficiency and cost-cutting actions, as well as the actual dynamics of the productive cycle pressurised by the recessive behaviour of demand.

This scenario, which had already been evident since 2011, has constrained our business relations with suppliers and reinforced the need to have more thorough knowledge of these suppliers, permanently updated, in order to certify the commitments undertaken between both parties, whether commercial or concerning declaration of principles.

1,073 procurement processes were concluded with adjudication during 2012, of the value of 43 million Euros, of which 41.5 million Euros (approximately 97%) were awarded to suppliers with national representation, thus constituting an important value of stimulus to the Portuguese economy. Adjudication, following tenders launched under the Public Contract Code, represented 25 million Euros (around 60% of the total value awarded).

The use of the Framework Agreements established with Entidade de Serviços Partilhados da Administração Pública, I.P. (ESPAP,I.P.) was consolidated, with the adjudication of four consultations under these agreements, in the procurement groups of fuel, IT consumables and motor vehicle insurance.

It was with great honour and satisfaction that we developed and supplied electric bicycles to CTT during 2012. Promoting sustainable forms of transport for their staff is an excellent way for companies to enhance their corporate image. This image is primarily visible to their employees, who will certainly feel proud to work for an organisation that recognises social and environmental responsibility. It is also a manifestation of a culture that values ethics, truth, justice and respect for all with whom the company interacts.



Alfredo Marques
Director of the ÓRBITA/MIRALAGO Group.

MIRALAGO

2.2.2. Qualification and selection of suppliers (quality and environment)

It has not been possible to carry out the launch of the supplier recording and qualification process, initially forecast for 2012. The State's guidelines to taxpayers of corporate income tax (IRC) and value added tax (VAT), with the compulsory requirement of the creation of an Electronic Mailbox in the Via CTT service, has opened new prospects for a final solution, and the possibility of changing it has been considered so as to use Via CTT as an entry channel for the recording and qualification of suppliers. At the same time, a process is in course aimed at the inclusion of the supplier assessment component which will enable increasing the scope and boosting the proximity between CTT and its suppliers.

In the meantime, a pilot project of visits to suppliers has been started, in order to strengthen CTT's social and environmental responsibility policies, which foresees the assurance of the information declared by the suppliers. This project began this year, with five visits having been carried out. The visits to the suppliers, regardless of the objectives defined for them, constitute an

opportunity to record information on the capacity and maturity of our supply chain with regards to quality, environmental management, management of occupational safety and health systems and compliance with human rights.

The Declaration Template used in the technical specifications of consultation and procurement processes, which emphasise the company's concerns of compliance with matters of human rights by our suppliers is part of the tender components of processes worth above 50 thousand Euros. During 2012, 97% of the 142 contracts signed by CTT included contractual clauses on the environment and human rights.

Contracts were signed which included procedures with environmental procedures, where the objectives established by the State were surpassed (see details in the chapter on Relations with the Environment, point 3.1.2.). In the case of transport services, e.g. the assessment criteria for proposals value the age of the vehicles, establishing minimum limits, with a view to stimulating the supply chain towards the adoption of cleaner technologies.

GRI HR1

GRI EN7

2013 Objectives

- Implementation of the process of enrolment and recording of suppliers
- Fine-tuning and turning visits to suppliers into a routine process
- Study on the use of recycled paper

2.3. CUSTOMERS

2.3.1. Customer relations management

Contact Network

CTT has a major impact on Portuguese society due to its presence throughout the entire country, reaching the most remote places, its importance in terms of employment and the production of wealth, and as a vehicle of enhancement of the competitiveness of the national business structure. CTT is a powerful platform of convenience offering numerous services, aimed at meeting the needs of citizens and economic agents, through a high quality and efficient commercial and logistics network which is close to the customer. CTT is an essential element of the country's social and economic development, contributing to improving the quality of life of its customers and employees, as a result of its dynamics, service driven culture and attitude of social responsibility.

GRI EC9

The model of operation of the counter service and delivery network has progressively evolved and been structured in order to improve the service to the customer, continuously working towards the development of relations of mutual trust and favouring proximity.

The company provided a contact force of over 9,600 employees on a daily basis, which enables it to reach the entire population of the country. Furthermore, its website provides detailed information on the characteristics of all its products and services and establishes, as a good practice, information that is updated monthly on its performance and quality of service levels relative to its portfolio of products, both on its website and at CTT post offices.

GRI PR3

The modernisation of its infrastructures has been an ongoing concern, with a view to ensuring the wellbeing of its employees and customers. The modernisation of its post offices is the most visible side of this investment effort. In terms of operations and back-office, the company has invested, in particular, in mail processing equipment, the renovation and expansion of its fleet with repercussions on the quality of the service operated, in information systems and in innovation and development.

This year, we concluded an ambitious project, the technological renovation of the IT system of the counter service system in mainland Portugal, the Azores and Madeira, covering 738 post offices and 748 postal agencies, involving a total of 4 thousand counter positions. All the IT equipment that was obsolete was replaced by other equipment with the most recent technical properties, leading to a significant reduction of energy consumption. This process has enabled updating the Windows operative system and the software supporting the counter service system (NAVE), in order to take advantage of the functionalities brought in by the latest versions on the market.

Encompassing coverage, a modern offer

I have been able to attend the customers more quickly since May, primarily for mobile telephone recharging and social security services, never reaching the end of the established waiting times. The new system enables attending two customers at the same time with different services, with no breaks. When there were power failures, the computer used to take 15 minutes to switch on. Now, it only takes a minute for everything to be operational again. I am extremely satisfied.



Sandra Silva
Silveira Postal Agency

Organisation model for sales

CTT continues to be driven by the market and customer of the corporate segment, offering CTT brand products, which reflect the increasingly more diversified areas of competence of CTT, from traditional mail, financial, printing and finishing services to documental management.

In 2012, the Corporate Customer department continued the market-driven policy defined by CTT in general, and in particular, towards strategic customers of the corporate segment, with the primary objective of simultaneously ensuring that the needs of large customers are met and maximising the turnover and profitability of the companies included in CTT.

Corporate customers are segmented according to turnover and business potential:

Economic Groups and the State, managed by Key Accounts, which supervise and monitor the quality of service levels provided to customers and compliance with contractual procedures. The Key Account Managers are responsible for the management and growth of the business and the profitability of 47 customers, segmented into 8 activity sectors: Remote Selling, Large Delivery, Publishers, Banking and Insurance, Consumer Credit Bank, Telecommunications, Utilities and the State.

Corporate Customers, managed by "Managers of Corporate Accounts" who are also responsible for the growth of the business, profitability and charging of 357 customers, segmented into 14 activity sectors: State, Utilities, Banking and Insurance, OAF (Organisations, Associations and Foundations), Publishers, Large Delivery, Remote Selling, Trade, Services, Pharmacy, Automobile, Industry, Health and Education.

It is the mission of Key Account Managers and Managers of Large Accounts to understand and perceive the needs and value chain of each customer, in order to propose the most suitable solutions, ensure the best quality of service and promote the overall offer of value and services of CTT, through the design of integrated proposals, "made to measure" for each customer.

Customer relations are managed in a personalised and ongoing manner, aimed at ensuring solutions in due time, so as to guarantee their retention and loyalty, through appropriate differentiation.

The MDDE (Electronic Date Stamp) service is also assured and stimulated by this department, currently with 1,855 active customers, which corresponded to a turnover of 94 thousand Euros. The service of supervision and control of franking machines is also the responsibility of this department, ensuring the operability of a total number of 576 machines, which generated revenue of 2.6 million Euros in consumption.

Business solutions for Corporate customers

As a response to the difficult circumstances, CTT, in line with a strategic option to enhance value for its customers, strengthened its focus on the offer of transversal solutions with the objective, on the one hand, of capitalising the synergies between different CTT services and, on the other hand, generating cost reductions throughout the value chain of its customers.

Hence, in 2012, actions were developed among the customers with distinctive objectives:

- Promotion and stimulus of integrated solutions, namely, through digital offers, in particular, solutions which optimise and improve the addressing of databases, georeferencing services, electronic mail (ViaCTT) and customer contact management (Mailmanager), as well as in the semi-addressed area;
- Supervision and operating management of customer campaigns, with dissemination along the entire internal operating chain, in order to ensure the agreed quality and taking of measures, where necessary. Preparation of reports with results for customers.

As an example of this relationship between CTT and its customers, the following transversal solutions were designed:

- **Documental management** – "Turnkey" solutions which include services related to printing & finishing, digitalisation, collection, physical archiving/ destruction and documental procedure/digital archiving: Solution for the processing of internal mail, returned mail, acknowledgement of receipt, and processing of invoices;
- **Treatment of questionnaires** – Integrated offer from printing & finishing, digitalisation and capture of information, provision of information, able to be integrated with data analysis and statistical tools;
- **Integrated management of notifications** – Dematerialisation of processes of notification and integration of images and data in the Customer Management system;
- **Solution to support the development and management of marketing campaigns** – Geomarketing studies with a view to the identification of target groups and zones to address through various channels (physical, digital (email and SMS)). Generation of new databases, automation of replies, which may involve a simple thank you letter to complex schemes of prizes attributed based on the total volume of purchases of a certain product carried out over a particular time period;
- **Proximity solutions** – Variety of services rendered by CTT post offices and postal delivery offices, benefiting from their high capillarity and proximity.

GRI PR5

- **ViaCTT** – The electronic mail box which enables the digital receipt, organisation, sharing and archiving of letter mail in a secure manner and at zero cost. The receiver can access his incoming documents through an internet portal, in total security and confidentiality. ViaCTT offers a series of conveniences for both sender and receiver, in particular the capacity to make payments on documents received.

This is the CTT service which enables fully dematerialised electronic communication along its entire value chain. ViaCTT promotes the electronic connection between corporate senders and any receiver, whether an individual person, collective or public entities and institutions (B2C, B2B, B2X).



GRI ENG

- This year, a new concept of residence for tax purposes has been introduced, with the electronic mailbox now being integrated under the established terms of public service. This new form of electronic communication, between the Tax and Customs Authority (AT) and the taxpayers, stipulates that the creation of an electronic mailbox is compulsory and must be communicated to the AT, for a specific group of taxpayers. This fact contributed to the number of users of ViaCTT having surpassed one million, corresponding to the strongest growth since the launch of the service in 2006.
 - Therefore, during this year, CTT focused its efforts on significant improvement of the provision of this service for the sending entities. From the point of view of the receiver, and in particular the legal person user, CTT has increased the self-management capacity of the electronic mailbox and strengthened the infrastructure supporting the ViaCTT service.
 - **Geoindex Geographic Information Products and Services** – The current geographic services of CTT are based on the geographic location of postal codes and doors/addresses – Geoindex. This service consists of the crossing of geographic information with economic, social and demographic variables, among others, and the subsequent conversion of the data into maps, enabling better visualisation, analysis and comprehension of the results.
- This service enables the assessment of the business potential of a specific geographic area, calculation of areas of influence, distances, optimisation of routes and resources, in other words, the preparation of a series of analyses which will leverage the core business of our customers, substantiate their decisions on new

business strategies, enable the discovery and appraisal of new opportunities, identify the positioning and action of the competition in the geographic area, recognise zones of potential consumption, analyse the concentration and dispersion of customers and the attractiveness of points of sale, plan the optimisation and dimensioning of their commercial network.

Currently, the database supporting the SIGPostal platform – geospatial data infrastructure, indispensable for the entire process of postal encoding of the country and a reference for the automatic processing of letter mail and sustainment of the current geographic products and services – involves over 363,200 arteries and approximately 37,200 localities.

Offer of products and services

As a modern company, attentive to the needs of its customers, CTT expands its range of products on offer every year, endeavouring to enrich its portfolio and cover all emerging market niches. Ecological considerations represent one of the most important points characterising current relations between companies and customers, hence CTT has sought to provide the best solutions to meet the needs of its customers.

A varied range of products at competitive prices is offered to all citizens and companies throughout the country at over 2,500 locations, of which, the following are noteworthy:

- **Mail products** – national and international mail, which includes ordinary and priority mail (letter mail up to 2 kg); the Express Mail Service (SEM); registered mail with track and trace (a product conferring higher security, with acknowledgment of receipt and insurance included in the price, in the event of loss, breakdown or total despoilment); Correio Verde mail, editorial mail (service intended for publishers, involving the acceptance, treatment, transport and delivery of books, newspapers, periodical and non-periodical publications, benefiting from economic rates), sending of books to individuals at preferential rates, ordinary, priority and economic parcels, and a specific product for the visually impaired (cegotograma);
- **Convenience products and services** – packaging, bags, boxes and books of stamps; recharging of mobile telephones; forwarding of addressed mail at the customer's request (Siga); re-dispatch of posted items; electronic recharging of the Lisboa Viva and 7 Colinas transport tickets, virtual booking line, marketing of associative kits; CTNet; collections, greeting cards; UNICEF products; and telegrams in chocolate (choc telegram);
- **Collector's items** – stamps, annual and theme books and collections, commemorative stamps; the collectors' club;

GRI 2.2 GRI EC8

GRI 2.2

GRI EC8

- **Financial services** – money orders, mail collection, payment of taxes, savings certificates, portfolio of savings and insurance products;
- **Direct marketing** – national and international direct mail (special form of communication and promotion of products and services, thus, through the delivery of messages by mail, reaching the consumer directly and efficiently, enabling the measurability of the results, communication with pre-selected target groups and inclusion of response supporting structures), unaddressed mail, info mail and direct sampling;

Continente and CTT have maintained a relationship of close partnership over these past years. The use of DM Eco by Continente also reveals the alignment between the two companies, with respect to the environmental issues related to the production of the letters that Continente sends to its customers.



Tomás Ribeiro
Director of Customer Marketing
of SONAE MC

CONTINENTE

- **Digital services** – online personalisation services for occasional customers (meuselo and meupostal); services related to electronic certification, such as the electronic date (MDDE – a service that has increased the security of electronic communications sent); ViaCTT (electronic mailbox); a service of digitalisation, cataloguing and treatment of the mail of large customers (mailmanager); and geographic information services;
- **Telecommunications** – sale of mobile telecommunication equipment and services, under the Phone-ix brand;
- **Consulting** – In this business, CTT is present in Europe, Africa and Latin America.

Over the years, CTT has maintained important activity in the area of financial services, the third in revenue in the group of businesses comprising CTT's portfolio, having reached a value close to 40.5 million Euros in 2012, slightly less, 3%, than that recorded in the previous year.

During a year strongly constrained by less favourable macroeconomic circumstances, the activity of CTT's Financial Services showed significant resilience, hav-

ing evolved, in general, in a more positive manner than the reference market segments, reflecting the essential nature and quality of the products and services marketed, the solidity and existing strategic fit with its business partners, and the strong binding of customers with the CTT network and brand.

The activity of CTT's financial services continued, in 2012, to be driven by the strict observance of criteria of prudence, quality and focus on the essential needs of the population, where we highlight, in particular, the significant increase in placement of capitalisation insurance, the strengthening of CTT in the international cash money transfer market and the expansion of offer of real insurance in the areas of protection of assets and people of most relevance to Portuguese families.

But above all, at a time when the planet's sustainability is placed in question and when the ecological footprint of companies is determinant in the combat of climate change, it is crucial to adopt an environmentally friendly position, aimed at reducing the negative impacts caused by the company's activity (transport, delivery and printing).

With the objective of pursuing this strategy of innovation, consolidating the company's positioning as a reference on the market, in order to improve customer service and simultaneously comply with the responsibilities assumed before the stakeholders in general, and before the customers in particular, this year we assessed potential new segments (Portuguese products and services providing support to the citizen) and new targets (tourists), in order to foresee the needs of more customers and more services, in an innovative manner. This year, we also carried out the **reformulation or creation of the following products and services:**

- Renovation of the product **meuselo** with the campaign "meuselo na hora" (my stamp now), enabling the immediate provision of sheets of personalised stamps to customers;
- Intensification of partners of the booking line business, through the creation of exclusive promotions for CTT, enabling access to tickets at lower prices for customers;
- Expansion of the available offer to sheets of 12 stamps with a specific picture, of the sale of Vouchers in CTT post offices for all ordinary mail postage stamp values and sheets of adhesive stamps;

In the appraisal and selection of retail products for sale at CTT post offices, CTT's marketing department checks that they comply with the health and safety rules of the legislation on all merchandising products, especially those intended for use by children, as is the case of toys (type of packaging, appropriate age indication and other relevant information).

GRI PR1

Also in relation to the safety of mail items that are accepted and delivered by postal operators at a world-wide level, including CTT, the Universal Postal Union has defined extremely strict international rules that regulate and classify items admissible for transport subject to compliance with specific conditions (namely packaging), the case of radioactive materials, some contagious substances, live animals, among others. Likewise, the Universal Postal Union identifies the items that are prohibited for transport, e.g. narcotics, psychotropic, explosive or hazardous substances, which also includes prohibition of items of paedophilic or pornographic nature, using children.

With a view to increasing security and participation in the combat of international terrorism, CTT complies with the security specifications in national airports defined by the National Civil Aviation Institute (INAC). 100% of the following is screened: cargo and mail,

parcels and mail send via air for detection of explosives, arms, drugs and prohibited articles (sprays, diluents, paint and other items considered hazardous for aviation security). Part of the mail entering Portugal, via airmail or overland, is also screened, especially is there are suspicions/warnings or through indication of the competent authorities. Security screening is also conducted, using X-ray equipment, of national letter mail with institutional receivers, during specific periods, in accordance with legally established requests of the Authorities.

X-ray systems are used for the effect, which are operated by private security professionals, previously trained and certified for these operations by INAC.

With the support of INAC, airport and civil aviation security training was given to the SEG staff member responsible for airmail security.

2013 Objectives

- Increased relative weight of eco products and services
- Extension of the eco portfolio to the parcel/express business
- Study on the launch of social business services

GRI 4.16

Communication with customers

There are various channels of entry for information requests and claims, with the continuing trend of replacement of the traditional printed forms by easier formats such as the Mailbox (reclamacoes@ctt.pt, or other addresses), the Call Centre (CTT customer service line 707 26 26 26), the Nave system where the complaint is made in person at CTT post offices.

The trend of using the mediation of other entities was also maintained by the customers, namely the CTT Ombudsman (provedoria@ctt.pt). In turn, the Complaints Book recorded a decrease of 4% in comparison to the previous year.

The customers are progressively more demanding in relation to the quality of the services provided, as well as regarding the level of information provided, both concerning sales conditions and computer-assisted search of items. As the customers tend towards using more accessible and faster channels to make claims, there is a corresponding and constant pressure relative to response times to information requests and claims addressed to the company.

Regarding contractual customers, the integrated management of customer relations is carried out in specialised areas, so as to ensure differentiated and personalised relations.

Customer Service

During this year, around 560 thousand telephone calls were attended, representing a decrease of 4% relative to the previous year, indicating the continued downward trend of this means of contact. It should be noted that the rate of answered customer service calls was 91% with up to 60 seconds of waiting time and the chosen functionalities were those relative to ViaCTT, claims and the toll collection service.

Over 189 thousand contacts were received through the email channel, corresponding to year-on-year growth of 43%, in particular for the functionalities ViaCTT (+343%), claims (+8%) and Virtual Post Office (+30%). The average response time was less than 48 hours.

Hence, the weight of the telephone and electronic mail channel at CTT's Call Centre was 75% and 252%, respectively, compared to 81% and 19% in the previous year, showing that the electronic mail channel has significantly increased the volume of contacts, in detriment to the telephone channel.

TABLE 9 | CONTACTS BY CUSTOMERS

Number of contacts	2011	2012	Variation %
Email channel	132,309	189,018	43%
Telephone channel	581,251	559,537	-4%

2.3.2. Customer satisfaction

Simultaneously with the recessive effects on postal traffic and activity arising from the profound economic and financial crisis currently being experienced by the country and the impact of digital replacement, the company pursued its efforts towards increasing flexibility and streamlining costs, in the context of the legal system of the State budget, which imposed on CTT, as a company of public capital, significant cuts in expenditure and restricted the available amount of human and material resources.

Indeed, it has been necessary to continue to review and modify operating processes, with potential incidence on service levels. Not should also be made of the labour disturbance which occurred throughout the year (most of limited regional scope), which culminated in the national strikes of 22 March and 14 November, and that, as a whole, had some impact on the final result concerning quality of service.

Notwithstanding the above, CTT continued to present extremely high levels of operating performance during 2012, with the IGQS (Overall Quality of service Indicator) standing at 255.4 points, compared to an objective of 100. This result is more than 50% higher than that achieved in the previous year and is greatly above the three-year average.

The performance of the stipulated variables all stand above the established minimum values. For the first time in many years, apart from the above, all the defined target values have been achieved, including the difficult variables relative to ordinary mail delivery within 15 days and priority mail within 10 days.

Referring merely to the most relevant products, the achievement of 98.0% of ordinary mail delivered within 3 days, greatly exceeded the target of 96.3%, while priority mail (mainland Portugal) surpassed the target of 94.5% delivered the next day, with 94.9%. In the first case, this is a record figure, or very close to such. International mail, with close to 95% of deliveries within 3 days, also significantly exceeded the objectives defined by the Community Directive for the mail sector. This operating performance has been reflected in positive perceptions of the quality of the service by the customers. Close to nine out of every ten customers questioned at CTT post offices stated that the quality of the counter service is good or very good and over three quarters were of the same opinion on delivery. The favourable perception on letter mail delivery times, with 10% or less unsatisfied, remains high, while the opinion on queue waiting times has improved significantly, as a result of the reduction of counter service time, on average almost one minute lower than the previous year.

FIGURE 5 | OPINION ON COUNTER SERVICE

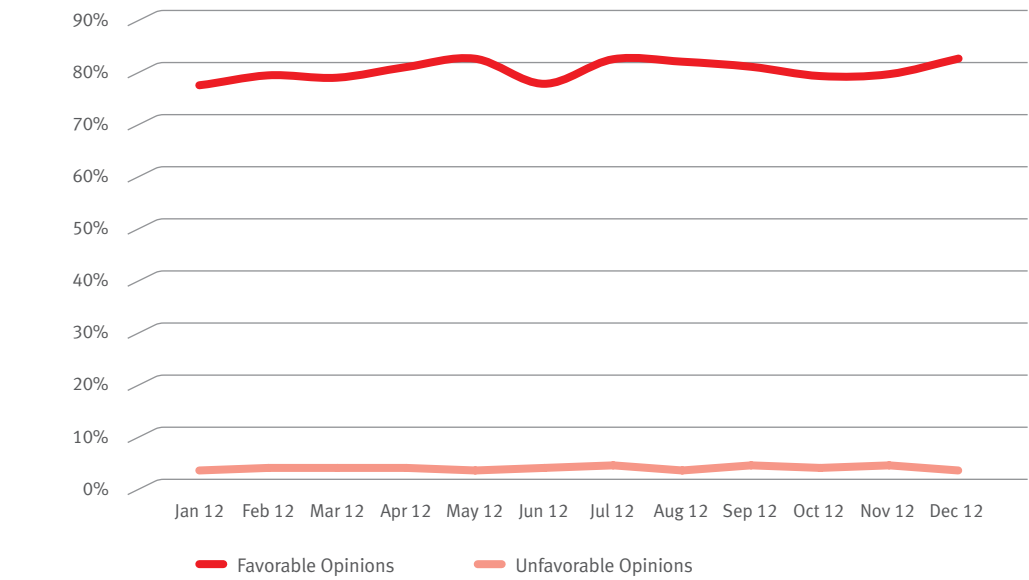
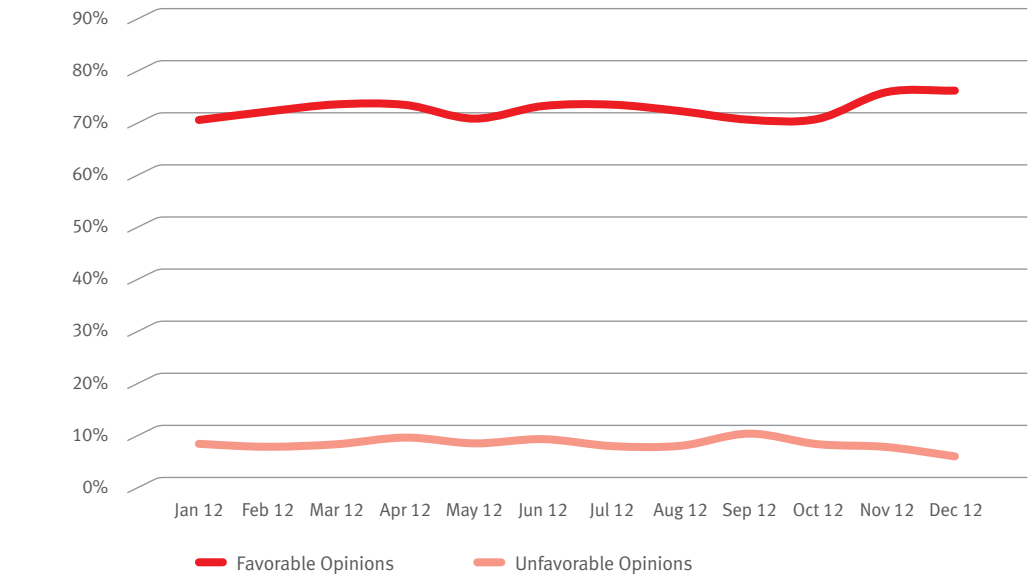


FIGURE 6 | OPINION ON DELIVERY



During 2012, CTT maintained the recognition of its retail network and postal delivery offices at the Committed to Excellence level, under the European Excellence Model of the EFQM (European Foundation for Quality Management). It should be recalled that CTT was the first European postal operator to achieve this recognition.

We have already certified 3/4 of Counter service and 95% of Delivery

The certification of services is the methodology chosen by company on matters of certified management systems for the areas of counter service and delivery. This combines the advantage of being based on a relatively light supporting structure with direct focus on the attributes of the service and needs of the customer, which define the technical specifications of the service. In this perspective, it is an excellent tool in the management of customer relations and, as such, has been particularly favoured by CTT.

CTT's focus on the certification of services was further strengthened in 2012, with a total of 864 certified organisational units on mainland Portugal and the Islands having been achieved by the end of the year, of which 550 are post offices and 309 are postal delivery offices. This number corresponds to over 92% of the respective activity, covering over 8,200 employees and representing the largest exercise of this kind at a national level and one of the largest at an international level.

In the context of Management Systems, all the existing certifications were maintained or renewed during 2012 – the triple Quality standard (ISO 9001:2008), Environ-

ment (ISO 14001:2004) and Safety (OHSAS 18001:2007), in most cases both for mail sorting centres of CTT, SA and for the subsidiary companies, including IPC certification (International Post Corporation) of the Airmail Centres of Lisbon and Porto, where there is still room for some expansion, both in terms of the standards and perimeter of coverage. Thus, the mail sorting centre of the north is now covered by Safety certification, Tourline has completed environmental certification and EAD has expanded its coverage of Quality and Environment to its delegations in the Islands, and Mailtec Consultoria achieved certification in ISO 27001- Information Security Management Systems.

The Mystery Client studies carried out regularly to the vast organisational world covered by the certification of services evaluate aspects such as the quality of the infrastructures, presentation and attitude of the staff and counter service and delivery service level. Favourable results were achieved of around 92%, for postal delivery offices and over 99% in the post offices.

GRI PR5

2013 Objectives

- Full coverage of the networks of post offices and postal delivery offices (1,034 units)
- Maintenance of CTT's positioning in QS international ranking
- Compliance with the quality targets agreed with ANACOM (100 points)
- Reduction of the claim response time

Claims

The processes relative to information requests and claims from customers constitute an enlightening form of detection of systematic anomalies observed throughout the operative life cycle of the products and services comprising CTT's portfolio.

Since increased customer satisfaction is one of the company's major concerns, we have progressively carried out a more in-depth analysis of the inputs arising from processes, leading to interaction with various areas of the company, identifying recurrent anomalies and aimed at the implementation of corrective measures.

For this purpose, the main objective of the customer support area has been the consolidation and simplification of processes, with a view to increasing the speed and quality of response to customers. This area receives large quantities of claims in electronic format, offering the customer higher convenience and easier access, apart from greater swiftness in the processing of claims. To this end, specialisation has been fostered in the analysis and investigation of these types of processes, facilitating interaction between the customer and company.

TABLE 10 | VOLUME OF ENTRY OF CLAIMS/REQUESTS FOR INFORMATION AND COMPENSATION

National	2011	2012	Δ 12/11
Claims and information requests entered	47,435	54,369	14.6%
Claims resolved	37,191	32,798	-11.8%
Information requests answered	9,932	21,597	117.4%
Compensation (number of items)	1,537	1,676	9%
Compensation (Euros)	39,154	34,511	-11.9%
International			
Claims and information requests entered	31,983	36,728	14.8%
Claims resolved	17,137	17,398	1.5%
Information requests answered	14,392	17,985	25%
Compensation (number of items)	7,105	5,998	-15.6%
Compensation (Euros)	311,987	260,641	-16.5%

Note: Includes only claims and information requests relative to the universal service

The number of national claims and requests for information received increased by 14.6% in relation to the previous year. This increase fundamentally arises from one-off changes in the postal offer, alterations in the delivery methodology pursuant to service standards, and a significant rise in the amount of files sent by customers for confirmation of delivery data relative to registered letter mail. However, of these, only 1,676 received compensation, and mostly referred to parcels and registered mail, with a reduction of the total compensation value having occurred.

The number of international claims and requests for information also increased, accounting for 40% of the total number of processes which entered, accompanied, however, by a decline in the amount of compensation. The reasons underlying the compensations attributed arise from fortuitous anomalies occurred along the operative chain, which are above all the responsibility of the destination postal operators. The observed growth is explained by the deterioration of quality of service in Brazil, which was one of the main destinations of postal traffic sent from Portugal.

The analysis of the processes resolved indicates that approximately 28% of mail items are delivered to the intended receivers or returned to the sender. For the rest, items that have gone astray, delays and occasional anomalies in delivery, figure as the main causes of customer claims, with no claims having been received which might be associated to breach of customer privacy, namely the unlawful interception of letter mail. Approximately 69% of the total customer processes are related to the "registered" product.

Close to 33% of claims are associated to the motive of mail items going astray (non-compliance with the delivery period or delay above the expected), occurring primarily in the international service and corresponding, in total, to 15,114 items (national service – 4,754 and international – 10,360). Of these, 1,056 items of the national service and 3,993 items of the international service received compensation. Regarding other anomalies which fall under defective compliance with the specifications of each product or service, there were 19 claims which point to cases of non-disclosure of information.

TABLE 11 | VOLUME OF CLAIMS AND COMPENSATION OF CTT COMPANIES

Number (all other CTT companies)	2011	2012	Δ 12/11
Claims	87,352	39,755	-54.5%
Compensation (Euros)	302,252	237,535	-21.4%

There has been a significant reduction in the number of claims of CTT companies (including requests for information), as well as the amount of compensation, essentially associated to the improved quality of service. The most frequent anomalies are related to the location of items, failure to ensure settlement of the value charged, or delay in the delivery of printing products.

Response times

In the national service, the average accumulated response time for processes has increased slightly to 7.7 days compared to 7 days in 2011. The claim management system provides the interface with various areas of the company, with the objective of swiftness and efficiency in the processing of claims and requests for information from customers.

In the international service, the average response time has fallen to 28.1 days, compared to 31 days in the previous year. These values are directly associated to the delay in the response to investigations forwarded by CTT, on the part of various foreign destination operators.

Regarding financial products and services, the average response time was 5 days, corresponding to a decrease of more than 50% in relation to 2011, caused by the alteration and simplification of processes.

2.4. REGULATORY AND SUPERVISORY ENTITIES

In 2012, a new regulatory framework system was adopted for the mail sector in Portugal, through the publication of a new Postal Act (Law number 17/2012, of 26 April), which transposes Directive number 2008/6/EC to the national legal system, establishing the total liberalisation of the postal market, with the legal system applicable to the sector thus being directed to an environment of free competition.

At a national level, there are two entities regulating the markets of the postal sector – the national competition authority (Competition Authority), whose primary objective is to ensure compliance with the competition rules, and the national regulatory authority (National Communications Authority – ICP – ANACOM), which performs regulatory duties in the communications sector.

GRI PR8

GRI PR4

GRI 4.4

GRI 4.4

ICP – ANACOM is responsible for the regulation and supervision of the mail sector, watching over the application of and monitoring compliance with the laws and regulations of the sector and terms of the rights to carry out the activity or concession contract, by the postal service operators.

Regarding the concession of the Universal Postal Service, entrusted to CTT – Correios de Portugal, SA through the contract signed with the State, ICP – ANACOM is responsible for ensuring compliance with the obligations corresponding to the services under concession.

CTT upholds a constructive attitude of cooperation with ICP – ANACOM, providing, on a timely and transparent basis, the information and clarifications required by this entity for its monitoring of the activities carried out under the concession.

Under the Universal Postal Service Concession Contract, the regulator monitors CTT on a regular basis through the following two types of audit:

- Audit of the quality of service indicators and CTT's claims system to verify the reliability of the results and adequacy of the methodology for determining the quality of the services. The publication of the audit results for 2010 indicates the conformity of the quality of service indicators determined by CTT.
- Audit of CTT's analytical accounting system to verify the conformity of the system and results obtained, as well as compliance with good national and international practice. The audit of the results of the analytical accounting system relative to 2009 has been completed and the respective statement issued that the results were produced in accordance with the applicable legal and regulatory provisions.

CTT's business activity is supervised by an Audit Board, made up of three members, and a Statutory Auditor, under the terms of the company's articles of association and the Commercial Company Code.

The single shareholder (the State) issues unanimous written deliberations to the company at the general meeting, via legislation, through direct instructions to the Board of Directors and through the signing of other legal instruments that determine the company's general or specific action. Hence, the company's relations with the Shareholder are driven by compliance with previously stipulated requirements in relation to its current management. Moreover, the company incorporates the guidelines with regard to the State's economic policy, in other words, the company defines its management in order to meet the need to comply with macroeconomic targets designed by the Government, as a company of the State's business sector and belonging to the public service structure.

GRI 4.4

2.5. SOCIETY (SOCIAL RESPONSIBILITY)

Due to its consolidated experience over a very lengthy period of time, its position of leadership in the market and the nature of the service rendered, characterised by a daily and ongoing presence all over the country, the CTT brand is projected as an unquestionable symbol of trust.

This positioning and reputation necessarily imply that, in institutional terms, its activity is permanently aligned with principles of efficiency, proximity, modernity and transparency, with a view to the continuous strengthening of the brand image.

Accessibility

CTT's activity is of an intrinsically social nature. By definition, all residents in Portugal are potential customers, whether active or passive (receivers of mail).

With over 141 customers/day in CTT post offices, and a daily average of 1 mail item per household, accessibility is one of CTT's distinctive features. The company has the largest national contact network, operating as a structural and determinant element for national territorial social cohesion.

At the end of 2012, CTT's retail network was composed of 2,562 postal establishments (1 more than at the end of 2011), covering 748 CTT post offices (including 8 mobile units) and 1,814 postal agencies, operated by third parties, through the signing of a contract with CTT for provision of postal services. There are also 2,498 postal agencies where stamps can be acquired.

Also regarding access points, by the end of 2012 the country had 11,194 mail points and mailboxes where customers can deposit mail to be sent through the CTT network.

The scale of the postal network is determined by two critical factors: the capacity to generate business and the duties to provide a public service of universal nature. This universal service means that CTT is an operator which is committed to providing service all over the country, in a permanent form, from north to south, in the autonomous regions, in the most remote places, without exception, and at the same price.

This reality involves conflict between maintaining the economic sustainability of the company and its social responsibility to the surrounding community, with the inherent costs. In order to ensure the balance of the two concepts it is inevitable that the offer must be adjusted in some cases, even if limited, considering that it is possible to change the form without impairing the content and attributes of the service. These adjustments are also determined by changes in the patterns of demographic occupation of the country and levels of economic activity.

GRI 2.7

GRI EC9

GRI EC9

GRI SO1

GRI SO9

GRI SO10

The reformulation of the retail network might involve changes in the opening hours of CTT post offices, the agencing of the service of post offices of low activity levels, through replacement by postal agencies and the opening of new post offices or postal agencies. These alterations are always preceded by appraisal of the surroundings and local conditions, taking into account accessibility to postal services and the quality of the provision of the universal postal service to the population.

Should the alteration of the opening hours of post offices involve a reduction of operating hours or in the event of the agencing of a post office with its replacement by a postal agency, the measure is communicated in advance to the local government authorities, normally to the Parish Council, for the issue of their opinion, which is duly taken into account.

Therefore, the deliberations taken in this regard by CTT, following proposals submitted by the local senior personnel of the company, are properly substantiated, namely in terms of service needs, levels of demand and the meeting of needs to inform the population and economic activities.

Hence, the senior personnel of the area assess/analyse the impacts of these operations, taking into account accessibility to postal services and the quality of the provision of the universal postal service to the population. Contacts are established with the low power structures (Parish Councils) and other public and private entities throughout the agencing process, both for the agencing of delivery and counter service.

For CTT, Parish Councils are particularly important and legitimate partners, due to their proximity with the local population, and frequently offer, in terms of counter service, the existing means for the administrative services in the agencing processing. Hence, a broader range of services supporting the citizen are thus provided at the same place and with more encompassing opening hours. This measure will tend to create factors of satisfaction for customers.

The impact on the community is measured through the information collected by internal and external agents onsite, through close monitoring of the providers and Parish Councils.

GRI SO9



The service and quality of counter service provided by João Magalhães at Fão CTT postal agency is greatly appreciated far beyond the boundaries of the actual town. Inhabitants of the parishes of Apúlia, Fonte-Boa, Rio-Tinto, Barqueiros and Estela use this postal agency installed inside the stately head office building of the Parish Council. The local government of Fão is aware that this agencing boosts the revitalisation of the historic centre of the town.

Luís Peixoto
Fão Parish Council Chairman



As is the case of the retail network, the delivery to domiciles is carried out through over 5,708 delivery postal routes serving over 5.5 million domiciles all over the country. Two thirds of these routes are travelled using vehicles or motorbikes, with the routes walked or by bicycle being more concentrated in urban areas.

The scale of the geographic coverage in terms of delivery to domiciles is based on periodic studies of organisation of local delivery and collection systems which analyse a series of variables, namely: the length of the route; the number of mail items, their volume and type; delivery points and delivery points; the degree of concentration of domiciles; the existing means of transport and roads; and the segmenting of customers in terms of corporate and individual.

**Every day at the
doorstep of 5 million
households**

The company is committed to ensuring the service standards and levels agreed with customers, in a sustained and regular manner in accordance with the social nature inherent to the role of CTT.

In European terms and based on the available data, CTT continues to show a good level of penetration of the postal services, with its postal coverage recording a density higher than the Community average.

