



# **Sustainability Report**

**2017**



CTT- Correios de Portugal, S.A. – Sociedade Aberta  
Avenida D. João II, nº13, 1999-001 LISBOA – PORTUGAL  
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## About this Report

### Report scope and boundary

CTT has published annual Sustainability Reports since 2005. Initially covering only the parent company (CTT, S.A.), the Reports have progressively come to include information on the different subsidiaries, in view of their significant contribution to the overall social and environmental performance. In this perspective of integration, the present report discloses the data relative to the financial year ended on 31 December 2017, whenever possible presenting aggregate information on CTT, S.A. and all its subsidiaries, jointly referred to as CTT.

A change in CTT's operational structure occurred during this reporting period. CTT formalised the acquisition of Transporta – Transportes Porta a Porta, S.A. a company offering integrated logistics solutions for delivery and transportation of goods in Portugal. However, this transaction does not change the scope of the reporting in relation to the previous year.

CTT is a public limited liability company listed on the stock exchange since 2013, with 100% of its capital in free-float, dispersed through institutional and private shareholders. The Board of Directors is composed of thirteen Directors, executive and non-executive, and the corporate bodies were elected for the three-year period 2017-2019. As an executive member (CFO) subsequently resigned, a new director was co-opted by deliberation of the Board of Directors to complete the term of office in course, with the same duties.

### Undertaking

This is the thirteenth annual Sustainability Report of CTT – Correios de Portugal, S.A. – Public Company. The reported data is based on CTT's IT, the accounting principles accepted in Portugal and the protocols indicating performance for the calculation of the GRI indicators. This document is published autonomously from the Annual Report 2017. However, it should be read together with the aforesaid report and Corporate Governance Report, as well as in consultation with CTT's website ([www.ctt.pt](http://www.ctt.pt)).

Its structure and contents reflect the management's contributions, following the Global Reporting Initiative (GRI) as a reference for the preparation of Sustainability Reports and respective protocols for the calculation of indicators. This Sustainability Report adopted the fourth generation of guidelines for sustainability reports, having obtained CORE validation, attributed by the verifying entity KPMG & Associados.

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

The essential principles for the definition of the contents of this Report were transparency, relevance, coverage and completeness, in order to provide a convenient and objective presentation to the stakeholders that will use this document. The document will be available online at [www.ctt.pt](http://www.ctt.pt) and possibly in other formats. In order to access the GRI Table with the location of each indicator, [see here](#). We are interested in receiving comments or suggestions, which can be sent to the following address: [sustentabilidade@ctt.pt](mailto:sustentabilidade@ctt.pt) or to the physical address, CTT – Correios de Portugal, a/c da Sustentabilidade, Av. D. João II, nº 13, P- 1999-001 Lisbon.

**5.1 million postal items, delivered daily to over 6 million domiciles.**

**Every day around 98,000 customers enter the 608 CTT post offices and 1,761 postal agencies**

**One of the largest national employers with 12,163 employees – one third are women**

**The largest national fleet with 3,560 vehicles and one of the largest real estate stocks with more than 1,020 buildings**

### Chairman's Statement

In 2017 we continued to protect the traditional business lines and at the same time we pursued the path of expansion of parcels and courier products and of Banco CTT, which reached close to 285 thousand customers and 619 million euros in deposits.

At the end of the year, we approved the Operational Transformation Plan, which lays the basis for the next stage in CTT's growth and operational efficiency and includes investment measures, staff cutback, limitations to salary increases and to variable remunerations. We maintained quality standards that are demanding: the overall index on service quality stood at 110.1 points in relation to the regulatory goal of 100 points, and the perceived customer satisfaction level reached 84.7%.

We were one of the first Portuguese companies in the postal industry to integrate the UN's Sustainable Development Goals (SDG) into its business strategy.

The Board of Directors includes four women (31% of the total), and CTT's administration and supervision bodies comply largely with legal minima. The company's Equality Plan was reviewed and approved, including 17 measures in various areas. We renewed our membership to IGEN - Business Forum for Equality (Fórum Empresas para a Igualdade), undertaking commitments on issues of parenthood, recruitment and selection and others. In this regard, we received two prizes from Human Resources in the categories of "Gender Equality", for the third time, and "Seniors Management", for the second time, in recognition of our work.

262,000 hours of training were imparted and the rate of absenteeism came to 6.8%. In terms of safety at work, there were 1,072 occupational accidents (none of which fatal). The Drivers' Challenge (to assess eco-efficient driving) involved 4,700 drivers and received an honourable mention in the Green Project Awards 2017.

130 volunteers and their family members were involved in 16 voluntary environmental and social actions. Community initiatives were supported with funding worth 1.1 million euros and a partnership programme was launched to offer preferential prices to CTT employees.

In the climate change area, we obtained Leadership Level A in the Carbon Disclosure Project 2017, the most important international carbon exchange rating (only 2 Portuguese companies and two others in the postal industry were assessed at this level), our carbon targets (absolute and intensity) were approved by SBTi - Science Based Target Initiative (the only company in the industry whose targets were approved) and we registered the greatest reduction in emissions in the industry worldwide, -76% (2008-16).

CTT Expresso was the first Portuguese company in the industry to fully compensate its CO<sub>2</sub> emissions, which it did by a participative vote in Facebook which involved more than half a million people.

In the area of biodiversity, we launched the 4th edition of the "A Tree for the Forest" project - a partnership between CTT and Quercus to help reforest critical areas of Portugal. The project reached more than 8 million people and achieved a record sale of 65 thousand kits, corresponding to an equal number of trees to be planted at the start of 2018.

The Eco portfolio continued to contribute to the revenues, with reasonable growth in "Green" Mail whilst growth in Eco Direct Mail remained relatively stable. It represents now about 12% of total turnover.

Fuel consumption fell by 1.8% and electricity, gas and air-conditioning grew by 3.5%; overall energy consumption was stable (+0.4%). Scope 1 and 2 CO<sub>2</sub> emissions fell 1.4%. The purchase of another 40 electric vehicles and one hybrid brought the CTT ecological fleet up to 353 vehicles, the biggest in the country.

We are today recognised as a socially and environmentally responsible company, as a result of our continued and sustainable efforts over the last decade. Continuity is part of our commitment.

António Gomes Mota  
Chairman of the Board of Directors

Francisco de Lacerda  
Vice-Chairman of the Board of Directors & CEO

## Highlights 2017

### Governance and economic development

- ✓ Increased revenues, by 2.5%.
- ✓ Total investment of the value of 28.6 million euros. Acquisition of new logistics and transport company (Transporta).
- ✓ Integration of the UN Sustainable Development Goals in the business strategy
- ✓ Female representativeness of 31% in the Board of Directors (PSI 20: 12%) and 31.6% in senior leadership positions

### Customers

- ✓ 84.7% of customers stated that they were satisfied or very satisfied
- ✓ Fully carbon offset offer of CTT Expresso
- ✓ Eco Portfolio (Mail and Express) strengthens its weight in total revenues to 12%
- ✓ Construction or renewal of 14 more access ramps at CTT post offices for people with impaired mobility
- ✓ Modernisation of the fleet with 242 new vehicles, of which 41 are electric (10% of the fleet is alternative)
- ✓ Last mile delivery test using drone technology

### People

- ✓ Increased overall absenteeism to 6.8% (+0.3 p.p.). Rate without maternity paternity, bereavement leave and study leave, 6.2%
- ✓ Increased accident rate by 9.5%, but reduction of days lost due to accidents by 7%
- ✓ 89% of the employees covered by training, involving a total of 262,480 hours
- ✓ Review of the Company Agreement 2016 (wage aspect), with wage increase between 0.65% and 1%
- ✓ Average wage gap by professional group is 7% unfavourable to the female gender (national average: 17.8%)
- ✓ Ideas Inov+ Management System Platform has 1,700 active participants

### Society

- ✓ Support to over twenty community support initiatives, among others, to the value of 1,144 thousand euros
- ✓ Organisation of 16 corporate volunteer actions, with 130 volunteers (2,314 hours)
- ✓ Launch of the 2nd edition of CTT/EPIS Mentoring, for young people at risk of early school leaving, in Lisbon and Porto
- ✓ Campaign for internal collection of donations for the fire victims of Oliveira do Hospital
- ✓ Sending of 1,259 presents to children who wrote letters to Solidarity Father Christmas, sponsored by the population

### Environment

- ✓ CO<sub>2</sub> emission goals approved by SBTi - Science Based Target Initiative (CTT pioneer in the sector, at a worldwide level)
- ✓ Environmental investment of the value of 3.5 million euros
- ✓ Reduction of fuel consumption by 1.8%, due to changes of operational model and type of fleet and growth of electricity consumption (2.4%)
- ✓ Acquisition of green energy for 100% of CTT's activity
- ✓ Increase of total emissions (scopes 1, 2 and 3) by 7.4% and reduction of scopes 1 and 2 by 1.4%
- ✓ 4<sup>th</sup> Edition of the CTT/Quercus project "A Tree for the Forest" with record participation, with more than 65 thousand kits sold

## Awards and Distinctions

### Governance

- ✓ Brand of Excellence, attributed by Superbrands 2017
- ✓ Brand with best reputation on stock market, attributed OnStrategy
- ✓ Trusted Brand of the Reader's Digest Selections, in the category of Mail and Logistics Services
- ✓ Reputation Sustainability Award attributed by OnStrategy due to the sustained robustness of the brand

### Environment

- ✓ Leadership level A in the Carbon Disclosure Project 2017, the most important international carbon stock exchange rating
- ✓ Runner-up in the CSR Coups de Coeur Environment 2017 Award of PostEurop, with the CTT Car Pooling platform
- ✓ Honourable Mention in the Green Project Awards for the "Drivers' Challenge", an eco-driving assessment system
- ✓ 4<sup>th</sup> Postal operator with best carbon performance at a worldwide level (Environmental Measurement and Monitoring System (EMMS) carbon proficiency ranking of the International Post Corporation (IPC)

### People

- ✓ Human Resources Portugal Award 2016 distinguishes CTT in the "Gender Equality" and "Management of Seniors" categories, attributed by the magazine Human Resources Portugal
- ✓ Excellence in Road Safety Awards, for the Road Safety Programme that CTT has developed since 2015

### Customers and Society

- ✓ Silver and Bronze Medals in the APCC Portugal Best Awards for the CTT and CTT Expresso Contact Centres, respectively, in the category of "Transport, Delivery and Logistics"
- ✓ Best Buy Award for the best price-quality relationship, offered in terms of express delivery services
- ✓ Global Business Awards for Payshop, in the category of Best Consumer Payments Solutions Provider – Portugal 2017
- ✓ CTTAds.pt solution distinguished with the Post Europ Innovation Award 2017
- ✓ Wipa Grand Prix 2017 awarded for the "Canning Industry" stamp issue, the first in the world to be enclosed in genuine fish cans
- ✓ Logistics Excellence Award 2017 for the project of the New Architecture of the Production and Logistics Network (NARPEL)
- ✓ 1st prize in the World Post & Parcels Awards, the Oscars of the World Postal Industry, in the category of Personnel Management with NAVEINFORMA, which enables communication in real time with all the workers of the network
- ✓ HIGHLY RECOMMENDED honourable mentions of the World Post & Parcels Awards, in the categories of Social Responsibility, with the Solidarity Father Christmas project, and Technology, with the CTTAds.PT project

### Communication

- ✓ Fundacom Award in the category of Corporate Radio and Television, with CTT TV. CTT also received 2 honourable mentions in the categories of External Event (up to 1000 people), with the Assessment Day 2016 of the Employer Brand, and Internal Publication, with the "Move-nos" Magazine
- ✓ Brand of the Year in the Marketeer Awards 2017

## 1. CTT

### 1.1. Management Model and Corporate Governance

The company endorses a governance model of Anglo-Saxon nature, where the Board of Directors is responsible for the Company's administration, and the Audit Committee (composed of non-executive independent Directors) and the Statutory Auditor are responsible for its supervision.

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Having been endorsed after the privatisation of CTT, this model enabled the consolidation of the structure and practices, in line with the best national and international practices, promoting the effective performance of duties and coordination of the corporate bodies, the regular operation of a system of checks and balances and the accountability of its management to the Shareholders and other stakeholders.

In the context of its administration duties, the Board of Directors delegated current management powers to an Executive Committee, whose action is supervised by the Non-Executive Directors, namely by the Corporate Governance, Evaluation and Nominating Committee, composed entirely of five Non-Executive Directors, of whom four are independent. The Chairman of the Executive Committee holds other positions in the organisation, namely chairing the Board of Directors in subsidiaries and some Committees of the company and being a member of various Commissions of subsidiaries.

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As at 31 December 2017, CTT's activity is essentially developed in the mail, Express & Parcels business, in the financial services and at Banco CTT. For more detailed information on the Company's organisational structure, please see the Corporate Governance Report 2017 which is available at [www.ctt.pt](http://www.ctt.pt).

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The company operates in Portugal, Spain and Mozambique and holds subsidiaries that complement its overall offer. At the end of the year, the main subsidiaries 100% held by CTT were the following: Banco CTT, S.A.; CTT Expresso – Serviços Postais e Logística, S.A.; Escrita Inteligente, S.A.; Mailtec Comunicação, S.A.; Payshop (Portugal), S.A.; CTT Contacto, S.A., Tourline Express Mensajería, SLU and Transporta – Transportes porta a Porta, S.A.

CTT also has stakes in the following companies: CORRE – Correio Expresso de Moçambique, S.A. (50%) and Multicert – Serviços de Certificação Eletrónica S.A. (20%).

In view of the company's scale and numerous areas of action and operation, various Management Support Committees were created in order to monitor and control the Company's activity, both in terms of the implementation of the strategy defined by the Board of Directors, and compliance with the rules in force.

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As at 31 December 2017 the following committees were operational: Risk Management Committee, Credit Committee, Investment Committee, Real Estate Management Committee, Business Monitoring Committee, Information Systems Committee, Communication Committee as well as the Sustainability Committee, whose objective is to define, monitor and develop a coherent, solid and dynamic sustainability policy which involves all the employees and other stakeholders. This Committee is composed of members of the Executive Committee presided by the CEO. The responsibility for coordination lies with the Brand and Communication Department which holds meetings with the managers of the most relevant departments, of the Subsidiaries and of Sustainability. For further information, see the Corporate Governance Report.

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The General Meeting is competent, among other matters, to elect the members of the corporate bodies (including the members of the Board of the General Meeting, Board of Directors and Audit Committee, as well as the Statutory Auditor under proposal of the Audit Committee), appraise the report of the Board of Directors, discuss and approve the balance sheet, the accounts and the opinion of the Audit Committee, decide on the appropriation of net income for the year and deliberate on amendments to the Articles of Association.

GRI LA12



The Audit Committee (currently exclusively composed of independent members), together with the Statutory Auditor, perform the duties of supervision that arise from the applicable legal and regulatory provisions, where the Audit Committee is responsible for promoting and monitoring the independence of the Statutory Auditor and the Company's internal audit, with a view to contributing to the quality of the financial information and the efficacy of the internal control and risk management systems. The Audit Committee promotes an annual assessment of the efficacy of the system and proposes the necessary measures for its improvement.

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Furthermore, the Remuneration Committee (composed of members who are independent in relation to the administration and elected by the General Meeting) is responsible for establishing the remunerations of the corporate bodies. For more detailed information on the Company's governance model. Please see the Corporate Governance Report 2017 which is available at [www.ctt.pt](http://www.ctt.pt).

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### Corporate Bodies

Board of Directors – Chairman (Non-Executive), António Sarmento Gomes Mota; Executive Chairman (CEO) and Vice-Chairman of the Board of Directors, Francisco José Queiroz de Barros de Lacerda. Executive Members of the Board of Directors: Dionizia Maria Ribeiro Farinha Ferreira, António Pedro Ferreira Vaz da Silva, Francisco Maria da Costa de Sousa de Macedo Simão and Guy Patrick Guimarães de Goyri Pacheco (CFO).

GRI LA12

Non-Executive Members of the Board of Directors: Nuno de Carvalho Fernandes Thomaz, José Manuel Baptista Fino, Céline Dora Judith Abecassis-Moedas, João Afonso Ramalho Sopas Pereira Bento, Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia, Maria Belén Amatriain Corbi, Rafael Caldeira de Castel-Branco Valverde. The Board of Directors is entirely composed of nine male members and four female members, with four persons in the age cohort between 30 and 50 years old and all the rest being over 50 years old.

Board of the General Meeting – Chairman, Júlio de Lemos de Castro Caldas; Vice-Chairman, Francisco Maria de Moraes Sarmento Ramalho. Composed of two male members, both aged above 50 years old.

For further information on the composition of the Audit Committee, Remuneration Committee, Corporate Governance Committee, Ethics Committee, Company Secretary and Statutory Auditor, consult [www.ctt.pt](http://www.ctt.pt).

### Goals for 2018

- Endorsement of Global Compact
- Awaiting launch of the Iberian DJSI
- GRI4 reporting standard – Comprehensive
- Sustainability Committee – regular activity

## 1.2. Corporate Strategy, Challenges and Trends

The postal sector is undergoing a thorough transformation. At an international level there is evidence of the adaptation of postal operators to the constantly changing reality, a competitive environment in which the traditional business is declining. CTT's strategy is defined taking into account the sector's trends, the best practices and successful strategies adopted and principally the specific needs of its markets. The sector's trends are summarised in the following points:

- Digitalisation;
- Growth of e-commerce;

- **Globalisation, Liberalisation and Privatisation;**
- **Diversification;**
- **Focus on efficiency;**
- **Internet of Postal Things.**

### **Strategic lines**

CTT has progressively adopted a strategy of diversification; however, it is still fairly dependent on the mail business (>70% of its revenues compared to 40% for the sector) and is at an initial stage of transformation due to the as yet limited penetration of parcels from electronic commerce in Portugal, and due to the fact that Banco CTT only started its activity in 2016.

This year, it was fundamental to review CTT's strategy to accommodate urgent actions and pursue the strategic transformation of the postal business, in the medium term, in order to improve profitability and strengthen the quality of service. Also considered equally priority is the development of non-postal business, namely Express & Parcels and Banco CTT.

### **A. Redesign the postal business**

The Operational Transformation Plan will be implemented in a gradual form up to 2020, with the continuous involvement of the Executive Committee and Board of Directors. The plan can be summarised as 4 major initiatives:

- Adjustment of the policies on human resources and increased effort to reduce costs related to external supplies and services;
- Reinforcement of the programme to optimise human resources (continued elimination of redundancies) and rationalisation of non-strategic assets (sale of non-core real estate properties, saving costs associated to them);
- Optimisation of the Retail Network through conversion of post offices into postal agencies or closure of post offices with low demand, while maintaining proximity to citizens, the quality of the service and compliance with the regulatory requirements;
- Reorganisation of the Delivery Network, to improve operational efficiency.

### **B. Transform and develop the non-postal business**

It is crucial that the structure should be capable of capturing the opportunities arising from the market and meeting the needs of the customers, always in evolution. The modernisation of CTT's business model involves, among others, the following initiatives:

- Above market growth in parcels and value-added services (mail & parcels);
- Continued pursuit of Banco CTT's path in order to achieve breakeven;
- Stimulation of sales and increased profitability;
- Improvement of the data management technology and platform, so as to enable developing innovative offers with added value;

Transversally to this set of strategic priorities, sustainability performs a fundamental role, operating as one of the main drivers, always present, in the execution of the initiatives defined in the strategic plan. This fact is indeed confirmed by the inscription of the Vocation of Sustainability – social and environmental aspects, in CTT's Vision.

CTT's commitments to sustainability before society are based on its strategy as a responsible company. This reflects the company's challenges and its response to the needs of the stakeholders. For further information on this topic, consult chapter 2 of this Report.

### 1.3. Products and Services

As a modern company, attentive to the needs of its customers, CTT expands its integrated offer of products every year in the areas of mail, express and financial services, seeking to enrich its portfolio and cover all emerging market niches. To this end, a Commercial Excellence Programme has been implemented, aimed at dedicating more time to the customer and increasing the service quality, i.e. providing turnkey products and services through a single interlocutor.

The ecological aspect is also one of the most important points which is currently covered in relations between companies and their customers, and in this area too, CTT seeks to offer 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 2,369 postal outlets among which the following are particularly noteworthy:

- **Mail Products** – of national and international scope: ordinary mail, priority mail (priority sorting); registered mail (high level security and priority sorting with possibility of incorporating special services), “green” mail (convenience product – does not require stamping or weighing – and sustainable – manufactured with environmentally friendly materials and with carbon offsetting), editorial mail (offering economic price rates for sending books, newspapers and publications), dispatches for the visually impaired and parcels (national up to 10 kg / international up to 30 kg);
- **CTT packages** – padded envelopes and boxes;
- **Convenience Services** – Post Office Boxes, Storage of Parcels, Electronic Notice, PICK&GO, General Delivery, Resending of Letter Mail, Postal Representation, Withholding of Mail and SIGA;
- **Express Mail** – EMS Economy; EMS International; CTT e-Segue, with track & trace services; charging, fragile, secure and Click&Ship;
- **Own, Third Party and Citizen Support Products** – Postage Stamp Booklets, Seasonal Greeting Cards, UNICEF Products, Chocotelegram (“telegram” in chocolate), Youth Card, Electronic loading of Transport Tickets, Social Mobility Allowance refund, among others.
- **Collector's items** – stamps, annual and theme books and collections, commemorative stamps; the collectors' club;
- **Advertising Mail** – National and international Direct Mail, ECO Direct, Geocontact, Unaddressed Mail (Contact Mail and Infomail), ECO Unaddressed Mail, Direct Sampling, Delivery on Public Roads. Involves special means of communication and promotion of products, services and brands, allowing the customer to be reached directly and effectively through the delivery of messages, enabling the measurability of the results, communication with pre-selected target groups and inclusion of response supporting structures;
- **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, exclusively for lawyers); ViaCTT (electronic mailbox); and geographic information services;
- **Financial services** – saving (Public Dent – Saving Certificates, Treasury Certificates, Insurance Capitalisation, Retirement Saving Plans); Payments (invoices, tolls, taxes, mobile telephone loading, tickets); Postal Orders and Transfers (national and international postal orders, Western Union); Life insurance (health) and non-life insurance (personal accidents, multi-risk, etc.); Payshop offers innovative services;

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GRI EC7

- **Bank services** – demand deposit accounts, saving solutions (term deposit and saving account), mortgage loan, debit cards, transfers and direct debits, credit card and personal credit;
- **Telecommunications** – sale of mobile telecommunication equipment and services;
- **Consulting** – in this business, CTT is present in Europe, Africa and Latin America.

### Accessibility

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

With close to 98 thousand customers/day at CTT post offices and a daily average of more than one postal item delivered per household, accessibility is one of its distinctive features. The company provides the largest contact network at a national level, operating as a structuring and determinant element for social cohesion within the country.

At the end of 2017, CTT's network of contact with the public was composed of 608 CTT post offices and 1,761 postal agencies, amounting to 2,369 points of access as well as 4,702 postman delivery rounds, which assure the availability and accessibility of the counter and delivery service, embodying a convenient and multi-service platform.

Supplementing this, the network also had 1,899 stamp sales points, 175 automatic stamp vending machines and 14 automatic vending machines of mail products. The network of mailboxes reached 10,759, located at 9,658 geographic points at a national level. Apart from these, there are also 6,800 Payshop payment points.

The dimensioning of the postal network is determined by two critical factors: the capacity to generate business and the obligations to provide the aforesaid public service of universal character. This universal service implies that CTT is an operator committed to providing service throughout the entire country, in a permanent form, in the most far-flung and hidden corners, without exceptions and at the same price.

This reality generates conflicting goals between the maintenance of the company's economic sustainability and its action of social responsibility towards the neighbouring community, with the inherent costs. In this context and when necessary, CTT has established solutions with local partners, preferably Parish Councils, in this way keeping the relations of proximity and trust that CTT has upheld with the customers and population, and assuring the quality of service.

Any alteration and impact on the community of possible changes in the operating model are analysed internally, based on information collected onsite by internal and external agents, so as to assure the satisfaction of the population.

As established in the Concession Contract, for 2015/2017 the objectives were defined for postal network density considering factors such as the distance to be travelled by customers in order to reach the closest access point, according to the urban or rural nature of the geographic areas, as well as the citizens' accessibility to the various mail services and the opening hours when they can use them. Full compliance with the objectives defined reinforces the Company's intention to maintain a network offering proximity and convenience to its customers and the population in general.

In European terms and based on the available data, CTT continues to show a good level of penetration of the postal services, with a postal coverage similar to that of the European Community average.

GRI 8

GRI EC8

GRI SO1

GRI SO2

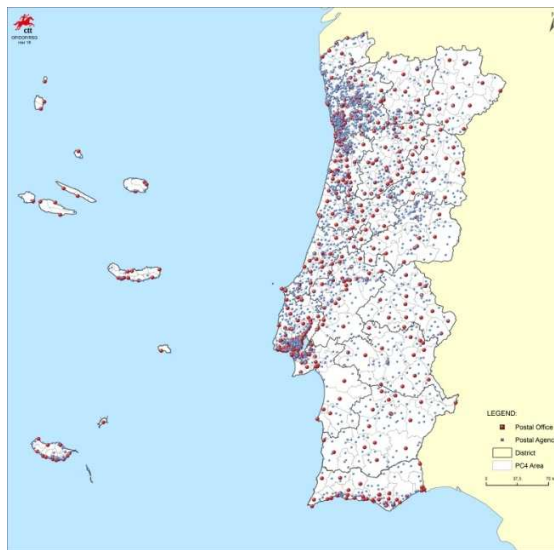
GRI SO10

**Table 1 – Postal density and coverage**

	Inhabitants per postal establishment					Km <sup>2</sup> per postal establishment				
	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
EU Average	4,766	4,487	4,389	4,605	n.a.	41	39	38	40	n.a.
Portugal	4,277	4,485	4,444	4,413	4,357	38	40	40	39	39

Source: UPU

Note: Considering fixed postal establishments


**Figure 1 – Retail Network and postal agencies**

**Figure 2 – Network of postal delivery offices**

In terms of accessibility by disabled people, the company continues to pursue modernisation and renovation work, having built or renovated a further 14 access ramps at CTT post offices, of the value of 103 thousand euros. The types of accesses which have been constructed include interior or exterior ramps, lift platforms, removable ramps, ramping in public areas close to the entrance of the post office, alteration of façades with door opening with side elevation, or others. Thus, around 92% of the total post offices currently show improved conditions of accessibility.

