

## CTT Sustainable Procurement Policy

For CTT – Correios de Portugal, S.A. – Public Company and its subsidiaries (“CTT”), it is of crucial importance to respect, maintain and promote high standards of social, ethical, and environmental conduct in its activities and sphere of influence. Thus, to strengthen CTT’s values of openness, equity, solidarity, and corporate development, it invites its suppliers to adopt an identical responsible conduct.

CTT guides its actions by respecting the guarantees and rights set out in the Universal Declaration of Human Rights, the principles and procedures defined in the eight fundamental Conventions of the International Labour Organisation, namely those related to the freedom of association, forced labour, child labour and equality, in the Constitution of the Portuguese Republic and in the Law, particularly in labour legislation.

CTT considers its sustainable procurement policy a determining factor for the fulfilment of its sustainable development commitments. The integration of these goals in the products and services designed, purchased, and marketed allows it to achieve the performance targets set for itself within the scope of its sustainability strategy.

According to Directive 2014/25/EU <sup>1</sup>, CTT observes the principles of fair access, treatment, and transparency towards its suppliers. These are accepted by the CTT Board of Directors and its governance bodies guarantee their proper application.

CTT will regularly assess the performance of its supply chain to ensure that its suppliers are liable, and that they know and operate in accordance with the standards of this policy. Thus, CTT requires its suppliers to:

- Be aware of its Procurement Policy, Code of Conduct, Code of Good Conduct to Prevent Harassment at Work and the Irregularities’ Communication Procedures Regulations (whistleblowing);
- Declare awareness of this policy and Codes;
- Set goals to improve their actions and performance in social, ethical and environmental issues through a sustainable procurement process based on principles of transparency and traceability in real time;
- Promote the continuous improvement of their supply chain at all levels;
- Show evidence obtained in a reasonable and practical way, regarding compliance with the mentioned principles, related to the supply chains of Tier 1 suppliers, as well as of sub-contractors and raw materials producers, i.e., Tier 2 suppliers;
- Encourage their own suppliers to comply with these principles in their value chain, including in countries that did not sign the ILO conventions.

CTT wishes to associate its suppliers to a continuous improvement to identify the weak points of the value chain and the opportunities to protect the environment, the Human Rights, and the labour conditions. It also strives for good practices to be exchanged to benefit from the progress of each supplier.

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<sup>1</sup> Directive 2014/25/EU of the European Parliament and Council of February 26, 2014, regarding Public Procurements celebrated with water, energy, transports and postal services providers, and that revokes Directive 2014/17/CE.

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In order to monitor the performance of their suppliers to ensure compliance with this policy, suppliers will accept the possibility of CTT to organise external or internal audits to verify the respect of these principles, being the results shared with the supplier.

CTT may consider as a breach of contract the non-fulfilment of the principles defined in this Procurement Policy.

## CTT expects its suppliers to:

- Comply with the laws and regulations in force;
- Promote this policy among their employees;
- Adopt similar commitments to those referred in this policy regarding their own suppliers and sub-contractors to guarantee that the latter do not incur in breach of human rights, environmental, social, or labour regulations.

## Within the scope of Ethics, CTT expects its suppliers to:

- Avoid unfair, unreasonable and unethical business practices;
- Prevent the use of any kind of fraud, bribery, conflicts of interest, offers, payment or undue benefits to CTT employees to influence their behaviour;
- Respect confidentiality and protect sensitive information.

## In the scope of Occupational Health and Safety (OHS), CTT expects its suppliers to:

- Comply with national laws and regulations and enforce CTT policy and OHS procedures;
- Ensure that health and safety risks are identified, minimized and controlled;
- Guarantee their employees safe working conditions in accordance with the laws and regulations in force;
- Train their employees in occupational health and safety;
- Identify and implement continuous improvement opportunities in OHS performance.

## In the Social sphere CTT expects its suppliers to:

- Commit to the principles set out in the Universal Declaration of Human Rights and to comply with the eight fundamental conventions of the International Labour Organisation <sup>2</sup>;
- Treat their people with respect and dignity;
- Ensure that employees understand and know their terms of employment, and that their remuneration and working conditions are fair and reasonable;
- Ensure equal pay for equal work for men and women;
- Prevent discrimination in any form <sup>3</sup>;
- Prohibit physical or verbal abuse, threats, acts of violence or intimidation and moral or sexual harassment of male and female employees;

<sup>2</sup> Reference to freedom of association (No. 87 & No. 98), abolition of forced labour (No. 29 & No. 105), equal pay and discrimination (No. 100 & No. 111) and elimination of child labour (No. 138 & No. 182).

<sup>3</sup> Forms of discrimination that may include nationality, race, gender, religion, sexual orientation, political orientation, age, health and disability conditions.

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- Ensure that working hours comply with national sector-specific laws and regulations;
- Ensure that no employee is below the legal minimum age of employment;
- Prohibit forced or compulsory labour and allow employees to terminate the contract after previous notice;
- Allow all employees the freedom to join or not join a workers' representative body.

## **In the Environmental field, CTT expects its suppliers to:**

- Comply with the environmental laws and regulations in force;
- Have practices to identify and mitigate the environmental risks and impacts of their activity;
- Know the life cycle of their products, from production, consumption to the appropriate final destination, and to promote the possible re-use or recycling of associated products and services;
- Promote the preservation of biodiversity along the value chains, from the production of natural raw materials to the final stage of the products' life cycle;
- Preserve forest areas of interest for the conservation of nature and biodiversity;
- Foster the implementation of environmentally friendly technologies and instruments;
- Promote the reduction in the use of natural resources;
- Introduce carbon management measures and set goals to reduce CO<sub>2</sub> emissions;
- Introduce hazardous and non-hazardous waste management systems.

## **Within the scope of the continuity guarantee (Continuity Plan), CTT expects its suppliers to:**

- Be prepared for unforeseeable operational disruptions (e.g. natural disasters, terrorism, computer viruses, pandemics, etc.) with contingency plans to protect the safety of the employees, to ensure the continuity of supplies and to control the imponderable effects on operations.

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Executive Officer