GRI 2.7

TABLE 12 | POSTAL DENSITY AND COVERAGE

	Inhabitants per postal establishment					Km² per postal establishment				
	2008	2009	2010	2011	2012	2008	2009	2010	2011	2012
EU Average	4,673	4,755	4,929	4,919	n.d.	41	42	43	43	n.d.
Portugal	3,715	3,696	3,686	4,139	4,136	32	32	32	36	36

Source: Universal Postal Union
Note: Considering fixed postal establishments

FIGURE 7 | CTT RETAIL NETWORK

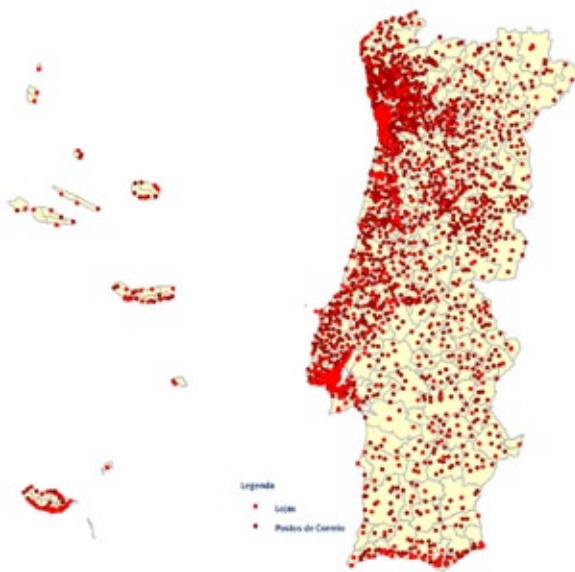
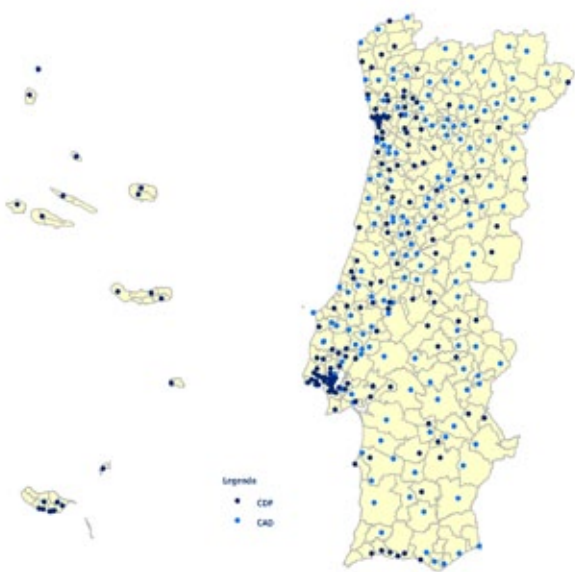


FIGURE 8 | NETWORK OF POSTAL DELIVERY OFFICES



GRI EC8

In terms of accessibility by disabled individuals, the company continues to pursue modernisation and renovation work, having built a further 5 access ramps in CTT post offices, of the value of 10 thousand Euros.

In this context, the stamp collection "Communicating in colour" has also been launched, dedicated to the colour identification code for colour-blind people.

Communities

CTT, from its senior management to the employees in the field, is increasingly more aware of the potential impact of its initiatives in the community, always pursuing the objective that each action should be significant and valuable to the respective beneficiaries.



With CTT, CAIS not only reaches further, in a fraternal embrace, far beyond, abroad, to the very poorest, but also carries on its body, on each envelope, the stamp or notable prestige of a Major Company that gives us credibility and reveals us to the world as a trustworthy and reference organisation, based on the innovative force of our beliefs and achievements through the relentless courage of our work.

Henrique Pinto
Executive Director of the Association and Member of the Board



The combat of poverty and social exclusion has guided most of the company's choices on support and sponsorship over the last few years. The best example is the project with the same name, which includes various other initiatives.

Combat of Poverty and Social Exclusion Project – CTT decided to continue this project of national coverage, for a further year, due to considering that its support has been relevant to the destitute population. Twenty-five institutions were permanently under protocol with the project during 2012, which received over 4,500 parcels. In total, CTT delivered, free of charge, over 33,450 solidarity parcels arising from various initiatives aimed at the collection of books and other items.

Since 2008, CTT has delivered over 700 tons of donations, covering hundreds of thousands of vulnerable families
Proximity network – CTT helps charitable citizens to reach vulnerable citizens
From 9 October 2008 up to this date, CTT offers its counter service, transport and delivery network, free of charge, to ensure that the donations of any citizen who wishes to deliver items at a CTT post office arrive at the participant institutions, and in turn, are received by the vulnerable population they support.

If you want to participate, it's simple! Just go to a CTT post office on mainland Portugal or the Islands and request an information leaflet to learn about what each institution needs. Then, ask for a solidarity parcel given free of charge by CTT, place your donation inside it, and hand it over at the counter. You can contribute with food, clothing, hygiene items, education and IT articles. Leave the rest to CTT which will ensure the delivery of your donation to the receiver. Someone, somewhere, will be very grateful!

For further information, see:
http://www.ctt.pt/fectt/wcmservlet/ctt/institucional/grupoctt/resp_social/luta_contra_pobreza.html



Other initiatives have also been initiated under this project, targeting the vulnerable population, some of which are listed below.

Donation of Furniture to Private Social Solidarity Institutions – Sale, at a symbolic price, of CTT surplus furniture to over 5 national institutions;

Donation of discontinued material of CTT post offices – Donation to Private Social Solidarity Institutions which required this type of material;

Solidarity Santa Claus – CTT initiative (for the 4th consecutive year) to "raise godparents" for children in socially unfavourable situations, so as to offer them a better Christmas. CTT receives the letters these children write to Santa Claus and treats them in a special form. This year, 2,058 letters were available, almost double the number of the previous year, at 89 CTT post offices, on Facebook and on the website, allowing any person of the population to fulfil the wish of a child. Godparents were found for 1,362 children who received presents forwarded by CTT free of charge, safe-



Eu gostava de ter a equipa de guarda redes do Sporting.
Sandra, 10 anos

guarding the anonymity of both godparent and child. Apart from this specific initiative, CTT answers thousands of letters from children addressed to Santa Claus on an annual basis. This year, we received and answered 175 thousand.

A book for a smile – Collection of over 200 thousand books at CTT post offices and other places (universities, city halls, etc.) for Timor, at the request of the Karingana Association;

Let's embrace health – Collection of medical materials and consumables at CTT post offices, to a value corresponding to close to 10 thousand Euros, for rehabilitation and refurbishment of Hospital Ayres de Menezes in São Tomé e Príncipe, at the request of the Ajudar sem abrigo Association;

Friendly postman – Pilot project in the municipality of Alenquer, where surplus items from retail shops and private producers (fruit, vegetables, milk and clothing) were delivered by postmen to solidarity institutions in need;

Adding Up to Divide – For the 7th consecutive year, a collection was organised among CTT workers of donations (books, clothing, toys, hygiene articles and school material), for delivery to institutions or associations identified as deficient in these types of items. The donations added to 7.2 tons, which were given to 23 institutions of mainland Portugal and islands.

Collection of batteries in favour of IPO – Association to the Ecopilhas national appeal. Environmental awareness with a social return. The outcome of the collections is converted into equipment for diagnosis and/or treatment which is given to the Institute. This solidarity movement, already in its third year, is responsible for the collection and recycling of approximately 18% of waste batteries collected by Ecopilhas in Portugal.

We support causes

Various initiatives were started in 2012 which will end only in 2013, as is the case of the collection of donations for the Baby Bank which collected 1,700 solidarity parcels. For details on initiatives developed by CTT companies, see chapter 4.

Regarding **sponsorship** activity, CTT has analysed around 400 requests. Under its social responsibility programme, CTT has selected over two dozen initiatives to support, embodying social solidarity actions supporting groups that are vulnerable or at risk, of the value of approximately 957 thousand Euros (including support to CTT's Employee Sports, Cultural and Recreation Centre).

The sponsorship policy has given priority to projects associated to the issue of poverty and social exclusion, culture, language, sports for the disabled, health, solidarity and innovation. The most significant sponsorships include:

Solidarity

- Assignment of two CTT senior personnel members, for a year, to the DariAcordar Association to support the operationalisation of this association's movement towards zero food wastage;
- Continuity of the corporate citizenship protocol with CAIS for the development of the Shelter Project;
- Sale of over 28,400 Magic Glow-Worms at 365 CTT post offices, for the 7th consecutive year, to raise funds and awareness on the issue of the defence of the rights of disabled people – Fenacerici;
- Sale of Unicef greeting cards and other products, with part of the revenue donated to programmes aimed at creating dignified and sustainable conditions for the most vulnerable children of the world;
- Collaboration in fund-raising for the Portuguese Red Cross, through the sale of a kit at CTT post offices launched with the campaign I Help with My T-Shirt, and You?

Social integration

- The Salvador Association and Aboim Ascensão Shelter have received donations or benefited from zero postage costs;
- Sponsorship of the Magazine Visão Braille.

Health and citizenship

- Offer of zero postage costs to Alzheimer Portugal, Abraço, and donations to the Portuguese Association Against Leukaemia and the Portuguese League Against Cancer;
- Investment of 87.3 thousand Euros in the Kidzania Theme Park (a civic training and educational project for children);
- Organisation of cardiovascular screening with the Portuguese Cardiology Foundation;
- Issue of Postal Stationary commemorating the "Fight Against AIDS".

Sports sponsorship

- Two competitions for Wheelchair-bound Handicapped People, included in the Lisbon International Half Marathon and Portugal Half-Marathon.

Where does your imagination take you?

Partnership with the National Reading Plan through the programme "Where does your Imagination Take You?", now in its 6th edition, where the motto was "Imagine a better Portugal", placed under support to culture and the building of a more sustainable society. The objective of this project is to raise awareness among children and youth on the concept of social and environmental responsibility, and at the same time stimulate reading and writing, from primary to secondary education. This year 237 schools and 16,428 students were covered. 6,558 works were assessed and the winners were rewarded with their works portrayed in stamps.



- Woman's Race 2012
- Issue of stamps on the "Paralympic Games".

Environment and biodiversity

- Sponsorship of APDA Higher Education Awards for the wastewater drainage distribution sector;
- Sponsorship of a cheetah (acinonyx jubatus), an endangered species, resident at Lisbon zoo and baptised by the workers with the name of Dákartas;
- Launch of issues of stamps and other philatelic items to raise awareness among collectors and the public in general on the subject. The following were dedicated to the autonomous regions: Fajãs in the Azores; Levadas in Madeira. Production of 1.6 million stamps and launch of a book called "Douro, River of Heritages" with 4.5 thousand copies, on the unique ecosystem of Alto Douro, classified as world heritage by UNESCO;
- Launch of "2012 International Year of Sustainable Energy for All" franked automatic labels.




Assistance for development

- Organisation and monitoring of training actions on development of human resources, management, social responsibility and other themes for twelve postal operators of the Official Portuguese Speaking African Countries and Latin America countries (of the value of 101 thousand Euros), under cooperation with other postal operators.

This year, CTT continued to focus on its corporate Voluntary work programme with the organisation of ten initiatives, incident on support to the most vulnerable segments of the population, covering children, the elderly and disabled youth, and also strengthened its environmental voluntary work, which was the company's objective for this year.

The primary goal is that the experience of voluntary work should foster the feeling of belonging, the capture of knowledge, the development of technical, organisational and relational skills, the creation of value for the beneficiaries and strengthen the CTT brand. The types of initiative are divided into activities related to recreation or culture, environment, solidarity, health and disaster relief.



The intention is to organise continuous and long term actions, in detriment of one-off actions, as far as possible aligned with the company's identity, promoting internal and external recognition. However, for various reasons, the initiatives have still been above all short term, albeit favouring the continuity of contacts and regularity of the initiatives, so that they are already expected by the volunteers, creating continuity in the line of intervention. However, projects are under preparation which will foster long term voluntary action and a stronger commitment by the volunteers and company.

The Volunteer Pool increased by 13% in relation to the previous year, reaching close to 500 employees and representing over 3.7% of CTT's total staff. The ten actions had 170 participations (100 volunteers), covering over 1,050 hours. The rule continued in force which enables volunteers to participate in initiatives within the voluntary work plan, with assignment of time by the company of up to 16 hours, per year, per employee.

Three initiatives of promotion of biodiversity were organised in partnership with Quercus, aimed at the elimination of weeds in order to enable the development of indigenous species (namely oak trees) in Ser-

ras de Aires e Candeeiros Natural Park, the protection of *Leuzea longifolia*, an endemism at risk of extinction, close to Leiria, and the conservation of natural habitats in Lagoa de Albufeira.

The other initiatives, of social nature, included the establishment of a partnership with the Portuguese Cardiology Foundation in the campaign "Heart Challenge", "Adding Up to Divide" with triage operations in Lisbon and Coimbra, the invitation of the vulnerable population to the CTT Christmas Circus of Lisbon and Porto and cross Vasco da Gama bridge during the Portugal Half-Marathon. We also participated in the annual initiative of CAIS, "Bread from All to All" in Lisbon, enhancing our participation with the offer of Christmas cards to visitors and their sending, free of charge, to their family and friends.

Furthermore, the normal operation of the Poverty Project includes numerous hours of voluntary work, not counting in this context, the hours regularly given by the employees who transport and deliver donations to institutions. Note should be made of the involvement of all employees in the dissemination of the project, acceptance of donations at CTT post offices and other forwarding processes.

2013 Objectives

- Continuation of the Combat of Poverty and Social Exclusion Project
- Organisation of specific book collection campaigns
- School library (book exchange)
- Holding of 6 voluntary work actions
- Implementation of a pilot-experiment of long term voluntary work
- Solidarity Santa Claus

2.6. EMPLOYEES

In order to overcome the challenges facing the employees, CTT has progressively invested in the valorisation, optimisation, motivation and recognition of the employees, in the context of the restrictions, namely, the Cost Cutting Programme and State Budget.

During 2012, the measures for the State Business Sector were applied fully, rigorously and uniformly across all CTT companies, as stipulated in Law number 64-B/2011 (State Budget) of 30 December, some carried over from 2011, with guidelines having been issued on all matters relative to the suspension of the payment of holiday and Christmas allowances, payment of overtime and compensatory rest.

Under the Cost Cutting Programme, in the Human Resources component, in addition to the issues referred to above, other measures were also carried out (see Remuneration).

CTT's human resources management model continues directed toward deepening a corporate culture which fosters employee motivation and involvement as well as being results driven.

2.6.1. Characterization of human assets (CTT, SA)

During 2012, the total number of employees (permanent and fixed term) was reduced as a result of the high number of employees who left, 1,439 against 922 recruited, reflected in a turnover rate of 12.63%, 8.22% for men and 4.42% for women. Of the permanent staff, 305 retired, 67 left due to termination of contract and 12 deceased.

Counting merely the overall number of new contracts, the respective rate is 8.0% (5.4% for men and 2.7% for women), including permanent and fixed term staff.

TABLE 13
TOTAL AND TURNOVER RATE OF PERMANENT AND FIXED TERM EMPLOYEES BY GENDER AND AGE GROUP²

	Male				Female				Total
	<30 years	30 to 50 years	>50 years	Total	<30 years	30 to 50 years	>50 years	Total	
Recruited	423	192	1	616	191	114	1	306	922
Leaving	490	268	178	936	203	151	149	503	1,439
Total	913	460	179	1,552	394	265	150	809	2,361
Turnover (leaving)	4.30%	2.35%	1.56%	8.22%	1.78%	1.33%	1.31%	4.42%	12.63%

² The age of the employees was calculated as at the date of each occurrence (recruitment and leaving)

TABLE 14 | CTT EMPLOYEES, BY TYPE OF CONTRACT

	2011	2011
CTT, SA		
Permanent	11,318	10,973
Fixed term	605	418
Total	11,923	11,391
CTT SUBSIDIARIES		
Permanent	1,357	1,335
Fixed term	555	441
Total	1,912	1,776
CTT Gest	23	23
CTT Espresso	677	658
EAD	101	95
Mailtec	552	385
PayShop	32	32
PostContacto	41	40
Tourline	443	480
CORRE	44	63
Total CTT	13,836	13,167

The average age increased from 43.9 years old in 2011, to 44.8. The professional category with the highest relative weight, postmen/women, presents a lower age structure (42.8 years old).

TABLE 15 | DISTRIBUTION OF THE EMPLOYEES BY SCHOOLING LEVEL

	2011	2012
University education	10.9%	11.3%
12th Year	40.9%	43.0%
3rd Cycle of elementary education (9th year)	30.6%	29.0%
< 3rd Cycle of elementary education (9th year)	17.6%	16.7%
Total	100%	100%

As a result of the adopted policies, the permanent staff with qualifications below the 9th year has fallen from 17.6% to 16.7%, while the percentage the 12th year and higher education has risen from 51.8% to 54.3%.

The vast majority of the employees (98%) work full-time. Of the total number of women, 3.0% work part-time and the corresponding figure for men is 1.4%.

TABLE 16 | NUMBER AND PERCENTAGE OF PERMANENT AND FIXED TERM EMPLOYEES BY GENDER AND WORK HOURS

Male								Female							
Permanent				Fixed term				Permanent				Fixed term			
Total				Total				Total				Total			
Full-time				7,297 99.8% 158 61.7% 7,455 98.6%				3,599 98.2% 110 67.9% 3,709 96.9%				11,164 98%			
Part-time				11 0.2% 98 38.3% 109 1.4%				66 1.8% 2 32.1% 118 3.1%				227 2%			
Total				7,308 96.6% 256 3.4% 7,564 66.4%				3,665 95.8% 162 4.2% 3,827 33.6%				11,391 100%			

The workplaces are dispersed all over the country, Spain and Africa. The distribution of the number of employees by region tends to follow the demographic concentration, since the company distributes its services over the entire country (see glossary).

2.6.2. Labour, recruitment and selection practices

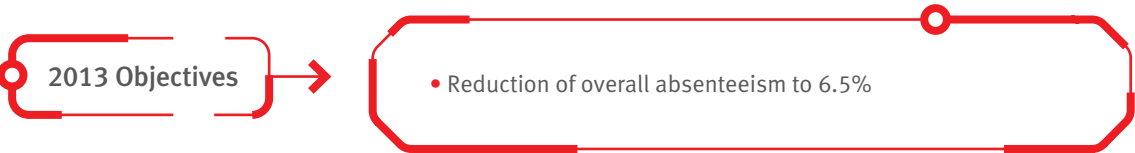
The overall rate of absenteeism, which mainly considers motives such as illness, accidents at work, activity in structures representing workers (Unions and Workers Committees), absence under worker-student status, strikes, maternity leave and other, was 6.7% in 2012. This rate reflects a decrease of 0.5% in relation to the previous year. A reduction was observed in the following main causes: illness, accidents at work and maternity leave. Strike action represented 0.2% and union activity 0.6% (0.6% in 2011). It should be noted that the overall absenteeism rate, excluding maternity/paternity leave, absence due to mourning or study time, was 6%.

In terms of work vacancies, CTT continued to foster opportunities aimed at young people seeking their first job and the long term unemployed. The use of Facebook, started in 2010, continued to give rise to good results, especially in terms of job-seekers from the younger cohorts of the population.

During the year, 1,551 fixed term contracts and 102 temporary work contracts were signed, which gave many young people their first contact with the world of work and unemployed people the opportunity to return to active life.

Continuing the collaboration with a group of reference schools, 34 internship contracts were signed, 20 of which were curricular. The granting of internships falls under the policy of linking the company to the education and training systems, and promotion of improved professional qualifications.

Two of the curricular internships were granted to young people with special education needs. These cases implied the development of intense work of inter-relations between the school, family and CTT mentor responsible for their reception and integration.



2.6.3. Integrated management of human capital

The use of CTT's human potential and more flexible forms of work according to postal traffic continues to be part of the guidelines relative to the management of human resources.

Mobility and flexibility between CTT companies has been fostered, through staff assignment, especially senior personnel, including employees based abroad. The 100 opportunities of mobility and progression at an internal level and the 13 at an international level which were publicised, raised 694 and 25 candidates, respectively.

The process of relocation of employees continued, with 12 new jobs attributed, 120 suspension agreements and 26 agreements of rescission of work contract.

The staff movements and change in working hours comply with the minimum periods and procedures of prior notice stipulated in the law and two company agreements. For transfers due to company interests, the employee must be given notice at least 30 days in advance (distance above 50 km) or 15 days (distance equal to or less than 50 km), except under unpredictable circumstances. In transfers for work convenience, the employees who are potentially involved must be warned of this fact 45 days in advance, or within the periods referred to above, according to the company agreement they have endorsed.

Changes to work hours are preceded by consultation of the employees and Workers Committee, communicated to the ACT (Authority for Labour Conditions) and posted up at the company 7 days in advance. Under the adaptability system, the change of work hours is communicated at least 15 days in advance.

Evaluation of performance

Aimed at supporting management driven by objectives, the management of talent, development of employee skills, policy of reward of merit and drawing up of training needs, the performance evaluation system covers all employees of CTT, SA, with a view to the appraisal of individual and team competence and contribution to the results. All the companies of CTT adopt similar procedures.

The process includes a meeting/interview between the senior personnel and employee for exchange of information on the evaluation and identification of skills to be developed, enabling the inclusion of any comments of the employee and show of interest in the counter service of training courses aimed at improving the performance of the employee's duties. Various leadership training sessions have been ministered on the performance evaluation system and on how to conduct the respective interview.

Remuneration

During 2012, under the terms defined in Law number 64-B/2011 (State Budget) of 30 December, the following guidelines were applied: remunerative reduction between 3.5% and 10% relative to remunerations above 1,500 Euros, as well as for service acquisition contracts; the prohibition of remunerative valorisation relative to the absence of wage updates, progression, or attribution of performance bonuses; and the partial or total suspension of holiday and Christmas allowances in situations, respectively, where the monthly retribution is equal to or greater than 600 Euros and equal to or less than 1,100 Euros, or where the retribution is higher than 1,100 Euros. Alterations were also applied to the systems of daily and transport allowance, overtime and compensatory rest, and meals allowance, as determined by the aforesaid law.

The application of the systems established for civil servants was maintained for the award of daily and transport allowance for travel in Portugal and abroad and remuneration of night shifts, in view of the subjective scope of Decree-Law number 558/99, of 17 December (legal system of the State business sector).

The Cost Cutting Programme, in the Human Resources component, also included other staff cost cutting measures, namely: non-replacement of outgoing employees, elimination of the quality bonus attributed in previous years (in 2010, the total value of this bonus reached 2.6 million Euros), reduction of the family allowance, elimination of subsidised residential telephones, reduction of the number of non-operational vehicles and mobile telephones, reduction of the fuel and mobile telephone ceilings, reduction of senior positions, and signing of agreements for suspension and termination of work contract.

Representation of the employees

The communication of the employees with the management is ensured through the various representation entities. The Workers Committee (CT) and 79 Workers Subcommittees (SCT) perform their duties attributed by the law. As in previous years, CTT maintains permanent contact with the Workers Committee, through monthly meetings at the highest level and other meetings, whenever necessary, and the sending of relevant management documentation. In order to enable the Committee to perform its duties, the company provides the necessary facilities, material and technical resources. The 11 members of the Workers Committee have been granted 25 hours per month plus 1 day/month for the meeting with the Management Bodies and additional one-off credits according to the requests made. Each of the 125 members of the Workers Subcommittees is granted 8 hours. As a whole, during 2012, this corresponded to 7,558.2 hours of work.

The employees' collective representation structures (ERCT) perform the duties attributed to them by law, relative to the defence and promotion of the social and professional interests of their members, intervening, in particular, in the optimisation of working conditions, signing and review of collective labour agreements (Company Agreement – AE). In the pursuit of the adjustment of labour conditions to the new challenges, we highlight:

- Continuity of the bargaining process in the review of the CTT Company Agreement of January 2010 and September 2010, under which 32 formal bargaining sessions were held, plus a large number of correlated bilateral meetings;
- In terms of labour disputes, during 2012 there was a significant decrease in the number of strikes carried out in relation to the same period of 2011 (-42.9%), reflected in the lower number of days lost for this motive (-41.2%). In the meantime, during the same period, there was a considerable increase in the number of plenary meetings of employees (+28.8%), with the Workers Committee having been responsible for 77.2% of these meetings;
- As at 31 December 2012, 99.9% of the employees were covered by collective labour agreements. The remaining employees continue to have their work relations regulated by the provisions of the Labour Code (Law 7/2009). It should be noted that 85.1% of the company's employees (permanent and fixed term) are union members.

The legal obligations on matters of human resources management information have been fulfilled, through the preparation and sending to the GEP/MTSS (Strategy and Planning Office of the Ministry of Labour and Solidarity) of the Single Report, under the terms of the Labour Code, stipulated by article 32 of Law number 105/2009, of 14 September, and regulated by Implementing Order number 55/2010, of 21 January.

Labour disputes resulted in the holding of close to 237 plenary workers meetings and 8 strikes, with the inherent impacts in terms of the normal operation of business activity, 3 of which covered the entire standard period of daily work hours and 5 affected only part of this period. There was one pre-notice of strike relative to supplementary work in delivery and processing, with negligible consequences in terms of performance of the services.

The rate of absenteeism due to strike action was 0.2%, the same value as in 2011. The number of days increased from 4,334 to 5,615. The motives alleged by the ERCT were, in general, claims of compensation for the restructuring of work and work hours and the rejection of measures relative to the containment of wages and career progression imposed by the shareholder, under the State Budget.

The issues that were most frequently raised or discussed by the ERCT through presentations refer to work regimes and conditions, discipline, inter-personal relations, compliance/non-compliance with legal and/or regulatory obligations, evaluation of performance, evolution and career progression, and retirement conditions. All these issues were analysed internally by Human Resources, in coordination with the heads of the areas in question, and the object of response. During the year, 545 case-files were addressed, all submitted by the ERCT in representation of its members (+9.7% than in 2011).

At a European level, the company maintained its participation in the European Social Dialogue Committee of the Postal Sector which has representatives from the unions and postal operators of the European Union. Its work programme includes topics that are determinant for the future of the sector, such as postal evolution, accident prevention, corporate social responsibility, training and development of skills, and the adaptation of organisations and human resources to change.

Training

At CTT, training is considered an investment in the most important asset – people – and perceived as a strategic function for the development and competitiveness of the company. The Training Plan for 2012, prepared following the diagnosis of needs, established very ambitious targets that were achieved.

The level of implementation, combined with the reduction of potential labour, led to the increase of the training rate from 1.19% to 1.27% (ratio between the volume of training and labour potential), where this indicator is considered a more accurate expression of the focus on the development of skills than the volume of training.

During 2012, a total number of 10,453 training actions were held with 73,912 participants having attended, reaching a training volume of 304,477 hours at CTT and an average of 23 hours per employee. The training effort rate increased from 1.19% to 1.27% in relation to the previous year, covering 90% of the employees.

TABLE 17 | CTT TRAINING VOLUME AND RATE

CTT	2010	2011	2012	Growth Rate	
				Δ 2011/2010	Δ 2012/2011
Training volume (hours)	293,663	288,713	304,477*	- 1.7%	5.5%
Labour potential (perm. + fixed c.) hours)	26,015,808	24,226,358	23,982,039	-6.9%	-1.0%
Training rate	1.13%	1.19%	1.27%	5.3%	6.7%

* The training volume of CTT, SA was 266,018 hours, with an average of 23 hours per employee.

Summary of training activity

The development of the training activity favoured remote and local forms of training, solutions of greater proximity and more adapted to the contexts and paces of work. On this issue, the role of remote training should be highlighted in the compliance with the objectives, in terms of the number and quality of the courses produced internally, the number of employees covered, and due to its contribution to the total training volume, at lower costs.

TABLE 18 | TOTAL AND AVERAGE TRAINING HOURS, BY CATEGORY AND GENDER (CTT, SA)

	Male		Female		Total	
	Nr. of hours	Av. hours	Nr. of hours	Av. hours	Nr. of hours	Av. hours
Senior personnel	23,139	44	23,897	48	47,036	46
Middle management	15,088	55	12,095	61	27,182	58
Counter service personnel	7,255	10	21,013	12	28,268	11
Delivery	73,225	16	12,460	18	85,684	16
Other groups	44,067	31	33,780	53	77,847	38
Total	162,774	22	103,244	27	266,018	23

The worker-students used close to 20,000 hours of exemption to attend classes or prepare for tests and exams. The volume of training relative to RVCC processes (Recognition, Validation and Certification of Competences), organised by the CNO (New Opportunities Centre) was around 22,000 hours.

TABLE 19 | WEIGHT OF TRAINING VOLUME BY THEMATIC AREA

Thematic Area	Training Volume (%)
Quality	17%
Basic training	16%
CTT Products and Services	15%
Company integration	13%
Behavioural	6%
IT	6%
Marketing and Sales	5%
Occupational Health and Safety	5%
Human Resources	5%
Management and Economics	5%
Other	7%

In relation to the previous year, particular note should be made of the resuming of the investment level in the area of "Quality". The following programmes were the most significant in terms of impact on quality of service, development of the employees and on the company's future:

Management of quality and certification, with 3.892 training actions, 29,584 participations and a volume of 44,627 hours, covering ISO 9001 and 14001 and the procedures inherent to the certification of post offices, postal delivery offices and mail sorting centres.

Development of heads of Customer Service, heads of post offices and heads of postal delivery offices, in technical and management areas, for professional updating and enhanced competitive capacity, directed at customers and results, with 13 actions, 554 participations and a training volume of 3,380 hours. Of these, 612 hours refer to sessions with 64 senior personnel who were supervised in Coaching methodology, under the FAROL – Orientar para Desenvolver (Lighthouse – Direct towards Development) programme.

Behavioural skills which includes programmes for senior and middle management staff on assertiveness and conflict management, communications and inter-personal relations, conduct of meetings, organisation of work and time management, bargaining techniques and team management and work. We highlight the reformulation of the Leadership training programme towards strengthening the responsibility of senior personnel through training and communication with their teams. This involved 407 actions, 1,865 participations a volume of 16,624 hours.

Company integration – With a view to the alignment of the staff with the strategic objectives of the company and the integration of new employees (contracted for fixed terms especially to cover the holiday period), integration programmes were developed which recorded 1,958 participations.

Occupational health and safety – includes the training of RPI (persons in charge of first aid, fire-fighting and staff evacuation), a reformulated course which is now ministered through e-learning; training in ecological and defensive driving for postmen/women on motorbikes, light and vehicle vehicles with a view to changing their driving behaviour, reduction of fuel consumption, pollutant gas emission, wear of vehicles and road accidents, and training in safety for all employees in general. A total of 583 training actions were held in this area, involving 6,601 participations and representing 12,957 hours.

Information systems – development of specialist technical skills, efficiency of users in IT applications supporting operations and management, promotion of the computer literacy of users of the operating areas and improved performance of technical staff, were the objectives pursued through 233 actions, 1,874 participations and a volume of 14,862 hours.

The following programmes were also of particular importance during 2012:

TABLE 20 | TRAINING PROGRAMMES

Strengthening of Sales Skills	Training programme which involved the direct training of professionals who ensure contact with customers and the preparation of trainers for local training actions, aimed at promoting sales by Postmen/women	Actions: 352 Participation: 4 729 Volume: 12,444 h
Qualification of Insurance Agents	Certification of the team that markets insurance products in the CTT retail network	Actions: 16 Participation: 143 Volume: 18,590 h
New Orthographic Agreement	Continuity of the programme to prepare the operating areas to adopt the new orthographic agreement	Actions: 16 Participation: 782 Volume: 1,564 h
Onsite Training	For operating teams, in particular are the following: <ul style="list-style-type: none">• Products and services and Quality, for post offices and postal delivery offices• Quality or integrated Quality and Environment Management Systems, for mail sorting centres	Actions: 8 299 Participation: 56 178 Volume: 105,773 h

The remote training courses were all produced internally, except for the Qualification of Insurance Agents, and already represent 9.2% of the total training volume, with the impact and relevance expressed by 28,025 hours and 4,096 participations.



In Remote Training our objective is to take the necessary training to whoever needs it, when it is required. At any time, any place and at controlled costs. This objective has not yet been completely achieved, but the steps that have already been taken and the work which is being done indicates that we will achieve it, thanks to our internal Customers, the Management and our Team.

António Delgado
Coordinator of the Remote Training Team

In this modality, we highlight 9 training projects (5 of which are continuous), hosted on the platform @formar. This training model has proved to be a good instrument of support to the operating management staff in the ministering of various training courses, onsite, to their teams. These courses include a pedagogic package.

TABLE 21 | VOLUME OF HOURS AND PARTICIPATION IN TRAINING PROJECTS

CTT	Participation	Volume (hours)
Support for the sale of TDT Decoder	334	668
Collection of Tolls	485	1,940
Communicate and Collaborate with Lync	177	354
Senior personnel Kit - Disciplinary Function	632	2,528
Senior personnel Kit - Fundamental notions of Human Resources for Senior personnel	456	6,840
Training Kit for Employer Representatives	26	910
Training Kit for RPI	131	1,376
New Orthographic Agreement	738	1,476
Prevention of Money Laundering and Financing of Terrorism	718	2,872

Of the nine projects of 2012, we highlight the courses of "Prevention of Money Laundering and Financing of Terrorism", with a total training volume of 4,013 hours with 1 864 employees, including training through counter service), and the Senior personnel Kit – Discipline with 632 participations and 2,528 hours of training.

Of the projects being continued, note should be made of the Senior personnel Kit which had 456 participations covering a volume of 6,840 hours.

Global Management Challenge – 11 teams were sponsored, composed of 55 employees of CTT. During 2012, this project had new dynamics with the OPENMINDS CTT workshop, focused on the liberalisation of CTT and sharing of team experience.

Post-graduation programmes – 14 enrolments in inter-company post-graduation programmes were supported, through their full or partial payment. Aimed at offering opportunities for post-graduation training to the highest number of staff possible and the development of the necessary skills to overcome the challenges inherent to the transformations of the postal business, an edition of the General Management Course was organised, under an inter-company scheme, at the premises of Nova Executivos (Institute of Training of Executives of Nova School of Business and Economics), with the duration of 146 academic hours, for 40 management staff members of CTT.

International cooperation – Human resources development programme for directors and senior personnel of the Official Portuguese Speaking African Countries (PALOP), Postal Union of the Americas, Spain and Portugal (PUASP) and young staff of CTT, with 2 actions and 22 participations.

Scientific and technical information – The self-learning of support to the development of informal skills has been encouraged, through the intensification of the dissemination and promotion of employee access to a variety of sources, predominantly in electronic

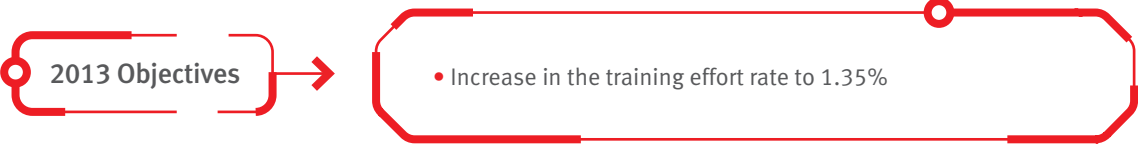
formats (selective disclosure of information, monthly publication of a Newsletter and Virtual Display of magazines in the CTT Community). In an interactive process with users, the bibliographic collection has been expanded with the acquisition of 473 books, magazines and other periodical publications, which generated 18,067 requests.

During 2012, the focus was maintained on the personal and professional valorisation of CTT employees, promoting and supporting the enhancement of the qualifications and skills of employees with the lowest levels of formal qualifications. 108 new enrolments were made at the **New Opportunities Centre (CNO)** of CTT and 179 employees received certification, 178 of which at secondary education level.

Since the creation of the CTT CNO at the end of 2004, a total of 2,769 enrolments have been recorded, covering 1,126 certifications, 486 at elementary education level (9th, 6th and 4th years of schooling) and 640 at secondary education level (12th year).

CTT Training Forum – the monthly meetings involved the monitoring of the implementation of the training plan and debate of issues such as the possibility of increasing training through proximity solutions, namely access to IT for e-learning, the validation of the pedagogic quality of the training ministered locally by the operating management staff and improvement of the process of diagnosis of the needs and training offer for 2013.





Career

The Company Agreements (AE/CTT Jan.2010 and AE/CTT Sep.2010) establish the objective and functional content for each qualification level and for each professional category.

Models of career progression and evolution are also defined which are based on the application of the principles of merit and performance in wage progression, differentiating the evolution in accordance with performance levels, as well as requalification and increase of skills, emphasising the contribution of each employee to the value chain and in the effort of personal development. However, as noted above, the State Budget for 2012 maintains the prohibition of remunerative valorisation.

Attraction and retention

CTT has endeavoured to direct its action towards having motivated people with suitable ability and high levels of motivation. Satisfaction at work is an indispensable condition for increased productivity and ensures the sustainability of a company operating in a competitive environment.

Under CTT's human resources development and talent management programme, continuity has been given to project of construction of the corporate directory of competences and assessment of staff, started in 2010 for the areas of marketing and sales. Functions and competence profiles were identified in 2011, and the assessment of the staff of CTT companies was started, which had previously been carried out for the areas of marketing, sales, operations and production. During 2012, functions and competence profiles were again identified, as well as the diagnosis of competences of senior and other staff of the counter service and delivery areas, involving 275 employees.

The company has guided its action towards the development and valorisation of the skills of its employees in all areas and also records a rate of return to labour and retention of 100% (119 women and 234 men), after parental leave. In other words, all the employees who used their maternity or paternity leave, returned to their jobs. However, of this group, 11 employees ended their position due to having a fixed term contract with expiry established for the reporting year.

Fringe benefits

The IOS (Institute for Social Works), the name of the organisational unit which deals with social issues, was founded back in 1947 for the purpose of protecting its beneficiaries in the area of health care (prevention, treatment and recovery from sickness), instalments of family charges to subscribers of Caixa Geral de Aposentações (CGA) – child and youth benefit, disability benefit, allowance for attending a special education establishment, monthly life subsidy, allowance for assisting a third person and funeral allowance – and social action (support in the area of mental health, drug and alcohol addiction, old age, social integration, study allowance, nursery allowance, and support to economic poverty).

The Social Works Regulation (ROS) was enforced on 1 January 1997 and includes maternity protection, where appointments and treatments of any speciality, surgery and assistance at birth, and other, are fully subsidised; screening appointments for the employees' children up to the age of 2 years old; development appointments up to 6 years old; and for stomatology up to 10 years old, as well as other benefits.

Health benefits are ensured to permanent staff while employed on a full or part-time basis, pre-retired and retired former employees and families, under certain conditions, provided that they have become members of the scheme. Employees of CTT companies benefit, as a rule, from health insurance which enables coverage of the household.