### Sustainable Marketing

CTT has progressively experienced the continued interest of its customers in using environmentally friendly mail products which are very often also an element of communication, in view of the customers' sensitivity to these arguments, thus contributing to improve the company's image among the public. Since its launch in 2010, total sales of the range of CTT eco products represent a revenue of approximately 82 million euros, "Green" Mail revenues have grown by 280% and Eco Direct Mail products have grown by 250%, to a large extent driven by the visibility of their environmental and carbon attributes.

"Green" Mail is a 100% ecological offer, which combines convenience (easy to use, no need for weighing) and ecology. All the packages are produced with environmentally friendly materials (paper and ink) and are carbon neutral, without additional costs to the customers. The emissions produced along the value chain, which were unavoidable, are fully offset by the support given to projects with benefits that are either environmental (combat of climate change and conservation of biodiversity) or social (support to

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GRI EC7

GRI EN7

GRI EN27

GRI EN19

employment creation and improvement of the quality of life of local communities). “Green” Mail has carried out promotional campaigns aimed at increasing brand recall, with the volume of the eco range having increased annually by 3.4%, involving around 5.0 million objects. On average, each “Green” Mail item delivered by CTT leads to the emission of 66.5 grams of CO<sub>2</sub>.

The range of Eco Direct Marketing services provides a distinctive symbol for the campaigns which are stand out positively due to their environmental performance, through compliance with various ecological criteria. This measure sought to project the use of the channel of mail with ecological merit, through the use of ecological raw materials, responsible production processes and appropriate management of the end of life cycle. In 2017, although its annual volume fell for the first time in absolute terms, the Eco range maintained its relative weight (37%) in the overall volume of Direct Mail, involving around 25.6 million objects, a value which represents a revenue of approximately 5.7 million euros and derives from the effort made to encourage the customers to use the eco line.

From 2016, CTT proceeded with the full carbon offsetting of the Express offer, having expanded CTT's green offer which reached close to 12% of the company's total revenue in 2017.

CTT launched the 2nd edition of the participatory carbon offsetting initiative in 2017, placing to public vote the projects for full carbon offsetting of the Express & Parcels offer, on the CTT Esfera Facebook book. The launch of the 3rd edition is foreseen for 2018, when the projects to be funded for offsetting the “Green” Mail emissions will be selected. This initiative confirms CTT's alignment with the UN's Sustainable Development Goals 12 and 13, which CTT endorses, enables meeting the expectations of our stakeholders and allows them to participate actively in the decision-making process.

For “Green” Mail carbon offsetting, CTT has funded 3 offsetting projects, one of which is national and supports the conservation of the truffle plants of Serra da Freita. The other funded projects are international, one aims to promote the reforestation of the National Parks of Gorongosa and Marromeu, in Mozambique, and the other supports the sustainable production of ceramics in a factory located in the State of Sergipe, in Brazil, through the use of renewable biomass as fuel for the production of thermal energy. For the Express offer, apart from the Brazilian project using renewable biomass indicated above, a Portuguese project which supports the conservation of river organisms was also elected, by voting open to all Portuguese. With this initiative, CTT was nominated runner-up of the GPA - Green Project Awards 2018, in the category of Mobilisation Initiative.

### Goals for 2018

- **Voting for expansion of the participatory carbon offsetting model of “Green” Mail**
- **Implementation of new inverse logistics businesses**

## 1.4. Innovation

The challenges of the growing digital transformation affect all business ventures, including that of postal operators and can only be overcome through a consistent effect of reinvention and innovation. CTT has constantly designed new services, offering new business opportunities to maintain their position of leadership in the market.

Thus, in terms of R&D, in particular in the **business units**, we highlight:

- Boosting of the Express & Parcels business, especially of electronic commerce:
  - Consolidation / expansion of the CTT e-Segue offer, complemented with its own app;
  - Provision of automatic lockers for parcel delivery in 5 locations of major circulation in Lisbon;



- Launch of pilot solution for dynamic delivery based on mobile application and in an urban context (Lisbon), making fast deliveries for e-commerce (Same Day & Instant Delivery).
- Reinforcement of the Mail business
  - Launch of the CTTAds.pt service (online generation and management of advertising campaigns). Service distinguished with the Post Europ Innovation Award for 2017;
  - Last mile delivery test using drone technology;
  - ViaCTT increased with accessibility via app;
  - Expansion of the Online Receipts Solution (ROL): presence in over 1,200 post offices and postal agencies, and study of their integration with partners and major customers;
  - Automatic feeding system of the Rest Mail, based on robots and automated arm.
- In the financial area, we highlight:
  - Consolidation of the activity of Banco CTT and launch of the Mortgage Loan offer;
  - Payshop offers innovative solutions.
- In terms of initiatives of corporate scope, note should be made of the following:
  - New functionalities associated to personalised stamp Meu Selo and postcard Meu Postal, and Booking facility on the CTT app (available for Android and IOS);
  - SAP – Increased agility, introduction of innovative technology with advanced Big Data analytical tools and new customs portal to simplify the customers' procedural relations with customs.
- In the context of the internal suggestions programme “+ INOVAÇÃO by CTT”:
  - Management of the Ideas with more than 1,700 users and 700 ideas;
  - Exploratory Innovation – exploration and analysis of the most significant technological and market trends.

## 1.5. Supplier Chain

### Business relations

In 2017, the volume of awarded purchases stood at 50 million euros, involving a total of 1,048 completed purchase processes, corresponding to a 1.5% decrease in relation to the previous year. The procurement groups that most contributed to this value were those of Transport and Infrastructures and Technology, representing, as a whole, 61% of the awarded amount.



*It has been a tremendous honour and satisfaction to Europac to have been a longstanding partner of CTT in the provision of cardboard packaging, namely for its Eco line (Green Mail).*

*The Europac Group is present in all sectors of the industry of paper and cardboard for packaging, the integrated management of waste, and forestry operation as a necessary source of raw material for the manufacture of recycled paper and kraft-liner. We are FSC certified, a custody chain system that complies with the requirements of the Forest Stewardship Council.*

Bruno Carmo  
Technical Commercial Representative



### Qualification and selection of suppliers

The project of visits to suppliers, focused in their productive capacity and the assessment of the manufacturing conditions of new suppliers of materials of the supply chain has progressed. Hence, meetings are now commonly held aimed at partnerships in the development of new materials or

maturation of already existing materials, constituting an opportunity of improvement for our suppliers and consequent increased competitiveness in the market.

These visits to suppliers also 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, and compliance with human rights. This year, we highlight the visit to a supplier to assist in the correction of a problem detected in one of the supplied materials, contributing to the supplier's development.

On matters of qualification and selection, we ensure that the Declaration Template used in the technical specifications of consultation and procurement processes, which emphasise the company's concerns of compliance with matters of environment, labour rights, human rights, non-discrimination, etc. by our suppliers, is part of the tender components of all procedures.

In procedures that are highly complex, either due to the service or supply involved, or due to the value or coverage of the provision at organisation, CTT has frequently selected procedures with prior qualification of suppliers in the case of public procurement or using market prospecting tools to appraise which suppliers have the best capacity for the intended provision.

During this year, 102 new suppliers were recorded, of which 61% signed a statement of commitment with criteria associated to environment and labour practices, among others.

The number of contracts considered significant stood at 140 in which all include clauses relative to compliance with legislation and good practices on matters of human rights, labour, environment and impact on society. Specifically, in relation to the inclusion of procedures relative to environmental criteria in these contracts, the predefined objectives were surpassed.

### **Risk assessment**

CTT has contracted a service to evaluate the risk of the suppliers. This assessment is primarily incident on aspects of financial nature and risk. The 10 main suppliers in terms of volume of awards are considered critical and subject to particular analysis, having accounted for 29% of the total value awarded this year.

The two suppliers awarded the highest value operate in the area of IT, more specifically in the provision of services of operational software development and maintenance services, and represent around 9% of this value. The risk generated to CTT's activity is very low, considering the nature of the provision which has no direct influence on the company's productive cycle and the existence of other partners capable of meeting this need.

Among the remaining main suppliers, we highlight some, in the Transport area, which despite having lower contractual values, as a whole represent around 8% of the volume of awards and are identified as potential generators of risk, due to the object of the contract: operational hire of light vehicles and complementing services, used in the performance of CTT's activity, and outsourcing of transport routes.

In this Transport procurement group, the bids of the competitors in these procurement processes were assessed with six factor weighting, two of which being related to consumption and pollutant emissions, reflecting CTT's concern to mitigate the risk of the environmental impact of its activity.

Procurement contracts for transport services also include very strict clauses of environmental nature, in particular: age limit of the fleet used; maintenance plan; requirement of specific training in eco driving and safe driving by the outsourced entities; access of CTT to data on the outsourced routes, among others.



### Responsible Procurement Policy:

CTT has a Responsible Procurement Policy, aimed at promoting the improvement of the environmental and social aspects of the value chain, through the involvement and accountability of its suppliers. This Policy includes the following features: the Policy is publicly available at [www.ctt.pt](http://www.ctt.pt); it covers the fields of Health, Safety, Environment, Working Conditions, Ethics and Business Continuity; it is integrated in the tender documents; includes a rescission clause due to non-compliance; it is applicable to all suppliers.

The focus on ecologically friendly consumption has concentrated not only on reducing the environmental impact associated to the use of resources but also on the selection of suppliers through the inclusion of environmental criteria in tender procedures. On this matter, although CTT is a 100% private company, goals have been established in line with those of the National Public Procurement System (60% attainment), which have been systematically surpassed. In 2017, environmental criteria were used in 79.2% of pre-contractual procedures, and contracts concluded with environmental criteria represented 98.7% of the total.

On matters of Human Rights, we highlight the gradual application of clauses in our contracts that determine the need for CTT consent for any outsourcing of services by our suppliers concerning the provision of services contracted with CTT, assuring that we know the supply chain in all its dimensions.

GRI EN33

GRI EN27

GRI EN32

### Goals for 2018 and following

- Maintenance of the Ecological Public Procurement targets (60%)
- System for recording, qualification and assessment of suppliers by 2020
- System for SR qualification of suppliers
- Average payment period within 60 days

## 1.6. Shareholders

CTT's share capital is 75,000,000 euros, fully paid-up and underwritten, being represented by 150,000,000 ordinary shares (there are no different categories), registered, book entry, with nominal value of 0.50 euros each, listed for trading on the regulated market of Euronext Lisbon.

As usual, CTT conducted a study to characterise its capital structure. This work identified 181 institutional shareholders holding approximately 60% of the company's capital and 3 family office investors with approximately 18%.

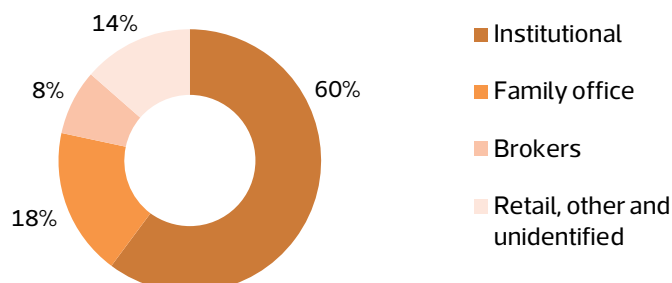
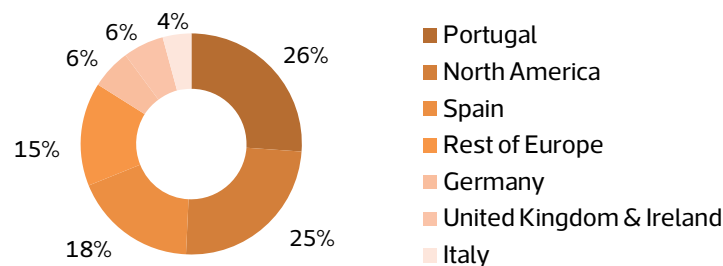


Figure 3 – Shareholder composition by investor profile

According to this study, at the end of 2017, the investment based in Portugal represented 26% of CTT's shares held by institutional investors and family offices (compared to 20% at the end of 2016), while the investors based in North America and Spain held 25% and 18% respectively (compared to 18% and 11% at the end of 2016). The study also identified on that date investors based in Germany, United Kingdom & Ireland and Italy that held 6%, 6% and 4% of CTT's shares, respectively (compared to 13%, 17% and 0% at the end of the previous year).

In the rest of Europe, the investors with these profiles held 15% on that date (compared to 21% at the end of 2016). This implies that the American, Spanish and Portuguese investors increased their stakes in CTT's capital, but those of the United Kingdom, Germany and France reduced theirs significantly.



**Figure 4 – Geographic distribution**

By the end of the year, it was evident that CTT's 10 largest shareholders (which include institutional investors and family offices) held 37% of the Company's capital (compared to 46% at the end of 2016), while the 25 largest held 54% (compared to 66% at the end of 2016). For further information, see the Corporate Governance Report.

Holders of qualified shareholdings		No. of Shares	% Share Capital	% Voting rights
Gestmin SGPS, S.A. <sup>(1)</sup>		16,733,301	11.156%	11.156%
Manuel Carlos de Melo Champalimaud		284,885	0.190%	0.190%
<b>Manuel Carlos de Melo Champalimaud <sup>(2)</sup></b>	<b>Total</b>	<b>17,018,186</b>	<b>11.345%</b>	<b>11.345%</b>
Global Portfolio Investments, S.L. <sup>(3)</sup>		8,492,745	5.662%	5.662%
<b>Indumenta Pueri, S.L. <sup>(32)</sup></b>	<b>Total</b>	<b>8,492,745</b>	<b>5.662%</b>	<b>5.662%</b>
<b>Credit Suisse Group AG <sup>(4)</sup></b>	<b>Total</b>	<b>4,965,530</b>	<b>3.310%</b>	<b>3.310%</b>
<b>Norges Bank</b>	<b>Total</b>	<b>4,726,966</b>	<b>3.151%</b>	<b>3.151%</b>
<b>BNP Paribas Asset Management, S.A. <sup>(5)</sup></b>	<b>Total</b>		<b>3.10%</b>	<b>3.10%</b>
<b>Wellington Management Group LLP <sup>(6)</sup></b>	<b>Total</b>	<b>3,105,222</b>	<b>2.070%</b>	<b>2.070%</b>
<b>Kairos Partners SGR SpA <sup>(7)</sup></b>	<b>Total</b>	<b>3,075,000</b>	<b>2.050%</b>	<b>2.050%</b>
<b>CTT, S.A. (own shares) <sup>(8)</sup></b>	<b>Total</b>	<b>1</b>	<b>0.000%</b>	<b>0.000%</b>
<b>Other shareholders <sup>(9)</sup></b>	<b>Total</b>	<b>103,970,006</b>	<b>69.313%</b>	<b>69.313%</b>
<b>TOTAL</b>		<b>150,000,000</b>	<b>100.000%</b>	<b>100.000%</b>

**Table 2 – Shareholder structure as at 31 December 2017**

In 2017, CTT paid a dividend of €0.48 per share and the CTT share price depreciated by 45.59%. As at 29 December 2017, in the last stock exchange session of the year, at market closing the CTT share price was €3.507.

## 2. Materiality and Stakeholder Engagement

### 2.1. Analysis of Materiality

#### UN Sustainable Development Goals

The United Nations Sustainable Development Goals (SDG) are an extremely useful external working tool for companies. Similarly to the principles of the Global Compact and Millennium objectives, all launched by the United Nations, the SDG work in an even more comprehensive and in-depth manner as guides or guidelines to support companies in the definition, implementation, communication and reporting of all their strategies, objectives and activities.



The SDG has 17 priority topics identified and endorsed by 190 countries at a global level, for the preservation of the planet and the dignity of human beings.




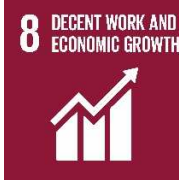

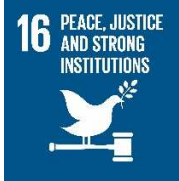
In the case of CTT, we have mapped and prioritised the SDG for our value chain<sup>1</sup>, using the SDG Compass methodology, developed by the WBCSD, UN Global Compact and GRI. We have identified the SDG that might contribute to fostering positive impacts or mitigating/preventing negative impacts, and have allocated them to each phase of the value chain, taking into account the risks and opportunities.

Increase Impacts +	ODS 16	ODS 16	ODS 4 ODS 7 ODS 8 ODS 13 ODS 16	ODS 4 ODS 7 ODS 8 ODS 13 ODS 16	ODS 4 ODS 7 ODS 8 ODS 13 ODS 16	ODS 7 ODS 13 ODS 16	ODS 8	
POSTAL BUSINESS AND CEP	Raw materials	Suppliers	Counter service	Sorting	Transport and Delivery	Outsourcing	Use of the product	Product end of useful life
Reduce Impacts -		ODS 7			ODS 3			

Figure 5 – Supply chain of the Postal, Express & Parcels business

Pursuant to the aforesaid methodology and taking into account the alignment of the SDG indicators with the nature of CTT's business, we have selected the following indicators: **Good Health and Well-Being, Quality Education, Affordable and Clean Energy, Decent Work and Economic Growth, Climate Action, and Peace, Justice and Strong Institutions**. The vast majority of these are already incorporated in our activities and programmes, in various aspects, and part of the table of Sustainability Commitments. Consultation of the SDG Compass corporate indicators supported our identification and choice of CTT's specific indicators and objectives, listed below, merely for illustrative purposes:

<sup>1</sup> CTT has identified various value and supply chains for its business activities that are distinctive from one another. In this exercise, the value chain of the postal, Express & Parcels business was adopted, due to being one of the most significant.

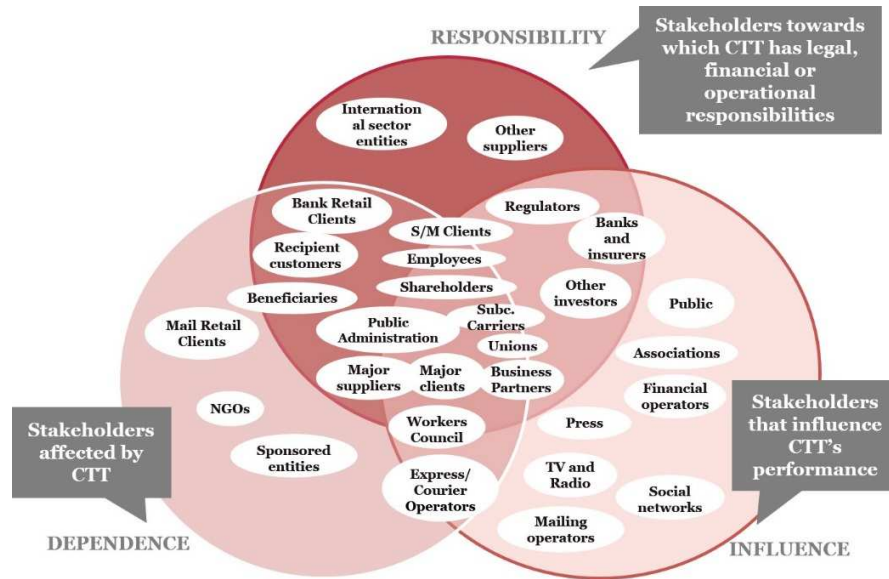
<b>3.6 Road accident rate</b> Reduce accident rate by 5% Fatal accidents 0		<b>4.4 Training</b> Volume of training of 242,042 hours Training effort rate of 1.2%	
<b>7.2 Renewable energy</b> Acquisition of 100% of electricity of renewable origin <b>7.3 Energy efficiency</b> Reduction of electricity consumption by 1%/year		<b>8.8 Working conditions</b> Increased satisfaction with working conditions <b>8.10 Access to financial services</b> Expansion of the coverage of the banking business	
<b>13.1 Carbon management</b> Reduction of CO <sub>2</sub> emissions of scopes 1 and 2 (period 2008-2020) by 33% <b>13.2 Adoption of international standards</b> Global Compact <b>13.3 Environmental education</b> Training of 38 workers in eco-efficient driving		<b>16.5 Anticorruption and bribery</b> Completion of training in the Code of Conduct <b>16.6 Governance and ethics</b> Sustainability Committee <b>16.7 Engagement with Stakeholders</b> Segmented communication	

## Stakeholder engagement

Regular engagement with stakeholders is determinant to enable the appropriate positioning of each company in view of their needs and perceptions which, in turn, are permanently influenced by market conditions and the country's socioeconomic situation.

We believe in the importance of integrating the concept of sustainability in a company's current management, in an attitude of continuous engagement, transparency and commitment. In this regard and in view of the structural changes of market circumstances and the company's reality, combined with the fact that the current version 4 of the reporting standard of the Global Reporting Initiative (GRI), followed by CTT, must necessarily be supported by an analysis of materiality, in 2016 we conducted a new exercise of hearing the stakeholders in order to review and update our strategy of engagement with them.

The stakeholder mapping test took into account the dimensions of influence, dependence and responsibility, and enabled selecting a sample of seven groups of stakeholders. Compared to the previous year, it was found that new groups of stakeholders have been integrated: Express/Courier Operators, Workers Committee and Small/Medium-sized Customers, reflecting, respectively, the intensification of competition, the change of the labour environment and the greater diversification of the customer base. The exclusion of two groups of stakeholders was also observed: Public and Subsidiaries, a symptom of the perception of some reduction of public obligations and the group's new organisational reality.



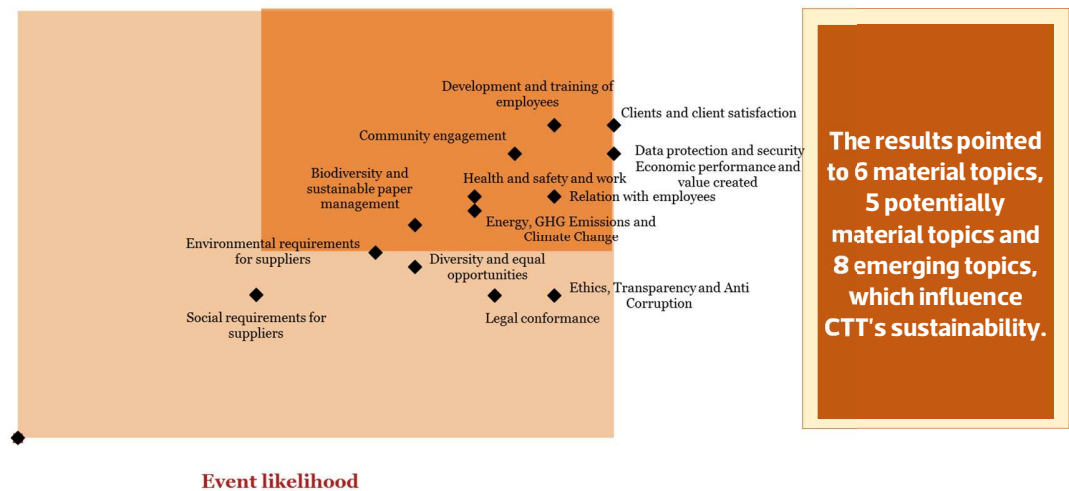
Source: Hearing of stakeholders - PWC

**Figure 6 – Mapping of the Stakeholders**

### The materiality matrix and material topics

The resulting matrix for the year positioned the critical needs in a different form and points to the need for a greater focus on these and others. This is an instrument of support to the senior management in the decision-making process and definition of priority action on matters of sustainability.

The hierarchisation of the topics took into account the relevance criteria indicated by AA1000SES - Stakeholder Engagement Standard (relationship with commitments or policies, financial effects in the organisation, legal compliance and benchmark analysis), supplemented with an assessment of impact against probability of occurrence. From an external perspective, the points of view of the stakeholders were considered which, crossed with the management's vision, gave rise to the materiality matrix.



Source: Stakeholder Hearing - PWC

**Figure 7 – Materiality Matrix**

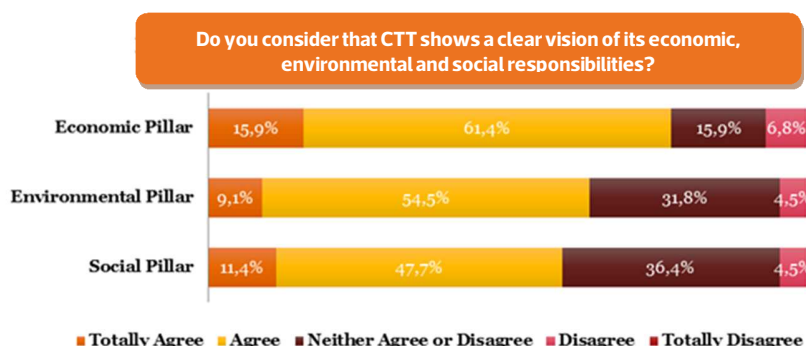
The results of the materiality analysis and the level of criticality attributed to the different topics are reflected in the selection of the contents of the present report and in the emphasis given to them. However, we continue to present data on other issues that are less critical, due to considering them pertinent to the presentation of our accounts and engagement with the stakeholders, which is the case of sustainable marketing, biodiversity or equal opportunities, among others.



Figure 8 – CTT Material Topics

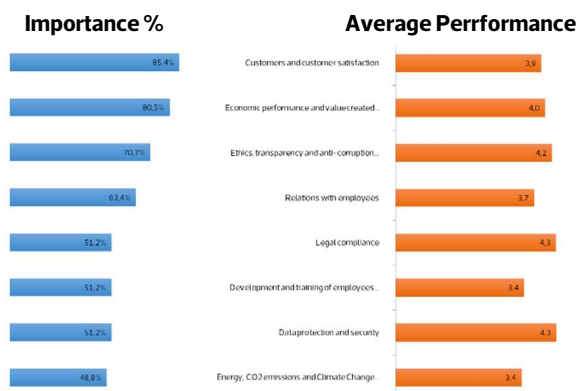
The stakeholders were requested to issue their opinion, irrespective of the relevance of the topics, on the respective performance. The response rate of 90%, with 44 entities having been heard. The results of the exercise, in line with other polls, studies and surveys conducted among customers and the population in general revealed that CTT has a strong presence in the market and that the stakeholder's perception of the company's responses and adopted measures is in general very favourable.

It was found that the majority of the stakeholders consider that CTT show a clear vision of their responsibilities in the three pillars, with the economic pillar revealing the best results with 77.3%, followed by the environmental and social pillar with 63.6% and 59.1%, respectively. In general terms, the most widely known issues are also those that receive better performance assessment.