GRI EC3

TABLE 22 | CONTRIBUTION TO HEALTH CARE SERVICES

Item	CGA* SNS**
Outpatient Assistance	80%
Private Hospital Services	90%
Special situations (support to maternity, children and persons with chronic renal disorder***)	100%
Contribution to medicinal products	CGA = Beneficiary pays a maximum of 25% of the retail price SNS = 60% of the value is paid by the beneficiary

* CGA – Caixa Geral de Aposentações subscribers and children entitled to family allowance.
** SNS – Social Security subscribers, children and families not covered by the CGA.
*** Assumption of treatments arising from chronic diseases by the SNS.

As at 31 December 2012 there were 46,349 beneficiaries, of which 22,709 were employees (active – 11,177 and retired – 11,532) and 23,640 family members (of employees who are active – 16,320 and retired – 7,320).

During 2012, the total number of health service acts exceeded 1.1 million, provided by 9,221 service providers and counter service centres of the different specialities (72), corresponding to 12.8% less than in the previous year.

Social action

In this context and arising from the company's social policy and mission of the IOS, the development of the activity was continued, with the implementation of methodologies and social practices, at various levels of intervention.

GRI EC3

TABLE 23 | AREAS OF IOS INTERVENTION (SOCIAL ACTION)

Areas of Intervention	Cases Being Followed-up			Interviews	Telephone Contacts	Home/ Institutional Visits	Total
	New	Previous Years	Total				
Elderly	256	234	490	197	2,458	22	3,657
Social Action	74	77	151	86	859	9	1,256
Adult Mental Health	78	174	252	95	941	14	1,554
Child Mental Health	13	99	112	45	370	1	640
Addiction	3	19	22	17	173	1	235
Absenteeism Reduction Programme	1	33	34	11	147	0	226
Other Situations	70	74	144	141	412	4	845
Total	495	710	1,205	592	5,360	51	8,413

GRI LA3

GRI LA15

GRI LA8

The fundamental objective of the measures of intervention among the beneficiaries (employees, retired former employees and families) involved diagnosis, prevention of situations of socio-economic destitution, dysfunction or vulnerability of various orders, and subsequent identification and taking of measures/ response, in order to address the identified gaps and promote autonomy and capacity-building. The measures were essentially aimed at the most fragile beneficiaries – the elderly, children and youth with disabilities and/or chronic diseases.

The activity developed was reflected in 8,413 incidences, arising from the follow-up of 1,205 beneficiaries, implying the attribution of total economic support of 38,344 Euros, distributed over retired (34,346 Euros) and active employees (3,998 Euros).

Note should be made of the follow-up of 495 new cases, while 710 had already being monitored in previous years.

The elderly represent the area which, recurrently, presents the highest number of requests, both in terms of frequency of use of the services, and regarding the attribution of economic support, directed essentially as supplements for the payment of homes and/or internment at health institutions.

Support was provided to 490 elderly beneficiaries, where, for 52%, this was the first time they were using the Social Service. The support given over the year to these beneficiaries implied, among others, 2,458 telephone contacts and the undertaking of 197 visits by Social Workers. It was also to the elderly that the majority (89.5%) of the economic support was attributed.

Particular attention was also given to the follow-up of children and youth with chronic diseases or serious disability. At this level, the support involved the attribution of supplementary benefits to family instalments and economic assistance for acquisition of equipment to foster inclusion and improved quality of life.

Also concerning disability and with the objective of promoting better suitability of the agreed service network to the needs of the beneficiaries, this year, an assessment was made of 97% of the 223 cases of beneficiary children of employees aged above 25 years, with a disability recognised by the State. The remaining 3% are still under analysis or require confirmation.

In order to make the most of the existing resources, develop new forms to promote the quality of life which are clearly not merely economic, and ensure integration and promotion in the community, partnerships have been established with various entities, to manage the network of social response of proximity and foster the meeting of the needs of citizens.

Collaboration in the Absenteeism Reduction Programme (PRA) has also been continued. The Social Workers intervened both in terms of diagnosis, enabling an understanding of the root causes of absenteeism, and in the follow-up of the cases, seeking to find any necessary response. This intervention contributed to the intended objective – reduction of absenteeism.

Occupational health

CTT, a company promoting good practices on matters of occupational health, has assumed its responsibility as the employer, by promoting and ensuring employee accessibility, regardless of the work contract, to occupational health examination, in compliance with the legislation in force.

Therefore and in order to facilitate the employees' access to these health tests, clinical analysis collection points were opened in March in the buildings of the mail sorting centres of Maia, Coimbra, Lisbon (main building of Parque das Nações), among others. These points also serve all of the workers of the post offices and postal delivery offices of the respective zones. In total, this measure may cover approximately 3,500 employees. In this way, the employees are no longer required to go to the PT/ACS clinic, making this process more convenient for the employee with potential efficiency gains for the company.

In coordination with PT/ACS, the service provider, procedural improvements have been introduced in the process of monitoring the instituted circuits which ensure that occupational health examinations are conducted, according to the established frequency/ programming, such as the control of appointments and attendance to medical examination, as well as the response time for completion of the medical examination, resulting in a positive impact in the employees' participation in these medical tests.

The objective of this policy of the company is to promote employee health, assessing the impact of the type of work in a periodic and systematic manner, as well as its repercussion on employee health and, when necessary, implementing preventative and/or corrective measures, so as to eliminate or reduce situations of risk, arising from work types and conditions, and promoting healthy workplaces.

Compliance has been ensured with the recommendations of the occupational doctors, preventing exposure to the risks inherent to some tasks, promoting the adaptation of workplaces to the employees, or even relocation to different tasks, according to their health condition.

A total of 8,194 health tests were conducted during 2012, representing a decrease of 9% relative to 2011, with the following distribution, by type, periodic tests (7,192); tests upon recruitment (597) and one-off

GRI LA3

GRI EC3

tests (405). This activity corresponded to a direct cost of 990.4 thousand Euros.

SOS Healthy Life

This year the company joined the Heart Month, promoted by the Portuguese Cardiology Foundation, in order to raise awareness among the employees on the prevention of cardiovascular disease and promote healthy life styles.

This initiative took place in two forms, through the sponsorship of cardiovascular screening, held on 29 May at ten company buildings of mainland Portugal and the Islands, and through the participation of 14 CTT volunteers (42 hours) in the "Heart Challenge" campaign, held on 10 to 12 May at Lisbon University Stadium. The volunteers collaborated with health technicians who carried out the cardiovascular screening and assessment of various risk factors to all willing visitors. Information was also distributed on healthy eating habits and life styles.

Support to workers organisations

CTT also supports workers organisations which promote the occupation of spare time of members and their families. CTT's Staff Sports, Cultural and Recreational Centre (CDCR) has existed for over 60 years and has 8,921 thousand active members. In addition to logistic support, the company financed the CDCR's activities in 2011, corresponding to approximately 62% of the respective budget.

CTT also provides material to other institutions associated to the company, in particular through the assignment of facilities for head offices and development of associative activities. These entities include CDA (Home of the Retired Former Postal and Telecommunications Employees), ANAP (National Association of Retired Former Postal and Telecommunications Employees of Portugal), ANCE (National Association of Heads of Post Offices) and GAMC (Group of Friends of the Communications Museum). Due to the history associated to communications, not merely conveyed

GRI LA8

through the mail, we also highlight the "Future of the Telegraph Postal Family", an ancient organisation of the mutual assistant institutions founded at the time of the first republic, currently with 14,300 members.

Prevention and Safety

Visits were made to 322 workplaces by the external provider of Occupational safety, Hygiene and Health Services, for the purpose of checking work conditions, the status of resolution or not of reported non-compliance and any other situations of risk for the employees.

Important improvements were recorded in the work conditions of the majority of the establishments, namely in relation to situations of compliance with the legislation or which depend on local management.

There were 792 occupational accidents and incidents³ at CTT, SA during 2012 (11% less than in 2011), where 26% (206) affected female employees and 74% (586) involved male employees. There was also a 22% reduction in the overall number of days lost (total of 20,751) due to Absolute Temporary Incapacity. As in the case of the accidents, the number of days lost for women (4,576) was less than for men, accounting for 22% of the total. In turn, the overall rate of days lost is 215 (GRI standard), covering all the days of the year, including weekends and public holidays, which is recorded as of the day following the accident. The average of days lost due to accidents shows a significant reduction in relation to 2011 (26.2 compared to 29.9), reflecting a lower severity index, relative to the accidents which occurred in the previous year. Likewise, the incidence rate (69) was also lower, in other words, 69 accidents occurred for every 1,000 employees (3 less than in 2011).

The company is proud to state that no fatal accident occurred in 2012. At CTT companies, the records indicate the occurrence of 181 accidents, 165 lesions of various types and 2,974 days lost (for further details, see chapter 4. Subsidiary Companies.

GRI LA7

TABLE 24 | ACCIDENTS, LESIONS, DAYS LOST, OCCUPATIONAL DISEASES AND RATES, BY GENDER

	Nr. of accidents	Nr. of lesions	Rate of lesions	Nr. of days lost	Av. days lost	Rate of days lost	Nr. of occup. diseases	Rate of occup. diseases	Nr. of days lost due to occup. diseases
Male	586	444	6.9	16,175	27.6	250.0	8	0.08	97
Female	206	147	4.6	4,576	22.2	143.0	4	0.04	777
Total	792	591	6.1	20,751	26.2	214.8	12	0.12	874

³ Incidents are minor lesions, which are not severe and do not cause absence from work.

In overall terms, considering the motives that most contributed to the occurrence of accidents, in the case of men, the indicators point, in the first place, to road accidents with one vehicle (29.2%) and between vehicles (14.2%). This is followed by false moves, excessive strain and knocks by/against objects. 43.5% of the accidents occurred along mail delivery routes (rounds) with 2-wheel motor vehicles and during rounds on foot (19.8%). The most frequent lesions which resulted from accidents were above all wounds (21.84%), situations of sprains/distension/torn ligaments (13%), followed by muscle injuries (9.9%) and traumatisms (9.6%).

Regarding female employees, the most frequent motives are road accidents with one vehicle (15.5%), followed by falling from the same level (14%), false moves (13.1%), slipping/sliding (11.7%) and knocks by/against objects (8.2%). The accidents also tend to occur along mail delivery rounds with 2-wheel motor vehicles (21.5%), followed by travel to/from work and during rounds on foot (18.9%). The most frequent lesions which resulted from these accidents were wounds (17%), situations of sprains/distension/torn ligaments (11.7%) and traumatisms (10.2%).

The occurrence of accidents/lesions⁴ (591) with absolute temporary incapacity reflects a standard rate of incidence of lesions of 6.12 (GRI standard – corresponding to 100 equivalent full-time employees), 0.39 less than in 2011, with a rate of lesions for men of 6.9.

The National Centre of Prevention Against Professional Risks qualified 12 occupation diseases of muscular-skeletal nature, of employees working in counter service and delivery, reflected in a rate of 0.12 and 874 days lost (total of 52 occupational diseases identified at the company).

In order to reduce the rate of work and road related accidents and focus the team on the issue, monthly updates are made to the data for completion relative to "accidents", for the operating areas of delivery, processing and transport, with the existence of a counter of the number of days without occupational accidents. Indeed, there are 16 postal delivery offices which have no recorded accidents in the last 3 years.

Accidents at work give rise to damages for the employees, for companies and even for the country, therefore it is fundamental for organisations to be more alert and aware of safety precautions, operating primarily in a preventative form in these matters, improving methodologies of analysis and investigation of accidents and focusing on a careful and rigorous assessment of the risks inherent to their activity.



Sónia Garcia
Head of the Integrated
Management System

Concerning this area of work, the process of certification through OHSAS 18001 (Hygiene and Safety) was continued, as well as with the Mail Sorting Centres of the North and South, where the first obtained recognition and the second should achieve this target during 2013 as planned.

- Publication of newsletters on health and safety precautions, taking into account the risks of the activity
- Preparation of safety files for use of equipment for the three mail sorting centres
- 322 visits to workplaces for assessment of professional risks and investigation of work conditions
- Preparation of various technical opinions, namely on interior air quality, occupational noise, vibrations and attribution of tasks to employees with constraints identified for occupational medicine
- Holding of 42 training actions on ecological and defensive driving – motorbikes, light and heavy vehicles (229 participations over 1,218 hours)
- 651 training actions on safety and RPI – fire-fighting, staff evacuation, etc. (4,136 participations over 5,713 hours)

The employees were consulted, twice during the year, on matters of hygiene and safety at work, relative to prevention and safety measures, assessment of work conditions, training and information, workers representatives and persons in charge of first aid, fire-fighting and staff evacuation, rate of accidents at work, maintenance and condition of work equipment.

The results of the consultation indicate a good satisfaction level with an average of 80.5% of answers being very favourable on the work conditions provided by the company. These results highlight the training and information on matters of prevention and safety, conveyed in the newsletters, and safety measures implemented by the company.

The Workers Representatives, around 130 employees trained on work conditions, together with the RPI (Responsible for First Intervention) who are simultaneously local managers, analysed, directly or indirectly, almost all the work accidents which occurred during the period under review, identifying preventative measures to be adopted at the respective workplaces. These two groups are prepared to ensure occupational safety, forming a network which is disseminated throughout the entire company.

The company has intervened and monitored its employees following robberies where the employees were victims of violence by third parties. However, during 2012, the procedures were redefined, which are currently being tested for the possible introduction of further improvements. In this context, support has been given to 37 employees of the retail network and operations, who were victims of robberies perpetrated against 20 CTT establishments, at their workplace or on route between the CTT building and a banking institution, or other entity. CTT's network of social workers operates with the victims in order to diagnose their psychological and emotional state. Whenever considered suitable, the victims are forwarded to a specialist (psychologist, psychiatrist, or other).

Regarding information, seven newsletters were prepared and disseminated, covering topics such as occupational safety, taking into account the risks of activity, and health. Awareness-raising actions were pursued on safety at work and ergonomics, for employees of the central services, postal delivery offices, post offices and mail sorting centres.

2013 Objectives

- Reduction of the number of fatal accidents to 0
- Reduce the number of days lost by 5%
- Reduce the number of occupational accidents by 5%

⁴ This calculation includes all lesions with absence equal to or greater than on days, provided that they are communicated as an accident.

GRI HR6 GRI HR7 GRI 4,12

2.6.4. Social Reporting

The company directs its action by the respect, guarantees and rights stipulated in the Universal Declaration of Human Rights of the United Nations, the Charter of Fundamental Rights of the European Union, the Constitution of the Portuguese Republic and the Law, in particular labour legislation.

To this end, CTT promotes values and practices in accordance with the strategic guidelines for the State Business Sector and with the guiding principles of the commitment with the management of CTT (Code of Ethics, Policy on Quality of the CTT Group, Charter of Occupational Hygiene, Safety and Ergonomics, Environmental Policy, Charter of Professional Values and Qualities, provisions in the Company Agreements towards promotion of equal opportunities, etc.).

Our people are
the ambassadors
of the Brand

GRI LA3 GRI HR4

On matters of human resources policies directed towards the promotion of equality, the following are highlighted:

- The effort towards gender balance, since the company has assumed this commitment, under the Company Agreement, of developing policies aimed at equal opportunities upon recruitment, career progression, promotions and professional training, taking into special consideration situations of pregnant employees and employees with children below the age of 12 years old, who are disabled or have a chronic disease;
- Under the actions for a programme of gender equality, following the analysis of human resources indicators from a "gender" perspective, it was decided that this issue should be included in the indicators presented in a six-monthly publication on the characterisation of human resources.

Also on this topic, CTT participated in the Economic Forum for Gender Equality, promoted by CITE (Com-

mission for Equality in Labour and Employment), in order to prepare the signing of an Agreement of companies of the private, public and cooperative sectors. This agreement aims to encourage companies to endorse objectives of this nature and incorporate, in their management strategies, the principles of equality between men and women in a clear commitment to the promotion of professional equality and end of all discriminatory processes;

- Following the benchmark on the legislation, actions and measures relative to moral and sexual harassment in a work context, an issue at the top of the agenda of companies which seek to play a more conscious and transparent role in the defence of human rights, equal opportunities and non-discrimination, a course is under development for the senior personnel on non-discrimination, which includes harassment under the terms of the Labour Code, as well as another course aimed at the employees;

CTT has provisions which prohibit behaviour considered harassment and an internal body identified as the "channel" for the receipt and processing of any occurrence not within the rules in force, namely breach of the Ethics Code.

- The application of job creation policies for disabled people has been hindered by the strong reduction of permanent staff, carried out during 2012 in the context of the Cost Cutting Programme. Employees who are disabled or have a permanent incapacity reach the number of 167 (49% male) and 6, respectively. The number of permanent employees in a situation of major sickness has fallen from 28 to 22 cases.

The protocol with Lisbon CERC (Cooperative for the Education and Rehabilitation of Non-adapted Citizens) has been maintained, which provides experiences of integration in employment to young people who are disabled, under which 17 young adults were covered – 1 in documental management and archiving and 16 at Lisbon mail sorting centre.

There are 27 foreign employees working at the company, 55.6% of whom are men and 44.4% women.

Regarding the characterisation of the employees by age group, the age range of 30 to 50 years old presents the highest concentration, both for women and men, although with greater incidence for the men. The overall average age of the company's employees is 44.8 years old. Men represent 66.4% and women 33.6% of total employees.

GRI LA13

GRI LA13

TABLE 25 | DISTRIBUTION OF THE EMPLOYEES BY GENDER AND AGE GROUP

Gender		2011	2012
Male	<30 years	385	264
	30 to 50 years	5,295	5,010
	>50 years	2,211	2,290
Female	<30 years	209	156
	30 to 50 years	2,489	2,397
	>50 years	1,334	1,274
Total CTT, SA		11,923	11,391

The figure below indicates that most of the employees work in delivery, where the majority are male. The second largest category is counter service where the trend is reversed, with women predominating in this area.

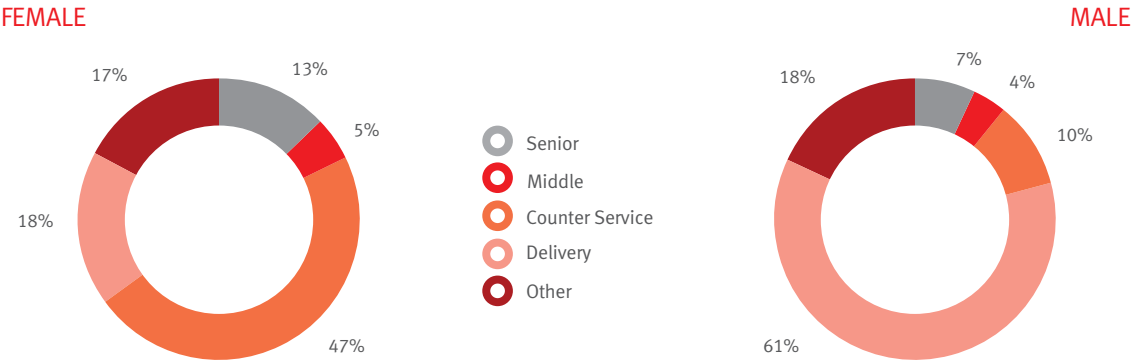


Fortunately I had the opportunity to be a post-woman at CTT. I must confess that I did not experience any type of prejudice due to the fact that this profession is usually associated to men. Since this was my first job, I was a bit anxious, but that feeling rapidly disappeared, thanks to the kindness, companionship and support of the other workers. Every day, I work with enthusiasm, dedication and professionalism, regardless of being a woman and very young. I love being a post-woman.

Bruna Raquel Moreira
Post-woman at Vila do Porto Post Office (Azores)

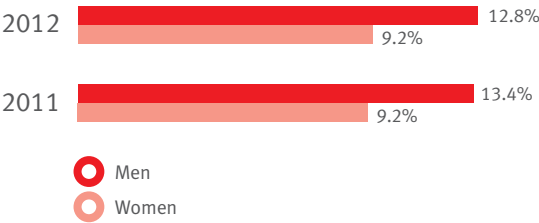
In the senior personnel category, the weight of the women is almost double that of the men. In relative terms, the women are more strongly represented in the higher qualification levels. However, the majority of the leadership positions are held by men, albeit in a percentage that is coherent with the staff distribution by gender.

FIGURE 9 | DISTRIBUTION OF THE EMPLOYEES BY GENDER AND PROFESSIONAL CATEGORY



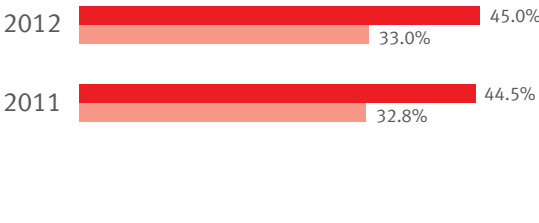
The distribution of leadership positions by gender indicates the maintenance of a relatively balanced situation.

FIGURE 10 | 1ST LINE LEADERSHIP



In the total leadership positions, women tend to hold less positions, both in terms of the 1st line (9.2% compared to 12.8% for men) and 2nd line (33% compared to 45% for men), with a slight upward trend in the 2nd line, and an opposite downward trend for men, also slight, but in the 1st line.

FIGURE 11 | 2ND LINE LEADERSHIP



Relative to the top management, the Board of Directors, there has been a significant difference, in comparison with the former term of office, since the top management has moved from being 100% male-dominated to its current representation of 60%.

Pursuant to the principles of the labour legislation, there is no difference whatsoever in the attribution of the basic wage for men and women. However, during career progression, for various motives, unfavourable wage differences for women have occurred historically, as can be seen in the following table.

In aggregate terms, at CTT women earn an average remuneration that is 8% lower than that of men, which compares very favourably with the value observed at a national level, of close to 21% (data of 2010). As is the case at a national level, the differences are higher in the senior personnel population, where women earn approximately 80% of the remuneration of the men.

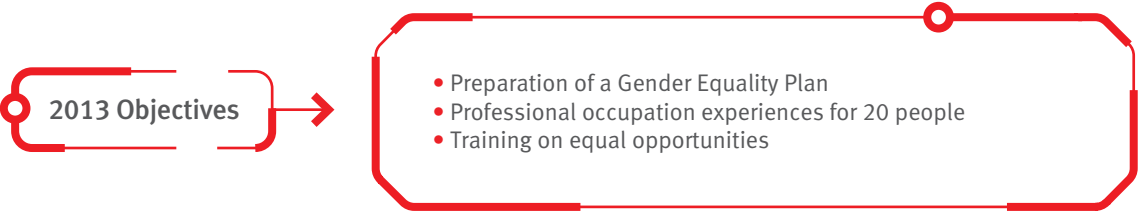
TABLE 27 | RATIO OF WAGES OF MEN AND WOMEN BY CATEGORY

Professional group	Average wages Women (€)	Average wages Men (€)	Ratio F/M
Senior personnel	2,008.7	2,539.8	0.79
Middle management	1,366.3	1,394.9	0.98
Counter service	1,034.2	1,116.9	0.93
Delivery	770.9	848.3	0.91
Other	996.1	979.9	1.02
OVERALL	1,124.8	1,037.9	1.08

The difference fundamentally arises from the fact that women are predominantly in areas of responsibility that have been created more recently and, in terms of top management, due to less accumulated experience in the postal sector.

TABLE 26
TOTAL AND PERCENTAGE EMPLOYEES BY CATEGORY, GENDER AND AGE GROUP

Categories							Male								Female		
	<30 years		30 to 50 years		>50 years		Total M		<30 years		30 to 50 years		>50 years		Total F		
Senior personnel	8	0.8%	266	25.8%	256	24.8%	530	51%	22	2.1%	321	31.1%	158	15.3%	501	48.6%	
Middle management	0	0.8%	130	27.7%	142	30.3%	272	58%	0	0.0%	79	16.8%	118	25.2%	197	42.0%	
Counter service	6	0.8%	400	15.6%	357	14.0%	763	30%	25	1.0%	1,186	46.4%	583	22.8%	1794	70.2%	
Delivery	156	0.8%	3,546	67.0%	895	16.9%	4,597	87%	73	1.4%	553	10.5%	67	1.3%	693	13.1%	
Other groups	94	0.8%	668	32.7%	640	31.3%	1,402	69%	36	1.8%	258	12.6%	348	17.0%	642	31.4%	
Total	264	2.3%	5,010	44.0%	2,290	20.1%	7,564	66%	156	1.4%	2,397	21.0%	1,274	11.2%	3,827	33.6%	





The environment

Thanks to a growing global awareness, most companies today already have a policy of environmental responsibility. This concern for the future of planet Earth and the environment is clearly visible within CTT on a day-to-day basis. Whether it be in the creation of a green portfolio - a pioneer in the postal sector and with environmentally friendly products - or the replacement of its fleet with cleaner vehicles. Today, CTT is at the forefront in terms of environmental sustainability. Being in 6th place in the world ranking of the postal operators with better carbon emissions is proof of that. For a cleaner future for everyone.

GRI 509 GRI EN29

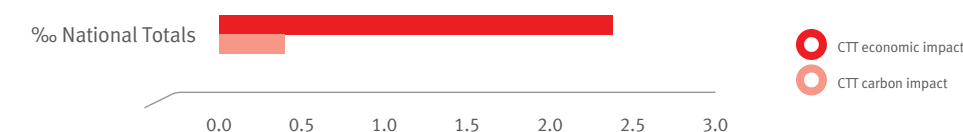
3.1. ENVIRONMENT MANAGEMENT POLICY

The fact that CTT is a service provider and that its rate of incorporation of intermediate and finished materials and consumables in production is low makes it a low-impact organisation from an environmental management perspective. However, the weight of its environmental impact focuses mainly on greenhouse gas emissions associated to own and subcontracted

transport which represents more than 2/3 of its carbon footprint.

When comparing the carbon intensity of the company with its impact in terms of creation of value, it is observed that the contribution of CTT to national GDP (GVA/GDP) came to 0.2%, whilst its contribution to total national greenhouse gas emissions came to about 0.04%.

FIGURE 12 | CTT CONTRIBUTION AT NATIONAL LEVEL



Given the specificity of its activity and environmental risks, CTT approved in 2011 the Integrated Quality, Environment and Security Policy whose environmental priorities include the systematic monitoring of environmental aspects and impacts of postal activity, rationalisation of consumption, promotion of recycling, increased energy efficiency and environmental training and dissemination.

In compliance with applicable ruling legislation on the environment, the company concluded and maintained the environmental liability insurance that covers the operations of CTT companies. This defines, among others, liability for material damage and physical injuries inflicted on third parties and for significant environmental damages caused to land, water, species and protected natural habitats.

3.1.1. Analysis of the environmental impact of the Company's products and services

CTT has identified the environmental impact of the postal sector, which is mainly related to its postal operations. In this regard, the following are noteworthy:

- depletion of fossil fuel resources through consumption of fuel and power;
- Climate change and depletion of the ozone layer arising from greenhouse gas emissions and other atmospheric pollutants produced by its operations;
- indirect impacts associated with the consumption of natural resources (mainly paper and water, the latter being associated to the daily operation of the premises);

- potential contamination of the soil arising from the production of waste in buildings and domestic effluent from offices and facilities, which is discharged into a municipal collector;

- noise emission.

An analysis of these environmental variables is detailed in Chapter 3.2 which contains the Group's environmental management report.

3.1.2. Definition of environmental standards for suppliers and partners

Ecological procurement

The company has included environmental management criteria in its tender processes since 2008, such as energy efficiency, reduction of greenhouse gases, prevention of emission of priority pollutants, incorporation of recycled materials, minimisation of direct and indirect impacts on conservation and specific environmental management criteria relative to vehicles, lamps, energy, etc.

In the year under analysis, environmental criteria were used in 70% of procurement tenders and the value of contracts concluded with environmental management criteria represented 98% of the total.

3.1.3. Environmental management objectives and targets

The environmental management component plays a key role in the company's strategy and general business practices. Based on this integrated approach, CTT has assumed and defined environmental management commitments for its operations.

GRI EN26

GRI 509 GRI EN29



Environmental Management

Every year the shareholder establishes objectives in which the sustainability index plays a part. The sustainability index reports the performance of the company in the economic, social and environmental areas, corresponding to a weight of 20% of the overall evaluation of the Company.

Internally, variables directly or indirectly associated to sustainability in the scorecards are included in place of some monetary indicators. These variables evaluate the direct components with greatest impact on the operations of CTT: variations in power consumption, efficiency in the use of fuel and consumption of reams of office paper, thus enabling the monitoring of situations and the introduction of necessary corrective measures.

We have a greener offer, we pollute less and less

Throughout the year, several actions were implemented (described throughout the following subchapters) which in line with the commitments assumed and disclosed by the company, enabled the environmental performance of the company to be improved. Overall, the assessment of all the initiatives is quite positive, both in terms of number of actions and their results:

- Maintenance of the certifications for the mail sorting centres, CTT Expresso, Mailtec and EAD and obtainment of the environmental certification by Tourline and the subsidiary companies of EAD in the Azores and Madeira;
- Fulfilment of and exceeding the ecological procurement targets;
- Reduction of power consumption by 7.5%, exceeding the objective;
- Carrying out energy and indoor air quality audits at 88 own buildings;
- Reduction of fuel consumption of own fleet by 6.3%, exceeding the objective;
- Acquisition of 150 electric bicycles;
- Renewal of the operational fleet with the acquisition of 26 new heavy duty vehicles;
- Reduction of scope 1 and 2 emissions by 7.1%, exceeding the objective;

- Participation in the sectorial carbon programmes of PostEurop and IPC;
- 3rd party audit of carbon inventory;
- Continued participation in the European Print Power project for promoting the responsible use of printing and paper;
- Internal/external disclosure of the IPC study on the impact of the postal industry on biodiversity;
- Reduction of overall paper consumption by 5.5%;
- Stabilisation of the overall production of waste with a decrease of the rate of reutilisation by 8%;
- Publication of 3 philatelic issues (stamps and thematic book) and automatic labels on the environmental theme;

Generic goals are set out in Chapter 5 of this Report and apply to all CTT companies, having been incorporated into their existing environmental management systems.

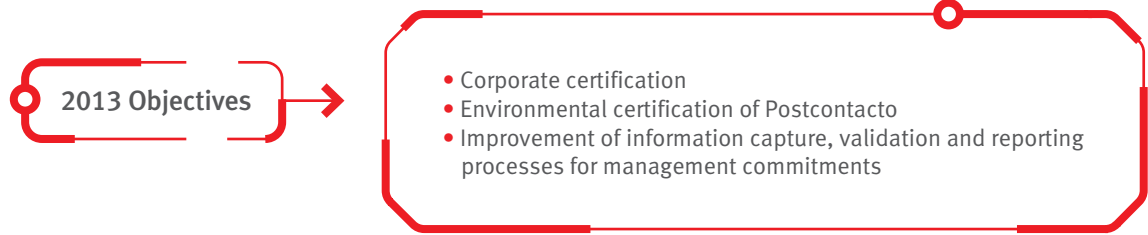
3.1.4. Certification of compliance with international environmental management standards

The certification programmes constitute a strategic and vital objective for the company's competitiveness. The implementation, expansion and continuous improvement of these systems contribute to the achievement of the annual environmental goals mentioned in this report.

CTT has ensured the maintenance of the implemented management systems, renewing the certification of the following systems:

- Environmental certification in accordance with the NP EN ISO 14001:2004 standard integrated with the NP EN ISO 9001:2008 standard certification for the Mail Sorting Centre of the South (COC-S);
- Certification by the triple standard, quality (NP EN ISO 9001:2008), environment (NP EN ISO 14001:2004) and safety (OHSAS 18001:2007) for the Mail Sorting Centre of the Centre (COC-C), the Mail Sorting Centre of the North (COC-N) and for the companies Expresso and EAD, of CTT;
- Certification in quality (NP EN ISO 9001:2008), environment (ISO 14001:2004) and certification of the chain of custody in accordance with the FSC (Forest Stewardship Council) for Mailtec.

In 2012, Tourline Express also obtained the environmental certification according to the ISO 14001:2004 standard, while the subsidiary companies of EAD in the Azores and Madeira obtained the environmental certification according to the NP EN ISO 14001:2004 standard integrated with the NP EN ISO 9001:2008 standard certification.



3.2. ENVIRONMENTAL MANAGEMENT REPORTING: MONITORING TARGET ACHIEVEMENT AND TREND ANALYSIS

3.2.1. CTT, SA

Energy

The consumption of energy has a significant weight in the company's carbon footprint, being thus one of the key targets with respect to monitoring and the implementation of energy efficiency measures.

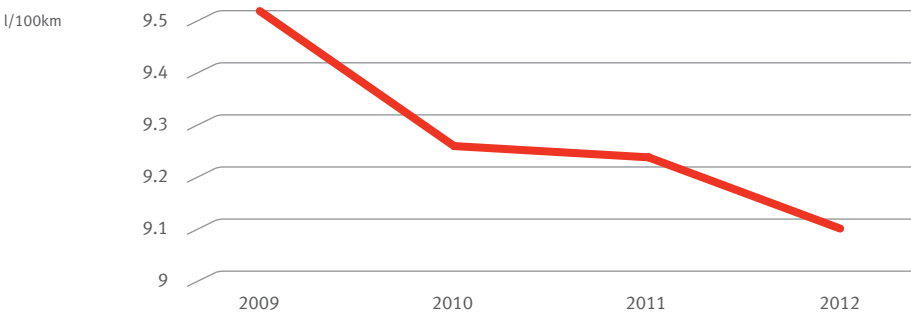
Given this current framework, power consumption by CTT reached a total of 41,169,964.8 kWh⁵, corresponding to 148,084.5 GJ. Of this consumption, 39,343,763.8 kWh (141,637.5 GJ) is supplied by the public network, 1,790,857.0 kWh (6,447.1 GJ) comes from the purchase of certified green electricity and 35,344.0 kWh (127.2 GJ) comes from energy produced by the existing solar panels at the Maia building and administrative services building in Lisbon. In turn, the

consumption of thermal energy for air conditioning came to 1,432.0 kWh (4,643.6 GJ).

The reduction of power consumption by about 7%, corresponding to 6,162.7 GJ, is due to the implementation of a set of power rationalisation measures.

With regards to the total fuel consumption by the CTT fleet⁶, a consumption of 4,801,593 litres was registered, equivalent to the consumption of 177,289.9 GJ⁷. The data associated to the normalised consumption of fuel by the fleet indicate a reduction in line with the consumption verified in the three previous years (2009-2011).

FIGURE 13 | EVOLUTION OF AVERAGE FLEET CONSUMPTION



⁵ Value estimated according to the Greenhouse Gas Protocol CO₂ methodology for Indirect CO₂ Emissions from the Consumption of Purchased Electricity, Heat and/ or Steam vs. 2.0 according to the conversion factors Compilation of emission factors used in the cross-sector tools

⁶ Subcontracted vehicles are not included;

⁷ Value estimated according to the Greenhouse Gas Protocol CO₂ methodology for Emissions from Mobile Source vs. 2.0 according to the conversion factors Compilation of emission factors used in the cross-sector tools for the various fuels used by the fleet, applied to the respective consumptions

GRI EN5
GRI EN3

Emissions generated by air freight shipping of postal items, sea shipping, transport by subcontracted fleet and flights on company business were also accounted for, being reported in the "Atmospheric emissions" sub-chapter.

National gas (natural and propane) consumption came to 58,757 m³, equivalent to 2,440 GJ.⁸ The 30.8% reduction in annual gas consumption, corresponding to 1,084.8 GJ, reflects the impact of the implemented efficiency measures, namely the deactivation of boilers, at the Mail Sorting Centres of the Center and South, combined with the increased use of the electric furnace to the detriment of the gas fur-

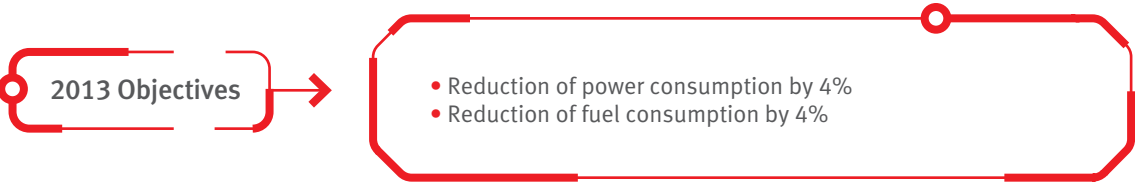
nace at the canteen of the Mail Sorting Centre of the South, in addition to awareness raising workshops for canteen staff in order to rationalise/promote the correct use of gas, such as not leaving gas burners on when they are not being used or not leaving water taps running.

Another significant measure was the substitution of the air conditioning system of the postal delivery office, within the Mail Sorting Centre of the Centre, which now only consumes electric power.

The following table shows the evolution of power consumption in GJ for the 2010-2012 period.

TABLE 28 | ENERGY CONSUMPTION

GJ units	2010	2011	2012	Δ% 12/11
Conventional power consumption	165,723.7	153,072.0	141,637.5	-7.5
Green power consumption	0.0	6,162.7	6,447.1	2.6
Photovoltaic power consumption	0.0	127.0	127.0	0.0
Total power consumption	165,723.7	159,361.7	148,084.5	-7.1
Thermal power consumption	1,228.8	4,397.6	4,643.6	5.6
Total fuel consumption	204,628.7	189,139.5	177,289.9	-6.3
Total gas consumption	4,293.5	3,524.8	2,440.0	-30.8
Total	375,874.7	356,423.6	332,458.0	-6.7



⁸ Value estimated according to the Greenhouse Gas Protocol CO₂ methodology for Direct Emissions from Stationary Combustion of the GHG Protocol Initiative vs. 2.0 according to the conversion factors Compilation of emission factors used in the cross-sector tools

GRI EN6

These consumptions reflect energy costs of about 13.5 million Euros.

In this regard, some of the initiatives implemented with a view to increase the energy efficiency of the company are described below.

Mail Sorting Centres

The Mail Sorting Centres account for the largest share in energy consumption of all CTT offices and facilities, corresponding to about a third of total consumption. This means that the initiatives to promote energy efficiency and reduce consumptions are given priority in terms of implementation.

In this regard, 4 interventions were undertaken at the Mail Sorting Centre of the South (COC-S), located in Lisbon, the largest office of CTT (in terms of area, number of staff and energy consumptions), where 41 skylights (zenith lighting) were installed, enabling the artificial light to be substituted by natural light over extended periods of the day. The entire lighting system on one of the floors was substituted by an intelligent lighting system that switches on and off in accordance with the required power and the working hours of each of its sub-sectors.

The framing of the south façade of the COC-S was substituted, having opted for an aluminium thermal break framing with double-glazing windows and flaps to block out direct sunlight, thus enhancing natural lighting and significantly reducing thermal conductivity.

The translucent sheets in the roofing of the yard and in the external access areas were also substituted by polycarbonate sheets. This solution enhances the natural lighting in the aforementioned compartments, in addition to improving energy efficiency.

The focus on energy efficiency enabled the implementation of a pilot project at this sorting centre, supported by the Plan for Promoting Efficiency in Electricity Consumption (PPEC), in partnership with Lisboa E-Nova and in collaboration with LMIT, oriented towards the reduction of power costs. The main objective is to promote increased efficiency in power consumption in buildings, by raising consumers' awareness of their electricity consumption through the provision of information in real time. In this regard, a remote management system was installed with "intelligent meters" that measure and report partial consumptions of the building on a permanent basis, disclose basic indicators on the use and efficiency of the building and enable understanding how and how much energy is consumed. These solutions can generate significant energy savings, with reduced implementation costs and short return on investment periods.

GRI EN6

CTT applied to the Energy Efficiency Fund to support its investment in the implementation of a consumption management and monitoring system for the central heating unit at the Mail Sorting Centre of the South, in Cabo Ruivo. This fund was created by Decree-Law No. 50/2010, of 20 May, and is a financial instrument aimed at supporting projects in the areas of renewable energies and energy efficiency, promoting innovation, technological development and the reinforcement of the Portuguese business fabric.

The COC-N uses solar skylights that allow natural light into the operational areas and resorts to external lighting with LED projectors. Centralised technical management ensures the control of consumption, maintenance and operation of the facilities and energy management. In 2012, the parameterisation of the centralised technical management was adjusted and the new software version was installed, with a view to improving the system's capacity to reduce energy consumption. The sorting centre possesses a tubular heat exchanger that maintains the air temperature constant and the sanitary water is heated via solar panels.

With regards to the COC-C, the chillers of the central air conditioning system were completely overhauled, with benefits in terms of energy consumption, actions that reduce energy costs were identified and awareness among all of the building's users regarding the importance of reducing consumption was reinforced.

The monitoring of power, gas and water consumption is a constant and common practice in all mail sorting centres, enabling the identification of potential corrective actions and raising awareness of the importance of reducing consumption.

Lisbon administrative services building

Efforts were made to parameterise the centralised technical management system, in order to optimise levels of comfort and identify potential actions to reduce energy consumption in this building. It was thus possible to reduce the consumption of this building, which represents the 4th largest consumer of power following the three largest sorting centres.

This sorting centre uses advanced energy consumption solutions in which part of this consumption comes from renewable sources. It consumes thermal solar energy produced by solar panels and certified green electricity, purchased from the distributor.

GRI EN6

Other buildings

In line with the renovation works undertaken at CTT post offices, aimed at reducing consumption, a decision was made to use LED in luminous labels and place skylights to take full advantage of sunlight.

In order to minimise, or even annul, energy waste (specifically, reactive energy waste), a pilot project was initiated with the aim of modelling a process for action based on information relative to short-term energy costs, complemented by reports from service provision entities.

Another significant measure to save energy and/or increase energy efficiency is the gradual renewal of the HVAC equipment, which due to malfunction or redefinition of needs, CTT has sought to replace with equipment of a higher energy efficiency rating. In terms of greenhouse gases, CTT has favoured equipment that uses more environmentally-friendly gases which, depending on the thermal input of the appliances, improves the performance of the equipment.

With regards to elevators in buildings that recently underwent major renovation, speed variation motors were decided upon which allow for a significant decrease of energy consumption.

In addition, within the scope of the promotion of energy efficiency and the rationalisation of energy consumption, the pilot project "Ease" was initiated, in partnership with EDP, which includes a sample of about 10 CTT post offices. The project entails monitoring the energy consumption of buildings selected for the sample, with a view to identifying energy efficient solutions suited to this type of buildings, of a smaller dimension and dispersed throughout the country, as well as respond to CTT's multisite structure requirements.

A study on the minigeneration of energy was conducted, through the exploitation of a photovoltaic system on the roof of CTT buildings, with potential benefits associated to the consumption of renewable energy and the reduction of energy costs. However, the option for minigeneration did not go ahead, since the study showed that it was not an economically viable option to date, given the adverse energy market conditions in Portugal.

The energy and indoor air quality certification process of the 50 own buildings of CTT covered by Decree-Law No. 78/2006, of 4 April, and the regulation of HVAC systems in buildings, approved by Decree-Law No. 79/2006, of 4 April, were concluded. The majority of these buildings obtained an energy efficiency rating of B and B- (27 buildings), followed by buildings with an energy efficiency rating of C (15 buildings), five buildings with an energy efficiency rating of A and A+ and the remaining three buildings obtained an energy efficiency rating of D. In addition to this process initiated in 2010, the energy and indoor air quality certification was carried out in more than 38 buildings involved in a preparation process for sale/rental, with a view to legal compliance in this field, reaching a total of 88 certified energy efficient buildings in 2012. These 38 additional buildings obtained lower energy efficiency ratings of between C and G.

Audits were conducted to the indoor air quality of buildings, with the objective of verifying the conditions of maintenance of the ventilation and air conditioning systems and measure the levels of pollutants. In the follow-up to these audits, equipment and facilities maintenance actions were undertaken, with a view to: guarantee the cleaning and disinfection of the air processing units and the interior of all the air conditioning units; guarantee the adequate ventilation of all spaces; guarantee the preservation of the air conditioning and ventilation equipment and their appropriate maintenance; verify the air discharge flow and, when necessary, readjust the discharge and extraction flows and extend the network of discharge conduits; guarantee the existence of preventive maintenance plans and of technicians certified by APIRAC and ADENE; analyse the periodicity and need for substitution of the filter media of the new air intake grilles; guarantee the correct drainage of the condensed matter of the air processing units to the rainwater collectors; intensify the cleaning of fixed surfaces, eliminate signs of water infiltration and remove signs of microbiological growth; and maintain buildings clean.

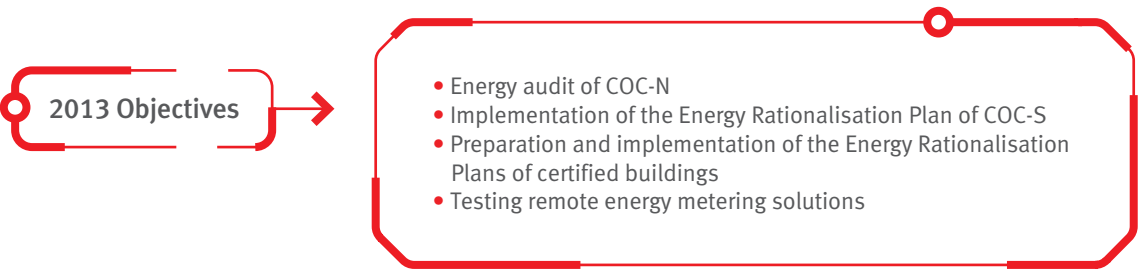
Buildings were also subject to energy audits, within the scope of which prior visits were made to the buildings and their air conditioning and ventilation installations, the audit fieldwork was undertaken, the collected information was processed, the energy simulation of the building was conducted, and reports (with the formulation of recommendations) were prepared. The energy rationalisation plans drawn up identify 4 types of energy performance improvement measures: small-scale power generation, efficient lighting, efficient HVAC systems and consumption monitoring. The overall proposed measures point towards energy savings of about 525 thousand Euros/year, with the scenarios of efficient lighting and consumption monitoring being

Less energy consumption, lower costs

those that present the shortest return on investment periods (between 3 and 4 years), and whose future implementation will depend on their financial evaluation and opportunity analysis.

In 2012, and for the first time, CTT participated in the Public Administration Energy Efficiency Barometer 2011, aimed at comparing and publicly disclosing the energy performance of departments, in line with

what was advocated in the Resolution of the Portuguese Parliament No. 114/2010, of 29 October. It is an evaluation tool which, through an entity evaluation and ranking mechanism, promotes competition between public entities, comparing and publicly disclosing the energy performance ranking of State administration departments and bodies, and seeks to encourage energy efficiency in the Public Administration, thereby cutting costs.



Fleet

At present, CTT directly operates a fleet of 3,077 vehicles for mail conveyance and logistics, being one of the major national fleet owners. In addition, certain delivery routes are under contract to third-party service providers.

TABLE 29 | VEHICLES

Number	2010	2011	2012	Δ% 12/11
Vehicles with conventional engines	3,441	3,194	2,853	-10.7
Lower polluting vehicles	85	86	239	177.9

There was a slight decrease in the overall average age of the fleet to 3.3 years, relative to the previous year, as a result of a limited renewal of the fleet. CTT continues to have, nonetheless, one of the youngest fleets countrywide.

Nevertheless, CTT achieved the measures scheduled in the plan for the rationalisation of energy consumption and reduced some of the passenger car segment units.

TABLE 30 | AVERAGE AGE OF THE FLEET

Tipo legal	Average age 2010-12-31	Average age 2011-12-31	Average age 2012-12-31
Moped	7.3	7.8	8.0
Motorcycle <= 50cc (or > 45Km/h)	5.1	5.3	5.7
Motorcycle > 50cc (or > 45Km/h)	3.3	4.0	4.0
Passenger car	1.7	2.4	1.7
Light goods vehicle	2.4	1.6	2.5
Heavy goods vehicle	9.5	8.5	6.6
Overall average age	3.2	3.2	3.3

In terms of the fleet of passenger cars, due to the termination of existing operating lease contracts, new contracts of the same nature were concluded, with emphasis on the selection of vehicles with more efficient technology.

In addition, 117 two-wheel motorised vehicles were renewed, via the substitution of less efficient vehicles, some of which with two-stroke engines, with more efficient vehicles, all of which with electronic fuel injection.

The Transport fleet runs up about 8 million kilometres and consumes about 1.8 million litres every year. Our current Consumption Rationalisation Plan for the 2011-2013 period includes measures such as fleet modernisation, eco-efficient (and safe) driving, responsible use of the fleet, thorough maintenance and control. The assessment so far has been very positive: the entry into service of 56 new vehicles and the set of implemented actions enable the desired results to be attained.



José Fernando Guilherme
Head of the National Transport Network

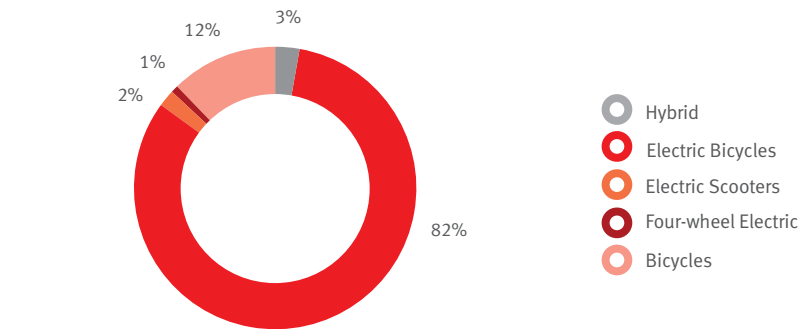
With regards to the fleet of heavy-duty vehicles, the energy consumption rationalisation plan (2011-2013) was continued, involving a total of eight measures, three of which were implemented in 2012:

- **Redesign of mail container system** (measure undertaken in 2012) – CTT conducted a study, taking into account the market for this type of equipment

(alternative solutions) and the current situation of mail transport in terms of mail containers (with emphasis on the use of contracted transport), which points to the non-viability of this solution;

- **Substitution of vehicles** (measure initiated in 2011) – 26 units were acquired (14 of the FC5 type and 12 of the FC17 type) to renew older units (many with more than 10 years) and/or with longer mileage (some with more than 1,000,000 km).
- **Training of drivers** (continuous) – Defensive driving courses for 29 drivers corresponding to a total of 1,050 hours; driver aptitude certification courses for 118 drivers corresponding to a total of 820 hours; and new brand courses, for training on new trucks to 160 drivers corresponding to a total of 332 hours;
- **Optimisation of routes** (measure initiated in 2011) – The optimisation is carried out via the redesign, restructuring and adjustment of postal delivery routes, always with the objective of improving the use of the fleet;
- **Allocation of vehicles to postal delivery routes** (measure postponed for 2013) – The purpose of this measure is to maintain an internal procedure that operationalises and defines priorities in the allocation of vehicles of each mail sorting centre; the delay in receiving the new vehicles resulted in the extension of this action.
- **Optimisation of the vehicle maintenance assurance control** (measure postponed for 2013) – The maintenance of vehicles is managed operationally by each sorting centre through defined procedures, with maintenance costs being controlled on a quarterly basis via analysis of a series of indicators. The intention is for preventive maintenance interventions to be confirmed on a monthly basis.

FIGURE 14 | TYPE OF ALTERNATIVE VEHICLES



Considering the technological advances of the automotive industry in the area of alternative vehicles and fuels, CTT seeks to gradually integrate increasingly more energy efficient vehicles, thus minimising the negative impact of its activity.

In 2012, 150 electricity-assisted mopeds were acquired, reaching a total of 183 units, which will in part substitute two wheeled vehicles equipped with thermal engines.

The 5 electric scooters used for home postal delivery and the 2 electric vehicles of the French brand GOUPI, located at the postal delivery office 4100 in Porto and at the large customers postal delivery office of Lisbon, are still in use.

In the year under analysis there was a reduction in the number of light-duty hybrid vehicles for individual use, bringing the total to 7 units in use.

Membership of APVE – Associação Portuguesa do Veículo Elétrico (Portuguese Electric Vehicle Association), associated to research in cleaner – namely, renewable – technologies, was also renewed.

Also in this area, CTT has an internal working group on alternative vehicles and participates in the European FR-EVUE (Freight Electric Vehicles in Urban Europe) Project in partnership with Lisbon City Hall and EMEL. The objective of the project is to explore, share and implement ideas on how cities can develop integrated and sustainable strategies to increase the use of electric vehicles. Within the scope of the URBACT II programme, its main objective is to promote the exchange of experiences and learning between decision-makers on the introduction of electric vehicles, as part of an integrated and multimodal plan. Lisbon is one of the eight cities elected to receive this project, led by London, which also includes the participation of Madrid, Stockholm, Oslo, Rotterdam, Amsterdam and Milan.

The project begins in January 2013 and continues until December 2016 and will develop specific programmes in each city in the area of urban mobility and logistics associated to the use of electric vehicles, enabling the exchange of knowledge and experiences between partner cities, involving operators (TNT, SEUR, UPS, BringExpress, Heineken and Leche Pascual, among others), authorities, vehicle manufacturers and universities.

In the case of CTT, the strategy involves substituting conventional vehicles for electric vehicles in delivery and collection operations. It also includes specific eco-driving programmes and the study of routes, according to the specificities of the vehicles. With this project, the company maintains itself on the leading edge of environmental and sustainability solutions, shares experiences and solutions with other operators and is at the forefront of changes that may occur regarding the limitation of the use of non-polluting vehicles in certain areas of downtown Lisbon.

In commemoration of the 10th anniversary of the European Mobility Week, instituted by the European Union in 2002, CTT participated once again in several initiatives dedicated to the theme. The European Mobility Week took place between 17 and 23 September and included the participation of CTT, as a guest speaker, in the “Sustainability in Movement Seminar” organised by the Western Inter-municipal Community, in Caldas da Rainha, and in the “3rd Urban Mobility Conference”, at MUDE in Lisbon. The objective of these initiatives is to promote a debate on the need to adopt behaviour that contributes to an improvement of the air quality in our cities, opting for healthier life styles, lower polluting transport modes and less use of private vehicles.

GRI EN29

The identification and evaluation of the environmental impacts of the fleet are monitored via the certified environmental management system of the Mail Sorting Centres. The analysis of trends, with inputs on legal and other requirements, as well as the characterisation of the fleet, give rise to monitoring meas-

ures, with environmental impact assessment methodologies being applied. Environmental aspects are thus revised and updated whenever the need arises to use defined management measures to eliminate, minimise and influence significant environmental aspects.

2013 Objectives

- Efficiency gains of 1.5% (standardised indicators)
- Improvement of the application of fuel consumption management
- Training in efficient driving
- Implementation of the consumption rationalisation plan for mail conveyance
- Compilation of the annual report of the consumption rationalisation plan for mail conveyance
- Allocation of electric bicycles to delivery routes and roll-out of operations
- Start of the use of ten electric vehicles in Lisbon, within the scope of the FR_EVUE community project
- Participation in the Drivers Challenge of IPC
- Updating and expansion of the coverage of the commuting study

Atmospheric emissions

The analysis of the carbon panorama of CTT indicates that 67% of emissions result from direct emissions, fuel and gas, and from power consumption (scopes 1 and 2), regarding which CTT can exercise greater influence; and 33% of emissions result from subcontracted transport activities (scope 3). The impact of the subcontracted mail conveyance services by air and road are of particular relevance and, in combination with the emissions associated to the consump-

tion of the own fleet and power in buildings, represent almost the entire carbon footprint of the company.

Within this perspective, direct emissions arise from the consumption of fuel by the fleet and from gas consumption in buildings, having been responsible for the emission of 12,763.5 t of CO₂ and of 143.1 t of CO₂, respectively. Relative to the previous year, a significant reduction of these emissions was registered.

GRI EN20 GRI EN16

TABLE 31 | ATMOSPHERIC EMISSIONS FROM FLEET OPERATION (TONS)⁹

Polluting gases	2010	2011	2012	Δ% 12/11
CO ₂	14,737.9	13,619.5	12,763.5	-6.3
CH ₄	1.2	1.1	1.1	-5.4
N ₂ O	0.12	0.1	0.1	-6.3
NOx	161.5	149.1	139.7	-6.4
CO	283.6	265.5	253.2	-4.6
COVNM	55.69	52.0	49.6	-4.7
SO ₂	41.4	38.2	35.8	-6.5

⁹ Value estimated according to the Greenhouse Gas Protocol CO₂ methodology for Emissions from Mobile Source vs. 2.0 according to the conversion factors Compilation of emission factors used in the cross-sector tools for the various fuels used by the fleet, applied to the respective consumptions

TABLE 32 | ATMOSPHERIC EMISSIONS FROM NATURAL AND PROPANE GAS CONSUMPTION (TONS)¹⁰

Polluting gases	2010	2011	2012	Δ% 12/11
CO ₂	245.4	211.6	143.1	-32.4
CH ₄	0.0	0.0	0.0	-30.8
N ₂ O	0.0	0.0	0.0	-29.3

The direct emissions from greenhouse gases also registered a significant improvement.

GRI EN16

TABLE 33 | GREENHOUSE GAS EMISSIONS¹¹

Fleet (t CO ₂ eq)	2010	2011	2012	Δ% 12/11
CO ₂	14,737.9	13,619.5	12,763.5	-6.3
CH ₄	25.0	23.3	22.0	-5.4
N ₂ O	38.0	35.2	33.0	-6.3
Total	14,800.9	13,678.0	12,818.5	-6.3
Natural and propane gas (t CO ₂ eq)				
CO ₂	245.4	211.6	143.1	-32.4
CH ₄	0.5	0.4	0.3	-30.8
N ₂ O	0.1	0.1	0.1	-29.3
Total	246.0	212.1	143.4	-32.4
Total direct emissions (scope 1)	15,047.0	13,890.0	12,962.0	-6.7

GRI EN17

In turn, indirect emissions result from consumptions attributed to third parties, arising from contractual relations between CTT and other entities. These include the consumption of power from the public network by CTT offices and facilities, thermal energy for air conditioning at the administrative services building of Lisbon, subcontracted transportation of mail items by road, transportation of mail items by air and sea and air travel on company business.

GRI EN16

In this context, the emissions from the consumption of power from the public network by CTT offices and facilities came to 9,009.7 t of CO₂¹² associated to the national energy mix for power production. Attention

Scope 1
-6.7 %

is drawn to the fact that the emission factor provided by ERSE – EDP Serviço Universal 2012 is used in this calculation.

The consumption of thermal energy for air conditioning of the Lisbon building comes to 133.1 t of CO₂.¹³

¹⁰ Value estimated according to the Greenhouse Gas Protocol CO₂ methodology for Direct Emissions from Stationary Combustion of the GHG Protocol Initiative vs. 2.0 according to the conversion factors Compilation of emission factors used in the cross-sector tools

¹¹ Value calculated by converting the polluting emissions for CO₂eq based on the emission factors of CH₄ and N₂O gases.

¹² Estimated based on the emission factor provided by ERSE - EDP Serviço Universal 2010.

¹³ Estimated based on the emission factor provided by ADENE within the scope of the energy certification of buildings that is based on the 2002-2005 national energy mix.

TABLE 34
INDIRECT ATMOSPHERIC EMISSIONS FROM POWER CONSUMPTION AND THERMAL ENERGY

t CO ₂	2010	2011	2012	Δ% 12/11
Power consumption	10,573.5	9,766.26	9,009.7	-7.7
Thermal power consumption	35.2	126.0	133.1	5.6
Total indirect emissions (scope 2)	10,608.7	9,892.3	9,142.8	- 7.6

The subcontracted transportation of mail items by air and road constitutes the activity with the greatest indirect impact in terms of carbon, having issued 7,317.4 t CO₂ and 3,180.9 t CO₂ respectively.

In spite of a reduction in the emissions associated to the transport of mail items by air, due to the decline in mail traffic, this year a new system was implemented which enabled recording more destinations and including transport in the concentration of items from the Islands to mainland Portugal.

The significant reduction of 35% in emissions associated to the transport of mail items by subcontracted fleet is explained by the reduced number of subcontracted delivery routes and the consequent reduction of the number of kilometres travelled.

With regards to transport by sea, 155.4 t CO₂ were issued, 4% more than in the previous year. This increase is due to the transfer of postal traffic from the

Funchal-Lisbon route which was previously conducted by air.

The value of emissions from air travel on company business came to 20.2 t CO₂, 58% less than in the previous year. This decrease is related to the decline in the number of business trips conducted in 2012.

For these calculations – indirect greenhouse gas emissions associated to subcontracted services (scope 3) – the methodology used was that of the GHG Protocol and the latest emission factors were taken into consideration.

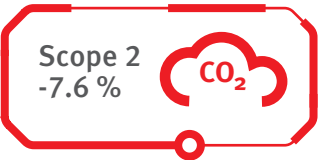
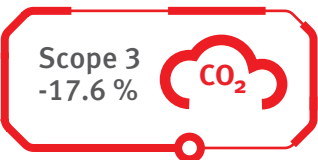


TABLE 35 | OTHER INDIRECT ATMOSPHERIC EMISSIONS¹⁴

t CO ₂	2010	2011	2012	Δ% 12/11
Transporte aéreo de correspondências	7,925.3	7,856.8	7,316.4	-6.9
Transporte marítimo de correspondências	204.5	148.8	155.4	4.4
Transporte de correspondências por frota subcontratada	4,787.5	4,898.3	3,180.9	-35.1
Transporte aéreo e ferroviário em viagens de serviço	59.7	48.9	20.2	-58.7
Total transporte subcontratado (scope 3)	12,977.0	12,952.8	10,672.9	-17.6



¹⁴ Value estimated according to the Greenhouse Gas Protocol tool for mobile consumption methodology vs. 2.0 and according to the conversion factors. Compilation of emission factors used in the cross-sector tools.

Similarly to previous years, the practice of conducting videoconferences between different points of the country (about 4,000 videoconferences¹⁵) was maintained, as a means of minimising transport time and

cost, having a positive impact on fuel consumption and greenhouse gas emissions. Increasing use was also made of phone/videoconferencing, instead of the holding of international meetings.

Considering the total direct greenhouse gas emissions associated to fleet and gas consumption (scope 1) and the indirect emissions from power consumption (scope 2), the rate of carbon incorporation of each addressed mail item is of 23.0 CO₂ equivalent grams, corresponding to a decline in the indicator relative to the previous year. However, this was mainly due to the reduction of mail traffic (8.8%), as well as the internalisation of subcontracted activities. In terms of total emissions (scopes 1, 2 and 3), CTT reduced the rate of carbon incorporation of each addressed mail item by 2%.



Climate change

The active participation in various initiatives and national and international carbon management indices and programmes has permitted contributing to a better inventorying and knowledge of the carbon footprint in the sector and to the determination of commitments to reduce carbon emissions.

The 2012 postal sector sustainability report was published, with the participation of a further two operators in a total of 21, dedicated to the management of emissions across the value chain, in which CTT presented an article on commuting (travelling to and from work). The article presents the results of the plan of action for mobility, developed based on the matrix of travelling habits of CTT employees headquartered at the CTT building in Lisbon, and also includes a set of initiatives for staff and visitors to this central services building. Most of the ensuing positive impacts are environmental and social, in addition to positive direct economic impacts in terms of cost reductions. The main results point towards a reduction of the number of trips within Lisbon, with estimated savings of about 300,000 Euros per year associated to the reduction in fuel consumption and commuting time.

CTT also had a prominent participation in the 2011 Annual Review publication of IPC, which features the annual assessment of the main activities developed by this organisation. CTT were invited to participate, with an article having been published on the company's involvement in the sustainability programme of IPC, the benefits for the company, the challenges faced and future prospects.

For the fourth year in a row, CTT participated in the EMMS Report – Environmental Measurement and Monitoring System project – of the International Post Corporation (IPC) with a view to promoting the best

practices in the postal sector and assess the level of carbon and energy management proficiency of member operators, in an attitude of collective responsibility which was pioneering in an international context. In collaboration with other postal organisations, specific objectives such as a 20% reduction in CO₂ emissions until 2020 were assumed. Maintaining the 6th position in the global excellence ranking, out of a total of 21 participants at a worldwide level, CTT presents consistent and significant improvements in carbon proficiency management. The national postal operator has improved its performance in the various focal areas under analysis, having once again maintained the leadership of the sector in "Disclosure and Report", obtaining 79.5 points out of a possible 100 in 2012, which reflects an increase of 17 points since the start of the programme in 2008.

Another programme is the GHG Reduction Programme of PostEurop (a restricted union of the Universal Postal Union, which in turn is a specialist agency of the United Nations for the postal sector) where, in combination with a further 16 postal operators, CTT has committed to reduce CO₂ emissions for the 2008-2012 period, for scopes 1 and 2, by 10%.

At a national level, CTT participated once again in the ACGE 2011 Index – Climate Change and Company Management, in its 7th annual edition, (results disclosed in 2012) which establishes a ranking that enables the response of national companies to the climate change challenge and to a low carbon economy to be assessed. This study analyses and discloses the results of the management policies of the various agents, from a competitiveness and performance improvement perspective, and also has an awareness raising and public information dimension. CTT occupied the third position, behind Sonae Sierra and CGD in 1st and 2nd place, respectively, from among a group of 84 companies with operations in 14 sectors of activity.

¹⁵ Value estimated according to the following formula: daily COREPOST sessions with the presence of 20 people (5 daily videoconferences * 52 weeks per year = 266 videoconferences * 20 participants per videoconference = 5,200 people) and the weekly COREPOST with 16 people, on average (1 weekly videoconference * 52 weeks per year = 52 videoconferences * 16 participants per videoconference = 832 people)

GRI EN29

2013 Objectives

- Reduction of direct and indirect CO2 emissions by 4%, expressed in absolute indicators.
- Reduction of the carbon intensity per mail item by 1.5% (scopes 1, 2 and 3)
- Participation in the carbon monitoring and management programmes of PostEurop and IPC
- 3rd party audit of carbon inventory

Exterior noise emissions

The environmental noise directly attributable to CTT results from the activity of the mail sorting centres and is monitored periodically in accordance with the regulations in force in this field.

Water

Since water consumption is associated to the day-to-day operations of its offices and facilities, namely for human consumption, irrigation and specific situations such as use in air conditioning equipment, it is not expected to be part of the main environmental impacts of CTT. In 2011, 47,881 m³ of water were consumed.

GRI EN8

TABLE 36 | TOTAL WATER CONSUMPTION

	2010	2011	2012	Δ% 12/11
Total water consumption (m ³)	56,481	45,098	47,881	6.2
Value of total water consumption (€)	258,857.8	229,761.2	235,327.8	2.4

The increase in consumption in 2012 was essentially due to a rupture in COC-N, resulting in the high consumption registered over this period (6.2%).

In line with this strategy, water consumption was monitored, in order to adopt rationalisation measures in buildings. At the mail sorting centre of Maia, the

communication routine of water meter readings was initiated once again, the connection of water level control buoys to the water deposits of the GTC was concluded, sensors and water-saving devices were installed in taps, and the awareness of employees to the need to reduce water wastage, namely regarding the washing of vehicles, was reinforced.

2013 Objectives

- Reduction of water consumption by 4%
- Improvement of the water consumption accounting process

Consumption of raw materials

CTT's operations do not require the incorporation of intermediate and final consumables in the supply process, and are thus not very environmentally aggressive. Nevertheless, the provision of services associated to its business results in the depletion of various types of raw materials¹⁶. Among these, the consumption of paper, plastic and metal, which reached about 1,123 tons, 204 tons and 18 tons, respectively, is noteworthy.

The gradual expansion and improvements introduced to the accounting process regarding the consumption of raw materials have enabled the inclusion of more products and the identification of different types of materials. However, this situation has progressed towards increasingly more stable consumptions.

This year, the percentage of raw materials incorporated in recycled products fell to 5% in comparison with 11.3% reached in 2011.

GRI EN1 GRI EN2

TABLE 37 | CONSUMPTION OF RAW MATERIALS

Type of material	2010	2011	2012	Δ% 12/11
Paper (tons)	1,158	1,188	1,123	-5.5
Plastic (tons)	182	177	204	15.3
Metal (tons)	21	37	18	-51.4
Marker paints and other industrial paint (l)	22	23	35	52.2
Consumption of natural fibres (clothing) (tons)	24	15.7	12.5	-20.4
Total tons of consumption of raw materials	1,385	1,440	1,393	-3.4

GRI EN6

Similarly to the previous year, the company continued to work on decreasing the consumption of consumables and paper. This involved continuing the process of substitution of fax equipment, printers and photocopiers in divisions or departments for new multifunctional equipment and concluding the technological renovation process of the NAVE sys-

tem throughout the entire retail network, installing and updating the operating system versions in order to take full advantage of the system's features. Several actions were also conducted with a view to reduce the consumption of paper and consumables, through the raising of employees' awareness of this issue.

2013 Objectives

- Reduction of paper consumption by 4%

16 The reported figures were obtained via analysis of the acquisitions made through the e-procurement computer system.

Sustainable Marketing

CTT was shortlisted (together with AnPost, La Poste and Austrian Post) for the “Postal Technology International Awards 2012”, in the “Environmental Achievement of the Year” category, which were held from 18 to 20 September in Brussels. The application was conducted based on the environmental programme of CTT relative to the 2011-2012 period, emphasising the positioning of the company in sustainability and the environment, the continuous efforts in various – past and ongoing – initiatives, which have achieved significant results: Reduction of power consumed, increase in sales of Correio Verde products, reputation enhancement and reduction of carbon emissions, among others, which placed CTT on the list of award finalists. CTT was also on the list of nominations for the "Green Project Awards Portugal".

Following a series of seminars held by the International Post Corporation (IPC) dedicated to Correio Verde postal products and services, a working group led by IPC was created, in which CTT, together with a further 4 worldwide postal operators, participates in the elaboration of a first sectorial standard which defines the technical requisites and specifications for Correio Verde postal products.

The consolidation of the Correio Verde brand associated to a strategy of innovation of products and services has led to a reduction of its ecological impact.

Evidence of such commitment are the products and services included in the present CTT portfolio – the eco postal portfolio (Correio Verde mail service), associated to a system of carbon compensation, which includes ecological packaging/materials, the certification of environmental merit (sustainable direct marketing programme) for Direct Mail products that meet the requisites for mail production in a sustainable manner (DM Eco) and preferential prices for sustainable customers. With regards to the launch of campaigns, these may benefit from CTT's offer of integrated solutions, namely in terms of finishing & printing, a service provided by Mailtec, one of CTT's companies, environmentally certified by the ISO14001 and FSC standards.

Our customers are increasingly environmentally aware, as evidenced by the participation in campaigns and the variation in sales and volume of eco products in total business. In this regard, a total of 44 campaigns under ecological certification were registered in 2012, most of which launched by large companies, which conducted various actions over the year. With regards to corporate customers, the DM Eco line grew 4.6% (165 million Euros) relative to 2011. The increase in revenue in this product line is supported in the Major Retailers, Utilities and Trade

segment. The Eco line had the merit of offsetting the decline in the Direct Mail business which is mainly due to the economic situation and the option of using alternative means to conduct digital campaigns. As a result of the growing participation in ecological merit symbol campaigns, Direct Mail and Geocontacto items of the Eco brand represented 12.7% and 51.5% of the total business of each service, respectively. The traffic volume and revenue of the Correio Verde Eco mail service increased by 6.2% and 9.5%, respectively.

In this context and since the launch of the new Correio Verde range of services in 2010, CTT has compensated for emissions through the acquisition of carbon credits, in a project in the Tapada Militar de Mafra. The reforestation of this area has already permitted the compensation of 199 tons of CO₂, which correspond to the carbon sequestration service (for a period of 30 years) of 0.5ha of the forest area of the Tapada Militar de Mafra,

Within the scope and in line with actions aimed at the dematerialisation of products and services, the Direct Marketing offer was consolidated with a focus on integrated communication solutions. These are based on the management and offer of options that highlight the advantages of physical written mail, the solutions for more sustainable communications and the possible combination with channels linked to the digital world. A promotional campaign was also launched to enhance the offer of Direct Marketing products and services and their value chain which included a promotional package involving products and services, such as Direct Mail, Geocontacto, Sampling, RSF, e-Direct, printing & finishing solutions and the offer of Databases.

CTT also elaborated a Good Environmental and Social Practices Code for the Association of Unaddressed Advertising Companies, with a view to create a voluntary membership system, applicable to the entire value chain of the sector, to promote good environmental and social practices by unaddressed advertising delivery companies. This system involves public commitment to the outlined objectives, with the application of good practices for achieving said objectives and the fulfilment of a set of environmental and social requirements, associated to the entire service/product life cycle, with a view to minimising their associated impact.

As associates of APAN – Associação Portuguesa de Anunciantes (Portuguese Advertisers Association), CTT participated actively in the compilation and subscribed to the "Responsible Communications Charter" of that organisation, an initiative aimed at integrating the principles of social responsibility and environmental sustainability in the practices of the sector and defining specific objectives in this area.



Waste management

Recognising the relevance of this theme, the company separates and routes its waste to a suitable final destination, giving preference to solutions involving its transformation rather than sending it to a landfill, using licensed waste management and transport entities.

With regards to the legal obligations in this area, CTT registered 9 buildings in the integrated registration system of the Portuguese Environment Agency – SIRAPA (Integrated Registration System of the Portuguese Environment Agency).

The following table displays the different types of waste produced in the mail sorting centres, office buildings and undeliverable mail warehouse, and their quantification.

GRI EN22

TABLE 38 | WASTE

Tons	2010	2011	2012	Δ% 12/11	Destination
Pressure vessels (aerosols) (*)	0.1	0.07	0.0	-100.0	Recovery
Oily sludge (*) and Oily water from hydrocarbon separators	1.6	26.9	4.4	-83.5	Disposal
Paint sludge	0.0	0.0	0.0	-100.0	Recovery
Light bulbs (*)	0.1	0.3	0.1	-78.1	Recovery
IT parts	0.1	2.7	0.9	-65.7	Recovery
Furniture	2.6	0.4	0.0	-100.0	Recovery
Food oils	0.0	5.5	3.3	-39.3	Disposal
Waste oil (*)	0.1	0.0	0.0	-75.0	Recovery
Wood pallets	277.7	264.2	219.7	-16.8	Recovery
Paper and cardboard	356.0	220.0	192.3	-12.6	Recovery
Batteries (*)	0.3	0.3	0.1	-61.2	Recovery
Plastic and metal (containers)	21.4	34.1	32.2	-5.5	Recovery
Plastic (seals + trays + film + bags)	7.6	0.8	1.3	63.3	Recovery
Hospital waste - Group III	0.0	0.0	0.1	n.d.	Disposal
Hospital waste - Group IV (*)	0.0	0.1	0.0	-100.0	Disposal
Organic waste	35.9	44.3	44.6	0.6	Recovery
Hazardous waste (*)	0.9	0.7	0.7	0.0	Disposal/ Recovery
Waste paints and varnish with organic solvents (*)	0.3	0.0	0.0	0.0	Recovery
Textiles	2.0	0.8	0.5	-36.3	Recovery
Solvents (*)	0.2	0.2	0.2	12.5	Recovery
Scrap, metals, aluminium, and metal filings and turnings	22.4	14.5	45.5	213.5	Recovery
Toners and ink cartridges	9.4	2.8	1.9	-31.6	Recovery
Glass		22.7	17.9	-21.2	Recovery
Sundry waste	181.1	129.9	208.6	60.6	Disposal
National Total	941.7	771.2	774.3	0.5	

(*) designates the hazard risk of waste

TABLE 39 | WASTE PER HAZARD RISK AND DESTINATION

Tons	Recovery	Disposal	Total
Hazardous waste	0.4	5.2	5.7
Non-hazardous waste	557.1	211.9	769.0
Total	557.3	217.1	774.3

Various types of waste are produced in accordance with the nature of activities, which vary from urban-like waste produced predominantly at the Head Office and other administrative offices, CTT post offices and postal delivery offices, to other types of waste as in the case of mail sorting centres, which perform a more industrial activity.

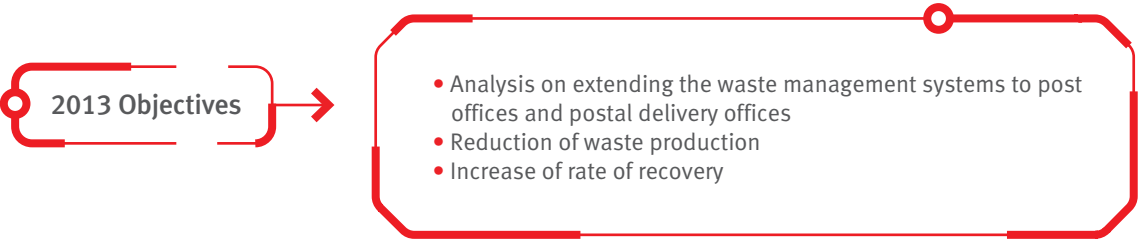
In the premises assessed, there was a slight increase (about 0.5%) in waste production due to the closing down of some offices, which also resulted in a decrease in the rate of waste recovery, which fell from 80% in 2011 to 72% in the year under analysis.

A study was undertaken on the viability of installing equipment for drying hands in the bathrooms of the CTT building, as an alternative to paper towel dispensers, with a view to identifying alternatives that gen-

erate less waste and are less costly. The study concluded, however, that the alternatives identified are not viable, and the existing solution was maintained.