Source: Hearing of stakeholders - PWC  
Figure 9 – Assessment per Pillar

For the most important topics, the assessment arising from the hearing exercise is positive overall, indicating the existence of greater opportunities for improvement in the fields of employee development and training and in energy and carbon management, issues which we will continue to give great attention.



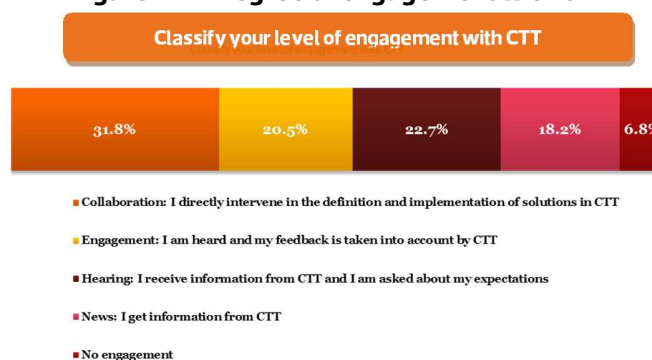
Source: Stakeholder hearing – PWC (Scale of 1–5 and 0–100%)

Figure 10 – Perception of CTT

## 2.2. Strategy of Stakeholder Engagement

The hearing of the stakeholders also assessed their level of knowledge regarding the initiatives or activities developed by CTT under the three pillars of sustainability. It was concluded that the employees comprise the group that shows best results, with the capital markets being the group showing less positive figures. Around 1/3 of the respondents are positioned in the highest level of relations with CTT (collaboration), although 7% consider not having any engagement. The opportunities for improvement identified strengthening communication on sustainability activities carried out and focus on segmented communication, in particular to the capital market and customers. This exercise allowed us to adjust our engagement strategy, identify the stakeholders that would benefit from stronger communication and the channels to activate.

Figure 11 – Degree of engagement with CTT



The different forms and means of engagement used have been reflected in practice in regular actions of consultation, dialogue and monitoring of stakeholder needs and satisfaction, such as through surveys, answers in writing to institutional investors, research analysts, other investors and public in general, in-house meetings with customers, market analysts and investors, shareholders, hosting of visits, conferences, working parties, panels, newsletters, release of privileged information, reports, qualifying holdings relative to transactions and acquisitions and other types of external and internal communication which the company undertakes in its daily activity.

The communication channels, the most common approaches and some of the measures implemented during this year to meet stakeholder expectations are listed below. CTT's objective is to establish effective, permanent and transparent engagement with its stakeholders, reinforcing all forms and channels of hearing and engagement.



Table 3 – List of stakeholders and forms of engagement

Critical stakeholders	Expectations and needs	Forms of communication with stakeholders and their hearing	Measures adopted
Stakeholders and Investors	<ul style="list-style-type: none"> <li>• Achieved results and return for the shareholders</li> <li>• Share value</li> <li>• Management alignment with shareholder guidelines</li> <li>• Provision of clear, transparent and timely information that enables knowing the company's evolution and its economic, financial and governance reality;</li> <li>• Social and work stability</li> <li>• Reputation of responsible business citizenship</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly, half-yearly and annual reporting presented in a rigorous, reliable and consistent manner through submission of press releases, half-yearly and annual reports and financial statements disclosed on the website of the company and CMVM.</li> <li>• Meetings and video conferences with investors and market analysts</li> <li>• Clarification of shareholders and other investors through the telephone line and e-mail provided for the purpose</li> </ul>	<ul style="list-style-type: none"> <li>• Payment of dividends</li> <li>• Policy of variable remuneration indexed to the attainment of pre-defined management objectives</li> <li>• Social and environmental initiatives and investments</li> <li>• Maintenance and deepening of engagement with the stakeholders through meetings, video conferences and webcasts to disclose results and communicate management guidance in relation to the business strategy</li> <li>• Participation in business environment and sustainability ratings</li> </ul>
Regulator	<ul style="list-style-type: none"> <li>• Quality of service of the Universal Postal Service</li> <li>• Prices of the Universal Postal Service</li> <li>• Criteria for density of the postal network and minimum service offers</li> <li>• Compliance with market competition rules</li> </ul>	<ul style="list-style-type: none"> <li>• Information on services</li> <li>• One-off information and clarifications</li> <li>• Participation in hearings and/or public consultations of draft decisions</li> <li>• Regular reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with defined quality levels and management of the system of claims and information requests</li> <li>• Application of the defined criteria for establishing prices</li> <li>• Accomplishment of objectives for density of the postal network and minimum service offers</li> <li>• Application of the methodology to calculate the net cost of the universal service (CLSU) and concept of unfair financial burden for purposes of compensation of the CLSU</li> <li>• Monitoring of the application of Community and national principles and rules on market competition</li> </ul>



Critical stakeholders	Expectations and needs	Forms of communication with stakeholders and their hearing	Measures adopted
Customers:	<ul style="list-style-type: none"> <li>• Best products at accessible prices, i.e. better quality/price relationship</li> <li>• Reliability and trust</li> <li>• Convenience</li> <li>• Satisfaction</li> <li>• Flexibility and customisation</li> <li>• Security of postal items (accountability)</li> <li>• Security of the banking operations</li> <li>• Geographic coverage and accessibility</li> <li>• Responsibility and environmental image</li> <li>• Closer and more frequent relations (newsletters, portals, focus groups, satisfaction assessment studies, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Information campaigns</li> <li>• Personalised and permanent communication</li> <li>• After-sales actions</li> <li>• Advertising and accessibility of the information</li> <li>• Proactive management of failings</li> <li>• Call centre / attendance lines</li> <li>• Key Account Managers, managers of large accounts and customer managers</li> <li>• Market studies</li> <li>• Regular surveys on delivery and counter service services</li> <li>• Decentralised meetings of the Management with customers</li> </ul>	<ul style="list-style-type: none"> <li>• Improved customer satisfaction</li> <li>• Launch and reformulation of new customised business solutions</li> <li>• 220 Banco CTT post offices</li> <li>• Environmentally more responsible operating model (fleet and buildings)</li> <li>• Studies on the adequacy of the offer of products and services</li> <li>• Consolidation of the ecological portfolio (products and services)</li> <li>• Maintenance of certification under various standards</li> </ul>
Competitors	<ul style="list-style-type: none"> <li>• Participation in initiatives of common interest</li> <li>• Sector benchmarking</li> <li>• Provision of access to the network</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in forums</li> <li>• Participation in benchmarking exercises</li> <li>• Representation in bodies of the postal sector</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with market rules</li> <li>• Intervention in joint projects, in the context of sectoral bodies</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Stability (employment security, wage, social protection)</li> <li>• Adequate remunerations</li> <li>• Opportunities for career development and professional progression</li> <li>• Good working conditions</li> <li>• Recognition of merit</li> <li>• Participative management</li> <li>• Maintenance of social support measures</li> </ul>	<ul style="list-style-type: none"> <li>• Information in due time</li> <li>• Personalised communication through the leadership/dialogue chain</li> <li>• Team meetings</li> <li>• Written internal communication (magazine, thematic newsletters, electronic formats, letters, intranet)</li> <li>• Training</li> <li>• Forums</li> <li>• Systems for suggestions</li> <li>• Surveys</li> </ul>	<ul style="list-style-type: none"> <li>• Maintenance of jobs</li> <li>• Widespread disclosure of work-related information</li> <li>• Continuity of the H&amp;S programme</li> <li>• Assessment of working conditions</li> <li>• Modernisation and renovation of infrastructure and equipment</li> <li>• Training on safe/defensive/ecological driving</li> <li>• 89% of the employees covered by training</li> <li>• Participation in the Forums</li> </ul>

Critical stakeholders	Expectations and needs	Forms of communication with stakeholders and their hearing	Measures adopted
	<ul style="list-style-type: none"> <li>• Equal opportunities and management of the diversity</li> <li>• Better work-family balance</li> <li>• Retirement conditions</li> </ul>		<ul style="list-style-type: none"> <li>• Companies for Gender Equality</li> <li>• Trainee programmes</li> <li>• Integration of trainees in voluntary work projects</li> </ul>
Unions/ Workers Committee	<ul style="list-style-type: none"> <li>• Respect for their opinions/positions</li> <li>• Transparent negotiation</li> <li>• Consultation on matters of corporate responsibility</li> <li>• Participation in collective bargaining and contracting processes</li> <li>• Compliance with Public Service Obligations</li> <li>• Maintenance of social support measures to employees and their family</li> </ul>	<ul style="list-style-type: none"> <li>• Monthly and/or extraordinary meetings with the senior management</li> <li>• Meetings with Union Organisations and Associations Representing Functional Groups, whenever necessary</li> <li>• Relevant communication management</li> </ul>	<ul style="list-style-type: none"> <li>• Review of the Company Agreement signed</li> <li>• 89.9% of the employees covered by collective bargaining agreements</li> <li>• Review of monthly base remunerations up to 2,772.3 euros. Increase between 0.65% and 1%</li> <li>• Harmonisation of work hours</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Equal opportunities and transparency (clear rules)</li> <li>• Fulfilment of payments deadlines</li> <li>• Increased volume of new supplies</li> <li>• Tightening of relations</li> <li>• Qualification of suppliers (surveys and audits)</li> </ul>	<ul style="list-style-type: none"> <li>• Information and communication of company projects</li> <li>• Responsible procurement policy – contractual clauses</li> <li>• Regular communication on non-compliance in supplies – opportunity for improvement</li> <li>• Mailbox to receive company presentations</li> </ul>	<ul style="list-style-type: none"> <li>• Stricter social, human rights and environmental requirements</li> <li>• Eco-friendly Procurement Policy – compliance with the objectives</li> <li>• Participation in the development of new products/services and improvement of those existing</li> <li>• Invitation of suppliers to meetings for presentation of products/services provided</li> </ul>
Media	<ul style="list-style-type: none"> <li>• Access to reliable and relevant information</li> <li>• Communication to the market</li> </ul>	<ul style="list-style-type: none"> <li>• Press Relations Agent (direct contact with the media)</li> <li>• Press Releases</li> <li>• Press conferences</li> <li>• Presence in the social networks</li> </ul>	<ul style="list-style-type: none"> <li>• Disclosure of information on the services, projects, results and other aspects of corporate life</li> </ul>

Critical stakeholders	Expectations and needs	Forms of communication with stakeholders and their hearing	Measures adopted
Community	<ul style="list-style-type: none"> <li>Compliance with Public Service Obligations</li> <li>Proximity/presence in the field</li> <li>Stimulation of the local economy</li> <li>Capacity of communication/dialogue with local partners</li> <li>Accessibility to the services</li> <li>Good corporate citizenship, in social and environmental terms</li> </ul>	<ul style="list-style-type: none"> <li>Direct/personalised information</li> <li>CTT website</li> <li>Presence in the local and national press and social media</li> <li>Direct contact with the postman and counter service personnel</li> </ul>	<ul style="list-style-type: none"> <li>Support to social inclusion: <ul style="list-style-type: none"> <li>92% of accessibility to post offices by people with reduced mobility;</li> <li>collection of donations through PayShop agents</li> <li>16 voluntary work initiatives</li> </ul> </li> <li>Renovation of CTT post office premises</li> <li>Environmental programme – reduction of energy consumption and emissions</li> </ul>

### Memberships and significant participation

In the context of the company's sustainability strategy, CTT is a member and develops joint activities with BCSD Portugal (Business Council for Sustainable Development), APQ (Portuguese Association for Quality), APCE (Portuguese Association of Company Communication), APEE (Portuguese Association of Business Ethics) and APVE (Portuguese Electric Vehicle Association). G - 16

CTT is also a member of APDC (Portuguese Association for the Development of Communication), APAN (Portuguese Advertisers Association), ICAP (Civil Advertising Self-Discipline Agency), COTEC (Business Association for Innovation), APEL (Portuguese Association of Publishers and Book Sellers), IPAI (Portuguese Internal Audit Institute) and IPCG (Portuguese Corporate Governance Institute), among others.

As a founding member of the Universal Postal Union (UPU), CTT is present in a number of other affiliated organisations such as PostEurop (Association of European Public Postal Operators), UPAEP (Postal Union of the Americas, Spain and Portugal), Euromed (Postal Union of the Mediterranean) and AICEP (International Association for Portuguese Expression Communications). CTT has chaired AICEP since 2009. G - 15

CTT was elected in 2016 to represent Portugal, during four years, at the Council of Postal Operations of UPU and as member of the Board of Directors of PostEurop, for three years. In this body, CTT holds the position of Vice-Chairman of the Environment working party and Chairman of the Innovation Forum.

CTT also endorses the United Nations Caring for Climate initiative, a commitment made by worldwide leading companies on climate change and is a member of IPC (International Post Corporation).

### Goals for 2018

- Segmented communication with stakeholders
- Completion of the review of the structure/contents of the CTT website/social networks by 2019

## 3. Management of Risk and Ethics

### 3.1. Management of Risk and Crises

The Risk Management model implemented at CTT follows the “3 lines of defence” model, based on the good practices of Audit and Internal Control, in order to identify, assess and manage the uncertainties and threats that might influence the pursuit of the plan and strategic objectives, in a manner aligned with the risk profile.

The Audit Committee is responsible for supervising the policy and management system on risk, in articulation with the Board of Directors and Executive Committee, following up the risk control policies and integrated assessment methodologies, also promoting an annual assessment of the degree of compliance and performance of the policy and management system on risk.

The Finance and Risk Department is responsible for the centralised coordination of this management model, ensuring the implementation of the policies defined by the Executive Committee with the Business Units and Corporate Department and developing risk management processes and methodologies in accordance with the best practices.

Furthermore, the Risk Management Committee, as a centre aggregating the different visions and sensitivities of the areas involved, represents a leveraging instrument for the entire process of operationalisation of the Risk Management System, reinforcing the organisational involvement and commitment with regard to the issue of risk.

For a more detailed overview of the series of actions taken concerning the principle of precaution, see the Corporate Governance Report, points 50 to 55.

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

- CTT medium-term strategic plan;
- Annual plan and budget;
- Annual and quarterly reports and financial statements;
- Annual Sustainability Report;
- Monthly control indicators;
- Monthly and quarterly control meetings;

In the beginning of 2017, finalising the risk assessment process initiated in 2016, all the 1st lines were heard in order to obtain a consensus relative to the ten most critical risks (top risks). These were subsequently subject to a quantification exercise to reflect, in terms of financial impact, of the consequences of their materialisation, enabling an aggregate vision of the individual and combined effect of the impact of the different risks (Value-at-Risk). Through various workshops it was also possible to identify specific mitigation actions for each top risk, whose scheduling and implementation will occur in 2018.

A review was made of all the documentation supporting the Risk Management System, with the approval of the Internal Regulation on Risk Management. This regulation establishes the standards and procedures which should guide CTT's Risk Management process, namely the description of methodologies, techniques and tools supporting its operationalisation and the definition of functions, responsibilities and models of governance and organisational articulation.

Therefore, during this phase, CTT identified, assessed and prioritised the following most significant corporate risks that could compromise the attainment of its strategic objectives and negatively affect its sustainable growth:

G - 46

G - 14

G - 45

G - 47

**Figure 12 – CTT risk factors and opportunities**

<b>Strategic Risks</b> due to uncertainties arising from the strategy defined by CTT and the way that it is implemented	
<b>Response to the competition</b>	Lack of capacity/agility of response to competing offers and consequent loss of Customers.
<b>Iberian CEP challenge</b>	Challenge of gaining Iberian market share in an incremental and growing manner.
<b>Public image</b>	Negative perception of CTT's image by the customers, investors and remaining stakeholders.
<b>Prices of the Universal Service</b>	Universal Service price fixing rules that do not incorporate the market concerns and perspective.
<b>Operational Risks</b> derive from failures or defects in the management of business processes, in people and in IT	
<b>Operational efficacy</b>	Deterioration of service quality due to recurrent or occasional operational inefficacy (or inefficiency).
<b>Continuity of postal operations</b>	Interruption of postal operations due to occurrence of disruptive, unpredictable and inevitable events, beyond CTT's intent and control.
<b>Protection of personal data</b>	Breach of the duties derived from the General Regulation of Data Protection (RGPD).
<b>Labour disputes</b>	Divergences between the company and workers/unions, embodied in strikes and protest actions.
<b>Continuity of Counter service activities</b>	Disturbances in the retail network caused by failures in IT systems, absenteeism or other motives.
<b>Obligations of the Universal Service</b>	Breach of the obligations arising from the concession of the Universal Postal Service.
<b>Security of information</b>	Commitment to the confidentiality or integrity of the information concerning the business, customers, employees or other parties.
<b>Financial Risks</b> derive from exogenous and internal factors which significantly and directly affect CTT's performance and financial condition	
<b>Operational investment</b>	Profitability lower than that forecast in CTT's operational investment projects.
<b>Financial investment</b>	Total or partial loss of the capital invested by CTT in participated companies.
<b>Interest rates</b>	Incapacity to generate financial income by investment of surplus liquidity in term deposits
<b>Health care plans</b>	Increased value of liabilities related to employee benefits with respect to health care plans.
<b>External Risks</b> derive from more or less unpredictable factors and that are beyond CTT's power of intervention and influence	
<b>e-substitution</b>	Decline of postal volumes due to intensification of the phenomenon of digitalisation and replacement of physical mail by other forms of electronic communication.
<b>Consumer behaviour</b>	Incapacity to respond adequately to the emergence of new paradigms in the market and consumer requirements.
<b>Terrorism</b>	Personal or material damage derived from malicious or terrorist acts.

Specifically, in terms of environmental aspects, in view of their relevance, the risks and opportunities are listed below.

GRI 2

GRI EC2

**Table 4 – Risks and opportunities of environmental aspects**

Risk factor	Risks	Opportunities
Environment/Climate Change	<ul style="list-style-type: none"> <li>• Reputation and financial damages arising from poor environmental practices or legal non-compliance</li> <li>• Increased costs derived from future legal and regulatory obligations</li> <li>• Increased energy costs associated to the evolution of fuel and energy prices</li> <li>• Operational disruptions due to extreme climate phenomena</li> <li>• Reduction of physical mail volumes, derived from initiatives based on environmental arguments</li> </ul>	<ul style="list-style-type: none"> <li>• Development of ecological businesses</li> <li>• Increased customer loyalty</li> <li>• Increased pricing power</li> <li>• Reinforcement of brand and reputation</li> <li>• More efficient use of resources and cost-cutting</li> <li>• Optimisation of the supply chain</li> <li>• Improved risk management</li> <li>• Increased capacity to attract investors and lower the cost of capital</li> <li>• Strengthening of engagement with employees and other stakeholders</li> </ul>

G - 2

### Environmental impacts of the activity, products and services

As a result of its activity, the Company identifies as the principal potential impacts, direct or indirect, the depletion of energy resources of fossil sources through the consumption of motor fuel and electricity, climate change and depletion of the ozone layer arising from greenhouse gas emissions and other atmospheric pollutants, the indirect impacts associated to the consumption of natural resources (primarily paper and water, where the latter is associated to the daily operation of the facilities), the potential contamination of soil derived from the production of waste in the buildings and the domestic effluents of the facilities where the discharge is made into the municipal network, and noise emission.

GRI EN30

GRI S02

The analysis and management of these topics can be consulted in chapter 5 of this report.

GRI S03

### 3.2. Corporate Ethics

At the end of the year, the updated versions were approved for the Code of Conduct of CTT and Subsidiaries, as well as the Code of Good Conduct for the Prevention and Combat of Harassment at Work. These documents consist of guidelines enlightening the values and attitudes which should be followed by all the workers during the performance of their duties, with their dissemination being planned to take place during 2018. During this year, the training on “CTT and Subsidiaries” e “CTT and Bank” Codes of Conduct was completed successfully by 1,726 employees.

G - 57

The activity of the Ethics Committee, in addition to monitoring the communications received in the existing channels on any situations of breach of the Code of Conduct, or forwarded by the Audit Committee, under the Regulation on Procedures for Communication of Irregularities (RPCI), focused on monitoring the index of training on the Code of Conduct and Subsidiaries, on updating the Internal Regulation of the actual Committee, and the review and preparation of the Codes referred to above, with a view to ensuring CTT's observance of the rules established in the legislation published in August 2017.

G - 56

The responsibility for the technical support provided to the Ethics Committee relative to the operationalisation of the system of communication of irregularities / whistleblowing is entrusted to the Audit and Quality Department, which assures the confidential handling of the received communications and upholds the principle of non-retaliation in relation to the persons reporting irregularities.

G - 58

This year, the Ethics Committee received two communications that were appraised and decided upon, aimed at detecting possible irregularities related to non-compliance with rules on conduct, with neither case having been conveyed for handling under the RPCI.

We also highlight the activity developed by the Compliance Department which, under the provision of financial services and following the application of current procedures regarding the identification and reporting of suspicions of money laundering and terrorist financing, 181 reports were made to the entities laid down in current legislation (DCIAP – Central Department for Investigation and Penal Action and UIF/PJ – Financial Intelligence Unit of the Criminal Investigation Police), covering financial service operations that came to approximately 19.1 million euros.

Procedures are in force at the company for the identification of the active and passive perpetrators of situations of bribery and corruption with a view to their identification within the legal-criminal system. In this context, accusations and claims are investigated and an analysis is made of procedures and practices which may lead to or represent irregular and corrupt behaviour.

As a result of the audit and inspection actions, 89 delivery offices, 102 postal agencies and 200 post offices were audited, representing, respectively, 39%, 20% and 33% of the total number. Following the investigations prior to disciplinary hearings, there were 5 unilateral terminations of employment contracts.

The training in anti-corruption policies and practices was attended by 725 participants, involving a volume of 3,284 hours, corresponding to 6% of the employees.<sup>2</sup>

All the operations of Banco CTT are submitted to risk assessment. The customers and transactions made are analysed according to the risk they might represent in terms of use of the Bank for purposes of money laundering or terrorist financing (which includes the crime of corruption).

The relations with financial and non-financial counterparts are also subject to a due diligence process which seeks to prevent the conduct of business with entities that show risks of money laundering or might represent reputation risks, due to being involved in financial crimes or associated to practices of corruption.

No cases of fraud or other offences were recorded. Banco CTT has an Anti-Money Laundering and Terrorist Financing Policy and a series of processes and procedures aimed at assuring compliance with the legal requirements and mitigating the risks of the Bank being used for these purposes. Annually, a team of external auditors conducts an assessment of these processes and procedures and effectivity tests.

### Compliance with ethical requirements

CTT has been fined pursuant to laws and regulations relative to products and services: contractual fines of ANACOM, of the value of 151 thousand euros, relative to breach of the contract to provide the Postal Universal Service; Banco CTT paid 10,500 euros relative to 2 reports delivered after their deadline; and Mailtec paid 6,768 euros. CTT was not the object of any lawsuits in the context of unfair competition anti-trust conduct with application of significant fines or non-monetary penalties, derived from non-compliance with environmental or corporate laws and regulations.

There were 563 occurrences/proceedings relative to non-compliance with labour laws and regulations, with 97 having been resolved in addition to 530 of previous years. Under fixed term contracting there were 56 cases which gave rise to the reintegration of one person.

CTT assures the safeguarding of the company's responsibilities on legal matters and complies with the Code of Advertising and Marketing Communication Practice of the ICC (International Chamber of Commerce), being represented at and a member of ICAP (Civil Advertising Self-discipline Agency) and APAN (Portuguese Advertisers Association). CTT complies with codes/regulations, such as the Code of

<sup>2</sup> At a national level, including Banco CTT and without Transporta



Conduct on Advertising Matters, the Code of Fair Practices on Environmental Advertising, among others. 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. G - 16

The company's Code of Conduct is clear in relation to marketing and advertising practices, with compulsory disclosure of correct and accurate information on the marketed products and services, namely their technical characteristics, after-sales assistance, prices and payment terms.

ANACOM (National Authority on Communications) is responsible for the regulation and supervision of the postal sector. Therefore, and under the concluded Concession Contract, ANACOM monitors CTT on a regular basis through the following two types of audit:

- Audit of CTT's analytical accounting system, to check the conformity of the system and the obtained results, as well as compliance with national and international rules, standards and good practices. The statements issued on the audit to the results of the analytical accounting system relative to 2014 and 2015 indicate that the results were produced in accordance with the applicable legal and regulatory provisions. In this context, work was also developed in the area of audits to the results of 2016. G - 35
- Audit of the quality of service indicators and information request system of CTT to verify the reliability of the results and adequacy of the methodology for determining the service quality levels. The publication of the audit results for 2015 validated the values of the indicators reported by CTT to ANACOM, with work having been developed in terms of control actions on the quality levels offered by CTT during 2016.

#### Goals for 2018 and following

- **Completion of the training process on the Code of Conduct of CTT and Subsidiaries by 2019**
- **Internal disclosure of the Code of Good Conduct to Prevent and Fight Against Harassment**

## 4. Economic Performance and Customer Satisfaction

### 4.1. Economic Performance

**Table 5 – Economic performance of CTT**

thousand euros	2016	2017	Δ% 17/16
Operating revenues	696,822	714,278	2.5%
Consolidated EBITDA	102,053	81,138	-20.5%
Consolidated operating results	90,883	47,093	-48.2%
Consolidated net profit	62,160	27,263	-56.1%
Consolidated GVA	429,764	401,981	-6.5%
Investment	42,160	28,534	-32.3%
EBITDA margin	14.6%	11.4%	-3.3 p.p.
Return on Equity (ROE)	25.6%	13.1%	-12.6 p.p.
GVA / Average no. of employees (euro)	34,656	32,062	-7.5%
Consolidated assets	1,316,697	1,608,765	22.2%
Equity	233,327	183,991	-21.1%
Share Capital	75,000	75,000	0.0%

GRI EC1



CTT closed the year with a consolidated net profit of 27,263 thousand euros, corresponding to a net margin over operating revenues of 3.8% and return on equity of 13.1%.

Consolidated EBITDA amounted to 81,138 thousand euros, representing a reduction of 20.5% in relation to the previous year, and a margin of 11.4%.

**Table 6 – Direct economic value generated and distributed by CTT**

thousand euros	2016	2017	Δ% 17/16
Direct economic value generated	<b>697,724</b>	<b>714,659</b>	<b>2.4%</b>
Revenues	697,724	714,659	2.4%
Direct economic value distributed	<b>708,457</b>	<b>761,821</b>	<b>7.5%</b>
Operating Costs	266,315	311,301	16.9%
Wages and Employee benefits	338,387	354,740	4.8%
Payments to providers of capital	76,805	77,381	0.8%
Payments to Government	25,714	17,255	-32.9%
Community Investments	1,236	1,144	-7.5%
Accumulated economic value	<b>-10,734</b>	<b>-47,162</b>	<b>-339.4%</b>

GRI EC1

The company distributed over 354 million euros in wages and benefits, it remunerates its shareholders, is an important taxpayer and returns to the community a value above one million euros.

## 4.2. Customer Satisfaction

### Contact network

CTT has a significant impact on Portuguese society due to its presence throughout the entire country as well as in international markets, 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 services with a postal and financial vocation, in terms of quality, efficiency and value creation, aimed at meeting the needs of citizens and economic agents. The company is an essential element of the country's social and economic development, contributing to improve the quality of life of its customers and employees, as a result of its dynamics, service-driven culture and attitude of social responsibility.

GRI EC8

Approximately 2/3 of the company's workforce, almost 7 thousand employees are in daily direct contact with customers, in counter service and delivery, ensuring the visibility of one of its key features, proximity. CTT provides information on its website on the characteristics of its products and services as well as on its service quality aggregate performance.

The renovation of its infrastructures has been a constant concern, with a view to providing well-being to its customers and employees. The modernisation of the post offices is the most visible side of this investment effort. The Company has invested in terms of the operations and back-office, namely in mail automation equipment, in the renovation and expansion of the fleet, in IT, innovation and development. There are now 220 Banco CTT post offices in the entire country, providing bank services to the population and promoting a differentiated offer.

GRI PR3

### Organisation model for sales

CTT is driven by the market in general and corporate segment in particular, offering CTT brand products, which reflect the increasingly more diversified areas of its competence, from mail and business solutions, parcels and express, financial and bank services, printing and finishing, etc.

The customers are segmented by turnover and business sector. In total there are 1,400 accounts distributed over Retail; Mass Distribution; Pharmacy; Publishers; Motor Vehicle; Organisations, Associations and Foundations (OAF); Utilities; Telcos (Telecommunications); Local Public Administration; Central Public Administration; Banking and Insurance. In this way, each customer is assured regular, presential and specialised attention, enabling an overall and integrated offer of services and products aimed at creating value and the potential boosting of each entrepreneurial business act.

### Dematerialisation, proximity and Business Intelligence

CTT continued to focus on the development of products which integrate the existing skills and assets, continuously innovating the range of offers. This year, we launched the following new services:

- CTT Ads – online, turnkey solution available 24/7, enables the creation and sending of advertising campaigns using the CTT network, in a simple and effortless manner, assuring an effective result. Directed at small and micro-enterprises which, due to their size or positioning, do not have access to creative agencies or means, and that can find in this solution the ideal way to make their business grow, with a professionalised advertising communication, through the sending of messages by physical means, e-mail or SMS;
- In the Mail and Convenience Services business, focus was placed on the simplification of processes, with the introduction of digital channels;
- Integrated solutions for the water sector, combining competencies of proximity with the network of postmen and women, for reading meters;
- Solution for the rental sector which, following a self-service model, enables our customers to manage the contracts with their tenants and receive the respective rents;
- Information on toponymy and georeferencing, via Web Services and Widget, which enables direct integration in the customer's IT, assuring best quality and efficiency in the collection and maintenance of addresses and geographic positioning;
- The Online Receipts surpassed 3 million processed invoices, which corresponds to the elimination of almost 600 km of printed ticket, non-recyclable paper due to the chemicals used. The service has been available at over 1,900 post offices and postal agencies since July, making this the first national retail network to offer a service of this type for its final customers.

**ViaCTT** – The electronic post box which enables the digital receipt, organisation, sharing and filing of letter mail in a secure, easy and cost-free way. This year it became possible for any entity to subscribe to this service in self-adherence mode and now with an app for smartphones.

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



Launched in 2006, it has more than 1.4 million users and 52 participant entities, with Public Administration, the Telecommunications sector, Utilities and Banking as dispatcher entities.

G - 4

GRI EN7

## Communication with customers



*Sustainability today occupies a central role in Nespresso's strategy. As a result, the selection of partners is vital, since they must be imbued with the same principles.*

*The partnership with CTT Expresso is an example of this, a relationship requiring constant attention, based on the choice of services with the least carbon footprint. To this end, the existence of a close cooperation between entities, through real-time communication, collaboration with waste reverse logistics initiatives and continuous innovation of the means available for first delivery attempt success, is of the essence. There is thus an alignment of efforts with a positive impact on the environment and our customers' satisfaction, guaranteeing the sustainability of our partner and business.*

Sandra Conceição  
Operations Director of Nespresso



There are various channels for submission of requests for information and/or claims, with a continued trend of replacement of traditional printed forms by easier methods. The voice and digital support enables the customers to make a higher number of re-openings and insistence on cases.

Ten external mailboxes and eight differentiated attendance lines are currently available, in addition to the Nave system, where the complaint is physically submitted at CTT post offices. The trend to use mediation entities by customer has been maintained, namely CTT's Customer Ombudsman. Since 2010, these customer attendance channels have been awarded twelve distinctions, confirming that CTT is at the cutting edge in the implementation of the best contact solutions.

In 2017, CTT Lines and CTT Express were awarded silver and bronze medals, respectively, in the APCC Best Awards 2017, in the category of Transport, Delivery and Logistics.

The customer attendance services received over 2.6 million contacts by telephone and e-mail, with a 20% increase of demand in relation to the previous year, especially due to the e-mail channel which increased by 28% and already accounts for 45% of all contacts.

**Table 7 – Contacts of customers**

Number of contacts received	2017	Δ %
Telephone channel	1,434,023	14%
E-mail channel	1,177,733	28%
<b>Total</b>	<b>2,611,756</b>	<b>20%</b>

The growing trend of the volume of contacts by customers essentially derives from the growth of e-commerce and respective procedures for customs clearance and sending of documentation, the enhanced functionality of toll collection, search of items and international mail.

### Customer Satisfaction

The customers' opinion, expressed through satisfaction surveys conducted on a daily basis, indicates that 84.7% of the respondent customers consider that the overall quality of CTT is good or very good, and 91.9% of the customers have a favourable opinion with respect to the quality of the counter service and 85.6% relative to the quality of delivery services.

The measurement of the quality of the Universal Postal Service is carried out by PwC (Pricewaterhousecoopers) and the Overall Quality of Service Index (IGQS) stands at 110.1 points, which compares to an objective of 100.

The obtained results indicate, in particular, that registered mail achieved 92.6% of deliveries within 1 day and 95.9% of ordinary mail was delivered within 3 days. On Mainland Portugal 91.4% of priority mail was delivered within 1 day and 87.9% within 2 days in the CAM area (flows between the Mainland, Azores and Madeira). For international mail, from a point-to-point (E2E) perspective, 82.6% of deliveries were carried out within 3 days and 96.3% within 5 days, below the targets defined by the European Community Directive for the postal sector.

GRI PR5

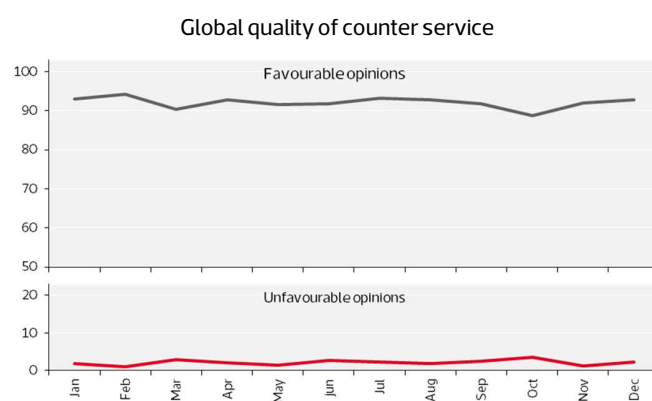


Figure 13 – Customer satisfaction – counter service

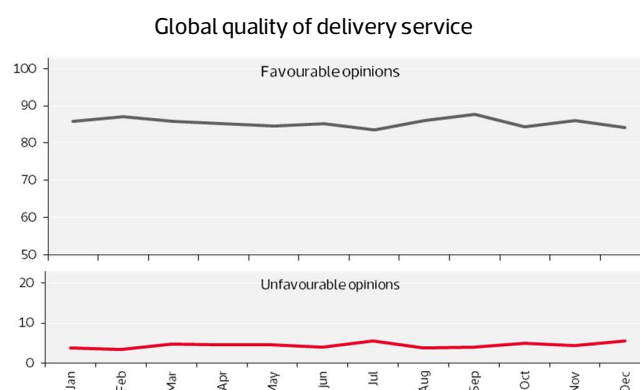


Figure 14 – Customer satisfaction – delivery

The focus on the certification of services, as an ideal tool for the management of customer relations, was reinforced in 2017, to cover all the business premises of the delivery service (Postal Delivery Offices) area, the counter service area (CTT post offices, mobile post offices and external postal counters) and 204 postal agencies.

Under the Management Systems, the existing certifications were maintained in the benchmarks on Quality (ISO 9001), Environment (ISO 14001) and Safety (OHSAS 18001) at CTT's operating centres, in the most important subsidiaries, including the IPC – International Post Corporation certification at the Airmail Unit of Lisbon, the FSC certification (custody of the value chain) and the Security of Information certification (ISO 27001) at Mailtec.

The Corporate Certification of CTT was obtained at the end of the year, which recognises the compliance with the ISO requirements of the transversal processes of Human Resources, IT, Physical Resources and Security, Procurement and Logistics, Customer and Business Support, Audit and Quality and Brand and Communication (Environmental Management), which serve the internal areas and Certified Management Systems.

The opinion surveys show that 89.1% of the customers considered CTT a trustworthy company and its employees competent (94.2%) and friendly (93.5%). The customer's perception of the waiting time at CTT post offices evolved unfavourably since the previous year, with favourable opinions standing at 70.6%.

The Mystery Client studies carried out regularly to the 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. The overall results were favourable in around 96.4% of cases in postal delivery offices and over 99.3% in post offices.

GRI PR5

A study was conducted on Brand Positioning and Reputation 2017 of CTT which positioned the company as a Robust Brand, i.e. a brand which throughout 10 years has recorded indices of excellence and robustness in a sustained manner in Portugal. Furthermore, the assessment of the public in general for Admiration, Trustworthiness, Preference and Recommendation place CTT in the 1st place among the PSI 20 brands.

This year, satisfaction surveys were not conducted among business customers in a transversal perspective across CTT. However, some subsidiaries heard their customers: CTT Contacto obtained a grade of 7.3 (on a scale of 1 to 10) and 96.3% of the final customers of Tourline, in Spain, stated being satisfied with the brand. The Bank has 84% of very satisfied customers.

### Goals for 2018

- **Maintain the certification of Postal Offices, Postal Delivery Offices and Postal Agencies**
- **Improve the positioning in the QS international IRA-E K+1 ranking**
- **Maintain the Inbound GMS result above the target**
- **Surpass the quality targets stipulated by ANACOM (100 points)**
- **Maintain the certification of CTT's subsidiaries, including Transporta**
- **Expand the Corporate Certification to 2 more relevant transversal processes of CTT**
- **Maintain the average times of response to claims (10 days national and 38 international)**

### Claims

The processes relative to information requests and claims from customers constitute an enlightening form of detection of anomalies observed throughout the operative cycle of the products and services comprising CTT's portfolio. For this reason, the primary objective of the customer support area is the identification of recurrent situations, seeking to involve the entire organisation in the search for solutions which enable eliminating these occurrences.

This year, 242,866 cases of national and international scope were submitted relative to marketed services and products, revealing 8% growth in relation to the previous year.

The total claims presented below includes the cases of CTT, S.A. and its subsidiaries<sup>3</sup>, where only CTT Expresso is separated due to showing a significant number of claims, albeit consistent with its activity and volumes.

**Table 8 – Volume of submission of claims/requests for information and compensation**

Number of cases of claims received (national and international)	2017	Δ 17/16
CTT	153,676	11%
CTT Expresso	89,190	4%
<b>TOTAL</b>	<b>242,866</b>	<b>8%</b>
<b>Compensation (euros)</b>		
CTT	840,707	22%
CTT Expresso	441,864	12%
<b>TOTAL</b>	<b>1,282,571</b>	<b>18%</b>

**Notes:** includes cases of claims, requests for information and compensation relative to the Universal and Non-Universal Postal Service

<sup>3</sup> Does not include Tourline or CORRE.

**CTT**

The 11% increase of cases is associated to the customers' growing awareness of their rights and their higher requirements and expectations of compliance with service standards. The main motives of lack of satisfaction are related to perceived delays in delivery, items that have gone astray and lengthy time in the sorting of postal items subject to customs/clearance handling.

The requests for information and claims are distributed as follows: national service 44%; international 51% and financial 5%.

In the international service the reasons that lead the customers to request investigation are delays in delivery (43%) and items going astray (32%), which together account for  $\frac{3}{4}$  of the requests for information and claims.

Regarding other anomalies which are classified as defective compliance with the product or service specifications, there were 43 and 4 claims, respectively at a national and international level, which point to cases of non-disclosure of information<sup>4</sup>.

The 22% increase in compensations is primarily explained by items that went astray and the incorrect return of items. Registered mail represents 85% of the total compensation values. The national service grew by 21% and the international by 22%. International compensation accounts for 94% of the total where the amount of items that have gone astray and lack of response by the destination postal operator are the causes that have most contributed to the increased compensation.

There were 40,923 incidents of non-compliance, gave rise to 13,377 cases of compensation out of a total of 145,141 claim cases answered under the Universal and Non-Universal Service and relative to the national and international service.

GRI PR4

After investigation, and taking into account the features of the service and procedures in force, it was found that in 26% of the cases the items had been delivered to the addressee.

Banco CTT received 641 complaints submitted in the Complaints Book and 128 addressed to Banco de Portugal.

**CTT Expresso**

CTT Expresso recorded a 4% increase in claims received. The motives of greatest impact on claims against CTT Expresso are associated to the tracing of items, with 42% of the total, and delay in delivery/service, with 16%. The national service accounts for 81% of the complaints.

Compensations grew by 12% in terms of value, in relation to the previous year, with delay in delivery, standing at 48%, being the most frequent motive. After investigation, and taking into account the features of the service and procedures in force, it was found that in 54% of the cases the service offered complied with that contracted with the customer.

**4.3. Security and Data Protection**

Security and protection of information is a critical topic for CTT. For this purpose, information security policies are defined assuring that the data resident in the applications comprising the technological ecosystem are managed and provided in a manner guaranteeing their confidentiality and integrity. This management is extended to the data used in-house, as well as that entrusted to third parties.

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<sup>4</sup> Data relative only to the Universal Service

Control procedures and tools have also been implemented to identify vulnerabilities and threats to the security of information, with the development and implementation of plans to mitigate detected weaknesses. In this regard, the IT infrastructure was redesigned at various levels, reducing maintenance costs, increasing performance and improving the disaster recovery solutions.

Banco CTT has developed a security programme to assure the privacy of sensitive data of its customers and to defend the infrastructures, systems and other critical assets against threats of fraud, cybercrime, theft or loss of information. Cryptographic controls have been implemented in the home banking and mobile banking services, and intensive security testing is done on the applications and systems, to identify and eliminate security risks and threats.

For other business units, such as in the case of Mailtec Comunicação, CTT holds ISO27001 certification, which covers Information Security Management Systems.

Moreover, the Code of Conduct, in point 4.2, is clear as to the requirement of confidentiality, data protection and professional secrecy on the part of the employees. The Code of Conduct likewise imposes the protection of data relative to information formats and databases.

To this end, CTT's sale of databases complies with the law on data protection, which assures the rights to information, access, rectification and elimination, objection and other rights in conformity with notifications and/or authorisations issued by the CNPD (National Commission on Data Protection), with all the legal requirements having been fully observed and free of any penalty.

GRI PR9

With respect to mail, 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.

GRI PR8

The appraisal and selection of retail products for sale at CTT post offices is based on criteria such as the recognition of the partner, its environmental practices and product certification, in order to assure compliance with the legislated health and safety rules relative to merchandising products, especially those intended for use by children, as is the case of toys.

RI PR1

In terms of safety of postal items, CTT follows the rules defined by the UPU (Universal Postal Union) which regulate or prohibit the transport, among others, of radioactive material, contagious substances, live animals, narcotics, psychotropic substances, explosives and contents of paedophilic or pornographic nature. With a view to increasing safety and participation in the fight against international terrorism, at international airports, CTT complies with the safety specifications defined by INAC (National Institute of Civil Aviation).

GRI PR6

No cases were recorded of non-compliance relative to health and safety caused by products or services.

GRI PR2

## 5. Promoting Environmental Responsibility

### 5.1. Environmental Management Policy and Systems

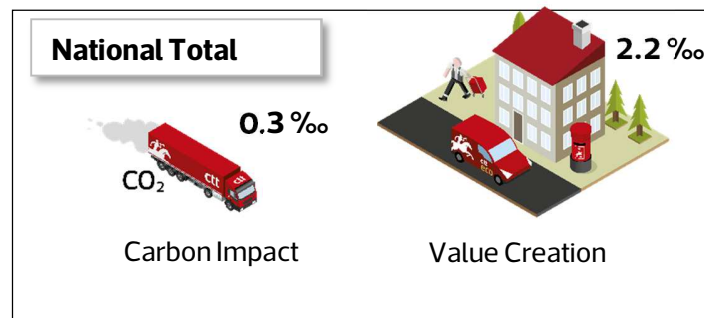
CTT is a rather non-aggressive company as a whole, compared to other sectors of activity. Its impacts primarily involve pollutant emissions into the atmosphere, essentially of greenhouse gas (GHG), mainly associated to its own and outsourced transport which currently accounts for almost all the carbon footprint (scopes 1, 2 and 3) of the company.

GRI EN30

Comparing CTT's carbon intensity with its impact in terms of creation of value, we find that the company's contribution to national GDP (GVA/GDP) stood at 2.2‰, much higher than its contribution to total national greenhouse gas emissions, which was approximately 0.3‰ (scopes 1 and 2).

GRI S02





**Figure 15 – CTT contribution at national level**

As an active player and aware of its role in the defence of the environment, CTT has implemented its Integrated Quality, Environment and Security Policy, whose priorities on matters of the environment are the systematic monitoring of the environmental aspects and impacts of postal activity, the streamlining of consumption, promotion of recycling, increased energy efficiency and environmental training and dissemination.

CTT has identified, assessed and prioritised the following most significant corporate risks that could compromise the attainment of its strategic objectives and negatively affect its sustainable growth (chapter 3.1. Management of Risk and Crises, above). The strategic, operational and external risks were identified at an environmental level, such as a negative perception of CTT's image by its customers, investors and other stakeholders, with respect to its environmental reputation, its inability to respond adequately to the emergence of new paradigms in the market and customer requirements related to the development of an ecological and environmentally responsible offer, and other reasons such as extreme climatic events.

G - 46

In order to align the organisation's management practices with its environmental priorities and targets, from the top to the base, CTT has incorporated sustainability variables in the management scorecards of the business premises, some in replacement of the equivalent monetary indicators. This practice enables placing the environmental agenda within the radar of the managers and other employees, ensuring the follow-up of situations and introduction of any necessary corrective measures. Accurate and detailed information on energy consumption is collected, analysed and reported on a monthly basis to its local owners and six-monthly to the Board of Directors, having become a crucial element underpinning the decision-making process. Some of the recent and most relevant business decisions in the short and long term were influenced by considerations on reduction of the carbon footprint and enhancement of energy efficiency (further identified below in points 5.2 and 5.3).

G - 47

CTT expanded its certified management systems in 2017, having achieved corporate certification, a facilitating approach of CTT's transversal areas which will support each of the management systems that are already in existence of CTT, bringing them particular benefits. One of the affected processes is that of Environmental Management. The existing certifications were maintained, namely the certifications of the integrated management system which include the Environment aspect ISO 14001 in the operations of CTT, S.A., more specifically at CTT's four main operating centres (North, Centre and South and EPA - Airmail Unit) and in its most significant subsidiaries (CTT Expresso, Tourline, Mailtec and CTT Contacto), as well as the certification of Mailtec's FSC (Forest Stewardship Council) responsibility chain.

CTT responded to the "Natural Capital Challenge", launched and led in Portugal by the Gulbenkian Foundation, in partnership with BCSD Portugal and the Natural Capital Coalition, in which 36 companies participated. The Capital Natural Protocol is a specific methodology for management of topics related to dependencies and impacts of natural capital (paper, water, fuel, etc.) and its integration in decision-making



processes. CTT was one of the three companies selected for inclusion of case studies in the project's policy brief, in this case about the CTT product portfolio.

The environmental liability insurance, of the value of 1 million euros, was also renewed, covering possible damage derived from CTT's activity, pursuant to the legal framework.

### Goals for 2018 and following

- **Energy Management System ISO 50001: completion of the identification of processes and preparation of procedures**
- **Completion of the computer application for Management Commitments by 2019**

## 5.2. Energy

With a significant weight in the carbon footprint, energy consumption (direct and indirect costs) accounts for around 1/10 of the value of the company's total external supplies and services) is a priority issue with respect to monitoring and the implementation of energy efficiency measures. The increased energy efficiency leads to direct environmental gains – each joule of energy saved is reflected in a lower production of carbon emissions – as well as in a more solid consolidated balance sheet of the company in the short and long term.

Electricity supplied accounted for 41% of all the energy consumed by CTT. This year, the electricity consumption from the public grid amounted to 43,604MWh, corresponding to 156,973GJ, with certified green energy having been acquired for the entirety of this consumption. This energy comes from 100% renewable sources (water), with zero emissions.

CTT also consumes minor amounts of power produced by the existing solar panels at the Lisbon administrative service head office and at the Maia building.

With the expansion of Banco CTT's activity, the consumption in the respective post offices has increased, due to the expansion of the lighting periods, the installation of new window displays and increased computer equipment. Another factor which influenced energy consumption in 2017 were the high temperatures during the summer, which consequently increased the need for cold air conditioning.

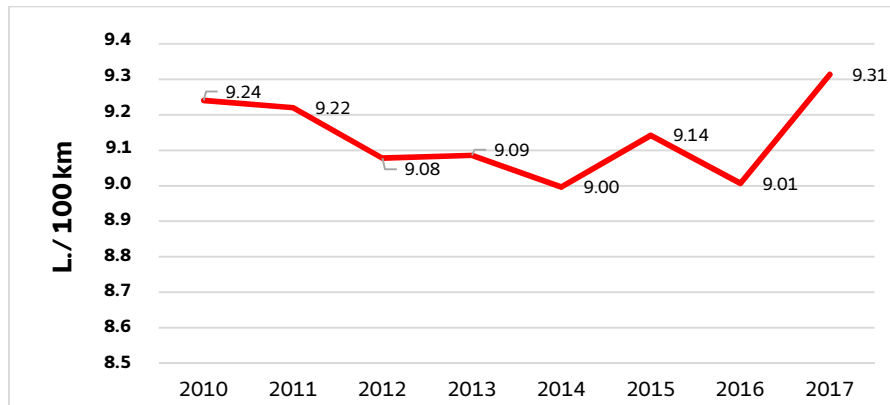
Thermal power consumption for air conditioning of the head office building amounted to the total of 2,009MWth (6,507.3GJ).

Fuel continues to represent CTT's main energy consumption<sup>5</sup>, having recorded a consumption of 5,971 thousand litres, equivalent to 221,020GJ. The overall efficiency of CTT's fleet, measured in litres/km, declined by 3.3% in relation to 2016, with 9.1 litres to 100 km.<sup>6</sup>

The specific consumption of the fleet of CTT, S.A., which is the most representative of the company, degraded by around 3.2%, as a result of its adaptation to the rapid growth of e-commerce, with larger sized items. To this end, there was an increase of volumetry of the light goods vehicles, with replacement by larger capacity vehicles, which implied a reduction both of the kilometres travelled and consumption. As the latter was less accentuated than the former, this led to a degradation of the efficiency indicators expressed in litres/km (but not in litres/m<sup>3</sup>\*km).

<sup>5</sup> Outsourced vehicles are not included;

<sup>6</sup> Does not include fleets of CORRE or Transporta.










**Figure 16 – Evolution of the average fleet consumption of CTT, S.A.**

Regarding gas, used in the canteens of some CTT buildings, consumption stood at around 44,703m<sup>3</sup>, equivalent to 1,941GJ<sup>7</sup>, reflecting a stabilisation in relation to the previous year.

Overall, the reduction of fuel consumption by 1.8%, associated to alterations of the operational model and the type of fleet, was not sufficient to offset the increased energy consumption in buildings (electricity, gas and air conditioning) of 3.5%, which led to an almost stabilisation (0.4%) of the Group's energy consumption.

The following table shows the evolution of power consumption in GJ.

**Table 9 – Energy Consumption of CTT**

GJ		2016	2017	Δ%
Conventional electricity consumption <sup>8</sup>		0.0	0.0	0.0%
Green electricity consumption		153,329.8	156,972.8	2.4%
Total electricity consumption		153,329.8	156,972.8	2.4%
Solar panel power consumption		127.2	127.2	0.0%
Thermal power consumption		4,650.9	6,507.3	39.9%
Total fuel consumption <sup>9</sup>		225,021.9	221,020.4	-1.8%
Total gas consumption		1,888.8	1,941.2	2.8%
<b>TOTAL</b>		<b>385,018.7</b>	<b>386,568.9</b>	<b>0.4%</b>

Total energy consumption is reflected in an energy bill of close to 15.6 million euros.

The carbon emissions derived from outsourced road transport activity, as well as from business travel and journeys between home and work by the employees, were counted and are reported further below.

### Buildings

Reinforcing the commitment to reduce energy consumption, with direct consequences on cutting greenhouse gas emissions, various energy efficiency and carbon management measures have progressively been implemented at CTT's real estate properties. These interventions have primarily

<sup>7</sup> Valor estimado através da metodologia da Greenhouse Gas Protocol CO<sub>2</sub> para Direct Emissions from Stationary Combustion da GHG Protocol Initiative.

<sup>8</sup> Electricity consumption does not include CORRE or Transporta.

<sup>9</sup> Fuel consumption does not include CORRE or Transporta.