CTT participated in the national collection of used batteries that Ecopilhas promotes in favour of IPO. In addition to the clear inherent social benefits, this initiative promotes the awareness of citizens to the disposal of batteries in the battery recycling collection containers, being currently responsible for the collection and recycling of 18% of waste batteries collected by Ecopilhas in Portugal.

In 2012, adhesion to the integrated system of the Sociedade Ponto Verde (Green Point Society), for the management of waste resulting from non-reusable packaging that CTT places on the market, was maintained.



GRI EN11 GRI EN12

Ground impact and ecology

The relationship between postal operations and biodiversity arises primarily from the use of paper and the use of the ground associated to the size and location of CTT's offices and facilities, located mostly in urban areas. According to the information available, CTT does not develop business or operations in offices or facilities located in protected areas or in areas of a high biodiversity value.

Even if indirectly, paper as the postal sector's most representative raw material, employed in two-way communications, has a very relevant effect on the forest and biodiversity. In order to minimise this impact, CTT has focused on the use of paper that comes from sustainable forests and in the promotion of the use of certified paper.

GRI EN29

Managing impacts on biodiversity

In the postal sector, the publication of the Study of the International Post Corporation (IPC) on the Impacts of the Sector on Biodiversity and Ecosystems, in December 2011, as a starting point, intended to demonstrate that the sustainable use of raw materials could be an alternative solution to the organisational activities that destroy them. The objective of this study was to investigate the importance of biodiversity in the business, specifically in the postal industry, taking into account the risks and opportunities that mechanisms of change represent. CTT had an active participation in this project.

GRI EN27

GRI EN14



PrintPower Portugal has the support of almost every national entity associated to the paper sector, including CTT, and is part of the first pan-European project to promote responsible communication in paper, split into two initiatives: TwoSides, with the purpose of divulging the sustainability of communication on paper, refuting certain myths associated to the consumption of paper and to printed communication on this medium; and Print Power, which highlights the efficacy of communication on paper, as a key medium or a complement in advertising campaigns.



Pedro Silva,
Country Manager Print Power Portugal

CTT maintained its adherence to the Print Power programme that promotes the sustainable consumption of paper and discloses relevant information on the environmental measures implemented by the paper sector. This programme involves the commitment and dedication of eighteen European associations that cover the entire value chain: pulp and paper production, paper delivery; printers, envelopes, ink, pre-press, press and digital-press manufacturers; newspaper and magazine publishers and content providers; direct mail; postal operators; and magazine and newspaper distributors.

In 2012 the NoWonderYouLovePaper campaign was launched, with information on the Two Sides initiative that aims to raise the awareness of the population on the relevance of paper communication, its advantages and its impact on the environment. This campaign involved the sending of a Press Kit to the Press and to the 200 largest Portuguese companies, the publication of adverts in regional, generalist, feminine and children's communication media, the placement of videos on youtube and dedicating space on the website for the campaign.

The philately business, with significant revenues for CTT, has contributed the most to the promotion of environmental issues, with the regular launch of annual issues dedicated to biodiversity, nature, and national fauna and flora. The tradition involving the launch into circulation of various philatelic issues and pieces on themes related to the environment and the protection of natural resources and materials, namely stamps, blocks, postcards and a book, was maintained. The issues of 2012 were dedicated to the autonomous regions, namely to the Fajãs in the Azores and to the Levadas in Madeira, with 1.6 million stamps having been produced. A book entitled "Douro, River of Heritage" was also launched, with a circulation of 4.5 thousand copies, whose specific aim is to raise awareness of the unique ecosystem of Alto Douro, classified as world heritage by UNESCO, and automatic shipping labels "2012 International Year of Sustainable Energy

for All" were launched. Furthermore, with regards to philatelic issues and with the aim of contributing to responsible forest management, the "meuselo" personalised products are produced with FSC certified paper which is also totally chlorine free.

CTT maintain contacts with non-governmental environmental organisations (NGEO), within the scope of which it has promoted seminars, conferences and volunteer initiatives.

Voluntary work involving environmental conservation was undertaken in Serra de Aires e Candeeiros, with the participation of 20 CTT employees, in partnership with Quercus which organised the expedition and instructed the group in loco on the cleaning of woodlands. The objective of this initiative was to eliminate the infesting species that grow alongside younger holm oak trees, in a hectare of vacant land in the middle of the forest, contributing in this way to the rebalancing of the ecosystems and to preventing the spread of fire that affects the country from north to south.



In Azabucho (a Natura 2000 site), in the region of Leiria, another volunteer initiative related with environmental protection and conservation was undertaken. It involved 12 company employees working on location to preserve about 250 Leuzea longifolia plants, a rare Portuguese endemism that is under threat of extinction, with only three populations currently known to be in existence. The volunteers cut vegetation, removed leftover materials and installed partitions for retaining water, so as to enable the expansion of bog areas. Quercus provided the technical support and on-site monitoring.

At the end of the year, CTT participated in another volunteer initiative for the conservation of natural habitats in Lagoa de Albufeira, organised by Quercus with the support of the Parks and Reserves Services, with a view to removing invasive exotic species – the weeping willow and the acacia – in that region of the peninsula of Setúbal. The 12 volunteers received a guided tour of the Lagoa da Estacada and the Lagoa Pequena, an area that is included on the List of Wetlands of the Ramsar Convention and is a Special Protection Area for Birds of the Natura 2000 network, having subsequently cleaned 1 km of coastline and removed more

**CTT Volunteers
returned to the field.
Nature thanks you!**

than 1 ton of infesting species on the northern shore of Lagoa Pequena.

Associated to the reforestation project – involving indigenous species – of an area that was burnt in 2003 in the Tapada Militar de Mafra, CTT promotes the forest management of the area, with a view to the resilience of the plantations to fire situations, the diversity of the forest composition of Tapada, the improvement of its landscape quality, the decrease of the risk of erosion, the increase of the shaded area and the decrease of the wind speed.

2013 Objectives

- Press releases, press adverts and mailings
- Sponsorship of initiatives to promote biodiversity

Training and raising awareness

CTT wanted to mark World Environment Day on 5 June by seeking to raise its employees' awareness of environmental themes, from a civic and business perspective, with a series of initiatives. In this context, an environmental awareness raising initiative was held in the atrium of the CTT Building in Lisbon, in which employees were invited to participate in a game of environmental roulette, aimed at testing their knowledge in this field. At the end of the game a draw was held in which 30 employees of the building received a symbolic participation prize, an aromatic plant. The celebration of the date was extended to a further three mail sorting centres, in Maia, Taveiro and Cabo Ruivo, where an identical initiative was held whereby employees also had the opportunity to participate by answering questions about the environment for a chance to win a plant. Employee participation in all of these buildings was positive. At the same time, a book fair was held dedicated to the environment and the programme also included a presentation on the theme "Urban vegetable gardens – From Theory to Practice". The presentation involved the participation

of landscape architect and head of AVAAL-Associação para a Valorização da Alta de Lisboa (Association for the Recovery of Alta de Lisboa), Jorge Cancela, who spoke about the concept of civic ecology in an area of Lisbon, and of geographer and urban gardener, João Pires Belo, who provided the audience with a practical perspective on urban agriculture and its advantages.

CTT was invited to participate, as a keynote-speaker, in the "Best Practice Seminar" of the International Post Corporation (IPC), on sustainability standards applied to environmentally-friendly postal products, which was held in Brussels. CTT also participated as guest speaker in the "Corporate Sustainability" panel of the "2012 Environment Workshops", under the slogan "The Environment as the driver of the Economy", which was held in the auditorium of the Congress Centre of IST. In addition, it participated as speaker at a round table discussion on the mobility package and experiences in this area, in the workshop of the IMTT – Instituto de Mobilidade e Transportes Terrestres (Institute for Mobility and Land Transport), for promoting the Guide for the elaboration of Company Mobility Plans.

It was also present at another environmental-related event, the “3rd National Forum of Forests” of FSC Portugal (Forest Stewardship Council), at the Mon-santo Auditorium in Lisbon.

Internal/external environmental news is published regularly on initiatives developed and the perfor-mance of CTT in this area. The Green Flash elec-tronic newsletter of IPC, a quarterly international publication aimed at sharing the many successful environmental sustainability initiatives conducted by postal operators all over the world, disseminates, among other initiatives, the testing of electric vehi-cles for mail delivery, the environmental certifica-tions of the CTT and Mailtec Mail sorting centres and the implementation of environmental scorecards, carbon performance, paper and power consumption rationalisation measures, environmental volunteer initiatives, participation in the Corporate Sustain-ability Index, etc.

Internally, the company has other communication me-dia, such as the Aposta magazine, which publishes articles on environmental issues. The magazine with a monthly print run of about 30 thousand copies is still printed in Creaprint Silk of 125 grams (interior) and 250 grams (cover), both ecologically certified.

This year and as a result of the major acquisition of alternative vehicles, namely regarding the option of using electric bicycles, some leaflets were compiled, providing information on the company's position on this issue as well as the advantages of their use.

Over the course of the year, several training initia-tives were held in various areas of sustainable devel-opment, covering a total of 29,584 participants and generating an approximate volume of 44,627 training hours. In this context, CTT's training plan covered the following themes: ISO standards (9001, 14001 and OHSAS 18001), training and awareness raising of drivers aimed at improving driving skills from an environmental viewpoint, by reducing consumptions and polluting emissions, among others.

2013 Objectives

- Environmental training for employees of post offices and delivery offices
- Launch of 3 philatelic issues and 1 thematic publication
- Environmental efficiency kit for local managers
- Cycle of thematic lectures

GRI EN28

Fines and non-monetary sanctions for non-compli-
ance with legislation

In 2012, CTT was not sentenced to any fines or non-monetary sanctions for failure to conform to legal requirements on environmental management issues.

GRI EN30 GRI EC2

Environment-related investment

The investment plan contemplated a set of environ-mental initiatives, with a view to improving the com-pany's performance in this area. In this regard, the following are noteworthy:

- Audits conducted on Integrated Quality and Envi-ronmental Management Systems at a cost of 1.6 thousand Euros;
- Hiring a service of systematic evaluation of legal compliance with environmental requirements ap-plicable to CTT, at a total cost of 2,200 Euros/year;
- Certification of energy and indoor air quality of of-fices and facilities in 2012, at a cost of 152.4 thou-sand Euros.
- Renewal of the heavy duty vehicle fleet at a cost of 1,742.3 thousand Euros;
- Acquisition of 150 electricity-assisted bicycles, with an investment of 198.5 thousand Euros.
- Project for the installation of 33 skylights, in the amount of 23.5 thousand Euros and substitution of the lighting system at a total cost of 80.9 thousand Euros;
- Framing works and substitution of sheets at a total cost of 69.0 thousand Euros;
- Compensation of carbon emissions in 2011 for the Correio Verde mail service in the amount of 7.1 thou-sand Euros;
- Packaging waste management within the scope of adherence to the Sociedade Ponto Verde (Green Dot Company) system in the amount of 2.4 thousand Euros.



Subsidiary companies

Running a business in a sustainable way means adopting a strategy able to create and integrate a balanced market supply, without overlapping products and services. At CTT, this management takes into account all the companies in the group. With a very wide-ranging offer that works on a logic of complementarity, CTT strives every day to create integrated, innovative services able to adapt to any need of its customers.

CORRE (Mozambican Express Mail)

SUSTAINABLE COMPANY

The Company – Vision and Strategy

The company's strategy focuses on ensuring customer and business partner satisfaction by fully complying with the service levels assumed and published by the UPU's EMS Cooperative, which are measured and divulged monthly by an external entity.

The company's mission is to establish physical connections between citizens, public administration, companies and social organisations in general.

Business Areas

- Provision of express mail services, as a CEP operator (Courier, Express and Parcels) licensed by the National Regulator, the Instituto Nacional das Comunicações de Moçambique (Mozambican Communications Institute).
- Exclusive operator accepted by the UPU to provide EMS (Express Mail Services) in Mozambique, belonging to the EMS Cooperative of the Universal Postal Union.
- Mail sorting centre and post office networks in the Mozambican territory, namely in the provincial capitals: Maputo, Beira, Tete, Nampula and Pemba.
- Mail sorting centre and Post Office at the Maputo Airmail Warehouse.

Corporate Governance

The governing bodies are the Board of Directors (BD), the General Meeting and the Supervisory Board. Top-level management consists of three male managers.

Management Model

As established in the articles of association, company management is delegated by the Board of Directors on an executive management team consisting of an executive manager and an operations manager, both appointed by CTT-Correios de Portugal, as well as a marketing and sales manager and a finance and human resources manager.

The following reporting mechanisms are observed: weekly meetings of the executive management team, monthly control meetings, quarterly meetings of the Board of Directors, monitoring of CTT's plan and regular financial control.

Financial Performance (thousand Euros)

- Operating income: 1,812
- EBITDA: 305

CREATING VALUE FOR STAKEHOLDERS

Shareholders

CTT-Correios de Portugal, SA (Portuguese Postal Operator) owns 50% of the company's share capital; Correios de Moçambique, EP (Mozambican Postal Operator) owns the remaining 50%.

Customers

New Products and/or Services

The Storage and Logistics service, launched in 2012, is a new service provided to regular customers with which CORRE has developed actions aimed at integrating value chains. This service is based on the possibility to store the various products in customer supply chains at the Maputo mail sorting centre, in coordination with the corresponding suppliers. In this sense, the service provided involves the receiving, checking and shelving of the various products involved and their subsequent delivery to consumers, through order picking and delivery through the CORRE's delivery network.

Customer Satisfaction

CORRE's customers can be divided into two major groups: regular customers and occasional customers. The regular to occasional customer revenue ratio is 7:1.

No customer satisfaction surveys were performed in 2012.

Complaints and Compensation

The UPU Rugby tool is used to process complaints and compensation; monthly assessments are performed by a Universal Postal Union body.

A total of 3 complaints leading to the payment of compensation were received from customers. The company was not fined as a result of non-compliance with the legislation or regulations applicable to the supply and use of products and services.

GRI 4.8

GRI 4.3 GRI 4.1 GRI 4.4

GRI 4.3

GRI 4.4

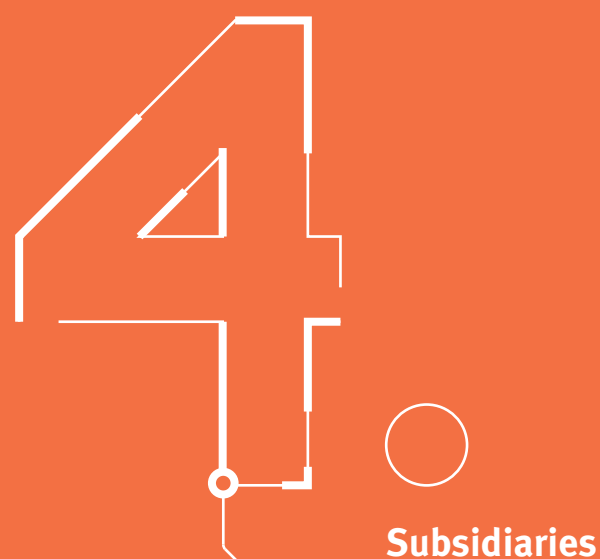
GRI EC1

GRI 2.2

GRI PR5

GRI PR5

GRI PR9



Social Responsibility

The company is committed to divulging local cultural initiatives, having participated in an initiative aimed at divulging the Malatana cultural centre. CORRE also delivers newspapers and periodical publications to the Maputo Portuguese School.

In line with cultural initiatives, CORRE sponsored a Photography Exhibition entitled “Luanda – Maputo em bicicleta” (“Luanda – Maputo on a bicycle”), which took place at the Portuguese Consulate, in July 2012.

In order to provide continuous support to local communities, CORRE organises regular donation events where basic food staples are donated to the AJOVEM community, in order to help people with HIV/AIDS.

The company was not fined or otherwise penalised as a result of non-compliance with applicable legislation or regulations.

Human Resources

The company employs 63 individuals (21 permanent employees and 42 employees with fixed-term contracts), including 50 male employees, of which 60% are aged 30-50 and 40% are younger than 30 years. Concerning the 13 female employees, 80% are younger than 30, whereas the remaining 20% are aged 30-50 years. Concerning other diversity indicators, CORRE employs two foreign individuals.

TABLE 40 – ENERGY CONSUMPTION

Energy consumption (GJ)	2010	2011	2012	Δ% 12/11
Total fuel consumption	n.a.	2,534.3	3,533.2	39.4

Fleet

CORRE’s business is largely based on the road transport network. For this purpose, CORRE relies on a fleet of 30 vehicles, directly exploited by the company.

CORRE purchased a total of 10 vehicles in 2011, including 5 new vehicles.

Regarding middle management, 50% of employees are male and 50% female. An average 20 hours of training were provided per employee per year.

Human Rights

As a CTT company regulated according to Mozambican Law and CTT’s Code of Ethics, child, forced and slave labour are not allowed at CORRE. Similarly, no obstacles are placed on the exercise of freedom of association.

RELATIONSHIP WITH THE ENVIRONMENT

Energy

CORRE’s premises, which are leased for this purpose, are located at Mozambican post office buildings. CORRE has also signed electricity and water supply agreements with the corresponding providers.

Electricity consumption, regarding which a pre-paid agreement has been signed with the provider, amounted to less than 5,500 dollars; water consumption was lower than 1,000 dollars.

Fuel consumption increased by 39% compared to the previous year due to an increase in the number of vehicles and routes, which resulted in an increase in the number of kilometres travelled.

Emissions

Fleet operation was responsible for the emissions shown in the table below.

TABLE 41 | DIRECT EMISSIONS TO THE ATMOSPHERE (T CO₂)

Energy consumption (GJ)	2010	2011	2012	Δ% 12/11
Fleet	n.a.	183.2	255.4	39.4

TABLE 42 | GREENHOUSE GAS EMISSIONS (T CO₂ EQ)

Energy consumption (GJ)	2010	2011	2012	Δ% 12/11
Fleet	n.a.	183.9	256.4	39.4

Consumption of Materials

Paper continues to be the most intensively used raw material, with consumption estimated as approximately five tonnes.

Despite a significant increase in business, paper consumption remained unchanged due to the use of reusable traffic aggregating units.

Waste

Urban and equivalent waste is typically generated. Although no selective collection systems are available, organic waste is separated from inorganic waste for subsequent collection by public waste management operators.

CTT Expresso

SUSTAINABLE COMPANY

The Company – Vision and Strategy

CTT Expresso is operates within the CEP market (Courier, Express and Parcels), providing express goods and document collection, processing, transportation and delivery services, domestically and abroad, to its customers (business and private), as well as integrated logistics solutions and courier services.

Business Areas

- Collection, processing, transportation and delivery of documents, and provision of other postal and logistics services developed within the scope of the CEP market (Courier, Express and Parcels), in Portugal and abroad.
- Two main business areas: regular and occasional business customers; private customers.
- Regarding regular customers, the company specialises in the following market segments: banking, insurance, telecommunications and footwear. The company focuses clearly on these market niches, looking towards the future, although without neglecting other business areas.
- Regarding occasional customers, the company maintains a very close relationship with the CTT retail network, with a view to taking advantage of group synergies, promoting its products and increasing sales.

The mission of CTT Expresso is to provide fast and safe goods and document collection and delivery services, domestically and abroad, and to provide integrated logistics solutions.

In order to maintain its leading position within the CEP market, CTT Expresso seeks to attract, develop and retain skilled, qualified, flexible employees and technicians.

The company’s vision is to maintain its leading position within the market, by providing high-quality, efficient services, relying on the superior performance of an effective, motivated, customer-oriented team.

Values

To contribute to the success of customers’ businesses, by offering personalised, flexible solutions, able to meet customer needs and fulfil their goals. To promote and maintain long-term relationships.

To achieve excellence status, by offering personalised, flexible solutions, able to meet customer needs and fulfil their goals.

To assume commitments towards social responsibility and sustainable development. Certified according to the ISO 9001:2008 standard since 2004, and according to the ISO 14001 and OHSAS 18001 standards since 2009, CTT Expresso has established social responsibility as one of the main pillars of its Quality, Environment and Safety Policy.

The company adopts ethics, responsibility and integrity as its core values in its relationships with employees, partners, shareholders, customers and the general public.

Strategy

In recent years, growth in the express mail business has exceeded the market average. In order to counter the adverse economic context currently experienced, CTT Expresso has adopted the following strategies:

- Review and adjustment of internal processes in order to maximise profitability and control costs, within a customer-oriented framework;
- Active engagement of all partners: employees, suppliers, contractors and shareholders;
- Continued focus on quality of service, innovative solutions and provision of information to customers;
- Offer of complementary services, in addition to urgent delivery services, increased specialisation in specific market sectors, increased focus on flexibility and personalisation of solutions, in order to meet specific customer needs;
- Investment, technology and innovation.

Corporate Governance

The governing bodies are the Board of Directors (BD), the General Meeting, the Statutory Auditor and the Remuneration Committee.

The BD consists of 3 male directors, two from CTT, SA and one from CTT Expresso, all aged 30-50 years.

Management Model

CTT, SA exercises its shareholder functions through the following reporting mechanisms: sharing of directors, monthly control meetings, monthly meetings of

the Board of Directors, monitoring of CTT’s plan, regular financial control and checking of compliance with CTT regulations.

Risk and Crisis Management

Increasingly subjected to market scrutiny and fierce competition, the company considers that perceiving and identifying potential risks, based on external and internal criteria/areas, is fundamental to their mitigation and to take advantage of new opportunities. The risks and opportunities identified are shown in the table below.

TABLE 43 | CTT EXPRESSO RISKS AND OPPORTUNITIES

	Risks	Opportunities
Competition	<ul style="list-style-type: none">• New market players• Crushing of margins• Specialisation by sector• Presentation of flexible, integrated solutions, leading to logistics process optimisation	<ul style="list-style-type: none">• Increased commercial aggressiveness• Study on the establishment of partnerships within specific areas/markets• Benchmarking/Best practices• Technological innovation
Technological Evolution New Services	<ul style="list-style-type: none">• Offer stagnation• Absence of product diversity between the various players	<ul style="list-style-type: none">• Integrated logistics and delivery services• New Products/Services• E-commerce. Provision of information to customers• Online information and documents• Partnerships within the scope of various projects and programmes, such as those developed by ANF, J.P. Sá Couto, Assessment Tests and others developed by the Public Administration or other specific market segments
Outsourcing	<ul style="list-style-type: none">• Delivery operator concentration• Pressure to lower prices• Fuel price variations• Lower quality	<ul style="list-style-type: none">• Network specialisation• Increasing productivity through the implementation of better processes and procedures• Incentives to the purchase of eco-friendly vehicles (new fuels)
Attracting and retaining talent	<ul style="list-style-type: none">• Less favourable location of the premises• Unattractive career plans	<ul style="list-style-type: none">• Performance evaluation systems• Professional opportunities at CTT and its subsidiaries
Financial Risks	<ul style="list-style-type: none">• Average receiving period• Financing problems (low market liquidity)	<ul style="list-style-type: none">• Solid economy

CRIAÇÃO DE VALOR PARA OS STAKEHOLDERS

The company seeks to achieve sustainable, continuous growth, in order to meet stakeholder expectations.

In general terms, the process of creating value, which involves all stakeholders, i.e., shareholders, customers, employees, suppliers and the community, is based on the utmost transparency, respect for individual principles and equal access to information, so that CTT assets may be correctly evaluated.

TABLE 44 | LIST OF STAKEHOLDERS AND STAKEHOLDER ENGAGEMENT

Stakeholders	Expectations	Survey methods	Measures adopted
Shareholders	<ul style="list-style-type: none">• Return on investment• Social stability	<ul style="list-style-type: none">• Reporting• BD• Regular meetings	<ul style="list-style-type: none">• Business development• Management model review• Increase in internal efficiency
Customers	<ul style="list-style-type: none">• High quality standards• Prices• Service flexibility• Safety• Control	<ul style="list-style-type: none">• Interaction with sales teams• Customer satisfaction questionnaires• Market studies• Feedback by the delivery network	<ul style="list-style-type: none">• Implementation of improvements to communications• Quality certification• Adoption of strategies aimed at increasing Customer Loyalty
Employees	<ul style="list-style-type: none">• Remuneration above the market average• Career progression• New employment opportunities• Opportunities to improve skills	<ul style="list-style-type: none">• Satisfaction surveys• Suggestion system• Relationships with colleagues and supervisors• Internal Audits	<ul style="list-style-type: none">• OSHS certification• Increased training• Improvement groups• Engagement actions
Suppliers	<ul style="list-style-type: none">• Order clarity• Fair assessment system with timely feedback• Suitable conditions for service provision	<ul style="list-style-type: none">• Interaction with buyers• Audit Groups	<ul style="list-style-type: none">• Assessment system• Information systems• Grading based on the existence of Quality, Environment and OSHS Management Systems
Community	<ul style="list-style-type: none">• Urban delivery• Social Responsibility	<ul style="list-style-type: none">• Internet site• Direct contact with delivery operators	<ul style="list-style-type: none">• Environmental certification• Sponsoring of solidarity actions

Financial Performance (thousand Euros)

- Operating income: 75,353
- EBITDA: 7,732

The lowest salary paid by the company is equal to the national minimum wage. No gender differences exist, with the corresponding ratio being 1.

Shareholders

CTT Correios de Portugal, SA owns 100% of the company's share capital.

Suppliers

In compliance with CTT's Sustainable Procurement Policy, human rights clauses were included in 91% of 23 significant supply agreements signed by CTT Expresso. Human rights criteria apply to supply agreements whose value exceeds 50 thousand Euros and which involve the signature of a declaration on human rights by the suppliers in question.

Regarding suppliers, 94% of the company's main suppliers, which total 17 companies, were assessed concerning human rights. Moreover, human rights are protected by law in all markets where CTT operates.

Customers

Regular market studies and customer satisfaction surveys provide some of the strategic guidelines adopted by CTT Expresso to face competition by the most relevant players.

The company recognises that business growth in such a competitive environment depends strongly on employee skills, product quality and the ability to meet customer demands, as well as on the company's focus on innovative products and services.

New Products and/or Services

Before being made available to customers, new products/services are tested by the quality department, through simulation of real situations (mystery customers). The marketing/post-marketing experience is also assessed and product/service characteristics validated.

- In 2012, the company invested in process automation technologies that led to increased convenience for customers and lower costs, namely in the Collection and Online T&T (tracking and tracing of items on the web page) services. Implementation of this type of services essentially aims to benefit the public.

- Other products:

<http://www.cttexpresso.pt/fecewcm/wcmservlet/companiesctt/cttexpresso/homepage.html>

Customer Satisfaction

CTT Expresso maintained its significant investment in its relationship with customers, namely within the service and post-marketing areas (dedicated Sales and Customer Service teams), as well as in market studies, with a view to ensuring customer satisfaction, clearly focusing on quality of service.

CTT Expresso carries out customer satisfaction surveys on an annual basis, as well as assessing all aspects related to customer service, namely the customer service line – 808 200 118 –, post-marketing services, the sales area and site, and quality control, amongst others. The study carried out in 2012 revealed that the company achieved 100% brand visibility for the first time, concerning regular customers. Additionally, this study revealed that CTT Expresso is the most commonly used operator, both domestically and abroad, with customer satisfaction indexes of 4.12 and 4.01, respectively (on a scale of 1-5).

Several quality indicators are continuously monitored, namely the following two:

“RIGHT DAY” INDICATOR EVOLUTION

	2007	2008	2009	2010	2011	2012
Right Day	98.8%	97.9%	98.4%	98.5%	98.8%	99.0%
Variation		-0.9%	0.5%	0.1%	0.3%	0.2%

“RIGHT TIME” INDICATOR EVOLUTION

	2007	2008	2009	2010	2011	2012
Right Day	96.7%	96.8%	97.3%	97.5%	98.6%	99.1%
Variation		0.1%	0.5%	0.2%	1.1%	0.5%

Approximately 300 customers receive quality reports on a daily basis.

GRI PR5

Complaints and Compensation

A total of 37,787 complaints were received (a 17.8% decrease compared to 2011). New monitoring criteria were used, according to which only new complaint files are considered (customer requests, enquiries and reopening of existing complaint files are excluded). According to these criteria, the number of complaints in 2011 was 45,968. The decrease in the number of complaints was due to an increase in quality of service and a decrease in traffic. Total compensation amounted to €211,881 (a 6% decrease compared to the previous year).

GRI PR9

The company was not fined as a result on non-compliance with the legislation or regulations applicable to the supply and use of products and services.

GRI LA1

TABLE 45
NUMBER OF EMPLOYEES BY GENDER AND TYPE OF EMPLOYMENT CONTRACT

	Female			Male			Overall total
	Permanent employees	Fixed-term contracts	Total	Permanent employees	Fixed-term contracts	Total	
Full-time	136	35	171	378	22	400	571
Part-time	2	14	16	16	55	71	87
Total	138	49	187	394	77	471	658

GRI LA7

The absence rate reached 2.8%, excluding parental leave, compassionate leave and leave related to student status. Illness and work accidents were responsible for the majority of days lost.

Social Responsibility

The company was not fined or otherwise penalised as a result of non-compliance with applicable legislation or regulations. No lawsuits were filed for reasons related to corruption.

The company participates in the social responsibility initiatives promoted by CTT, such as the annual collection of clothes, books and toys named “Somar para Dividir” (“Adding Up to Divide”). The company also participated in the 4th National Collection of Batteries, an initiative organised by Ecopilhas whose proceeds are donated to the IPO (Portuguese Cancer Institute).

Human Resources

The human resources department follows a flexible policy, adjusted to business needs and market demand. The number of employees, distributed as shown in the table below, decreased to 658 (2.9% decrease compared to 2011).

GRI S04 GRI S08

Regarding average training hours by professional category, senior and mid-level personnel received more training than the other two categories.

Prevention and Safety

The number of accidents, injuries and days lost decreased by 33%, 53% and 34%, respectively, compared to the previous year. Training actions, awareness-raising and information actions in Safety and Hygiene at work, risk assessments and the assess-

ment of working conditions contributed to prevent and reduce occupational accidents.

The most frequent causes of accident were impact with objects, excessive effort, crushing and slipping. Most accidents occurred while handling objects. No occupational illnesses were identified and no fatalities occurred.

GRI LA7

TABLE 47 | NUMBER OF ACCIDENTS, INJURIES AND DAYS LOST

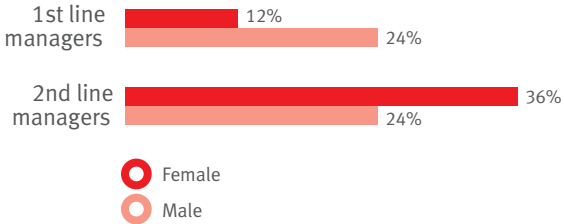
	Accidents	Injuries	Injury rate	Days lost	Rate of days lost
Female	12	8	4.8	276	164.0
Male	45	35	8.5	854	206.5
Total	57	43	7.4	1,130	194.2

Social Reporting

In addition to top-level managers, company management is also ensured by 25 first and second line managers.

According to the chart, first line managers are predominantly male, whereas second line managers are predominantly female. Most company employees (69%) are aged 30-50, followed by employees younger than 30 years (24%).

Figure 15 | MANAGERS BY GENDER



GRI LA13

TABLE 48 | NUMBER OF EMPLOYEES BY PROFESSIONAL CATEGORY, GENDER AND AGE GROUP

Professional category	Male								Female							
	<30 years		30-50 years		>50 years		Total		<30 years		30-50 years		>50 years		Total	
Senior personnel	6	10.5%	18	31.6%	3	5.3%	27	47.4%	2	3.5%	19	33.3%	9	15.8%	30	52.6%
Mid-level personnel	1	1.3%	19	24.1%	2	2.5%	22	27.8%	1	1.3%	44	55.7%	12	15.2%	57	72.2%
personnel deliver	15	3.9%	25	6.6%	0	0.0%	40	10.5%	97	25.5%	229	60.1%	15	3.9%	341	89.5%
Other categories	30	21.3%	67	47.5%	1	0.7%	98	69.5%	4	2.8%	34	24.1%	5	3.5%	43	30.5%
Total	52		129		6		187		104		326		41		471	

GRI LA13

Concerning other diversity indicators, CTT Expresso employs 1 foreign male employee, with a fixed-term contract, and three disabled male employees.

Average salaries differ according to gender within each professional category. The most significant difference was observed in the average salaries of female senior personnel, which correspond to 67% of the salaries paid to their male counterparts.

GRI LA14
TABLE 49 | FEMALE AND MALE SALARIES BY PROFESSIONAL CATEGORY

Professional category	Average female salary (€)	Average male salary (€)	F/M ratio
Senior personnel	1,793.8	2,694.6	0.67
Mid-level personnel	958.6	1,002.2	0.96
Counter service	675.7	753.6	0.90
Delivery	485.0	496.4	0.98

GRI HR7
GRI HR6
GRI HR5
Human Rights

Adoption of Global Compact principles evidences the company's commitment to human and labour rights, environmental conservation and anti-corruption mechanisms. Company business is guided by the labour code and CTT's Code of Ethics, which ensure the right to freedom of association and the prohibition of any form of slave or child labour.

GRI HR11
The company was not fined or otherwise penalised for non-compliance with human rights.

Awards

GRI 2.10
The company received the following awards in 2012:

- Exame 2010 Award – Best company in the transport and delivery sector (January 2012). Award given by the “Exame” (“Exam”) magazine, based on the ranking of the 500 largest companies operating in Portugal, sorted by sales volume and distributed by 23 business sectors. Awards were given to the best company in each sector.
- Exame 2011 Award – Business magazine “Exame” (“Exam”), published by the Impresa Group, a market leader in the Economy & Business segment, elected CTT Expresso for the second consecutive year as the best company in the transport and delivery sector (December 2012).
- Call Center Trophy – CTT Expresso Customer Service was awarded the Call Center Trophy in the category of Quality of Customer Services provided through other channels, with e-mail address ems@cttexpresso.pt. Assessment was based on the performance of the customer service team. This team includes approximately 70 employees who answer questions placed by customers by e-mail and calls made to the CTT Expresso Line – 808 200 118 –, on a daily basis (December 2012).
- Neuron Award – The jury of the 21st edition of the Neuron Awards, consisting of seven influential figures within the sector, granted an Honourable Mention to CTT Expresso in the Business-to-Business category, for the “Extension” mailing, developed within the scope of a campaign launched in 2011 (May 2012).

RELATIONSHIP WITH THE ENVIRONMENT

Energy

GRIEN3
Total energy consumption decreased in 2012, as a result of a decrease in business. However, an increase was observed in natural gas consumption, which accounts for 31.2% of total consumption.

TABLE 50 | ENERGY CONSUMPTION

Energy consumption (GJ)	2010	2011	2012	Δ% 12/11
Total electricity consumption	13,359.1	11,825.3	11,813.3	-0.1
Total fuel consumption	15,986.3	14,392.0	13,619.6	-5.4
Total natural gas consumption	303.1	225.9	296.3	31.2
Total	29,648.5	26,443.2	25,729.2	-2.7

GRIEN5
GRIEN4
Electricity consumption decreased slightly as a result of several energy efficiency measures adopted by the company. Motion sensors continued to be installed at some premises, air conditioning system potency/timers were adjusted, equipment maintenance was carried out, training/awareness-raising programmes were organised and energy consumption levels were divulged.

Translucent roof panels were installed at the new mail sorting centre premises, in Viseu, in order to allow natural light inside the building and reduce electricity consumption. Skylights were also installed at the MARL building and Logistics extension area.

Fuel consumption decreased by 5% compared to the previous year, as a result of the rationalisation measures adopted.

GRIEN3
Natural gas consumption increased by approximately 31% due to increased use of the air conditioning system at the Coimbra mail sorting centre.

Fleet

GRIEN29
The impact of the fleet results from product and raw material transportation, as well as employee transportation.

GRIEN18
In order to minimise impact and reduce fuel consumption, CTT Expresso has focused on training/awareness-raising programmes, especially concerning eco-friendly driving and divulgation of fuel consumption values/control measures (l), as well as CO₂ emission indicators. A decrease in traffic also contributed to the aforementioned reduction in fuel consumption.

GRI EN20 GRI EN16

Emissions

Fuel consumption by the company fleet and natural gas consumption were responsible for direct emissions to the atmosphere, which totalled 983.4 t CO₂ and 16.6 t CO₂, respectively.

TABLE 51 | FLEET EMISSIONS (TONNES)

Pollutants	2010	2011	2012	Δ% 12/11
CO ₂	1,154.3	1,039.2	983.4	-5.4
CH ₄	0.1	0.1	0.1	-5.3
N ₂ O	0.0	0.0	0.0	-5.4
NO _x	12.7	11.5	10.9	-5.4
CO	17.7	15.9	15.0	-5.3
COVNM	3.5	3.2	3.0	-5.3
SO ₂	3.3	3.0	2.8	-5.4

TABLE 52 | DIRECT EMISSIONS TO THE ATMOSPHERE (T CO₂)

	2010	2011	2012	Δ% 12/11
Fleet	1,154.3	1,039.2	983.4	-5.4
Natural gas	17.0	12.7	16.6	31.2
Total	1,171.3	1,051.9	1,000.1	-4.9

Greenhouse gas (GHG) emissions resulting from CTT Expresso activities are shown in the table below.

TABLE 53 | GREENHOUSE GAS EMISSIONS (T CO₂ EQ)

	2010	2011	2012	Δ% 12/11
Fleet	1,159.0	1,043.1	987.5	-5.4
Natural gas	17.1	12.7	16.7	31.2
Total (scope 1)	1,176.1	1,055.8	1,004.5	-4.9

GRI EN17

Electricity consumption, aerial mail transportation and transportation by the contractor-owned fleet were responsible for Indirect emissions to the atmosphere.

Electricity consumption accounted for 751.5 t CO₂.

TABLE 54
INDIRECT EMISSIONS TO THE ATMOSPHERE RESULTING FROM ELECTRICITY CONSUMPTION (T CO₂ EQ)

	2010	2011	2012	Δ% 12/11
Electricity (scope 2)	852.4	754.5	751.5	-0.4

Maritime transportation, aerial transportation and transportation by the contractor-owned fleet accounted for 151.4 t CO₂, 2,666.3 t CO₂ and 13,980.6 t CO₂, respectively.

TABLE 55 | OTHER INDIRECT EMISSIONS TO THE ATMOSPHERE (T CO₂ EQ)

	2010	2011	2012	Δ% 12/11
Maritime mail transportation	174.7	150.4	151.4	0.7
Aerial mail transportation	492.9	488.8	2 666.3	445.5
Mail transportation by the contractor-owned fleet	12,363.2	13,848.2	13,980.6	1.0
Total (scope 3)	13,030.8	14,487.4	16,798.3	16.0

The reporting scope of indirect emissions resulting from aerial mail transportation was widened this year, as a result of improvements to the quantification process. In addition to including additional destinations, transportation associated with the concentration of items sent from the Islands to the Mainland and transportation of EMS products between these destinations were also included.

Regarding mail transportation by the contractor-owned fleet, the reported increase was due to the widening of the geographical area in which the company operates.

The company also provides free transportation to employees working at the MARL building, who can meet at a specified point in Lisbon city centre. This measure, which aims to reduce the use of individual vehicles, also contributes to reducing fuel consumption and CO₂ emissions.

TABLE 56 | WATER CONSUMPTION (M³)

	2010	2011	2012	Δ% 12/11
Water	12,350	13,031	8,979	-31.1

Water

The water supplied by the public water supply network is essentially used for human consumption. Water consumption in 2012 totalled 8,979m³.

This reduction was mostly due to the exponential increase in water consumption occurred in 2011 as a result of a leak in the Fire Protection System. Additionally, the change to the irrigation system implemented in 2012, whereby this system ceased to be supplied by the building's water network to be supplied by the MARL network, also contributed to the decrease reported.

The company has also adopted rationalisation measures within this scope, such as replacement of faulty taps with taps equipped with sensors and flow restrictors.

GRI EN8

GRI EN1

Consumption of Materials

Paper and plastic are the raw materials most intensively used by CTT Espresso, as a result of parcel transportation and delivery.

TABLE 57 | CONSUMPTION OF MATERIALS

Type	2010	2011	2012	Δ%12/11
Paper (tonnes)	45.6	43.3	85.5	97.5
Metal (tonnes)	140.7	88.4	39.8	-55.0
Metal ¹⁷ (ton.)	2.1	0.1	0.0	-100.0
Lubricating oils (L)	16.0	2.0	0.0	-100.0
Marking and other inks (industrial) (kg)	36.0	15.0	0.0	-100.0
Natural and synthetic fabrics (tonnes)	4.5	4.7	4.1	-12.8
Total consumption (tonnes)	244.9	153.5	129.4	-15.7

The improvements made to the materials consumption quantification process led to the identification and quantification of new paper items in 2012, which led to a 151% increase compared to the previous year.

The percentage of recycled materials consumed in 2012 was 1.9%.

17 Consumption not verified.

GRI EN2

Waste

The company continues to manage and route the various types of waste generated to licensed operators.

Paper and plastic film waste increased compared to the previous year, as a result of better waste routing procedures.

TABLE 58 | WASTE

Tonnes	2010	2011	2012	Δ% 12/11	Destination
Natural and synthetic fabrics	1.3	1.7	0.0	-100.0	Recovery
Light bulbs (*)	n.a.	0.1	0.0	-100.0	Recovery
IT equipment (Computers)	0.6	0.5	0.0	-100.0	Recovery
IT consumables (toner and printer cartridges)	0.7	0.9	1.1	20.2	Recovery
Wooden pallets	0.7	0.2	0.0	-77.8	Recovery
Paper and cardboard	118.0	101.1	126.3	25.1	Recovery
Batteries (*)	0.1	0.1	0.0	-100.0	Recovery
Plastic and metal (packaging)	n.a.	10.9	13.3	22.4	Recovery
Plastic (stamps+k7+film+bags)	24.2	5.1	19.3	285.1	Recovery
Organic waste	n.a.	n.a.	n.a.	n.a.	-
Solvents (*)	0.0	0.0	0.0	0.0	Recovery
Scrap metal	0.6	1.4	0.7	-45.9	Recovery
Glass	n.a.	n.a.	0.0	n.a.	-
Undifferentiated waste	n.a.	20.8	35.2	68.1	Disposal
Total waste (tonnes)	146.3	142.7	196.1	37.4	

(*) hazardous waste.

TABLE 59 | WASTE BY CATEGORY AND DESTINATION

Tonnes	Recovery	Disposal	Total
Hazardous waste	0.0	0.0	0.0
Non-hazardous waste	147.6	48.4	196.0
Total	147.7	48.4	196.1

The waste recovery rate for all operational units was approximately 75.3%.

Management of Impact on Biodiversity

CTT Espresso buildings are located in industrial areas; no operations are known to be carried out in protected areas.

Environmental Investment

Environmental investment reached approximately 2 thousand Euros, corresponding to waste management.

GRI EN30

CTT Gest

SUSTAINABLE COMPANY

The Company – Vision and Strategy

CTT Gest provides services to CTT in Portugal by providing human resources and assistance within the scope of mail processing operations at the Lisbon airport.

The company’s mission is to provide corporate management and consulting services, including logistics and administrative services, as well as human resources.

Corporate Governance

The governing bodies are the Board of Directors (BD), the General Meeting, the Statutory Auditor and the Remuneration Committee. The BD consists of 1 female director, aged 30-50, and 1 male director, older than 50 years.

Management Model

CTT Correios de Portugal S. A. owns 100% of the company’s share capital. CTT, SA exercises its shareholder functions through the following reporting mechanisms: sharing of directors, monthly control meetings, monthly meetings of the Board of Directors, monitoring of CTT’s plan, regular financial control and checking of compliance with CTT regulations.

TABLE 60
NUMBER OF EMPLOYEES BY GENDER AND TYPE OF EMPLOYMENT CONTRACT

	Female			Male			Overall total
	Permanent employees	Fixed-term contracts	Total	Permanent employees	Fixed-term contracts	Total	
Full-time	1	0	1	20	2	22	23

The absence rate reached 1.8%; most absences were due to work accidents and illness, as well as other reasons.

CREATING VALUE FOR STAKEHOLDERS

Financial Performance (thousand Euros)

- Operating income: 3,828

- EBITDA: 1,226

Standard Services

- Ensured outsourcing of air mail processing services at the Lisbon airport (EPA).
- Provision of Corporate Management and Consulting Services.

Complaints and Compensation

No complaints were received. The company was not fined as a result of non-compliance with the legislation or regulations applicable to the supply and use of products and services.

Social Responsibility

The company participates in several social responsibility initiatives, namely “Somar para Dividir” (“Adding Up to Divide”), a campaign launched by CTT in order to help Institutions that provide support to people in need.

CTT Gest was not fined or otherwise penalised as a result of non-compliance with applicable legislation or regulations.

Human Resources

In 2012, the company employed 23 full-time employees, distributed as shown in the table below.

Training

The average number of annual training hours per employee per year was 11.4, distributed as shown in the table below.

TABLE 61 | TOTAL AND AVERAGE TRAINING HOURS BY GENDER AND PROFESSIONAL CATEGORY

	Female		Male		Total	
	Hours	Average	Hours	Average	Hours	Average
Senior personnel			61	30.5	61	30.5
Mid-level personnel	1	1			1	1
Other categories			199.3	10	199.3	10
Total	1	1	260.3	11.8	261.3	11.4

Prevention and Safety

The company observes all applicable legislation and CTT’s Occupational Health & Safety Policy.

A total of 3 accidents involving EPA employees occurred in 2012, which were recorded for the mother company. No occupational illnesses have been identified and no fatalities occurred.

Social Reporting

In addition to top-level management, already described, the company also employs a male operations manager, in a second line management position.

Most employees are male (95.5%), older than 35 years(81.8%) and belong to the professional category designated as “other categories”, which includes all employees other than senior and mid-level personnel. The female employee, who is older than 50 years, occupies a mid-level position. No foreign or disabled individuals are currently employed by the company.

Human Rights

As a CTT company, CTT Gest business is guided by the labour code and CTT’s Code of Ethics. Accordingly, child, forced and slave labour are not allowed. Similarly, no obstacles are placed on the exercise of freedom of association.

The company was not fined or otherwise penalised for non-compliance with human rights.

RELATIONSHIP WITH THE ENVIRONMENT

Energy

CTT Gest has signed a lease with CTT, SA that includes a fixed monthly fee corresponding to maintenance expenses, including water and electricity charges. Since its premises are located in the same building, electricity consumption cannot be itemised.

Regarding the fleet, a significant increase was observed compared to the previous year, due to changes in reporting methods according to which two units are now considered.

TABLE 62 | ENERGY CONSUMPTION

Energy consumption (GJ)	2010	2011	2012	Δ% 12/11
Total fuel consumption	1,468.4	29.7	58.8	98.0

GRI EN16

Emissions

Fuel consumption by the company fleet was responsible for direct emissions to the atmosphere, which totalled 4.3 t of CO₂.

TABLE 63 | DIRECT EMISSIONS TO THE ATMOSPHERE (T CO₂)

Energy consumption (GJ)	2010	2011	2012	Δ% 12/11
Fleet	106.1	2.2	4.3	98.0

Greenhouse gas emissions are shown in the table below.

TABLE 64 | GREENHOUSE GAS EMISSIONS (T CO₂ EQ)

Energy consumption (GJ)	2010	2011	2012	Δ% 12/11
Fleet	106.6	2.2	4.3	98.0

GRI EN1

Consumption of Materials

Since the company engages mostly in administrative activities, paper is the most intensively used raw material, although its consumption is negligible.

TABLE 65| CONSUMPTION OF MATERIALS

Type	2010	2011	2012	Δ% 12/11
Paper (tonnes)	0.1	0.0	0.0	0.0

Waste

GRI EN22

According to applicable regulations, all waste generated by the company is included within the scope of the waste management plan applicable to the CTT building.

EAD

SUSTAINABLE COMPANY

The Company – Vision and Strategy

GRI 4.3

Specifically dedicated to Archive Management, EAD – Empresa de Arquivo de Documentação, SA was a pioneering company in Portugal.

From the very beginning, the strategy adopted by the company was based on the adoption of elementary archiving principles (pertinence, efficiency and coherence), in association with new information technologies that increase the value of the services provided. The company became a Document Service Provider, assessing Archiving and Document Management processes and developing, presenting and implementing solutions adjusted to the needs of its customers

The company owns its own fleet and employs specialised teams responsible for delivering and collecting documents at the premises of its customers, thus embodying its positioning as a Client Oriented Company.

Business Areas

Custody and management of intermediate and current archives, digitisation services, consulting services in document sciences, media custody and rotation, high-security vault.

Its mission is to ensure continuous customer and stakeholder satisfaction, with a view to ensuring sustainable business growth.

GRI 4.8

Corporate Governance

The governing bodies are the Board of Directors (BD), the Executive Board, the General Meeting, the Statutory Auditor and the Remuneration Committee. Top-level management consists of a male and a female manager, both aged 30-50 years.

GRI LA13 GRI 4.1

Management Model

CTT Correios de Portugal, SA owns 51% of the company's share capital.

CTT, SA exercises its shareholder functions through the following reporting mechanisms: sharing of directors, monthly control meetings, quarterly meetings of the Board of Directors, monitoring of CTT's plan, regular financial control and checking of compliance with CTT regulations.

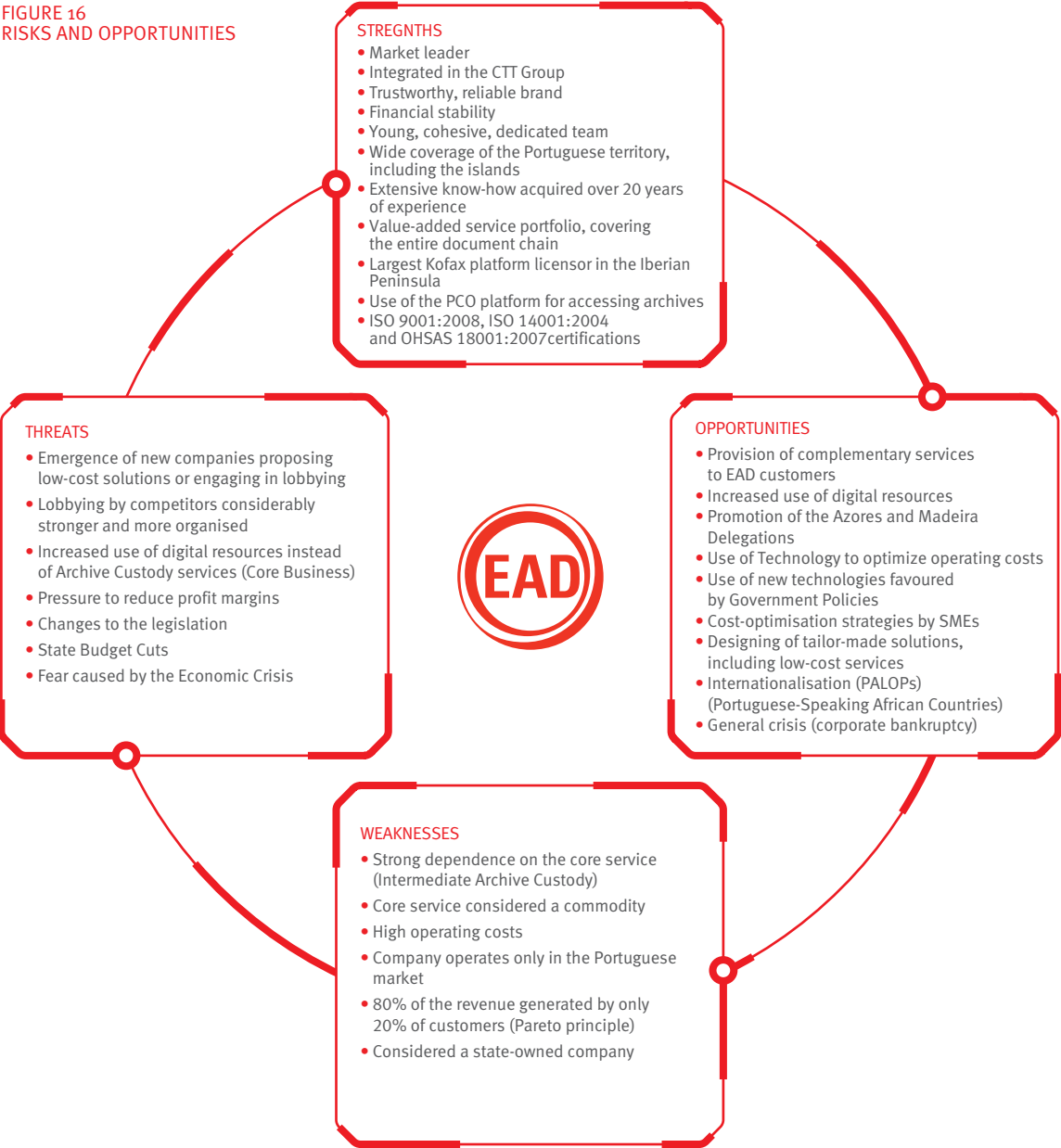
GRI 4.4

The company's organisational structure has been developed with a view to meeting business needs. In this sense, it is based on the various company departments, namely the intermediate archives department, the current archives department, the optical archives department and the contact center.

Risk and Crisis Management

When developing future strategic plans for the organisation, it is essential to identify and assess external risks and opportunities, so that risks can be minimised and opportunities used to benefit business. The risks and opportunities identified by EAD are shown in the figure below, as well as the company's strengths and weaknesses.

FIGURE 16
RISKS AND OPPORTUNITIES



CREATING VALUE FOR STAKEHOLDERS

As a leading company, EAD focuses on stakeholder requirements when assessing business performance, as it is required to manage various interests, often opposed and conflicting. Therefore, the company is concerned with assessing the influence of each stakeholder, seeking to perform increasingly better in an extremely competitive environment.

As a precautionary measure, EAD developed a Contingency Plan, together with CTT, which describes how services will be ensured in case of pandemic. The aforementioned plan also includes a Disaster Recovery Plan, to be implemented in cooperation with an external entity, in order to ensure data are safeguarded in case of disaster.

Financial Performance (thousand Euros)

- Operating income: 4,556
- EBITDA: 1,159

The lowest salaries correspond to €550 for female employees and €600 for male employees; the corresponding ratios to the minimum national salary are 1.13 and 1.24, respectively.

Suppliers

EAD has implemented analysis/planning procedures applicable to materials and their procurement, installation, dismantling and maintenance, as well as supplier evaluation and selection procedures, in order to comply with the ISO 9001:2008, ISO 14001:2004 and OSHAS 18001:2007 standards.

No clauses related to human rights have been yet included in supply agreements. In this sense, EAD still does not assess suppliers for compliance with human rights or adopt any related measures.

Customers

The company provides innovative document management services, seeking to achieve customer satisfaction, by complying with customer requirements and offering personalised solutions.

EAD did not launch any new products/services in 2012. For more information on company business, please consult the company's web page, at the following address:

<http://www.ead.pt/ead/pt/>

Customer Satisfaction

The company's vast experience, allied to the implementation of a CRM – Customer Relationship Management – system, provides EAD with an integrated, wide view of its customers, allowing it to anticipate their needs and adjust its strategy accordingly.

Relationships with customers are managed closely and continuously, based on the company's knowledge of customer needs and market trends. In order to collect information and assess customer satisfaction, EAD sends enquiry forms to its customers on a yearly basis. The results of the survey carried out in 2012 revealed that 82.8% of customers were satisfied.

Complaints and Compensation

A total of 6 complaints related to service provision were received. These complaints were related to delays in publishing information in portals, document delivery and document placement in containers.

EAD was not fined as a result of non-compliance with the legislation or regulations applicable to the supply and use of products and services.

Social Responsibility

EAD participates in the social responsibility initiatives promoted by CTT, such as the annual collection of clothes, books and toys named "Somar para Dividir" ("Adding Up to Divide").

The company also signed a cooperation protocol with Entrajuda – Associação para o Apoio a Instituições de Solidariedade Social (Association for Providing Support to Social Solidarity Institutions) within the scope of "Banco de Equipamentos" ("Equipment Bank"), a project aimed at providing equipment and materials to several solidarity institutions.

EAD also gave monetary donations to 8 solidarity institutions in its community.

The company was not fined or otherwise penalised as a result of non-compliance with applicable legislation or regulations. No lawsuits were filed for reasons related to corruption.

GRI LA1 GRI SO4 GRI SO8

Human Resources

The number of EAD employees in 2012 was 95, a slight decrease compared to the previous year (101). All employees were working full-time, as shown in the table below.

TABLE 66 | NUMBER OF EMPLOYEES BY GENDER AND TYPE OF EMPLOYMENT CONTRACT

	Male	Female	Total
Permanent employees	43	44	87
Fixed-term contracts	3	5	8
Total	46	49	95

GRI LA7

The absence rate reached 3.3%, excluding parental leave, compassionate leave and leave related to student status.

Training

EAD's Training Plan is developed based on specific information, namely needs per employee, performance evaluation results, career management guidelines, the results of questionnaires concerning Occupational Health, Safety & Ergonomics, and legislation changes, amongst other aspects. The company adopts a "mixed" training plan.

The average number of training hours per employee per year was 18, distributed as shown in the table below.

TABLE 67 | TOTAL AND AVERAGE TRAINING HOURS BY GENDER AND PROFESSIONAL CATEGORY

	Female		Male		Total	
	Hours	Average	Hours	Average	Hours	Average
Senior personnel	46.0	23	155.0	39	201.0	34
Mid-level personnel	204.2	29	239.0	27	443.2	28
Other categories	601.0	15	445.2	13	1,046.2	14
Total	851.2	17	839.2	18	1,690.4	18

Modules dedicated to human rights have not yet been included in the training plan.

GRI LA10

Prevention and Safety

The company has assumed a commitment towards the adoption of preventive measures; compliance with occupational health and safety standards, requirements and legislation; and continuous performance improvement, in order to protect the health of its employees and ensure their safety.

Recent implementation of the OHSAS 18001:2007 standard, which includes Occupational Health, Safety & Hygiene Management System requirements, allowed the company to manage operational risks and improve its performance. Significant improvements were made to employee safety and the quality of the working environment, since goals and responsibilities are clearly defined and everyone is prepared to deal effectively with future risks.

Training in OHS – Occupational Health & Safety has likely been one of the factors that contributed the most to the absence of work-related accidents, injuries and fatalities in 2012.

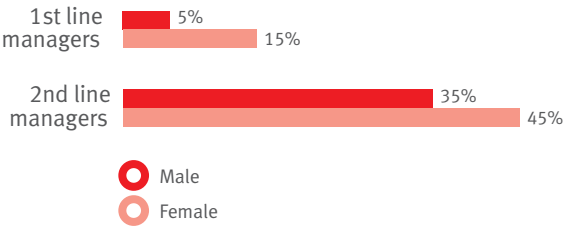
The company seeks to promote employee well-being, by providing its employees with good working conditions, as well as leisure areas and equipment, namely by providing training actions, a gym, a five-a-side football field, a basketball court, yoga classes and several incentives. Additionally, company benefits include health insurance and a seasonal vaccination programme.

Social Reporting

In addition to top-level management, already described, company management is also ensured by a further 20 first and second line managers.

GRI LA7

FIGURE 17 | MANAGERS BY GENDER



Regarding other diversity indicators, EAD employs a foreign and a disabled individual, both aged 30-50 years.

TABLE 68 | EMPLOYEES BY PROFESSIONAL CATEGORY, GENDER AND AGE GROUP

Professional category	Male				Female			
	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
Senior personnel	0	0.0%	2	33.3%	0	0.0%	4	66.7%
Mid-level personnel	0	0.0%	6	37.5%	1	6.3%	7	43.8%
Other categories	15	20.5%	25	34.2%	0	0.0%	33	45.2%
Total	15	33	1	49	8	38	0	46

Regarding other diversity indicators, EAD employs a foreign and a disabled individual, both aged 30-50 years.

GRI LA13

Average salaries differ according to gender within each professional category. As opposed to the trend observed in other professional categories, female senior personnel earn 63% more than their male counterparts.

TABLE 69 | FEMALE AND MALE SALARIES BY PROFESSIONAL CATEGORY

Professional category	Average female salary (€)	Average male salary (€)	F/M ratio
Senior personnel	2,600.0	1,600.0	1.63
Mid-level personnel	750.0	800.0	0.94
Other categories	550.0	600.0	0.92

Human Rights

In compliance with the Portuguese legislation, the Global Compact initiative, which the company joined in 2010, and CTT's Code of Ethics, child and forced labour are not allowed at EAD. Moreover, the company shall report any such situations of which it may have knowledge, in addition to recognising and supporting the right to freedom of association.

The company was not fined or otherwise penalised for non-compliance with human rights.

Certifications/Awards

The company is certified according to the ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 standards.

In 2012, the Azores and Madeira delegations obtained Quality certifications according to the 9001:2008 standard, and Environmental certifications according to the 14001:2004 standard.

The company also achieved Leading SME status in 2012, within the scope of FINCRESCE, a programme

organised by the IAPMEI (Institute for Supporting Small and Medium Enterprises and Innovation) in order to distinguish Portuguese companies with superior performance profiles. Granted in partnership with the Banking sector, the Leading SME status aims to increase the visibility of medium-sized enterprises operating in the most competitive sector in Portugal. This status is perceived as a symbol of prestige and as a stimulus, encouraging companies to generate wealth and increase social well-being, in a sustainable manner.

RELATIONSHIP WITH THE ENVIRONMENT

Energy

Electricity and fuel are the energy sources most intensively consumed by EAD. Accordingly, the company focuses mostly on electricity and fuel consumption management.

Electricity consumption decreased by 8% as a result of the energy efficiency measures adopted.

Fuel consumption increased slightly compared to the previous year, essentially as a result of route allocation.

TABLE 70 | ENERGY CONSUMPTION

Energy consumption (GJ)	2010	2011	2012	Δ% 12/11
Total electricity consumption	1,025.6	1,026.1	944.4	-8.0
Total fuel consumption	1,608.6	1,677.0	1,699.1	1.3
Total	2,634.2	2,703.1	2,643.5	-2.2

With a view to increasing efficiency and reducing energy consumption, EAD warehouses are equipped with air conditioning and natural ventilation systems, as well as electrically controlled skylights. These systems are controlled automatically and allow exterior air intake, in order to control temperature and humidity. All warehouses are also equipped with hygrometers for temperature and humidity control. These devices are calibrated annually by a qualified entity, which is responsible for issuing calibration certificates stating that the devices in question are suitable for the intended purposes.

Spotlights are used to illuminate access ways and the drive-in area. Fluorescent lamps are used to illuminate access corridors to shelving areas. Natural light is used in the aisles where archives are stored. Generators are only used in specific situations, namely in case of power failure.

A server virtualisation project was implemented in order to reduce IT (information technologies) resource requirements. This project allowed a reduction in the number of servers, from thirty to eight, which led to

a decrease in energy consumption by the data center and air conditioning systems.

Fleet

Despite owning a small vehicle fleet (14 vehicles, with average age of 4.5 years), EAD assesses its environmental impact, considering that its use entails the consumption of raw materials and emission of pollutants.

Nevertheless, the company has been adopting measures aimed at reducing fuel consumption, namely the installation of GPS devices in all vans, which allow monitoring of fuel consumption and speed limits, in addition to ensuring information security and tracking of vehicle locations. This system will also allow route optimisation.

Emissions

Fuel consumption by the fleet was responsible for direct emissions to the atmosphere, which totalled 122.8 t CO₂ in 2012.

TABLE 71 | FLEET EMISSIONS TO THE ATMOSPHERE (TONNES)

Pollutants	2010	2011	2012	Δ% 12/11
CO ₂	116.2	121.2	122.8	1.3
CH ₄	0.01	0.0	0.0	1.3
N ₂ O	0.0	0.0	0.0	1.3
NOx	1.3	1.3	1.4	1.3
CO	1.6	1.7	1.7	1.3
COVNM	0.3	0.3	0.3	1.3
SO ₂	0.3	0.4	0.4	1.3

TABLE 72 | DIRECT EMISSIONS TO THE ATMOSPHERE (T CO₂)

	2010	2011	2012	Δ% 12/11
Fleet	116.2	121.2	122.8	1.3

TABLE 73 | GREENHOUSE GAS EMISSIONS (T CO₂ EQ)

	2010	2011	2012	Δ% 12/11
Fleet	116.7	121.7	123.3	1.3

Indirect emissions to the atmosphere resulting from electricity consumption are shown in the table below.

TABLE 74 | INDIRECT EMISSIONS TO THE ATMOSPHERE (T CO₂ EQ)

	2010	2011	2012	Δ% 12/11
Electricity	65.4	65.5	60.7	-8.2

Water

The water used by EAD is supplied by the public water supply network, which supplies water for human consumption. Water from a well is used in toilets and to irrigate green areas.

Total water consumption in 2012 reached approximately 4,982 m³, a 16% increase resulting from increased consumption of water from the well over the summer months.

TABLE 75 | WATER CONSUMPTION (M³)

	2010	2011	2012	Δ% 12/11
Water	5,776	4,303	4,982	15.8

Consumption of Materials

Paper continues to be the most intensively used raw material, with the corresponding consumption reaching approximately 0.3 tonnes.

TABLE 76 | CONSUMPTION OF MATERIALS

Type	2010	2011	2012	Δ% 12/11
Paper (tonnes)	0.5	0.4	0.3	-25.0

A few initiatives aimed at reducing paper consumption were identified and implemented, namely sending of reports by e-mail, printing on the front and back of agreements and organisation of awareness-raising actions.

Waste

Waste, which is mostly categorised as equivalent to urban waste, is managed and routed to licensed operators.

Paper is the main type of waste generated. Waste amounts depend mostly on internal activities, namely receiving and disposal of archives.

TABLE 77 | WASTE

Tonnes	2010	2011	2012	Δ% 12/11	Destination
Light bulbs (*)	0.0	0.0	0.0	-	-
IT equipment (Computers)	42.0	0.6	0.5	-25.8	Recovery
IT consumables (toner and printer cartridges)	0.0	0.0	0.0	-100.0	Recovery
Food oils and fats	-	0.0	0.1	66.7	Recovery
Wooden pallets	2.4	6.9	4.2	-39.6	Recovery
Paper and cardboard	292.0	478.6	539.5	12.7	Recovery
Batteries (*)	2.0	0.0	0.0	-	-
Plastic and metal (packaging)	0.0	0.2	0.3	73.7	Recovery
Plastic (stamps+k7+film+bags)	-	6.12	1.0	-83.2	Recovery
Scrap metal	4.0	0.8	0.8	1.2	Recovery
Glass	-	0.0	0.0	0.0	Recovery
Contaminated absorbent materials	n.a.	0.0	0.0	-90.0	Recovery
Decommissioned equipment containing CFCs	n.a.	0.0	0.1	-25.0	Recovery
Undifferentiated waste	n.a.	n.d.	2.1	n.a.	Disposal
Total	342.5	493.5	548.6	11.2	

(*) hazardous waste.

TABLE 78 | WASTE BY CATEGORY AND DESTINATION

Tonnes	Recovery	Disposal	Total
Hazardous waste	0.1	0.0	0.1
Non-hazardous waste	546.4	2.1	548.5
Total	546.5	2.1	548.6

GRI EN30

Waste corresponding to food oils and fats was generated as a result of an internal campaign organised by EAD. In this sense, it should be stressed that this type of waste is not generated by the company's normal business.

Management of Impact on Biodiversity

EAD's premises are located in an industrial estate; no operations are known to be carried out in protected areas.

Environmental Investment

Approximately 6.8 thousand Euros were invested in audits and waste management; an additional 1.1 thousand Euros were invested to install GPS systems.

MAILTEC SGPS

SUSTAINABLE COMPANY

The Company – Vision and Strategy

Mailtec's strategy focuses on the development of new products and compliance with the service levels agreed.

Business Areas

- Production of professional mail; cheque and document personalisation.
- Design and development of document management, contents management and e-business solutions.
- Provision of services to CTT, SA, namely operational management of the mailmanager and pre-sorting services, as well as processing and delivery of mail from CTT's business customers.

GRI 1.2

The company's mission is to provide technological solutions and management processes suitable to business contents, with a view to optimising customers' information flows, both physical and digital.

Its vision is to provide unique solutions for divulging business information, with a view to increasing the value of the services provided and achieving excellence status, based on intelligent technological models and operational efficiency.

Corporate Governance

The governing bodies are the Board of Directors (BD), the Executive Board, the General Meeting, the Statutory Auditor and the Remuneration Committee. The BD consists of 4 male directors, of which one is aged 30-50 and the remaining three are older than 50 years.

Management Model

The Boards of Directors of the holding companies, Mailtec Comunicação and Mailtec Consultoria, and the Management of Mailtec Processos, are responsible for managing the corresponding companies and supervisors.

CTT, SA exercises its shareholder functions through the following reporting mechanisms: sharing of directors, monthly control meetings, monthly meetings of the Board of Directors, monitoring of CTT's plan, regular financial control and checking of compliance with CTT regulations.

Risk and Crisis Management

In the current competitive market, it is essential to monitor and review business risks, as well as identify available opportunities. Systematic identification and monitoring of these factors allows the company to develop a strategic plan and define suitable goals, so that risks can be effectively managed.

The risks and opportunities associated with the company's business are shown in the table below.

GRI 4.8

GRI LA13 GRI 4.3 GRI 4.1

GRI 4.4

GRI 1.2

TABLE 79 | RISKS AND OPPORTUNITIES

Risks	Opportunities
<ul style="list-style-type: none">• Global decrease in the use of physical documents;• Increased payment deadlines;• Replacement of paper with digital documents;• Pressure by Customers to lower prices, given the increased availability of technological resources and the economic crisis;• Continuous resource evaluation by CTT subsidiaries as a result of CTT business growth;• Business continuity constraints;• Pressure by consumer and environmental organisations to reduce the use of physical information supports, in order to minimise the impacts of resource consumption, GHG emissions, emissions generated as a result of transportation and waste generation.	<ul style="list-style-type: none">• Growth trend in the relational marketing segment;• Development of document management solutions;• Development of out- and insourcing solutions;• Identification of SME document production opportunities within market niches identified together with the CTT, Sales network;• Trend towards an increase in the number of summons and notifications;• Marketing of customised document management solutions, domestically and abroad, directly or through partnerships.

CREATING VALUE FOR STAKEHOLDERS

Mailtec has been identifying stakeholder needs and expectations with a view to ensuring business growth and adjusting to market trends. Relationships with stakeholders are based on transparency and equity, in observance of CTT's Code of Ethics, on which the company's positioning is based.

The most relevant stakeholders are the company's customers, suppliers, employees and shareholders. Relationships with stakeholders are ensured by a team of account managers and customer assistants, as well as specific procurement processes, dialogue between managers and employees, communications by the BD, newsletters and meetings with the BD.

Financial Performance (thousand Euros)

- Operating income: 21,705
- EBITDA: 2,222

The lowest salary paid by the company is equal to the national minimum wage. No gender differences exist, with the corresponding ratio being 1.

Shareholders

Mailtec SGPS is a holding owned by CTT – Correios de Portugal, S.A., which owns 100% of its share capital. Mailtec SGPS consists of the following companies:

- Mailtec Comunicação, SA – 82.3% of share capital owned by the holding and 17.7% by CTT, S.A.
- Mailtec Consultoria, SA – 90% of share capital owned by the holding and 10% by CTT, S.A.
- Mailtec Processos, Lda – 100% of the share capital owned by the holding.

GRI 4.14

GRI EC1

GRI EC5

Suppliers

As high efficiency and quality levels are required, relationships with suppliers are essential to ensure the quality of outsourced services and materials purchased. In this sense, Mailtec has defined stringent supplier selection criteria, in addition to continuously evaluating supplier performance.

Within the scope of supply agreements and observing CTT's Sustainable Procurement Policy, 40 significant agreements were signed, of which 24 (60%) include human rights clauses. However, the company still does not assess suppliers for compliance with human rights or adopt any related measures.

Customers

Mailtec customers are managed by a dedicated team of account managers and customer assistants, which are responsible for ensuring permanent contact with the company's customers. The most relevant Mailtec customers operate within the banking, insurance, utilities and other service sectors, consisting mostly of companies with large business volumes, highly demanding in terms of quality of service.

In 2012, Mailtec Consultoria obtained a certification according to the NP EN ISO 9001:2008 and ISO/IEC 27001:2005 standards. In the technological area, Mailtec Consultoria obtained the Red Hat Advanced Business Partner certification.

GRI HR2 GRI HR1

GRI 2.2

New products and/or services

New product STICO – Sistema de Tratamento Integrado de Contra Ordenações (Integrated Infraction Processing System) – was launched in 2012. This product allows responsible entities to manage all process stages easily and effectively, as well as keep a detailed historical record of all operations, in addition to ensuring that the corresponding information is always available, for all required purposes.

GRI EC8

As Mailtec focuses essentially on the Business-to-Business segment, no products or services specifically aimed at the general public were launched.

Other products:

<http://www.mailtec.pt/femtwcm/wcmservlet/mailtec/mailtec-holding/apresentacao.html>

Customer Satisfaction

GRI PR5

In order to meet customer needs, Mailtec focuses on the development of new products, attempting to integrate customer processes in its own production chain. The company seeks to ensure that the service levels agreed with customers are complied with. For this purpose, service levels are continuously monitored by applications specifically developed for this purpose.

Mailtec assesses customer satisfaction on a regular basis and implements improvements based on careful analysis of the corresponding results. The results of the customer satisfaction survey carried out in 2012 will only be available in April.

GRI LA1

TABLE 80
NUMBER OF EMPLOYEES BY GENDER AND TYPE OF EMPLOYMENT CONTRACT

	female			Male			Overall Total
	Permanent employees	Fixed-term contracts	Total	Permanent employees	Fixed-term contracts	Total	
Full-time	69	32	101	189	95	284	385

GRI LA10
GRI LA7

The absence rate reached 2.7%, excluding parental leave, compassionate leave and leave related to student status. The main reasons for absence were illness, family issues, absences for which no reason was given, blood donation and wedding leave.

Complaints and Compensation

Complaints decreased by 19% compared to the previous year. A total of 89 complaints were received; however, these complaints did not lead to the payment of any compensation. The main reasons for complaint were problems with the services provided (66%) and delivery delays (13.5%).

The company was not fined as a result of non-compliance with the legislation or regulations applicable to the supply and use of products and services.

Social Responsibility

The company participates in the social responsibility initiatives promoted by CTT, such as the annual collection of clothes, books and toys named “Somar para Dividir” (“Adding Up to Divide”), a campaign organised by CTT in order to help Institutions that provide support to people in need; the 4th National Collection of Batteries, an initiative organised by Eco-pilhas whose proceeds are donated to the IPO (Portuguese Cancer Institute); and a Toy, Book and School Supplies Collection Campaign organised by the Mina Parish Board, in order to help local children.

Mailtec was not fined or otherwise penalised as a result of non-compliance with applicable legislation or regulations. No lawsuits were filed for reasons related to corruption.

Human Resources

Mailtec employees decreased by 43% in 2012, currently totalling 385 full-time employees (258 permanent employees and 127 employees with fixed-term contracts), distributed as shown in the table below.

GRI PR5

GRI PR9

GRI S08

GRI S04

Training

The company considers that employee training is essential to business growth, as it leads to an increase in professional qualifications. In this sense, annual training plans are prepared, involving all employees and including training actions aimed at increasing

employee knowledge, on-the-job training, behavioural training and acquisition of complementary skills.

The average number of training hours per employee per year was 41.2, distributed as shown in the table below.

GRI LA10

TABLE 81| TOTAL AND AVERAGE TRAINING HOURS BY GENDER AND PROFESSIONAL CATEGORY

	Female		Male		Total	
	Hours	Average	Hours	Average	Hours	Average
Senior personnel	120.0	10.9	968.3	25.5	1,088.3	22.2
Mid-level personnel	486.8	81.1	322.8	17.9	809.5	33.7
Other categories	2,273.0	27.1	11,709.5	51.4	13,982.5	44.8
Total	2,879.8	28.5	13,000.5	45.8	15,880.3	41.2

Regarding average training hours by professional category, employees in the “other categories” received more training than the other two categories.

With a view to increasing the education levels of its employees, taking into account the technical and behavioural skills acquired throughout their professional life, the Mailtec Group joined “Novas Oportunidades” (“New Opportunities”), an ongoing CTT initiative, having certified approximately 13% of its employees.

Concerning career evolution, the company defined a policy that favours internal recruitment based on the profile, skills and expectations of each employee, although taking into account the goals set by the company.

Prevention and Safety

The company observes the applicable legislation and CTT’s Occupational Health & Safety Policy, approved in 2011. Accordingly, Mailtec identifies, assesses and controls all risks to employees, in addition to providing all means required to the safe execution of all tasks.

The company outsources occupational health & safety services to a licensed entity. The services provided by this entity include the identification and assessment of occupational risks, and the presentation of risk control measures.

The most frequent causes of injury and accident are impact with objects and excessive effort. No occupational illnesses have been identified and no fatalities occurred.

GRI LA7

TABLE 82 | NUMBER OF ACCIDENTS, INJURIES AND DAYS LOST

	Accidents	Injuries	Injury rate	Days lost	Rate of days lost
Male	20	18	6.1	367	123.4
Female	3	3	2.4	55	43.5
Total	23	21	4.9	422	99.5

Social Reporting

In addition to top-level managers, company management was also ensured by 18 first and second line managers, as shown in the figure. First and second line managers are predominantly male.