GRI EN5

GRI EN3

GRI EN6

GRI EN3

GRI EN31

GRI EN4

GRI EN6

focused on the components of air conditioning and lighting, which are the most relevant in terms of the facilities' energy bill.

### Operational centres

The three sorting centres (CPL) are the largest energy consumers, out of the CTT's total of approximately one thousand buildings, with the South and North being energy intensive consumers. Hence, the energy initiatives on these sites are clearly priority.

Notwithstanding the effort to rationalise energy consumption and the implementation of energy efficiency measures in these centres, there was an absolute increase of electricity consumption in these two largest sorting centres. The heavy growth in parcels volumes associated to electronic commerce implied a higher rate of occupation of the "Rest Mail" equipment at the South Sorting Centre (CPLS), specific for sorting of these volumes, which influenced the consumption of this building. Another influential factor was the transfer of postal equipment for sorting of items to these centres, for reasons of operational management. The implementation plan of the ARCE (Agreement on Energy Consumption Rationalisation) for 2012-2019 was continued at the North Sorting Centre (CPLN).

The lighting of the central floor of the Centre Sorting Centre (CPLC) was replaced by LED lamps, which enabled reducing the installed power by more than 1/3 as well as a more efficient management of the lighting of this site. It is estimated that this measure will enable an annual saving of approximately 250MWh.

### Administrative services building

The CTT head office, in Lisbon is responsible for 5% to 8% of total consumption/costs related to energy, paper and water and waste production. Monitoring and control based on advanced solutions, namely the parametrisation of the centralised technical management system, has thus become imperative, in order to identify and optimise potential actions to reduce consumption/costs.

Particular note should be made of the fact that part of the power consumed in the building comes from renewable sources, through solar power produced by the hot sanitary water.

### Other buildings

The company has carried out actions aimed at modernising the equipment of various facilities and the correction of non-compliance detected according to the best practices tested in previous years, introducing greater energy efficiency and thus contributing to reduce CTT's energy footprint.

In general terms, interventions were carried out in around 60 post offices, 32 business premises and 3 service buildings. These actions included the installation of remote management systems for energy and monitoring of consumption, the redesign of lighting systems, including the installation of LED solutions, improvements of the air conditioning environment of the facilities with the replacement of older units by equipment with a higher energy efficiency class, intervention in elevators, improvements in electrical switchboards and the replacement of compressed air compressors and review of the respective distribution network.

The draft model for remodelling the CTT post offices was reviewed, in terms of construction and infrastructures, with a view to the higher thermal efficiency of these buildings, involving more efficient lighting systems, replacement of heating, ventilation and air conditioning systems and thermal improvement of the exterior surroundings of the facilities. This new, more efficient, model has already been applied in interventions made in 5 CTT post offices during 2017.

Also in the field of energy efficiency concerning LED lighting, following pilot studies with specific solutions for postal delivery offices, these were extended in 2017 to more than 15 buildings. Systems for monitoring electrical energy consumption, with activation and alarm plans, were also implemented in 6 postal delivery offices.

GRI EN7

GRI EN6

GRI EN7

As CTT has progressively increased its fleet of electric vehicles for mail delivery and support services, infrastructures have been installed for charging electric vehicles at various postal delivery offices and at the head office building.

The actions were continued in terms of replacement of computer equipment by more efficient equipment, namely computers and screens, enabling energy saving in the establishments.

Cutting energy consumption is essential for CTT, which annually spends around 8 million euros on electricity.

GRI EN6


### Goals for 2018 and following

- **Completion of the energy audit of buildings by 2019**
- **Continuation of the energy certification of buildings (SCE)**
- **Expansion of LED lighting to postal delivery offices and 1 sorting centre**
- **Reduction of electricity consumption by 1%**

### Mobility

CTT operates one of the largest and most modern fleets of national companies, composed of 3,540 vehicles under direct operation, with transport services also being outsourced to third parties. CTT's fleet includes 353 less pollutant vehicles.

**Table 10 – CTT Vehicles**

(number)		2016	2017	Δ%
Total vehicles in operation		3,546	3,560	0.4%
Less pollutant vehicles		326	353	8.3%

CTT's total activity accounted for 65 million km (a reduction of around 5% compared to 2016), plus 58 million km travelled by the outsourced road fleet. The insourcing of the transport of express items in the transport network of CTT, S.A., previously outsourced and initiated in 2014, underwent a trend reversal as a consequence of the enormous growth of these volumes (+8% at CTT Espresso and +26% at Tourline). In the absence of installed own capacity, it was necessary to use new external suppliers, which made the outsourced fleet's activity increase by 22%, reversing part of the gains obtained in terms of the total carbon footprint (scopes 1, 2 and 3).

GRI EN4

The search for economically efficient and environmentally friendly solutions has led to the expansion of the fleet of alternative vehicles, primarily electric vehicle, which currently correspond to 10% of CTT's total fleet. In the same context, the integration of conventional vehicles with increasingly more recent technological solutions not only enables optimising operating costs but also the highest possible reduction of the negative impacts of its activity.

GRI EN19

Due to the insourcing of the transport of express items in the base network of CTT, S.A., the fleet was strengthened with 64 light goods vehicles contracted under a vehicle operating lease system, aimed at increasing the volume required for the operation. These vehicles have replaced 91 older units, which had been in operation, thus enabling higher potential efficiency (per tonne\*kilometre) than that which existed previously. 11 light passenger vehicles have also contracted under vehicle operating leases. Additionally, 145 motorbikes, 6 moto4, 5 light goods vehicles, 13 heavy goods vehicles, 1 heavy goods tractor and 1 trailer were acquired for transport and delivery of mail.

GRI EN7

The electric fleet was also renewed, with 15 electrical vehicles and 1 hybrid, all light passenger vehicles contracted under a Renting system and the acquisition of 25 electrical tricycles, which will contribute to an annual reduction of approximately 76 tonnes of CO<sub>2</sub> emissions. CTT has thus increased the company's ecological fleet to 353 vehicles, the largest at a national level, strengthening its leadership in alternative fleets.

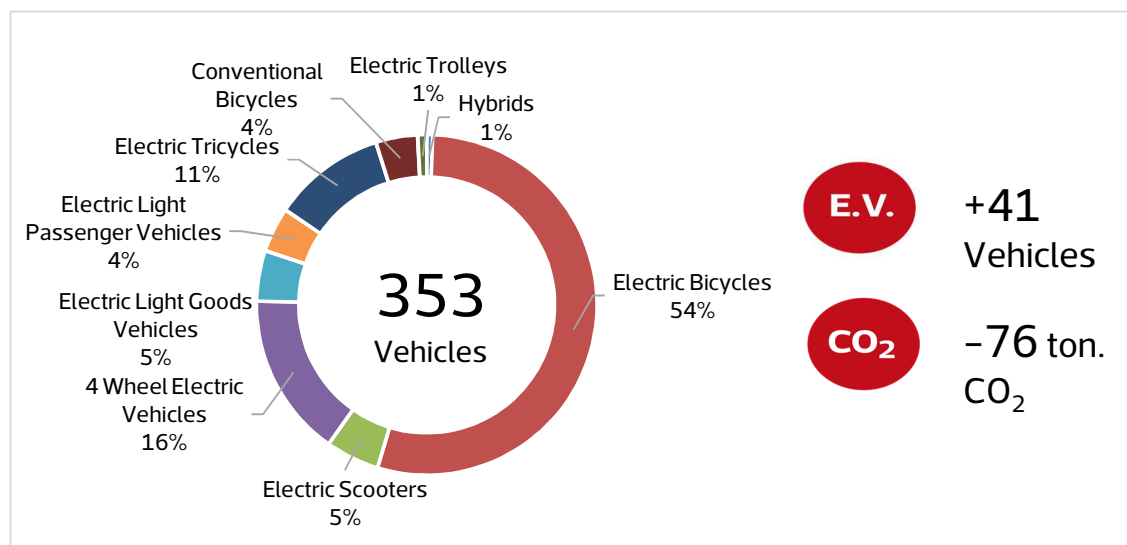
As these vehicles are more energy efficient, they boost the reduction of fuel consumption and emission of pollutant gases.

The overall average age of the CTT, S.A. fleet remained unchanged in relation to the previous year, currently standing at 3 years. Nevertheless, it is one of the most modern at a national level.

**Table 11 – Average age of the fleet of CTT, S.A.**

	Average age 31/12/2015	Average age 31/12/2016	Average age 31/12/2017
Overall average age	2.5	3.0	3.0

The fleet of alternative vehicles is currently composed of 191 electric bicycles, 55 electric all-terrain vehicles, 38 electric tricycles, 18 electric scooters, 17 electric light goods vehicles, 15 electric light passenger vehicles, 3 electric trolleys, 2 hybrid vehicles and 14 conventional bicycles.



**Figure 17 – Type of alternative vehicles**

CTT has started the preparation of the new Energy Consumption Rationalisation Plan for the entire CTT fleet, for the three-year period 2017–2020. In 2017, the implementation of the Fleet Renewal Plan continued as well as the acquisition of electric vehicles, the optimisation of routes, the control of supplies, the training and awareness-raising of drivers, and the installation of GPS systems in the operational vehicles was started.

The FREVUE (*Freight Electric Vehicles in Urban Europe*) project has been pursued with the operation of 17 electric vehicles (7 Nissan e-NV200 and 10 Renault Kangoo ZE vehicles). By the end of 2017, the 17 electric vehicles had travelled close to 590 thousand km. The final analysis were completed, with the monitoring information and other elements of assessment having been provided to the various international partners. CTT was invited to present the project in Brussels at the “5th E-Mobility Stakeholder Forum” and at the “Supply Chain”, in Vila Franca de Xira. We were present in London at the FREVUE *Partner Meeting* where the first versions of the project's general conclusions were presented. Also under this project, FREVUE received the 2017 LowCVP – *LowCarbon Champions of the Year Award* and the *National Air Quality Award in the Freight Transport Air Quality Initiative*, both in England and received by the city of London as coordinator of the project.

In 2017, CTT held the third annual edition of the *Drivers' Challenge*, a system for assessment and recognition of eco efficient performance, which covers around 4,700 drivers, distinguished with an honourable mention in the “Efficient Management of Resources” category of the *Green Project Awards*. This initiative seeks to promote sustainable driving, intervening in the behavioural area, in a competitive perspective, with the assessment system being based on three aspects: ecoefficiency, accident rates and interaction with the community. This test served to select the winning team which will represent CTT in the 5th edition of the *Driver's Challenge* of the IPC, an international competition which CTT will host, for the first time, in Portugal, in 2018. CTT is thus preparing its next international edition, which will be held at Estoril Car Racing Circuit, with teams of ten European postal operators.



Under its Sustainable Mobility Programme, CTT once again took part in the European Mobility Week, this year under the motto “Sharing gets us further”, an occasion that has been commemorated for various years to reiterate its commitment to values related to the environment and corporate civic participation in the context of soft mobility. CTT's programme included a series of awareness-raising actions, with the presentation of electric vehicles, test drives of electric passenger vehicles, the disclosure of the company's carpooling platform and participation in public displays on the topic. During this week, CTT invited all the employees to reflect on their mobility habits and find more responsible solutions, such as public transport or sharing lifts.

In view of the new urban mobility solutions and in order to promote more efficient solutions inside the cities where it operates, CTT tested an electric prototype for mail delivery –VEDUR (urban delivery electric vehicle) in 2017, in the city of Aveiro, thus reducing the motorised presence in the zone. This test was developed in partnership with a Portuguese start-up, UOU Mobility, with some changes having been made to the original model to adapt it to CTT's needs. The results were very positive, which led CTT to expand the circulation of the vehicle, having introduced 12 more units in the delivery circuits in 2018.



CTT's car pooling platform, launched with the objective of mitigating the emissions generated by the *commuting* of the employees, has already enabled saving around 9 tonnes of CO<sub>2</sub> since December 2015. The tool has a system that enables calculating the most effective routes and understanding the savings achieved, presenting a positive economic and environmental impact. This project was a runner-up to the *Coups de Coeur 2017 Awards of Posteurop*, in the Environment category, in 2017.

In this regard, CTT was once again distinguished by MUBi – the most representative national association of urban cycling – as a “Bicycle Friendly Company”. This award acknowledges and distinguishes companies that foster the easy use of bicycles at their facilities, for workers and customers.



### Goals for 2018 and following

- **Completion of energy audit of the fleet**
- **Stabilised fuel consumption of CTT's own fleet**
- **Improve the efficiency of the specific consumption of the heavy fleet of CTT, S.A.**
- **Review of measurements relative to efficiency gains in fuel consumption**
- **Acquisition of 30 VEDUR vehicles**
- **Acquisition of 8 light goods vehicles**
- **Completion of the study of the mobility profile of postal delivery offices and post offices by 2018**
- **System of awards for the Car Pooling Platform (continuation)**
- **Organisation of the International Drivers' Challenge in Portugal**

## 5.3. Atmospheric Emissions and Climate Change

Climate change affects the company's costs, revenues and reputation, playing a fundamental role in the definition of its strategy. In most cases, the influence of the topic derives from the commitment to adaptation to climate change and potential financial gains, more than from the response to compliance with legal and regulatory obligations.

CTT's total CO<sub>2</sub> equivalent emissions (scopes 1, 2 and 3) were 56,755t CO<sub>2</sub>e, having increased in 2017 in relation to the previous year (7.4%). This growth of carbon emissions essentially arises from the increased outsourced activity of transport of items, via terrestrial means (referred to above in 5.2. Energy, sub-chapter on Mobility).

The acquisition of green electricity for 100% of its consumption since 2015 significantly reduces scope 2 emissions by approximately 15 kt. Co<sub>2</sub> per year and significantly contributes to lowering the company's total carbon footprint, as well as the achievement of the carbon reduction targets, both absolute and specific, endorsed by CTT.

The reduction of the insourcing of outsourced routes contributed to decrease consumption and emissions arising from the activity of CTT's own fleet, by 1.8%. Overall, the reduction of emissions of CTT's own fleet manages to offset the growth occurred in air conditioning and gas (scopes 1 and 2).

Scope 3, associated to outsourced transport, continues to represent the largest portion of emissions, accounting for 71.4% of the overall emissions of the company's activity, followed by scope 1 emissions relative to fuel and gas consumption (28.3%), and scope 2 relative to consumption of electricity and air conditioning (0.3%). Alterations of methodological nature implied an upward review of the values of 2016.

**Table 12 – Carbon emissions of CTT <sup>10</sup>**

t CO <sub>2</sub> e	2016	2017	Δ%
Direct emissions – Scope 1	16,433.5	16,139.3	-1.8%
Indirect emissions – Scope 2	133.3	186.5	39.9%
Indirect emissions – Scope 3	36,356.3	40,522.0	11.5%
<b>Total Emissions (Scopes 1, 2 and 3)</b>	<b>52,821.7</b>	<b>56,755.5</b>	<b>7.4%</b>



<sup>10</sup> Does not include CORRE or Transporta.



Direct emissions of greenhouse gas and other pollutant gases into the atmosphere, derived from fuel consumption by the fleet and gas consumption in buildings, represent 16,024t of CO<sub>2</sub> and 115t of CO<sub>2</sub>e, respectively.

The reduction observed in scope 1 emissions arises from the reduction of the own fleet's activity (-4.8% kilometres travelled), due to the increased load transported per vehicle.

**Table 13 – Direct atmospheric emissions of CTT (tonnes)**<sup>11 e 12</sup>

Greenhouse gas emissions (t CO <sub>2</sub> e)		2016	2017	Δ%
Fleet <sup>13</sup>		16,322.1	16,024.3	-1.8%
Gas		111.4	115.0	3.3%
Total direct emissions (scope 1)		<b>16,433.5</b>	<b>16,139.3</b>	<b>-1.8%</b>
Other pollutants (tonne)				
NO <sub>x</sub>		176.1	173.5	-1.5%
SO <sub>x</sub>		45.5	44.8	-1.5%



GRI EN21

GRI EN15

The indirect emissions are derived from the electric and thermal energy consumed in the buildings, as well as other indirect consumption that occurs along the value chain. These include emissions derived from the electricity consumption in buildings used by CTT, air conditioning by thermal power at the head office in Lisbon, the outsourced road, air and sea transport, business travel and journeys between home and the workplace (commuting).

The entire consumption of electricity by CTT buildings was based on green energy, therefore the consequent carbon emissions are zero. The consumption of thermal power for air conditioning of the Lisbon head office building (the only building which uses this form of energy) stands at 187t of CO<sub>2</sub>.<sup>14</sup>

**Table 14 – Indirect atmospheric emissions from consumption of electricity and thermal power by CTT**

t CO <sub>2</sub>		2016	2017	Δ%
Electricity consumption <sup>15</sup>		0	0	0.0%
Thermal power consumption		133.3	186.5	39.9%
Total indirect emissions (scope 2)		133.3	186.5	39.9%

GRI EN16

The air transport of mail, parcels and courier products recorded emissions of the value of 10,584t of CO<sub>2</sub>, corresponding to a 1.0% increase in relation to the previous year, as a result of an increase of international volumes. The emission of sea transport of parcels and express mail, in the inter-island routes of the Azores and Madeira and between Mainland Portugal, stood at 44t CO<sub>2</sub>.

<sup>11</sup> Value estimated according to the WRI methodology of the Greenhouse Gas Protocol tool for mobile consumption version 2.6, using conversion factors listed in "Compilation of emission factors used in cross-sector tools" for the different types of fuel used by the fleet, applied to the respective consumption

<sup>12</sup> Value calculated by converting the pollutant emissions to CO<sub>2</sub>eq based on the factors of emission of the gases CH<sub>4</sub> and N<sub>2</sub>O, according to the IPCC Fifth Assessment Report (AR5)

<sup>13</sup> Does not include CORRE or Transporta.

<sup>14</sup> Estimated using the emission factor provided by ADENE in the context of energy certification of buildings, based on the 2002-2005 national energy mix.






<sup>15</sup> Does not include CORRE or Transporta.

The emissions of the outsourced transport of mail, parcels and express increased sharply (22%) to 23,100.6t CO<sub>2</sub>. This increase was due to a higher national outsourcing of urgent and express mail connections, to meet the increased electronic commerce. There was also a strong increase of this activity in the Spanish market, both in terms of volumes transported and in terms of the average weight of these items, giving rise to significant growth of the emissions of the routes outsourced by Tourline.

Travel abroad accounted for approximately 9t CO<sub>2</sub><sup>16</sup>. Travel between the subsidiaries is currently not calculated, and is certainly not representative. Even so, and in order to minimise carbon emissions, the practice of holding national or international meetings by telephone or video-conference was continued.

With regard to commuting, the carbon footprint is 6,783.8t CO<sub>2</sub>, for a total of 56 million km travelled annually. The values have been updated according to the evolution of the CTT population.

**Table 15 – Other CTT indirect<sup>17</sup> emissions**

t CO <sub>2</sub>		2016	2017	Δ%
Air transport		10,480.0	10,583.9	1.0%
Sea transport		40.8	44.3	8.5%
Road transport by outsourced fleet <sup>18</sup>		18,959.3	23,100.6	21.8%
Air and rail travel on company business		12.5	9.4	-24.6%
Commuting		6,863.8	6,783.8	-1.2%
<b>Total outsourced transport (scope 3)<sup>19</sup></b>		<b>36,356.3</b>	<b>40,522.0</b>	<b>11.5%</b>

Considering direct (scope 1) and indirect (scope 2) carbon emissions, the carbon incorporation of each postal item is 12.8g of CO<sub>2</sub>, which implied a 2% deterioration of the unit energy/carbon intensity in relation to the previous year. This deterioration was due to the reduction of overall volumes being higher than that observed for the fuel consumption by the own fleet and respective direct emissions. Incorporating the scope 3 emissions, there was a higher deterioration in carbon intensity per postal item (11%), due to the increased emissions associated to the outsourced transport of mail, parcels and express, referred to above.

### Climate change

CTT joined the Road to Paris initiative in 2015, a multilateral campaign in favour of a low carbon economy, for companies, financiers and governments of the entire world, aimed at supporting the historic opportunity of a potential global agreement in response to climate change at the United Nations Conference of the Parties (COP21), held in Paris in December 2015. In this context, CTT undertook the following 3 commitments:

- Commitment to adopt a target of reduction of greenhouse gas (GHG) emissions from a science based perspective;
- Commitment to share relevant information on climate change in the most important reports on this issue, as a fiduciary duty;
- Commitment to develop social responsibility actions on issues of climate change.

In 2017, CTT saw its new carbon emission targets approved by the SBTi – Science Based Target Initiative. The SBTi is a joint initiative of four of the most highly reputed international organisations linked to sustainability and the environment, the UNGC (UN Global Compact), CDP (Carbon Disclosure Project), WRI

<sup>16</sup> Includes the business travel abroad of CTT, S.A.

<sup>17</sup> Value estimated according to the WRI methodology of the Greenhouse Gas Protocol tool for mobile consumption version 2.6, using the conversion factors in Compilation of emission factors used in cross-sector tools

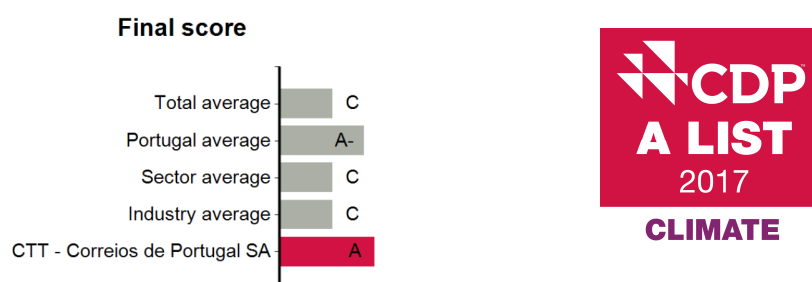
<sup>18</sup> Values of 2016 reviewed, due to methodological reasons (changes of distribution of vehicles per category)

<sup>19</sup> Does not include CORRE or Transporta.

(World Resources Institute) and WWF (World Wide Fund for Nature). The objective of this approach in establishing targets is to limit the global average temperature increase below 2 degrees centigrade. CTT is thus part of a group of merely 71 top companies in the entire world, at the present date, with targets validated by the SBTi. The approved targets are two (a pioneer fact, at the sector level): in absolute terms, a 30% reduction of total emissions in the period between 2013 and 2025, and in relative terms, a 20% reduction of emissions by letter or parcel, in the same period.

In the sector rating of carbon proficiency Environmental Measurement and Monitoring System of the IPC – International Post Corporation, CTT confirmed its sectoral leadership in the reduction of carbon emissions – 76% in scopes 1 and 2 between 2008 and 2016, the largest reduction of emissions of the postal sector at a worldwide level, holding 4th position among the 20 main international operators in terms of proficiency of management. CTT has adopted the sector targets of reduction of carbon intensity per letter and per parcel delivered, established by the IPC in accordance with the requirements of the SBTi and indicated above, of – 20% (scopes 1, 2 and 3) by 2025.

CTT also achieved the highest level of leadership (A) in matters of Climate Change in the 2017 edition of the Carbon Disclosure Project, a stock exchange index which is the principal rating of energy and carbon sustainability at a worldwide level. In 2017, only 120 companies reached this level, among the around 5,500 listed from all over the world that were assessed, of which only two from the postal sector (CTT and the Austrian *Österreichische Post*). CTT were also considered level A, in the Supply Chain programme of the postal delivery offices, directed at customers.



**Figure 18 – CTT Results of the Postal Delivery Offices 2017**

These good results are due to the adjustment of the strategy, policies and practices that have long been followed by CTT on matters of energy and carbon management and reinforce the company's strategic focus in reducing a fossil fuel and electricity consumption, expanding the fleet of alternative vehicles, using 100% renewable electricity, launching carbon neutral solutions, and supporting projects in defence of biodiversity managed by specialised institutions.

By acquiring 100% of certified green electricity, since 2016, for all consumption, CTT is in line with the international business initiative RE100, fostering the use of electricity 100% based on renewable sources.

CTT maintains its endorsement of "Caring for Climate" (C4C), a reference instrument of the United Nations for Climate Change, subscribed by leading companies at a global level.

On these matters, CTT adopts the following formulation of principles:

#### **Policy on Energy and Carbon Management and Climate Change**

- Creation of value for the business, and likewise generating value for society;
- Respect for the legal and regulatory framework in force and other commitments which the company endorses;
- Improvement of the energy efficiency of equipment, facilities, fleet and product design, with a view to continuous improvement of performance;
- Provision of information and resources, in order to achieve the established objectives and targets;
- Active engagement with partners, employees, customers, community and all other stakeholders aimed at the dissemination and promotion of these principles.

### Goals for 2018 and following

- Maintain direct and indirect emissions of CO<sub>2</sub> (33% in the period 2008–2020)
- Stabilise direct and indirect CO<sub>2</sub> emissions
- Reduce scope 1, 2 and 3 emissions (–30% in the period 2013–25)
- Maintain scope 1, 2 and 3 emissions (–30% in the period 2005–30)
- Reduce scope 1, 2 and 3 emissions (2005–30) by 0.8%
- Maintain the carbon intensity per postal item (scopes 1, 2 and 3) (–20% in the period 2013–25)
- Increase of the carbon intensity per postal item, scopes 1, 2 and 3 (2013–25) by 0.2%
- Maintain acquisition of 100% of electricity of renewable origin

## 5.4. Consumption, Waste and Biodiversity

### Noise (exterior)

Although considered an area of low relevance to the business, noise emissions are monitored periodically in accordance with the regulations in force on this matter, with the obtained results being within the applicable legal parameters.

GRI EN30

### Water

Postal activity is not particularly intensive in its use of water, although water constitutes a resource for the daily operation of the facilities, namely for human consumption, irrigation or occasional situations of vehicle washing and use in air conditioning equipment.

GRI EN8

**Table 16 – Total water consumption of CTT**

	2016	2017	Δ%
Consumption (m <sup>3</sup> ) <sup>20</sup>	64,441.9	55,580.0	–13.7%

GRI EN8

As a whole, 55,580m<sup>3</sup> of water was consumed by CTT. For CTT S.A., the figures only include the consumption of the sorting centres and buildings supplied by EPAL. The total cost related to water consumption at CTT represents 302 thousand euros.

There was a reduction in total water consumption, essentially associated to the consumption of the buildings of CTT, S.A which recorded a strong reduction (–15%). The highest reduction of consumption took place at the South Sorting Centre (CPLS), in which flow reducers were installed during 2017 at all consumption points, which enabled saving around 15% of the respective total water consumption of the building.

GRI EN27

CTT maintained its adherence to EPAL's Water beep service, which provides information in real time on the consumption of network water using telemetering, for the buildings of the Lisbon region, with a view to optimising water consumption and costs.

### Goal for 2018

- Reduction of water consumption by 2%

<sup>20</sup> Among the subsidiaries, does not include the consumption of CORRE or Transporta.

## Consumption of materials

Although CTT's activity involves very little incorporation of intermediate or final materials in its supply process, priority has been given to their reduction.

This year, approximately 3,228.8 tonnes of consumption<sup>21</sup> of materials were recorded, involving 2,616.2t of paper, 582.2t of plastic and 5.8t of metal, among others.

Paper consumption increased by 16.6%, derived from the growing acquisition of paper for Mailtec's productive process, at the request of its customers.

CTT participated in the BCSD's sustainable finance working party, on funding opportunities to the green and circular economy. In this context, the publication "Funding Sustainability" was launched, which indicates examples of projects and actions that can be funded under the available funding programmes of Portugal 2020 in the context of the circular economy, and also lists a series of recommendations directed at public administration, banking, investors and companies.

With a view to reducing consumption, the company provided the "Online Receipts" service, a solution with functionalities for digital marketing and assessment of the quality of the counter service, based on the dematerialisation of invoice, enabling retailers to have a closer and more innovative service to their customers, while at the same time advertising their brands and offers in the digital channels. In 2017, the number of registered users doubled in relation to the previous year and the number of processed invoices surpassed 3 million, contributing to the reduction of costs related to the printing of these documents.

In the same line of action, the "EasyPrint" products/services and personalisation of colour-printed statements were maintained at Mailtec, contributing to reduce the diversity of materials consumed, which, together with careful stock and warehouse management, has led to a progressive decrease of the levels of raw materials in stock. This company also has modern equipment working with environmentally friendly ink.

The periodic analyses and information actions on the consumption of materials continued in the largest buildings, namely through the internal TV circuit of the head office and internal communication of the sorting centres, which are followed up by awareness-raising in the areas concerned on the need to reduce paper consumption.

The practice of incorporating recycled materials in products has been maintained, with the incorporated recycled paper in the total consumed currently representing 2.7% (7.6% at CTT, S.A.).

### Goal for 2018

- Increase of paper consumption by 3% (except Mailtec)

## Waste

CTT continued with the internal management practices and final sending of waste to the most suitable destination, promoting the selective separation of waste and recovery solutions, instead of sending it to landfills. The total quantity of waste produced in 2017 increased significantly (25%), essentially associated to changes in Tourline's activity. Nevertheless, the overall recovery rate was 81.8%, above that observed in the previous year, due to an effort to improve the separation of recyclable waste.

<sup>21</sup> The reported figures were obtained via analysis of the acquisitions made through the e-procurement electronic system.. The gradual expansion and improvements introduced to the accounting process regarding the consumption of materials have enabled the inclusion of more products and the identification of different types of materials.

The following table shows the different types of waste and their quantities produced at CTT.

**Table 17 – Waste**

<b>Tonnes <sup>22</sup></b>	<b>2016</b>	<b>2017</b>	<b>Δ%</b>	<b>Destination</b>
Paper and cardboard	317.8	369.4	16.2%	Recovery
Plastic	79.5	165.4	108.0%	Recovery
Wooden pallets	241.7	253.8	5.0%	Recovery
Undifferentiated waste	125.6	238.4	89.8%	Recovery/Disposal
Other	181.9	156.7	-13.9%	Recovery/Disposal
<b>National Total</b>	<b>946.6</b>	<b>1,183.7</b>	<b>25.1%</b>	

GRI EN28

**Table 18 – Waste by hazard level and destination <sup>23</sup>**

<b>Tonnes</b>	<b>Recovery</b>	<b>Disposal</b>	<b>Total</b>
Hazardous waste	1.0	26.5	27.5
Non-hazardous waste	967.8	188.4	1,156.2
<b>Total</b>	<b>968.7</b>	<b>214.9</b>	<b>1,183.7</b>

Concerning the circular economy, CTT started an inverse logistics business, involving transport around waste of final customers of a major CTT customer, the food sector.

In view of the legal obligations on this matter, CTT has enrolled 14 buildings in the integrated registration system of the Portuguese Environment Agency (APA) and participates in the Sociedade Ponto Verde integrated system for management of the waste of the non-reusable packaging placed by CTT on the market.

GRI EN27

GRI PR3

GRI EN28

### Goals for 2018

- **Reduction of waste production**
- **Increased recovery rate**

### Biodiversity

The use of paper, as the most representative format used in postal communication, has a relevant effect, albeit indirect, on forests and biodiversity. Therefore, while not considered a critical topic, the company manages its impacts on biodiversity in an active manner and in line with its management framework, focusing on the use of paper derived from sustainable forests and on promoting the use of certified paper in its products and services.

Regarding land use, the impact on biodiversity is associated to the size and location of the real estate properties, situated in urban and industrial areas, where there is no knowledge to suggest that CTT develops activity or operates facilities inside protected zones or areas with a high biodiversity index.

GRI EN12

GRI EN27

GRI EN30

GRI EN11

<sup>22</sup> Waste does not include CORRE or Transporta

<sup>23</sup> Waste does not include CORRE or Transporta

CTT launched the 4th edition of the “A Tree for the Forest” initiative, in partnership with Quercus, aimed at reforesting some zones of the country with indigenous species, namely Protected Areas, at greater risk or more affected by forest fires. The tragic fires of 2017 created a deep wave of solidarity in Portugal and this year’s edition thus had an unprecedented public reach and impact, involving citizens and companies, as well as a huge number of public and private institutions, such as Schools and Universities, the European Commission, Armed Forces, GNR (National Republican Guard), Embassies, Foundations, Hospitals and Sports Clubs, among others. Banco CTT also joined the initiative, with the offer of a kit to customers subscribing to their credit card. Approximately 65 thousand “A Tree for the Forest” kits were sold in 2017, greatly exceeding the sales of around 11 thousand kits of the combined three first years of the initiative.



GRI EN13

Following the previous year’s edition of the initiative, a group of CTT employees and family joined other volunteers to plant more than 5,000 trees in Alvão Natural Park in 2017.

*Quercus has collaborated actively with CTT over these past years in the implementation of its environmental sustainability programme, recognised by society as an example of corporate responsibility. Projects of participatory citizenship such as the “A Tree for the Forest” and initiatives associated to carbon offsetting and sustainable mobility are nowadays valuable contributions to the construction of a new **indigenous forest with high biodiversity levels** and more resistant to fire, and to the adoption of environmentally appropriate attitudes and behaviour.*

João Branco  
Chairman of Quercus – National Nature Conservation Association



CTT also participated in the largest ever cleaning action at Tapada de Mafra, promoted by EPIS (Business Persons for Successful Schooling), joining a group of 770 volunteers who participated in this initiative. In another context, CTT was also present at a river fish resettlement action in Ribeira de Alcabrichel, promoted by Quercus.

The launch of various collectable stamp issues on environmental matters included, in 2017, the publication of 4 stamp issues and 3 postcards dedicated to the topics “Trees of the Mediterranean”, “Geoparks of the Azores”, “Peaks of Madeira” and “Research of Cetaceans” involving a total of 1.63 million philatelic units. The production of “meuselo” personalised products with FSC (Forest Stewardship Council) certified and fully chlorine free paper was maintained.



CTT continued its adherence to the Print Power programme, associated to awareness-raising campaigns on responsible communication using paper, through press advertisements and mailings to the persons in charge of Marketing and Advertising. The sponsorship of Lisbon Zoo was also maintained, with the sponsoring of the Iberian Lynx.

## Goals for 2018

- Production of press releases, advertisements and mailings, under the Print Power initiative
- 5th edition of “A Tree for the Forest”
- Launch of 4 philatelic issues



### Training and Awareness-Raising

CTT has regularly developed, both internally and externally, a large number of awareness-raising initiatives aimed at boosting knowledge on the matter, disseminating good practices by the employees and all other stakeholders, and drawing attention to certain environmental aspects, such as the conservation of resources, the protection of nature and the need for eco-efficiency, among other issues.

Internally, CTT has maintained the monthly publication of the magazine *Move-nos* (23 thousand copies), with frequent publication of articles of environmental nature, as well as the broadcasting of contents with environmental themes (data on consumption and emissions, information on events, environmental curiosities, etc.) on its internal TV channel at the head office and in the retail network. The monthly dissemination of topics on sustainability and environment continued in the e-newsletter "InFocus", directed at the employees of the Retail Network (approximately 2,400 people).

The training actions on ISO (9001, 14001 and OHSAS 18001) continue to be included in the training plan ministered to CTT employees. An e-learning training session was held on eco driving, covering 74 employees.

At an external level, CTT regularly shares news items on sustainability, at an economic, social and environmental level, through its Facebook Sustainability page – *Esfera CTT*, which has 39 thousand fans. Among them, just the "A tree for the Forest" campaign reached over 600 thousand users, including LinkedIn.

CTT annually prepares a case study for the Sustainability Report of the postal sector, published by the IPC, which this year covered the testing of a new type of electric vehicles. CTT initiatives and projects were present in a record number of programmes (7) of the oldest environmental magazine of Portuguese TV, "Minuto Verde" (100% renewable electricity, carbon offsetting, green fleet, electric bicycles, LED lighting at Caldas da Rainha postal delivery office, "A Tree for the Forest" project and car pooling) and on the TV programme Biosfera (ecological fleet). Other case studies and contributions were prepared for the economics portal of the Ministry of the Environment.

CTT participated in conferences and published material on environmental topics, with a view to sharing good practices and raising the awareness of the participants. At an international level, presentations were made on mapping of sustainable development goals and about alternative transport, respectively in the *Sustainability Workshop* and *Best Practice Seminar*, both of IPC. Nationally, 4 interventions at universities (two at ISEG and one at IPS and IPAM) and at the conference of the magazine Turbo, on sustainable fleets, publication of 2 best practices in the Year Book CSR Brochure 2017 of PostEurop, about the car pooling solution and platform of suggestions Inov+ and an article on CTT's carbon neutrality and participatory offsetting programme, in the magazine Postal Technology International. Publication of 2 case studies of CTT (ODS12-Ecoportfolio and ODS13-Drivers' Challenge), in a BCSD document on sustainable development goals (SDG).

#### Goals for 2018

- Environmental training in the retail network and delivery offices
- Cycle of thematic lectures

### Environmental investment

In 2017, the total value of environmental investment amounted to approximately 3,490 thousand euros. In terms of the distribution of the investment, the majority took place at CTT S.A., there was a significant focus on prevention measures, with a view to improving the overall performance of CTT. The indicators are presented below.

**Table 19 – Environmental Investments**

(€1000)	2016	2017	Δ%
Renewal of the Conventional Fleet	2,465.1	1,980.5	19.7%
Maintenance, Conservation of Buildings	1,310.5	971.7	-25.9%
Renewal of the Electric Fleet	547.7	301.2	-45.0%
Environmental Reporting, Partnerships, Events and Sponsorships	81.7	96.8	18.4%
Information Technology Equipment	88.4	86.2	-2.5%
Certifications and Legal Compliance	52.7	31.6	-40.0%
Energy and Carbon Management	25.8	21.5	-16.6%
<b>National Total</b>	<b>4,571.9</b>	<b>3,489.5</b>	<b>-23.7%</b>

## 6. Promoting Internal Well-Being

The management of human resources continued to be guided by the following priorities: definition and implementation of new and consistent policies on human capital development that enable boosting skills, awarding performance and fostering the agility of the organisation; maintenance of a good social environment; continuous investment in training and qualification; optimisation and adjustment of employees, taking into account the need to respond to market evolution and challenges.

During 2017, the experience of Culture and Values continued to be deepened, with several initiatives having been pursued to this end.

*I started working at this company some years ago, but it seems like only yesterday. Following the company's aims has been a permanent challenge, with these almost 500 years of history, but always facing the future, concerned with social and economic sustainability.*

*I am a post office manager and I have taken up a new challenge: the new Post Office of São João. Recently, I was also part of the EPIS Mentoring project, in Porto, yet another social project supported by CTT.*

*Being a woman, in this or any other company, in general, makes a difference, being creative, creating ties and relationships easily, being fluent in communication, i.e. having skills required for positions of leadership. CTT is also pioneer in this regard, as there is already a considerable percentage of women in important positions.*

*Alexandra Rodrigues  
Post Office Manager*



### 6.1. Characterisation of Human Capital

At CTT, the high turnover of staff (2,124 recruitments against 2,036 employees leaving) was reflected in a minor increase of 0.1% of the number of employees (permanent and fixed term staff), because these numbers also involve the integration of the company Transporta. With an overall turnover rate of 17.5% (17.7%<sup>24</sup> for men and 15.8% for women, considering the gender distribution). Of the permanent employees, 65 left due to retirement, 341 due to termination of employment contract, unpaid leave or similar situations, and 25 due to death.

GRI LA1

<sup>24</sup> Values relative to gender excluding data of Corre and Tourline. The total value includes these subsidiaries.

Merely counting merely, the overall number of new contracts, the respective rate is 16.7% (11.3%<sup>25</sup> for men and 5.2% for women), including permanent and fixed term staff. The majority of the employees (97.4%) are employed full-time. Of the total women, 2.6 % work part-time and the corresponding value for men is 2.6%.

**Table 20 – CTT Employees**

	2016	2017
<b>CTT, S.A.</b>	<b>10,726</b>	<b>10,650</b>
<b>Subsidiaries</b>	<b>1,423</b>	<b>1,513</b>
CTT Expresso	580	507
CTT Contacto	80	75
Mailtec	126	124
Payshop	28	36
Banco CTT	162	184
Tourline	337	357
CORRE	110	91
Transporta	-	139
<b>TOTAL CTT</b>	<b>12,149</b>	<b>12,163</b>

The average age is 47.5 years old at CTT, S.A. and 46.4 years old at CTT. The age bracket of 30 to 50 years old is the most representative, both for women and men, albeit with greater incidence for men. Men correspond to 67.2% and women to around one third of the company's total employees.

As a result of the recent changes at CTT, the permanent staff with qualifications below the 9th year has fallen from 13.1% to 12.9%, while the percentage with 12th year and higher education has risen from 59.1% to 60.5%.

The overall rate of absenteeism increased to 7.2% at CTT, S.A. (+0.3 p.p.) and to 6.8% at CTT (+0.3 p.p.). The motives that most contributed to these numbers were: illness (4.1%); accidents (1%); union activity (0.5%); maternity/paternity (0.5%). It should be noted that the absence, excluding parental leave, compassionate leave and leave related to student status, stood at 6.2%. The rate of return to work after parental leave was 100%.

Concerning work vacancies, CTT continued to foster opportunities aimed at young people seeking their first job and the long term unemployed. The use of CTT's website was the preferred source of job applications, with 2,703 fixed-term contracts and 229 temporary work contracts having been concluded or renewed

Continuing the collaboration with reference schools, the employer brand actions were maintained and the third edition of the Trainee Programme was started (which lasts 18 months, covering 14 young masters selected among 1,760 applicants) aimed at attracting and retaining young people with high potential, promoting their development under a structured overall programme, contributing to the rejuvenation of the staff, fostering a culture of mobility and positioning CTT as an "Employer of first choice".

The "Summer Internships 2017" programme was also held, enabling 17 young university students to develop technical and personal skills in a real work context, during two months.

<sup>25</sup> Values relative to gender excluding data of Corre and Tourline. The total value includes these subsidiaries.

### Fringe benefits

CTT's Social Work goes back to 1947, with its purpose being the protection of the beneficiaries in the areas of health care (prevention, treatment and recovery in cases of sickness), benefits for family expenses for subscribers of Caixa Geral de Aposentações (CGA), attributing child and youth benefit, as well as other benefits.

GRI LA2

A Regulation of Social Work (ROS) is in force, with the agreement of all the unions with representation at CTT, as well as the Workers Committee, which covers levies and co-payments charged to the beneficiaries in routine acts, credit repayment, contribution to medication costs, medical and surgical services and auxiliary diagnostic means, nursing services and hospital internment. The beneficiaries are offered various allowances, namely: special allowance for breast-feeding, childcare and child carers, and for the education of children, seeking to continue to assure a high but balanced level of protection, rationalising the use of benefits and assuring the long term sustainability of the Health Plan.

Thus, the company covers 75% of health care costs relative to outpatient assistance, 80% of private hospital services and 100% in special cases (support to maternity, infant care up until 2 years and serious illness). The contribution to medical costs implies that up to 50% is paid by the beneficiary.

Health benefits are assured to permanent staff while employed on a full-time or part-time basis, pre-retired and retired employees and their family under certain conditions, provided that they are members of the scheme. As a rule, employees of CTT's subsidiaries benefit from health insurance which enables coverage of their household members.

GRI EC3

In December 2017, CTT's health plan had 41,302 beneficiaries, of which 20,516 were employees (9,912 active and 10,604 retired), and 20,637 family members (13,558 of active employees and 7,079 of retired employees) and 149 special rescissions (former employees and families).

GRI EC3

### Social action

The fundamental objective of the measures of intervention among the beneficiaries involved diagnosis, prevention of situations of socioeconomic destitution or vulnerability, their subsequent identification and taking of measures/response, in order to address the identified gaps and promote autonomy and capacity-building. These actions were essentially aimed at the most fragile beneficiaries - the elderly, children and youth with disabilities and/or chronic diseases.

GRI LA7

The activity developed was reflected in 8,764 incidences, arising from the follow-up of 1,656 beneficiaries, implying the attribution of total economic support of approximately 27 thousand euros. Note should be made of the follow-up of 447 new cases, while 1,209 have already been monitored over a number of years. The elderly represent the area which, recurrently, presents the highest number of requests (690), 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.

Particular attention was also given to the follow-up provided to children and young people, with chronic diseases or severe disabilities. The support involved the attribution of supplementary benefits to families and diverse economic assistance to foster inclusion and improved quality of life.

## 6.2. Management of Labour Relations

The employees have a communication channel with management, through the various representative bodies. The Workers Committee (CT) and 80 Workers Sub-committees (SCT) perform their legally attributed duties. CTT maintains permanent contact with the Workers Committee, through monthly meetings, at the highest level and specific meetings, whenever necessary, with each of the unions.

G-26  
G-27

The structures of collective representation of workers (ERCT) intervene in the optimisation of working conditions, in the collective and individual representation of the specific interests of the employees, and in the conclusion and review of collective labour agreements.

In a scenario aimed at enhancing the atmosphere of corporate stability and peace, in June the negotiations were finalised with the union associations granting the CTT Company Agreement 2016, relative to the updating of the monthly basic remunerations and values for wage progressions in 2017.

The Agreement reached with all the 11 union associations took effect on 1 January, covering, pursuant to the current legislation, the workers who are members of these 11 union associations, as well as the workers without union membership, who expressed their endorsement of this Agreement.

In addition to the strike against supplementary work enforced during the entire year of 2017, 35 prior notices of partial and total strikes were received for various workplaces, mostly suspended, as well as 1 prior notice of a general strike for CTT, S.A. and the subsidiaries Mailtec Comunicações, S.A., CTT Expresso and CTT Contacto, backed by 3 unions, fundamentally claiming the reversal of the process of effective privatisation in 2013.

As at 31 December 89.9% of the employees were covered by the Company Agreement and 77.5% were union members (permanent and fixed-term), corresponding to a reduction of 1.4% and 2.1% respectively, in relation to the previous year. G-11

The rate of absenteeism due to strike action (0.14%) is historically low, having increased by 0.02 p.p. in relation to the previous year.

In the European context, the company maintained its participation in the European Social Dialogue Committee for the Postal Sector, which involves representatives of the unions and postal operators of the

### Goal for 2018

- Reduction of overall absenteeism to 6.5%

### Evaluation of performance

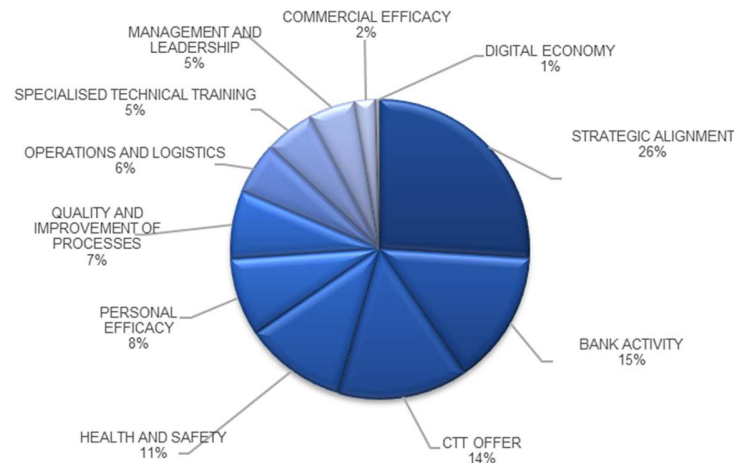
The process of performance assessment follows an annual cycle and covers all permanent workers with a contract of six or more months previously who have not left the company or are on leave or have a suspended contract, and takes place in the year following that of the year to which it refers. Therefore, this year the assessment referred to performance in 2016. For the second year, the process was conducted based on a new model, aimed at reinforcing the alignment between the business and performance management cycles, the consolidation of the corporate culture and the differentiation and recognition of contributions. GRI LA11

This new system for the management of performance is based on the appraisal of behaviour and compliance with objectives, established for all the employees and taking into account the different activities and functional groups, whose definition and communicated of expectations to the workers was made at the beginning of the year, in order to serve as a benchmark for the assessment at the end of the respective management cycle.

The process involves communication between the senior staff and the employee, including, in its annual cycle, the summing up of the activity and performance accomplished and the definition of the objectives for the following cycle, favouring the identification of training and development needs aimed at the continuous improvement of the performance of the employee's duties.

### 6.3. Training and Career Development

During this year, over 11 thousand workers participated in training actions, involving a total of over 262 thousand hours, reflecting the value of the investment made to accomplish the human capital development policies that have progressively been pursued. This training covered 89% of the employees, with an average of 22 hours per capita, and a training rate of 1.2% (hours of training/hours of work). The distribution of the hours of training over the 12 programmes which structure the Training Plan is indicated in the graph below.



**Figure 19 – Volume of training per programme**

A specific training programme in Management was launched for the middle management staff, with five courses, relative to Strategy, Human Resources, Marketing and Sales, Digital Economy, and Operations and Logistics, ministered by Universidade Católica de Lisboa and Porto Business School. This first edition involved 124 employees and close to 3,000 hours of training. Technical and management updating has been encouraged in specific areas of advanced training, supporting 13 employees in gaining access to post-graduations and masters.

Under the More CTT programme, which seeks to stimulate sales and promote commercial excellence, training on the CTT portfolio and on planning and organisation of commercial activity was given in the sales areas.

With a view to supporting the communication of results and the preparation of action plans arising from the CTT VOX diagnosis of the labour climate, training sessions were given which involved 164 managers of all areas of the Company.

We highlight the training which prepared the teams for the launch of the e-Segue application, reflecting the strong focus on the creation of solutions to support e-commerce. This training was attended by 2,263 participants, and involved a volume of 9,260 hours. We also highlight the training on the rest of CTT's portfolio with 17,578 hours on the CTT Ads platform and 5 469 hours on the Multicare health offer.

The training programme was continued at the Banco CTT post offices with basic banking training, knowledge on notes and coins, compliance, knowledge of the offer and operative, in particular the Mortgage Loan offer. This involved 1,190 participants and more than 37,500 hours of training.

The training programme on Dangerous Goods Regulation was especially directed at the professionals who accept items, involving more than 800 participants and approximately 12,000 hours of training.

GRI LA9

GRI LA10

G-26

The “Lead and Involve Through Communication” training programme, started in 2016, with an investment of 5,400 hours of training given to 289 operational managers has been completed.

In the operational sphere, we highlight the preparation of the postmen and women in the efficient use of mobile devices (PDA) to support the delivery of items, namely of registered mail, involving 2,848 professionals and 5,772 hours of training. Continuity was ensured of the communication and awareness-raising actions under the programme of Road Prevention at CTT +Prevention, where we highlight the sessions in which more than 3,700 postmen and women attended, stimulated by the managers of the postal delivery offices, with 15% of the participants being young people contracted during the holiday period. Training in eco-defensive driving was also given to 74 drivers (33 motorcycles and 41 light vehicles).

With the integration of Transporta in CTT, a training programme was designed for the initial incorporation and capacity-building of the commercial and operational staff of both companies, involving 241 employees in more than 1,500 hours of training.

In the context of the improvement of management and leadership skills, coaching processes were fostered which covered 54 employees (160 individual sessions and 24 team coaching sessions were held).

Attention to the challenges and opportunities of the digital economy led to 21 participants having attended the Web Summit, an event of the sector held for the second time in Lisbon.

Special reference should also be made to the organisation of the 9th edition of the Human Resources Development Programme (PDRH), a high level management training course for young middle management staff of Portuguese and Spanish speaking countries, which covered participants from Argentina, Colombia, Costa Rica, Paraguay, Venezuela, Cuba, Angola, São Tomé e Príncipe, Mozambique and Cape Verde, and some CTT middle management staff.

With a view to assuring the quality of the service provided by outsourced entities, training courses were held which involved 1,394 participations of external entities.

Two team-building actions were carried out in an outdoor context with employees of various departments, in order to promote teamwork and an alignment with the Company's strategic objectives.

In the support to the operationalisation of a series of corporate projects, we also highlight the expansion of the training on CTT Codes of Conduct to the Subsidiaries and Bank, namely given to the commercial and operational populations, involving 1,723 employees and a volume of 4,887 hours, as well as training on the Right to Equal Opportunities and Non-Discrimination, which covered 1,262 employees and a volume of 5,116 hours.

Due to the efficiency gains it generates, it should be noted that the remote training achieved more than 14 thousand participations, representing 26% of the total hours of training and corresponding to an increase of 4% in relation to the previous year.

GRI HR2

### Goals for 2018

- **Training effort rate of 1.2%**
- **Training volume of 242,042 hours**
- **Training of 38 drivers in eco-efficient driving**



### Career development

The Company Agreement establishes the objective and professional content for each qualification level and professional category. The criteria for career progression and professional evolution are also defined, based on the principles of recognition, merit and performance, acquisition and increase of skills, with emphasis of each employee's dedication, effort towards development and contribution to the value chain.