According to the table below, most company employees (64%) are aged 30-50, followed by employees younger than 30 years (30%).

FIGURE 18 | MANAGERS BY GENDER

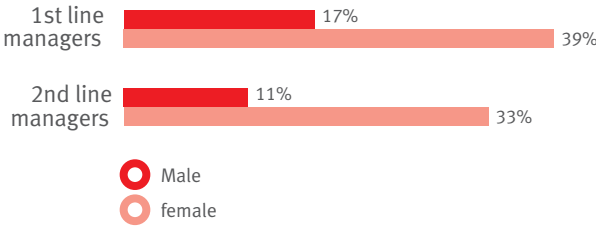


TABLE 83 | EMPLOYEES BY PROFESSIONAL CATEGORY, GENDER AND AGE GROUP

Professional category	Female								Male							
	<30 years		30-50 years		>50 years		Total		<30 years		30-50 years		>50 years		Total	
Senior personnel	0	0%	11	22%	0	0%	11	22%	0	0%	30	61%	8	16%	38	78%
Mid-level personnel	0	0%	6	25%	0	0%	6	25%	0	0%	17	71%	1	4%	18	75%
Other categories	30	10%	48	15%	6	2%	84	27%	86	28%	135	43%	7	2%	228	73%
Total	30		65		6		101		86		182		16		284	

Mailtec employes 16 foreign (11 male and 5 female) and 4 disabled (all male) individuals.

Average salaries differ according to gender within each professional category. The most significant difference was observed in the average salaries of female mid-level personnel, which correspond to 71% of the salaries paid to their male counterparts.

TABLE 84 | FEMALE AND MALE SALARIES BY PROFESSIONAL CATEGORY

Professional category	Average female salary (€)	Average male salary (€)	F/M ratio
Senior personnel	2,305.4	2,654.9	0.87
Mid-level personnel	934.7	1,318.2	0.71
Other categories	557.3	596.0	0.94

Human Rights

As a CTT company, Mailtec business is guided by the labour code and CTT's Code of Ethics. Accordingly, child, forced and slave labour are not allowed. Similarly, no obstacles are placed on the exercise of freedom of association.

The company was not fined or otherwise penalised for non-compliance with human rights.

RELATIONSHIP WITH THE ENVIRONMENT

Energy

Electricity consumption decreased by approximately 6% as a result of efficiency and consumption rationalisation measures, namely awareness-raising

actions aimed at avoiding unnecessary consumption.

Fuel consumption increased slightly as a result of the allocation of editorial mail delivery operations to Mailtec.

TABLE 85 | ENERGY CONSUMPTION

Energy consumption (GJ)	2010	2011	2012	Δ% 12/11
Total electricity consumption	10,292.0	9,858.1	9,257.3	-6.1
Total fuel consumption	3,340.9	2,576.5	2,609.1	1.3
Total	13,632.9	12,434.6	11,866.4	-4.6

Fleet

Mailtec operates 54 light passenger vehicles and 19 light goods vehicles, i.e., 24 fewer vehicles compared to the previous year.

Emissions

Energy consumption was responsible for emissions to the atmosphere, with fuel consumption being responsible for direct emissions (188.34 t CO₂).

TABLE 86 | FLEET EMISSIONS (TONNES)

Pollutants	2010	2011	2012	Δ% 12/11
CO ₂	240.4	185.7	188.3	1.4
CH ₄	0.0	0.0	0.0	-
N ₂ O	0.0	0.0	0.0	-
NOx	2.6	2.0	2.1	5.0
CO	4.9	3.4	3.0	-11.8
COVNM	1.0	0.7	0.6	-14.3
SO ₂	0.7	0.5	0.5	0.0

TABLE 87 | DIRECT EMISSIONS TO THE ATMOSPHERE (T CO₂)

	2010	2011	2012	Δ% 12/11
Fleet	240.4	185.7	188.3	1.4

TABLE 88 | GREENHOUSE GAS EMISSIONS (T CO₂ EQ)

	2010	2011	2012	Δ% 12/11
Fleet	241.5	186.5	189.1	1.4

Electricity consumption is responsible for indirect emissions, which totalled 590.63 t CO₂ eq.

TABLE 89 | INDIRECT EMISSIONS TO THE ATMOSPHERE (T CO₂ EQ)

	2010	2011	2012	Δ% 12/11
Electricity	656.6	629.0	588.9	-6.4

Water

Water consumption associated with daily operations decreased by approximately 18%.

TABLE 90 | WATER CONSUMPTION (M³)

	2010	2011	2012	Δ% 12/11
Water	4,707.0	2,768.0	2,256.0	-18.5

This reduction resulted from awareness-raising actions and measures adopted by the company, namely elimination of irrigation points and repair/inspection of the irrigation system, in addition to daily reading of water meters, in order to avoid potential leaks.

Consumption of Materials

Since the company focuses on Printing & Finishing services, paper is the most intensively used raw material, with 916.4 tonnes consumed.

TABLE 91 | CONSUMPTION OF MATERIALS

Type	2010	2011	2012	Δ% 12/11
Paper (tonnes)	721.7	939.2	915.0	-2.6
Plastic (tonnes)	21.5	10.8	14.1	29.9
Metal (tonnes)	-	-	-	-
Lubricating oils (L)	-	-	-	-
Marking and other inks (industrial) (kg)	-	-	-	-
Natural and synthetic fabrics (tonnes)	0.0	0.1	0.3	262.5
Total consumption (tonnes)	743.2	950.1	929.4	-2.0

Creation of the new “EasyPrint” products/services and personalisation of colour-printed statements have contributed to reducing the diversity of materials consumed. Together with careful stock and warehouse management, these measures have led to a progressive decrease in raw material stocks and a reduction in paper consumption.

It should be stressed that no direct relationship exists between the paper consumption values reported and Mailtec business/production levels, since an important part of all paper consumed is supplied by customers and thus not included within the scope of this report.

The observed increase in fibre consumption resulted from changes to production personnel garments implemented in 2012.

Waste

All waste is separated at the source and collected by licensed companies, which are responsible for routing the various waste types to suitable destinations.

In this context, paper and plastic are collected daily by a licensed transport company that delivers these waste types to the entity responsible for their recycling, through a crushing/destruction process. Toner cartridges are collected by the printing equipment supplier, which is responsible for their recycling through an outsourcing agreement; no collections took place in 2012.

TABLE 92 | WASTE

Tonnes	2010	2011	2012	Δ% 12/11	Destination
Natural and synthetic fabrics	0.0	0.0	0.0	-	-
Light bulbs (*)	697.0	0.0	0.0	-	-
IT equipment (Computers)	0.0	2.2	0.0	-100.0	-
IT consumables (toner and printer cartridges) (*) (units)	n.d.	1,942.0	0.0	-100.0	-
Wooden pallets	2.1	0.5	3.0	512.2	Recovery
Paper and cardboard	116.1	125.9	97.6	-22.5	Recovery
Batteries (*)	0.0	0.0	0.0	-	-
Plastic and metal (packaging)	0.6	1.0	3.1	217.7	Recovery
Plastic (stamps+k7+film+bags)	0.0	0.0	0.0	-	-
Contaminated waste (*)	0.0	0.0	0.0	n.a.	Recovery
Organic waste	0.1	0.1	0.1	33.3	Disposal
Scrap metal	0.0	0.0	0.0	-100.0	Recovery
Glass	0.0	0.0	0.0	-	-
Undifferentiated waste	-	n.a.	6.52	n.a.	Disposal
Total waste (tonnes)	815.9	129.6	110.3	-14.9	

(*) hazardous waste.

TABLE 93 | WASTE BY CATEGORY AND DESTINATION

Tonnes	Recovery	Disposal	Total
Hazardous waste	0.0	0.0	0.0
Non-hazardous waste	110.2	0.1	110.3
Total	110.2	0.1	110.3

Paper waste decreased by 15% compared to the previous year, due to decreased production. The fragile nature of the new wooden pallets led to an increase in this type of waste, since the new pallets are easily deformed and/or damaged.

Management of Impact on Biodiversity

Mailtec assumes the commitments defined in CTT's Integrated Policy, approved in 2011, in addition to following the FSC Policy, approved in 2012. The company is continuously engaged in preventing prevention and complying with the applicable legislation.

Mailtec operates at leased premises located in the Amadora industrial estate. The company premises occupy an area of approximately 12,000m², consisting of offices, production and warehousing areas, and garage facilities. The area in question does not fall under the scope of any biodiversity protection programmes.

Environmental Investment

Environmental investment in 2012 reached approximately 2.4 thousand Euros, corresponding to Environmental Management System and FSC audits.

PayShop

SUSTAINABLE COMPANY

The Company – Vision and Strategy

Sustainable development is a fundamental pillar in the strategy defined by PayShop, which, in addition to business growth and profitability targets, includes a series of environmental efficiency measures aimed at protecting the environment. Additionally, the company focuses on social responsibility, having implemented a donation service, available at its commercial network.

In order to ensure sustainable growth, the company has defined the following strategic objectives: maintaining core service profitability; ensuring the satisfaction of stakeholders, employees, customers, retailers and the Portuguese population in general; ensuring growth by providing new services; and ensuring high profitability levels.

The company's mission is to provide a convenient and safe online payment solution, accessible by the majority of the Portuguese population, with a view to meeting the needs of major utility and telecommunications companies, as well as other relevant invoice-issuing entities.

Business Areas

- Payment network (payment of invoices, online shopping, online services), mobile phone top-ups, toll payment service and sales of pre-paid phone cards and public transport tickets.
- Network consisting of approximately 4,000 agents in Portugal. Also available at CTT post offices throughout the country.
- Online delivery of e-money solutions for online payment of goods and services.

Corporate Governance

The governing bodies are the Board of Directors (BD), the General Meeting and the Statutory Auditor.

The BD consists of one male and two female directors, all aged 30-50 years.

Management Model

According to Portuguese law, PayShop (Portugal) is a state-owned company; therefore, its managers are employed by the state. Accordingly, specific corporate governance legislation and the Public Manager Statutes apply.

CTT, SA exercises its shareholder functions through the following reporting mechanisms: sharing of directors, monthly control meetings, monthly meetings of the Board of Directors, monitoring of CTT's plan, regular financial control and checking of compliance with CTT regulations.

Risk and Crisis Management

The year of 2012 continued to be marked by an adverse macroeconomic context, which led to the closing of a significant number of post offices. As a result, decommissioning levels were high, despite the installation of 299 new PayShop points. A total of 3,966 points were active by the end of the year.

The risks and opportunities identified by the company are shown in the table below.

TABLE 94 | RISKS AND OPPORTUNITIES

Risks	Opportunities
<ul style="list-style-type: none">• Adverse economic and retail sector conjuncture;• Pressure to lower prices;• Replacement with online payment services;• Loss of available consumer income.	<ul style="list-style-type: none">• Launching new services and increasing customer loyalty;• Promoting convenience/the human factor as a differentiating element;• Analysing service expansion opportunities resulting from the company's Payment Institution status.

CREATING VALUE FOR STAKEHOLDERS

PayShop's corporate culture focuses on excellence, efficiency, rigour, merit, team spirit and dedication, always considering the interests of stakeholders, i.e., shareholders, retailers, customers, consumers, the community and employees.

PayShop wishes to generate value for retailers, by providing a high-quality service, totally free of charge, which contributes to promoting commerce and allows retailers to belong to a Portuguese network that brings great visibility to their businesses.

The company was registered with the Bank of Portugal as a Payment Institution in 2011 and is fully supervised by this entity.

Financial Performance (thousand Euros)

- Operating income: 15,288
- EBITDA: 7,239

Shareholders

PayShop has a sole shareholder, CTT, which benefits from the company's large profits and excellent results.

Customers

PayShop's convenient services have resulted in the establishment of close relationships with consumers, as the latter benefit from extended hours for making payments and from an extensive network of agents, located over the entire Portuguese territory.

Payment services were continuously sought after throughout the year, which allowed the company to attract 42 new agents and end the year with 541 entities that accept PayShop payments. The company organised several marketing initiatives with a view to

increasing the number of people who make their payments via PayShop.

No products or services were launched in 2012.

Customer Satisfaction

Similarly to previous years, PayShop continued to focus on strategies aimed at increasing customer loyalty and network visibility. The company undertook suitable efforts in this sense, namely regular visits to all agents by the network management team, regular renovation of points of sale and installation of new promotional materials, of greater impact, thus allowing easier identification by consumers.

No customer satisfaction surveys were carried out in 2012. However, PayShop network performance is evaluated daily (by telephone or face to face). No complaints were received. The company was not fined as a result of non-compliance with the legislation or regulations applicable to the supply and use of products and services.

The company's profitability levels are proof of the value of its payment services to the market – customers and users.

Social Responsibility

A total of 12 social solidarity campaigns whose proceeds were donated to Solidarity Institutions were organised in 2012. These initiatives resulted in 793 donations, amounting to €1,235. The 11 permanent campaigns supported by PayShop were also maintained and led to 3,702 donations, which amounted to €6,632.

The company was not fined or otherwise penalised as a result of non-compliance with applicable legislation or regulations. No lawsuits were filed for reasons related to corruption.

Human Resources

No significant changes to the number of employees occurred in 2012.

TABLE 95
NUMBER OF EMPLOYEES BY GENDER AND TYPE OF EMPLOYMENT CONTRACTTRABALHO

	Female			Male			Overall total
	Permanent employees	Fixed-term contracts	Total	Permanent employees	Fixed-term contracts	Total	
Full-time	12	4	16	16	0	16	32

All employees are qualified and work full-time. No distinct professional categories exist. The company does not currently employ foreign or disabled individuals.

The absence rate was lower than that reported in 2011, having reached 3.1%. The main reasons for absence were maternity/paternity leave (2.3%) and family issues (0.8%).

Training

Several on-the-job and external training actions were organised in 2012, with a view to developing employee skills.

The average number of training hours per employee per year was 32.2, distributed as shown in the table below.foi de 32,2 horas, distribuindo-se de acordo com a tabela seguinte

TABLE 96 | TOTAL AND AVERAGE TRAINING HOURS BY GENDER

	Male	Female	Total
Hours	570	452	1 022.0
Average	35.6	28.2	32.2

Prevention and Safety

No work accidents, illnesses or fatalities occurred.

Social Responsibility

The company participates in the social responsibility initiatives promoted by CTT, such as the annual collection of clothes, books and toys named “Somar para Dividir” (“Adding Up to Divide”).

Human Rights

As a CTT company, PayShop business is guided by the labour code and CTT’s Code of Ethics. Accordingly, child, forced and slave labour are not allowed. Similarly, no obstacles are placed on the exercise of freedom of association.

The company was not fined or otherwise penalised for non-compliance with human rights.

Awards

PayShop was nominated to the 2012/2013 European Business Awards – Portuguese Finalist, in the Customer Focus category.

RELATIONSHIP WITH THE ENVIRONMENT

Energy

PayShop’s premises are located in a CTT building, for which purpose a lease was signed between both companies. This lease includes a fixed monthly fee corresponding to maintenance expenses, including water and electricity charges, since the corresponding consumption cannot be itemised.

Fuel consumption by the PayShop fleet increased by 2.28% compared to the previous year, as a result of business growth.

TABLE 97 | ENERGY CONSUMPTION

Energy consumption (GJ)	2010	2011	2012	Δ% 12/11
Total fuel consumption	988.5	943.1	964.6	2.3%

Emissions

Fuel consumption by the company fleet was responsible for direct emissions to the atmosphere, which totalled 69.7 t CO₂.

TABLE 98 | DIRECT EMISSIONS TO THE ATMOSPHERE (T CO₂)

	2010	2011	2012	Δ% 12/11
Fleet	71.4	68.2	69.7	2.3

Greenhouse gas emissions totalled 70 t CO₂ eq.

TABLE 99 | GREENHOUSE GAS EMISSIONS (T CO₂ EQ)

	2010	2011	2012	Δ% 12/11
Fleet	71.7	68.4	70.0	2.3

Consumption of Materials

Paper is the raw material most intensively used by PayShop, with half a tonne consumed in 2012. A remarkable reduction in consumption (50%) was achieved, compared to the previous year, since the invoice copies kept by agents, which represent approximately 4,000 invoices per month, ceased to be printed.

TABLE 100 | CONSUMPTION OF MATERIALS

Type	2010	2011	2012	Δ% 12/11
Paper (tonnes)	0.9	1.0	0.5	-50.0

Waste

According to applicable legislation, all waste generated by PayShop is included within the scope of the waste management plan applicable to the CTT building.

PostContacto

SUSTAINABLE COMPANY

The Company – Vision and Strategy

PostContacto – Correio Publicitário, Lda. is a CTT Group company responsible for managing unaddressed mail. PostContacto is the undisputed market leader and sole global operator in this segment, since it ensures the delivery of unaddressed mail over the entire Portuguese territory and boasts a wide customer portfolio, including customers from all business sectors.

Taking into account potential opportunities and constraints in the unaddressed mail market, PostContacto has defined the following strategic goals: to maintain its leading position and increase its share in the unaddressed mail market; to diversity its service portfolio; to consolidate the value-added services currently provided, to implement new delivery models, to promote its postal operator licence in other areas; to develop a delivery network suitable to supporting value-added services; and to review its delivery network, currently outsourced to CTT.

Corporate Governance

The company is governed by a Board of Directors consisting of two female directors, one aged 30-50 and the other older than 50 years, and a male director, also older than 50 years. A Chief Executive Officer is responsible for all other areas.

Management Model

PostContacto is a limited company. CTT – Correios de Portugal owns 95% of the company's share capital; the remaining 5% are owned by CTT Expresso.

CTT, SA exercises its shareholder functions through the following reporting mechanisms: sharing of directors, monthly control meetings, monthly meetings of the Board of Directors, monitoring of CTT's plan, regular financial control and checking of compliance with CTT regulations.

CREATING VALUE FOR STAKEHOLDERS

Financial Performance (thousand Euros)

- Operating income: 11,145
- EBITDA: 2,444

Customers

The company assumes the positioning of a business partner before its customers, by establishing close relationships, developing value-added proposals and providing differentiating services, with a view to achieving excellence status. PostContacto focuses on innovation by adopting new technological tools that allow better quality control, namely the use of geographic information systems in transport and delivery operations, the use of georeferencing systems in campaign preparation and reporting, and the adoption of IT systems in all operations.

The convenient services provided by the company have resulted in the establishment of close relationships with consumers, as the latter benefit from extended hours for making payments and from an extensive network of agents, located over the entire Portuguese territory.

No products or services were launched in 2012.

Customer Satisfaction

PostContacto carries out market studies and customer surveys with a view to improving the quality of the services provided and increase customer satisfaction. Overall customer satisfaction was 7.4 on a scale of 1-10.

Complaints and Compensation

A total of 1,873 complaints/information requests were received, which represents a 33.6% increase compared to 2011; the compensation amount paid as a result of complaints reached €25,724.

The company was not fined as a result of non-compliance with the legislation or regulations applicable to the supply and use of products and services.

Social Responsibility

The company participates in the social responsibility initiatives promoted by CTT, such as the annual collection of clothes, books and toys named “Somar para Dividir” (“Adding Up to Divide”).

The company was not fined or otherwise penalised as a result of non-compliance with applicable legislation or regulations. No lawsuits were filed for reasons related to corruption.

Human Resources

PostContacto employs 40 full-time employees, predominantly male, of which 39 are permanently employed and 1 has a fixed-term contract.

TABLE 101
NUMBER OF EMPLOYEES BY GENDER AND TYPE OF EMPLOYMENT CONTRACT

	Female			Male			Overall total
	Permanent employees	Fixed-term contracts	Total	Permanent employees	Fixed-term contracts	Total	
Full-time	7	0	7	32	1	33	40

The absence rate increased compared to 2011, having reached 0.9%.

Training

The average number of training hours per employee per year was 20.2, distributed as shown in the table below.

TABLE 102 | TOTAL AND AVERAGE TRAINING HOURS BY GENDER AND PROFESSIONAL CATEGORYGÉNERO

	Female		Male		Total	
	Hours	Average	Hours	Average	Hours	Average
Senior personnel	116.0	38.7	194.0	97.0	310.0	62.0
Mid-level personnel	0	0	398.0	14.7	398.0	14.2
Other categories	26.0	13.0	52.0	13.0	78.0	13.0
Total	142.0	23.7	644.0	19.5	786.0	20.2

Regarding average training hours by professional category, senior and mid-level personnel received more training than the other categories.

Prevention and Safety

One accident involving a male employee, which resulted in an injury and 18 days lost, was reported in 2012. No work illnesses or work-related fatalities occurred.

Social Reporting

Diversity

Top-level management consists of a male and a female manager, both older than 50 years.

The company employs a further 24 managers (15 zone coordinators and 9 area managers), of which 8.3% are female and 91.7% are male.

Most company employees (75%) fall within the 30 and 50 years old age bracket, followed by employees aged over 50 years (20%).

FIGURE 19 | MANAGERS BY GENDER

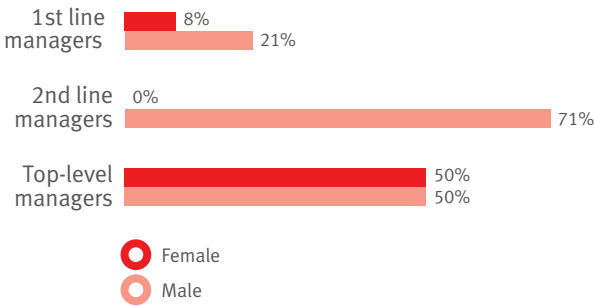


TABLE 103 | EMPLOYEES BY PROFESSIONAL CATEGORY, GENDER AND AGE GROUP

Professional category	Female								Male							
	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
Senior personnel	0	0%	2	40%	1	20%	3	60%	1	20%	1	20%	0	0%	2	40%
Mid-level personnel	0	0%	1	4%		0%	1	4%	0	0%	21	75%	6	21%	27	96%
Other categories	0	0%	2	29%		0%	2	29%	1	14%	3	43%	1	14%	5	71%
Total	0		5		1		6		2		25		7		34	

Human Rights

As a CTT company, PostContacto business is guided by the labour code and CTT's Code of Ethics. Accordingly, child, forced and slave labour are not allowed. Similarly, no obstacles are placed on the exercise of freedom of association.

Nevertheless, the company has been implementing a series of measures aimed at increasing energy efficiency and reducing energy consumption, such as awareness-raising campaigns.

Fleet

PostContacto owns a fleet consisting of 31 light-duty diesel vehicles, with average age lower than 4 years. Fuel consumption decreased by approximately 2.40% as a result of training/awareness-raising actions focused on eco-friendly driving.

The company has been choosing to purchase eco-friendly vehicles, with a view to reducing fuel consumption and its impacts.

RELATIONSHIP WITH THE ENVIRONMENT

Energy

Since PostContacto is located in a CTT building, electricity consumption cannot be itemised. The lease signed between the two companies includes a fixed monthly fee corresponding to maintenance expenses, including water and electricity charges.

TABLE 104 | ENERGY CONSUMPTION

Energy consumption (GJ)	2010	2011	2012	Δ% 12/11
Total fuel consumption	2,263.1	2,281.7	2,226.0	-2.4

Emissions

GRI EN16

Fuel consumption was responsible for direct emissions of pollutants to the atmosphere, which totalled 160.9 t CO₂.

TABLE 105 | DIRECT EMISSIONS TO THE ATMOSPHERE (T CO₂)

	2010	2011	2012	Δ% 12/11
Fleet	163.6	164.9	160.9	-2.4

Greenhouse gas emissions totalled 161.5 t CO₂ eq.

TABLE 106 | GREENHOUSE GAS EMISSIONS (T CO₂ EQ)

	2010	2011	2012	Δ% 12/11
Fleet (scope 1)	164.2	165.6	161.5	-2.4

Consumption of Materials

GRI EN1

PostContacto business does not involve the consumption of relevant amounts of raw materials. However, 2 tonnes of paper were consumed in 2012. Additionally, 0.2 tonnes of natural fabrics were consumed for staff uniforms.

TABLE 107 | CONSUMPTION OF MATERIALS

Type	2010	2011	2012	Δ% 12/11
Paper (tonnes)	2.0	2.0	2.0	0.0
Natural and synthetic fabrics (tonnes)	0.2	0.2	0.2	0.0
Total consumption (tonnes)	2.2	2.2	2.2	0.0

Waste

GRI EN22

All waste generated by the PostContacto is included within the scope of the waste management plan applicable to the CTT building where the company is located.

CTT Tourline Express Mensajería

SUSTAINABLE COMPANY

The Company – Vision and Strategy

The company’s mission is to ensure the collection, transportation and delivery of urgent items, in a safe and timely manner, within the deadlines agreed with customers. For this purpose, the company relies on a suitable logistics infrastructure and a franchisee network, as well as a trained, motivated team.

The company’s vision is to achieve a leading position within the Spanish express and urgent delivery market, as well as ensuring high quality levels, efficiency and proximity to customers.

The strategy defined by the company focuses on business growth within its market; provision of high-quality services in the express and small parcel segments; business growth within the Iberian market, by using CTT’s commercial, IT and logistics platform; maintaining a vast franchisee network; and ensuring suitable quality and safety levels.

Business Areas

The company focuses mostly on the transportation of express mail and parcels in Spain and the Principality of Andorra.

Seeking to expand its business to new market segments, in order to take advantage of existing logistics and benefit from high growth rates, the company has started operating in the philately segment.

Corporate Governance

The governing bodies are the Board of Directors (BD), the Executive Board, the General Meeting, the Statutory Auditor and the Remuneration Committee. The BD consists of 3 male directors, two from CTT, SA and one from CTT Expresso, all aged 30-50 years.

Management Model

CTT, SA exercises its shareholder functions through the following reporting mechanisms: sharing of directors, monthly control meetings, monthly meetings of the Board of Directors, monitoring of CTT’s plan, regular financial control and checking of compliance with CTT regulations.

CREATING VALUE FOR STAKEHOLDERS

Financial Performance (thousand Euros)

- Operating income: 52,294
- EBITDA: -917

Shareholders

CTT Correios de Portugal, SA owns 100% of the company’s share capital.

Customers

Tourline Express is a dynamic, innovative company, able to adjust to continuous change and varying customer needs, offering technological solutions and tools that facilitate item management, control and identification.

The company’s quality goals were fully achieved in 2012, through the certification of 100% of its delegations and 100% of its logistics platforms.

New products and/or services

Three new services were launched in 2012.

- Tourline Óticas, an exclusive service for the optical and audiology sector in Spain, the Balearic Islands, Portugal and Andorra;

- Tourline Cargo, an industrial cargo transportation service;

- Serviço Latinoamérica, a service provided in South America.

Customer Satisfaction

The company carries out customer satisfaction surveys every six months, both concerning internal customers (franchisees/agents) and external customers (final customers). The results of these surveys carried out in 2012 revealed satisfaction rates of 92.9% and 93.1% for internal and final customers, respectively.

Complaints and Compensation

The company was not fined as a result of non-compliance with the legislation or regulations applicable to the supply and use of products and services.

Social Responsibility

Following its social responsibility policy, the company was responsible for coordinating and providing logistic support to the second edition of the “En Marcha por la Parálisis Cerebral” (“Running for Cerebral Palsy”) race.

As in the previous year, the company was also responsible for providing logistic support to 2 initiatives organised by NGO Save the Children, namely

“Kilómetros de Solidaridad” (“Kilometres of Solidarity”), a race organised for the third consecutive year, and “Todos podemos sonreír” (“We can all Smile”), an initiative aimed at preventing child abuse and social exclusion.

Human Resources

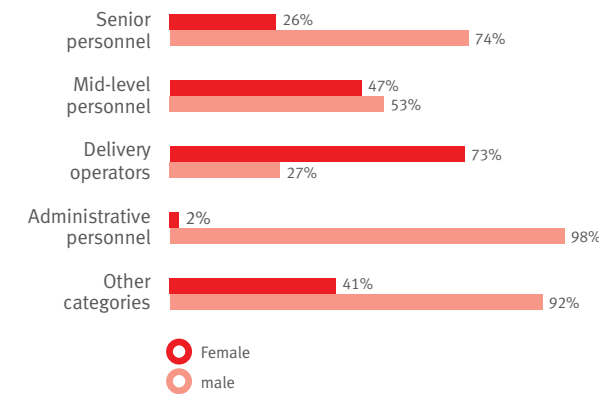
Tourline Express employs a total of 480 employees, of which 342 are permanent and 134 have fixed-term contracts, distributed as shown in the table below.

TABLE 108 | NUMBER OF EMPLOYEES BY GENDER AND TYPE OF EMPLOYMENT CONTRACT

	Female			Male			Overall total
	Permanent employees	Fixed-term contracts	Total	Permanent employees	Fixed-term contracts	Total	
Full-time	117	66	183	203	49	252	435
Part-time	7	6	13	19	13	32	45
Total	124	72	196	222	62	284	480

Most female employees belong to the “delivery operators” category (73%), whereas most male employees belong to the “administrative personnel” category (98%).

FIGURE 20 | EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER TRAINING



Training

The average number of training hours per employee per year was 45.7, distributed as shown in the table below.

TABLE 109 | TOTAL AND AVERAGE TRAINING HOURS BY GENDER AND PROFESSIONAL CATEGORY

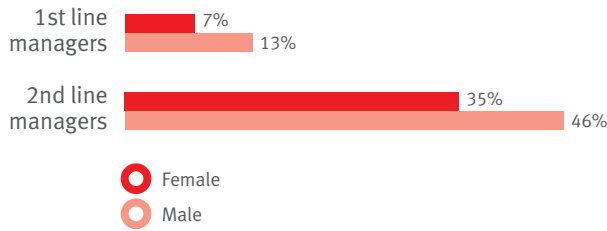
	Female		Male		Total	
	Hours	Average	Hours	Average	Hours	Average
Senior personnel	1,464.0	133.1	2,257.0	94.0	3,721.0	106.3
Mid-level personnel	1,561.5	71.0	2,934.5	66.7	4,496.0	68.1
Delivery operators	121.0	24.2	1,365.5	21.0	1,486.5	21.2
Administrative personnel	9,157.0	49.0	3,918.0	48.4	13,075.0	48.8
Other categories	271.0	33.9	2,606.5	22.9	2,877.5	23.6
Total	12,574.5	54.0	13,081.5	39.9	25,656.0	45.7

Regarding average training hours by professional category, senior and mid-level personnel received more training than the other categories.

Prevention and Safety

A total of 50 work accidents (involving 8 female and 42 male employees), which resulted in a total of 702 days lost (110 for female and 592 for male employees), were reported in 2012. No work-related fatalities occurred in 2012.

FIGURA 21 | MANAGERS BY GENDER



Human Rights

Considering the nature and scope of the services provided, the applicable legislation and CTT's Code of Ethics, child, forced and slave labour are not allowed at Tourline. Similarly, no obstacles are placed on the exercise of freedom of association.

Social Reporting

Top-level management consists of a male director, older than 50 years. The company employs a further 46 first and second line managers, of which 41% are female and 59% are male.

Whenever possible, the company seeks to select suppliers that comply with the ISO 9001 and 14001 standards.

The company was not fined or otherwise penalised for non-compliance with human rights.

RELATIONSHIP WITH THE ENVIRONMENT

Energy

Environmental reporting improved after the company's Madrid and Barcelona sorting centres obtained environmental certifications according to the ISO 14001:2004 standard, namely in what concerns performance indicator monitoring.

In this sense, an overall reduction in energy consumption was achieved, with a decrease of approximately 10% in electricity consumption and a 23% decrease in fuel consumption by the company fleet.

TABLE 110 | ENERGY CONSUMPTION

Energy consumption (GJ)	2010	2011	2012	Δ% 12/11
Total electricity consumption	5,270.3	5,210.3	4,681.2	-10.2
Total fuel consumption	5,734.8	5,187.1	3,985.3	-23.2
Total	11,005.1	10,397.4	8,666.5	-16.7

The company maintained "Ao sair faça um Click" ("Click When you Leave"), an awareness-raising campaign aimed at encouraging employees to turn electrical equipment off when leaving for prolonged periods.

Emissions

Fuel consumption by the company fleet was responsible for direct emissions to the atmosphere, which totalled 288 t CO₂.

TABLE 111 | DIRECT EMISSIONS TO THE ATMOSPHERE (T CO₂)

	2010	2011	2012	Δ% 12/11
Fleet	414.5	374.9	288.0	-23.2

Greenhouse gas (GHG) emissions are shown in the table below.

TABLE 112 | GREENHOUSE GAS EMISSIONS (T CO₂ EQ)

	2010	2011	2012	Δ% 12/11
Fleet (scope 1)	416.1	376.4	289.2	-23.2

Electricity consumption and fuel consumption by the contractor-owned fleet were responsible for indirect emissions to the atmosphere.

Electricity consumption led to the emission of 298.8 t CO₂, which represents a 10% decrease compared to the previous year.

TABLE 113 | INDIRECT EMISSIONS TO THE ATMOSPHERE (T CO₂ EQ)

	2010	2011	2012	Δ% 12/11
Electricity (scope2)	336.3	332.4	298.8	-10.4

Increased fuel consumption and emissions by the contractor-owned fleet resulted from an increase in transport operations.

TABLE 114 | INDIRECT EMISSIONS TO THE ATMOSPHERE (T CO₂ EQ)

	2010	2011	2012	Δ% 12/11
Mail transportation by the contractor-owned fleet (scope 3)	18,582.3	19,293.6	19,489.4	1.0

Water

The scope of water consumption reporting was widened in 2012, in order to include additional buildings, which led to an increase in water consumption.

TABLE 115 | WATER CONSUMPTION (M³)

	2010	2011	2012	Δ% 12/11
Água	4,900.00	4,396.00	6,093.00	38.6

Consumption of Materials

Tourline uses essentially paper and plastic in its operations, as well as using natural and synthetic fabrics for staff uniforms. Plastic is the most intensively used raw material.

Consumption of materials is shown in the table below.

TABLE 116| CONSUMPTION OF MATERIALS

Type	2010	2011	2012	Δ% 12/11
Paper (tonnes)	120.4	10.5	17.6	68.3
Plastic (tonnes)	205.8	198.4	24.4	-87.7
Natural and synthetic fabrics (tonnes)	5.1	0.3	1.2	300.0
Total consumption (tonnes)	331.3	209.2	43.2	-79.3

Waste

Waste management is undertaken by licensed operators; waste is recovered whenever possible.

Improvements to the waste reporting process have led to the identification and quantification of new types of waste. The types of waste generated are shown in the table below.

TABLE 117| WASTE

Tonnes	2010	2011	2012	Δ% 12/11	Destination
Light bulbs (*) (units)	n.d.	20.0	0.0	-100.0	Recovery
IT equipment (Computers) (units)	20.0	12.0	17.0	41.7	Recovery
IT consumables (toner and printer cartridges) (units)	n.d.	300.0	210.0	-30.0	Recovery
Wooden pallets	n.d.	255.0	28.0	-89.0	Recovery
Paper and cardboard	n.d.	118.0	15.6	86.8	Recovery
Batteries	n.d.	4.0	0.9	-77.5	Recovery
Plastic and metal (packaging)	n.d.	26.0	21.0	-19.2	Recovery
Contaminated waste (*)	n.d.	n.d.	0.6	n.d.	Recovery
Marking inks (L)	0.0	90.0	20.0	-77.8	Recovery
Glass	n.d.	n.d.	0.4	n.d.	Recovery
Undifferentiated waste	n.d.	n.d.	109.0	n.d.	Disposal
Total waste (tonnes)	0.0	403.0	422.5	4.8	

(*) hazardous waste.

TABLE 118 – WASTE BY CATEGORY AND DESTINATION

Tonnes	Recovery	Disposal	Total
Hazardous waste	0.6	0.0	0.6
Non-hazardous waste	312.9	109.0	421.9
Total	313.5	109.0	422.5

Fines and other penalties for non-compliance

The company was not fined or otherwise penalised in 2012 for non-compliance with environmental legislation or regulations.

Environmental Investment

Environmental investment totalled 4.5 thousand Euros, corresponding to waste management.



Commitment to the future

Sustainability, more than a daily effort to meet the short-term solutions, is a commitment to the future. It must be seen as something larger, on a global scale, which guarantees to companies that their future and the future of the planet are not compromised.

At CTT, sustainability is something that is part of the everyday life of the company. It is reflected in every activity in which workers are involved. It is environmental, social and economic. It is an ongoing effort to create value for the companies that ensures that the future belongs to everyone and is for everyone.

The future? The future has already begun.

And CTT is ever more present.