### Attraction and retention

CTT has pursued action aimed at ensuring its staff includes people with suitable skills and high motivation levels, capable of accompanying the requirements of innovation and evolution of the business. Concerning talent management, CTT considers actions for both the attraction and recruitment on the market of new know-how and skills, and the development of the existing technical, middle and senior personnel.

Under the CTT Employer Brand and strengthening of its value proposition as an employer, the third edition of the Trainee Programme started with 14 young middle management staff, which will take place during 18 months with mobility in three directions. This initiative aims to attract and retain young people with high potential, boost their development under a structured overall programme, contribute to the rejuvenation of the staff, foster a culture of mobility, carefully prepare a customised pipe-line of leaders for the medium term and position CTT as an "Employer of first choice".

In the context of the development of the business units and reinforcement of human capital required for CTT's growth, the staff was rejuvenated through integration of the participants in the 1st trainee programme who showed the desired capacity and performance throughout the programme and by recruiting new employees on the market, with additional knowledge and skills.

Pursuing a policy of good practices of human resources management, after the definition of the principles and objectives of a CTT talent model, the talent management programme was conducted for 2017, with the assessment of skills and identification of potential for a series of managers and employees in the different areas and functional groups. Individual assessments and feedback sessions were carried out for more than 200 people of the management structure, in addition to the subsequent preparation of development plans to be implemented during the biennium 2018-2019.

## 6.4. Diversity and Equal Opportunities

The company guides its action by respect for the 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 in the labour legislation.

To this end, CTT promotes values and practices in accordance with the guiding principles of CTT's management commitment (Mission, Code of Conduct, Integrated Policy on Quality, the Environment and Occupational Safety and Health, provisions in the Company Agreements towards promotion of equal opportunities, etc.).

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

- Commitment to develop policies aimed at equal opportunities in recruitment, professional career, promotions and vocational training;
- Renewal of CTT's endorsement agreement of the Business Forum for Equality (IGEN), of which we are a founding member, promoted by the CITE (Commission for Equality in Labour and Employment), undertaking new commitments on matters of equality and balance between work and family life;
- Review and approval of CTT's Gender Equality Plan;
- Preparation of a Code of Good Conduct for the Prevention and Combat of Harassment at Work
- Continuation of the "DIOND – Right to Equal Opportunities and Non-Discrimination" training;
- Attribution of awards in the categories of "Gender Equality" and "Management of Seniors" and for Human Resources.

The number of employees with special needs or a permanent incapacity stands at 254 persons at CTT, with 59 permanent employees being in a situation of serious illness.

The protocol has been maintained with Lisbon CERC (Cooperative for the Education and Rehabilitation of Non-adapted Citizens), which provides experiences of integration in employment to young people who are disabled, which involved 17 young adults. There are 35 foreign employees working at CTT, 21 of whom are men.

We have encouraged the employees to participate in international competitions on the company's values and have focused on the achievement of balance between work, personal and family life, continuing to stimulate the School Library, with the loan of around 450 manuals to 115 employees. We also offered entry tickets to Kidzania, Family Land, the Zoo, Women's Race, Marathons with CTT Cup and various other sports, environmental and cultural shows and events sponsored by the company. We also gave the employees the opportunity to participate in motorcycle auctions and launched the "I am CTT" programme of partnerships with various entities, which offer discounted prices to the employees.

On matters of diversity, the Board of Directors has four female members (31% of the total), 1 Executive member and 3 Non-Executive members, with CTT's administration and supervision bodies thus complying with the legal thresholds in relation to gender balance up to 2018. Regarding first and second line leadership levels, women hold more or less the same positions as in the previous year, 31.6% and 43.9% respectively, a little above their weight in the company's total staff.

The company's Equality Plan was reviewed and approved, covering 17 measures, distributed over the areas of strategy, human resources management, articulation of professional/family life, organisation of working time, respect for integrity and dignity, etc.

## Remuneration

The framework of the new Company Agreement, effective as of 1st of January, stipulates wage increases up to 1% for remunerations up to 2,772.30 euros. This wage review was extended to workers of the Portuguese subsidiaries, in order to assure equity at CTT.

Apart from these increases, for the 3rd consecutive year after CTT's privatisation and establishment as a Public Company a key part of employee compensation, a variable component in remuneration, was attributed associated to performance and results, paid in the first semester of this year. This consisted of a differentiated individual distribution, taking into consideration merit and the different functional groups and levels of performance, covering over 8 thousand employees.

In conformity with the principles of the labour legislation, there is no difference in the attribution of the basic wage of men and women. However, during career progression, for various motives, differences in the average remuneration have occurred historically, within each professional category, which are unfavourable to women, as can be seen in the following table.

**Table 21 – Ratios and remunerations, by gender and professional group**

Professional category	Average female salary (€)	Average male salary (€)	F/M ratio
Senior personnel	2,023.72	2,472.84	0.82
Middle management	1,364.51	1,361.95	1.00
Counter service	1,056.22	1,142.49	0.92
Delivery	819.04	884.71	0.93
Other	955.16	955.89	1.00
<b>Total</b>	<b>1,174.06</b>	<b>1,078.81</b>	<b>1.09</b>

In all professional group, women receive an average remuneration which is lower than that of men, except in the case of middle management staff, with the difference being more pronounced in the case of senior personnel, standing at -20%. However, on average, the men actually earn less than the women because most of them are concentrated in the professional group with lowest remuneration, delivery and in Transporta. For further information, see Table 1 of Annex 1.

### Goals for 2018

- Continuation of the phased implementation of the Gender Equality Plan
- Continuation of training on equal opportunities (915 employees)
- Completion of the wage gap analysis
- Professional occupation for 17 disabled persons

## 6.5. Occupational Health and Safety

In the sphere of Occupational Health, the services were provided by Medicisforma. During this period, 11,151 employees were called in, 4% less than in 2016, and 8,808 medical examinations were carried out, 11% more than during the same period of the previous year. The Occupational Health and Safety (SST) internal service staff carried out 300 interventions to assess working and risk conditions at CTT establishments, including subsidiaries.

Thirty-two newsletters were dissemination and the actions of awareness-raising on occupational safety, accident prevention and ergonomics were continued at the postal delivery offices and CTT post offices.

There were 1,072 work-related accidents and incidents<sup>26</sup>, 9.5% more than in 2016. Of these, 26% occurred to female workers and 74% to male workers. Compared to the previous year, there were 4 more accidents at the subsidiaries and 97 more at CTT, S.A. There was no fatal accident. There was a 8% increase in the number of days lost due to accident (29,782) due to Absolute Temporary Incapacity.

Also regarding days of work lost due to accidents<sup>27</sup>, the number attributed to female workers (6,089 days) represents 20% of the total of days lost, and that of men (23,693 days) represents 80% of the total. In turn, the total rate of days lost stands at 1.5 (GRI standard\*1000). The average days lost due to accidents is lower than in 2016 (27.8 compared to 28), reflecting a higher degree of severity. Likewise, the incidence rate (88) was higher, as there were 88 accidents for every 1,000 employees, 12 more than in 2016 (76). Concerning injuries, 788 injuries of various types were recorded, corresponding to 29,782 days lost.

In overall terms, the motives that most contributed to the occurrence of accidents at CTT were road accidents (34%), which include traffic accidents and people being run over, excessive strain (15%) and slipping/sliding (13%).

**Table 22 – Accidents and injuries at CTT<sup>28 29</sup>**

	No. of accidents	No. of injuries	Injury rate	No. of days lost	Rate of days lost
<b>Female</b>	275	184	0.02	6,089	0.93
<b>Male</b>	797	604	0.04	23,693	1.76
<b>Total</b>	<b>1,072</b>	<b>788</b>	<b>0.03</b>	<b>29,782</b>	<b>1.5</b>

<sup>26</sup> Incidents are minor lesions, which are not severe and do not cause absence from work.

<sup>27</sup> Excluding data of Corre and Tourline

<sup>28</sup> Excluding data of Corre and Tourline.

<sup>29</sup> In the calculation of the rates, the result was multiplied by 1,000, for easier reading (otherwise the results would be around 0.00)

The National Centre of Prevention Against Professional Risks qualified 9 occupational diseases of muscular-skeletal nature, for employees working in counter service, delivery and sorting, corresponding to 8.8% of the total diseases qualified up to date at the company, reflected in a rate of zero and in 0 days lost.

In order to reduce the rate of work and road related accidents and focus the team on the issue, monthly updates continue to be made to the "table on accidents" for the operating areas, with a counter of the number of days without occupational accidents. For the work developed over these last few years, CTT was distinguished in the Excellence in Road Safety Awards due to the comprehensiveness of its road safety programme.

Through a questionnaire, an annual inquiry was made to the employees on Occupational Health and Safety, relative to prevention and safety measures, assessment of working conditions, training and information, and other related matters.

GRI LA7

### Goals for 2018

- Increased level of satisfaction with working conditions
- Maintenance of 0 fatal accidents (own liability)
- 5% reduction in the number of days lost
- 5% reduction in the number of work-related accidents
- Indoor Air Quality Audits (IAQ)

## 7. Support to the Community

CTT's activity has a positive social impact on the local communities, as the company fosters a service of proximity, of quality, to all citizens, all over the country, confirmed by the relatively high perception of indicators on reputation.

Our social and environmental patronage policy has given priority to the issues of poverty and social exclusion, culture, language, sports for the disabled, health, solidarity and innovation. To this end, we support over twenty social welfare initiatives and helps groups that are vulnerable or at risk, through a total investment of 1,144 thousand euros. We also organise voluntary work actions which seek to make a difference through the presence of our employees.

Some of these initiatives of social and environmental investments accomplished during this year are highlighted below:

In the context of **Solidarity**, we transported donations for the Baby Bank in solidarity parcels and organised an in-house collection of donations for the victims of the fires, having collected and delivered 10 containers of products.

We continued our association with EPIS (Business Persons for Social Inclusion). We sold over 27,766 Magic Fireflies at CTT post offices for the 12th consecutive year to support the fundraising work for Fenacerci. We joined the Campaign of the Portuguese Firemen, "Heroes without a Cape", having sold 19,452 "Albi Bombeiro" magnets.

Payshop continued its protocols of support to eleven Private Social Solidarity Institutions, having raised donations for them of the value of 3,237 euros. Tourline once again sponsored the organisation Save the Children.

GRI SO2

GRI SO1

We promoted **Social Integration**, with the offer of free postage or other donations to the Aboim Ascensão Shelter, Cozinha com Alma, Salvador Association and Quinta Essência Association. We organised two visits with around 100 senior citizens to mail sorting facilities.

We organised the Solidarity Father Christmas action for the 8th consecutive year, having attracted "sponsors" for children in socially deprived situations. We received 1,456 letters of children who had written to Father Christmas and which were available at 25 CTT post offices and on the website <https://www.painataisolidario.pt/>, enabling anyone to fulfil the wishes of a child. We forwarded presents to most of them free of charge, safeguarding the anonymity of the sponsor and child. In addition to this specific initiative, every year CTT answers all the children's letters addressed to Father Christmas, which reached the number of 158 thousand this year.



In the area of **Health and Sports** we sponsored the competitions of Motor Disabled Persons in Wheelchairs, the Terra dos Sonhos Association (4 dreams of children with chronic diseases), the Women's Race 2017, the Solidarity Race of the Salesianos Foundation and the 1st AEISEG Solidarity Race. We supported the Food Bank Against Hunger in the collection and transport of items, and the Portuguese Association Against Leukaemia.

For the preservation of the **Environment and Biodiversity**, we continued to sponsor the Iberian Lynx at Lisbon Zoo and joined the European Mobility Week through various awareness-raising actions: exhibition of electric vehicles, test drives, public displays, among others. In partnership with Quercus, we launched the 4th edition of the project "A Tree for the Forest" and sold 65 thousand kits (trees in a card) at CTT post offices for the plantation of woods more resistant to fire. The project benefited from a rare communication impact due to the extent and severity of the burnt zones in the country, affecting more than 8 million people. At the beginning of the year, we planted the number of trees corresponding to the kits sold in the previous year.

In the context of **Aid for Development**, we supported the Serralves Foundation, a fundraising concert of Rock n'Law, the Attitude and donated books to King's Kids.

Concerning the encouragement of writing, CTT launched the international competition of the Universal Postal Union "The Best Letter" among young persons resident in Portugal. The topic was "Imagine that you are a letter travelling through time. What message would you like to convey to your readers?". The three final prizes are awarded by this UN body. The winning letter shall represent Portugal in the international competition. <https://www.ctt.pt/ctt-e-investidores/comunicacao-e-patrocinios/projetos-e-campanhas/a-melhor-carta-2017.html>

We continued to support **Voluntary Work**, with the organisation of 16 initiatives with various reference partners, involving over 130 volunteers and their families, and a total of 2,314 hours. In this last year, the pool of Volunteers reached 665 persons, representing 5.5% of CTT's permanent staff. The rule continued in force which allows the volunteers to participate in ongoing initiatives in the voluntary work plan, with their time assigned by the company for up to 16 hours, per year, per employee. Furthermore, three years ago we introduced long duration voluntary work which has specific rules, associated to the particularities of each project.

This is the case of EPIS, of which we are a partner, with ten CTT mentors having continued to support ten young people on a continuous basis, for the third consecutive year. In 2017, we continued to add value to the follow-up provided by these mentors with a team of 8 CTT young trainees, volunteers offering educational support, with regular tutoring given to these same students, especially in maths but also in English.

The success of this three-year project encouraged the holding of the 2nd edition which, in addition to Lisbon, has also extended to Porto. 21 volunteers, women and men of various areas of the central and operational services embraced this new challenge.



#### EPIS – Mentoring Voluntary Action

The role of the mentor is to ensure close monitoring and the establishment of a good relationship so as to be able to motivate and stimulate each young person to develop her/his human and academic potential, convey attitudes and values, strengthen the young person's self-esteem and social integration, empowering her/him to construct a positive life project.

The results of this pilot project have been gratifying for all those involved and have positively influenced the personal and academic life of the students, with 80% having completed the 3rd cycle.

Also in the area of long duration voluntary work and the trainee integration programme, we have accompanied CTT senior citizens, been part of cleaning and monitoring teams for animals at the Zoophila Union, supported Mão Amiga in raising funds and have participated in the street teams of the Vitae Association.

At an environmental level, this year we accepted the challenge of EPIS which organised the largest forest cleaning action of Tapada de Mafra with EPIS volunteers, teachers and students. With Quercus we planted 5,300 indigenous trees in Serra do Alvão following up on the initiative “A Tree for the Forest” and participated in a re-settlement action of fish at risk of extinction in River Alcabrichel.

The other voluntary initiatives, of social nature, included the painting of a house of Ajuda de Mãe with Just a Change, logistic support to collection actions for the Food Bank, participation in the Women's Race, the collection of donations for the victims of the fires of Oliveira do Hospital, a visit to the Zoo with institutionalised children, the invitation and accompanying of Elo Social users for participation in the Lisbon Marathon and Lisbon CTT Christmas Circus.



### Goals for 2018

- 12 voluntary work actions in social and environment areas
- Maintenance and strengthening of the long-term voluntary work experiment



**Methodological notes**

This document contains information provided by the representatives of every division/department, through a sustainability information management system. All the GRI indicators were calculated according to the GRI methodology, version 4.

Other indicators are based on the international calculation methodologies listed below: incidence index (number of accidents/effective average/1,000), according to the ILO labour Statistics; recording of the number of injuries leading to one or more working days lost; the Greenhouse Gas Protocol for:

- “GHG emissions from transport or mobile sources” and respective emission factors of the IPCC's Fifth Assessment Report, for the different fuels used by CTT's own fleet;
- “GHG emissions from stationary combustion” and respective emission factors - Emission Factors from Cross Sector Tools;
- “GHG emissions from purchased electricity”, of the GHG Protocol;
- “World Resources Institute (2015). *GHG Protocol tool for mobile combustion*. Version 2.6”. and respective emission factors - Emission Factors from Cross-Sector Tools, for the different categories of outsourced transport and business travel.

The calculation of emissions derived from electricity consumption was based on a zero emission factor, associated to the acquisition of certified green energy. The calculation of emissions derived from thermal power consumption for air conditioning was based on the emission factor recommended by ADENE under the certification of energy efficiency and quality of the interior air of buildings.



# COMMITMENTS

Accomplished (≥95%) ● Not accomplished ● In progress ● New ➔

G-27

TOPIC	GOAL	2017		CTT GOALS for 2018 and following
		ACCOMPLISHMENT	PRO G.	
<b>Policy and Strategy</b> Global Compact DJSI  Reporting Standard Sustainability Committee UN Sustainable Development Goals	Adherence Prepare submission  GRI4 - Core Regular activity Identification/integration	Under review RobecoSAM has not yet launched Iberian Index Accomplished - Accomplished	● ● ● ● ●	Endorsed in 2018 Await launch  GRI4 Comprehensive Regular activity -
<b>Stakeholder Engagement</b> Engagement with Stakeholders strategy  Website content structure	Segmented communication  Completion	Annual Sustainability Report, communication with investors In progress	● ●	Segmented communication  Completion by 2019
<b>Ethics</b> Code of Conduct (e-learning)	Training  -	1,723 employees Preparation of a Code of conduct against harassment	● ●	Completion of training by 2019 Total internal disclosure
<b>Environmental management</b> Energy Management System ISO 50001  Computer application for Management Commitments	Identification of processes and preparation of procedures Completion	In progress  In progress	● ●	Completion by 2019  Completion by 2019
<b>Energy efficiency</b> Energy audits of buildings Electricity consumption Energy certification of buildings Energy audit of the fleet PRCE <sup>31</sup> CTT, S.A. heavy vehicle fleet (spec. consumption) Fuel consumption Efficiency gains in fuel consumption 100% LED lighting	Phased progression -1.0% Buildings (SCE) <sup>30</sup> Phased progression Improve efficiency  1.1% Review metrics Extension of LED lighting to 10 PDO <sup>32</sup> and 1 SC <sup>33</sup>	In progress 2.4% 20 buildings In progress 0.5% improvement  -1.8% Preliminary work 15 PDO and 1 SC	● ● ● ● ● ● ● ● ●	Completion by 2019 -1% To be continued in 2018 Completion in 2018 Improve efficiency  0.0% Review calculation metrics Continuation of the expansion
<b>Sustainable Mobility</b> Electric vehicle fleet  Renewal of the light goods vehicle fleet Mobility Car Pooling Platform	Acquisition of light passenger vehicles Continuation PDO and PO <sup>34</sup> study Award system	40 EV acquired (15 passenger)  5 light goods vehicles Re-programmed Continuous New indicator	● ● ● ● ➔	Acquisition of 30 VEDUR vehicles 8 light goods vehicles Completion in 2018 To be continued in 2018 International Drivers' Challenge Organisation in Portugal
<b>Climate Change</b> Direct and indirect CO <sub>2</sub> emissions (2008-20) Idem (annual) CO <sub>2</sub> emissions of scopes 1, 2 and 3 (2013-25)  CO <sub>2</sub> emissions of scopes 1, 2 and 3 (2005-30) Idem (annual) CO <sub>2</sub> intensity/postal item scopes 1, 2 and 3 (2013-25) Idem (annual) Acquisition of electricity of renewable origin	-33% 1.1% -30%  -30% -1.6% -20% 1.5% Maintain full coverage	Accumulated reduction: -64.0% -1.4% Accumulated reduction: -25.4%  Accumulated reduction: -40.1% 7.4% Accumulated reduction: -21.2% 11.4% 100% Green Energy	● ● ● ● ● ● ● ● ●	2020 goal achieved. Maintain 0.0% Goal for 2025. Maintain  2030 goal achieved. Maintain 0.8% 2025 goal achieved. Maintain 0.2% Maintain
<b>Consumption management</b> Water consumption Paper consumption (except Mailtec)	-3% -2% (excluding Mailtec)	-13.7% 6.3%, excluding Mailtec	● ●	-2% 3% (excluding Mailtec)
<b>Waste management</b> Extension of waste management to PO and PDO - Assessment of interest Waste production  Recovery rate	Completion of PO and PDO  Reduction of waste production Increased recovery rate	Postponed  25.1% 7.3%	● ● ●	-  Reduction of waste production Increased recovery rate

<sup>30</sup> SCE - System of certification of buildings

<sup>31</sup> PRCE - Energy Consumption Rationalisation Plan

<sup>32</sup> PDO - Postal Delivery Office

<sup>33</sup> SC - Sorting Centre

<sup>34</sup> PO - Post Office

TOPIC	GOAL	2017		CTT GOALS for 2018 and following
		ACCOMPLISHMENT	PROG.	
<b>Biodiversity</b> Press releases, advertisements and mailings Initiatives to promote biodiversity  <b>Training and awareness-raising</b> Environmental training (preparation of contents) Thematic philatelic issues and publications  Thematic lectures	Production Sponsorship  PO and PDO networks 4 philatelic issues  Dissemination actions	Print Power initiatives 4th edition of "A Tree for the Forest"  Completed 4 philatelic issues and 3 postcards 8 actions	● ●  ● ● ●	Continues 5th edition of "A Tree for the Forest"  Training 4 philatelic issues  Continues in 2018
<b>Service quality</b> Full certification of PO and PDO Certification of postal agencies  Certification of the subsidiaries Corporate certification  Average response times to claims  QS international  ANACOM quality target	100% PO and PDO 200 postal agencies  Maintain Obtain  10 days nat. and 38 days int. Improve the positioning – 6th place  Surpass 100 points	Completed 204 postal agencies  Accomplished Accomplished  11.4 and 38.9 days (nat. and int.) Transition to another measurement system  110.1 points	● ●  ● ● ● ● ●	Maintain the certification (PO, PDO) Maintain the certification of postal agencies and management systems Include Transporta Extend to 2 more transversal processes 10 days nat. and 38 days int.  Improve the positioning in the IRA-E, K+1 ranking Maintain the inbound GMS result above the target Surpass the ANACOM targets
<b>Procurement</b> Pre-contractual procedures with environmental criteria Contracts concluded with environmental criteria Qualification and assessment of suppliers  Average payment period	60% 60% 3 modules in the Recording System  60 days	79.2% 98.7% In progress  New indicator Payment in 52 days	● ● ● ● →	Maintenance of the target Maintenance of the target Completion by 2020  System for CSR qualification of suppliers 60 days
<b>Health and Safety</b> Level of satisfaction with working conditions Work-related fatalities (own liability) Number of work accidents Days lost	> 80% 0 deaths -5% -5%	Assessment in progress Zero fatal accidents 9.5% increase 8% increase New indicator	● ● ● ● →	Increased satisfaction level Maintenance of the target 5% reduction 5% reduction Indoor Air Quality Audits (IAQ)
<b>Qualification</b> Training effort rate Volume of training Training in eco-efficient driving	1.4 280,003 hours 90 drivers	1.2 262,480 hours 74 drivers	● ● ●	Effort rate of 1.2 242,042 hours Training of 38 drivers
<b>Absenteeism</b> Total rate of absenteeism	6.5%	6.8%	●	6.5%
<b>Sustainable Marketing</b> Eco portfolio  Participatory carbon offset model  Implementation of social business/inverse logistics services	Express portfolio 100% carbon neutral CTT Express voting process Implementation	Accomplished  Accomplished  Inverse logistics business – CTT Express	●  ● ●	-  Voting process for "Green" Mail Implementation of new businesses
<b>Community</b> Social and environmental voluntary work actions Protocolled Social Responsibility partnerships Long duration voluntary work	12 actions Implementation Maintain and reinforce	16 actions carried out Annulled 2nd edition of CTT/EPIS Mentoring and other continuous actions	● ●	12 actions - Maintain and reinforce
<b>Diversity</b> Professional occupation for disabled persons Equal opportunities  Gender Equality Plan Wage gap analysis	17 people Training via e-learning 1,405 participations Phased implementation Completion	17 people 1,275 employees  In progress Absence of finalised external tool	● ●  ● ●	17 people 915 employees  Continuation Completion in 2018