Achieved (≥ 95%)



Not achieved



In progress

Issue	Targets for 2012	Progress	Actions	Targets for 2013
BUSINESS MANAGEMENT				
POLICY AND STRATEGY				
	Extension of the scope of report assurance to CTT companies – Level A+		Three CTT subsidiaries verified by an external entity for the second time; additional indicators compared to the previous year	Extension and integration of reporting and independent assurance
				Definition and divulgation of multi-annual targets concerning Key Sustainability Indicators
				Adoption of international standards
				Adoption of reporting version GRI4
RELATIONSHIPS WITH STAKEHOLDERS				
	Updating of the stakeholder consultation process		Stages planned. In progress	Continued updating of the stakeholder consultation process
	Focus groups involving employees and customers		Focus groups involving employees	Focus groups involving customers
	Preparation of specific documents for different recipients		Not all planned documents were prepared	Preparation of specific documents for different recipients
				Larger and better offer in terms of products and services and maximisation of operating efficiency
ETHICS				
	Training and internal divulgation of applicable procedures		Not achieved	Internal divulgation of applicable procedures and channels and assessment of knowledge concerning the Code of Ethics
	Training/awareness-raising package on corporate ethics, aimed at managers		In preparation	Training/awareness-raising package on corporate ethics, aimed at managers
				Updating and divulgation of the Code of Ethics
ENVIRONMENTAL MANAGEMENT				
MANAGEMENT SYSTEMS				
	Progression of the corporate certification process		Under analysis	Corporate certification
	Integration of certified management systems at mail sorting centres		Achieved	Environmental certification of PostContacto
	Environmental certification of Tourline		Achieved	Implementation of improvements to the information capture, validation and reporting processes concerning Management Commitments

GRI 4.17





























Issue	Targets for 2012	Progress	Actions	Targets for 2013
ENERGY EFFICIENCY				
	Energy audit (IECMS*) of the mail sorting centre of the north		Launching of tender	Energy audit (IECMS*) of the mail sorting centre of the north
	Issuing of certificates Preparation of an improvement plan concerning the energy certification and interior air quality (REACSB*) of 53 buildings		Achieved 88 buildings (50 in the original set and 38 additional buildings)	Implementation of the ECRP – Energy Consumption Rationalisation Plan at the mail sorting centre of the south
				Preparation and implementation of Energy Consumption Rationalisation Plans in certified buildings
	4% reduction in electricity consumption		7,5% reduction	4% reduction in electricity consumption
	4% reduction in fuel consumption		6,3% reduction	4% reduction in fuel consumption
	Increased energy efficiency in transportation (l/100km)		Efficiency measures implemented	1.5% increase in efficiency (standard indicators)
				Testing of remote electricity metering solutions
	Progressive improvement of the consumption management application		In progress	Improvement of the fuel consumption management application
	Training of heavy-duty vehicle drivers in eco-driving		Training in defensive driving, certification of driver skills (HDV) and new lorries, involving 307 drivers (2,202 hours)	Training in eco-driving
	Implementation of energy consumption rationalisation measures in transport operations.		Achieved	Implementation of the ECRP – Energy Consumption Rationalisation Plan in transport operations
	Preparation of the annual ECRP Report concerning transport operations		Achieved	Preparation of the annual ECRP Report concerning transport operations
SUSTAINABLE MOBILITY				
	Purchase of 150 electric bicycles		Achieved	Allocation to routes and roll-out
	Purchase of 42 heavy-duty vehicles		Purchase of 26 heavy-duty vehicles complying with the EEV standard	Start of operation of 10 EV in Lisbon, within the scope of EU project FR-EVUE
	Testing of new electric vehicle models and analysis of the eventual purchase of new vehicles		Tests performed on several EV models of light passenger and goods vehicles	Participation in the IPC Drivers Challenge
				Updating and extension of the scope of the commuting study















* IECMS – Intensive energy consumption management system






* REACSB – Regulations applicable to energy and air conditioning systems in buildings

Issue	Targets for 2012	Progress	Actions	Targets for 2013
CONSUMPTION MANAGEMENT				
	Improvement of the water metering process		Not undertaken	Improvement of the water metering process
				4% reduction in water consumption
	5% reduction in paper consumption		6% reduction	4% reduction in paper consumption
WASTE MANAGEMENT				
	Conclusion of the study on the widening of the scope of waste management systems to CTT post offices and mail delivery offices		In progress	Study on the widening of the scope of waste management systems to post offices and mail delivery offices
	Reduction in waste generation		Amount stabilised at 775 tonnes	Reduction in waste generation
	Recovery rate increase		Decrease from 80% to 72%.	Recovery rate increase
	Analysis of the need to obtain a temporary waste storage licence		Achieved	
CLIMATE CHANGE				
	2% reduction in direct and indirect CO2 emissions, expressed as absolute indicators		7.1% reduction	4% reduction in direct and indirect CO2 emissions, expressed as absolute indicators
	Decrease in carbon emissions by postal item		Slight increase, by 1.9%	1.5% decrease in carbon emissions by postal item (scopes 1, 2 and 3)
	Participation in PostEurop and IPC carbon monitoring and management programmes		Achieved	Participation in PostEurop and IPC carbon monitoring and management programmes
	3rd party audit to the carbon inventory		Achieved	3rd party audit to the carbon inventory
BIODIVERSITY				
	Signature of a protocol with an environmental association concerning reforestation projects, dependent on EU approval/funding (“Teixo” (“Yew”) Project within the scope of Pragra Life+)		Not achieved due to lack of EU funding	
	Continued participation in the European Print Power project, which aims to promote sustainable printing and use of paper		Achieved	Press releases, advertisements and mailings
	Internal/external divulgation of the IPC study on the impact of postal industry on biodiversity		Achieved	Sponsoring of initiatives aimed at promoting biodiversity

Issue	Targets for 2012	Progress	Actions	Targets for 2013
TRAINING AND AWARENESS-RAISING ACTIONS				
	Completion of environmental training for post office, delivery office and other employees		Not achieved	Environmental training for post office and delivery office employees
	5 themed stamp issues		3 stamp issues (1.6 million stamps and a themed book, with 4.5 thousand copies published)	3 stamp issues and 1 themed publication
	Implementation of an internal TV Channel/sustainability contents		Achieved	Environmental efficiency kit for local managers
				Themed conference series
ECONOMIC AND SOCIAL				
QUALITY OF SERVICE				
	Certification of a further 154 units (total of 546 post offices and 313 MDOs)		859 units certified (550 post offices and 309 MDOs)	Certification of the entire retail network and MDOs (1,034 units)
	ISO 27001 certification of Mailtec Consultoria		Achieved	
	Shorter deadlines for solving complaints		7.7 and 28.1 days for national and international complaints, respectively	Maintaining last year's deadlines
	Maintaining the QS position (internationally)		7th position in Europe, with an improvement in performance	Maintaining the QS position in the international ranking
	Achieving the quality targets agreed with ANACOM (100 points)		255.4 points	Surpassing of the quality objectives agreed with ANACOM (100 points)
PROCUREMENT				
	Environmental criteria considered in at least 50% of prior procedures to the signature of agreements		Achieved in 70% of cases	Environmental criteria considered in at least 50% of prior procedures to the signature of agreements
	Environmental criteria considered in at least 50% of agreements signed		Achieved in 98% of cases	Environmental criteria considered in at least 50% of agreements signed
	Launching of the supplier registration process		In progress	Implementation of the supplier registration process
	Implementation of a pilot project concerning visits to suppliers, including the preparation of a checklist		5 visits carried out	Improvement and implementation of the visiting process on a routine basis
	Maintaining the average payment deadline (39 days)		Average payment deadline of 39 days	Average payment deadline (<40 days)
				Study on use of recycled paper

Issue	Targets for 2012	Progress	Actions	Targets for 2013
HEALTH				
	Increased availability of medical examinations at the workplace		Opening of blood donation stations at the workplace, available to 3,500 employees	Increased availability of medical examinations at the workplace
	Survey and screening of joining family members with illnesses recognised by the State		Review of 92% of the 223 cases identified	
			Cardiovascular screening in collaboration with the Portuguese Heart Foundation, at ten CTT buildings in the Mainland and Islands	
HYGIENE AND SAFETY				
	Continued employee training in first-aid and fire-fighting		1,821.5 hours (264 participants)	Continued employee training in first-aid and fire-fighting
	Improvement in the levels of satisfaction with working conditions		Better results (80.5% versus 76.8%)	Maintaining the levels of satisfaction with working conditions
	OHSAS 18001 certification of EAD and the mail sorting centre of the north		Achieved	OHSAS 18001 certification of the mail sorting centre of the south
	Provision of training to all areas required to comply with the OHSAS standard		315 hours (15 participants)	
	Continued newsletter publication		Publication of 7 newsletters on health, hygiene & safety at work	
	Maintaining training levels		583 training actions, totalling 12,957 hours and involving 6,601 participants	Maintaining training levels in occupational safety
	Reduction in the number of fatal accidents to 0		Achieved	Zero work-related fatalities
	5% reduction in the number of work accidents		11% reduction	5% reduction in the number of work accidents
	5% reduction in the number of days lost		22% reduction in the number of days lost	5% reduction in the number of days lost
				Provision of counselling to employees who are the victims of robbery
QUALIFICATIONS				
	Training rate of 1.23%		Rate increased from 1.19 to 1.27%	Training rate of 1.35%
			Certification of more than 179 employees by CTT's New Opportunities Centre. 1,126 certifications since the beginning	
ABSENCE RATE				
	Decrease in the absence rate to 7%		0.5% decrease – final result = 6.7%	Decrease in the absence rate to 6.5%

Issue	Targets for 2012	Progress	Actions	Targets for 2013
SUSTAINABLE MARKETING				
	Increased focus on eco-friendly products/services (traffic and revenues)		Increases of 6.2% and 4.6% in Correio Verde mail and DM revenues, respectively	Increase in the relative weight of eco-friendly products/services
	Portfolio restructuring and adoption of carbon-offsetting measures to all convenience products		Postponed	Extension of the eco-friendly portfolio to the parcel/ express mail business
	Review of the carbon offset model		In progress	Participatory carbon offset model
	Environmental product labelling (life cycle)		Not undertaken	Environmental product labelling
	Study and eventual launching of bottom-of-the-pyramid products		Under analysis	Studies/ launching of social business services
	Reverse logistics		Under analysis	Reverse logistics studies/ offer
				Development of an international standard applicable to Correio Verde mail
COMMUNITY				
	Continued work on the “Combat of Poverty and Social Exclusion Project”		Collection of more than 4,500 packages	Continued work on the “Combat of Poverty and Social Exclusion Project”
	Organisation of book collection campaigns		4 book collection and donation initiatives, with 28,950 items collected	Organisation of book collection campaigns
	Development of a plan aimed at supporting people with high debt levels		Not undertaken	
	School library (exchange of books)		Organised in 2012-2013, this initiative met the needs of 90 families	School library (exchange of books)
	5 voluntary work initiatives (total)		10 initiatives organised	6 voluntary work initiatives (total)
	At least 3 voluntary work initiatives in the environmental area		3 environmental and biodiversity protection initiatives organised	At least 3 voluntary work initiatives in the environmental area
	Implementation of a pilot project concerning long-term voluntary work		Awaiting approval	Implementation of a pilot project concerning long-term voluntary work
	“Communicating in Colours” philatelic project, dedicated to colour-blind individuals		“Communicating in Colours” stamp issue	
				Solidarity Santa Claus

Issue	Targets for 2012	Progress	Actions	Targets for 2013
DIVERSITY MANAGEMENT				
	Widening of the scope of disabled employee suitability assessment /analysis to positions in other units		Results under analysis	
	Provision of work experience opportunities to 25 individuals		Work experience opportunities provided to 19 individuals	Provision of work experience opportunities to 20 individuals
	In-depth analysis of salary distribution by gender		Internal HR publication “Who We Are”, every six months, including remuneration data by gender	
	Implementation of a training package concerning equal opportunities, including topics related to gender, harassment and age, amongst other issues		In preparation	Training in equal opportunities (including gender issues)
				Preparation of a Gender Equality Plan
				Promotion of equal opportunities and non-discrimination in recruitment and selection processes
WORK/FAMILY BALANCE				
	Viability study concerning the possible granting of scholarships/awards to children of employees		Under analysis	

GRI 3.12

TABLE 119 | TABLE OF GRI CONTENTS
TABLE OF ENVIRONMENTAL, SOCIAL AND ECONOMIC PERFORMANCE INDICATORS ACCORDING TO THE GRI

E – Essential Indicator
C – Complementary Indicator
Ind.Ass. – Independent Assurance

Table of GRI contents (excluding indicators not applicable to the company).
Three CTT subsidiaries underwent Independent Assurance – CTT Espresso, EAD and Mailtec.

Indicator number and type	Description	Page(s)	Reporting status	Independent assurance
STRATEGY AND ANALYSIS				
1.1 – E	Chairman’s Statement (Statement from the BD)	8 and 9	•	✓
1.2 – E	Description of key impacts, risks, and opportunities	17-18, 21-22, 25-26, 29-30, 115, 130, 138-139,147	•	✓
ORGANISATIONAL PROFILE				
2.1 – E	Name of the organisation	7, 13, 17	•	✓
2.2 – E	Primary brands, products, and/or services	17, 49, 111, 117, 126, 131, 140, 147, 154	•	✓
2.3 – E	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	13, 28	•	✓
2.4 – E	Location of organization’s headquarters	182	•	✓
2.5 – E	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	17	•	✓
2.6 – E	Nature of ownership and legal form	13, 45	•	✓
2.7 – E	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	13, 17, 56, 58	•	✓
2.8 – E	Scale of the reporting organization, including: number of employees; number of operations; net sales (for private sector organisations) or net revenues (for public sector organisations); quantity of products or services provided	13	•	✓
2.9 – E	Significant changes during the reporting period regarding size, structure, or ownership	6	•	✓
2.10 – E	Awards received in the reporting period	12, 120	•	✓
REPORT PARAMETERS				
3.1 – E	Reporting period for information provided	6	•	✓
3.2 – E	Date of most recent previous report <i>The last report, concerning 2011, was published in 2012</i>	7, 170	•	✓
3.3 – E	Reporting cycle <i>Reports are published annually</i>	7, 170	•	✓
3.4 – E	Contact point for questions regarding the report or its contents	7, 182	•	✓

Indicator number and type	Description	Page(s)	Reporting status	Independent assurance
3.5 – E	Process used for defining report contents, including determining materiality; prioritizing topics within the report; and identifying stakeholders the organization expects to use the report	7	•	✓
3.6 – E	Boundary of the report	6, 13	•	✓
3.7 – E	Specific limitations on the scope or boundary of the report	6	•	✓
3.8 – E	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/ or between organizations	6	•	✓
3.9 – E	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	7, 180	•	✓
3.10 – E	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of measurement methods)	6	•	✓
3.11 – E	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	6	•	✓
3.12 – E	Table identifying the location of the Standard Disclosures in the report	170-179	•	✓
3.13 – E	Policy and current practice with regard to seeking external assurance for the report	7	•	✓
GOVERNANCE, COMMITMENTS AND ENGAGEMENT				
4.1 – E	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	28, 111, 115, 126, 129, 138, 146, 150, 154	•	✓
4.2 – E	Disclosing of whether the Chairman of the Board of Directors (BD) is also an Executive Director	29	•	✓
4.3 – E	Disclosing of the number and gender of independent and/or non-executive members of the highest governing body	25, 27, 29, 111, 115, 126, 129, 138, 146, 150, 154, 156	•	✓
4.4 – E	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	55, 56, 66, 67, 111, 115, 126, 129, 138, 146, 150, 154	•	✓
4.5 – E	Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization’s performance (including social and environmental performance)	20, 25, 27	•	✓
4.6 – E	Processes in place for the highest governance body to ensure conflicts of interest are avoided <i>In addition to the provisions included in the Code of Ethics and management agreements, income statements and incompatibility declarations are submitted to the Constitutional Court, the Law Office of the Republic and the General Tax Inspectorate</i>	25, 171	•	✓
4.7 – E	Process for determining the composition, qualifications and expertise of the members of the BD and its committees, including any consideration of gender and other indicators of diversity	27	•	✓

Indicator number and type	Description	Page(s)	Reporting status	Independent assurance
4.8 – E	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	25, 111, 112, 114, 126, 129, 138, 146, 154	•	✓
4.9 – E	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	20, 25, 27, 29	•	✓
4.10 – E	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	25	•	✓
4.11 – E	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	29, 115, 130, 131	•	✓
4.12 – E	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	22, 61, 67, 78	•	✓
4.13 – E	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization Has positions in governance bodies; Participates in projects or committees; Provides substantive funding beyond routine membership dues; or Views membership as strategic	22, 33	•	✓
4.14 – E	List of stakeholder groups engaged by the organisation	39, 116, 139, 147	•	✓
4.15 – E	Basis for identification and selection of stakeholders with whom to engage	37	•	✓
4.16 – E	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	22, 38, 39, 40, 41, 46, 51, 63, 65, 67, 69, 116	•	✓
4.17 – E	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	38, 39, 67, 163-169	•	✓

Indicator number and type	Description	Page(s)	Reporting status	Independent assurance
				CTT, SA Subsidiaries
ECONOMIC PERFORMANCE				
	Management approach, targets, performance, policies and framework	12, 17-22, 29-33, 163-169		
EC1 – E	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	44, 111, 116, 126, 131, 139, 147, 150, 154	•	✓ ✓
EC2 – E	Financial implications and other risks and opportunities for the organisation's activities due to climate change	107	•	✓
EC3 – E	Coverage of the organization's defined benefit plan obligations	73, 74	•	✓
EC4 – E	Significant financial assistance received from Government <i>None</i>	173	•	✓
EC5 – C	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation <i>No employees are paid the national minimum salary. At the end of 2012, the lowest salaries paid by CTT were €603 in the counter service area and €552 in the delivery area, corresponding to ratios of 1.2 and 1.1 (salary/€485), respectively. No gender differences existed.</i>	116, 131, 139, 173	•	✓ ✓
EC6 – E	Policies, practices and proportion of spending on locally-based suppliers at significant locations of operation <i>As the official provider of universal postal service, the company operates over the entire Portuguese territory, without specialising or concentrating operations in any specific region. Regional criteria do not apply to supplier selection. Since procurement is a centralised activity, data are not itemised by region. The concept of "local" should be understood as "national". Of the total value of purchases in 2012, 97% was spent on domestic suppliers and only 3% on foreign suppliers</i>	173	•	✓
EC7 – E	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation <i>See EC6</i>	NA 173	•	✓
EC8 – E	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, inkind, or pro bono engagement	21, 49, 58, 117, 131, 140	•	✓ ✓

Indicator number and type	Description	Page(s)	Reporting status	Independent assurance	
				CTT, SA	Subsidiaries
EC9 – C	Understanding and describing significant indirect economic impacts, including the extent of impacts <i>In 2012, CTT invested €41.5 M, which benefited the Portuguese economy. Additionally, the company's presence over the entire Portuguese territory, as mentioned in the report, means that the company provides a universal public service, in the literal (and contractual) sense, as it serves the entire population, directly and with no counterparts. CTT also contributes to encouraging savings</i>	47, 56, 174	•	✓	
ENVIRONMENTAL PERFORMANCE INDICATORS					
	Management approach, targets, performance, policies and framework	12, 17-22, 29-33, 85, 97-105, 163-169			
EN1 – E	Materials used by weight or volume	99, 113, 124, 128, 136, 144, 149, 153, 158	•	✓	✓
EN2 – E	Percentage of materials used that are recycled input materials	99	•	✓	
EN3 – E	Direct energy consumption by primary energy source	87, 88, 112, 121, 127, 134, 143, 149, 152, 157	•	✓	✓
EN4 – E	Indirect energy consumption, by primary source <i>The aforementioned information can be consulted on the ERSE site (link below). The following entities supply energy to CTT: Mainland – EDP Serviço Universal, EDP Comercial, Iberdrola and ENDESA; Azores – EDA; Madeira - EEM.</i> <i>http://www.erse.pt/pt/desempenhoambiental/rotulagemenergetica/comparacaoentrecomercializadores/Paginas/default.aspx</i>	87, 121, 134, 143, 157, 174		✓	✓
EN5 – C	Energy saved due to conservation and efficiency improvements	87, 88, 121	•	✓	✓
EN6 – C	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	19, 49, 89, 92, 93, 99, 100	•	✓	
EN7 – C	Initiatives to reduce indirect energy consumption and reductions achieved	46, 87, 97	•	✓	✓
EN8 – E	Total water withdrawal by source	98, 123, 136, 144, 158	•	✓	✓
EN9 – C	Water sources significantly affected by withdrawal of water <i>See EN21</i>	NA 174	•	✓	
EN10 – C	Percentage and total volume of water recycled and reused <i>The percentage and total volume of recycled and reused water were not determined</i>	174	•	✓	
EN11 – E	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas <i>All CTT premises are located in urban and/or industrial areas</i>	103, 174	•	✓	✓
EN12 – E	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas <i>See EN11</i>	103, 174	•	✓	✓
EN13 – C	Habitats protected or restored	105	•	✓	

Indicator number and type	Description	Page(s)	Reporting status	Independent assurance	
				CTT, SA	Subsidiaries
EN14 – C	Strategies, current actions, and future plans for managing impacts on biodiversity	103, 104	•	✓	
EN15 – C	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk <i>See EN11</i>	NA	•	✓	
EN16 – E	Total direct and indirect greenhouse gas emissions by weight	94, 95, 97, 113, 122, 128, 135, 143, 149, 153, 157	•	✓	✓
EN17 – E	Other relevant indirect greenhouse gas emissions by weight	95, 96, 97, 123, 158	•	✓	✓
EN18 – C	Initiatives to reduce greenhouse gas emissions and reductions achieved	7, 97, 100, 121, 135, 143	•	✓	
EN19 – E	Emissions of ozone-depleting substances by weight <i>A leak occurred in a chiller installed at the mail sorting centre of the south, in Cabo Ruivo, Lisbon, leading to the emission of 59 kg of R134a gas before repair. No emissions of this type occurred in connection with Mailtec, CTT Expresso and EAD activities</i>	175	•	✓	✓
EN20 – E	NO, SO, and other significant air emissions by type and weight	94, 122, 135, 143	•	✓	✓
EN21 – E	Total water discharge by quality and destination <i>Water was discharged into a municipal collector</i>	175	•	✓	
EN22 – E	Total weight of waste by type and disposal method	101, 102, 113, 125, 128, 137, 145, 149, 153, 159	•	✓	✓
EN23 – E	Total number and volume of significant spills <i>A total of 18 spills occurred at mail sorting centres. However, these occurrences were not significant</i>	175	•	✓	✓
EN24 – C	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	NA	•	✓	
EN25 – C	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff <i>CTT's activities have no impact within this scope</i>	NA 175	•	✓	
EN26 – E	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	85-86, 100, 101	•	✓	✓
EN27 – E	Percentage of products sold and their packaging materials that are reclaimed by category	103	•	✓	
EN28 – E	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations <i>No fines or other penalties were incurred by CTT, SA or its subsidiaries</i>	26, 107, 159, 175	•	✓	✓
EN29 – C	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	85, 94, 98, 103, 112, 121, 143	•	✓	
EN30 – C	Total environmental protection expenditures and investments by type	107, 125, 138, 146, 159	•	✓	✓

Indicator number and type	Description	Page(s)	Reporting status	Independent assurance	
				CTT, SA	Subsidiaries
SOCIAL PERFORMANCE INDICATORS					
	Management approach, targets, performance, policies and framework	12, 17-22, 29-33, 45-49, 56-58, 63-66, 68-71, 78-81, 163-169			
EMPLOYMENT					
LA1 – E	Total workforce by employment type, employment contract, and region, broken down by gender	63, 65, 112, 118, 126, 132, 140, 148, 151, 155	•	✓	✓
LA2 – E	Number and rate of recruited employees and employee turnover, by age group, gender and region	13, 63	•	✓	
LA3 – C	Benefits provided to full-time employees that are not provided to temporary or parttime employees, by significant locations of operation	72, 74, 78	•	✓	
LA4 – E	Percentage of employees covered by collective bargaining agreements	67	•	✓	
LA5 – E	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	66	•	✓	
LA6 – C	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs <i>Prior requirements for the establishment of occupational health and safety committees have been fulfilled, although no employee representatives have yet been elected. Elections are expected to be organised by ERCTs</i>	176	•	✓	
LA7 – E	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	65, 75, 76, 118, 119, 126, 127, 132, 133, 140, 141, 148, 151, 156	•	✓	✓
LA8 – E	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	74, 75	•	✓	
LA9 – C	Health and safety topics covered in formal agreements with trade unions <i>Health and safety issues are included in several clauses of the CTT Company Agreement (CA). The provisions included in the Labour Code apply to all situations not covered by the CA</i>	176	•	✓	
LA10 – E	Average hours of training per year per employee by gender, and by employee category	67, 68, 112, 118, 127, 132, 140, 141, 148, 151, 156	•	✓	✓
LA11 – C	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	66, 69, 71	•	✓	
LA12 – C	Percentage of employees receiving regular performance and career development reviews, by gender	66	•	✓	

Indicator number and type	Description	Page(s)	Reporting status	Independent assurance	
				CTT, SA	Subsidiaries
LA13 – E	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	27, 78, 79, 80, 111, 112, 115, 119, 126, 127, 129, 133, 138, 142, 146, 150, 152, 154, 156	•	✓	✓
LA14 – E	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	81, 120, 134, 142	•	✓	✓
LA15 – E	Return to work and retention rates after parental leave, by gender	72	•	✓	
HUMAN RIGHTS PERFORMANCE INDICATORS					
HR1 – E	Percentage and total number of significant investment agreements and contracts that include human rights clauses <i>Within this scope and following the Sustainable Procurement Policy adopted by CTT, 97% of a total of 142 significant agreements signed by CTT include human rights clauses, which represents 13% of the total number of agreements signed (1,073) and 90% of the total value of agreements</i>	46, 117, 131, 139, 177	•	✓	✓
HR2 – E	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken <i>Regarding significant suppliers, 96% of a total of 105 suppliers were evaluated for compliance with human rights. In any case, human rights are safeguarded by law in all markets where CTT operates</i>	117, 131, 139, 177	•	✓	
HR3 – E	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained <i>No training is provided concerning these issues</i>	177	•	✓	
HR4 – E	Total number of incidents of discrimination and corrective actions taken <i>No instances of discrimination occurred</i>	78, 177	•	✓	
HR5 – E	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights <i>Based on the Company Agreement, no obstacles are placed to the exercise of the rights to freedom of association and collective bargaining. Supply agreement negotiations include the signature of a declaration of principles by suppliers whereby they state their commitment towards social responsibility, as expressed in clause n) “Observes all principles and procedures concerning the right to freedom of association, forced labour, child labour and equality defined in ILO’s (International Labour Organisation) Fundamental Conventions”</i>	112, 120, 127, 131, 134, 142, 148, 152, 156, 177	•	✓	✓
HR6 – E	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor <i>All forms of child labour are prohibited by CTT See HR5</i>	78, 112, 120, 127, 134, 142, 148, 152, 156, 177	•	✓	✓

Indicator number and type	Description	Page(s)	Reporting status	Independent assurance	
				CTT, SA	Subsidiaries
HR7 – E	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor <i>Regarding forced or compulsory labour, the first provisions included in the Portuguese Constitution must be considered. In fact, the elimination of forced/compulsory labour is a fundamental principle, since Portugal is a democratic state See HR5</i>	78, 112, 120, 127, 134, 142, 148, 152, 156, 178	•	✓	✓
HR8 – C	Percentage of security personnel trained in the organization’s policies or procedures concerning aspects of human rights that are relevant to operations <i>Security duties at CTT are ensured by personnel employed by private security companies and trained by their employees in the agreed procedures. In certain situations, CTT may provide specific training to safety personnel, in order to ensure that all safety rules and procedures involving people and premises are complied with, in case of crisis</i>	33, 178	•	✓	
HR9 – C	Total number of incidents of violations involving rights of indigenous people and actions taken	NA	•	✓	
HR10 – E	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments <i>None. CTT considered that evaluation of this indicator was not required, as the company observes the Portuguese Constitution and ILO Standards</i>	178	•	✓	
HR11 – E	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms <i>No complaints were received in connection with these issues</i>	120, 127, 134, 142, 148, 156, 178	•	✓	✓
SOCIETY PERFORMANCE INDICATORS					
SO1 – E	Percentage of operations with implemented local community engagement, impact assessments, and development programs	56, 61	•	✓	
SO2 – E	Percentage and total number of business units analyzed for risks related to corruption	26	•	✓	
SO3 – E	Percentage of employees trained in organization’s anti-corruption policies and procedures <i>Following the practices adopted in the previous year, a further 1,864 employees (16.4% of permanent employees) received training in issues related to money laundering and financing of terrorism, totalling 4,013 training hours</i>	71, 178	•	✓	
SO4 – E	Actions taken in response to incidents of corruption	25, 26, 118, 132, 140, 147, 150	•	✓	✓
SO5 – E	Public policy positions and participation in public policy development and lobbying <i>CTT is a member of corporate and sector entities/ organisations/associations that share its concerns and promote common interests</i>	178	•	✓	
SO6 – C	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country <i>No financial or in-kind contributions were given to political parties, politicians or any related institutions</i>	178	•	✓	

Indicator number and type	Description	Page(s)	Reporting status	Independent assurance	
				CTT, SA	Subsidiaries
SO7 – C	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	26	•	✓	
SO8 – E	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	26, 112, 118, 126, 132, 140, 147, 150	•	✓	✓
SO9 – E	Operations with significant potential or actual negative impacts on local communities <i>See EC9</i>	57, 85	•	✓	
SO10 – E	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	57	•	✓	
PRODUCT RESPONSIBILITY PERFORMANCE INDICATORS					
PR1 – E	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	50	•	✓	
PR2 – C	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes <i>No incidents occurred</i>	179	•	✓	
PR3 – E	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	46	•	✓	
PR4 – C	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	55	•	✓	
PR5 – C	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	48, 52, 54, 111, 117, 118, 126, 131, 140, 147, 150, 154	•	✓	✓
PR6 – E	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	26-27	•	✓	
PR7 – C	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes <i>No incidents occurred</i>	179	•	✓	
PR8 – C	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	55	•	✓	
PR9 – E	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	26, 111, 118, 126, 131, 140, 147, 150, 154	•	✓	✓

(Source: GRI (2011): “Sustainability Reporting Guidelines”)

GRI 3.9

Methodological note

This document contains information provided by the representatives of every division/department, through a sustainability information management system. All GRI indicators were calculated according to the GRI methodology, version 3.1.

Other indicators were calculated according to internationally agreed calculation methods, namely the incidence index (number of accidents/effective average/1,000), the number of injuries leading to one or more working days lost, and the Greenhouse Gas Protocol CO2, concerning the following:

- Direct Emissions from Stationary Combustion, according to the GHG Protocol Initiative, version 2.0, using the conversion factors listed in “Compilation of emission factors used in cross-sector tools”.
- Indirect CO2 Emissions from Consumption of Purchased Electricity, Heat and/or Steam, according to the Greenhouse Gas Protocol Initiative.
- Emissions from Mobile Sources, version 2.0, using the conversion factors listed in “Compilation of emission factors used in cross-sector tools”, for the various fuels used by the fleet, according to the corresponding consumption.
- Tool for Mobile consumption, version 2.0, according to the GHG Protocol Initiative, version 2.0, using the conversion factors listed in “Compilation of emission factors used in cross-sector tools”, for the various categories of outsourced transport operations.

The emission factor provided by the ERSE – EDP 2012 universal service was used to calculate direct emissions resulting from electricity consumption. The emission factor recommended by ADENE within the scope of energy certification and air quality in buildings was used to calculate emissions resulting from the consumption of thermal energy for air-conditioning purposes.

Glossary

Work Accident

Accident occurring at the workplace and directly or indirectly leading to bodily injury, functional disturbances or diseases causing death or a reduction in working or earning capacity.

Environmental Aspects

Aspects related to the activities, products or services of a given organisation that may have an impact on the environment.

Hybrid Mail

Mail received electronically, printed and delivered in letter format.

Sustainable Development

Type of development in which resource use aims to meet current needs without compromising the needs of future generations. This concept was introduced by means of a report prepared by the United Nations World Commission on Environment and Development: “Our Common Future”. On a corporate level, sustainable development is achieved through commitment to social responsibility and adoption of sustainable practices concerning human resources, the environment, commercial activities and social implications.

EBITDA – *Earnings before Interest, Taxes, Depreciation and (goodwill) Amortisation*

Eco-Efficiency

Delivery of competitively priced goods and services able to meet human needs while progressively reducing environmental impacts and resource use throughout the corresponding life cycle, until reaching a level at least in line with the Earth’s estimated carrying capacity.

EFQM – *European Foundation for Quality Management*.

Greenhouse Gases (GHG)

Atmospheric gases that absorb and emit infrared radiation, originating a natural greenhouse effect that keeps the Earth’s temperature within tolerable limits. The most relevant GHGs are carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF6). GHGs are emitted by natural processes and human activity, mostly combustion of fossil fuels in association with transport and manufacturing operations. Intensification in human activity has been causing a steady increase in GHG emissions. This phenomenon is leading to global warming, which, according to IPCC estimates, may cause the average temperature of the Earth to increase by 5.8°C by 2100.

Global Compact

Also known as the United Nations Global Compact, or UNGC, Global Compact is an initiative launched in January 1999 by the then Secretary-General of the United Nations, Kofi Annan, during the World Economic Forum, at Davos. Its aim is to “unite market forces in the service of individual ideals”.

The goal of the Global Compact initiative is to ensure that companies observe ten fundamental principles:

- 1 To support and respect the protection of human rights within their area of influence;
- 2 To ensure that their own organisations are not complicit in the violation of human rights;
- 3 To guarantee the freedom of association and the right to collective bargaining;
- 4 To ensure the elimination of all forms of forced and compulsory labour;
- 5 To ensure the abolition of child labour;
- 6 To ensure the elimination of discriminatory practices in employment and occupation;
- 7 To support a precautionary approach to environmental challenges;
- 8 To undertake initiatives aimed at promoting environmental responsibility;
- 9 To encourage the development and diffusion of environmentally friendly technologies;
- 10 To combat all forms of corruption, including extortion and bribery.

Corporate Governance

System by which companies are directed and controlled. The governance structure specifies the distribution of rights and responsibilities between the various parties involved, such as the Board of Directors, managers, shareholders and other stakeholders, as well as the rules and procedures to be followed in decision-making processes. In this sense, corporate governance provides the structure through which company goals are set and pursued, and performance is monitored (Source: OECD, 1999).

Corporate governance is about promoting corporate fairness, transparency and accountability (Source: World Bank, as quoted in The Financial Times, 1999).

GRI

The Global Reporting Initiative is an international initiative developed by companies, NGOs, consulting and university offices, and all parties interested in establishing a series of regulations by which companies concerned with Sustainable Development issues may abide. Its primary goal is to establish a series of sustainability reporting guidelines, which a view to helping companies prepare the corresponding reports, which should include information on the economic, social and environmental impacts of their activities, products and services.

Environmental Impact

Any adverse or beneficial changes to the environment fully or partly caused by an organisation’s activities, products or services.

AA1000SES Assurance Standard

Developed by AccountAbility, this standard provides guidelines for identifying relevant aspects during Sustainability Report production.

Air Pollutant

Substance directly or indirectly introduced by Human-kind into the atmosphere which can be harmful to human health and/or the environment.

Region

As the official provider of universal postal service, the company operates over the entire Portuguese territory, without specialising or concentrating operations in any specific region. Accordingly, data are not itemised by region.

Social Responsibility Report or Sustainability Report

The Social Responsibility Report (SRS) divulges an organisation’s economic, environmental and social performance to the general public. Social responsibility reporting guidelines are currently available, namely those developed by the GRI (Global Reporting Initiative). The objective of the aforementioned guidelines is to turn social responsibility reporting into a common practice, shared by all companies, and for reports to be produced based on a uniform series of methods and indicators, in order to allow comparison between companies.

Social Responsibility or Corporate Social Responsibility

Concept related to the adoption of sustainable development principles by companies, with particular emphasis on economic, social and environmental performance. In its Green Book, which focuses on these issues, the European Commission defines social responsibility as “behaviour adopted voluntarily by companies, beyond legal requirements, for being deemed to be in their long-term interest”.

Stakeholders

Stakeholders are all individuals, groups and organisations that affect or are affected by the activities of a given company, i.e., all parties engaged in company activities and all parties affected thereby, namely all entities directly involved with the company (employees, customers, suppliers, shareholders and directors), all entities indirectly involved with the company (the State, trade unions, institutions and the media) and the civil society (regional communities and associations in the area where the company is located).

Survey

YOUR OPINION IS IMPORTANT TO US!

Evaluation Form

Personal Data (optional):

Name

job Title

Company/Institution.....

Business Area

1. To which stakeholder group do you belong:

- ☐ Employee
- ☐ Customer
- ☐ Supplier
- ☐ Business Partner/Shareholder
- ☐ Non-Governmental Organisation
- ☐ Media
- ☐ Other*

*Please indicate which
.....

3. Which of the following aspects did you consider to be the most relevant?

- ☐ Indicator reliability and detail
- ☐ Actions undertaken by CTT – Correios de Portugal
- ☐ Policies implemented by CTT – Correios de Portugall
- ☐ Clarity of the information provided
- ☐ Other issues*

*Please indicate which:
.....

2. Please grade the various aspects of this Sustainability Report according to the scale below:

[1 = Excellent; 2 = Good; 3 = Acceptable; and 4 = Poor]

Written contents: 1 2 3 4

Size: 1 2 3 4

Graphic design: 1 2 3 4

Please add your comments and suggestions below

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Thank you for your contribution!

Published by: CTT - Correios de Portugal, SA Head
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E-mail: sustentabilidade@ctt.pt

GRI 3.4, GRI 2.4



To the board of Directors of
CTT – Correios de Portugal, S.A.

**Independent assurance report
of the Sustainability Report 2012**
(Free translation from the original in Portuguese)

Introduction

In accordance with the request of the board of Directors of CTT – Correios de Portugal, S.A. (CTT), we performed an independent assurance of the “Sustainability Report 2012” (Report). Independent assurance was performed according to instructions and criteria established by CTT, as referred in the Report, and according to the principles and extent described in the Scope below.

Responsibility

CTT's Board of Directors is responsible for all the information presented in the Report, as well as for the assessment criteria and for the systems and processes supporting information collection, consolidation, validation and reporting. Our responsibility is to conclude on the adequacy of the information, based upon our independent assurance standards and agreed reference terms. We do not assume any responsibility over any purpose, people or organization.

Scope

Our procedures were planned and executed using the International Standard on Assurance Engagements 3000 (ISAE 3000) and having the Global Reporting Initiative, version 3.1 (GRI3.1) as reference, in order to obtain a moderate level of assurance on both the performance information reported and the underlying processes and systems. The extent of our procedures, consisting of inquiries, analytical tests and some substantive work, was less significant than in a full audit. Therefore, the level of assurance provided is also lower.

The scope of our assurance was the performance indicators of the parent company and the subsidiaries CTT Expresso, EAD and Mailtec, marked as "✓" in the "GRI Index" of the Report.

The assurance of the management self declaration on the application level of the Global Reporting Initiative GRI3, based on GRI's Reporting Framework Application Levels, consisted on the assurance of consistency with the applicable requirements.



The following procedures were performed:

- (i) Inquiries to management and senior officials responsible for areas under analysis, with the purpose of understanding how the information system is structured and their awareness of issues included in the Report;
- (ii) Identify the existence of internal management procedures leading to the implementation of economical, environmental and social policies;
- (iii) Testing the efficiency of process and systems in place for collection, consolidation, validation and reporting of the performance information previously mentioned;
- (iv) Confirming, through visits to sites, that operational units follow the instructions on collection, consolidation, validation and reporting of performance indicators;
- (v) Executing substantive procedures, on a sampling basis, in order to collect sufficient evidence to validate reported information;
- (vi) Verifying the existence of data and information required to reach level A, self declared by CTT for applying the GRI3.1.

Independence

We develop our work in line with standard ISAE 3000 independence requirements, including compliance with PwC's independence policies and code of ethics of the International Ethics Standards Board of Accountants (IESBA).

Conclusions

Based on our work described in this report, nothing has come to our attention that causes us to believe that internal control related to the collection, consolidation, validation and reporting of the performance information referred above is not effective, in all material respects.

Based on the assumptions described on the scope, we conclude that the Report includes the data and information required for level A, according to GRI3.1.

As external auditors of CTT, our opinion about financial data is expressed in the “Annual Report 2012”.

Lisbon, August 30, 2013

PricewaterhouseCoopers & Associados SROC, Lda.

Represented by:

António Joaquim Brochado Correia, ROC

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