# Annex

## Table 1 – Employees

Human Resources	2016			2017			CTT
	CTT	CTT SA	Subsidiaries	CTT	CTT SA	Subsidiaries	D% 17/16
<b>Labour Indicators (number of people)</b>							
<b>Employees</b>	<b>12,149</b>	<b>10,726</b>	<b>1,423</b>	<b>12,163</b>	<b>10,650</b>	<b>1,513</b>	<b>0.1</b>
Female	4,025	3,586	439	3,989	3,572	417	-0.9
Male	8,124	7,140	984	8,174	7,078	1,096	0.6
<b>Type of Contract (number of people)</b>							
<b>Permanent</b>	<b>10,919</b>	<b>10,135</b>	<b>784</b>	<b>11,122</b>	<b>9,980</b>	<b>1,142</b>	<b>1.9</b>
Female	3,576	3,363	213	3,660	3,317	343	2.3
Male	7,343	6,772	571	7,462	6,663	799	1.6
<b>Fixed-term</b>	<b>783</b>	<b>591</b>	<b>192</b>	<b>1041</b>	<b>670</b>	<b>371</b>	<b>33.0</b>
Female	279	223	56	329	255	74	17.9
Male	504	368	136	712	415	297	41.3
<b>Full-time</b>	<b>11,853</b>	<b>10,547</b>	<b>1,306</b>	<b>11,850</b>	<b>10,463</b>	<b>1,387</b>	<b>0.0</b>
<b>Female</b>	<b>3,912</b>	<b>3,494</b>	<b>418</b>	<b>3,887</b>	<b>3,497</b>	<b>390</b>	<b>-0.6</b>
Permanent	3,530	3,318	212	3,605	3,280	325	2.1
Fixed-term	222	176	46	282	217	65	27.0
<b>Male</b>	<b>7,941</b>	<b>7,053</b>	<b>888</b>	<b>7,963</b>	<b>6,966</b>	<b>997</b>	<b>0.3</b>
Permanent	7,323	6,765	558	7,429	6,653	776	1.4
Fixed-term	351	288	63	534	313	221	52.1
<b>Part-time</b>	<b>296</b>	<b>179</b>	<b>117</b>	<b>313</b>	<b>187</b>	<b>126</b>	<b>5.7</b>
<b>Female</b>	<b>113</b>	<b>92</b>	<b>21</b>	<b>102</b>	<b>75</b>	<b>27</b>	<b>-9.7</b>
Permanent	46	45	1	55	37	18	19.6
Fixed-term	57	47	10	47	38	9	-17.5
<b>Male</b>	<b>183</b>	<b>87</b>	<b>96</b>	<b>211</b>	<b>112</b>	<b>99</b>	<b>15.3</b>
Permanent	20	7	13	33	10	23	65.0
Fixed-term	153	80	73	178	102	76	16.3
<b>Age Group (number of people)</b>							
<b>&lt;30</b>	<b>783</b>	<b>503</b>	<b>280</b>	<b>858</b>	<b>577</b>	<b>281</b>	<b>9.6</b>
Female	250	180	70	271	218	53	8.4
Male	533	323	210	587	359	228	10.1
<b>30 to 50</b>	<b>7,284</b>	<b>6,265</b>	<b>1,019</b>	<b>7,087</b>	<b>6,032</b>	<b>1,055</b>	<b>-2.7</b>
Female	2,468	2,120	348	2,415	2,079	336	-2.1
Male	4,816	4,145	671	4,672	3,953	719	-3.0
<b>&gt;50</b>	<b>4,082</b>	<b>3,958</b>	<b>124</b>	<b>4,218</b>	<b>4,041</b>	<b>177</b>	<b>3.3</b>
Female	1,307	1,286	21	1,303	1,275	28	-0.3
Male	2,775	2,672	103	2,915	2,766	149	5.0
<b>Professional Category (number of people)</b>							
<b>Senior personnel</b>	<b>1,310</b>	<b>1,066</b>	<b>244</b>	<b>1,336</b>	<b>1,065</b>	<b>271</b>	<b>2.0</b>
<b>Female</b>	<b>628</b>	<b>517</b>	<b>111</b>	<b>644</b>	<b>522</b>	<b>122</b>	<b>2.5</b>
<30	37	17	20	45	25	20	21.6
30 to 50	417	331	86	424	330	94	1.7
>50	174	169	5	175	167	8	0.6
<b>Male</b>	<b>682</b>	<b>549</b>	<b>133</b>	<b>692</b>	<b>543</b>	<b>149</b>	<b>1.5</b>
<30	31	17	14	40	23	17	29.0
30 to 50	385	277	108	398	275	123	3.4
>50	266	255	11	254	245	9	-4.5
<b>Middle management</b>	<b>490</b>	<b>391</b>	<b>99</b>	<b>477</b>	<b>402</b>	<b>75</b>	<b>-2.7</b>
<b>Female</b>	<b>183</b>	<b>159</b>	<b>24</b>	<b>178</b>	<b>163</b>	<b>15</b>	<b>-2.7</b>
<30	1	0	1	0	0	0	-100.0
30 to 50	79	59	20	76	61	15	-3.8
>50	103	100	3	102	102	0	-1.0
<b>Male</b>	<b>307</b>	<b>232</b>	<b>75</b>	<b>299</b>	<b>239</b>	<b>60</b>	<b>-2.6</b>
<30	0	0	0	2	0	2	#DIV/0!
30 to 50	154	94	60	140	93	47	-9.1
>50	153	138	15	157	146	11	2.6
<b>Counter service</b>	<b>2,431</b>	<b>2,419</b>	<b>12</b>	<b>2,430</b>	<b>2,420</b>	<b>10</b>	<b>0.0</b>
<b>Female</b>	<b>1,699</b>	<b>1,689</b>	<b>10</b>	<b>1,697</b>	<b>1,689</b>	<b>8</b>	<b>-0.1</b>
<30	75	68	7	93	90	3	24.0
30 to 50	990	988	2	959	954	5	-3.1
>50	634	633	1	645	645	0	1.7
<b>Male</b>	<b>732</b>	<b>730</b>	<b>2</b>	<b>733</b>	<b>731</b>	<b>2</b>	<b>0.1</b>
<30	20	18	2	28	26	2	40.0
30 to 50	314	314	0	292	292	0	-7.0
>50	398	398	0	413	413	0	3.8

G-10 G-11 EC5 GRILA1 GRILA3 GRILA6 GRILA7 GRILA9 GRILA12 GRILA13

Human Resources	2016			2017			CTT
	CTT	CTT SA	Subsidiaries	CTT	CTT SA	Subsidiaries	D% 17/16
<b>Delivery</b>	<b>5,461</b>	<b>5,008</b>	<b>453</b>	<b>5,355</b>	<b>4,949</b>	<b>406</b>	<b>-1.9</b>
<b>Female</b>	<b>677</b>	<b>639</b>	<b>38</b>	<b>665</b>	<b>632</b>	<b>33</b>	<b>-1.8</b>
<30	69	55	14	67	54	13	-2.9
30 to 50	495	471	24	476	456	20	-3.8
>50	113	113	0	122	122	0	8.0
<b>Male</b>	<b>4,784</b>	<b>4,369</b>	<b>415</b>	<b>4,690</b>	<b>4,317</b>	<b>373</b>	<b>-2.0</b>
<30	347	207	140	344	204	140	-0.9
30 to 50	3,145	2,895	250	2,967	2,757	210	-5.7
>50	1,292	1,267	25	1,379	1,356	23	6.7
<b>Other Categories</b>	<b>2,457</b>	<b>1,842</b>	<b>615</b>	<b>2,565</b>	<b>1,814</b>	<b>751</b>	<b>4.4</b>
<b>Female</b>	<b>838</b>	<b>582</b>	<b>256</b>	<b>805</b>	<b>566</b>	<b>239</b>	<b>-3.9</b>
<30	68	40	28	66	49	17	-2.9
30 to 50	487	271	216	480	278	202	-1.4
>50	283	271	12	259	239	20	-8.5
<b>Male</b>	<b>1,619</b>	<b>1,260</b>	<b>359</b>	<b>1,760</b>	<b>1,248</b>	<b>512</b>	<b>8.7</b>
<30	135	81	54	173	106	67	28.1
30 to 50	818	565	253	875	536	339	7.0
>50	666	614	52	712	606	106	6.9
<b>Leadership by gender (number of people)</b>	<b>162</b>	<b>130</b>	<b>32</b>	<b>214</b>	<b>173</b>	<b>41</b>	<b>32.1</b>
<b>Administration</b>	<b>5</b>	<b>5</b>	<b>-</b>	<b>5</b>	<b>5</b>	<b>-</b>	<b>0.0</b>
Female	2	2	-	1	1	-	-50.0
Male	3	3	-	4	4	-	33.3
<b>Leadership - 1st line</b>	<b>31</b>	<b>25</b>	<b>6</b>	<b>38</b>	<b>30</b>	<b>8</b>	<b>22.6</b>
Female	10	10	0	12	12	0	20.0
Male	21	15	6	26	18	8	23.8
<b>Leadership - 2nd line</b>	<b>a) 126</b>	<b>100</b>	<b>26</b>	<b>171</b>	<b>138</b>	<b>33</b>	<b>35.7</b>
Female	52	43	9	75	66	9	44.2
Male	74	57	17	96	72	24	29.7
<b>Diversity (number of people)</b>	<b>a)</b>						
<b>Foreign employees</b>	<b>27</b>	<b>15</b>	<b>12</b>	<b>35</b>	<b>20</b>	<b>15</b>	<b>29.6</b>
Female	9	6	3	14	11	3	55.6
Male	18	9	9	21	9	12	16.7
<b>Employees with special needs</b>	<b>253</b>	<b>240</b>	<b>13</b>	<b>254</b>	<b>242</b>	<b>12</b>	<b>0.4</b>
Female	117	112	5	115	111	4	-1.7
Male	136	128	8	139	131	8	2.2
<b>Schooling level (number of people)</b>							
University education	1,730	1,441	289	1,777	1,485	292	2.7
12th Year	5,452	4,882	570	5,583	4,885	698	2.4
3rd Cycle elementary education	3,381	2,902	479	3,238	2,863	375	-4.2
< 3rd Cycle of elementary education	1,586	1,501	85	1,565	1,417	148	-1.3
<b>Turnover Rate</b>	<b>c) 15.4</b>	<b>14.2</b>	<b>24.4</b>	<b>17.5</b>	<b>16.9</b>	<b>21.6</b>	<b>2.7 p.p.</b>
<b>Female</b>	<b>14.3</b>	<b>13.6</b>	<b>19.8</b>	<b>15.8</b>	<b>16.0</b>	<b>14.4</b>	<b>2.3 p.p.</b>
<30	6.3	5.9	9.8	6.4	6.6	5.0	0.7 p.p.
30 to 50	6.8	6.4	9.6	6.5	6.4	7.0	0 p.p.
>50	0.0	1.3	0.5	2.9	2.9	2.4	1.6 p.p.
<b>Male</b>	<b>15.9</b>	<b>14.4</b>	<b>26.4</b>	<b>17.7</b>	<b>17.3</b>	<b>20.0</b>	<b>2.9 p.p.</b>
<30	9.4	8.2	18.1	10.4	9.9	13.4	1.7 p.p.
30 to 50	5.3	5.0	5.2	5.2	5.2	3.4	0.2 p.p.
>50	1.2	1.2	0.8	2.2	2.2	1.9	0.9 p.p.
<b>Contracting Rate</b>	<b>c) 16.5</b>	<b>14.8</b>	<b>27.1</b>	<b>16.7</b>	<b>15.8</b>	<b>23.6</b>	<b>0.9 p.p.</b>
<b>Female</b>	<b>16.6</b>	<b>15.1</b>	<b>26.4</b>	<b>15.8</b>	<b>15.3</b>	<b>19.9</b>	<b>0.2 p.p.</b>
<30	9.4	8.8	11.6	8.8	8.8	8.9	0.1 p.p.
30 to 50	7.1	6.3	14.6	6.8	6.4	10.6	0.1 p.p.
>50	0.1	0.0	0.2	0.1	0.1	0.5	0.1 p.p.
<b>Male</b>	<b>16.5</b>	<b>14.7</b>	<b>27.4</b>	<b>16.8</b>	<b>16.0</b>	<b>22.2</b>	<b>1.3 p.p.</b>
<30	11.6	10.2	18.9	11.8	11.1	16.2	0.9 p.p.
30 to 50	3.2	4.3	8.0	4.7	4.6	5.7	0.3 p.p.
>50	0.2	0.2	0.5	0.3	0.3	0.3	0.1 p.p.
<b>Rate of Return</b>	<b>100</b>	<b>100</b>	<b>-</b>	<b>100</b>	<b>100</b>		<b>0 p.p.</b>
Female							
Male							
<b>Rate of Retention</b>	<b>100</b>	<b>100</b>	<b>-</b>	<b>100</b>	<b>100</b>		<b>0 p.p.</b>
Female							
Male							

Human Resources	2016			2017			CTT
	CTT	CTT SA	Subsidiaries	CTT	CTT SA	Subsidiaries	D% 17/16
<b>Prevention and Safety</b>	<b>a)</b>						
<b>Total number of work accidents</b>	<b>979</b>	<b>868</b>	<b>111</b>	<b>1,072</b>	<b>965</b>	<b>107</b>	<b>9.5</b>
Female	236	216	20	275	253	22	16.5
Male	743	652	91	797	712	85	7.3
<b>Injury rate due to work accidents</b>	<b>'10'(5)</b>	<b>3.5</b>	<b>3.6</b>	<b>3.2</b>	<b>3.9</b>	<b>4.6</b>	<b>0.4 p.p.</b>
Female		2.3	2.6	1.0	2.8	2.7	0.5 p.p.
Male		4.1	4.1	4.3	4.5	4.7	0.3 p.p.
<b>Rate of occupational diseases</b>	<b>'10'(5)</b>	<b>0.04</b>	<b>0.04</b>	<b>0.00</b>	<b>0.05</b>	<b>0.00</b>	<b>0 p.p.</b>
Female		0.07	0.08	0.00	0.08	0.00	0 p.p.
Male		0.02	0.02	0.00	0.03	0.00	0 p.p.
<b>Rate of days lost due to work accidents</b>	<b>'10'(5)</b>	<b>132.2</b>	<b>138.3</b>	<b>92.8</b>	<b>149.0</b>	<b>144.5</b>	<b>16.8 p.p.</b>
Female		89.1	99.4	27.0	93.3	90.0	4.2 p.p.
Male		154.1	157.9	128.7	176.0	146.6	21.9 p.p.
<b>Deaths</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Absenteeism %</b>	<b>6.1</b>	<b>6.3</b>	<b>3.3</b>	<b>6.2</b>	<b>6.7</b>	<b>0.4</b>	<b>0.1 p.p.</b>
<b>Training</b>	<b>b)</b>						
<b>Number of training hours</b>	<b>299,696</b>	<b>284,413</b>	<b>15,284</b>	<b>254,586</b>	<b>238,301</b>	<b>16,285</b>	<b>- 15.1</b>
<b>Average training hours</b>	<b>26</b>	<b>27</b>	<b>16</b>	<b>22</b>	<b>22</b>	<b>18</b>	<b>- 14.1</b>
Female	38	40	20	31	32	24	-19.4
Male	19	20	14	18	18	15	-9.0
<b>Average hours per category</b>							
<b>Senior personnel</b>	<b>43</b>	<b>47</b>	<b>26</b>	<b>44</b>	<b>45</b>	<b>38</b>	<b>1.7</b>
Female	49	54	21	47	49	35	-4.1
Male	38	40	29	41	42	40	8.3
<b>Middle management</b>	<b>40</b>	<b>42</b>	<b>32</b>	<b>32</b>	<b>34</b>	<b>22</b>	<b>-19.6</b>
Female	40	40	36	37	38	26	-7.6
Male	40	43	31	30	32	20	-26.8
<b>Counter service</b>	<b>54</b>	<b>54</b>	<b>-</b>	<b>38</b>	<b>38</b>	<b>-</b>	<b>-29.4</b>
Female	55	55	-	37	37	-	-32.4
Male	53	53	-	41	41	-	-22.3
<b>Delivery</b>	<b>9</b>	<b>10</b>	<b>4</b>	<b>11</b>	<b>11</b>	<b>5</b>	<b>16.6</b>
Female	9	9	3	14	14	5	54.0
Male	9	10	4	11	11	4	11.6
<b>Other</b>	<b>20</b>	<b>21</b>	<b>18</b>	<b>15</b>	<b>15</b>	<b>13</b>	<b>-26.1</b>
Female	19	18	22	17	17	13	-11.9
Male	21	22	15	14	15	13	-32.0
<b>Wage ratio by gender (F/M)</b>	<b>a)</b>	<b>1.08</b>	<b>1.08</b>	<b>1.09</b>	<b>1.08</b>	<b>1.17</b>	<b>0 p.p.</b>
<b>Senior personnel</b>	<b>0.80</b>	<b>0.84</b>	<b>0.67</b>	<b>0.82</b>	<b>0.86</b>	<b>0.67</b>	<b>0 p.p.</b>
Female (€)	2,023.1	2,055.1	1,868.4	2,023.7	2,072.5	1,811.3	0.0
Male (€)	2,515.5	2,447.0	2,805.1	2,472.8	2,407.4	2,716.3	-1.7
<b>Middle management</b>	<b>1.01</b>	<b>0.98</b>	<b>0.94</b>	<b>1.00</b>	<b>0.97</b>	<b>0.92</b>	<b>0 p.p.</b>
Female (€)	1,360.9	1,407.8	1,021.2	1,364.5	1,395.2	948.2	0.3
Male (€)	1,352.1	1,430.9	1,083.1	1,361.9	1,432.0	1,027.2	0.7
<b>Counter service</b>	<b>0.93</b>	<b>0.93</b>	<b>-</b>	<b>0.92</b>	<b>0.92</b>	<b>-</b>	<b>0 p.p.</b>
Female (€)	1,050.4	1,050.4	-	1,056.2	1,056.2	-	0.6
Male (€)	1,131.3	1,131.3	-	1,142.5	1,142.5	-	1.0
<b>Delivery</b>	<b>0.93</b>	<b>0.92</b>	<b>0.99</b>	<b>0.93</b>	<b>0.92</b>	<b>1.01</b>	<b>0 p.p.</b>
Female (€)	801.4	813.8	588.5	819.0	829.4	614.8	2.2
Male (€)	864.9	885.5	595.2	884.7	904.5	609.7	2.3
<b>Other</b>	<b>0.97</b>	<b>0.98</b>	<b>0.97</b>	<b>1.00</b>	<b>0.98</b>	<b>1.02</b>	<b>0 p.p.</b>
Female (€)	948.7	989.4	718.3	955.2	990.3	738.8	0.7
Male (€)	973.6	1,005.9	740.9	955.9	1,012.5	722.1	-1.8
<b>Labour Relations (%)</b>	<b>a)</b>						
Collective labour agreements	91.3	98.6	10.7	89.9	98	8.3	-1.4 p.p.
Union membership (%)	79.6	81.9	53.6	77.5	80.5	47.3	-2.1 p.p.

a) Does not include data of CORRE or Tourline

b) Does not include data of Transporta, CORRE or Tourline

c) Compares only data of CTT, S.A.

Table 2 – Environment

Environment		2016			2017			Annual Variation	
Environmental Indicators	a)	Unit	CTT	CTT, SA	Subsidiaries	CTT	CTT, SA	Subsidiaries	Unit or %
Energy consumption		(GJ)	385,018.7	348,158.9	36,859.8	386,568.9	353,613.0	32,955.9	0.4%
Total electricity consumption		(GJ)	153,329.8	135,201.2	18,128.6	156,972.8	139,563.1	17,409.7	2.4%
Conventional electricity consumption		(GJ)	0.0	0.0	0.0	0.0	0.0	0.0	-
Green electricity consumption		(GJ)	153,329.8	135,201.2	18,128.6	156,972.8	139,563.1	17,409.7	2.4%
Solar panel power consumption		(GJ)	127.2	127.2	0.0	127.2	127.2	0.0	0.0%
Thermal power consumption		(GJ)	4,650.9	4,650.9	0.0	6,507.3	6,507.29	0.0	39.9%
Total fuel consumption		(GJ)	225,021.9	206,290.8	18,731.1	221,020.4	205,474.2	15,546.2	-1.6%
Total gas consumption		(GJ)	1,888.8	1,888.8	0.0	1,941.2	1,941.2	0.0	2.8%
Average fleet consumption		(lt./100km)	8.8	9.0	7.1	9.1	9.3	7.1	3.3%
Less pollutant vehicles		(unit)	326	324	2	353	353	0	8.3%
Total direct atmospheric emissions of CO <sub>2</sub> (scope 1)		(tonne CO <sub>2</sub> )	16,332.1	14,978.9	1,353.2	16,047.0	14,923.9	1,123.1	-1.7%
Fuel consumption		(tonne CO <sub>2</sub> )	16,221.0	14,867.8	1,353.2	15,932.2	14,809.2	1,123.1	-1.8%
Gas consumption		(tonne CO <sub>2</sub> )	111.1	111.1	0.0	114.7	114.7	0.0	3.3%
Total indirect atmospheric emissions of CO <sub>2</sub> (scope 2)		(tonne CO <sub>2</sub> )	133.3	133.3	0.0	186.5	186.5	0.0	39.9%
Electricity consumption		(tonne CO <sub>2</sub> )	0.0	0.0	0.0	0.0	0.0	0.0	-
Thermal power consumption		(tonne CO <sub>2</sub> )	133.3	133.3	0.0	186.5	186.51	0.0	39.9%
Total other indirect atmospheric emissions (scope 3)		(tonne CO <sub>2</sub> )	36,356.3	15,616.5	20,739.8	40,522.0	15,442.5	25,079.5	11.5%
Air transport		(tonne CO <sub>2</sub> )	10,480.0	7,209.4	3,270.5	10,583.9	7,435.6	3,148.3	1.0%
Sea transport		(tonne CO <sub>2</sub> )	40.8	1.1	39.7	44.3	2.9	41.4	8.5%
Road transport by outsourced fleet		(tonne CO <sub>2</sub> )	18,959.3	2,151.8	16,807.5	23,100.6	1,823.0	21,277.6	21.8%
Air and rail travel on company business		(tonne CO <sub>2</sub> )	12.5	12.5	0.0	9.4	9.4	0.0	-24.6%
Commuting		(tonne CO <sub>2</sub> )	6,863.8	6,241.6	622.1	6,783.8	6,171.6	612.2	-1.2%
Offset CO <sub>2</sub> emissions		(tonne CO <sub>2</sub> )	1,149.1	338.6	810.5	1,006.7	338.6	668.1	-12.4%
Scopes 1+2		(tonne CO <sub>2</sub> )	16,465.4	15,112.2	1,353.2	16,233.5	15,110.4	1,123.1	-1.4%
scopes1+2+3		(tonne CO <sub>2</sub> )	52,821.7	30,728.7	22,093.0	56,755.5	30,553.0	26,202.5	7.4%
Carbon incorporation by postal item (scopes 1 and 2)		(g CO <sub>2</sub> /item)	12.6	19.3	2.6	12.8	20.4	2.2	2.2%
Carbon incorporation per postal item (scopes 1, 2 and 3)		(g CO <sub>2</sub> /item)	40.3	39.1	42.0	44.9	41.2	50.2	11.4%
Carbon intensity per €1000 turnover (scopes 1+2)		(kgCO <sub>2</sub> /1000 euros)	23.6	26.0	8.6	22.7	25.9	6.8	-3.8%
Captured water by spring source		³	64,411.9	48,778.9	15,633.0	55,580.0	41,678.0	13,902.0	-13.7%
Well		³	1,782.0	1,782.0	0.0	1,256.0	1,256.0	0.0	-29.5%
Public network		³	61,496.0	45,863.0	15,633.0	53,135.0	39,233.0	13,902.0	-13.6%
Rainwater		³	1,133.9	1,133.9	0.0	1,189.0	1,189.0	0.0	4.9%
Spillage		(unit)	3	1	2	2	2	0	-33.3%
Consumption of materials		(tonne)	2,807.7	1,168.8	1,638.8	3,228.8	1,166.9	2,061.9	15.0%
Paper		(tonne)	2,242.8	930.1	1,312.7	2,616.2	958.0	1,658.2	16.6%
Plastic		(tonne)	497.9	185.0	312.8	582.2	190.4	391.8	16.9%
Metal		(tonne)	12.7	12.1	0.7	5.8	5.1	0.7	-54.6%
Other materials		(tonne)	54.2	41.6	12.7	24.7	13.5	11.2	-54.5%
Waste routed to final destination		-	-	-	-	-	-	-	-
Total waste		(tonne)	946.6	581.1	366.3	1,183.7	578.0	605.7	25.1%
Recovery Rate		%	74.5%	73.9%	75.8%	81.8%	86.3%	77.6%	7.3%
Environmental Certification		-	-	-	-	-	-	-	-
ISO 14001 certified Units/Companies		(number)	4 + 4	3 CPL+EPA	4 Companies	5 + 4	Corporate + 3 CPL+ EPA	4 Companies	-
FSC certified Units/Companies		(number)	1	0	1 Company	1	0	1 Company	0.0%
Environment Investment and Costs		(1000 euros)	4,571.9	4,533.6	38.3	3,489.6	3,189.2	300.4	-23.7%

Fuel consumption does not include CORRE or Transporta.

GRI EN1  
GRI EN3  
GRI EN4  
GRI EN5  
GRI EN6  
GRI EN8  
GRI EN15  
GRI EN16  
GRI EN17  
GRI EN18  
GRI EN19  
GRI EN23  
GRI EN31



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## **Independent Limited Assurance Report**

**(This Report is a free translation to English from the Portuguese version  
In case of doubt or misinterpretation the Portuguese version will prevail.)**

**To the Board of Directors of**  
CTT - Correios de Portugal, S.A.

### **Introduction**

1. We were engaged by the Board of Directors of CTT - Correios de Portugal, S.A. ("CTT") to provide limited assurance on the sustainability information included in the Sustainability Report as a whole ("the Report") of CTT for the year ended 31 December 2017.

### **Responsibilities**

2. The Board of Directors of CTT is responsible for:
  - The preparation and presentation of the sustainability information included in the Report in accordance with the Sustainability Reporting Guidelines (G4) of the Global Reporting Initiative (GRI), for the level Core, as described in the "Methodology notes" of the Report, and the information and assertions contained therein; and,
  - Establishing and maintaining appropriate performance management and internal control systems from which the information is derived.
3. Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000R, Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether anything came to our attention that causes us to conclude that the sustainability information included in the Report for the year ended 31 December 2017 is not free of material misstatement.





4. The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.
5. We have complied with the applicable requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

### **Scope**

6. A limited assurance engagement on sustainability information consists of making inquiries, primarily of persons responsible for the preparation of the sustainability information presented in the Report, applying analytical and other evidence gathering procedures, as appropriate. These procedures included:
  - Interviews with the responsible persons to understand the processes implemented in CTT to identify material issues for the relevant stakeholders of CTT;
  - Interviews with relevant staff, at corporate and business units, responsible for providing the sustainability information in the Report;
  - Comparing the transactions identified to corresponding information in the relevant underlying sources to assess the accuracy of the information and determine whether all the relevant information contained in such underlying sources has been included in the Report; and
  - Reading the information presented in the Report to conclude if it is in line with our overall knowledge of, and experience with, the sustainability performance of CTT.
7. The extent of evidence gathering procedures performed in a limited assurance engagement is substantially less in scope than a reasonable assurance engagement or an audit conducted in accordance with International Standards on Auditing, and therefore a lower level of assurance is provided. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit or in a reasonable assurance engagement. Accordingly, we do not express an audit opinion and do not express a reasonable assurance conclusion on the Report.

### **Conclusion**

8. Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.
9. Based on the limited assurance procedures performed and evidence gathered, nothing has come to our attention that causes us to believe that the sustainability information included in the Report of CTT for the year ended 31 December 2017 is not free of material misstatement that affect its conformity with the Sustainability Reporting Guidelines (G4) of the Global Reporting Initiative (GRI) for the level Core, as described in the “Methodology notes” of the Report.



10. In accordance with the terms of our engagement, this independent limited assurance report has been prepared for CTT - Correios de Portugal, S.A., in connect with reporting to CTT - Correios de Portugal, S.A. and for no other purpose or in any other context.

**Restriction of use and distribution of our report**

11. Our report is not intended to be used for any other purpose. Any party other than the intended addressees who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. We accept or assume no responsibility and deny any liability to any party other than CTT for our work, for this independent limited assurance report, or for the conclusions we have reached.

Lisbon, 7 March 2018

SIGNED ON THE ORIGINAL

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**KPMG & Associados -**  
**Sociedade de Revisores Oficiais de Contas, S.A. (nr. 189)**  
represented by